



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Citizens Advisory Board

Date: 2016-04-06

Time: 6:30 PM

Building: North Reading Town Hall Location: Room 14

Address: 235 North Street, North Reading

Purpose: General Business

Session: General Session

Attendees: **Members - Present:**

Mr. George Hooper, Chair (Wilmington); Mr. David Nelson, Vice Chair (Lynnfield); Mr. David Mancuso, Secretary (Reading); Mr. Dennis Kelley (Wilmington)

Members - Not Present:

Mr. Mark Chrisos (North Reading)

Others Present:

Ms. Coleen O'Brien, Mr. Robert Fournier, Mr. Hamid Jaffari, Ms. Wendy Markiewicz, Ms. Jane Parenteau, Ms. Kathleen Rybak

Minutes Respectfully Submitted By: Mr. George Hooper, Chair

Topics of Discussion:

1. Call Meeting to Order – G. Hooper, Chair
Chair Hooper called the meeting of the Citizens' Advisory Board to order at 6:30 p.m. and noted that the meeting was being audio recorded.

2. FY17 Operating Budget – C. O'Brien, General Manager

Materials: Slide Presentation: RMLD Citizens' Advisory Board and Board of Commissioners Presentation of FY2017 Operating Budget; and FY2017 – Proposed Base Rate Increase (spreadsheet)

Ms. O'Brien expressed appreciation for the CAB support of the Department to move further and further in the direction of paperless by using the iPads. We want to be able to balance efficiency with reality. If there is something that you would rather have in paper, just let us know.

Ms. O'Brien announced that Mr. Fournier would be retiring in July of this year. His successor will be Ms. Wendy Markiewicz. The CAB members congratulated both Mr. Fournier and Ms. Markiewicz.

Mr. Fournier began the presentation with a review of the Six-Year Plan (Slide 3). Net Income for 2017 is projected to be \$3.9m, which will result in a 7.6% rate of return. To achieve this, Base Revenue requirements of approximately \$25.5m are necessary.

As discussed last year, any rate increase associated with the Budget would be tied into the budget presentation. Due to a lack of sales/growth and in order to achieve that Base Revenue, RMLD is proposing an overall rate increase to customers of 4.6% to 6.7%. Ms. Parenteau distributed and reviewed a rate analysis sheet. With this

increase, an average residential customer who uses 500 kilowatts per month will see an increase of \$4.81 per month.

Tied into this (overall increase) is the Capacity expense, which represents 30% of the power supply costs. Capacity costs for FY16 are estimated to come in at \$18.9m, which is higher than budgeted. A contributing factor to this increase is an estimated \$2m increase to the RMLD portion of the (MMWEC) projects. Additionally, Transmission is expected to increase from \$12.7m to about \$13.4m, and Energy is expected to increase approximately 1% overall.

Ms. O'Brien asked Ms. Parenteau to reiterate the major components for the increase in Capacity. Capacity costs are projected to be around \$7.00 per kilowatt month, which is more than doubled. New generation coming into the NEMA region will receive a \$15 per kilowatt month rate; existing generation will receive approximately \$6.66 per kilowatt month. Fortunately, the on-average cost for RMLD's portfolio is favorable because it includes resources (Stony Brook, Millstone, and Seabrook) that qualified as pool transmission and are counted as existing generation in the NEMA zone. Forecasted costs are not expected to go down in the near future.

Mr. Fournier continued the presentation with a review of the remaining fixed expenses and the semi-variable expenses. RMLD is a highly fixed-cost business and the percentages (of total budget) for these expenses are fairly consistent year to year.

Ms. O'Brien commented on some of the expense items as presented by Mr. Fournier. Property insurance went down as a result increased deductibles (from \$5k to \$25k). Legal expenses this year include negotiations and review of RMLD policies. Ms. O'Brien noted that the hourly rate for legal services for negotiations has gone down from \$780 per hour to \$275. Vehicle maintenance includes 51 vehicles in the RMLD fleet.

