Reading Municipal Light Board of Commissioners
Regular Session
230 Ash Street
Reading, MA 01867
December 17, 2008

Start Time of Regular Session: **7:35 p.m.**
End Time of Regular Session: **8:25 p.m.**

Attendees:
Commissioners:
Richard Hahn, Chair
Philip Pacino, Commissioner
Robert Soli, Secretary
Ellen Kearns, Commissioner

Staff:
Vinnie Cameron, General Manager
Jeanne Foti, Executive Assistant
Kevin Sullivan, Engineering and Operations Manager
Beth Ellen Antonio, Human Resources Manager
Robert Fournier, Accounting/Business Manager

Selectmen, and Customer Comments
None.

Approval of Minutes Board Meeting November 25, 2008
Ms. Kearns made a motion seconded by Mr. Pacino to approve the Regular Session meeting minutes of November 25, 2008 as presented.
Motion carried 3:0:1. Mr. Soli abstained.

Mr. Soli stated that although he was not at the Board meeting on November 25, there were some hearsay statements in the minutes, which he thinks should not be in the minutes.

Report from RMLD Committees
Power Contracts, Rate Setting, Green Power Committee
Chair Hahn reported that in attendance at this meeting was himself, Mses. Kearns and O'Neill as well as Mr. Vale. Chair Hahn pointed out that Mr. Seldon of Energy Services provided a summary of what other utilities are spending on energy efficiency and conservation. Mr. Seldon focused on the two largest investor owned utilities who spent the most however, information was provided on what other utilities spend.

Chair Hahn said that there was discussion on the renewable portfolio standards in Massachusetts with detail provided on the amount of the resources that have dramatically increased in the last couple of years. Chair Hahn said that Mr. Seldon's report indicated that as a state, Massachusetts was close to meeting its targets, which means there are renewable projects being developed. Chair Hahn commented that the RMLD conservation charge was discussed. Ms. Parenteau provided a summary on what some municipal utilities are doing relative to Renewable Energy Certificates (RECs). Mr. Cameron updated the committee on RMLD conservation and alternative energy programs and provided a summary on energy audits.

Chair Hahn reported that specific projects were discussed including solar and combined heat cogeneration projects that had recently come on line. An update was provided on the RMLD position to oversee energy efficiency programs. Also discussed was the possibility of more press releases on the Residential Time of Use rate.

Ms. Kearns added that at this committee meeting, what impressed her is that Ms. Parenteau and Mr. Cameron were looking to the Board for guidance and advice as to where the Department should go on energy conservation projects. Is it energy conservation projects at any price, are there limitations, what kind of factors should the RMLD look at? Although this was not resolved, it was a great question to ask both the committee and the Board.

Mr. Vale commented that the committee is struggling with trying to collect the data within a timeframe of one year to set up a policy. Mr. Vale said that they would like to be able to provide some guidance to the RMLD management on what the policy goals are, whether it be energy efficiency, demand response or renewables. Part of the presentation given by Mr. Seldon revolved around what other utilities are doing.

Report from RMLD Committees
Power Contracts, Rate Setting, Green Power Committee
Mr. Vale commented that this was a means to gather the information the committee needs to create policy goals and to make recommendations to the Citizens' Advisory Board as well as the RMLD Board. Mr. Vale said that the committee is waiting for the Energy Efficiency Manager to come on board to work on these items.

Chair Hahn commented that the timing to look at renewable energy programs could not be worse due to the economic times. Renewable energy costs more and energy conservation pays for itself over time, which may cause rate impacts in this economic environment. A balance is needed on how quickly these programs can be implemented versus what the RMLD can afford to pay.

General Manager's Report Other Post Employment Benefit Study
Mr. Cameron reported that the RMLD received a copy of the Town of Reading's Other Post Employment Benefit Study. Mr. Cameron explained that the state wants the cities and towns in Massachusetts to start funding the post employment benefits for municipal employees, which are the health care costs that need to be paid in the future. Mr. Cameron pointed out that a few years ago when the RMLD made more than its allowable eight percent return, there were conversations with the RMLD Board on what to do with the money. Mr. Cameron suggested starting a reserve fund to start funding the post employment benefits however, the Board decided instead to give the money back to the RMLD customers. Mr. Cameron said that now the RMLD has to start funding the post employment benefits. Mr. Cameron read the study, which does not specifically state the amount of RMLD's liability. Mr. Cameron has been in contact with the Town of Reading and it appears the RMLD's liability may be $8 million. Mr. Cameron stated that he, Mr. Fournier, the Town Manager, Assistant Town Manager and Treasurer will meet to discuss this report in detail. Segal, the company that developed the study, will make a presentation to the Town of Reading Board of Selectmen in January and would like the RMLD to be present because they are part of the study. Mr. Cameron will inform the Board on the date of this presentation and the Board can determine who will attend.

Mr. Cameron said that he will forward a copy of the report to the Board. Mr. Cameron said that the Operating and Capital Budget/Pension/Legal Services Committee should meet once it is determined what the RMLD's portion of the costs is in the report.

Ms. Kearns asked what will the town do?

Mr. Cameron replied that the town will have to start funding this.

Chair Hahn asked the committee to take this issue up in January or is it too soon?

Mr. Cameron replied that the January timeframe is fine. Ms. Kearns asked if this would be pay as you go?

Mr. Cameron replied it is a pay as you go, however, the state would prefer money put aside because the costs are rising.

Chair Hahn commented that the committee should be coming up with a long term funding plan.

Mr. Cameron said that the post employment benefits are one of things the committee should discuss. Mr. Cameron pointed out that the Board members had the foresight in 1969 to start up the Pension Trust Fund and at one point was fully funded.

Ms. Kearns said that she would like to see what the RMLD is paying on a monthly basis and over the last five years.

Mr. Pacino commented that he wants a detail for the source of where this additional funding is coming from.

Chair Hahn said that this will be part of the budget process in January.

Mr. Pacino reiterated that the funding source has to be looked at.

Mr. Cameron pointed out down the road you will have a fund that is self-funding.

General Manager's Report Other Post Employment Benefit Study
Mr. Soli asked if there is anything in the report about the possibility of Reading getting into the state's health insurance?

Mr. Cameron replied, "no". That is a different issue and there is a health insurance committee that addresses that issue.

NYPA Credit Update
Mr. Cameron reported that Frank Biron of Melanson Heath & Company, PC came in on Thursday, December 11. Commissioner Soli spoke with Frank Biron relative to RMLD's calculation and treatment of the NYPA credit. Mr. Cameron said that after Mr. Biron met with Commissioner Soli, he, Mr. Fournier and Ms. Parenteau met with Mr. Biron to discuss the NYPA credit.

