

Reading Municipal Light Board of Commissioners

Regular Session

230 Ash Street  
Reading, MA 01867

April 3, 2003

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Start Time of Regular Session: 7:35 p.m.  
End Time of Regular Session: 9:04 p.m.

Attendees:

Commissioners: Hughes, Pacino, Soli and Herlihy

RMLD Staff: Mr. Cameron, General Manager and Mr. Blomley  
Mses. Antonio and O'Leary

CAB: Messrs. Stevenin and Lessard

The RMLD Board of Commissioners Policy Subcommittee met at 6:30 p.m., in the Temporary Transmission and Distribution Conference Room.

This meeting of the Reading Municipal Light Department (RMLD) Board of Commissioners 3 April 2003 is not being broadcast live this evening. 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 7:35 p.m.

**Report of the Chairman of the Board**

Chairman Hughes requested Item 7 be taken out of sequence. Mr. Hughes addressed the meeting dates for the remainder of April. The meeting dates have been revised to be Thursday, 17 April which will address the reorganization of the Board, Thursday, 24 April and the last meeting Thursday, 28 April to attend the Annual Town Meeting.

Mr. Cameron added in tonight's package on the agenda is the Cost of Service Study, the first draft. It is Item 5a on the General Manager's Report. Mr. Cameron mentioned that the April 17 meeting may be a joint meeting of the RMLD Board of Commissioners and the Citizens' Advisory Board for the purpose of having Vermont Energy Ventures make a presentation and answer any questions on the Cost of Service Study.

Mr. Hughes asked of Mr. Lessard if this is compliant with him?

Mr. Lessard replied yes it was okay.

**Update on Extension of the 30-day review (CAB recommendations on Special Counsel)**

Mr. Cameron noted Chairman Lessard of the CAB sent three letters to Chairman Hughes.

Mr. Hughes noted he received three letters from, Chairman Lessard of the Citizens' Advisory Board dated 2 April 2003 and they are as follows:

**Re: Charter Amendments**

The Citizens' Advisory Board (CAB) at its meeting held on Tuesday, 1 April 2003, approved the following motion: MOVE to recommend to the RMLD Board of Commissioners that the changes proposed under the Town of Reading's Charter Amendments be pursued by Special Legislation instead.  
Motion passed 4:1:0.

**Re: Charter Amendments – Chapter 30B**

The Citizens' Advisory Board (CAB) at its meeting held on Tuesday, 1 April 2003, approved the following motion: MOVE that the CAB hereby recommends to the RMLD Board of Commissioners not adopting that portion of the proposed Charter Amendments regarding adoption of Chapter 30B for the RMLD purchasing procedures.  
Motion passed 4:1:0.

**Report of the Chairman of the Board**

**Re: Rate Stabilization Fund Transfer**

The Citizens' Advisory Board (CAB) at its meeting held on Tuesday, 1 April 2003, approved the following motion: MOVE to recommend to the RMLD Board of Commissioners that \$1,500,000 be transferred from the Rate Stabilization Fund to the Deferred Fuel Reserve with the intent being that the fuel charge per kWh be stabilized at \$.035 until such time as the issue is revisited.

Motion passed 5:0:0.

Mr. Hughes inquired if there was any input from the Department.

Mr. Cameron pointed out at the last meeting, the Board made a motion that instructed the Department to incorporate whatever actions they could from Article IV into the Department's policies. That was part of the instructional motion from the floor at the March 3 Special Town Meeting. The RMLD has done this in Policy 19. What the CAB has recommended is really nothing different from what the RMLD has done as far as Article IV is concerned. The Department has the CAB's comments. This has not changed the Department's effort.

Mr. Hughes inquired of Mr. Lessard if he had anything he wanted to add.

Mr. Lessard replied it is self-explanatory.

Mr. Pacino asked a question, as it is not contained in the letter, what is the specific concern relative to 30B, which the CAB has? He wants it explained to him.

Mr. Lessard asked Mr. Pacino to repeat the question.

Mr. Pacino replied the question is the CAB is not recommending the Department not adopt the 30B change and he is looking for the reason why, the explanation why not to adopt 30B?

Mr. Lessard answered the majority of the CAB, the current policy the RMLD is using probably in most cases is stronger and goes beyond 30B with Chapter 164 it outlines and gives municipal light departments that provision. Mr. Lessard added rather than go further and try to change the Town Charter if anything is to be changed it should be done through special legislation because that may impact the ratepayers and the Twenty Year Agreement.