Mr. Kelley questioned the status of the Barbas building lease. Ms. O'Brien responded, that 230 Ash Street and the area behind is a target area for the Town of Reading economic development. Therefore, the master site facilities plan is on hold and we are only addressing major maintenance issues in the building.

The FY17 Staffing Summary (slide 6) was reviewed. Ms. O'Brien noted that the last column "Org Total" represents staffing levels based on the Organizational Study. The column "FY17 Plan" represents previously approved positions (vacancies), which will be filled in FY17, and any new positions budgeted for FY17. A total of four new positions are included in the Budget. Ms. O'Brien noted that the Line Department has five previously approved positions (or current vacancies). In FY17, three of the five vacancies will be filled.

The group discussed the various maintenance programs initiated (transformer replacement, tree trimming, in-house staffing for underground construction, etc.) and the impact this proactive approach will have on the budgets moving forward.

A motion on the Operating Budget will be presented at the next CAB meeting following the Capital Budget Presentation.

3. Next Meeting – G. Hooper, Chair

The Capital Budget presentation was re-scheduled for April 27th. The next regular meeting will remain as scheduled for May 4.

4. Adjournment – G. Hooper, Chair
Mr. Nelson made a motion to adjourn the meeting of the Citizens' Advisory Board, seconded by Mr. Kelley. Hearing no further discussion, Motion carried 4:0:1 (4 in favor, 0 opposed, 1 absent).

The Citizens' Advisory Board Meeting adjourned at 7:27 p.m.

As approved on October 12, 2016.

RMLD Citizens' Advisory Board & Board of Commissioners

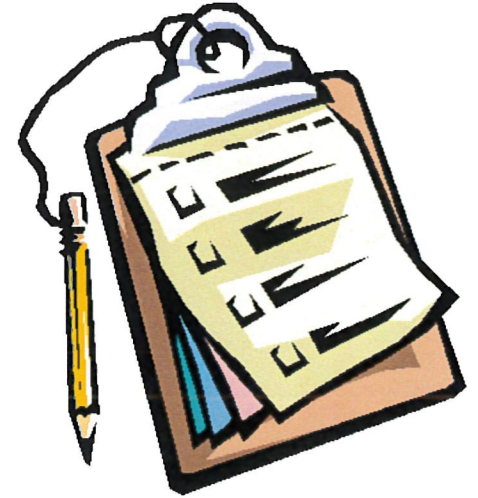
Presentation of FY 2017 Operating Budget



Coleen O'Brien, General Manager
Hamid Jaffari, Director of Engineering & Operations
Jane Parenteau, Director of Integrated Resources
Bob Fournier, Business/Finance Manager



Review of...



- Six Year Plan
- Proposed Rate Increase
- FY 2017 Operating Budget
- Staffing Report
- Questions & Answers