Mr. Cameron said that there will be a meeting that will take place tomorrow with Mr. Biron, himself, Mr. Fournier and Ms. Parenteau on the NYPA credit. The objective is to get a written opinion from Mr. Biron.

Toys for Tots
Mr. Cameron said that the Toys for Tots box is in the RMLD lobby if anyone is interested in donating to this by Friday, December 19, 2008.

Good Neighbor Energy Fund
Mr. Cameron pointed out that the Good Neighbor Energy Fund envelopes will be in the January bills.

T-Shirt Award Ceremony
Mr. Cameron said that the T-Shirt Award ceremony is for the T-Shirt award recipients. Members of the Community Relations Committee, Mses. Kearns and O'Neill present the winning recipients with their award.

Mr. Pacino asked about the status of the MMWEC audit.

Mr. Cameron replied that he spoke with Kevin Bannon from Melanson Heath & Company, PC and hopes to get the report before the end of the year.

Financial Report November 2008
Mr. Fournier reported that he will be presenting the estimated results for November because the Purchase Power costs that make up eighty percent of the total costs the numbers are not available, he created an Income Statement with estimated numbers for the Purchase Power base and Fuel Costs.

Mr. Fournier said that for the month of November there were no major incidents or unexpected expenditures that occurred.

- Profit $891,000, Year to Date Total $2.9 million, Budgeted amount $1.4 million. Of the $2.9 million profit for the month, $1.7 million is due to the Fuel Revenue exceeding the Fuel Expense.

- Revenues, the Base Revenues are under budget by $1.1 million, the bulk of this is from the commercial sector. Energy Services Division is looking into reforecasting the RMLD's revenue projections for the last six months of this fiscal year. Maybe this will be available by the next Board meeting.

- Base Revenues $16.8 million compared to the budget of $17.9 million all sectors are under budget with commercial and industrial representing the largest side.

- Purchase Power base was over budget by 7.5% or $750,000, due to transmission and capacity costs. Purchase Power base costs are $10.8 million compared to the budgeted amount of $10.1 million.

- Operating and Maintenance expense combined are under budget by $60,000 or 1.34%. Actual Operating and Maintenance expenses were $4.4 million versus the budget of $4.46 million. The main reason expense is over budget is the Senior Techs have expensed more of their labor rather than capitalize it.

Financial Report November 2008
Mr. Fournier said that for the month of November there were no major incidents or unexpected expenditures that occurred.

- Depreciation expense and voluntary payments to the town are on budget.
- Cash capital funds are $4.7 million; Deferred Fuel balance is at $2.6 million the Department on the projected numbers for November has over recovered by $675,000.

Mr. Fournier reported that the first week of December, the RMLD placed all its liens. The volume increased this year. The RMLD placed 207 liens residential customers for $120,000.

Mr. Fournier said that customer deposits were reflected in bills for December except for the first two cycles therefore this credit will appear on their bills in January.

Mr. Fournier reported that in December the four towns received $585,000 based on kilowatts sold and percentage of net plant. The payment of $1 million was paid to the Town of Reading for the return on investment to the town.

Mr. Fournier pointed out that the RMLD was under budget by $60,000. Once the quarterly report is presented through December this can be looked at in finer detail. The Fuel Charge is trending downward for the month of November.

Ms. Kearns asked Mr. Fournier approximately how many liens were placed last year?

Mr. Fournier replied that last year it was around 125 liens, most of the increase was in the town of Wilmington.

Mr. Vale asked if these were all residential liens?

Mr. Fournier replied that they are residential liens.

Mr. Vale asked if there are GASB or utility standards governing how a Senior Technician can expense their labor as ongoing operating cost or capital side? How much discretion is there?

Mr. Fournier replied that the budgets are prepared in the spring for the upcoming year; which are estimated by breaking out the best they can how much labor will be capitalized. By labor being capitalized, that is adding to the existence of the plant significantly. The main reason in the budget there was a lot of capital labor allocated for the Senior Technicians was based on the premise due to the work being done at Gaw. Presently, the RMLD has not incurred the amount of capital labor that that it anticipated would be completed at this time, that is why the expense side for labor is over budget. Mr. Fournier explained that as you increase your plant, create and install and better your plant that is a capital addition.

Chair Hahn said that he thought the question was how much discretion do you have, but does not think you have much. If an individual goes out to work on O&M then it is expensed, whereas works on a capital item is capitalized. You cannot arbitrarily move money between those.

Mr. Fournier pointed out that FERC does spell out in the individual accounts what is considered an expense and what is considered capital; it does spell out specific activities.

Mr. Vale said that he took it to mean that the Senior Techs had discretion to decide on the work.

Chair Hahn commented that the Senior Techs do not have discretion in the work whether it is capital or operating side.

Power Supply Report for the month of November 2008
Mr. Cameron reported that Ms. Parenteau could not make the meeting.

Power Supply Report for the month of November 2008
Mr. Cameron reported that the sales for November were 56,336,627 kilowatt hours, 2.4% less than November 2007.

Mr. Cameron stated that the cost of energy for November was an aggregate average of $72.12 Mwh with the total cost of energy a little over $4 million. The peak demand for November was 108,556 kilowatts on 8:00 p.m. on November 24. The UCAP requirement for the RMLD was 233,700 kilowatts.

Mr. Soli asked when does the UCAP requirement change?

Mr. Cameron replied that in May they look back twelve months. Mr. Cameron said that as Ms. Parenteau would state if she were present at the meeting, during the transition period the RMLD is supporting a fixed amount of capacity so if the RMLD goes down at the same percentage as everyone else what the RMLD pays will not change. That will remain in effect until June 1, 2010 when that fixed requirement goes away and it is replaced with the results of the first and second forward capacity auctions.

Ms. Kearns asked Mr. Cameron what is NEMA congestion?

Mr. Cameron replied that this is a load zone in northeast Massachusetts and from time to time they have to run plants within the load zone that are out of economic merit. The whole system is dispatched on economic merit, however the price in a given hour may be $70 a megawatt hour but because the transmission is at a peak coming into northeast Massachusetts they may have to run a power plant within our load zone which is more expensive than the average price of the Pool. The difference between that average price and Pool price is called the congestion price. On an hourly basis when that occurs it is the congestion cost.

Ms. Kearns asked if this is always a negative number?

Mr. Cameron replied, "no" it is usually a positive number but it could be a true up.

Mr. Cameron reported that the average cost of capacity was $6.51 a kilowatt month for November. The total cost of energy and capacity was $5,000,587. Mr. Cameron said that as Mr. Fournier had mentioned that he has had meetings with Ms. Parenteau and Mr. Seldon to adjust RMLD's revenue forecast for fiscal year for the last six months based on anticipated kilowatt hours. If the RMLD's kilowatts are down for the last six months it could impact what the RMLD recoups in capacity credit as well as the Purchase Power Adjustment Charge. Mr. Cameron said that he will come back to the Board in January to show that adjustment.

