

Regular Session
230 Ash Street
Reading, MA 01867
July 9, 2003

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2003 SEP 15 P 12:43

Start Time of Regular Session: 7:32 p.m.
End Time of Regular Session: 10:25 p.m.

Attendees:

Commissioners: Hughes, Pacino, Soli, Herlihy and Ensminger

RMLD Staff: Messrs. Cameron, Blomley, Fournier and Uvanni
Messrs. Butler, Donahoe, Kazanjian
Ms. Antonio and Blomley

CAB: Mr. Norton

Chairman Pacino called the meeting to order at 7:32 p.m.

This meeting of the Reading Municipal Light Department (RMLD) Board of Commissioners July 9, 2003 is being broadcast live at 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.

Minutes

April 17, 2003

Mr. Ensminger made a motion seconded by Mr. Soli to approve the Regular Session minutes with the recommended change.

Motion carried 5:0:0.

Mr. Hughes inquired as to why the meeting minutes of April 17, 2003 are being brought to the Commission now?

Mr. Ensminger replied these minutes were redrafted to insert comments during the presentation portion of the meeting.

Mr. Pacino added these minutes were on a prior RMLD Board of Commissioners meeting agenda and were redrafted based on the request of the Commission.

Report of the Chairman of the Board

General Manager's Agreement Update

Mr. Soli gave a report of progress, which is to be followed with by a motion. The Subcommittee had hoped to have an agreement for tonight's meeting but for reasons he will explain they are not quite there. Mr. Soli noted for a starting point the Subcommittee looked at a number of different agreements not only from municipal Town Managers but also Reading's Town Manager. Mr. Soli noted that they had a starting point after a number of Subcommittee meetings and they thought they were almost there. The Subcommittee met with a labor relation lawyer from Epstein, Becker & Green for final review. They expected at this meeting to only the un dotted "I's" and uncrossed "T's" would be found. But substantial issues were found. One of them was the question of disability. That was an issue not raised in any of the Agreements they had consulted from their starting point. In the contract there are a number of difficult issues however, this is really difficult. What does a municipal light department do or the Town of Reading do if the manager becomes disabled? They do not want to be heartless and throw the person out on the street but you need someone there to run the facility. That was a thorny issue. It was something they thought was nailed down but was not. The Subcommittee's attorney did a terrific job in finding these issues but they have more work to do. Mr. Soli noted this is how they propose to finish. The Subcommittee works to get closure on the remaining issues. When the Subcommittee is satisfied the draft contract and cover letter will be sent to all RMLB and CAB members to get the thirty-day clock rolling. Mr. Soli noted that when we get that out then written comments will come in and be collected by the Subcommittee after the thirty-day period. Then the Subcommittee has a final meeting to draft its report in a final contract to be submitted to the Board. At the next RMLB meeting the Board may act on the Subcommittee report and the proposed contract.

**Report of the Chairman of the Board
General Manager's Agreement Update**

Mr. Soli made a motion seconded by Mr. Hughes that the RMLB directs its General Manager Contract Subcommittee to do the following:

1. To complete its contract drafting as soon as possible.
2. To send the drafted contract and a cover letter to RMLB members and the CAB.
3. After the CAB's 30-day comment period has elapsed, to collect the comments, distribute the proposed contract, and prepare and report for the next RMLB meeting.

Motion carried by a show of hands 5:0:0.

Mr. Hughes is unsure how to phrase this question. Does this motion have to be in agreement with the General Manager?

Mr. Cameron replied the Twenty Year Agreement states that the issues that come before the CAB have to do with rates, accounting issues, budgets and power supply and the fifth is any other issue coming before the Board. That gives the CAB a pretty wide berth of what it looks at. Given the wording in the Twenty Year Agreement it is prudent and it is the most efficient way to get comment on the contract.

Mr. Pacino added he thought on Monday they would just be going in to cross the "T's" and dot the "I's" however, there were more substantive changes. The attorney who reviewed this had handled employment agreements for major CEO's. Mr. Pacino noted they requested more time from the Manager in order to review the changes. Basically, the Subcommittee will go forward get comments from the Board and the CAB, give the CAB the thirty-day review and collect all the information and see if there are changes to be made. There would be full disclosure of the agreement and it will be a public process.

Mr. Ensminger clarified if he is reading the motion correctly the first time this will surface in a full meeting of this Board will be after the thirty-day period, once all comments have been considered by the Subcommittee.

Mr. Pacino replied you would get a copy of the draft.

Mr. Ensminger inquired of Mr. Pacino is there anything he is at liberty to comment on in general terms, general provisions as Mr. Soli raised the issue of disability? Can you do this at this point? Mr. Ensminger would be enlightened if Mr. Pacino could do that.

Mr. Soli replied it is hard. If the lawyer had not been so conscientious he would have said we are ninety nine percent there but they are not quite there because in some cases the contracts they looked at had serious deficiencies. Mr. Soli noted he hopes all the best health in the world for Peter Hechenbleikner but that if he should get some disabling disease his contract does not state what the Town would do and the Town is going to have to scramble.