**Selectmen Liaison, Citizen's Advisory Board and Customer Comments**

Chairman Hughes polled those in attendance and there were no comments.

**Action Items**

**Letter from Town Manager, Mr. Peter Hechenbleikner**

Mr. Hughes asked Mr. Cameron for clarification as this was discussed at the prior meeting.

Mr. Cameron replied at the last meeting the presentation he made to the Reading Board of Selectmen relative to the RMLD opening its service territory was discussed. Mr. Cameron told the Commission the Selectmen had voted unanimously four to zero, (one Selectmen was not present) that the RMLD not open its service territory.

Mr. Pacino inquired if the Commission had to take a vote under this Chapter?

Mr. Cameron replied that Chapter 164, Section 47A, Article F it requires that the governing body of the Town to conduct a study concerning opening the service territory if the service territory was not opened by March 1. Mr. Cameron spoke with Mr. Hechenbleikner. Mr. Cameron stated the RMLD would perform the study and make the presentation to the Selectmen. The Department did make this presentation to the Selectmen. The Selectmen voted 4:0:0. It is hard to tell from how the law reads what should be done however; it is prudent that the Commission accept the vote of the Selectmen. The Department will leave it this way and then go from there if warranted.

Mr. Pacino made a motion seconded by Mr. Soli that the RMLD Board of Commissioners accept the vote of the Reading Board of Selectmen not to open the RMLD service territory up for competition.

**Motion carried by a show of hands 4:0:0.**

Chairman Hughes on another matters, which should have addressed earlier. Starting in May meetings will take place on Wednesday instead of Thursday.

**Action Items**

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

Mr. Hughes asked for a presentation from the Policy Subcommittee where they met earlier this evening.

Mr. Soli went over the changes in Policy 19 as follows:

Couple of small wording changes: page 2, 5 change financials to financial issues  
page 5, change make to makes

Mr. Soli pointed out extensive changes were made in order to tighten up governance. The changes are as follows:

Page 1

- I. Purpose: The policy may not be changed unless it is advertised in local newspapers in all four service communities for two consecutive weeks.
- III. Responsibilities: It was made clear a majority vote was three out of five Board members.  
Under 5 it spells out for the first time that the Vice Chairman runs a meeting in the Chairman's absence and the Secretary runs it in case both the Chairman and Vice Chairman are missing.  
Under 6 so that new rate changes will not be made at 2:30 a.m. in the morning, it states the Board cannot bring up an issue after 10:45 p.m. and the meetings have to end at 11:15 p.m.

Mr. Hughes inquired if these apply to all segments of the meeting?

Mr. Soli replied yes all segments of the meetings.

Page 2

Written performance appraisal for the General Manager and it will be based on what happened in the previous fiscal year. Goals and expectations in writing at this point and agreed upon.

Bottom of this page Items 3 and 5 have to do with the Accounting Manager. Item 3 when a new Accounting Manager is hired that the Board will have an Accounting Manager Subcommittee to interview and to make recommendations to the General Manager. Under Chapter 164 the General Manager does all the hiring. Item 5 reporting to the Board by the Accounting Manager is formalized. First the Commissioners as a whole meet with the Accounting Manager quarterly to discuss budget variances and this is to be held in an Open Session Board meeting. There are some things that may necessitate Executive Session such as legal issues. The Accounting Manager, the Town Accountant and one member of the Audit Subcommittee will meet at least quarterly or more frequently if necessary to discuss the payables. This is only one member of the RMLD Audit Subcommittee these meetings will be as frank and open within the meeting as they can be but they do not have to be open meetings. Let us think forty years from now something funny is going on and the Accounting Manager has to discuss it. This gives the vehicle for the Accounting Manager to make the report we have brought in process. In addition, on a quarterly basis, with the Accounting Manager's presentation the General Manager will update the Board with a report on expenditures on outside services such as legal, engineering and other consultants. The General Manager is required to give a full report including the dollars expended and cost to complete and expected end date. There is a dispute resolution process in place with respect to the RMLD warrant. For instance the General Manager has some item that he or she should think goes through but the Accounting Manager says I do not think its proper. The process is to bring that to the Board meeting and the Board will vote on it, we have that openness.

