



# Town of Reading Meeting Minutes

## Board - Committee - Commission - Council:

RMLD Citizens Advisory Board

Date: 2022-12-08

Time: 6:00 PM

Building: Reading Municipal Light Building

Location: Winfred Spurr Audio Visual Room

Address: 230 Ash Street

Session: Open Session

Purpose: General Business

Version: Final

### Attendees: **Members - Present:**

Vivek Soni, Chair (Reading); Ken Welter, Vice Chair (Lynnfield); Dennis Kelley (Wilmington); Jason Small (North Reading).

### **Members - Not Present:**

George Hooper (Wilmington)

### **Others Present:**

RMLD Board of Commissioners Representative: Marlena Bitá, Chair

RMLD Staff: Gregory Phipps, Interim General Manager; Benjamin Bloomenthal, Director of Finance & Accounting; Julie Blackley, Communications Manager; Kathleen Rybak, Operational Assistant.

**Minutes Respectfully Submitted By:** Vivek Soni, Chair  Oct 6, 2023  
Vivek Soni (Oct 6, 2023 11:41 EDT)

## **Topics of Discussion:**

*All meeting materials can be found in the RMLD CAB Meeting Packet on the RMLD website.*

### **Call Meeting to Order**

Chair Soni called the meeting of the Citizens' Advisory Board (CAB) to order at 6:00 PM and noted the meeting was being audio recorded.

Chair Soni commended Chair Small for his outstanding leadership as chair.

### **Approval of Minutes**

*Materials: Citizens' Advisory Board Packet (attachment 1)*

The minutes of the May 23, 2022, meeting were approved as written.

Mr. Hooper made a **motion**, seconded by Vice Chair Welter, that the Citizens' Advisory Board approve the minutes of the May 23, 2022, meeting as written. **Motion Carried:** 4:0:1:0 (5 in favor, 0 opposed, 0 abstained, 0 absent). *Roll Call: Chair Soni, Abstained; Vice Chair Welter, Aye; Mr. Hooper, Aye; Mr. Kelley, Aye; Mr. Small, Aye.*

### **General Manager's Report**

Gregory Phipps, General Manager, provided an update to the CAB.

### **RMLD security**



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Mr. Phipps referenced a recent incident in Moore County, North Carolina, where vandals shot rifles at two substations, subsequent damage causing outages. Mr. Phipps linked this incident to a similar one that occurred in California eight years ago, highlighting the vulnerability of substations.

RMLD prioritizes cyber security and physical security, including any physical damage to the substations. Mr. Phipps underscored the importance of substations in providing reliable, low-cost, non-carbon electricity, and expressed the company's commitment to maintaining their operations. While substations are not manned 24/7, all of them are equipped with video camera systems.

The RMLD team is strategizing and preparing for potential threats to the new Wilmington substation and existing substations. There will be a follow-up report on the team's progress at the next meeting.

Vice Chair Welter asked about feasible precautions to prevent vandalism. Greg explained the current surveillance set-up, with cameras facing inwards. After the recent incident, which was executed from the outside, modifications were suggested to the camera system to better monitor external threats.

Mr. Phipps detailed three main categories of threats to substations: mischievous individuals, intentional minor damage, and serious acts of terrorism. RMLD is evaluating how to deter these threats.

Mr. Phipps noted a few proactive measures already under consideration: collaboration with local police departments, placing cameras along the roadways adjacent to substations, and awareness signage such as "you're on camera".

Chair Soni and Vice Chair Welter introduced the idea of physical barriers for substation security. Mr. Phipps confirmed that physical barriers, similar to sound barriers seen along interstates, are being considered. This is part of a larger plan to discourage and minimize damage from persistent threats.

Mr. Phipps added that immediate and longer-term actions are being considered. Efforts are underway to brainstorm and implement measures starting the following week. The company's approach will be public, reinforcing the deterrent factor and providing confidence to customers about the security measures in place.

Chair Soni brought up the issue of potential social media activity by those involved in the recent vandalism, which is a more complex area of threat monitoring. Mr. Phipps referred to the potential for coordination with local police departments in monitoring such activity. Mr. Phipps reiterated the overall goal of deterring such actions within RMLD's territory.