Mr. Ensminger questioned is there a time certain of employment in the agreement can you comment on that or is it employment at will?

Mr. Soli replied there is a term.

Mr. Pacino added the terms of employment at this point it is difficult to discuss this in depth.

Mr. Soli added if they were at the ninety nine percent then they would be happy. The numbers got kicked back quite far.

Mr. Herlihy noted just for the record he would like to put after "To complete its contract drafting" "as soon as possible." Mr. Herlihy knows the Subcommittee has done a good job and has some important issues to deal with and it is not the kind of thing you want to rush through but it has been awhile. Mr. Herlihy noted people in town have let him know since that Commission decided to appoint the General Manager that the Reading School Committee has hired another Superintendent and has already executed a contract.

Mr. Pacino commented it is a much different situation than the General Manager position.

Mr. Soli added he could only speak for himself and the Subcommittee but he has no problem with this.

Mr. Pacino added as soon as possible will be added to the main motion.

**Report of the Chairman of the Board
General Manager's Agreement Update**

Mr. Hughes added, relating to Mr. Herlihy's comment, people here in town are questioning the contract. Mr. Hughes stated the Board meets on every second and fourth Wednesday and these remarks can be addressed during this time. There is also a liaison, which could voice their opinion.

Selectmen Liaison, Citizen's Advisory Board and Customer Comments

The Chair polled those in attendance. The only comment was from Mr. Norton to add his name to the meeting minutes, which had been addressed earlier in the meeting.

Action Item

Policy 19, Revision #9, Board of Commissioners

Mr. Soli noted there was a handout of the Policy 19, revisions on page three is new items g, h and i. Basically, this is taken from Article 7 of the Town Meeting into this format. Here are the things the Commission approves. That is part one of and change and this follows to the bottom of page three to top of four. On 3.D.3., this is basically tidying up the sentence not anything new. In 3.D.4. it was Mr. Ensminger who pointed out the contradiction in Policy 22 and Policy 19. The contradiction is removed by saying these things are done by the Board as trustees of the Pension Trust in accordance with Policy 22. The contradiction is removed. In Policy 19, in the last year before any changes are made, the public is to be made known so it will be advertised two times in the papers in the service communities. What Mr. Soli is handing out is a copy of the ad he is proposing to run two times. Mr. Soli noted there is a motion that this will be advertised. After the advertising this would be approved.

Mr. Soli made a motion seconded by Mr. Herlihy that the Reading Municipal Light Department Board of Commissioners approve that revisions to RMLD Policy Number 19, Revision #9, Board of Commissioners be advertised in the four local newspapers named in Policy #19 based on the recommendations of the Policy Subcommittee.

Motion carried 5:0:0.

Mr. Cameron added to the motion should read "named" in Policy#19.

The motion was amended per the request of Mr. Soli to add named in Policy#19.

Mr. Herlihy on behalf of the Subcommittee he wanted to thank Mr. Soli and the staff for putting this public notice together. They tried to get as much as they could as in little space so they could spend as little as possible on the ads. Those goals have been accomplished.

**General Manager's Report
Energy New England**

Mr. Cameron stated at the last meeting he told the Commission he would come back with some information concerning Energy New England.

Mark Caplan, ENE Board Member

Mr. Cameron noted one of the Directors that was up for re election, whom the Commission voted not to reelect, was Mark Caplan. His biography is included in the packet..

Reciprocity

Mr. Cameron also spoke about this at the last Board meeting. ENE is contemplating going into the wholesale electricity business. What ENE is trying to do, based on the explanation he received from the CEO of ENE, would be brokering deals between wholesale suppliers and retail entities and they would not be selling on a retail basis. Mr. Cameron noted he was uncomfortable with this whole issue because it could trigger reciprocity (Mr. Cameron explained what reciprocity was in the deregulation laws in 1997 the municipals were exempt from deregulation which meant their service territory was closed to outside suppliers however, it did say in the law if any municipal went outside their service territory to gain customers from a deregulated utility that they would automatically trigger reciprocity which means they would become an open system.) Being a member of ENE and having ENE do something that may be construed by the DTE or some other governmental entity as selling on a retail basis may trigger reciprocity for the members of ENE and that is why he is interested in seeing their detailed plan. Mr. Cameron stated ENE is coming up with a plan and will send it to the Department of Telecommunications and Energy (DTE) and get an opinion of how the DTE would view their actions under their proposed business plan.

Mr. Soli inquired whether the DTE is reluctant to give such an opinion and has ENE indicated how they will proceed if no opinion is issued?

General Manager's Report

Reciprocity

Mr. Cameron replied no and quite frankly he would have a problem with this. MMWEC wanted to do this a few years ago and they wanted to sell to HCOG, Hampden County Council of Governments and they wanted to do the same thing. The municipals banded together and stopped this effort.

General Manager's Report

ENE Financials (Commission to discuss course of action)

Mr. Cameron noted the Commission wanted to see the financial statements, because they did not have 1988 and 1989. Mr. Cameron added there is a letter from Leo Swift to him dated June 18, 2003 in the genesis on the life of ENE. There were two profitable years and three in which they took a loss. Right now the equity in ENE is approximately \$1.6 million, which means the RMLD, has one quarter of this, which would be a little over \$400,000.

