

Reading Municipal Light Board of Commissioners

Regular Session
230 Ash Street
Reading, MA 01867
March 27, 2003

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Start Time of Regular Session: 7:40 p.m.
End Time of Regular Session: 10:00 p.m.

Attendees:

Commissioners: Hughes, Soli and Herlihy

RMLD Staff: Mr. Cameron, General Manager
Mr. Blomley

CAB: Mr. Van Magness

Guest: Mr. Hechenbleikner

This meeting of the Reading Municipal Light Department (RMLD) Board of Commissioners March 27, 2003 is being broadcast live in the RMLD's office at 230 Ash Street, Reading, MA. Live broadcasts are available only in Reading due to technology constraints.

This meeting is being video taped for distribution to the community television stations in North Reading, Wilmington and Lynnfield.

Chairman Hughes called the meeting to order at 7:40 p.m.

Chairman Hughes stated he would like to begin the meeting with a note to remember in prayers and wishes the folks who are serving in our military services, both boys and girls, scattered throughout the world that they all will return safely. Chairman Hughes asked to give courage and faith to their families until they return.

At this point, Chairman Hughes asked Commissioner Soli to be Secretary Pro Tem due to the absence of Secretary Pacino.

Minutes of February 27, 2003

Mr. Soli noted one correction on page five where Mr. Fournier's name is spelled incorrectly.

Mr. Soli made a motion seconded by Mr. Herlihy to approve the minutes of February 27, 2003 with one correction as noted.

Motion carried by a show of hands: 3:0:0.

Minutes of March 13, 2003

Mr. Soli made a motion seconded by Mr. Herlihy to approve the minutes of February 13, 2003 as presented.

Motion carried by a show of hands: 3:0:0.

Report of the Chairman of the Board

Mr. Hughes stated he received a letter from the Chairman of the Citizen's Advisory Board (CAB) dated March 20, 2003 and read the following contents of that letter:

The CAB at its meeting on Wednesday, March 19, 2003 approved the following motion:

1. Move in that the North Reading CAB Member already has a recommendation from the North Reading Board of Selectmen and that the Lynnfield and Wilmington CAB Members will be meeting with their respective Boards of Selectmen on Monday, March 24, 2003, that at the next CAB meeting on Tuesday, April 1, 2003 the CAB finalize its recommendations regarding the proposed Charter Amendment.
Motion passed 5:0:0.

Report of the Chairman of the Board

The CAB at its meeting on Wednesday, March 19, 2003 approved the following motion:

2. **Move to recommend to the RMLD Board of Commissioners to transfer the sum of \$1,000,000 from the Rate Stabilization Fund to the Deferred Fuel Reserve with the intent being that the fuel charge be stabilized at \$.035/kWh until such time as the issue is revisited.**
Motion passed: 5:0:0.

The CAB at its meeting held on Wednesday, March 19, 2003 did not approve the following motion:

3. **Move to recommend to the RMLD Board of Commissioners to transfer the sum of \$250,000 per month from the Rate Stabilization Fund to be returned to the ratepayers through the Purchase Power Adjustment for the billing periods of April, May, and June.**
Motion failed: 2:3:0.

Action Items

RMLD Policy Number 19, Revision #8, Board of Commissioner

Mr. Cameron explained the Policy Subcommittee met last week and made the recommended changes to the RMLD Board of Commissioners relative to Policy 19. The Policy Subcommittee reviewed the policy in order to integrate the Article IV recommendations and the instructions from Town Meeting which is for the RMLD to govern itself until Article IV was brought before the Town. Mr. Cameron explained he put two things into the Policy as follows:

1. Not having the Board hire the Accounting Manager but the Board having input into hiring the Accounting Manager before the General Manager (GM) hires the Accounting Manager,
2. Another Article IV recommendation is that counsel would be appointed by the Board, this cannot be done because Chapter 164 states the GM has the power to hire outside services, lawyers, engineers, auditors, etc., however, Mr. Cameron noted what he included in the policy is that on an annual basis at the same time as the presentation of the Operating Budget to the Board, the GM will make a presentation to the Board regarding the Counsel to be used for the next year. Also, on a quarterly basis the GM would present to the Board as part of the presentation, the actual versus budget on a quarterly basis, all the expenditures actual versus budgeted for outside services which will include legal, engineering, auditors and any other outside consultants used. There were other things that Mr. Cameron included into the Policy 19 with respect to the Accounting Manager meeting quarterly with a member of the RMLD Audit Subcommittee and the Town Accountant to discuss the RMLD's accounts payable, although these meetings may be held more frequently if the RMLD Accounting Manager deems necessary.