Item 7 is relative to the Town of Reading Audit Committee. It says the Board will appoint one Commissioner to serve on that Audit Committee that was the subject of Town Meeting and that the Audit Committee will select the auditor with the RMLB and the Commissioner serving on that Committee will make sure that whatever auditing firm is selected the firm is qualified to audit the utility.

**Action Items**

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

Mr. Soli went over the changes in Policy 19 as follows:

Page 2

One item added to the policy is special restructuring during the year. This affords anyone sitting on a Subcommittee in which they cannot serve due to a change in circumstances. There can also be a Board vote of four member to initiate a change in the structure of the Board. This is a mechanism put in place where there can be replacement.

Page 4

D1 in addition to auditing the RMLD annually, there is an RMLD Pension Trust. This points out the Town of Reading Audit Committee will select the firm for auditing the pension trust.

Board Subcommittee is new. It tells what the Board Subcommittee is and specifies the duties. Under Audit Committee one member of the Subcommittee quarterly meets with the Accounting Manager and Town Accountant.

Page 5

No Commissioner may serve more than three consecutive years on the Payable and Payroll Subcommittee and must take a year leave before returning to the Subcommittee. There is a need for turnover in order to get fresh eyes and you do not get too comfortable.

Mr. Hughes inquired if the Operating and Capital Budget is new or emphasized?

Mr. Cameron replied Capital Budget was left out of the previous revision.

Mr. Soli added the Town of Reading Audit Committee is a new function. One member of the Board is appointed to it. Whenever the RMLD hires a new Accounting Manager then the Subcommittee would go into action. They would interview the final candidates and make recommendations to the General Manager.

Page 6

Item 8 to manage the RMLD with the goal that its residential rates are lower than any utility whose service area is contiguous with the RMLD's. Currently, the RMLD is not at that situation. It is the Board's goal to be lower but at this time is not.

Mr. Soli stated the Policy Subcommittee met and voted to recommend the new policy to the Board.

Mr. Pacino commended the Subcommittee for all its work. Mr. Pacino pointed out Page 1 Item C had a correction in the name of the newspaper. Mr. Pacino was concerned that if someone bought out or merged a newspaper there could be a name change.

Mr. Soli replied they wanted to be specific with names of the newspapers and would submit the policy to the Board in the event of a name change.

Mr. Pacino noted under RESPONSIBILITIES, Item 6 raised a concern that there may come situations where the Commission may need to go beyond the time limit and there should be by majority vote.

Mr. Cameron added as they went through this process and what became very evident is the input he received as well as the Subcommittee is items needed to be tied down and very specific. Mr. Cameron then addressed Item 6. He thought the drop dead time was a good idea; it is not fair to the public to stay until 11:00 p.m. or 11:15 p.m. Mr. Cameron noted no important issue should be stalled off that should be taken first. Other issues if the Board cannot get to within the timeframe they need to be taken up at the next meeting.

Mr. Pacino inquired under C2, goals and expectations, which were done in the past. Mr. Pacino noted the goals for the General Manager were put in place and went up on the wall and were met every year. Mr. Pacino is unsure if it is beneficial but is willing to try it. Item 4 you ask the General Manager to present to the Board the legal counsel. Mr. Pacino suggested adding reasons for selections.

**Action Items**

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

Mr. Soli agreed and the language will read present to the Board the selection criteria and the legal costs under Item 4.

Mr. Pacino needed clarification under Item 5, Audit Subcommittee and the member of the Commission who is going to belong to the Town's Subcommittee. Mr. Pacino is unsure whether there is any inner working between the two groups he needs clarification.

Mr. Herlihy clarified the Audit Subcommittee there are two members will be on this Subcommittee and this is not a Subcommittee of the Town. The same person would be not being on the Town of Reading Audit Committee and the Audit Subcommittee. They are two different entities.

Mr. Pacino suggested perhaps it should state Finance versus Audit Subcommittee.

Mr. Soli added the Audit Subcommittee recommends audit findings to the Board. In addition, now there will be quarterly meetings with the Accounting Manager and the Town Accountant. This is the function of the Audit Subcommittee. The Town of Reading Audit Committee there will be one member from the Commission, which will serve.