Mr. Pacino commented on obtaining legal counsel to ascertain whether the LLC protects the RMLD from losses other than its initial investment.

Mr. Cameron has contacted some legal firms to go to ENE and to ascertain the RMLD is protected from any losses other than their initial \$500,000. That is the first thing that needs to be done. The second thing is Mr. Cameron has a list of questions in letter form, which will be sent out to ENE by the end of this week -- that is information the Commission can use to determine what their future relationship would be with ENE. Mr. Cameron noted that, per the Board's earlier vote, the Department will be out of ENE on January 4, 2004, the official withdrawal date. Mr. Cameron noted the Department could send a letter to rescind the letter up to that point. Mr. Cameron commented as soon as the information comes back we should have a cooperative decision between the Board and himself. If the CAB needs to be involved in this than we need to get them involved quickly.

Mr. Soli inquired of Mr. Cameron, has he seen if there is any interest of the other three founding members to buy our share?

Mr. Cameron replied no he has not spoken to the other three but he will. Mr. Cameron thinks he knows what two of them will say.

Mr. Pacino noted they could discuss this at the NEPPA Conference with the other parties. Mr. Pacino would like to see something by the September meeting.

Mr. Cameron replied it depends on getting the information together to bring to the Commission.

Reimbursement Brookline Pole Knockdown

Mr. Cameron stated this is an answer to Commissioner Soli about an expense on a pole knockdown in Brookline. According to the contract the Department will fix twelve knockdowns a year, which is included in the fixed payment. The Department has had four knockdowns year to date. That cost would be the Department's.

Updated Financials January through March 2003

Mr. Cameron noted at the last Board meeting he mentioned that the Department was approximately one million dollars ahead of budget. Mr. Cameron added that has a lot do with the January sales. The January sales mostly on the residential side were very high because of the cold weather. February was also high, however, in March it began to level off. What Mr. Cameron needs to do is get an idea of how the RMLD stands with respect to the new rates that went into effect in June. Mr. Cameron had just received the revenues for June. The revenues for June, which are soft numbers, are approximately \$600,000 lower than what was projected in the 2003 Operating Budget. The first three weeks in June, were very cool weeks, the last week is when the weather finally kicked in. Mr. Cameron does not have cooling degree-day data to match those numbers. Mr. Cameron noted a more in depth analysis needs to be done. Then Mr. Cameron will update the Six Year Plan. Mr. Cameron will take the cooling degree-day data and match them up to June's weather and July numbers, then add two months worth of the new rate revenue data. Right now because of mostly the weather in January and February, the Department is in good shape.

Mr. Ensminger inquired whether the \$600,000 is not due to the fact the rates were levelized (which lowered 2003 summer rates relative to past years) and was that taken into consideration?

Mr. Cameron replied what he did was to take the net increase of the Operating Budget with the summer and winter differential in it. Mr. Cameron noted what you could adjust for in that budget number is the lower depreciation and some non-power supply savings that may of occurred in June. Mr. Cameron reemphasized they are soft numbers until the Financials are done at the end of this month.

General Manager's Report

Rate Stabilization Fund Update

Mr. Cameron noted he put together an analysis of what he believes is the appropriate level of the Rate Stabilization Fund (RSF). Mr. Cameron added last year the fund was as high as \$14 million. There was a refund to the RMLD customers in November of about \$3 million, which was earmarked to have the RSF lowered. Mr. Cameron noted the Department took a loss in 2002 of approximately \$3.2 million; \$3 million of that money was given back in November. The Department was pretty much on target as far as revenue and expenses for 2002. Mr. Cameron put together four items, which could impact the RMLD from a revenue basis and need to cover with the RSF. Mr. Cameron started with the first item, which would be an economic downturn, which would affect the customers in the service territory. Mr. Cameron pointed out the five largest customers in the service territory the revenue loss would be \$4.5 million. Mr. Cameron noted therefore this should be set aside the \$4.5 million. The RSF is also used to ramp up to get to a cost of service level if you do have revenue shortfall. Mr. Cameron then addressed decommissioning expense. Mr. Cameron added the Department had spoke with MMWEC and gave the Department an estimate of what the decommissioning liability of the RMLD is now until 2025. Mr. Cameron noted the total liability for Millstone and Seabrook is \$3.3 million. Mr. Cameron explained that decommissioning is a sinking fund. Mr. Cameron noted they do studies at certain intervals to update what the cost of decommissioning should be. Mr. Cameron noted the \$3.3 million is a present worth number. It is prudent to have that amount of money because this is a very real liability if something happens to those plants. Those plants are now owned by private concerns other than the municipal entitlements. From what Mr. Cameron understands from decommissioning the owners will make money in decommissioning as much as they will in selling energy. They get paid that money to decommission a plant and they do not lose money. The next item Mr. Cameron addressed was storm damage of half a million dollars. The Department had a storm in March 2001, and it took about a week to get the whole system back and that was probably the worst case. Mr. Cameron noted the Department spent the upwards of \$500,000. Mr. Cameron added contractors were here to assist during this storm. Mr. Cameron hit on the energy costs. The Departments actual energy cost is about 4 cents a kilowatt-hour. The Department had taken \$1.5 million out of the Rate Stabilization Fund in April to stabilize the fuel charge at 3.5 cents a kilowatt-hour until June. Mr. Cameron believes the Department should have \$1.5 million in the Rate Stabilization Fund to stabilize fuel charge. Mr. Cameron noted a couple of years ago the Department had a wild ride with the fuel charge. In June and July 2000, the fuel prices started to go up and they topped out in January or February 2001. The RMLD spent over \$3.0 million in the fuel charge and another \$1.0 million of the Department's money to ramp up the fuel charge during this time. The Department got its money back through the fuel charge and right now the Department has about \$2.2 million in the Deferred Fuel Reserve. Mr. Cameron suggested that if the Department does have another time where the fuel starts to run up based on global events the Department should have \$1.5 million in the Rate Stabilization Fund that the Department can rely on for that. Mr. Cameron noted right now the Rate Stabilization Fund is at \$8.8 million because \$1.5 million was taken out to stabilize the fuel charge from April through June. Mr. Cameron noted he believes the list of items the Department is at risk for \$9.8 to \$10.0 million is the level the Department should have in there. Mr. Cameron noted two more items. The Hazardous Waste cleaning fund is separate from the RSF and is funded at \$500,000. Items such as transformer leaks are charged to this fund. That is based on conversations the Department had with the Commission years ago when the Department moved from Clean Harbors who did our disposal and moved to TransCycle Industries (TCI). The agreement with the Commission is that the Department would take savings it garnered between using Clean Harbors and TCI. The Department has this fund to \$.5 million and caps it at this level. Mr. Cameron reiterated the Rate Stabilization Fund should be about \$10.0 million to round things off. This should be revisited annually.