Chair Hahn pointed out that the second capacity forward auction at ISO concluded and the details have not been published. The price cleared at the floor was 80% of the floor on the last auction. The capacity prices continue to trend below the numbers targeted by ISO New England. It was $3.60 today.

Mr. Pacino asked what is the effect of this?

Chair Hahn replied that the open position the RMLD has in the capacity market. The RMLD has capacity entitlements in Millstone, Seabrook, Stonybrook, capacity credit for NYPA and some of the purchases are in capacity. Some of the purchases made have been in capacity but of the 233 megawatts the RMLD has capacity obligations not all of that is for bilateral contracts the balance is purchased by the ISO capacity markets. Between now and 2010, the rate is fixed by negotiation or settlement. After 2010, these auction prices kick in. The first auction June 2010 $4.50 per kilowatt month, second auction June 2011 is $3.60; a kilowatt month and the next auction will be eighty percent of $3.60, people are bidding very low.

Engineering and Operations Update for the month of November 2008
Mr. Sullivan reported on the Engineering and Operations report for the month of November 2008 that:

Item 1 4Kv Retirement Step Down Areas
For the month $1,300 was spent for engineering work and petition for a new pole on Victoria Avenue. Will attempt to frame that area late this month.

Engineering and Operations Update for the month of November 2008
Mr. Sullivan reported on the Engineering and Operations report for the month of November 2008 that:

Item 9 Reading Center - Main Street
Money spent $15,085.

Item 13 Service Installations
For Residential Customers spent $16,666.

Item 14 Routine Construction
$169,173 was spent to date.

Replacement of cutouts $6,030 for a total of 32 cutouts in November. The annual number of cutouts total 296.

Forced Account
Reading Center money spent $6,214; Forced Account Wilmington Route 129 money spent $15,000.

Item 11 Transformer Replacement – Station 4
Procured equipment $8,089 for control switches and relays. Part 5 money spent $1,377,450 for the first transformer delivery that occurred on December 11. Mr. Sullivan stated that IFB Bid 2009-21 Substation Structures and Equipment is out and will close on January 13. That first transformer has been placed in a temporary location with the control cabinet being heated and the second transformer arrival is expected December 18. The second transformer will be removed and craned in place in a temporary location on Friday.

Construction spec should be finalized by the end of the month. The slip in the schedule is in excess of thirty days.

Ms. Kearns asked when the transformers are unloaded and kept in a safe place does it cost the RMLD any money to store them?

Mr. Sullivan replied that the safe place is right on site.

Mr. Sullivan stated on the Reliability Report the CAIDI index for the RMLD was up a bit from last month in November. The RMLD was up to 49.92 minutes which is more than 16 minutes under the industry average of 66. SAIFI has remained the same at 1.07 outages per year. MBTI number is the same at 11.2 months.

Mr. Sullivan reported that last Friday the RMLD received a call from the area coordinator for mutual aid for as many linemen as possible to be sent out to Groton. Eight linemen and two engineers stayed until Sunday evening. Then the RMLD was asked to provide assistance to Ashburnham with the same staffing levels with rotating employees. Mr. Sullivan added that Saturday they were asked to send employees to Sterling and sent two linemen on a rotational basis. Mr. Sullivan pointed out the word of the week is reliability.

Mr. Sullivan thanked the Board for trusting in the Department's judgment when they say they need to upgrade an area from open wire to tree wire and Hendrix or open wire secondary to triplex or change out poles since it does make a difference. Mr. Sullivan said that the RMLD would not have been unscathed from such an ice storm but faired better. Mr. Sullivan stated that tree trimming is priceless.

Chair Hahn asked if the RMLD had any outages?

Mr. Sullivan replied, "no".

Mr. Sullivan said that Ms. O'Neill had asked for a capital fund wrap up but will defer this until next month when she is present.

Chair Hahn asked Mr. Sullivan to e-mail this to the Board in the meantime.

Mr. Sullivan showed a poster made up by Ashburnham eleven year olds thanking the RMLD crews for restoring power.

General Discussion
None.

SCHEDULE FOR UPCOMING BOARD MEETINGS
Thursday, December 18, 2008, General Manager Committee
Thursday, January 8, 2009 T-Shirt Award Ceremony
Wednesday, January 28, 2009
Wednesday, February 25, 2008

Board Rotation at Citizens' Advisory Board Meetings:
January, Vice Chair O'Neill
February, Commissioner Pacino

Chair Hahn wanted to wish all the residents and customers of the four towns the RMLD serves a very Merry Christmas and a Happy New Year and a great 2009.

Motion to Adjourn
At 8:25 p.m. Ms. Kearns made a motion seconded by Mr. Soli to adjourn the meeting.

A true copy of the RMLD Board of Commissioners minutes as approved by a majority of the Commission.

Robert Soli, Secretary
RMLD Board of Commissioners

26 October 2008
To: RMLB, V. Cameron
From: R. Soli
Subject: First transmittal regarding the fuel charge and NYPA power

This is a first transmittal regarding the fuel charge and NYPA power. As the words are prepared to go along with other parts of my presentation, then additional transmittals will be made.

Some First Principles

Two of the very first principles are complying with the Federal law that established the New York project power and complying with the FERC order re-licensing the New York Power Authority. For both of these, the wording is identical –
"power shall be available for sale and distribution primarily for the benefit of the people as consumers, particularly domestic and rural consumers, to whom such power shall be made available at the lowest rates reasonably possible."

The Littleton Electric Light Department formalized their compliance to the above requirements with a Power Credit Clause which reads, in part, as follows –
"The Town of Littleton, through the Littleton Electric Light Department, has been allocated a portion of the output of certain low cost, federally licensed hydroelectric power projects in the State of New York. This power is for end use for residential purposes only."

RMLD seeks to do as Littleton does – the NYPA power is for end use for residential purposes only.

Regarding the Fuel Charge and its Calculation

One way that we could proceed would be to calculate two separate fuel charges – one for the residential customers (it would be somewhat lower) and a second for all other customers (it would be somewhat higher).

This is not what the RMLD does – on the residential bills, the RMLD first calculates a fuel charge that is applicable for all customers.

I just looked at my electric bill dated September 4, 2008 and saw that the rate used for my fuel charge was 9.4 cents per kWh, the same rate as for the Schools, Commercial customers, and Industrial customers. I thought about the Purchase Power summaries for the recent months which have been showing purchases of NYPA power of between 1.6 million and 2.0 million kWh at a rate of just under ½ cent per kWh, energy reserved just for residential customers. With such low-cost NYPA energy how could the Residents be charged the same rate for the fuel charge as all the other customers?

