

T. Clark ✓

Reading Municipal Light Board of Commissioners
Regular Session
230 Ash Street
Reading, MA 01867
January 28, 2004

RECEIVED
TOWN CLERK
READING, MASS.

2004 MAR 24 A 9:47

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

Attendees:

Commissioners: Hughes, Pacino, Soli, Herlihy* and Ensminger

RMLD Staff: Messrs. Cameron, Blomley and Fournier

CAB: Mr. Van Magness

Chairman Pacino called the meeting to order at 7:35 p.m.

***Mr. Herlihy arrived at 7:45 p.m.**

This meeting of the Reading Municipal Light Department (RMLD) Board of Commissioners January 28, 2004 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

November 5, 2003

Mr. Ensminger made a motion seconded by Mr. Hughes to approve the Regular Session meeting minutes of November 5, 2003 with changes presented by Mr. Soli on page thirteen of the minutes to remove the dollar signs and delete one "I" on mil.

Motion carried by a show of hands 4:0:0. Mr. Herlihy was not present for the vote.

November 12, 2003

Mr. Ensminger made a motion seconded by Mr. Hughes to approve the Regular Session meeting minutes of November 12, 2003 as presented.

Motion carried by a show of hands 4:0:0. Mr. Herlihy was not present for the vote.

December 3, 2003

Mr. Ensminger made a motion seconded by Mr. Hughes to approve the Regular Session meeting minutes of December 3, 2003 with changes presented by Mr. Soli on page four change "asked if" replace "added".

Motion carried by a show of hands 4:0:0. Mr. Herlihy was not present for the vote.

Mr. Soli would like on future minutes that the margins adjusted for the odd and even pages.

Mr. Hughes exercised point of personal privilege to remind all those who would be speaking to speak directly into the microphone. Mr. Hughes has received complaints that at some points in the meetings the individuals speaking are inaudible.

Report of the Chairman of the Board

Update on General Manager's Agreement

Mr. Pacino noted that everything has been signed to date. Mr. Pacino added he has a letter from the Town of Reading in which the Subcommittee needs to meet with the General Manager to resolve differences in the General Manager Agreement.

Mr. Ensminger inquired if this has been recommended to Town Counsel by the Town to obtain a formal decision on this issue from the Town?

Mr. Pacino replied he does not think they have discussed it.

Mr. Ensminger noted that if this is going to be raised as an issue by the Town then he would like to hear from Town Counsel that it is indeed an issue or is it not.

Mr. Hughes asked in discussion with his colleague, Mr. Ensminger, with respect to the General Manager's Agreement, was Town Counsel involved in any of the verbiage?

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

Mr. Ensminger replied no, but he is not sure what Mr. Hughes' point is.

Mr. Hughes added Town Counsel was not involved.

Mr. Ensminger pointed out it was the Town that raised the issue. Mr. Ensminger wanted to make sure that the Town's allegation is factually and legally correct.

Mr. Pacino noted it is not an allegation, it is a difference. Mr. Pacino added the Town is saying there is a section in the state law that does not allow for a portion of the contract.

Mr. Ensminger added what he considers to be an informal legal interpretation by a knowledgeable town official, nonetheless is not a legal opinion.

Update on Election Town of Reading

Mr. Pacino added he and Mr. Hughes are running for reelection. Mr. Pacino pointed out they are running unopposed.

Mr. Hughes stated he did receive a confirmation letter from the Town Clerk that his name will appear on the ballot.

Mr. Pacino has also received the same letter. Mr. Pacino added that Matt Cummings is not running for reelection to the Board of Selectmen. Mr. Pacino pointed out that Mr. Cummings did serve on the Ad Hoc Committee related to the Town Meeting Article. Mr. Pacino noted the Town Meeting Article has not received much publicity of late, but he hopes that everyone votes, for the Town Meeting Article, which includes the Ad Hoc Committee recommendations. Mr. Pacino fully supports it and urges people to vote "yes" on that Article when it comes up in the election. Mr. Pacino wants to thank Mr. Cummings for his input and the Ad Hoc Committee as well as his time and effort. Mr. Pacino has not always agreed with Mr. Cummings, but this is America we can all disagree.