Mr. Pacino clarified that if the Town of Reading Audit Committee comes back to the Commission with the audit then it goes back to the Audit Subcommittee for them to review then comes to the Commission after that. Is that how this is visualized?

Mr. Soli replied yes.

Mr. Pacino suggested under Item 7 page 3 to move two sentences to Item 8, which are relative to the Chairman, Vice Chairman and Secretary it is a clearer place to move it.

Mr. Soli agreed to this change.

Mr. Pacino added the issue of 30B is not addressed. Mr. Pacino sought clarification under Item 8 relative to investor owned utilities and questioned this does this refers to Mass Electric, NSTAR utilities?

Mr. Soli replied yes it does.

Mr. Cameron added it goes on to say lower than any electric utility whose service area is contiguous with the RMLD's. It does include Wakefield, Middleton and Peabody. It is not spelled out just the municipalities are included. Basically what it says is the RMLD is going to be lower than any IOU in Massachusetts and lower than anyone contiguous to the RMLD' service territory.

Mr. Pacino was unclear he understood it as the Department's residential rates should be lower than anybody.

Mr. Cameron replied no it does not. It says lower than any investor owned utility in Massachusetts and lower than any other electric utility who service area is contiguous with the RMLD.

Discussion ensued on the residential side being addressed not the commercial and industrial side of rates.

Mr. Cameron suggested taking out residential and adding electric.

Mr. Soli replied no to this. This is not perfect, but it does a lot of very good things. Mr. Soli suggested passing this policy with the changes, which have been proposed, and at a later date if there is some thoughtful reasoning and language to replace this.

Mr. Pacino agreed with this.

Mr. Herlihy echoed Mr. Soli's comments. This is not a perfect document probably and will need continued work in the future but it represents a good start. It is a work in progress in terms of the Subcommittee recommendations and incorporates in the spirit of Town Meetings' recommendations.

### Action Items

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

Mr. Herlihy thanked the General Manager for getting this together, it bends but does not break Chapter 164. At the last meeting there was good input from CAB member Fred Van Magness. The staff did a good job, Beth-Ellen, Marianne and Jeanne. These recommendations and this policy strengthen the Board's role of direction and control over the Department. It is very specific where it needs to be. This will reduce the Board's potential for abuse and the Board's ability to defer responsibility. It puts a lot of responsibility on the Board where it needs to be in terms of oversight, auditing, avoiding duplication and staleness on a Subcommittee.

Mr. Hughes echoed the sentiments of the other Board members in attendance to the staff of the Department for their assistance. It is a good tight working solution, a strong guide to adhere to.

Mr. Soli made a motion seconded by Mr. Pacino that the Reading Municipal Light Department Board of Commissioners adopt the draft provided as marked up RMLD Policy, Number 19, Revision #8, Board of Commissioners based on the recommendations of the Policy Subcommittee.

**Motion carried 4:0:0.**

### General Manager's Report

#### Cost of Service Study

Mr. Cameron noted as part of the General Manager's Report he would like to address the Cost of Service Study (COSS) portion of it first and then the second part of it he would like to address one of the motions the CAB made on Tuesday night because it is not part of the agenda that the \$1.5 million be transferred from the Rate Stabilization Fund into the Deferred Fuel Reserve.

Mr. Cameron updated the Commission last week the Department received from Vermont Energy Ventures (who was commissioned by the Department to perform this Study) the first part of the COSS Study. Mr. Cameron pointed out the genesis of this whole thing is given the fact the new computer system will not be on line until the end of this year. His plan was to have Vermont Energy Ventures (VEV) take the existing rates and de-seasonalize them, which is to levelize them by taking out the winter/summer differential out and lower them to a point where they would be cost of service. At the present time the Department has the Purchase Power Adjustment (PPA) that is part of the rates since last June. The Department has used the PPA to lower the base rates with respect to the Department's purchase power costs. However, there is savings within the Department's rate structure that cannot be captured in the PPA. One specific one is the lowering of the depreciation rate from five percent to three percent. It saves the Department approximately \$1.7 million annually and the Capital Budget can be managed at that level. Mr. Cameron instructed VEV to de-seasonalize the rates and bring them to a cost of service level. The Department and VEV have had discussions on what that level is. Mr. Cameron added his target is to bring this to the Board and the CAB with respect to possibly getting the rates filed by May 1 in order to get the thirty-day review period from the CAB and being able to with the Board's approval file the rates on May 1 and put into effect by June 1. This would prevent the customers from seeing the summer/winter rate differential. Mr. Cameron added this COSS went before the CAB on April 1 and the clock is ticking.