### **Infrastructure Update**

Mr. Phipps provided an update regarding the new Wilmington substation.

The Wilmington substation will be built at 326 Ballardvale, and the project is advancing as planned. The ultimate objective is to have the substation fully commissioned so that load transfers can start in 2025.

RMLD is conducting meetings with the Town of Wilmington to ensure the proper permitting process is being followed. Mr. Phipps noted that equipment orders for the project have been initiated.



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An impact study was submitted to ISO New England in early November and is currently under process, estimated to take approximately six months. The impact study is crucial as it must be completed before any significant work can commence on the site.

The plan is to begin site preparation and work in the latter part of the summer or early fall of next year, once all permit approvals, final designs, and the ISO New England study are completed.

Mr. Phipps discussed alternative land acquisition plans. An alternative plan to construct the substation off of Route 125 is being pursued in parallel to the work on the 326 Ballardvale site. The go/no-go decision on this approach will be made in the August/September timeframe before physical work commences.

The alternative Route 125 plan is also being considered in addition to the Maple Meadows solar PV plan. The team presented these plans to the Wilmington select board back in October. Despite these concurrent plans, the default plan remains on track and is progressing as expected.

Mr. Phipps emphasized that Load growth, related to infrastructure, is being considered as part of the budget process and ongoing planning for power supply and infrastructure build-out.

Load growth is analyzed across different customer classes, with a particular focus on residential customers. The residential sector contributes to approximately 40% of the total load (total load nearly 680,000 MWh) and is expected to grow by 1-1.5% annually.

Air source heat pumps (ASHP) are a significant driver of load during winter months. Similarly, Electric Vehicle (EV) adoption is also expected to increase residential load. Residential load growth is driven more by the adoption of ASHPs and EVs rather than population growth or housing units.

Commercial load, which is 27% of the total load, is also expected to increase slightly as commercial establishments transition to ASHPs.

The industrial sector represents approximately 30% of total load, with residential, commercial, schools, and municipal buildings accounting for the remainder. There has been significant activity in the industrial space, with potential new customers that could materially increase the load.

One new prospect, tentatively beginning operations in the territory by late 2023, will represent approximately a 6 MW load by 2025, constituting 6% of total load, which averages about 100 MW. Another existing customer within the territory is looking to expand their business and will potentially add an additional 6 MW load. A third prospect is expected to bring a load growth of 15-16 MW by 2025, and potentially 36 megawatts shortly after.

Increased load is beneficial for the economic development of Wilmington, for RMLD's ability to better utilize the network, and it also helps to reduce upward pressure on rates.

RMLD's network's current capacity utilization stands at about 46%. By adding more load, this can be improved.

All growth projections and related investments are planned with a 20-30 year horizon, taking into account the life duration of the equipment. Therefore, planning efforts focus on not only current load, but anticipated load through 2040.

Mr. Phipps noted that supporting this load growth is a challenge, especially given that some new customers plan to start production in 2024, a year before the new substation, critical for handling current and new loads, is completed.



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RMLD is exploring ways to distribute loads across existing substations to handle some of the load in 2024.

Mr. Phipps noted that RMLD's charter of reliable, low-cost, non-carbon energy is an attractive proposition for manufacturers.

RMLD's current industrial rates average 12.2 cents per KWh. A proposal will be presented to increase these rates to about 14.2 cents per KWh. Despite this increase, rates remain competitive, particularly compared to Investor-Owned Utility (IOU) territories.

RMLD's strategy includes being responsive to customer requests and maintaining an ongoing dialogue with potential new industrial customers.

Chair Soni asked about the capacity for the new substation. Mr. Phipps confirmed that it is being designed for a capacity of 100 MWs. The substation will be designed with resiliency in mind, ensuring capacity in case of any single point of failure.

Mr. Phipps noted that portions of the RMLD network currently run at 13.8 KV and other sections at 34.5 KV. Given the expected load growth, it was concluded that a larger part of the network might need to operate at 34.5 KV.

The network is being redesigned to a ring configuration, which will allow for greater reliability in case of a fault.

Mr. Phipps highlighted that RMLD is engaged in addressing the challenge of growth after a decade of flat or no growth, and the potential issues related to EV load. The plan is to increase the capacity of all substations to 100 MW within the next five years.

