



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Citizens Advisory Board

Date: 2015-08-12

Time: 6:30 PM

Building: Reading Municipal Light Building

Location: Winfred Spurr Audio Visual Room

Address: 230 Ash Street

Purpose: Regular Meeting

Session: General Session

Attendees: **Members - Present:**

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

Members - Not Present:

Mr. George Hooper, Chair (Wilmington); Mr. Mark Chrisos (North Reading)

Others Present:

Mr. David Hennessy, Board of Commissioners
Ms. Coleen O'Brien, Mr. Bob Fournier, Mr. Hamid Jaffari, Mr. Tom Ollila,
Ms. Jane Parenteau, Ms. Kathleen Rybak

Minutes Respectfully Submitted By: David Mancuso, Secretary

Topics of Discussion:

1. **Call Meeting to Order – D. Nelson, Vice Chair**

Vice Chair Nelson 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. **Approval of Minutes – D. Nelson, Vice Chair**

Materials: Draft January 14, 2015, Minutes and Draft March 11, 2015, Minutes

Mr. Mancuso made a motion that the Citizens' Advisory Board approve the Minutes of the January 14, 2015, meeting as written, seconded by Mr. Kelley. Hearing no further discussion, **Motion carried 3:0:2** (3 in favor, 0 opposed, 2 absent).

Mr. Mancuso made a motion that the that the Citizens' Advisory Board approve the minutes of the March 11, 2015, meeting as written, seconded by Mr. Kelley. Hearing no further discussion, **Motion carried 3:0:2** (3 in favor, 0 opposed, 2 absent).

3. **General Manager's Report – C. O'Brien, General Manager**

Ms. O'Brien began with an update on the organizational and reliability studies. As was requested by the CAB, the recommendations from each study have been itemized and tabulated. An update will be presented at the September meeting. Ms. O'Brien reported that she is updating the career development plans, job descriptions, and the wage scales – the triangulation of the three – to make sure that they align appropriately. The next phase will be leadership skills training and then the strategic plan development. Ms. O'Brien noted that employees will develop the strategic plan with the help of Leidos so that as the culture is changing the employees will buy into the strategic plan. We have seen samples of how Leidos has done this in other communities and utilities and it has work well.

Ms. O'Brien then provided an update on municipal services. Mr. Talbot has participated in a number of discussions on the topic of fiber and a seminar (Massachusetts Municipal Light Plants - The Telecom Opportunity Today) was held at Harvard University. Ms. O'Brien gave an overview of what she took away from the seminar. Ms. O'Brien noted it was her understanding that an outside committee was being formed (to look at this issue), but she was not sure of the status of the committee. Ms. O'Brien has offered to develop a brief survey to be sent to each of the town managers to determine each towns' potential needs and interest. Ms. O'Brien would like to get input to make sure that all the appropriate questions are included.

Ms. O'Brien stated that she referred to municipal services in each of the letters that were recently sent to town managers. The purpose is to let them know that there are other things that utilities can offer. We don't know if there is a cost benefit and that's the point of the survey - to get a bit of feedback to provide to said committee. The group discussed the pros and cons of entering into such a business venture. Ms. O'Brien asked Mr. Hennessey if he had any objection to her sharing the draft survey with the Commission and the CAB for input. Mr. Hennessey had no objection. Ms. O'Brien noted that Mr. Talbot had asked her to let the CAB know that there is another session on this subject on September 29th, which is being hosted at NEPPA in Littleton.

Ms. O'Brien reminded the CAB that she had committed to updating each town twice a year. RMLD staff is working to schedule meetings in September with town managers to briefly talk about projects, give them an opportunity to ask questions, and set agendas for the next selectmen presentations. Vice Chair Nelson thanked Ms. O'Brien for being active with the communities.

4. Integrated Resource Report – J. Parenteau, Director of Integrated Services

Purchase Power: *Materials: RMLD Board Meeting (July 30, 2015) Presentation Slides; July 21, 2015, Purchase Power Summary – Draft June 2015.*

Ms. Parenteau noted that the CAB report would mimic what is now being done for the Board of Commissioners. Rather than go through the Purchase Power Summary Report, staff pull out highlights and graph those to give an indication of trends or what is happening with energy, capacity, transmission, etc.