Mr. Herlihy thanked the General Manager for preparing this. It is good to have some numbers to justify where the Rate Stabilization Fund should be. The numbers got out of control over the last couple of years and we could not justify the numbers. Mr. Herlihy may not agree with every number here but there is a process and logic that follows.

CIBFMS Update

Mr. Cameron noted the CIBFMS project is \$1.5 million in the 2003 Capital Budget. The Department started in 2000 started in January and the Department is six months into the project. Mr. Cameron stated Jim Blomley the Project Manager is giving the presentation.

Mr. Blomley noted the project commenced by stating CIBFMS represents the Department's new Customer Information Billing Financial Management System. The project commenced on January 13, 2003. Mr. Blomley stated there was a work plan, which was approved as well as a schedule all had to agree upon along with the budget items. Mr. Blomley noted the RMLD Implementation Team consists of twelve employees. There also is an RMLD Implementation Support Team consisting of ten employees, Camp Dresser & McKee (RMLD's consultants on this project) has a five-member team and Cogsdale who are the software provider has two employees who work at the RMLD on an alternative basis.

Mr. Blomley then addressed the project budget for 2003, which is \$1,502,000 and is consistent with what is in the Capital Budget. All the numbers will follow except the updated figures. The project cost as of June 13, 2003 is \$375,792 or twenty five percent of the budget. Mr. Blomley did caution however, there are items, which lag approximately \$70,000 worth of Cogsdale software and will not be paid until the end of the project. Also, billing lags from Cogsdale from the implementation phase and the CDM billings, which lag a month. The Department also takes out a 10% retainer on each payment, which which is not paid until the completion of work.

General Manager's Report

CIBFMS Update

Mr. Blomley explained the labor hours for the total project estimate for 2003 is 8,688 hours. The Department has used normal work hours the project would take based on the best information available at that time. Mr. Blomley noted the labor hours as of June 13, 2003 are 4,237 hours and represents forty nine percent of the budget and which is right on target. Mr. Blomley addressed the software and equipment purchased. The Department has two new servers that are up and running as well as new software packages (Accounting, Purchasing, Inventory, Customer Information, Billing, Human Resources). The software that is currently operating is the General Ledger, Purchasing (with the exception of e-requisitions), the Inventory and the two new servers. Mr. Blomley noted the Department is working on the following during June and July: data conversion and testing is ongoing in preparation for the full conversion for training. Mr. Blomley noted the full conversion for training this data is being put together but is scheduled for late August or beginning of September. MIS is working on cleaning up the RMLD data for the transfer to Cogsdale. All of the final data and the clean up of data will be completed by the end of December 2003.

Mr. Soli inquired if they would be running the old system in parallel with the new?

Mr. Blomley replied yes they would be running parallel. Mr. Blomley further added in the schedule to run parallel for three months. Everything is done on a worse case basis. It could be as short as perhaps one month. The MIS Manager states everything is going very well and they do not anticipate parallel testing beyond one month.

Mr. Soli asked the testing would include nasty cases?

Mr. Uvanni replied this would be done on an ongoing basis. MIS would be doing this during the process, as they do not want any surprises in the long term. There are bugs and these are being worked out.