Then it dawned on me. The true fuel cost for the residents is given an artificial overcharge to bring the residential fuel charge up to that of the other customers, and then the "NYPA credit" of 0.353 cents / kWh is subtracted - this brings the net cost back down to what it should have been.

So if there had been two separate fuel charge rates calculated, they would have been –
9.047 cents / kWh (9.047 = 9.4 – 0.353) for the residential customers (it is slightly lower) and
9.400 cents / kWh for all other customers (it is slightly higher).

Or the residential rate can be artificially overcharged to be the same as everyone else and then a credit is applied to remove the artificial overcharge.

Where is the net cost that the RMLD expenses?

Now if there is an artificial overcharge and a credit is applied to remove the artificial overcharge, it would seem that the two fictions essentially balance each other out. So where is the net cost that the RMLD expenses?

Documentation that "NYPA credit" is booked as a cost item

Attached is the first sheet of the Purchase Power Summary that was discussed at the October 22, 2008 Reading Municipal Light Board (RMLB) meeting. I asked about the column which is labeled "Total $ Costs" to learn whether all of these items were booked as costs. I was told that all of them were booked as cost items. I asked about the row labeled "Constellation" to learn whether there were an invoice and a warrant item that could be traced to this cost. I was told that there was an invoice and a warrant item that could be traced to this cost. I asked a similar warrant and invoice question regarding the row labeled "Pasny credit" – I was told that there was no invoice or warrant item that could be traced to this cost. Mr. Cameron added that this cost item has been treated this way since the 1980s.

Also attached is a copy of a sheet from RMLD's 2004 report to the Massachusetts DTE. This page, page 22 of the report, lists Purchased Power Expense, account 555. One of the items listed is PASNY Credit whose amount is $781,132.

Since the RMLD is basically a cost-plus-fixed-fee company, the impact of any booked expense (whether real or fictitious expense) is that the customers are obliged to pay that expense. In this case, the "PASNY credit." averaging almost $1,000,000 per year with the record of these charges stretching back into the 1980s.

Presentation – A fuel-oil co-op that models the RMLD for billing fuel charges

Analysis of simple models can often provide us insights that a real-world situation and its complications might obscure.

Let me introduce the Way-North, End-of-the-Road, Fuel-Oil Cooperative. It is located in Minnesota, almost in Canada, at the end of 60 miles of bad road. All of the residents in this little hamlet banded together to form this co-op, which sells fuel oil to its members at cost. Every so often the group's pickup is loaded with 30 five-gallon fuel cans and it's driven to the nearest town to fill the fuel order. Multiple sources and multiple prices are often required to fulfill the fuel orders.

Step 1
This shows the list of oil to be purchased. On October 1, Elmo Muppet, who has a Fuel Assistance certificate, wants 20 gallons and 100 gallons is to be purchased for the co-op.

Step 2
This shows the record of the oil purchases; all were C.O.D. The driver provides the 3 receipts to the co-op's accountant so that the expenses can be booked. The driver also returns $132, change from the $700 provided to purchase the oil for the co-op.
He was able to obtain only 8 gallons of Fuel Assistance oil for Elmo at $1.00 per gallon. The remaining purchases were two 56-gallon purchases at $4.50/gal and $5.50/gal, respectively.

Step 3
This step allocates the oil into 2 separate pools – a co-op pool from which anyone can purchase oil – this pool contains 112 gallons whose average price / gallon is $5.00
The other pool is dedicated oil, for purchase only by Elmo Muppet. It contains 8 gallons whose average price / gallon is $1.00.
We see that the allocation to these pools did not charge either the quantity of oil or its total cost – there are still 120 gallons and the total cost is still $568.

Step 4
In this step, we prepare the customer purchase records, which can be used for billing.
For Elmo Muppet, who wanted 20 gallons, the dedicated oil (or LIHEAP) provides 8 gallons for his order, costing $8. The remainder of his order, 12 gallons, comes from the co-op pool, costing $5.00 / gallon, or $60.00. Elmo's total bill runs to $68.00, or an average of $3.40 / gallon. We see that his total is $1.60 per gal. below the co-op's pool price and his total is $32.00 less than the co-op's pool price.
For the co-op pool, we reduce the quantity by the 12 gallons sold to Elmo.

Step 5
Here we look at the totals of step 4 and compare them to the totals of step 2. Our reconciliation shows that the step 4 totals of gallons and value of the gallons agrees with the totals of step 2.

Synthesis
The next chart shows the synthesis of the previous steps, i.e., what did each of the steps accomplish and how might these steps be applied to a similar problem (like computing fuel charges for the RMLD).

Computing the bills with the same fuel charge for all
The next series of charts shows an alternate computation in response to the co-op's bosses saying, "The bills are too complicated. Make everyone's price/gal. the same."
Since the numbers were so simple, we can see that $5.00 / gallon for everyone would be the right price and also that Elmo Muppet will require a credit.

The top spread sheet shows a try to put together something that gets everything at $5.00 / gallon. The first 3 items are obvious as is the $32.00 amount for the fourth value. Naming this quantity takes some thought, and finally we settle on "Phony overcharge for Elmo's oil to make his rate $5/gal. He will later be credited with the same amount."
With that we have a way to make the average $5 / gal.

The next spread sheet shows the computation of the two bills. We see that the totals, 120 gallons and $568.00 are the same as computed by the previous Steps 1 – 5.

The last part of the chart shows that the expense amount to be put on the co-ops books is $568.00, the amount of both the purchases and the sales.

Elmo's bill with the $5.00 / gallon methodology
This chart shows Elmo's bill, both as what the statement states and what the statement doesn't state. The "doesn't state" part makes it very clear that there is a phony charge on this bill, that the credit part of the bill later cancels.

To: Vincent Cameron

From: Energy Services

Date: October 17, 2008

Subject: Purchase Power Summary – September 2008

Energy Services Division (ESD) has completed the Purchase Power Summary for the month of September, 2008.

ENERGY

The RMLD's total meter load for the month was 60,961,920 kWhs, which was a decrease of 1.70 % less than September, 2007 figures. The RMLD purchased 60,996,650 kWhs.

Table 1 is a breakdown by source of the energy purchases.