Mr. Cameron stated Policy 19 has been changed substantially to include the checks and balances that were recommended in Article IV. The additional change is in the motion made at the previous meeting which was the RMLD would get the instructions from the last Town meeting with respect to Article IV and include them into the policy without breaking Massachusetts General Laws Chapter 164. Mr. Cameron continued, the Policy Subcommittee had this policy for over one week and changes were made so he scheduled a meeting for the Subcommittee just in case there were any last minute changes.

Mr. Soli stated if the RMLD Board meeting is paused for 10 minutes the Subcommittee can have a brief meeting in order to move on those changes this evening.

Mr. Van Magness stated prior to the Policy Subcommittee pausing to meet, he would like to make some comments. Mr. Van Magness also stated his comments are not being made as a CAB member but personally as he reviewed this policy in great detail. He finds it quite an assemblage of different concepts that don't necessarily belong in this particular policy. Mr. Van Magness further stated he believes the Board would be remiss to actually take action on a policy such as this.

Action Items

RMLD Policy Number 19, Revision #8, Board of Commissioner

At this point Mr. Van Magness went into the specifics:

1. In Section I, Item C identified Policy 19 as a Core Policy. No place in the policies of the RMLD is there any definition of what a Core Policy is, in order to refer to a Core Policy someone would need to have the knowledge to go to Policy 19 and refer to Section I.C. to find the definition of a Core Policy. Therefore, there needs to be a policy to cover policies in order to specifically state, what is a Core Policy, what is a General Policy, Mr. Van Magness finds it quite remarkable to see that in the Policy. When a Core Policy is mentioned, and although there are words in the policy about advertising in the local newspapers of the four Towns in the service territory, it is remiss for the Board not to also have a posted public hearing notice at the respective Town Halls about having a public hearing on a Core Policy. Mr. Van Magness also noted there is no indication in this particular policy relative to a posted public hearing for a Core Policy amendment.
2. In Section III, this policy deletes the concept of Vice Chair and although that is not a concept that was advocated by the Ad Hoc Committee it is a new concept that is now being introduced. In the absence of the Chair, who would act since the policy deletes a role and does not provide for someone to act in the absence of the Chair?
3. In Section III.A.3, it states a final decision on an action is by the majority of the Board members, however, it isn't clear from the policy as to what constitutes a majority. In the Town of Reading the majority of the Board represents three out of the five members to constitute a Board so for clarity purposes it should be spelled out in the policy so there would be no ambiguity in the future.
4. In Section III.A.4, it continues to delete the Vice Chair role and Item A.5 (which clearly has the role of a Vice Chair) where it states they could act for the Chair has been deleted, that should be added back.
5. Section III.B.3, where the definition of the Commission Secretary is included it indicates alternatively the GM or any Commissioner may be authorized by a Board vote to perform the function of Secretary but there is no indication of what a Board vote constitutes.
6. In Section III.C, it mentions the Commission as a whole by majority vote, again, if that is a defining term it would be most helpful. It goes on in Item 1 to discuss the Commission having the responsibility of approving overall goals, objectives and policy setting for the Department by the GM but it doesn't state a period of where goals would be established and goals should be established in writing at the beginning of each fiscal year. It also states the Commission is accountable to the Town of Reading, responsible to the ratepayers of the entire service area and elected by the voters of the Town of Reading, that should be reworded to state, "the Commissioners elected by the voters accountable to the Town and responsible to the ratepayers."
7. Item 2 discusses the selection process of the GM and establishes the rate and manner of compensation, however, it does not specifically state, "in addition the Commission shall ensure a formal written appraisal of the GM is conducted annually and prior to any salary actions." There is no process anywhere in the policy that provides for a formal written performance appraisal of the GM to be held in public.
8. In Item 2, it states the GM is the only designated representative for the Commission regarding collective bargaining negotiations and they may utilize other RMLD Management personnel as needed to carry out these responsibilities, however, there should be a reference to Section C, 10 (C), which states, "the goals of the collective bargaining agreements are to be established by the Board of Commissioners."
9. In Items C3 and C4, it deals with the Accounting Manager and the legal counsel. As a CAB representative, Mr. Van Magness stated he attended a meeting where there was a significant amount of deliberation and movement of motions and tabling motions relative to the extension of time to allow CAB inputs into the process until April 3. That was subsequently followed-up by a meeting where this same Board passed an extension to the CAB to allow input through to April 3. No less than 9 days later, there is a motion on floor to amend the policies of the RMLD without receiving the input of the CAB and there has been discussions relative to trusting the CAB and allowing the CAB to provide input regardless, however, this Board is now moving forward to make a change to the policy of the RMLD without receiving any input from the CAB, good or bad.
10. In Section V, it discusses the Accounting Manager and the Accounting Manager's presentations. Mr. Van Magness stated he sees no reason why that is part of the Commission's activities.
11. Back to Section III. Item C.7, where it discusses the restructuring of the Board to occur at the first meeting after the annual Town Meeting election, it is a Town of Reading election, not a Town Meeting election. That needs to be corrected. At the end of the paragraph in "7", "the RMLD Board of Commissioners accepts the audited financials statement and management letter." Mr. Van Magness stated he will submit to the Board a continuation of that sentence stating, "and shall require the General Manager to submit a written action report on any item commented on by the auditors."