Mr. Blomley noted the balance of the project schedule for August is to implement Project Accounting, Encumbrances, Payroll and the Fixed Assets. In September - E-Requisition and Purchase Orders, November - Customer Information and Billing System, and December the system will be live with parallel testing. Mr. Blomley added this is all based on the fact in January, 2004 the Department will be completely on the new system independent of the old system.

Mr. Soli whether the E in E-Requisition means electronic?

Mr. Blomley replied yes it does.

Mr. Soli inquired how does the Department authenticate this in order to circumvent a break in and ordering of items not deemed appropriate for the Department?

Mr. Blomley responded he is unsure if he is the person to answer this question. However, there is an approval process related to this.

Mr. Cameron added there is an approval process, which this goes through four approvers. As it goes along it has to be approved and the electronic signature come from the computer. Mr. Cameron approves these from his computer. In the approval process there is a description with the account number of everything that is requisitioned. When that is approved you are only approving what is on that electronic requisition. In order for it to be changed it needs to go back. Mr. Cameron noted, as it is approved it goes forward.

Mr. Soli raised the issue in his past work life he worked with what ifs, what comes to mind here if someone orders a yellow hummer and they know when you are gone?

Mr. Cameron replied his e-mail shuts down in five-minute intervals and it requires putting in his e-mail password to activate it again.

Mr. Uvanni added it is a digital signature and routing can be stopped and sent back to the originator.

Mr. Cameron noted the Requisition Process which the Department has now is electronic it is not an integrated system. Mr. Cameron added this is on Lotus Notes it uses your digital signature from your computer. Once it gets to Purchasing they look at the whole thing. Purchasing will not approve the hummer.

Mr. Blomley proceeded to the graph showing the budget estimate of labor hours 4,237.

Mr. Soli inquired asked if these part timers or four people full time referring to the labor hours?

**General Manager's Report
CIBFMS Update**

Mr. Uvanni replied it depends what is required during different phases of the project. There are no hours outside the work hours involved on the project. At one point a group may be dedicating full time, effort such as Accounting is now doing and then it will be Customer Service.

Mr. Cameron replied on a part time basis the employees are performing their jobs as well.

Mr. Blomley noted this was the agreement at the beginning when they signed on, the project time.

Mr. Ensminger inquired do you have a similar type of metric for what is called earned value, in other words the accomplishment of milestones?

Mr. Blomley replied there are milestones but does not have that in the graph.

Mr. Ensminger further inquired are critical tasks on schedule and the hours on schedule?

Mr. Blomley replied up until June, yes. Mr. Blomley noted we slipped a little bit in June however, this will show in July. The Department is off schedule by two weeks. The Department has accounted for that in the overall estimate. The Department will be making up that time in July. Mr. Blomley will provide this information to Mr. Ensminger.

Mr. Blomley explained the overall allocation of costs for the project and the difference is due to a lag in the billings. It is usually a month behind. Mr. Blomley knows right off the top of his head there is a couple hundred thousand dollars, which has not gone through yet. The holdbacks will come at the end of the project along with the Cogsdale software, which will be paid at the end of the project, which was agreed to in the contract.

Mr. Soli wanted further information relative to the labor, data conversion, testing and training.

Mr. Blomley replied there is training in Accounting and Purchasing. Mr. Blomley noted Mark and Bob are behind in the accounting schedule in the transferring of data. Mr. Blomley noted there are questions relative to the labor. For CDM they did a worse case estimate when preparing the budget. The median figure is \$215,000 that was the original estimate and the Department asked for the worst-case scenario. This also holds true for the RMLD labor. The Department has done well to date on the project cost but the numbers are worse case. Everything has gone along extremely well and both Mark and Bob can attest to this. The Department is a little bit behind but those were things we could not anticipate.

Mr. Soli had concerns relative to Cogsdale support.

Mr. Uvanni had noted Cogsdale is currently working on the training side.

Mr. Cameron noted they would come back to the Board in the next three months with an update. This is the biggest project in the Capital Budget.

Mr. Blomley noted he double-checked the numbers and they are on line with the budget.

Update on Article 7 relative to 30B Clarification

Mr. Cameron stated the Commission instructed him to put a letter together to the Attorney General's Office, Bob Ritchie asking for a clarification on the power supply issue on 30B. Mr. Cameron put that together and it is enclosed. Mr. Cameron had a conversation with Mr. Ritchie and the basis of the conversation was Mr. Cameron wanted a letter saying that wholesale power supply could be done by the RMLD outside the limitations of 30B, if Article 7 is adopted by the voters. Mr. Cameron told him the circumstances and how Article 7 was crafted as far as the power supply verbiage. Mr. Ritchie told him he could not give him that but if Mr. Cameron went to his Town Counsel they will give him an explanation. Mr. Cameron told Mr. Ritchie you said it does not conflict with general laws but you want him to go to Town Counsel to get an explanation. It did not make any sense to Mr. Cameron. Mr. Ritchie replied we do not give opinions. It was an amicable conversation but Mr. Cameron does not understand the process. Peter Hechenbleikner then received an e-mail that was sent from Mr. Ritchie to Joan Langston saying that he spoke with Mr. Cameron and he was ill at ease with the language. Peter Hechenbleikner then in turn sent Mr. Cameron a copy of that e-mail. Mr. Cameron in a round about way got what he wanted. Mr. Cameron received an e-mail not a letter.