Ms. Parenteau reviewed the first slide (Energy Usage & Peak Demand) which looks (over five years) at both energy usage and peak demand for the month of June. As illustrated, energy usage is trending downward, which is typical of what RMLD has seen for both sales and usage. Peak demand goes down and then it goes up. There is not a direct correlation, but the peak demand is what RMLD gets charged for capacity and transmission. Usage for the month of June is down as compared to June 2014. The next slide (Fiscal Year Fuel Charge) looks at the overall fuel charge by fiscal year. The fuel cost relates to about 50% of our customers' bills and is a pass through – the RMLD does not make any money on that. The average cost over the last five years shows a downward trend from FY11-13 and it has leveled over the last couple of years. A lot of that is related to how RMLD goes out and secures power which utilizes a layering and laddering approach. Another big factor is that natural gas has been at a ten-year low - ramping up a little. However, we are able to take advantage of that with our portfolio. For that portion of the cost, we have been able to do a good job in terms of leveling or decreasing the average fuel charge for all of our customers (residential, commercial or municipal). The next slide (Energy by Resource) looks at the average portfolio of energy resources for the month of June. A little over 60% is our contracts are with BP Energy, Exelon, Constellation and Nextera; those are fixed pricing, which helps with leveling the fuel charge. We also have some unit costs with Stonybrook and Watson. Our nuclear projects were both running in the month of June. This is typically of what we see in June. The next slide illustrates Transmission Costs, which is a little concerning, and which we do not have a lot of control over. Ms. Parenteau noted in the June bill, RMLD is actually paying transmission for the month of May based on the May peak (due to the way ISO bills transmission). There are two components – it is based

on our peak demand and the rate. The rate from 2014 to 2015 went up approximately 5%, but our peak demand went up considerably from 2014 to 2015. Looking at cooling-degree days (the driving factor) for 2014 versus 2015, in 2014 we had zero cooling-degrees and that's the difference between 60 and 64 degrees from the average. In 2015, we had 15 cooling-degree days. Again, weather is a big driver for people consuming electricity, so that really was attributable to the increase from 2014 to 2015. A lot of the programs that RMLD is developing for all our customers, whether its residential, commercial or municipal, are trying to minimize those peak demands so that these costs (as they get passed through) will be lower to the customer.

Vice Chair Nelson asked about RECs. Ms. Parenteau responded that the market is down a little. It was trading, historically, around the \$50 range and is now around \$47-48 (approximately). Ms. Parenteau noted that the State has just came out with a proposal on the caps for the next phase. Ms. Parenteau noted that she had not had an opportunity to look at the legislation, but had heard through vendors that they were increasing.

Ms. Parenteau noted that the construction phase is underway at One Burlington, for a two (2) megawatt system. This will be part of RMLD's portfolio and is due to come online by October or November of this year.

Mr. Mancuso asked about storage. DOER is talking about a storage policy for Massachusetts. Are the municipals involved in that process? Mr. Ollila responded, that he is involved (on a volunteer basis) with the North Shore Technology Council helping them organize a couple of seminars on energy storage and has been talking with Mass DOER quite a bit in the last couple of weeks about that initiative. Mr. Ollila reported that the DOER has \$10m in grants that they will be dispersing. The first phase is a paper study that is being awarded to a consultant in combination with Mass CDC and the Clean Energy Center. The second phase will have pilot programs that customers or end-users can actually deploy and that will be hardware oriented. Mr. Ollila noted that he and Mr. Jaffari have talked of possibly proposing some type of project at RMLD. DOER will be soliciting proposals in January or February. Mr. Ollila noted that it's a much cleaner, more efficient way to do peak demand reduction as opposed to running generators. However, economics today just aren't quite there, but a lot of these folks are making some very good progress and we are keeping an eye on that. Mr. Mancuso added that technology is not quite there yet; the market isn't quite there yet, but there are some solutions that may have some value. Mr. Mancuso thanked Mr. Ollila.

Community Solar Update: Materials: CSS Program Status August 2015

Mr. Ollila provided an update on the Community Solar Project and noted that it is still very much a program in development. Over the past two to three months RMLD has been gathering information and doing its due diligence in talking with a number of stakeholders involved in the concept – developers, consultants, Mass DOER, and other municipals that have taken on various solar programs. Mr. Ollila reported that he is now focused on the nuts and bolts of how the program would work: what are the costs, what's the financial matrix involved, and what are the performance logistics and administrative issues that RMLD will have to take on to make a program like this work. With that information, RMLD will put together a formal spec that will define what RMLD wants to develop for the program: there is a phase that a developer would do (the hardware portion) and then there is a phase that's more logistics - how RMLD would manage the output. Mr. Ollila reported that the spec will go out as an RFP to help us to select a developer partner. Once that developer is selected, RMLD will work with them to do the first phase of what is seen as a multiyear deployment of arrays, hopefully, in all four of the towns. Wherever the first array is located, end customers in any of the four towns will be able to participate in the program. Mr. Ollila noted that in the last couple of weeks, the Town of Reading has decided that they would prefer not to participate in this program at least for the first year. Mr. Ollila has talked with Mr.