TABLE 1

Resource	Amount of Energy (kWh)	Cost of Energy ($/Mwh)	% of Total Energy	Total $ Costs	$ as a %
Millstone #3	3,288,247	$4.33	5.39%	$14,241	0.30%
Seabrook	5,692,941	$6.77	9.33%	$38,539	0.81%
Stonybrook	319,699	$119.65	0.52%	$38,251	0.81%
Constellation	28,800,000	$100.58	47.22%	$2,896,776	61.18%
PASNY	1,631,872	$4.92	2.68%	$8,029	0.17%
ISO Interchange	13,830,405	$70.79	22.67%	$979,053	20.68%
NEMA Congestion	0	$0.00	0.00%	-$15,873	-0.34%
Coop Resales	35,631	$125.99	0.06%	$4,489	0.09%
Pasny Credit	0	$0.00	0.00%	$75,468	1.59%
Stonybrook Peaking	5,855	$229.79	0.01%	$1,345	0.03%
Dominion/FPL	7,392,000	$94.00	12.12%	$694,848	14.67%
Monthly Total	60,996,650	$77.64	100.00%	$4,735,167	100.00%

Constellation is still investment grade.

was @ 9.3% down to 8.9%

Attach 1

MUNICIPAL REVENUES (Accounts 482,444)
(K.W.H. Sold under the Provision of Chapter 269, Acts of 1927)

Line No.	Acct No.	Gas Schedule (a)	Cubic Feet (b)	Revenue Received (c)	Average Revenue per M.C.F [$0.0000] (d)
1					
2					
3					
4		TOTALS			

Line No.	Acct No.	Electric Schedule (a)	K.W.H. (b)	Revenue Received (c)	Average Revenue per K.W.H. [cents] [$0.0000] (d)
5					
6					
7					
8					
9	444	Municipal, (Other than Street Lighting)	25,465,333	2,302,931.00	0.0904
10					
11					
12					
13		Municipal Street Lighting	3,071,062	488,930.00	0.1592
14					
15					
16					
17					
19		TOTALS	28,536,396	2,791,861.00	0.0978

PURCHASED POWER (Account 555)

Line No.	Names of Utilities from which Electric Energy is Purchased (a)	Where and at What Voltage Received (b)	K.W.H. (c)	Amount (d)	Cost per K.W.H. cents [0.0000] (e)
20	MMWEC		163,253,734	16,699,116.00	0.1023
21	Northeast Utilities		263,520,000	10,544,901.00	0.0400
22	ISO-NE		114,401,272	8,677,396.00	0.0758
23	PASNY Credit		0	761,132.00	0.0000
24	Massachusetts Electric Co.		39,403	4,387.00	0.1113
25	Town of Middleton		143,964	12,775.00	0.0887
27	CMEED / ENE / SHORT TERM		560,000	(45,859.00)	(0.0819)
28	Calpine		175,776,200	6,117,859.00	0.0348
29	HQ Phase 2 Companies		0	289,551.00	0.0000
30		TOTALS	717,784,573	43,991,252.00	0.0600

SALES FOR RESALE (Account 447)

Line No.	Names of Utilities to Which Electric Energy is Sold (a)	Where and at What Voltage Received (b)	K.W.H. (c)	Amount (c)	Revenues per K.W.H. [cents] [0.0000] (e)
30	Boston Edison Co.	Customer Premises	38,880	4,090.00	0.1052
31	Massachusetts Electric Co.	Customer Premises	188,941	19,116.00	0.1012
32	Town of Wakefield	Customer Premises	524,176	69,853.00	0.1333
33	Town of Middleton	Customer Premises	18,538	1,872.00	0.1010
34					
35					
36					
37					
38					
39		TOTALS	770,535	94,933.00	0.1232

Attach. 2

Way-North, End-of-the-Road, Fuel-Oil Cooperative

October 1 Oil Purchase List

Step 1

Client	Gallons	Note
Elmo Muppet	20	Has October Fuel Assistance Certificate **
Co-op	100	
Total	120	

** Fuel Assistance (LIHEAP) certifcate states that only Elmo Muppet may benefit from the certificate.

Way-North, End-of-the-Road, Fuel-Oil Cooperative

October 1 Oil Purchase Record

Step 2

Supplier	Gallons	Rate	Price	Note
LIHEAP	8	$1.00	$8.00	for Elmo Muppet
Bert's Star Oil	56	$4.50	$252.00	for co-op pool
Ernie's Galaxy Oil	56	$5.50	$308.00	for co-op pool
	120		$568.00	

Way-North, End-of-the-Road, Fuel-Oil Cooperative

October 1 Pool Allocation Records

Step 3

for the co-op pool

Supplier	Gallons	Rate	Price		
Bert's Star Oil	56	$4.50	$252.00		
Ernie's Galaxy Oil	56	$5.50	$308.00		
	112		$560.00	avg./gallon	$5.00

dedicated oil, for Elmo Muppet

Supplier	Gallons	Rate	Price
LIHEAP	8	$1.00	$8.00

Way-North, End-of-the-Road, Fuel-Oil Cooperative

October 1 Customer purchase Records

Step 4

For Elmo Muppet

Supplier	Gallons	Rate	Price			
LIHEAP	8	$1.00	$8.00			
co-op pool	12	$5.00	$60.00			
Total	20		$68.00	avg./gallon	$3.40	
				total is	$1.60	per/gal below pool price
				total is	$32.00	less than pool price

net for the co-op pool

Supplier	Gallons	Rate	Price		
Oct. pool	112	$5.00	$600.00		
sold to Elmo	12	$5.00	$60.00		
remainder	100		$500.00	avg./gallon	$5.00

Way-North, End-of-the-Road, Fuel-Oil Cooperative

October 1 Reconciliation

Step 5

Total Sales

	Gallons	Rate	Price
net for co-op pool	100	$5.00	$500.00
sale - Elmo Muppet	20	$3.40	$68.00
Total	120		$568.00

Cost Allocation Steps
with dedicated & pooled customers

Step 1 — Determine resource use
by dedicated & pooled customers

Step 2 — Get total listing
of all resource purchases for all customers

Step 3 — Determine the pools

Allocate the resource purchases (quantity & cost) in dedicated & pooled pools

Determine unit cost for each pool.

Step 4 — Allocate from the pools

- Determine pool amount to provide remaining resources for dedicated customers.
- Determine savings for dedicated customers relative to the pool price.
- Compute remainder in the pool

Step 5 — Recapitulation

- Check sums against total cost in step *2*.

Way-North, End-of-the-Road, Fuel-Oil Cooperative

The bosses said the bills were too complicated. They wanted everyone's price/gal. to be the same. "That would be $5/gal, and then the subsidized customers will require a credit." "See what you can do."