Mr. Cameron noted this is not a final document. The methodology that VEV has used is one Mr. Cameron agrees with in terms of de-seasonalizing and lowering the rates. The memo does state they used a target of a revenue requirement of \$35,709,255, which was taken from the Six Year Plan, and it is based on the 2004 operations of the RMLD. Mr. Cameron chose this is because if the Department can put these rates into place by June 1 they are losing half a year on the new rates. It is better to use 2004 as the test year as far as the cost of service based on the revenue requirements. In addition, VEV is going to proceed to a full blown cost of service study on our rates and they are going to expand the rates which would include looking at a school rate, looking at a primary user rate for larger customers who take service at 13,800 volts and they need to look at the time of use rate a little closer. The Department also wants to look at block rates for the residential with respect to weather/climatic related usage. This is going to lower the rates and de-seasonalize the rates. With the revenue requirement targeted at \$35.7 million dollars that would be a twenty one percent decrease in the base rate. Mr. Cameron noted if the customers were put under this rate tomorrow they would not see a twenty one percent decrease because some of the decrease they see with the PPA. If these rates get put into effect the PPA would be zero. Right now it is a penny per kilowatt-hour per month. Mr. Cameron added the PPA could change if the Department needs to adjust its rates. Mr. Cameron noted he placed a call with VEV, as there is some tweaking he would like on both the commercial and residential rates as far as decreases in certain components of the rates. This methodology is pretty solid.

## General Manager's Report

### Cost of Service Study

Mr. Cameron noted this is the first time you have seen this and it is the first time it has been explained he is unsure of what questions you may have. Mr. Cameron's schedule is that on April 17 VEV would come down and there would be a joint meeting with the CAB to discuss this matter. Hopefully, they could come to closure on this so the rates could be filed in a timely fashion.

Mr. Hughes reiterated it is your goal to get it accomplished within these dates.

Mr. Soli had a question; schools under as he understands it are under the commercials and in the first cut energy charge in the winter would go up slightly from 4.35 cents to 4.84 cents?

Mr. Cameron replied yes.

Mr. Soli added this is one of the areas you are looking at, is this correct?

Mr. Cameron answered yes. The Key Account Managers Michele Benson and Joe Bilicki have been taking these rates and putting them into the rate analysis program to see how certain customers are affected. They are going to see how these rates fall into certain usage classes within the commercial class and the commercial time of use.

Mr. Soli inquired if it turned out that schools that are basically a winter business were hurt by this change yet it helps everyone else would it be possible in June? Does the Departments' computer system allow an additional rate class?

Mr. Cameron asked to keep them on the seasonal rate?

Mr. Soli replied yes.

Mr. Cameron noted he would have to check with the computer department.

Mr. Hughes polled the Commission and the CAB members if there were any further inquiries for COSS. There were none.

Mr. Cameron noted the letter from the CAB dated April 2 from Chairman Roger Lessard one of three letters had to do with a motion to transfer \$1.5 million from the Rate Stabilization Fund and transfer it to the Deferred Fuel Reserve. This was discussed at the last Board meeting and there was another motion for \$1.0 million that was voted on and did not pass. The motion failed two to one, as three votes are required to pass this. The arguments Mr. Cameron made at the last meeting are the same arguments he would make at this meeting. In order to stabilize the fuel charge at 3.5 cents per kWh this transfer is the right thing to do for our customers. We have a fiscal responsibility to all our ratepayers. Part of that fiscal responsibility is to keep rates stable. The Department has a Rate Stabilization Fund, the DPU (DTE) as part of their decision in 85-121 it was deemed appropriate to have a Rate Stabilization Fund. Furthermore it is correct to use that fund to mitigate rate spikes including fuel. Mr. Cameron stated there was a one time give back last year of \$3.0 million. One of the results of that give back was some customers were confused. Even though the RMLD did a lot of public relations on this issue many customers will still confused about this refund. After that give back in November customers called up and said my bill is wrong. My bill cost this month is \$5 last month it was \$55 again. No amount of public relations can circumvent those phone calls coming in. Mr. Cameron also mentioned he went to a MEAM meeting this morning and he spoke with four Managers from different municipals. Mr. Cameron mentioned they were discussing different issues they were facing and he told them about this issue as well as the one time give back. All the Managers agreed what the customers want are stable rates; they want stable rates for the long run. To have a Rate Stabilization Fund, which almost every company has, and to keep the fuel charge stable, to keep the base rate stable is the right thing to do. Discussion then ensued relative to the advent of the war, global fuel prices, standard market design. Mr. Cameron added his Key Accounts Managers, Michele Benson and Joe Bilicki said their commercial customers work on a budget and they do not like to see surprises. Mr. Cameron pointed out there was a CAB member present who represents the industrials. They want to stable rates.