Action Items

**RMLD Policy Number 19, Revision #8, Board of Commissioner
Mr. Van Magness' Changes**

12. In Item 8, it states, "annually selects Commissioners to serve as Board Chairman and Board Secretary." However, as the document continues, it seems important to include "the RMLD representatives to the Town of Reading Audit Committee and all Subcommittee assignments at the first regular meeting of the RMLD Board of Commissioners after the annual Town of Reading election and if in fact this Board reorganizes, the reorganization should take place at a defined moment in time."
13. In Item 10, there is a list of things the Board approves, however, one of the things that is absent is a new category "G" which says, "they approve all changes to employee benefits" which is demonstrated by the recent actions on Policy 21.
14. Page 4 relates to Commission Subcommittees. Mr. Van Magness noted his surprise in that the Audit Subcommittee is still listed because the intent of the Town Meeting action under Article IV is that function has been transferred but the policy specifically indicates under Section C7 and D1, that activities has been transferred to the Town.
15. Under the Operating and Capital Budget, the responsibility is listed to recommend the Operating Budget to the Board and recommend Capital change orders to the Board, however, it does not say anything about the Board of Commissioners recommending the Capital Budget and yet that was the subject of the Commissioner's Subcommittee. There is also a Board of Commissioners Subcommittee that is a Town of Reading Audit Subcommittee that has already been deleted in Section C7. It also goes on to talk about an Accounting Manager Subcommittee where the Board interviews the final candidates and gives input to GM.
16. Under Section IV, A8, Policy Elements is in need of splitting up many dissimilar activities into a number of different categories and at the end of that it talks about managing the RMLD so its residential rates are lower than any privately owned electric utility in Massachusetts and lower than any electric utility who serves an area contiguous to the RMLD's. That should be a goal not a policy. It then talks about flexible work and administrative processes to maintain a competitive municipally owned electric utility serving the best interest of all ratepayers and to direct and manage the RMLD in the best interest of the RMLD and its ratepayers. Mr. Van Magness suggested including, "in the best interest of the RMLD, the Town of Reading, and its ratepayers" because the Town of Reading is an integral part of the RMLD process.

Mr. Van Magness stated those are the things he noted in this policy and that it needs a significant amount of work. Mr. Van Magness stated he believes the Commission would be remiss if it moved out on any action until first hearing the input from the CAB. Secondly, there needs to be adequate time to do a more comprehensive and accurate rewriting of this policy so that it reflects a number of changes and comments he made.

Mr. Herlihy asked Mr. Cameron if the Board is under any sort of deadline in making these changes, stating his interest in hearing the input from the CAB.

Mr. Cameron stated that it was not an oversight that the CAB was left out, noting he does not remember the RMLD ever requesting input from the CAB relative to the RMLD policies. Mr. Cameron worked with the Subcommittee to make the changes knowing the CAB had not reviewed Policy 19.

Mr. Hughes agreed as he does not remember the CAB ever reviewing the policies in the fourteen years he has been on the Board.