Supplier	Gallons	Rate	Price	Note
LIHEAP	8	$1.00	$8.00	for Elmo Muppet
Bert's Star Oil	56	$4.50	$252.00	for co-op pool
Ernie's Galaxy Oil	56	$5.50	$308.00	for co-op pool
Phony overcharge for Elmo's oil to make his rate $5/gal. He will later be credited with that amount			$32.00	
Oil purchases + phony amount to make average $5/gal.	120		$600.00	avg/gallon $5.00

Compute the bills, OK so far

Client	Gallons	Rate	Price	
Elmo Muppet	20	$5.00	$100.00	
LIHEAP credit			($32.00)	
Net			$68.00	pay this amount

Client	Gallons	Rate	Price	
co-op pool	100	$5.00	$500.00	
Net			$500.00	pay this amount

The next step assigns the real costs to a co-op debit entry.

Debits that will affect the co-op's profit-loss

Fuel purchases $568.00

Not that the phony $32 is not a real expense, and is only a computation artifice.

Statement - 1 October 2008
Payment due: 11 October 2008

Way- North, End-of-theRoad, Fuel-Oil Cooperative

Customer : Elmo Muppet

(what the statement states) -		
20 gallons fuel oil	@ $5.00 per gallon	$100.00

(what the statement doesn't state) -		
8 gallons fuel oil	@ $1.00 per gallon	$8.00
12 gallons fuel oil	@ $5.00 per gallon	$60.00
Phony charge to bring average price to $5.00/gallon		$32.00

LIHEAP credit		($32.00)
	Net	$68.00 pay this amount

13 November 2008
To: RMLB, V. Cameron
From: R. Soli
Subject: Second transmittal regarding the fuel charge and NYPA power

This is the second transmittal regarding the fuel charge and NYPA power.

Synthesis and the RMLD Fuel Charge
This chart, as derived in the first transmittal, shows the synthesis of the steps to compute fuel charges for the RMLD.

Calculating the RMLD Fuel Charge

Step 1
This shows the list for kWh purchased in July 2008 by Residential customers and the other customers.

Step 2
This shows the record of the kWh purchases from all suppliers during July 2008.

Step 3
This step allocates the kWh purchased into 2 separate pools – a shared pool from which anyone can purchase – the average price in this pool is 10.185 cents per kWh.
The other is the dedicated NYPA kWh which is reserved for residential customers. Its price is 0.492 cents per kWh.

Step 4
In this step, we prepare the customer purchase records, which can be used for billing.
For the Residential customers there is not sufficient NYPA power to fill all the needs. So the balance, 24,449,339 kWh is obtained from the shared pool. We see that the average price for the Residential customers works out to be 9.400 cents per kWh, saving 0.785 cents per kWh relative to the price of electricity from the shared pool.

For the shared pool, the electricity sold to the Residential customers is subtracted from the pool total to show the remainder.

Step 5
Here we look at the totals of step 4 and compare them to the totals of step 2. Our reconciliation shows that the step 4 totals of kWh and the value of the kWh agree with the total of step 2. So "conservation of dollars" was achieved such that the amount of the customer billings equals the cost of the electricity purchased in step 2.

RMLD Fuel Charge – how it's actually calculated.
The next chart shows how the RMLD fuel charge is actually computed and shown to the RMLB in the monthly purchased power report. We see that the fuel charge (for all) is calculated to be 10.002 cents per kWh and that the NYPA credit is calculated to be 0.266 cents per kWh. The total, net fuel charge for the residents is calculated to be $2,590,423. This is $89,482 higher than calculated in the previous charts.

RMLD-calculated Fuel Charge – what are the problems
1. The fuel charges for the others are too low – it's shown to be 10.002 cents per kWh whereas the proper amount is 10.185 cents per kWh. So the NYPA power is subsidizing all the other customer classes.
2. The Residents are being short-changed $89.482, hardly in compliance with the FERC order that specifies that the NYPA power be "available at the lowest rates reasonably possible."

Computing the bills with the same fuel charge for all
The next chart shows an alternate computation in which there is the same fuel charge rate for all customer classes and with a credit for the Residential customers.
Step 2 is the same as before, list all of the power purchased.
Step 3 calculates the fuel charge for the pool customers, the rate that all customers will be billed. Here we see the same rate for the pool as before, 10.185 cents per kWh.
Step 4 is a series of steps for learning the amount to escalate the charge for NYPA power. The answer turns out that the overcharge is the difference between the pool rate (10.185 cents) and the NYPA rate (0.492 cents).
Step 4a prices the NYPA kWh at the pool price.
Step 4b prices the NYPA kWh at the NYPA rate.
Step 4c calculates the overcharge of step 4a relative to step 4b. This is the amount of the phony overcharge.
Step 5 calculates the credit necessary to cancel the phony overcharge of step 4c. This value $208,819, is identical to the amount of the savings shown in step 4 using the first calculation method. The results agree.

FERC order relative to NYPA power
This chart shows Article 407 of the FERC order containing "available at the lowest rates reasonably possible."
Article 408 shows that the allocation of power for neighboring states applies to Connecticut, Massachusetts, New Jersey, Ohio, Pennsylvania, Rhode Island, and Vermont.
Appended at the bottom is a story from a recent APPA newsletter regarding compliance with FERC statutes, regulations, and orders.

RMLD Annual Report to the Department of Public Utilities
Three charts show some of the contents of this report made annually to the DPU. First is the cover sheet. Next is page 22, showing the PASNY credit as a Purchased Power expense. Last is the final page of the report, a page for signatures of the manager and the commissioners. The top of the page states, "THIS RETURN IS SIGNED UNDER PENALTY OF PERJURY"

So What's the Worst that Could Happen?

Cost Allocation Steps with dedicated & pooled customers

Step 1 — Determine resource use
by dedicated & pooled customers

Step 2 — Get total listing
of all resource purchases for all customers

Step 3 — Determine the pools

Allocate the resource purchases (quantity & cost) in dedicated & pooled pools

Determine unit cost for each pool.

Step 4 — Allocate from the pools

- Determine pool amount to provide remaining resources for dedicated customers.
- Determine savings for dedicated customers relative to the pool price.
- Compute remainder in the pool

Step 5 — Recapitulation

- Check sums against total cost in step *2*,

RMLD Fuel Purchases & Charges

July 2008 kWh Purchased list

Step 1

Client group	kWh	Notes
Residential	26,603,668	Includes NYPA allocation
All others	49,028,042	
Total	75,631,710	

RMLD Fuel Purchases & Charges

July 2008 kWh Purchase record

Step 2

		kWh energy	$ total cost
1	Millstone #3	3,376,542	14,562
2	Seabrook	5,887,748	39,854
3	Stonybrook	9,674,918	1,088,121
4	Constellation	36,096,000	4,492,579
5	NYPA	2,154,329	10,599
6	ISO Interchange	18,321,926	1,857,820
7	NEMA	0	-29,224
8	Coop	35,312	4,291
10	Stonybrook peaking	84,935	15,658
	Total	75,631,710	7,494,260

