

Reading Municipal Light Department
Citizens' Advisory Board
Regular Session
230 Ash Street
Reading, MA 01867
October 17, 2012

Start Time of Regular Session: 6:32 p.m.
End Time of Regular Session: 7:23 p.m.

CAB Members Present:

John Norton, Chairman
Tom Ollila, Secretary
David Nelson

George Hooper, Vice Chairman
Tony Capobianco

Staff:

Vincent Cameron, General Manager
Jane Parenteau, Energy Services Manager

Robert Fournier, Accounting/Business Manager

Attendees:

Karen Snow, Melanson Heath & Company, PC

Mr. Norton brought the meeting to order.

Approval of March 28, 2012, CAB Minutes

Mr. Nelson made a motion seconded by Mr. Hooper to approve the Regular Session meeting minutes of March 28, 2012, as presented.

Motion carried 5:0:0.

Approval of August 7, 2012, CAB Minutes

Mr. Nelson made a motion seconded by Mr. Hooper to approve the Regular Session meeting minutes of August 7, 2012, as presented.

Motion carried 5:0:0.

Presentation of Fiscal Year 2012 Audit - Melanson Heath & Company, PC – Ms. Karen Snow

Mr. Cameron stated that Karen Snow of Melanson Heath will be making a presentation of the RMLD's FY12 Financial Audit.

General Manager Search Committee Update

Mr. Hooper said that the RMLD's General Manager Search Committee has been meeting to determine who will be initially interviewed for the General Manager position. The Search Committee will then present probably three finalists to the RMLD Board for final interviews. Mr. Hooper asked the CAB Board if they had any questions they would like to have as part of the interview process; if so, please send them to him.

Power Supply/Energy Efficiency Update

Ms. Parenteau reported that RMLD's load for August was approximately 74.7 million kWhs, which was approximately a 7% increase compared to August 2011. RMLD's energy cost came in at approximately \$3.6 million and that is equivalent to approximately \$0.048 per kilowatt hour. Ms. Parenteau stated that the Fuel Charge adjustment was set at \$0.0475 per kilowatt hour for the month of August and the RMLD estimates that sales totaled 61.3 million kilowatt hours; preliminarily, the RMLD under collected by approximately \$712,000 prior to the fiscal year adjustment for a Deferred Fuel Cash Reserve balance of \$1.4 million. The Fuel Charge for September remained at \$0.0475 and it is currently projected to remain at \$0.0475 for the balance of the calendar year.

The RMLD purchased about 5% of its energy requirements from the ISO New England Spot Market and that was at an approximate cost of about \$26 per megawatt hour. Ms. Parenteau reported that on the

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Capacity side the RMLD hit a peak demand of 154 megawatts on August 3, 2012, at 4:00 p.m.; the average temperature was about 92 degrees and this compares to a peak demand last year of 144 megawatts on August 1, 2011, at 2:00 p.m. with the average temperature at about 90 degrees. The RMLD's monthly capacity requirement was set at 210.7 megawatts; the total dollars paid for capacity was \$1.52 million which is equivalent to approximately \$7.22 per kilowatt month.

Ms. Parenteau reported that for the months of July and August the RMLD has processed 168 rebates for a total of \$8,000. The residential auditor was approved at the July 25 meeting. An insert went into the September billing for the audit service and approximately 100 customers have requested audits.

Ms. Parenteau stated that based on the amount of generation from Swift River from January to June of this year the RMLD has generated 13,192 RECs. Those RECs are coming from four different hydro stations: Woronoco, Pepperell, Indian River, and Turners Falls with an approximate value as of September 27 of \$569,000.

Discussion followed

Mr. Capobianco asked about the RMLD's Renewable Energy Policy. Mr. Cameron said that the RMLD Board is taking that up at the next Board meeting, but he doesn't think that it will be finalized at that meeting.

Mr. Capobianco asked about the CAB's input to that policy. Mr. Cameron said that the CAB made a motion at the March 25, 2012, CAB meeting, which gave the RMLD Board the CAB's recommendation for a Renewable Energy Policy.