At this point, Mr. Van Magness stated he does not want his comments to be misconstrued. His comments relative to the CAB are specifically related to the recommendations from the Ad Hoc Committee. The CAB is currently reviewing the Article IV recommendations and this Board specifically granted the CAB an extension to the thirty day time period to April 1, 2003.

Action Items

RMLD Policy Number 19, Revision #8, Board of Commissioner

Mr. Van Magness further stated for the RMLD Board to move policy changes without the comments regarding the Ad Hoc recommendations from the CAB violates the principles of agreement and working relationship between CAB and the RMLD Board of Commissioners since they granted the extension at the last meeting. That is not to say policies require the approval of the CAB since they haven't in the past, but to go ahead and make a change to a policy while awaiting for specific input the CAB on this specific subject matter is putting the cart before the horse.

Action Items

RMLD Policy Number 19, Revision #8, Board of Commissioner

Mr. Cameron explained at the previous meeting when he stated the RMLD Board go ahead and make the changes that was instructed via the Town Meeting what he meant was that changes to the policy were going to be made. Mr. Cameron stated what he recommended was a motion to extend the thirty day period was because he has a deadline himself of April 9, 2003. Mr. Cameron noted the CAB is meeting on April 1, 2003 and the Board is meeting on April 3, 2003 and he wants to get this presentation for the Town Meeting submitted as soon as possible.

Mr. Cameron stated the presentation includes this Policy, showing Town Meeting that the RMLD has incorporated into the Policies components of the Article IV instructional motion. Mr. Cameron still stands by that schedule although it sounds like a lot of things Mr. Van Magness brought up should be incorporated into this policy and in order to be serious about this no action should be taken on this policy this evening. Mr. Cameron noted the CAB can obtain these changes in their folders for their April 1 meeting so their suggestions can be incorporated by the Board meeting on April 3. Mr. Cameron reiterated his intention was not to have the CAB comment on the policy specifically and his intention was the CAB would comment on whether they like or don't like appointing the Board, whether they like or don't like appointing the Counsel and whether they like or don't like the 30B recommendation. Everything else in that Article IV is a reaffirmation of what Chapter 164 tells the RMLD they can do. Mr. Cameron questioned whether that is understood or not and stated there are a lot of reaffirmations in Article IV. Chapter 164 states the Board hires the General Manager, Chapter 164 states the Board sets his compensation, Chapter 164 states the Board can fire him, there are a lot of things in Article IV that the Board already does. Mr. Cameron stated there are, however, three specific things in Article IV that the Board cannot do by law and all he was trying to do was put those things into the policy but with these many changes and this comment on this he suggests to table it for now and refer back to it next week after the CAB reviews it.

Action Items

High Voltage Power Cable

Mr. Soli read the following:

On February 25, 2003 a bid invitation was placed as a legal notice in the Reading Chronicle requesting proposals for High Voltage Power Cable for the Reading Municipal Light Department. Specifications were mailed to the following:

Graybar Electric Company	Power Sales Group	Yale Electrical Supply Company
WESCO	Clifford of Vermont	Champion Wire & Cable
Arthur J. Hurley Co.	Henrdix Wire & Cable Corp.	Shamrock Power Sales Inc.
Brugg Cable	Kerite	Rome Cable
General Cable	USA Power Cable	King Wire & Cable
Hughes Supply	Pirelli Cable	Okonite

Bids were received from WESCO, General Cable, Arthur Hurley Company and Okonite. A "no bid" was received from Power Sales group. The bids were publicly opened and read aloud at 11:00 a.m. March 13, 2003 in the Town of Reading Municipal Light Department's Board Room, 230 Ash Street, Reading, Massachusetts. The bids were reviewed, analyzed and evaluated by the General Manager and the staff.

Mr. Soli made a motion seconded by Mr. Herlihy to move that bid 2003-1 for 750 MCM Power Cable be awarded to Arthur J. Hurley Company for a total cost of \$61,841.25 of 10,755' of Kerite Cable as the lowest qualified bidder on the recommendation of the General Manager and the staff. The budget for this expenditure is \$62,500 in the 2003 Capital Budget, items 5C, Feeder 4W3 Upgrade.

Motion carried by a show of hands: 3:0:0.