Mr. Pacino inquired if a vendor is unsure of the 30B?

Mr. Cameron replied they would have to seek clarification probably from the Attorney General's office.

General Manager's Report

Update on Article 7 relative to 30B Clarification

Mr. Pacino added on a bid protest we need to get a general letter. The e-mail is one thing. We could ask for a clarifying revision in the fall from Town Meeting.

Mr. Cameron replied that Peter Hechenbleikner noted they could change the language in the fall. Mr. Cameron added he would like to get back to running the utility. The Article 4, which then became Article 7, took a lot of time. Mr. Cameron is unsure of what to add as far as verbiage.

Mr. Soli pointed out in the late night draft changes to Article 7 at Town Meeting the language was not well written. Mr. Soli noted Mr. Ritchie even says the language is not elegant or well written. Mr. Soli suggested you could inform Town Meeting you want them to change this language.

Mr. Cameron suggested keeping this subject for the next meeting. Mr. Cameron is not adverse to it but it took up a lot of time and the Department spent some money on this issue.

Mr. Ensminger volunteered to the Chairman to be the ombudsman between the Light Board and the Town Manager / Town Meeting on this issue.

Mr. Pacino is concerned about the 30B. We want to be clear on a bid protest. If we lost we want to defend it and have the language to support it.

Letter from Town Manager and Town Accountant relative to Chapter 164 Section 56C

Mr. Cameron noted the letter is in reference to Chapter 164 Section 56C any contracts for more than \$5,000 with a vendor needs to be kept on file with the Town Auditor, which is the Town Accountant. Mr. Cameron had contacted the Town of Reading prior to Town Meeting and they stated they did not have any room for more paper up at Town Hall. In the Town Meeting, CAB member Fred Van Magness brought up this issue and Peter said he was unaware of this issue. Mr. Cameron stated the Department had contacted people at Town Hall and they said they had enough paper. The next day Mr. Cameron sent up copies of all the contracts on file. Mr. Cameron noted he and Peter talked about this and there is no room for this at Town Hall. Mr. Cameron added he said to Peter the law does not say in a specific place it just have to stay on file with the Town Auditor. Mr. Cameron offered to keep these contracts on file at the RMLD and it can be part of the Auditor's file down here. Mr. Cameron stated they sent everything back with a letter. Mr. Cameron noted the contracts are here and open to public access if anyone is interested.

RMLD Bonding Repayment

Mr. Cameron stated Mr. Herlihy inquired on the status of the bonds outstanding. Mr. Cameron added there are approximately \$4.2 million that is outstanding in General Obligation Bonds through the Town of Reading. Mr. Cameron commented when the Department bonds through the Town of Reading it is a General Obligation Bond. The Department pays as we go along. The Department pays its portion of the principal and interest. Mr. Cameron noted the Department cannot pay off this bond early.

Mr. Herlihy added he found out there is literally nothing they can do to pay this off earlier. It is too bad because the Town is looking to increase both its bond ceiling and the length of time it bonds. They would have to get special permission to do that and part of the weight on this is the RMLD's bonds, which are legitimate as they were for the North Reading substation. Mr. Herlihy noted the interest rates are at a forty-year historic low as well as rates for bonds and mortgage rates. Mr. Herlihy hopes the next time the Department bonds with the Town it can take advantage of low interest rates.

Mr. Cameron noted that in the Six Year Plan (2003 through 2007) it appears the Department does not have to do any bonding through the Town. Mr. Cameron does not mean if something crucial comes up if something comes up with substations that the Department will not bond. Mr. Cameron added the Department has half a million dollars in the Rate Stabilization Fund to cover storms. The Department is trying to insulate itself.

FINCOM Presentation

Mr. Cameron noted he, Messrs. Pacino and Hughes met with the FINCOM. Mr. Cameron made a presentation to the of FINCOM on the RMLD's budget. The FINCOM had a lot of questions concerning the RMLD's town payment and the Rate Stabilization Fund. Mr. Cameron added they had questions as to how much money the RMLD had paid the Town. Since 1983, the RMLD has paid over \$30 million to the Town of Reading in lieu of tax payments. Mr. Cameron sent this to Reading as well as other information requested. The presentation lasted for one hour and it was detailed enough so they could understand the budget process we went through.

General Manager's Report

Allan Ames nomination for the Commissioner Service Award

Mr. Cameron updated the Commission by stating that NEPPA has voted and it would like to present the Commissioner Service Award to Allan Ames at the NEPPA Conference. According to a previous Board meeting it was agreed Mr. Ames will come down one night and stay at the hotel. Mr. Cameron added Mr. Ames would attend the meeting for one day. Mr. Cameron does not believe he will incur any NEPPA expenses as an attendee however, the Department may have to pay for the reception \$100 and his mileage.

Lynch, Brewer, Hoffman and Fine, LLP Update

Mr. Pacino requested this be put on the agenda. This is a legal case that will also be discussed in Executive Session.