Mr. Hughes would like to add to Mr. Pacino's comments; this is another facet of volunteer town government. Mr. Hughes wanted to give "kudos" to Mr. Cummings for persevering. Mr. Hughes also mentioned all the other folks as well as the Board.

Mr. Pacino commented there are things that still need to be implemented, and he would like to see this to the end.

Manpower Reporting Motion

Chairman Pacino received a letter dated January 21, 2004 from Roger Lessard, CAB Chairman

Mr. Pacino noted he received a letter from the CAB in terms of the manpower reporting.

Mr. Hughes made a motion seconded by Mr. Ensminger to move that the RMLD Board of Commissioners request that the Department include at a minimum a quarterly breakdown of actual manpower vs. budget.

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

Mr. Cameron added this was discussed at the CAB meeting and he does not have any problem with this. It is going to be a relatively easy thing to do. The Department can include this in its reports to the Board and the CAB. Mr. Cameron believes this was done in the past.

Mr. Soli had a question. This form is short. If he were still working he would ask a ton of questions about it. Do we have an understanding of the breakout and how many pages it is?

Mr. Cameron replied it could probably be done on one page. Mr. Cameron added different departments are classified into cost centers per the budget. It can also be broken out in five designations, the three unions (LMS, CT, and Professional Management), the non-union (Senior Management) and a designation for Contractors. It is not a problem to put that together.

Mr. Soli clarified to Mr. Cameron there would be five breakouts.

Mr. Cameron replied five breakouts per quarter per department.

Mr. Soli questioned, is the CAB is aware of this so that we have the same expectation?

**Report of the Chairman of the Board
Empower Reporting Motion**

Chairman Pacino received a letter dated January 21, 2004 from Roger Lessard, CAB Chairman

Mr. Cameron added the CAB came up with the form.

Mr. Hughes was the representative of the RMLB at that CAB meeting addressing both letters sent to the Chair of the RMLD. They were thoroughly discussed and fine-tuned. It was agreed upon by both parties, the CAB and the General Manager.

Mr. Ensminger had a question for Mr. Fournier via the Chair. Will this result in additional significant staff work?

Mr. Fournier replied since there is not much turnover at the RMLD. Once it is set up it will be easy to maintain.

Mr. Van Magness added the CAB did provide the format; it is not in your briefing book.

Expanded Monthly Financials Documents Motion

Chairman Pacino received a letter dated January 21, 2004 from Roger Lessard, CAB Chairman

Mr. Cameron noted the Department has the ability with the new system to provide monthly actuals versus budget in department detail level. There was some discussion at the CAB meeting last week. Mr. Cameron's concern is when this information comes out and if there are any questions, they come directly to him and not any employees, which violates Policy 19. The other item is Mr. Cameron does not want this included in the Monthly Financials. This would be separate from the Monthly Financials either electronically or in paper form. Mr. Cameron noted, in trying to cut down on paper, electronically would be better. Any comments or questions on the budget should come back via Mr. Cameron. Mr. Cameron will have the answers on the line items.

Mr. Van Magness added the CAB felt this type of format would enhance the ability to analyze and understand some of the Financial Statements because it coincides with the method and level of detail in the annual budget reviews. Mr. Van Magness noted it would be a big help. Whether it is in the monthly package is up to the Board to decide. The point of the matter is to have the information. Mr. Van Magness pointed out there was some discussion at the CAB meeting that there is really a need now that the new system is in place. The Board may want to look at all the data in the Monthly Financial package and examine it to determine whether it is still relevant, viable or needs to be enhanced. Mr. Van Magness commented it would be helpful to have this information without creating extra work for the Department.

Mr. Soli added, just to amplify, it would be one page only with the categories shown by each month.

Mr. Cameron pointed out it will be more than just one page because it takes into consideration the Business Division. It will be more than one page.