General Manager's Report

Discussion of the March 19 Citizen's Advisory Board meeting

Mr. Cameron noted this is relative to the memo dated March 10, 2003 regarding the Fuel Charge Stabilization and Agenda Item 3a.ii asking for the CAB's motion to recommend the transfer of \$1 million from the Rate Stabilization to the Deferred Fuel Reserve Fund. At the last meeting Mr. Cameron put together a memo so the RMLD Board of Commissioners authorize \$4 million be taken from the Rate Stabilization and put into the Deferred Fuel Reserve to stabilize the fuel charge of 3.5 cents per kWh. The reasons for doing this was due to world fuel prices, the Standard Market Design (SMD) which has increased prices, and congestion management that may occur during this new SMD.

General Manager's Report

Discussion of the March 19 Citizen's Advisory Board meeting

Mr. Cameron noted the CAB made the recommendation to transfer \$1 million although Mr. Cameron still believes stabilizing the rates by withdrawing \$4 million makes more sense because then he can hold the fuel charge at 3.5 cents/kWh until the end of this year. Mr. Cameron further stated part of the argument was in 85-121 the DPU (now the DTE) had put out a decision stating it was all right for the RMLD to have a Rate Stabilization Fund to use for stabilizing their fuel charges, therefore, the DTE obviously has no problem with this type of mechanism. Mr. Cameron further stated since he distributed this memo on March 10, the fuel charge was kept at 3.5 cents/kWh believing the fuel would come in at 3.8 cents/per kWh, however, on about March 20 the Department reviewed what the market has settled on and the fuel costs are actually 4.0 cents/per kWh. Therefore, the Department will probably under recover in the vicinity of \$450,000 to \$500,000 just in one month. Mr. Cameron suggested the Board wait until Mr. Pacino is present to make a motion on this since it is a big ticket item.

Mr. Hughes agreed noting out of courtesy, the Board should hold off on any decisions until the full Board is present.

Discussion ensued relative to the war impacting the fuel prices.

Mr. Cameron stated in addition to the fuel prices being high right now, the SMD also increases the price of the fuel because now it's more of a bid based market for the generators. When the SMD began at the beginning of the month the prices were very high and Mr. Cameron does not see that trend going down. Part of Mr. Cameron's proposal is that he has restructured contracts and what the ratepayers are going to see in the future are higher fuel prices. Although its not just the fuel pries, the overall prices are more of a market price, the days of seeing fuel charge of 2.25 and 2.50 cents per kWh are gone; its more like 3.50 to 3.75 cents per kWh. If the RMLD does not put money into the Deferred Fuel Reserve, the fuel prices are going to reach 4.25 to 4.50 cents per kWh. Mr. Cameron stated he spoke with the two RMLD Key Accounts Representatives. They both stated their commercial customers want to see stable rates, they don't want surprises. There are a number of reasons in addition to the fact that the RMLD has a fiscal responsibility to the ratepayers, to keep the rates stable and again suggested the Board wait until Mr. Pacino is here to continue with this issue.

Mr. Soli stated his belief of rebating the ratepayers in the same way it was collected. For example, the ratepayer who spent twice as much as another ratepayer should be rebated twice as much in return. Mr. Soli looked at what happened last year through the end of fiscal November and saw the percentages for the various ratepayer categories; what percentage of kWh they bought, what percent of money did they provide? Mr. Soli proportioned the \$1 million to the various categories stating commercial/industrial are lower priced so they of course want to give on the basis on kWh's, but that is unfair since the residential customers pay much more. Mr. Soli continued to explain his analysis of this situation and again reiterated his disapproval of rebating ratepayers based on kWh usage.

Mr. Van Magness stated the CAB had a lively discussion at their last meeting on this particular topic. Mr. Van Magness explained his analysis of the situation using a chart as illustration. Mr. Van Magness stated the discussion of the CAB was not to see this cost per fuel escalate dramatically, the goal was to hold the price at 3.5 cents per kWh. Mr. Van Magness reiterated the fact that the GM asked to transfer \$4 million from the Rate Stabilization Fund which is very well funded right now but the CAB is concerned that the fund is probably overstated around \$5 million which needs to be rebated to the ratepayers. Mr. Van Magness stated the CAB decided to compromise in order to hold the 3.5 cents per kWh by transferring \$1 million rather than the larger amount. Mr. Van Magness stated he believes the Board needs to take favorable action this evening.

Mr. Herlihy questioned, if the Board does not take action on the \$1 million could the fuel charge could be subject to events going on in the Gulf War?