RMLD Fuel Purchases & Charges

July 2008 pool allocation records

Step 3

For the shared pool

		kWh energy	$ total cost	cents per kWh		
1	Millstone #3	3,376,542	14,562	0.431		
2	Seabrook	5,887,748	39,854	0.677		
3	Stonybrook	9,674,918	1,088,121	11.247		
4	Constellation	36,096,000	4,492,579	12.446		
6	ISO Interchange	18,321,926	1,857,820	10.140		
7	NEMA	0	-29,224			
8	Coop	35,312	4,291	12.152		
10	Stonybrook peaking	84,935	15,658	18.435		
	Total	73,477,381	7,483,661	10.185	Avg ¢/kWh	10.185

Dedicated kWh for residential customers only

5	NYPA	2,154,329	10,599	0.492

RMLD Fuel Purchases & Charges

July 2008 customer purchase records

Step 4

For residential

Supplier	kWh energy	$ total cost	cents per kWh
NYPA	2,154,329	10,599	0.492
from shared pool	24,449,339	2,490,162	10.185
Total	26,603,668	2,500,761	9.400

avg ¢/kWh= 9.400
saved 0.785 per kWh
saved 208,819 from pool price

Net for the pool

	kWh energy	$ total cost	cents per kWh
Total pool energy	73,477,381	7,483,661	10.185
Sold to residential	24,449,339	2,490,162	10.185
Remainder	49,028,042	4,993,499	10.185

RMLD Fuel Purchases & Charges

July 2008 recapitulation

Step 5

	kWh energy	$ total cost	avg. cents per kWh
Residential sales	26,603,668	2,500,761	9.400
Direct pool sales	49,028,042	4,993,499	10.185
Total sales	75,631,710	7,494,260	9.909

RMLD Fuel Charge — how it's actually computed

July '08 Purchase Power

Oct. 2 2008	kWh energy	$ total cost	cents per kWh
1 Millstone #3	3,376,542	14,562	0.431
2 Seabrook	5,887,748	39,854	0.677
3 Stonybrook	9,674,918	1,088,121	11.247
4 Constellation	36,096,000	4,492,579	12.446
5 NYPA	2,154,329	10,599	0.492
6 ISO Interchange	18,321,926	1,857,820	10.140
7 NEMA	0	-29,224	
8 Coop	35,312	4,291	12.152
9 NYPA credit	0	70,782	
10 Stonybrook peaking	84,935	15,658	18.435
Total	75,631,710	7,565,042	10.002

Resid. fuel charge	26,603,668	2,661,025	10.002	
NYPA credit		70,782	0.266	RMLD credit only 0.266¢/kWh
Net		2,590,243		
Should be		2,500,761		
Overcharge		$89,482		

What's wrong with the RMLD calculation?

1 Final result of NYPA fuel is only 0.266¢ instead of the proper 0.785¢ / kWh

2 Cross-subsidization from Residents to other classes —
Proper calculation shows fuel charge for others should be 10.185¢
while RMLD calculation has it at 10.002¢, a subsidy from Residential of $89,482.

3 The FERC decision re-authorizing the project power stated —
" for the benefit of the people as consumers, particularly domestic and rural consumers, to whom such power shall be made available at the lowest rates reasonably possible"
Sharing of the NYPA power with other customer classes does not make the NYPA power "available at the lowest rates reasonably possible."

2 List all power purchased, i.e., bills to be paid

	July '08 Power Purchased	kWh energy	cost $
1	Millstone #3	3,376,542	14,562
2	Seabrook	5,887,748	39,854
3	Stonybrook	9,674,918	1,088,121
4	Constellation	36,096,000	4,492,579
6	ISO Interchange	18,321,926	1,857,820
7	NEMA	0	-29,224
8	Coop	35,312	4,291
10	Stonybrook peaking	84,935	15,658
5	NYPA	2,154,329	10,599
	Total	75,631,710	7,494,260

3 Calculate fuel charge for pool customers

	(Remove dedicated NYPA)	kWh energy	cost $	cents per kWh
1	Millstone #3	3,376,542	14,562	0.431
2	Seabrook	5,887,748	39,854	0.677
3	Stonybrook	9,674,918	1,088,121	11.247
4	Constellation	36,096,000	4,492,579	12.446
6	ISO Interchange	18,321,926	1,857,820	10.140
7	NEMA	0	-29,224	
8	Coop	35,312	4,291	12.152
10	Stonybrook peaking	84,935	15,658	18.435
	Total	73,477,381	7,483,661	10.185

Fuel charge
10.185 cents / kWh

4a Calculate charge for NYPA power at 3's rate

	NYPA @ higher rate	2,154,329	219,418	10.185

4b Calculate charge for NYPA power at NYPA rate

5	NYPA	2,154,329	10,599	0.492

4c Calculate overcharge of 4a compared to 4b

Phony overcharge		208,819

5 Calculate reduction that residents should receive because of 4's overcharge

Corresponding credit for overcharge		208,819

6

kWh rate for the credit	26,603,668	208,819	0.785	**cents / kWh**

time during the term of the license. If the Programmatic Agreement is terminated prior to Commission approval of the HPMP, the licensee shall obtain approval from the Commission and New York State Historic Preservation Officer, before engaging in any ground-disturbing activities or taking any other action that may affect any historic properties within the project's area of potential effect.

Article 407. *Allocation of Project Power – Preference Provisions.* In order to assure that at least 50 per centum of the project power shall be available for sale and distribution primarily for the benefit of the people as consumers, particularly domestic and rural consumers, to whom such power shall be made available at the lowest rates reasonably possible and in such manner as to encourage the widest possible use, the licensee in disposing of 50 percent of the project power shall give preference and priority to public bodies and non-profit cooperatives within economic transmission distance. In any case in which project power subject to the preference provisions of this Article is sold to utility companies organized and administered for profit, the licensee shall make flexible arrangements and contracts providing for the withdrawal upon reasonable notice and fair terms of enough power to meet the reasonably foreseeable needs of the preference customers.

Article 408. *Allocation of Project Power – Neighboring States.* The licensee shall make a reasonable portion of the project power subject to the preference provisions of Article 407 available for use within reasonable economic transmission distance in neighboring States, defined herein as the State of Connecticut, Commonwealth of Massachusetts, State of New Jersey, State of Ohio, Commonwealth of Pennsylvania, State of Rhode Island, and State of Vermont, but this Article shall not be construed to require more than 20 per centum of the project power subject to such preference provisions to be made available for use in such States. The licensee shall cooperate with the appropriate agencies in such States to ensure compliance with this requirement. In the event of disagreement between the licensee and the power marketing agencies of any such States, the Federal Energy Regulatory Commission may, after public hearings, [illegible] available and the terms [illegible] designated a bargaining [illegible]tate, the licensee shall deal [illegible]y the licensee for the sale

FERC offers guidance on compliance programs

The Federal Energy Regulatory Commission issued a policy statement Oct. 16 on compliance with its statutes, regulations and orders that provides guidance on what constitutes a rigorous compliance program. The new policy statement supplements an enforcement policy statement in which FERC said the two most important considerations in the determination of a penalty amount would be the seriousness of an offense and the strength of a regulated entity's commitment to compliance.