**General Manager's Report**

**Cost of Service Study**

Mr. Stevenin, CAB member who represents the commercial side stated they work on annual established budgets; they do not like to see spikes either way.

Mr. Pacino inquired what is the cost of doing nothing? Explain what the cost of doing nothing is?

Mr. Cameron replied from a residential point of view when you explain this the residential yardstick is appropriate to use because the commercial customer usage is vast around a normal bandwidth. In April the fuel charge went to four cents a kilowatt-hour. Had it gone to three and a half cents a kilowatt-hours with the million dollars in the Deferred Fuel Reserve a customer using 500 kWh would of saved approximately \$2.50 on that bill. Mr. Cameron noted that is the difference at being at 4.0 cents versus 3.5 cents per kilowatt-hour. Mr. Cameron added it's the right thing to do.

Mr. Pacino inquired is that \$2.50 per month per year?

Mr. Cameron replied \$2.50 per month.

Mr. Pacino inquired on a large commercial what would that be? Mr. Pacino inquired the effect of moving the \$1.5 million?

Mr. Cameron replied in the Rate Stabilization Fund the Department has \$15 million the Department would be down to \$13.5 million. Mr. Cameron stated before none of this money is in investments which have to be broken up this money can be transferred very easily as he spoke with the Accounting Manager. The RMLD has a little over \$1.5 million in the Deferred Fuel Reserve right now it is not a comfortable reserve to have. In March when the fuel charge was 3.75 cents per kWh the actual fuel costs to the RMLD was 4 cents and the Department under recovered by \$500,000. Mr. Cameron stated the Department will start to under recover if we do not get the fuel charge over four cents. In March the standard market design started, the fuel prices are up, and the war in Iraq had started.

Mr. Pacino questioned the fuel charge is going up because of the war, what factors are driving it up?

Mr. Cameron replied it is basically global fuel prices, the strike in Venezuela, the war does not help, standard market design and the way the generators are bidding. The beginning of the month started out very expensive on the NEPOOL level. The Department has good contracts, entitlements in Seabrook and Millstone and good fixed priced contracts. However, Stony Brook burns oil, natural gas which translates into paying global fuel prices. When Stony Brook is not running, the Department is paying NEPOOL prices, which are high.

Mr. Lessard wanted to elaborate a little bit. He understands what his colleague from Wilmington on the industrial side said they work on a fixed budget. Mr. Lessard added most municipalities also work on a fixed budget. Mr. Lessard believes that the Rate Stabilization Fund because it is allowed to transfer money into the Fuel Adjustment Charge and that is where it should go. That is why there is Rate Stabilization. It is the right thing to do and he goes along with the General Manager. Mr. Lessard commended the General Manager for trying to stabilize that. That would be the CAB's recommendation.

Mr. Pacino echoed what Mr. Lessard stated. Mr. Pacino noted the number of older people about is uncertain about their finances these days. Mr. Pacino stated this is an appropriate thing to use the \$1.5 million from the Rate Stabilization Fund to stabilize the fuel charges.

Mr. Hughes added two days after the last Board meeting he was called by and approached by people. Mr. Hughes apologized for the fact he should have realized this was such an important piece of business without a full Board. Mr. Hughes pointed out people on fixed incomes are worried and they want stable rates. Mr. Hughes wishes he had tabled this motion until there was a full Board with the consideration of the ratepayers.