Mr. Phipps noted that current peak load capacity might increase from the current 200 MW to closer to 300 MW, which significantly affects network design.

Mr. Phipps mentioned that Mr. Bloomenthal will talk about how the network expansion will be financed, noting that there are no external sources of funds except for potential bonding, and that grant opportunities will be explored.

The intention is to maintain a reliable, low-cost network that is non-carbon compliant, while also attracting business and preventing rate shocks to customers.

In response to Vice Chair Welter's question, Mr. Phipps confirmed that industrial load growth is a key near-term driver of network load. The industrial sector will see a higher percentage growth in rates due to this load growth, despite remaining lower than residential rates due to cost allocation and the nature of the industrial load. Residential rates are usually higher due to the expansive nature of residential load and the associated cost to serve it.

### **Personnel Update**

Mr. Phipps stated that over the past two months, five internal promotions have been made, reflecting the organization's commitment to recognizing individual growth and hiring from within when possible.

Two new hires will be joining the organization shortly, including the new Director of Human Resources. The current Director of HR will transition to a role as internal Counsel, with a focus on land-related issues and continuing in the role of Labor Relations.

A strong emphasis will be placed on recruitment, as there are over 20 positions projected to be open in January, and just under 15 positions currently open.

RMLD has completed an internal employee survey, the first of its kind in recent times. The survey aimed to gauge levels of communication within the organization and to garner feedback on potential changes.



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Rather than being anonymous, employees were asked to include their names alongside their submissions, with the assurance that only the General Manager would review them. This was aimed at ensuring transparency and building trust.

Mr. Phipps highlighted that of 72 potential responses, 65 employees participated, indicating high engagement levels, a good thing.

### **Customer Survey**

Mr. Phipps noted that the first meeting to initiate an external customer survey was held today. The intention is to conduct the survey in January and provide feedback by March.

Great Blue, a company based in Connecticut and specializing in MLP surveys, was selected through the appropriate bid process to conduct the survey. Special attention will be given to the phrasing of the survey questions, given their influence on the results.

### **Grants Report**

Mr. Bloomenthal, Director of Finance & Accounting, provided an update on grants to the CAB. This topic was not included on the original posted agenda.

Mr. Bloomenthal introduced the grant programs that RMLD is working on.

Mr. Bloomenthal highlighted the grant opportunities for MLPs arising from the recently passed Infrastructure Investment Bill:

- The Grid Resiliency program (Section 40101)
- The Innovative Grid Resiliency program (Section 40103)
- The Smart Grid program (Section 40107)

RMLD will submit a \$20m concept paper to the Department of Energy (DOE) for the grid modernization program, which includes grid optimization (FDIR project and VVO project), the AMI MDM program, and related communication systems.

The Innovative Grid Resiliency program aims at seeking additional funding for the Maple Meadows project's capital items. The concept paper is due in January.

The Section 40101 program is administered through the state executive office of energy and environment. Projects under consideration include transformers, poles, and other core capital projects.

Mr. Bloomenthal has reached out to the Northeast Homeland Security Regional Advisory Council (NARAK) regarding resiliency projects and security hardening programs through the Homeland Security Grant Program (HS GP).

Chair Soni asked whether the grant applications include expenses for substation hardening. Mr. Phipps acknowledged the point, and mentioned that RMLD hasn't explicitly added it, but will consider physical security along with cyber security.

Chair Soni offered to connect the team with the Massachusetts Clean Energy Center for additional funding options.

Mr. Phipps highlighted RMLD's aggressive innovation strategy and willingness to explore various introductions and potential partnerships. The goal is to establish innovative projects for funding, primarily to bring economic benefits to customers and push the utility to the leading edge of industry transformation.

Chair Soni asked about geothermal projects. Mr. Phipps acknowledged and elaborated on the Department's explorations into low-temperature geothermal with UMASS Amherst. Mr.



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Phipps also mentioned interest from the Massachusetts Department of Energy Resources (DOER) and potential federal funds.

Mr. Kelley pointed out a Wall Street Journal article discussing deep-drilling technology.

Mr. Phipps asked the CAB to consider people in their networks who may be seeking exciting opportunities in the energy sector, specifically pointing to roles like data analysts.