Mr. Soli asked Mr. Cameron how many pages?

Mr. Cameron replied five or six pages. Mr. Cameron added you will have the Business Division, Energy Services, Engineering, General Manager's and Manager of Projects. Mr. Cameron pointed out the object is to cut down on paper; if possible, taking this electronically will help.

Mr. Hughes made a motion seconded by Mr. Ensminger that the RMLD Board of Commissioners instruct the Department take action to implement monthly actuals in the recommended format (see attached) at the summary level separate and apart from the Monthly Financial package.

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

Selectmen Liaison, Citizens' Advisory Board and Customer Comments

Mr. Van Magness noted something that is not part of the agenda but did come up at the CAB meeting. They are still waiting on action from the Board on the release of Executive Session minutes before the CAB can release their minutes. Mr. Van Magness added this is an action item which is still pending. Mr. Van Magness commented the CAB are unsure as far as the timing to release them.

Mr. Pacino inquired up to what point have RMLD Executive Minutes been released. He believes it is through the end of 2002?

Ms. Foti replied as part of the release of the Executive Session meeting minutes, they have to be posted on the web. Ms. Foti pointed out other employees took such minutes and she needs to retype some of these as she only has a hard copy on file. Ms. Foti noted they have to be released to Town Hall as well.

Directmen Liaison, Citizens' Advisory Board and Customer Comments

Van Magness commented the Department needs to let the CAB Chairman know up to what point has been released and what the plan is for anything else so the CAB can march accordingly.

Mr. Hughes did not want to overshadow the other speakers because some of those items were still in litigation and could not be released. That also caused a delay.

Mr. Van Magness pointed out some of the Executive Session meeting minutes in a large majority of the cases go back many years. Mr. Van Magness added it is simply a housekeeping issue that has not been cleaned up by this Board and the CAB.

Mr. Soli added it is a production issue. The Board has voted, as Ms. Foti noted it is a production issue to get them out.

Mr. Van Magness noted it needs to be clarified, up to what point the Board has taken action, to what specific dates.

Mr. Pacino replied the Board has gone through December 2002. Mr. Pacino added there is one case outstanding.

Mr. Ensminger added there were some editorial changes that needed to be made.

Mr. Van Magness pointed out you cannot make any changes on minutes, which have been voted and approved.

Mr. Pacino noted at the time of the release and approval there was allowable for some grammar changes in the motion.

Mr. Van Magness commented he is not a lawyer but does not understand how any changes can be made to minutes already approved and voted upon. Mr. Van Magness asked could it be assumed any minutes through December 31, 2002 have been released?

Mr. Pacino replied yes.

Van Magness pointed out on another matter not on the agenda. One of the trade publications they received about some new technology about Internet access through power lines. The technology is being demonstrated. It is interesting that the General Manager and Mr. Hughes will be attending such a seminar while attending the APPA Legislative Rally.

Mr. Pacino requested that this technology be explained, what it purported to do and why Messrs. Cameron and Hughes are viewing this technology.

Mr. Cameron added on Wednesday at the end of the Legislative Rally, in Manassas Virginia the electric public utility has been working with APPA trying to successfully get broadband through power lines (BPL). Mr. Cameron noted there would be a presentation and demonstration on this and they will be attending this. Mr. Cameron commented he and Mr. Hughes will go down there and see what goes on with this particular endeavor. Mr. Cameron pointed out electricity is taken from high voltage levels and brought down to a service usage level. Mr. Cameron is unsure how a broadband signal can survive transformation of that great magnitude. Mr. Cameron added after attending this seminar they will have the information to make a decision on this.

Mr. Ensminger commented, from what he has read on the subject, it requires bridging or wiring on transformers to make this work. Mr. Ensminger is hoping they can pick up a sense of the cost to do this on a per transformer basis. It is an exciting concept if it can work.