3/31/2015
8:41 PM
PT:18MAY2015

READING MUNICIPAL LIGHT DEPARTMENT
SIX YEAR PLAN
3/31/16

FISCAL YEAR	ACTUAL 2015	8 ACT / 4 BUD 2016	2017	change	2018	change	2019	change	2020	change	2021
OPERATING REVENUE:											
SALES OF ELEC - BASE	21,480,418	23,124,632	25,500,000	3.50%	26,392,500	3.00%	27,184,276	3.00%	27,999,803	1.75%	28,489,800
SALES OF ELEC - BASE CAPACITY	17,245,754	17,799,517	20,943,651		20,430,755		22,832,400		18,867,982		19,490,206
SALES OF ELEC - BASE TRANSMISSION	11,739,432	12,635,347	13,378,627		14,251,604		15,152,604		15,736,279		16,860,456
SALES OF ELEC - FUEL	34,136,551	35,456,046	34,074,492		34,501,301		34,800,340		35,528,297		36,788,429
NYPA	(1,082,221)	(1,044,720)	(900,000)		(900,000)		(900,000)		(900,000)		(900,000)
FORFEITED DISCOUNTS	822,014	693,739	688,500		712,598		733,975		755,995		769,225
ENERGY CONSERVATION	673,837	670,050	673,000		673,000		673,000		673,000		673,000
TOTAL OPERATING REVENUE	85,005,785	89,334,611	94,358,270		96,061,758		100,476,594		98,661,266		102,163,115
OPERATING EXPENSES:											
PURCHASED POWER - BASE CAPACITY	17,259,254	17,799,517	20,943,651		20,430,755		22,832,400		18,867,982		19,490,206
PURCHASED POWER - BASE TRANSMISSION	11,752,933	12,635,347	13,378,627		14,251,604		15,152,604		15,736,279		16,860,456
PURCHASED POWER - FUEL	32,961,040	34,411,328	33,174,492		33,601,301		33,900,340		34,628,207		35,680,429
OPERATION EXPENSE	10,519,308	10,513,089	12,107,583	3.00%	12,470,810	3.00%	12,844,915	3.00%	13,230,283	3.00%	13,627,191
MAINTENANCE EXPENSE	3,510,000	3,231,133	3,717,832	3.00%	3,829,161	3.00%	3,944,036	3.00%	4,062,357	3.00%	4,184,228
DEPRECIATION EXPENSE	3,801,485	3,957,585	4,134,000		4,386,000		4,616,000		4,834,000		4,834,000
TOWN PAYMENTS	1,395,728	1,404,973	1,445,420		1,623,532		1,681,930		1,755,536		1,755,536
TOTAL OPERATING EXPENSES	80,359,818	83,962,930	88,901,405		90,593,164		94,972,245		93,114,643		96,632,046
TOTAL OPERATING INCOME	4,645,967	5,381,681	5,456,865		5,468,594		5,504,349		5,546,623		5,531,070
NONOPERATING REVENUES:											
MOSE AND JOBBING	437,657	468,056	390,000		390,000		390,000		390,000		390,000
INTEREST INCOME	122,893	142,949	125,000		156,000		150,000		150,000		150,000
MWEC REFUND AND ADVANCE IN AID	430,195	446,801	500,000		590,000		500,000		500,000		500,000
TOTAL OTHER INCOME	990,545	1,057,806	1,015,000		1,040,000		1,040,000		1,040,000		1,040,000
NONOPERATING EXPENSES:											
CUSTOMER DEPOSIT INTEREST EXP	1,295	3,127	2,100		2,100		2,100		2,100		2,105
OTHER DEDUCTIONS (INCLUDING ROI)	2,394,011	2,520,296	2,534,868		2,560,015		2,585,615		2,611,471		2,637,586
TOTAL MISCELLANEOUS DEDUCTIONS	2,395,306	2,523,423	2,536,968		2,562,115		2,587,715		2,613,571		2,639,691
NET INCOME	3,241,276	3,916,064	3,935,897		3,946,479		3,956,635		3,973,052		3,931,379
ROR %			7.64		7.10		7.29		7.34		7.32

RMLD
2017 OPERATING BUDGET - DRAFT 1
03/31/16

	TOTAL EXPENSES	TOTAL AMOUNT	TOTAL %
<u>Fixed Costs:</u>			
Purchased Power - Capacity	20,943,651		22.90%
Purchased Power - Transmission	13,378,627	34,322,278	14.63%
Purchased Power - Fuel	33,174,492		36.28%
Depreciation Expense	4,134,000		4.52%
Town Payments (Pilot)	1,445,420		1.58%
Miscellaneous Deduction - ROI Reading	2,384,668		2.61%
Miscellaneous Deduction - Disposal Losses	150,000		0.16%
Sub-total		75,610,858	82.69%
<u>Semi Variable Costs:</u>			
Labor	6,511,885		7.12%
Employee Pension/ Benefits	2,922,673		3.20%
Groups (all)*	1,746,948		1.91%
Conservation Expenses	871,574		0.95%
Tree Trimming	786,958		0.86%
Overtime	561,520		0.61%
Property Insurance	424,500		0.46%
Professional Services	418,100		0.46%
Office Supplies (customer credit card fees)	349,000		0.38%
Vehicle (repairs and maintenance)	260,267		0.28%
Rent Expense	212,000		0.23%
Training/Tuition	232,175		0.25%
Transformer (hazard material)	300,000		0.33%
Bad Debt Expense	150,000		0.16%
Injuries and Damages	57,215		0.06%
RMLB/CAB	22,500		0.02%
Sub-total		15,827,315	17.31%
TOTAL EXPENSES		91,438,173	100.00%