### **Communications Update**

*Materials: CAB board packet (attachment 2)*

Julie Blackley, Communications Manager, provided a communication update to the CAB.

Ms. Blackley reported the successful reception of the historical calendars, which have received considerable social media attention.

Mr. Blackley noted that the RMLD newsletter was redesigned and released in November, aiming to better suit the large audience of over 20,000 residential customers. The newsletter currently has an open rate of 55%, well above the industry average of 27%.

Ms. Blackley discussed recent media coverage, outlined in attachment 2.

Ms. Blackley provided a social media update, highlighting that RMLD's "we're hiring" graphic was the most engaging post last month.

Ms. Blackley referenced the recent joint press release with the Town of Reading and expressed interest in replicating this model with the other communities.

Ms. Blackley discussed the customer survey, which will be sent to both residential and commercial customers simultaneously and is scheduled to be completed in March.

The communication component is significant, as this will encourage participation in the study. Customers will be informed about upcoming phone calls and emails.

A Home Energy Audit Webinar is planned for January to inform customers about home energy audits and ways to save on their energy bills during the high bill period in winter.

Ms. Blackley reported on the website updates outlined in attachment 2. Ms. Blackley added that after conducting an analysis and comparison with partner websites, it was found that there's room to simplify the site and make it more user-friendly. The web team is scheduled to begin working on these improvements for early 2023.

Mr. Phipps added that the website updates aim to make it easier for customers to self-serve, easing the load on the in-person customer service team.

The mobile app (approved in last month's budget meeting) will also benefit from a more mobile-friendly website. Julie is leading the team to work with the external hosts to improve the website and make it better suited to customer needs.

Mr. Phipps emphasized that the ultimate goal is to give customers more control over their energy use in anticipation of increasing electric bills due to electrification and energy mix changes.

Mr. Phipps noted that plans to promote time-of-use rates more aggressively are in the pipeline to allow customers better management of their costs, starting from 2023.

### **Integrated Resources Report**

*Materials: RMLD CAB Board Packet (attachment 3)*

Mr. Phipps presented the Integrated Resources Report to the BoC.



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### **RMLD Strategic Direction Highlights** (slide 3)

Mr. Phipps reported on the materializing load growth in both the residential and commercial sectors, noting that industrial growth is occurring faster than anticipated.

Mr. Phipps discussed the importance of matching power supply to load growth. Mr. Phipps mentioned RMLD's efforts to incorporate more battery storage into the territory, which are typically used for short term time shifting. However, RMLD is in discussions with a group that could potentially offer longer-term storage.

Mr. Phipps highlighted the importance of within-territory generation to manage power supply costs. The current within-territory generation is only 8 MW out of a total 100 MW load, primarily sourced from community solar programs.

Mr. Phipps referenced the Maple Meadows project and other initiatives aimed at increasing within-territory generation to 30-40 MWs. Unless there are significant advances in panel efficiency, RMLD will be unable to produce more than 40 MWs due to physical space limitations.

RMLD is pursuing investment tax credits via the Inflation Reduction Act, which will assist in managing power supply costs. RMLD's 2023 power supply is 86% hedged, with the remaining 15% open market and subject to price volatility.

Mr. Phipps mentioned the potential downward pressure on prices due to geopolitical issues in Europe and a forecasted mild winter. Mr. Phipps emphasized the importance of vigilance in the volatile wholesale market and stated confidence in the company's preparedness for the winter months.

RMLD's portfolio is at about 22-25% Hydro for 2023, which is a significant increase from two years ago. Mr. Phipps mentioned potential wind projects and the need for a diverse supply mix.

### **Maple Meadows Project** (slide 4)

Mr. Phipps provided a detailed update on the Maple Meadow project, a potential 8-10 MW solar array at a historical landfill site.

This project has support from the Town of Wilmington, local community groups, and environmental authorities, but there are still regulatory and liability challenges to navigate.

The estimated cost of the project is ~\$25m. If completed, the power generated would cost around \$50/MWh vs \$100/MWh for RMLD's total portfolio, making it economically beneficial.

The project may be eligible for up to \$12 million in grant funding due to its environmentally beneficial nature and status as a landfill site.