Mr. Cameron added Tom Mottl has contacted him and Mr. Soli over the last year. Mr. Cameron noted Mr. Mottl has worked in the telecommunications field and they are exploring to see if Reading can get into the build out of a broadband system. Right now it is 30,000-foot level. Mr. Cameron did receive an e-mail this week from Mr. Mottl with information from a presentation he had attended with people from Wellesley. Mr. Cameron told Mr. Mottl he would forward for him the information from Manassas.

Mr. Hughes added a ratepayer called him and he has expertise in this area and will contact the General Manager. Mr. Hughes commented it is generating interest.

Ensminger noted it is important that this be approached very soberly as a new business venture. Mr. Ensminger pointed out the Board needs to do its homework.

Selectmen Liaison, Citizens' Advisory Board and Customer Comments

Mr. Soli added Mr. Mottl is a member of Town Ad Hoc Technology Committee and has been looking into these areas at length for sometime. Mr. Soli noted Mr. Mottl most recently made a report to Selectperson Anthony and he passed this information onto himself and Mr. Cameron. Mr. Soli suggested to Mr. Hughes to have the person who called him contact Mr. Mottl.

Action Items

500 MCM High Voltage Copper Power Cable

Mr. Cameron noted, the Department needs to buy this cable because the area in North Reading in front of the Fire and Police Station near the North Reading Common, on Route 62 is being rebuilt. The Town of North Reading obtained a Public Works Economic Development (PWED) Grant and the Town is going to pay the Department to put electric cable underground. There will be no overhead in that area in which telephone and cable will follow suit.

Mr. Pacino asked are they going to pay the labor?

Mr. Cameron replied yes.

Mr. Ensminger had a related question is any of that similar work being done on Walkers Brook Drive? There was a PWED Grant.

Mr. Cameron replied no. The Department is getting paid for the work on Walker's Brook Drive however; the Department is not going to put any equipment underground. Right now, any of the work the Department has to do is basically completed, which was the movement of poles.

Mr. Hughes added on the description on the item, which is going to be bought, who is the manufacturer and read Hendrix Wire & Cable Corp?

Mr. Cameron added Hendrix is the type of cable. It is fine to add Wire & Cable Corp.

Mr. Soli inquired about the 15,000 feet. It is not extending over three miles. Do you need more than one conductor?

Mr. Cameron replied it is three phase.

Mr. Soli commented so it is about a mile.

Mr. Van Magness added there are three questions he has; first the quantity of cable that is being bought. Is that the full-anticipated annual procurement of that cable by the RMLD for the twelve-month period?

Mr. Cameron replied he does not believe the Capital Budget calls for any other underground projects fiber or copper.

Mr. Van Magness's second question is why eighteen companies were solicited with a mail package on this and there are only seven who responded with bids. Does the Department ever go back to the bidders who do not submit a bid and ask why they do not submit a bid?

Mr. Cameron replied the Department does not. Mr. Cameron added it is a matter of prerogative as they probably have bid in the past. The Department does not normally go back and check why no bid.

Mr. Van Magness' other question is there any plan in the new management with Purchasing attempting to submit a major bid of cable or purchases as amalgamated purchases with other municipals? This would enable the Department to get volume buys by going out with a large volume and try to get price leverage?

Mr. Cameron replied NEPPA did this in the past, but it stopped due to disagreement over specifications. Mr. Cameron pointed out especially with transformers that this was an issue. Mr. Cameron commented as far as seeking a volume bid the Department has not done this.

tion Items

J MCM High Voltage Copper Power Cable

Mr. Van Magness pointed out what he was thinking in terms as a proactive approach maybe the Department could consider a high level Purchasing Manager's symposium where the Department gets together with eight or ten of the Purchasing Managers of other municipalities and sit down with a list of the items the RMLD buys and is there a way we can buy these together at a specific in time so it is the benefit of the ratepayer. Mr. Van Magness commented perhaps something may come out of that or may be not.

Mr. Van Magness also questioned the effectiveness of advertising the bid in *The Reading Chronicle*. *The Reading Chronicle* would not get to a circulation to parties interested in bidding on 500 MCM High Voltage cable. Such a circulation does not tickle anybody that is even mildly connected with the industry.