Hooper and Mr. Kelley, and Wilmington is willing to consider some sites to be RMLD's first deployment of this program. Mr. Kelley noted that Wilmington has interest from a couple of selectmen and is definitely willing to go down the path of looking into it to see if it makes sense for all concerned. Its good corporate citizenship – a good thing to look into and it can benefit everybody.

Integrated Resources will be working to determine what net-solar policies need to be in place to make this program run. Mr. Ollila noted that the capital for the project will be raised through the developer and then both the RMLD and the developer share in the fruits of the project – the SRECs and the actual production.

Mr. Mancuso asked about the real financial benefit for RMLD. Is it in the theoretical value of the SRECs or is it in the output, or is it a combination of both? Mr. Mancuso stated his concern is that RMLD doesn't have a situation where ratepayers are subsidizing a solar program without reaping some of the benefit. How can we draw a line back from the community solar project to every customer? Another challenge is to be sure that you have a sufficient number of customers who want to participate and pay that premium over time.

Ms. O'Brien noted that the intent is to replace our Green Choice program with these type of programs so that the projects are within our service area (not elsewhere). Ms. Parenteau noted that by starting with a small pilot, we will be able to answer a lot of questions. Staff will continue to keep the CAB apprised on the progress and details of the program as the model develops.

5. Financial Report – B. Fournier, Business Manager

Materials: Graph of kWh Sold

Mr. Fournier reported that RMLD is in the process of closing out the fiscal year. The auditors have been at RMLD, and to date there are no surprises. The preliminary income number is at \$2.6m, of which about \$1m is the fuel revenue exceeding fuel expenses. It includes the funding for the pension at \$1.5m and the OPEB at \$345k. RMLD had budgeted about \$2.6m income. The discrepancy is due to base revenue being down by about \$500k and O&M expenses up by about \$500k; hence the million-dollar shortfall from what was budgeted. The rate of return is estimated at about 5.6% to 5.7%. The auditors will report their findings at the September Commissioners meeting.

6. Engineering & Operations Report – H. Jaffari, Director of E&O

Materials: Engineering & Operations Report and Slides

Mr. Jaffari reviewed the Engineering & Operations report for June 2015. Crews are working on four major Capital Construction projects. The first project is the pole line upgrade on Lowell Street. There were NESC violations that have been cleaned up and we have removed that deficiency. We are moving on with the other deficiencies that we have in the area – cleaning up and bringing everything up to code. The second project is the URD Upgrade at Cooks Farm. RMLD is making progress on that project as well – it is almost 60% complete, and we expect that project to be complete by mid to late-October. The next project is upgrading the URDs system-wide. This is an on-going project. The last project is the West Street project (paid by the state). RMLD is making good progress on that. Mr. Jaffari highlighted some of the Special Projects/Capital Purchases including the 500 Club Meters/RF Mesh Network, which is in the pilot/testing mode and is going very well. Full implementation is expected to begin in September or October. RMLD has received the first batch of LED streetlights and crews have started installation. We are targeting 65 lights per week until installation is complete. We will try to install evenly among all communities so everyone will start seeing savings and benefits. Mr. Jaffari then reviewed Routine Construction.

Mr. Jaffari reviewed the Maintenance Programs including information related to the aged transformer replacement program. For the pole-testing program, the second batch of poles are scheduled to be tested in September and October (640 or 10% of the poles that we own in the system). A report on the results of the inspections will be provided as soon as it is available. Again, with this inspection, the poles that fail will be replaced immediately. As a result of the pole inspection program, we continue to see an increase in the number of double poles. However, we are doing our due diligence to complete the transfers in a timely manner. Transfer data is entered into the NJUNS program, which is shared with Comcast and Verizon. Vice Chair Nelson asked for clarification on the 22 double tagged poles. Mr. Jaffari noted that those are the condemned poles, which were immediately replaced. An additional 88 (failed) poles have been replaced; these are the ones that are not in immediate danger, but needed attention.