Mr. Cameron explained he has the ability to raise the fuel charge one-half cent in either direction, right now its at 3.75 cents and 4.0 cents is what the actual cost is so if no action is taken the fuel charge will go up to at least 4.0 cents, if not 4.25 cents, because another one-half million dollars cannot be drawn from the Deferred Fuel Reserve (DFR).

Mr. Hughes asked Mr. Cameron for the recommendation of the Department to the Board.

General Manager's Report

Discussion of the March 19 Citizen's Advisory Board meeting

Mr. Cameron stated he originally asked for \$4 million and the CAB recommended \$1 million. Mr. Cameron stated he still believes \$4 million is appropriate, he has been doing this for a long time and does not believe this is wrong, however, he is at the mercy of the Board. Mr. Cameron also stated if there is no transfer then it will go to 4 cents per kWh because, again, he cannot let one-half million dollars go out of the DFR without replenishment.

Mr. Soli stated Policy 19 indicates, "to maintain cost of service electricity rates" and this is clearly not and stated let a rebate be a rebate.

Mr. Cameron explained when a cost of service study is done it is not based on fuel. A cost of service study leaves the fuel component alone and lets the fuel component float as the DTE has ordered and stated. In 2000 the fuel started climbing in June and peaked out in November. When the fuel finally came down the following March the RMLD had used \$3 million out of the Deferred Fuel Reserve and spent another \$1.5 million of its own funds just ramping the fuel charge from 1.5 cents up to 3.25 cents. Mr. Cameron noted at the time this made sense to the ratepayers, however, it went up to about 4.25 cents and the Department kept it at that level and over collected a little bit in order to make up the fuel fund and pay back the operating fund that the \$1.5 million had come from. Therefore, Mr. Cameron noted the Department has done this in the past and it hasn't caused any rate shock to the ratepayers. So, as far as cost of service is concerned there is no fuel involved in this study, the study is just on the base rates and the fuel has its own mechanism to adjust.

Mr. Soli stated there are two reserves, there is the Rate Stabilization and there is Fuel Stabilization and stated the Board should not confuse stabilization with rebates, there is a Fuel Stabilization Fund that could be used.

Mr. Herlihy questioned the status of the Fuel Stabilization fund.

Mr. Cameron explained there is approximately \$1,598,833.00 projected for the end of March although the hard numbers are not in yet.

Mr. Herlihy asked whether the ratepayers will get hurt in April if nothing is done.

Mr. Cameron stated the rates will go up one-quarter of a cent.

Mr. Van Magness stated it is hard to justify the Rate Stabilization funds by virtue of the order we got out of 85-121 back in 1987 which allows the Rate Stabilization fund to be used for a number of things including fuel charges. Mr. Van Magness stated given the fact that this is an abnormal situation being the Commission is sitting on \$15 million in the Rate Stabilization fund yet doesn't take action thus allowing the rates of all ratepayers to go up is in fact not using that fund for its intended purpose.

Mr. Hughes asked Mr. Cameron if nothing is done this evening what penalties are incurred by the ratepayer?

Mr. Cameron stated if the rates go up one-quarter of a cent that equals \$1.25 on 500 kWh, so that is about \$1.25 on a \$42.00 bill approximately 3%.

Mr. Soli stated if it is done this way, it is unfair, the Town's will lose \$3,400, the residential customers will lose \$44,000.00 although the Commercial and Industrial customers gain \$48,000.00. Mr. Soli stated the money should go back on the basis of how many dollars each customer contributed.

Mr. Cameron stated on a monthly basis the average residential customer will be receiving, on Mr. Soli's give back, about .15 cents extra per month. If the fuel charge is increased by one-quarter of a cent, they will see \$1.25 extra per month.

Mr. Van Magness noted if no action is taken tonight, the ratepayers of the system will lose one-half million dollars. Mr. Van Magness stated the position of the CAB is not to make a final decision on how to get the Rate Stabilization fund from \$15 million to \$10 million and that is part of what Mr. Soli is saying, how do you implement that rebate?

General Manager's Report

Discussion of the March 19 Citizen's Advisory Board meeting

The CAB decided to make a temporary removal from the fund to cover the abnormalities of the fuel as a one single element and do it equitably to everybody that is paying the cost of the fuel.

Mr. Soli stated next month the precedent will have been set and if there are still fuel charge problems more money will be requested and it will be done again, it is not fair, the money did not go in that way.

