

Reading Municipal Light Board of Commissioners

Regular Session

230 Ash Street

Reading, MA 01867

October 16, 2003

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Start Time of Regular Session: 7:32 p.m.

End Time of Regular Session: 7:55 p.m.

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Attendees:

Commissioners: Hughes, Pacino, Soli, and Ensminger

RMLD Staff: Mr. Cameron

CAB: Mr. Lessard

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

This meeting of the Reading Municipal Light Department (RMLD) Board of Commissioners October 16, 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

September 11, 2003

Mr. Ensminger made a motion seconded by Mr. Hughes to approve the Regular Session minutes of September 11, 2003 with the recommended change noted by Commissioner Hughes.

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

Report of the Chairman of the Board

Update on General Manager's Agreement

Mr. Pacino updated the Commission by stating they are still working on the General Manager's Agreement. Mr. Pacino added there are a couple of items that need to be ironed at the present time. This will be brought back at a future meeting.

Action Items

One Time Credit To All Current Electricity Customers

On October 15, 2003, the Citizen's Advisory Board (CAB) met to discuss this.

Mr. Cameron noted in the 2003 Operating Budget there was an item for a \$3 million dollar refund distributed to the RMLD customers. It was intended that the refund would be credited back to the customers in the same manner as it was in 2002. Given the fact it is October, the Department has not executed the refund to date. Mr. Cameron added the Board did previously approve the Operating Budget but wants to ensure the \$3 million or whatever amount the Board chose to credit back the Board is comfortable with the amount. The Citizen's Advisory Board approved the \$3 million last evening.

Mr. Lessard pointed out at the Citizen's Advisory Board meeting last night they agreed on the refund. Mr. Lessard stated the Commission has a recommendation on this, and the Citizen's Advisory Board recommends unanimously that \$3 million dollars be taken from the Operating Fund to give a one time refund to the ratepayers.

Mr. Ensminger added the Rate Subcommittee met before this meeting and unanimously recommended that this be passed. Mr. Ensminger made a motion seconded by Mr. Hughes that the RMLD Board of Commissioners accept the motion as presented at the Citizen's Advisory Board meeting of October 15, 2003 that the sum of three million dollars shall be used to provide a one-time credit to all electricity customer who are current customers and customer's credit shall be in proportion to the total amount paid by that customer for non fuel electricity service during the previous twelve calendar months (1 August 2002 through 31 July 2003) based on the recommendation of the Reading Municipal Light Board of Commissioners Rate Subcommittee.

Motion carried 4:0:0.

Action Items

One Time Credit To All Current Electricity Customers

On October 15, 2003, the Citizen's Advisory Board (CAB) met to discuss this.

Mr. Pacino inquired how this impacts the average customer, what are they going to receive?

Mr. Cameron replied the average customer may receive approximately twenty-five dollars based on the last refund.

Mr. Ensminger made a motion seconded by Mr. Soli that the RMLB set the amount of \$6.5 million dollars for the Rate Stabilization Fund target level, with this level to be achieved by 30 June 2004. Mr. Soli made a motion seconded by Mr. Ensminger to table this motion pursuant to action by the CAB.

Motion carried 4:0:0.

Mr. Cameron added this lowers the safety net referring to the Rate Stabilization Fund. Mr. Cameron made a presentation to the Board earlier this year and it reflected close to \$10 million dollars should be in the Rate Stabilization Fund but that included \$1.5 million for Fuel. Mr. Cameron noted the \$1.5 million for Fuel was transferred in April. Mr. Cameron noted that but he can work with this but it may cause the Department to be run more tightly.

Presentation

RMLD Early Retirement Incentive Program

Mr. Cameron added this Act gave municipal officials options on how to run the municipalities with the intent of saving money. Section 115 of this Act, is the section dealing with the Early Retirement Incentive (ERI). The essence of the ERI is that it will offer municipal employees (not teachers) five years on age or creditable years of municipal service. Mr. Cameron pointed out the way the law reads the option for the Early Retirement Incentive could be offered by the Department. Mr. Cameron added what the Board has in its package is an analysis based on creditable years of service. Mr. Cameron hired Stone Consulting to perform an actuarial study for each individual employee who was eligible for retirement and to provide Mr. Cameron with the findings. Larry Stone delivered the figures on what the cost would be on the Early Retirement Incentive for each employee Mr. Cameron added in the existing salary of each position and the replacement salary. Mr. Cameron performed a present value of the difference of the two, using escalation factors, which are appropriate for a ten-year period. What the end result was that neither Group 1 nor Group 4 showed any savings by offering this five-year Early Retirement Incentive. Mr. Cameron thought it is important to perform this analysis and not just say, "there is no savings". There is only one employee that would not be replaced. The way the RMLD is staffed is at a correct level. The Group 4 employees have a huge cost associated with it. The Group 4 employee replacement salary cost is very close or at the level of the existing salary. Mr. Cameron added in the Group 4 position you need a skilled person at the same level performing these jobs with respect to Line Department. The recommendation is not to offer the Early Retirement Incentive Program to Group 1 or Group 4. Mr. Cameron added it was money well spent with Larry Stone because you need to let the employees know that you are looking at these options. It is not fair to the employees to say the Department is not offering this without the proper analysis.

Mr. Pacino added he would like the Board to go on record asking for the Town Meeting Article relative to this is indefinitely postponed. It would be appropriate at this point.

Mr. Cameron suggested sending this motion to the Selectmen so the Department is on record and requesting the Town Meeting Article will be indefinitely postponed.

Mr. Hughes would like to compliment the Department and the General Manager for the wise decision to hire Stone. It prevents the Department and the Board from being criticized as to what the decision would be.

Mr. Ensminger made a motion seconded by Mr. Hughes that the Reading Municipal Light Department Board of Commissioners does not support adoption of the Early Retirement Incentive program for the Department and further recommends that the Article at Town Meeting be indefinitely postponed.

Motion carried 4:0:0.

Board Discussion

Mr. Pacino noted there were no Board discussion items.

Next Meeting Dates
RMLD Board of Commissioners Meeting
Wednesday, November 5, 2003

Mr. Cameron then addressed the 2004 Capital Budget. It is a letter from Roger Lessard, Chairman, Citizens' Advisory Board that the CAB recommend to the RMLD Board of Commissioners the acceptance of the 2004 Capital Budget Draft 2. Any additional changes are to be submitted to the CAB for review and recommendation. The motion was approved at October 15, 2003, unanimously.

Discussion ensued on when the next CAB meeting dates would be. Mr. Lessard added the CAB will meet in Lynnfield next Wednesday, October 22 and hopefully this will be the last meeting on the budgets.

Mr. Hughes pointed he and Chairman Pacino, as members of the Operating and Capital Budget Subcommittee, will meet prior to the next Board meeting on the budgets.

Mr. Ensminger added he attended the CAB meeting last evening and they went through the entire budget. Mr. Ensminger added Mr. Fournier will be following up on some outstanding items.

On another matter, Mr. Cameron added he has copies of the original Twenty Year Agreement Extension documents with the required signatures.

Motion to Adjourn

At 7:55 p.m. Mr. Hughes made a motion seconded by Mr. Ensminger to adjourn the Regular Session.

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

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