Group All (*) Major Components:

Accounting	\$350,000	Postage, Town Hall Services, Envelopes & Bills
Line	\$350,000	UG Crew, ST Lights, Line General Expense
Station	\$128,000	Vegetation, Testing, Infrared Scan
Building	\$406,000	Building maintenance, Contracts
Total	\$1,234,000	

RMLD
FY 17 STAFFING SUMMARY
4/6/2016

DEPARTMENT	ACTIVE FTE AS OF 3/31/16	PREVIOUSLY APPROVED VACANCIES	FY 17 PLAN	TOTAL FY 17	ORG TOTAL
<u>INTEGRATED RESOURCES DIVISION:</u>					
Integrated Resources	7.5	1	2	9.5	9.5
Customer Service	5	1	1	6	6
Community Relations	1.5	0	0	1.5	1.5
TOTAL	14	2	3	17	17
<u>GENERAL MANAGER DIVISION:</u>					
General Manager	2	0	1	3	3
Human Resources	1	0	0	1	1
TOTAL	3	0	1	4	4
<u>BUSINESS DIVISION:</u>					
Accounting	2	0	1	3	3
IT	6	0	0	6	6
Miscellaneous	1	0	0	1	1
TOTAL	9	0	1	10	10
<u>ENGINEERING & OPERATIONS:</u>					
E & O Mgr	2	0	1	3	3
Engineering	5	1	1	6	6
Line	17	5	3	20	22
Meter	3	0	0	3	3
Station	9	1	1	10	10
TOTAL	36	7	6	42	44
<u>FACILITIES DIVISION:</u>					
General Benefits	2	0	0	2	2
Building Maintenance	2	0	0	2	2
Purchasing	4	0	0	4	4
TOTAL	8	0	0	8	8
GRAND TOTAL	70	9	11	81	83

FY 17 REQUEST

4

QUESTIONS And Answers



thank
you!

HANDOUT **April 6, 2016, CAB Meeting**

FY 2017 - Proposed Base Rate Increase **Comparative Rates Present/Proposed**

Residential

	500 kWh	750 kWh	1000 kWh
Present	\$72.49	\$106.99	\$141.48
Proposed	\$77.30	\$114.02	\$150.75
Difference	\$4.81	\$7.03	\$9.27
% Change	6.64%	6.57%	6.55%
Cost per kWh Present	\$0.14498	\$0.14265	\$0.14148
Cost per kWh Proposed	\$0.15460	\$0.15203	\$0.15075

Residential Hot Water

	1000 kWh	1500 kWh	2000 kWh
Present	\$130.86	\$194.55	\$258.22
Proposed	\$139.06	\$206.67	\$274.27
Difference	\$8.20	\$12.12	\$16.05
% Change	6.27%	6.23%	6.22%
Cost per kWh Present	\$0.13086	\$0.12970	\$0.12911
Cost per kWh Proposed	\$0.13906	\$0.13778	\$0.13714

Residential Time of Use

	1000 kWh	1500 kWh	2000 kWh
Present	\$128.10	\$189.41	\$250.69
Proposed	\$136.03	\$201.02	\$265.99
Difference	\$7.93	\$11.61	\$15.30
% Change	6.19%	6.13%	6.10%
Cost per kWh Present	\$0.12810	\$0.12627	\$0.12535
Cost per kWh Proposed	\$0.13603	\$0.13401	\$0.13300