Mr. Van Magness questioned whether it is really possible to determine what class of service contributed to what relative to the Rate Stabilization Fund during the years that fund has floated up and down? Mr. Van Magness' opinion it is too difficult to make that determination.

Mr. Cameron stated it even goes beyond who contributed, for example, the money collected from joint action agency lawsuits over the years have been put into the Rate Stabilization Fund (RSF) and money recovered from prior years must go into the RSF, so who knows where the bulk of the sales came from in those years? There is just no way to tell.

Mr. Soli stated he cannot vote for the motion and he will not second the motion and suggested moving on with the agenda.

Mr. Herlihy made a motion seconded by Mr. Hughes to withdraw the of sum of \$1,000,000 from the Rate Stabilization Fund to stabilize the fuel charge for the period ending June 30, 2003.

Motion failed: 2:1:0. Mr. Soli voted against this motion.

Mr. Hughes asked as a result of this motion failing what will it cost the ratepayers as of 1 April?

Mr. Cameron replied on April 1, 2003 the fuel charge will probably go to 4 cents per kWh, therefore, a customer using 500 kWh will pay \$2.50 more.

Reading Board of Selectmen

Mr. Cameron informed the Commission at the Reading Board of Selectmen meeting on March 25 they were contemplating setting up a meeting with the Boards of Selectmen in the communities served by RMLD and asked Mr. Hechenbleikner to elaborate.

Mr. Hechenbleikner stated the Board of Selectmen had a brief meeting on March 25, before a Substance Abuse Prevention Counsel meeting, and one of the items was to understand where the Boards of Selectmen of North Reading, Lynnfield, and Wilmington were coming from regarding the Charter Amendment and the changes recommended by the Governance Advisory Committee. Mr. Hechenbleikner stated he had conversations with all three Town Managers and received a copy of the report from Wilmington's Town Counsel for the Wilmington Board of Selectmen.

Reading Board of Selectmen

There were different discussions and messages from each Boards of Selectmen, the consensus of the North Reading Board of Selectmen was to support the recommendation of the Governance Advisory Committee except for the 30B provisions. Mr. Hechenbleikner was not sure about Lynnfield because he hasn't received minutes from their meeting yet and Wilmington voted to support the recommendation of their counsel which is it shouldn't be done as a Charter Amendment, it should be done as a Home Rule legislation although they did support all the provisions that are in the Charter Amendment that go into the Home Rule legislation. The Reading Board of Selectmen are meeting again on April 9 and plan to invite the other Boards of Selectmen. However, he will not be in attendance because he needs to attend a Finance Committee meeting that evening relative to the 2004 budget.

General Manager's Report

Letter to Dr. Harutunian

Mr. Cameron stated he sent a follow-up letter to Dr. Harutunian regarding electric rate issues. Mr. Cameron explained the letter was relative to a follow up analysis that was complete for the other schools in Town as requested by Dr. Harutunian.

General Manager's Report
Letter to Dr. Harutunian

In the letter Mr. Cameron also offered the RMLD's expertise relative to evaluating demand-side management methods with respect to electric usage while the new school is being built. Mr. Cameron also stated, if needed, the RMLD would make the same offer to the other three Towns and actually has in the past.

Update on the status of the RMLD Ad Hoc Governance Advisory Committee and the RMLD Oversight Task Force Committee

At the last RMLD Board of Commissioners meeting the Commission asked Mr. Cameron for a status on the update of the Committees. Mr. Cameron stated Mr. Hechenbleikner gave him an update on the status of the Task Force Committee and the Ad Hoc Committee which is included in the Board books.

Charitable Contribution Policy

Mr. Cameron stated in the Board Policy 19, Section IV.A.7, there is a passage that reads, no contributions in any form will be given to civic, benevolent or any similar organization. Mr. Cameron stated since the RMLD is a community oriented organization serving four Towns this passage is very restrictive. Mr. Cameron explained he organized a work team of the Human Services Manager and several employees who represent the RMLD in the Rotaries, Chamber of Commerce in the service territory. Mr. Cameron asked the work team to get back to him with what they believe is a good policy to follow with respect to the RMLD's community relations. The work team is aware of the legal opinion as to what is proper and what is not. When the work team submits their recommendations to Mr. Cameron he will decide in what form to bring it to the RMLD Board of Commissioners Policy Subcommittee so they can determine if it needs its own policy.