Mr. Capobianco asked if the CAB could give the RMLD Board more of its thought on the policy. Mr. Cameron responded yes because the CAB makes recommendations to the RMLD Board.

Audited Financials – Mr. Fournier

Mr. Fournier stated that the RMLD had a very good and clean audit. Mr. Fournier reported that RMLD Net Assets were up \$4.3 million; total liabilities were up \$1.4 million; and total assets were up \$2.9 million, which represents the overall net income for the year. The only thing that appears in the liability section is due to the Pension Trust for \$1 million, which is offset by a transfer made after the end of the fiscal year per Board vote. This transfer was completed in July. Compensated absences are down \$48,000, and will decrease as the years go on due to policy changes. The RMLD is in a very good position. There is no long term debt per se on the books. As far as bonding, Capital needs are fulfilled with operating revenues. The Other Post Employment Benefit, which is for current and future retirees' health care benefits, is being funded. As of June 30, 2012, RMLD had fully funded that liability based on an actuarial valuation. This liability is offset by the Restricted Net Assets.

Mr. Fournier stated that the RMLD has a healthy Net Income of \$2.9 million, which has not changed much from the prior year. The difference is \$147,000. The Operating Income is almost the same as the prior year, which is reflective of how the revenues are being managed. The operating revenues were down by 8.4% and operating expenses were down 9%. Sales were down by 3.3% due to the fact that Purchase Power costs were down this year. This is attributable to favorable conditions in the market such as natural gas and other power costs being lower.

Mr. Fournier stated that in the future the unfunded portion of the pension liability will be reported on the balance sheet.

Engineering and Operations Update

Mr. Cameron reported that the RMLD currently has two active projects; the Upgrading of the Underground Developments in Lynnfield and the replacement of the Remote Terminal Units at the Gaw Substation. Mr. Cameron also said that the RMLD had replaced 10 cutouts as part of the ongoing cutout replacement project.

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Mr. Cameron reported that the RMLD's Customer Average Interruption Duration Index (CAIDI) four-year rolling average is 59.5 minutes. The RMLD's System Average Interruption Frequency Index (SAIFI) four-year average is at 0.29, which means the average RMLD customer experiences an outage once every 41 months.

Mr. Cameron said that the RMLD replaced four transformers in August. This brings the total for the summer to 20 transformers, which is very low compared to years past and it was a very hot summer.

Mr. Nelson asked if the transformers failed. Mr. Cameron said that the transformers were overloaded and were replaced with larger units. The transformers that were taken out of service will be maintained, if necessary, and be put back in inventory to be reused.

NEPPA Annual Meeting

Mr. Ollila said that the NEPPA Annual Conference was very interesting with respect to the speakers, one of which gave a detailed presentation of the pellet stove heating systems. Mr. Hooper agreed that the content of the meeting was interesting.

Other Discussion

Mr. Cameron said that the CAB should take up the issue of releasing Executive Session minutes at their next meeting. Mr. Cameron explained the process for releasing Executive Session minutes and said that the RMLD Board is up to date through calendar year 2011 on their Executive Session minutes.

Mr. Norton agreed and told Mr. Cameron to put together the necessary information for the next CAB meeting.

Next CAB Meeting

Mr. Norton said that the CAB should schedule two meetings, one in November and one in December.

Discussion followed.

The CAB scheduled meetings on November 7 and December 5 at the RMLD at 6:30 p.m. The meetings are contingent upon the staff needing to present power supply issues to the CAB.

Motion to Adjourn

At 7:23 p.m. Mr. Hooper made a motion seconded by Mr. Nelson that the CAB adjourn Regular Session. Mr. Norton, Aye; Mr. Hooper., Aye; Mr. Capobianco, Aye; Mr. Ollila, Aye; Mr. Nelson, Aye.

Motion carried 5:0:0.

A true copy of the RMLD CAB minutes as approved by a majority of the CAB.



Tom Ollila, Secretary
CAB

Minutes approved on January 23, 2013.