The statement identifies four hallmarks of effective compliance practices:

- active engagement and leadership by senior management;
- systematic preventive measures such as careful hiring, training, accountability and supervision that are effective in practice;
- effective controls to promptly detect, cease and report violations; and
- remediation of the misconduct.

"The most vital consideration in this area is whether a company examines its controls to determine if new or modified controls are needed to prevent a recurrence," FERC Chairman Joseph Kelliher said.

Companies that develop effective compliance programs "may still commit violations," Kelliher added. "In that case, companies that follow the guidance we offer today can expect significant penalty credits, perhaps a full credit." ■ ROBERT VARELA

THE COMMONWEALTH OF MASSACHUSETTS

RETURN

OF THE

TOWN OF READING MUNICIPAL LIGHT DEPARTMENT

TO THE

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

OF MASSACHUSETTS

FOR THE YEAR ENDED DECEMBER 31,

2004

Name of Officer to whom correspondence should be addressed regarding this report. Vincent F. Cameron, Jr.

Official Title: General Manager

Office Address: 230 Ash Street

Reading, MA. 01867

Form AC-19

MUNICIPAL REVENUES (Accounts 482,444)
(K.W.H. Sold under the Provision of Chapter 269, Acts of 1927)

Line No.	Acct No.	Gas Schedule (a)	Cubic Feet (b)	Revenue Received (c)	Average Revenue per M.C.F [$0.0000] (d)
1					
2					
3					
4		TOTALS			

Line No.	Acct No.	Electric Schedule (a)	K.W.H. (b)	Revenue Received (c)	Average Revenue per K.W.H. [cents] [$0.0000] (d)
5					
6					
7					
8					
9	444	Municipal. (Other than Street Lighting)	25,465,333	2,302,931.00	0.0904
10					
11					
12					
13		Municipal Street Lighting	3,071,062	488,930.00	0.1592
14					
15					
16					
17					
19		TOTALS	28,536,395	2,791,861.00	0.0978

PURCHASED POWER (Account 555)

Line No.	Names of Utilities from which Electric Energy is Purchased (a)	Where and at What Voltage Received (b)	K.W.H. (c)	Amount (d)	Cost per K.W.H. cents [0.0000] (e)
20	MMWEC		163,293,734	16,699,116.00	0.1023
21	Northeast Utilities		263,520,000	10,544,901.00	0.0400
22	ISO-NE		114,461,272	8,677,390.00	0.0758
23	PASNY Credit		0	781,132.00	0.0000
24	Massachusetts Electric Co.		39,403	4,367.00	0.1113
25	Town of Middleton		143,964	12,775.00	0.0887
27	CMEEC / ENE / SHORT TERM		560,000	(45,859.00)	(0.0819)
28	Calpine		175,776,200	6,117,859.00	0.0348
29	HQ Phase 2 Companies		0	299,551.00	0.0000
30		TOTALS	717,794,573	43,091,252.00	0.0600

SALES FOR RESALE (Account 447)

Line No.	Names of Utilities to Which Electric Energy is Sold (a)	Where and at What Voltage Received (b)	K.W.H. (c)	Amount (c)	Revenues per K.W.H. [cents] [0.0000] (e)
30	Boston Edison Co.	Customer Premises	38,880	4,090.00	0.1052
31	Massachusetts Electric Co.	Customer Premises	188,941	19,118.00	0.1012
32	Town of Wakefield	Customer Premises	524,176	69,853.00	0.1333
33	Town of Middleton	Customer Premises	18,538	1,872.00	0.1010
34					
35					
36					
37					
38					
39		TOTALS	770,535	94,933.00	0.1232

THIS RETURN IS SIGNED UNDER THE PENALTIES OF PERJURY

..... *Mayor.*

..... *Manager of Electric Light*

Vincent F, Cameron, Jr.

..... *Selectmen*

Philip B. Pacino, Chairman

..... *or*

Daniel A. Ensminger

..... *Members*

Andrew K. Herlihy

..... *of the Municipal*

Ellen C. Kearns

..... *Light Board*

Robert H. Soli

SIGNATURES OF ABOVE PARTIES AFFIXED OUTSIDE THE COMMONWEALTH OF MASSACHUSETTS MUST BE PROPERLY SWORN TO

..... ss ..... 19.....

Then personally appeared..... .....

....

....

....

....

....

and severally made oath to the truth of the foregoing statement by them subscribed according to their best knowledge and belief.

..... *Notary Public or Justice of the Peace*

What My September RMLD Bill Told Me

Fuel Charge same rate for everyone (even Residents with low-cost, NYPA power)	**9.400**	**cents / kWh**	**Slightly higher**
Adjustment **"NYPA credit"** (actually a saving)	**(0.353)**	**cents / kWh**	**Negative adjustments are billed on the RMLD books as an RMLD expense** (no invoice or warrant listing)
Residential net	**9.047**	**cents / kWh**	**Slightly lower** **(Expected result since only Residents have low-cost NYPA power)**

How Did My Fuel Charge Get to 9.4 cents per kWh?

Residential net	**9.047**	**cents / kWh**
Fictitious Overcharge	**0.353**	**cents / kWh**
Fuel Charge	**9.400**	**cents / kWh**

same rate for everyone
(even Residents with
low-cost, NYPA power)

How Sept. RMLD Bill for Commercial Customer Might Look

Fuel Charge same rate for everyone	**9.400**	**cents / kWh**	**Slightly higher**
Adjustment	**0.000**	**cents / kWh**	**Negative adjustments are billed on the RMLD books as an RMLD expense** (no invoice or warrant listing)
Commercial net	**9.400**	**cents / kWh**	**Same**

Commercial Customer Billed Slightly Differently

Fuel Charge Residential net rate for everyone	**9.047**	**cents / kWh**	**Slightly lower**
Adjustment Non-NYPA surcharge	**0.353**	**cents / kWh**	**Negative adjustments are billed on the RMLD books as an RMLD expense** (no invoice or warrant listing) **So positive adjustments should be billed as a negative expense on RMLD books**
Commercial net Exactly the same fuel charge for Commercial as before	**9.400**	**cents / kWh**	**Slightly higher**