Mr. Herlihy noted his interpretation of those legal opinions is that you cannot give out money, however, services may be a different issue and that should be clarified.

Mr. Cameron stated there needs a lot of differentiation of the services in which the RMLD can contribute to the Towns and it needs to be spelled out.

Board Discussion

Rate Comparisons – March, 2003

Mr. Cameron stated not much has changed since last month. Peabody and Middleton are still below the RMLD in residential rates and the residential time of use, Middleton is below RMLD in the Commercial rates, however, Peabody is above and the same holds true for the time of use, Middleton is below and Peabody is above. Mr. Cameron stated Massachusetts Electric is going to the DTE for a 44% rate increase in their fuel so even if the RMLD raised the fuel charge ¼ % it certainly isn't a 44% increase.

Reading Board of Selectmen voted unanimously not to open the service territory at their March 11, 2003 meeting

Mr. Cameron noted the Reading Board of Selectmen sent a letter to him that formally states they made the recommendation the RMLD Board of Commissioners not open the service territory. Mr. Cameron stated he is not sure what the next steps are given 47A. Mr. Cameron recommends the Board wait until the 4th member of the Board is present prior to taking any action. Mr. Cameron explained that 47A, paragraph 7 states that if the municipal electric utility has not opened its service territory by March 1, 2003 the governing body must do a study on opening up the service territory in addition it mentions referendums, etc. Mr. Cameron did the study and presented it to the Reading Board of Selectmen whom he and Mr. Hechenbleikner confirmed was the governing body. The Selectmen asked very good questions and in the end they made the recommendation not to open the service territory. Mr. Cameron stated the Board needs to make a motion accepting the recommendation of the Selectmen, however, the Board should wait until the 4th member of Board is present.

Mr. Hughes asked Mr. Cameron to explain the article the Commission received in the mail during the week.

Mr. Cameron explained that the Inspector General of Massachusetts, Gregory Sullivan, made a recommendation to alleviate some of the purchasing expenses in the cities and towns by raising the threshold for the competitive bids from \$25,000 to \$100,000 or \$200,000. Mr. Cameron noted it raised the limit that the Towns can go out to three solid quotations, it also raised the limit that advertisement must be made in the newspaper and speeds up the time that the Towns can procure materials. The RMLD is not under 30B, it has always been under Chapter 164 and he is unsure where the RMLD thresholds will go given the fact the RMLD wouldn't be subject to this.

Next Meeting Date

Mr. Herlihy questioned why the next meeting is April 3 and not April 10 as he pointed out the 5th member of the Commission will be on Board by April 10.

Mr. Cameron explained the reason April 3 is scheduled for the next meeting is because the CAB's recommendations will be ready by April 1, therefore, those recommendations can get to the Commission by April 3. Also, Mr. Cameron noted his deadline of April 9 to submit his presentation for Town Meeting and needs the recommendations from the CAB and determine how those recommendations sit with the Commissioners prior to finalizing Policy 19 for presentation for Town Meeting.

Mr. Herlihy stated April 3 is not the problem and wondered why the next meeting after April 3 isn't April 10 so there can be two meetings with a full Board before Town Meeting.

Discussion ensued with a decision to add a meeting on April 10 as a Board reorganization meeting.

Mr. Hechenbleikner stated Reading, just as the whole country, has been spending a lot of time on Homeland Security Issues. Mr. Hechenbleikner thanked the Department for participating in the meeting on March 21 regarding Homeland Security Issues and Emergency Preparedness Planning for the Town of Reading. As Mr. Hechenbleikner continued, he stated there was constructive discussion with a lot of good outcomes; one thing that will be produced is a guide to the Reading residents on what is being done, what the preparedness is and what steps they can take for themselves. Mr. Hechenbleikner pointed out Mr. Blomley was the Representative in attendance for the Department at this meeting.

Executive Session

At 9:30 p.m. Mr. Herlihy made a motion seconded by Mr. Soli that the Board go into Executive Session to discuss strategy with respect to litigation, and to return to Regular Session for the sole purpose of adjournment.

Mr. Hughes called for a poll of the vote:

Mr. Soli Aye; Mr. Herlihy Aye; Mr. Hughes Aye.

Motion to Adjourn

At 10:00 p.m., Mr. Soli made a motion seconded by Mr. Herlihy to adjourn the Regular Session.

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

Robert Soli, Secretary Pro Tem
RMLD Board of Commissioners