Mr. Kelley noted that on the first 10% of poles tested, 30% failed. Mr. Jaffari confirmed that and noted that he expects that will probably go up because the majority of the poles in our system are old and have never been tested before. This program should have been initiated a long time ago as a routine maintenance program, but we are where we are, and we are addressing it right now

Ms. O'Brien reported that RMLD met with Verizon. Verizon no longer has an active pole inspection program. Therefore, RMLD may have to test Verizon poles as well as our own to be certain they are safe. Mr. Kelley asked about the cost to inspect each pole. Mr. Jaffari responded about \$15 per pole; approximately \$150k to inspect all of the Verizon poles.

Mr. Mancuso asked what the recourse is if their poles fail. Ms. O'Brien responded that they have to replace them. Mr. Jaffari noted that over 50% of their poles are older than 33 years old. Some have already depreciated. Ms. O'Brien noted that its concerning because RMLD is not in charge of maintenance for a lot of the poles, but our equipment is on top of them. Mr. Jaffari added that it is a matter of public safety and this is a number one priority for RMLD – public safety and employee safety, which is why RMLD initiated the testing program.

Vice Chair Nelson asked about the method used for testing poles. Mr. Jaffari responded that the first batch of poles tested (last year) were tested with sonar radio frequency. This year, RMLD will be using resistograph test. Mr. Jaffari gave a brief overview of both methods. RMLD will compare the two methods to see which is more accurate.

Continuing with Maintenance Programs, Mr. Jaffari noted that for quarterly feeder inspections, our crews ride the feeders from the station to the end and if they see any abnormalities, they are addressed; we fix them before they prematurely fail. The manhole inspection program has not been started. However, in the areas where we are upgrading the URDs, we inspect manholes as we go and replace anything that is antiquated. The porcelain cutout replacement is 90% completed. We are scheduled to replace the remaining 282 this year or next. Mr. Jaffari reported that the tree-trimming program is going very well. From January through June, 1,500 spans were completed. Substation maintenance includes infrared scans at the substations to detect any overheating and anything that may prematurely fail. Since the start of the program, we have found a few problems that have been addressed (avoiding costly failures). We also scan the parks (River Park, Analog, Ballardvale area, etc.). We detected one capacitor bank problem at Analog, which was fixed.

Mr. Jaffari then reviewed the System Reliability data noting these numbers may go up in the next report due to the outages caused by the recent microburst in Lynnfield. Mr. Jaffari then reviewed the pie chart illustrating the reasons for failure. Tree issues are expected to go down with the new tree-trimming program. RMLD is now cutting back more (from 5 feet to 8 feet) which helps tremendously.

Mr. Mancuso mentioned that he had a tree fall down and take the wires out in his driveway, and noted that the tree crews did a great job.

7. Next Meeting – D. Nelson, Vice Chair

The next meeting was tentatively scheduled for September 16th pending availability of absent members. Vice Chair Nelson asked if there were any other comments.

Mr. Ollila mentioned the new RMLD online store. In the first full month (July), RMLD sold 400 LED bulbs, which was a good start. Mr. Ollila noted that in order to meet the MLP grant, RMLD has to disperse 10,000 bulbs and asked for the CAB's help with promoting the program. The group discussed various means to promote this program.

Vice Chair Nelson commented on the recent microburst storm. As a CAB member, he received many calls and was in communication with Ms. O'Brien and Mr. Jaffari. Lynnfield had power outages, and power was put back on in different phases. There was nothing negative that came out of that incident and he thought RMLD did a good job. Ms. O'Brien noted that it was an unexpected storm that ended up being very dangerous with lots of power lines and trees down; to have that all back up in 24 hours is pretty outstanding.

Vice Chair Nelson asked Commissioner Hennessey if he had any comments. Mr. Hennessey noted it was a great meeting. Mr. Hennessey asked if staff told Verizon that RMLD is going to test their poles. Ms. O'Brien responded that we did not commit to anything. RMLD had a meeting with Verizon to discuss their maintenance (per the contract that we have with them). Basically, they said if there is a work order that touches a certain pole, the foreman inspects the pole. The contracts were written back in the 70's and back then hitting a pole with a hammer below grade (or looking with binoculars to the top) was all that was done (to inspect). They did not have resistographs or other types of programs. Ms. O'Brien noted that they (Verizon) have no intention of investing anything in poles any more. There are some issues under a non-disclosure that can be shared at a later date.

8. Motion to Adjourn – D. Nelson, Vice Chair

Mr. Kelley made a **Motion** to adjourn the Citizens' Advisory Board meeting, seconded by Mr. Mancuso. Hearing no further discussion, **Motion carried 3:0:2 (3 in favor, 0 opposed, 2 absent).**

The Citizens' Advisory Board Meeting adjourned at 7:42 p.m.

As approved on October 21, 2015