Mr. Cameron added Lynch, Brewer, Hoffman and Fine is the law firm that is representing the ex General Manager. Mr. Cameron noted this law firm represented the ex General Manager on certain issues that may of not have been covered under his indemnification clause. Mr. Cameron explained, the Department has not paid the charges that Lynch, Brewer, Hoffman and Fine sent to the Department. It has turned into a legal action. In the courts they brought suit against the RMLD. The RMLD's attorneys subsequently asked for a summary judgment. The judge looked at the case could not give summary judgment because there were issues that were not clear enough to make a summary judgment therefore he ruled this case should go on. It will be discussed in Executive Session.

General Manager's Report

Lynch, Brewer, Hoffman and Fine, LLP Update

Mr. Pacino noted the ex General Manager had his legal counsel address items under Section 8 of his contract, Indemnification, not all of which are covered.

Mr. Hughes inquired which court is this in?

Mr. Cameron answered Woburn District Court.

Possible Increase in Natural Gas

Mr. Pacino had requested that this item be put on the agenda, as there has been a lot of information on the possible increase in the natural gas prices.

Mr. Cameron noted he receives the updates on a daily basis. Mr. Cameron added the union that delivers natural gas into Boston Harbor might have a job action going on. It could affect the supply and delivery of natural gas into the Boston areas, which means there could be a possible increase in the price of natural gas.

Mr. Pacino was concerned about the storage issue. Mr. Pacino added with lower storage levels there might be higher prices.

Mr. Cameron replied that storage issue has been there for a while. When there was cold weather in January into February and the storage levels were down. With the higher prices the exploration or opening of new wells should have occurred but it has not. Mr. Cameron noted the possible increase in natural gas price if the job action occurs. Mr. Cameron pointed out that half of the Department's power supply is fixed prices and insulates us quite a bit. Mr. Cameron then stated asked what is left is nuclear plants and the energy charge for the nuclear plants is very low and it is not affected by natural gas and has not moved in years. What is left is Stonybrook, which in the summer is forty-one megawatts and it is probably about thirty percent of the power supply.

Mr. Pacino noted there is no need to take any action.

Mr. Cameron stated the Department looks at the fuel charge and natural gas all the time and continues to monitor it.

Mr. Hughes noted this has been in the newspaper relative to Chelsea creek. Will people absorb the cost of the homeland security incurred by the City of Boston for their services provided to the L&G boats?

Mr. Cameron replied he is unsure where they put those costs as far as security.

Mr. Ensminger pointed out some of this is covered by homeland security.

Mr. Cameron added the Department is always looking at the oil and natural gas prices.

**General Manager's Report
May Financials**

Mr. Cameron added the Board did get a copy of the May financials and they can go through them.

Mr. Soli commented they look very good at the bottom line.

Mr. Cameron replied there are no surprises. Mr. Cameron is going to be interested in the next meeting and the June financials, which is the first month of the new rates. Also, this would be the quarterly update when June is in.

Mr. Fournier noted the Department is ahead on all fronts, the cash position is strong and there are no surprises.

Board Discussion

Mr. Hughes pointed out the reorganization of the Reading Board of Selectmen. The person who is the representative should be more visible in attending.

Mr. Pacino replied it is up to the individual.

Mr. Hughes commented they only attended three or four times.

Mr. Pacino expressed the fact that Mr. Cummings has attended the Board meetings more than any other liaisons.

Mr. Ensminger noted the Board of Selectmen tries to keep continuity in that role because this is fairly technical knowledge an individual needs.

Mr. Ensminger inquired what is the role of the Board in the Department's new reorganization?

Mr. Cameron replied the reorganization is an operational issue. It will be brought to the Board when it is completed.

Board Discussion

Mr. Ensminger inquired is there a timetable?

Mr. Cameron replied he is hoping to have this soon. The professional union was voted in last week. Mr. Cameron was waiting until that occurred until he could get a better feel for how the union would fit into the reorganization. Mr. Cameron is hoping to have some postings up this week for positions. They are managerial positions in four departments directly reporting to him.

Mr. Hughes inquired about the postings how will this be handled?

Mr. Cameron replied they would be put up on the bulletin board.

Mr. Hughes then asked people in that capacity would they have to reapply?

Mr. Cameron replied it might come down to the point where people may be appointed into those positions. There are people he has in mind he would appoint to those positions. Mr. Cameron added there would be positions that may be posted. Mr. Cameron reserves the right to change his mind.

Mr. Ensminger asked Mr. Cameron to enlighten the Commission where the Accounting Manager would stand in the reorganization?

Mr. Cameron replied the Accounting Manager would be in the Business Division.

Mr. Ensminger then inquired not a direct report to you anymore?

Mr. Cameron replied he heard someone else has this concern. If Article 7 gets voted the Accounting Manager is going to be a direct report to the Board, which is immaterial. In the past the Accounting Manager was a direct report to the Business Manager. Whether the Accounting Manager reports directly to the General Manager, the Business Manager he does not see that as an impediment as getting beyond what happened in the past. If Article 7 is voted in then the Accounting Manager would report directly to the Board.