Residential Low Income

	500 kWh	750 kWh	1000 kWh
Present	\$66.93	\$100.39	\$133.85
Proposed	\$71.18	\$106.76	\$142.35
Difference	\$4.25	\$6.37	\$8.50
% Change	6.35%	6.35%	6.35%
Cost per kWh Present	\$0.13386	\$0.13385	\$0.13385
Cost per kWh Proposed	\$0.14236	\$0.14235	\$0.14235

Residential Hot Water Low Income

	1000 kWh	1500 kWh	2000 kWh
Present	\$127.36	\$191.05	\$254.73
Proposed	\$135.22	\$202.83	\$270.42
Difference	\$7.86	\$11.78	\$15.69
% Change	6.17%	6.17%	6.16%
Cost per kWh Present	\$0.12736	\$0.12737	\$0.12737
Cost per kWh Proposed	\$0.13522	\$0.13522	\$0.13521

Residential Time of Use Low Income

	1000 kWh	1500 kWh	2000 kWh
Present	\$122.58	\$183.88	\$245.17
Proposed	\$129.96	\$194.94	\$259.91
Difference	\$7.38	\$11.06	\$14.74
% Change	6.02%	6.01%	6.01%
Cost per kWh Present	\$0.12258	\$0.12259	\$0.12259
Cost per kWh Proposed	\$0.12996	\$0.12996	\$0.12996

Commercial

	Small	Medium	Large
Present	\$2,057.52	\$10,745.32	\$47,713.75
Proposed	\$2,175.00	\$11,374.96	\$50,385.63
Difference	\$117.48	\$629.64	\$2,671.88
% Change	5.71%	5.86%	5.60%
Cost per kWh Present	\$0.13608	\$0.14102	\$0.13269
Cost per kWh Proposed	\$0.14385	\$0.14928	\$0.14012

Industrial Time of Use

	Small	Medium	Large
Present	\$28,812.65	\$57,583.75	\$778,541.95
Proposed	\$30,468.68	\$60,735.90	\$819,355.33
Difference	\$1,656.03	\$3,152.15	\$40,813.38
% Change	5.75%	5.47%	5.24%
Cost per kWh Present	\$0.10834	\$0.11761	\$0.10508
Cost per kWh Proposed	\$0.11406	\$0.12405	\$0.11059

School Rate

	Small	Medium	Large
Present	\$3,938.81	\$11,630.77	\$24,843.82
Proposed	\$4,137.59	\$12,178.14	\$26,009.41
Difference	\$198.78	\$547.37	\$1,165.59
% Change	5.05%	4.71%	4.69%
Cost per kWh Present	\$0.12822	\$0.12055	\$0.12025
Cost per kWh Proposed	\$0.13469	\$0.12623	\$0.12589

Street Lights

	Reading	Lynnfield	North Reading	Wilmington
Present	\$9,084.85	\$3,453.63	\$4,639.77	\$9,284.82
Proposed	\$9,691.16	\$3,684.94	\$4,948.51	\$9,902.78
Difference	\$606.31	\$231.31	\$308.74	\$617.96
% Change	6.67%	6.70%	6.65%	6.66%
Cost per kWh Present	\$0.12699	\$0.12772	\$0.12583	\$0.12594
Cost per kWh Proposed	\$0.13547	\$0.13627	\$0.13420	\$0.13433

Co-Op Resale

	500 kWh
Present	\$71.49
Proposed	\$75.89
Difference	\$4.40
% Change	6.15%
Cost per kWh Present	\$0.14298
Cost per kWh Proposed	\$0.15178

Note: Proposed Rate Structure to Take Effect July 1, 2016. All Rate Classes Include the Fifteen Percent Prompt Payment Discount except Street Lights