Maple Meadows is being pursued from a resiliency and reliability perspective and includes plans for partnering with long-term storage providers.

Chair Soni asked about capital expenditures, to which Mr. Phipps responded that the \$25 million is only for solar, without any storage included.

Chair Soni raised concerns about potential flooding. Mr. Phipps clarified that the primary environmental concern was the Maple Meadow Stream, which RMLD plans to protect.

Ms. Bitá asked about nearby residences, and Mr. Phipps clarified that mostly businesses surround the lower third of the site, with some residences further north.

Ms. Bitá further inquired about the exact location of the site. Mr. Phipps explained that it's in the southwest corner of Wilmington, near the Wilmington/Woburn line.



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### **2023 Regional Winter Resiliency – notes** (slide 5)

Chair Soni reiterated the need to talk about regional winter resiliency, an issue discussed previously.

Mr. Phipps noted that concerns stem from the fact that about half of the energy produced within New England comes from natural gas. However, New England only has two major pipelines supplying it. Despite a 15% capacity increase seven years ago, there has been no new gas supply mechanism.

Chair Soni expressed concern about potential issues related to heating gas and oil availability and whether these might complicate energy reliability in winter.

Mr. Phipps elaborated on the multifaceted issue, mentioning the intertwined roles of natural gas and oil. Mr. Phipps discussed natural gas supply issues due to LNG tankers which typically could be scheduled to supply Boston terminals, but now are being predominantly scheduled for Europe, leading to potential shortages. The priority for natural gas in winter is to heat buildings, with electrical generation being a lower priority.

Many generators can burn oil as well as natural gas. However, oil reserves, typically around 52%, are currently only about 42% full. This is partly due to the forecasted future dip in the price of oil, causing generators to be cautious about overstocking, which could result in financial losses.

Mr. Phipps discussed the potential concern about weather-dependent and ISO-NE mandated rolling blackouts, as outlined on slide 5. Mr. Phipps noted that if such an event occurs, warnings would be given well in advance. This decision wouldn't be made by the RMLD but would be a load reduction mandate from ISO New England. The situation is driven by especially cold weather and is most likely to occur in January or February, influenced by the availability and cost of fuel.

### **2023 Rates**

*Materials: RMLD CAB Board Packet (attachment 4)*

Mr. Phipps presented the 2023 rates to the RMLD CAB.

Mr. Phipps noted that the 2021 rate class study and the previous year's work was taken into consideration in this process.

### **Rates – goals and objectives** (slide 3)

Mr. Phipps discussed the primary goals and objectives as outlined on slide 3.

Mr. Phipps provided a context of the specific rate changes. The costs associated with different rate classes vary due to factors such as geography and concentration.

Mr. Phipps highlighted the ASHP (air source heat pump) program's success, which has gained momentum over the last year. ~300 out of 1200 furnaces are being replaced annually with ASHPs in the territory. RMLD's goal is to reach ~ 500 replacements in the next few years by increasing communication and involving more contractors, rather than changing the rate of incentive.

The current incentive is \$1K a ton, with an average rebate of \$3.3K per system installed, with the average price of a system roughly between \$18K to \$20K.

Vice Chair Welter asked about gas customers' eligibility for the ASHP incentive. Mr. Phipps clarified that as of last spring, natural gas customers, even those who weren't National Grid electric customers, could be eligible for RMLD's ASHP program, due to National Grid eligibility changes.



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Mr. Phipps noted that while RMLD wants customers to have either one of the benefits, we want to discourage double-dipping into both incentives as these are customer funds.

### **Desired outcomes** (slide 4)

Mr. Phipps outlined the desired outcomes of RMLD's rates which also include cost coverage and customer behavior influence.

Mr. Phipps indicated that further discussion on RMLD's "EV1" or "A3" rate, specifically designed to influence EV adoption, would be postponed until the next meeting.

### **2023 Context** (Slide 5)

Mr. Phipps contextualized the budget recommendations and anticipated rate changes.

Mr. Phipps acknowledged that the proposed 14% increase is substantial but emphasized the necessity given the growing cost structures and the operational demands.