Mr. Ensminger sought clarification there is still a clear dotted line in the responsibility of staff.

Board Discussion

Mr. Cameron agreed the day-to-day direction would come from the General Manager if that were what Article 7 states. Mr. Cameron added right now he does not give daily direction on a daily basis, he just does not get into the detail of the function that much. Mr. Cameron makes sure the financials are done on a timely basis; closings are done for cash and the pension as well as the payables. Mr. Cameron does not see getting into a lot of detail with the Accounting Manager in the future. Mr. Cameron looks at the financials and separate accounts. Mr. Cameron has a question being raised as to why the Accounting Manager is not directly reporting to the General Manager? Mr. Cameron noted he looks at it to what happened in the past and he does not see that as a panacea, it does not solve all the problems of the past.

Mr. Cameron stated what needs to happen is vigilance by the Accounting Manager, the Business Manager, the General Manager and the Board. It is a cooperative effort. It would be one more person reporting to the General Manager. The Business Managers' responsibility should be the direction of the Accounting Manager.

Mr. Ensminger inquired there is the issue of the Business Manager being one more layer away from the General Manager?

Mr. Cameron replied yes. This is however, a matter of vigilance.

Mr. Herlihy asked about the computer system update the presentation was excellent. Was this done because it was half year report?

Mr. Cameron replied yes.

Mr. Herlihy inquired if future updates would come monthly or quarterly?

Mr. Cameron replied the Department is in the data conversion portion of this and it is a pivotal milestone in doing a project like this. A six-month update is prudent. Once the data conversion is completed there is a better picture of how the project will proceed. Mr. Cameron then stated the next step will be the heavy training after all the data is in there. Mr. Cameron noted in another three months the Department will come back to the Board.

Mr. Herlihy suggested a quarterly update as the numbers show real promise. The other two points Mr. Herlihy has is the state budget and would like to talk about it at the next meeting. Mr. Herlihy pointed out they voted on a policy earlier in the Policy Subcommittee. There should be a policy voted on every meeting, as many policies are needed to be updated.

Next Meeting Dates

Wednesday, August 6, 2003

NEPPA Conference, August 17 to 20 Groton, CT has been posted.

Mr. Ensminger raised an issue relative to the posting of this meeting and it is a two-edge sword. When you post a meeting it must be for a time and place certain of the meeting. Mr. Ensminger inquired how would that be structured for the three days at the NEPPA Conference? The open meeting law language says chance or social meetings are exempted from the need to post. Mr. Ensminger is simply throwing this out and you may want to consider not posting it due to the logistics of the minutes.

Mr. Cameron replied it has been longstanding practice to post this. Mr. Cameron added when you have a quorum of Board members at a meeting where the meeting content is related to the operations of the municipal light department electric plants then it could be a meeting. Mr. Cameron explained there would be decisions made. There would be any discussion that would lead up to a decision being made. Mr. Cameron pointed out a chance meeting is when three Board members end up in the same isle in the Atlantic.

Mr. Ensminger commented in the Section B4, Open Meeting Law, the Law does not apply to any "chance" or "social" meetings of a governmental body or members of the body at which matters relating to official business are discussed, so long as no final decision on such business is reached. The Law specifically states that chance or social meetings are not to be used to circumvent the letter or spirit of the Law by treating them as occasions to discuss or act on matters within the governmental body's jurisdiction, control or advisory power. Mr. Ensminger noted if you post it you have to go all the way with the minutes.

Mr. Cameron stated that if there is a chance because everyone knows they are going to be there two months prior to it. Mr. Cameron a social meeting then perhaps the Department should not be in attendance. You are going to this meeting to gain information.

Mr. Ensminger agreed.

Next Meeting Dates

NEPPA Conference, August 17 to 20 Groton, CT has been posted.

Mr. Cameron does not see this any different from a quorum of Board members going to the same class. They are going to be there. It is not social. Mr. Cameron noted it the lesser of the two evils to post the meeting as we do and as far as minutes go you could say in a broad sense we attended this meeting and this what happened. Mr. Cameron noted it is not clear in the law.

Mr. Ensminger agrees social is a stretch.

Mr. Herlihy added it is one of the policies that you attend a conference, which he has never done, you have to give a report. Perhaps this report could satisfy the meeting minutes requirement.

Mr. Pacino added perhaps it is overkill to post, however; it is better to post.

Mr. Hughes interjected by stating it has been traditional that this will be discussed at the next Board meeting after the NEPPA Conference. This has been recorded into the minutes.

Executive Session

At 9:20 p.m. Mr. Ensminger made a motion seconded by Mr. Hughes to enter Executive Session to discuss strategy with respect to litigation, and return to Regular Session for the sole purpose of adjournment.

Mr. Pacino called for a poll of the vote:

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

Motion carried by show of hands. Motion carried 5:0:0.

Motion to Adjourn

At 10:25 p.m. Mr. Soli made a motion seconded by Mr. Herlihy to adjourn the Regular Session.

Motion carried by show of hands. Motion carried 5:0:0.

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

Daniel A. Ensminger, Secretary
RMLD Board of Commissioners