## General Manager's Report

### Cost of Service Study

Mr. Soli pointed out if the Board votes then the Board starts down a slippery path of depriving the residential customers of \$342,000. Mr. Soli noted there is \$5.0 million they would like to get back to the customers out of the Rate Stabilization Fund. This would get out \$1.5 million but in an unfair way and he will show some charts on that. After last Thursday night's meeting Mr. Cameron called him and tried to convince him to reconsider on the \$1.0 million vote. Mr. Soli asked of Mr. Cameron why should he do that? Mr. Cameron had no good reason and Mr. Soli offered to compromise. Mr. Soli would offer to bring up reconsideration if the Department rebates the \$4.0 million on the basis of last year's bills. Mr. Cameron said he would not have enough to keep the fuel charge stable. Mr. Soli noted it seems clear to him Mr. Cameron wants all the \$5.0 million for this. Mr. Soli pointed out the money went in on the basis of dollars and should not go out in kWh rebate.

Mr. Hughes interjected and asked Mr. Soli in keeping with the policies of the Board of Commissioners that Mr. Hughes has not seen anything on the agenda about Mr. Soli making a presentation.

Mr. Soli replied we have an issue and he is discussing the issue.

Mr. Hughes asked Mr. Soli in the future to follow the policies of the Board and call the Chair on Wednesday before the meeting.

Mr. Soli replied he would like to see the policy.

Mr. Hughes will provide Mr. Soli with such information.

Mr. Soli presented data from year to date November 2002. Basically it includes the gross dollars in terms of cents per kWh and taking out fuel it reflects how this impacts the ratepayers. The residential use thirty two percent of the electricity but pay thirty eight percent in dollars. The commercial and industrial use sixty three percent of the electricity but pay fifty six percent of the dollars. Mr. Soli stated you put in fifty six percent and you get out sixty three percent it is a great deal, they get one eighth more for commercial/industrial. Mr. Soli pointed out how it would look if apportion the \$5 million by dollars however, the proposal is to apportion on kWh. The residential lose \$342,000 the commercial gets \$346,000. Mr. Soli was elected by the residents he should look out for them because it is a simple issue of fairness to apportion by kWh. Mr. Soli added this is being viewed on election eve on Reading TV and what we are saying is sorry voters we are going to cut you a refund of almost eighteen percent \$342,000. Sorry voters the commercial and industrial gets 12.3 percent more. Mr. Soli is not against the refund but it is not fair, it is expedient, something done for the sake of expediency often turns out to be wrong.

Mr. Pacino objected to Mr. Solis' grandstanding and representing this to the voters it is totally wrong. Mr. Pacino added the Commission represents the voters and the Commission represents all the ratepayers not just the voters of Reading. Mr. Pacino stressed the Commission represents all the ratepayers in all the districts. Mr. Pacino noted it is the wrong attitude to have when Mr. Soli addressed only the voters of Reading.

Mr. Cameron added he was not involved in this analysis of these figures which Mr. Soli has done a great job compiling. Mr. Cameron stated one of the salient points is the contribution in dollars and percent. The residential pay 7.02 cents a kWh and the commercial/industrial pays 5.15 cents a kWh. No fuel charge included in either class. On a cents per kWh basis it would follow the percentages lead to dollars. Mr. Cameron pointed out the commercial/industrial users are the Department's more economic and efficient customers to serve. The residential customers pay more per kWh than the commercial/industrial customers because they do not use electricity as efficiently.

Mr. Pacino inquired the real numbers in dollars part of those should be the same as those in the kWh?

Mr. Cameron replied yes. The difference between seven and five cents a kWh is about thirty percent. The difference in the residential class based on kWh percentage and dollar percentage is about seven percent.

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

#### **Cost of Service Study**

Mr. Lessard commented they are in the process of returning money back to the customers. He did not think that is what they were talking about in terms of the Rate Stabilization and the Fuel Adjustment. In regards to what Commissioner Soli had said as a residential customer he certainly and every other residential customer of the four communities would like a rebate back. In all fairness to the commercial customer, the commercial customer uses far more kWh than the residential customer, which brings in considerable amount of dollars to the Department and helps keep the rates down for the residential customers. If we ignore the fact the commercial customers should get the same amount of adjustment on kWh then we are doing a disservice to the commercial customers who help keep the rates low for all four communities. If we did not have that we would not be talking about a give back because the rates would be extremely high.