Mr. Phipps referenced the significant increase in 2023 energy costs with hedged power supply averaging \$41/MWH and open market prices averaging \$125/MWH.

Mr. Phipps noted that other Municipal Light Plants (MLPs) are generally experiencing similar rate increases, ranging from 10-15%.

Investor-Owned Utilities (IOUs) like Eversource and National Grid are facing significantly higher increases due to both controllable and uncontrollable factors such as regulatory structures. Mr. Phipps referenced the quotes on slide five.

Mr. Phipps cited the ongoing geopolitical issues between Ukraine and Russia as one factor that led to an ~ 90% increase in wholesale power supply costs than initially forecasted. This resulted in the average residential customer rate being 17 cents per KWH for 2022, which is still considerably lower than National Grid's rate of 29 cents per KWH for 2022.

Mr. Phipps said that the proposed rate for residential customers will be 19 cents per KWH, an increase of just under 15%, while National Grid's is expected to be 49 cents per KWH.

Mr. Phipps reaffirmed RMLD's cognizance of the impact a 14-15% rate increase can have on the customers. Mr. Phipps also emphasized the relevance and necessity of this increase in ensuring operational efficiency and maintaining the value provided to the customers.

Mr. Phipps attributed a significant part of the increase to the escalating wholesale costs and a part of it to operational costs.

### **Summary of monthly bill changes – March 2023** (slide 6)

Mr. Phipps reasserted that RMLD's rates and rate increases are lesser than the surrounding counterparts.

Chair Soni sought clarification on the initial assumption made to which Mr. Phipps replied that the budget assumed a 10.9% rate increase.

The budget, under these assumptions, generates a net income of ~ \$958K, but necessitates raising ~\$12m for new grants and bonds in 2024.

Despite RMLD's aggressive efforts to secure grants, the proposed 14% increase (which translates to an additional \$20/month for residential customers) is expected to provide a more robust financial buffer for 2024.

Chair Soni asked if RMLD's concern about forward energy prices has worsened since the budget was put together, to which Mr. Phipps responded that it had not. The key reason for the proposed 14% rate increase, as confirmed by both Mr. Phipps and Chair Soni, was to plan for better financial stability in 2024.



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Ms. Bitz posed a hypothetical scenario of not preparing for 2024. Mr. Phipps explained that RMLD would have to pay ~\$12m for 2024 at some point. The aim is to distribute the financial burden between 2023 and 2024.

The discussion moved towards other possible strategies, such as adjusting the depreciation rate and bonding. Mr. Small noted that raising the depreciation rate from 3% - 5% could potentially help generate up to \$8m of the required \$12m. However, this would also lead to higher rates. Leveraging good government interest rates through bonding was also mentioned as a potential strategy.

Chair Soni and Mr. Phipps both recognized that several different levers could be pulled to manage the increased costs. An in-depth examination of these options would be beneficial.

Mr. Phipps highlighted that the two main factors driving increased costs are the power supply and the deliberate shift to more non-carbon energy sources.

It was reconfirmed that the basis of the discussion was to evaluate how to financially prepare for 2024.

Chair Soni asked for big-picture options for the organization's financial strategy relative to the proposed rate increases.

Mr. Small explained the impact of the depreciation rate on the operating budget, highlighting that it's a non-cash event but ultimately affects the rates due to its place as a line-item expense.

Mr. Small emphasized that the depreciation rate is 3% of net plant, resulting in a significant chunk of capital. The depreciation rate could be increased to 5%, but it would require justification to the DPU. This could fund significant capital projects but would also result in an increase in the rates.

Chair Soni summarized the options as having a higher rate increase, an increased depreciation rate, or more bonding. All options, as Mr. Phipps and Mr. Small confirmed, would impact the rates. It was further clarified that the organization needs a certain chunk of cash, and the question is how to obtain it.

Mr. Small highlighted that the rate increase would be roughly 4% more than what was stated at the time of the budget.

Mr. Phipps emphasized that the proposal is to make the rate change effective from March 1st, as opposed to January 1st, due to higher usage in the colder months of January and February. This move is intended to avoid shocking customers with an increase at a time of higher usage. The percentage increase would be ~14%, but with the delay to March.