Mr. Herlihy wanted to thank Mr. Soli for his presentation and bringing up this issue. How we give back this surplus is a critical issue and an important issue and is worth spending time talking. It is something that should be examined very closely over the next few months and have an ongoing discussion about this. Mr. Herlihy shares some of Mr. Soli's concerns in terms of fairness of how we do this. Mr. Herlihy has concerns if he were to own a business and is smart and conserves energy, puts in conservation and energy efficiency measures throughout his business does his fair share of the refund or does he get penalized for a company that does not utilize such measures? However, Mr. Herlihy does not think it is fair to the voters or businesses out there due to the events in Iraq or a strike resumes in Venezuela, if energy prices skyrocket why residents or businesses or anybody should have to pay one cent more on their light bill when the Department has more than \$14 million in the Rate Stabilization Fund. The Department is not a bank and it behooves us to give the money back to offset these fuel charges at this time. Mr. Herlihy noted he is not convinced the Commission is heading down a slippery slope. The Commission can revisit this issue, have ongoing discussions, but this is a stopgap measure to deal with extraordinary circumstances.

Mr. Pacino made a motion seconded by Mr. Herlihy that the Commission vote to instruct the Department to transfer \$1.5 million from the Rate Stabilization Fund to the Deferred Fuel Reserve Fund.

**Motion carried by a show of hands 3:1:0. Mr. Soli voted against this motion.**

#### **Nominations for the NEPPA Annual Awards**

Mr. Cameron stated it is pretty self-explanatory. This gets sent to the Department every year. There are different awards that NEPPA gives out at its Annual Conference in August. Mr. Cameron asked the Commission if they had anyone they wanted to nominate to give him a call as you have until June.

Mr. Hughes polled the Commission to see if there were any nominations.

There were no nominations.

Mr. Hughes stated at this time as a Board member he would like to nominate for Commissioner Service Allan Ames. Mr. Hughes noted many times there were personality conflicts but he could import his knowledge and fairness in all situations dealt with.

Mr. Pacino added he, Mr. Ames had been given that award about five or six years ago.

Mr. Herlihy inquired if it goes to a current Commissioner?

Mr. Cameron replied it would be going and could be given to an outgoing Commissioner.

#### **Letter from Camille W. Anthony, Chairman of Reading Board of Selectmen**

**These letters were sent to the Chairman of the Boards of Selectmen of the three Towns the RMLD services. This meeting has been tentatively scheduled for April 10, 2003 at 7:30 p.m.**

Mr. Cameron noted there was a letter from Camille Anthony, which went to the three Boards of Selectmen in the outside Towns. Mr. Cameron added the Town of Reading Selectmen have a desire to get together with the outside Selectmen to discuss RMLD and other issues that have to do with cooperation with the Towns with respect to budgeting purposes and if there are any synergies that can be gained with respect to the budgets as well as fiscal issues.

**Letter from Camille W. Anthony, Chairman of Reading Board of Selectmen**

**These letters were sent to the Chairman of the Boards of Selectmen of the three Towns the RMLD services. This meeting has been tentatively scheduled for April 10, 2003 at 7:30 p.m.**

Mr. Hughes as the Chairman of the Board received this letter in the mail. Camille Anthony had agreed when he became Chairman they would communicate Chairman to Chairperson, the General Manager and the Town Manager. Mr. Hughes inquired if Mr. Cameron was consulted about this prior to it going to press?

Mr. Cameron replied no.

Mr. Hughes stated he was not consulted prior to this going to press. The meeting was already set for the Cost of Service Study he will not be able to comply.

Mr. Cameron noted he would put a letter together for the Chairman's signature that the Commission will not be able to make this meeting.

Mr. Pacino added he is glad the Reading Board of Selectmen is trying to reach out to the other Selectmen. Mr. Pacino noted he was concerned about the path the Board of Selectmen was going down and the damage it could have done. Mr. Pacino is pleased the letter has gone out and they are trying to reach out and work it out and have some sort of meeting with the other towns to try to iron some of these things. Mr. Pacino noted the some fences were mended with the outside towns.

**Next Meeting Dates**

Thursday, April 17

Thursday, April 24

Monday, April 28 Annual Town Meeting

**Mr. Hughes called for a poll of the vote:**

Mr. Soli Aye; Mr. Herlihy Aye; Mr. Hughes Aye; and Mr. Pacino Aye.

**Motion to Adjourn**

At 9:04 p.m. Mr. Pacino 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.

Philip B. Pacino, Secretary  
RMLD Board of Commissioners