Mr. Kelley raised a point about customer understanding of the rate change, and suggested that spreading the increase might allow customers to adjust without feeling the immediate impact. Mr. Phipps stated that RMLD has already laid out this information on the website to help people understand usage versus rates, focusing on the impact on monthly bills.

Returning to the alternative funding options, Mr. Phipps confirmed that RMLD is open to bonding for large projects like the Maple Meadow project. However, RMLD's preference is to pay for operating costs as they come.

Mr. Phipps noted that RMLD will look at the depreciation rate but warned against hastily changing it due to the potential effects on other areas of the business.

Mr. Phipps noted that the recommendation is for an additional 4% increase (14%) to set the stage for avoiding a bond in 2024.



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Mr. Kelley questioned how the 14% increase would affect net profit as RMLD can make up to 8% net plant. It was clarified that with the 14% proposed rate increase, that net income is forecasted to be below 4%, which is below that 8% net income that DPU prefers.

Chair Soni questioned the possibility of another rate increase next year. Mr. Phipps confirmed that there likely would be another increase. Mr. Phipps stressed the need to set RMLD up for 2024 and give a buffer by proposing a 14% increase rather than a 10% increase.

Vice Chair Welter asked about the segregation of electrification and efficiency charges based on customer type. Mr. Phipps explained that RMLD segregates funds into two buckets: commercial/industrial and residential. This is a historical practice, and RMLD has not considered potential alternatives.

Vice Chair Welter queried about the possibility of a flat dollar charge per hour as opposed to a flat rate. Mr. Phipps expressed uncertainty about RMLD's ability to change the model due to the regulatory environment of the Department of Public Utilities (DPU), though he was unsure about the specific restrictions.

Mr. Phipps mentioned the Green Communities charge, which applies only to Reading and amounts to ~ 40 cents a month, billed on KWHs, which leads him to believe RMLD may not be able to modify the model. Mr. Phipps committed to look further into this issue.

Vice Chair Welter questioned whether cash outflows are matched with inflows. Mr. Phipps confirmed this, citing the example of the ASHP initiative, where RMLD didn't spend as much due to installation difficulties. Vice Chair Welter asked if rates could increase with more activity. Mr. Phipps responded yes; more spending would have occurred with more activity.

At Chair Soni's request, Mr. Phipps summarized three main points:

- The overall rates would average around a 14 percent net increase across average customers' bills.
- The new rates would be effective from March 2023.
- RMLD is aiming for a ~3.5 percent rate of return, ~ 2% lower than typical, but sufficient.

Mr. Phipps further explained that the original proposition of ~\$900k for net income was too low and not prudent. This rate adjustment helps to reduce the amount RMLD would need to bond in 2024. The objective is to do more this year to ease the bonding requirements in 2024.

The verbiage "Replace 292 Efficiency and Electrification Charge with 306" was removed from the suggested motion, as no changes are needed.

Mr. Small made a **motion**, seconded by Vice Chair Welter that the Citizens' Advisory Board recommend that the Board of Commissioners vote to accept the General Manager's recommendation to replace the following MDPU rates effective for billings on or after March 1, 2023:

- Replace 296 Residential Schedule A with 301
- Replace 299 Residential Time of Use Schedule A2 with 302
- Replace 297 Commercial Schedule C with 303
- Replace 298 Industrial Time of Use Schedule I with 304
- Replace 300 School Schedule SCH with 305

**Motion Carried: 5:0:0:0** (5 in favor, 0 opposed, 0 abstained, 0 absent). Roll Call: Chair Soni, Aye; Vice Chair Welter, Aye; Mr. Hooper, Aye; Mr. Kelley, Aye; Mr. Small, Aye.



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### Scheduling

The next CAB meeting will be held on January 19<sup>th</sup> at 6:00 PM.

### Adjournment

Mr. Kelley made a **motion** to adjourn, seconded by Mr. Small. **Motion Carried:** 5:0:0:0 (5 in favor, 0 opposed, 0 abstained, 0 absent). *Roll Call: Chair Soni, Aye; Vice Chair Welter, Aye; Mr. Hooper, Aye; Mr. Kelley, Aye; Mr. Small, Aye.*

The RMLD CAB meeting adjourned at 8:00 PM.

As approved on October 5, 2023