Mr. Cameron added the Department is required to do this by law.

Mr. Van Magness asked if the Department is relying on this as the sole source?

Mr. Blomley commented the Department puts its bid on the RMLD web site, Bid Net, and agency such as those. Mr. Blomley pointed out they also do not incur any additional cost to the Department. Mr. Blomley noted the advertising in other papers is very costly.

Mr. Cameron agreed with Mr. Blomley on the advertising expense.

Mr. Van Magness commented as long as there is a legal requirement and *The Reading Chronicle* is the vehicle and the Department is using other trade methodology electronically or whatever and it is not costing a lot of money that is fine.

Mr. Cameron added the Department uses the Central Register and The Dodge Report. The Department follows 30B.

Mr. Blomley is not sure if it is all four papers but will get back to him on this.

Mr. Soli pointed out to Mr. Van Magness the bid specs were mailed to eighteen vendors.

Mr. Van Magness replied he did point this out earlier in the discussion. Mr. Van Magness' concern is how come only seven responded. The Department should go back to find out why eleven did not respond and are bids going out to companies that cannot provide the product or are the specifications too tight? Is there a more generic type of cable out there?

Mr. Cameron replied the Department could find that out and get back to you.

Mr. Van Magness added this is how you maintain a robust process of procurement and bidding.

Mr. Cameron did point out however that all bidders do get the information because last year the Department did get into a situation with the Line Construction bid where the Department had to re-bid. Mr. Cameron pointed out it costs money to put out a bid.

Mr. Herlihy questioned what were the criteria for throwing out the lowest bid? Mr. Herlihy added the lowest bid was rejected.

Mr. Cameron replied Ace Wire & Cable did not provide specifications to data sheets and any bid bond.

Mr. Ensminger made a motion seconded by Mr. Hughes that bid 2003-18 for 500 MCM High Voltage Copper Power Cable be awarded to Arthur J. Hurley Co. for a total cost of \$52,976.40 as the lowest qualified bidder on the recommendation of the General Manager.

<u>Item</u>	<u>Qty</u>	<u>Manufacturer</u>	<u>Net Cost</u>
1	15,720'	Hendrix Cable Wire & Cable Corp.	\$52,976.40

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

The cable ordered under this bid is for use on the North Reading Common Undergrounding PWED project. Costs for this cable will be reimbursed by the PWED grant on installation prior to June 2004.

tion Items

Solid Dielectric Switchgear

Mr. Cameron noted this is related to the same North Reading Common PWED Grant project. Mr. Cameron commented the switchgear is necessary given the underground cable that is going to put underground. The Department has a spare unit, which will be charged to inventory.

Mr. Hughes asked to define a "no bid" received from Arthur Hurley Company?

Mr. Cameron replied they responded and were not going to bid.

Mr. Ensminger made a motion seconded by Mr. Hughes that bid 2003-19 for Solid Dielectric Switchgear be awarded to Graybar Electric Company for a total cost of \$87,489.00 as the lowest qualified bidder on the recommendation of the General Manager.

<u>Item</u>	<u>Qty</u>	<u>Manufacturer</u>	<u>Net Cost</u>
1	1	G&W Electric	19,163.00
2	2	G&W Electric	68,326.00

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

The North Reading Common PWED Grant project will be charged with \$53,326 of the total amount. The remaining \$34,163 for the spare unit will be charged to inventory.

General Manager's Report

November Financials

Mr. Fournier gave a synopsis of the Financials ending November 30.

Mr. Fournier first addressed page 3A the Budget Variance Report which compares actual versus budget, year to date. Mr. Fournier noted for the first eleven months base revenues are down about \$5.5 million, which is once again a reflection of the levelized rates in June. Mr. Fournier commented the big event in November was the \$3 million rate refund two years in a row in which the RMLD has issued such a refund. Mr. Fournier pointed out the RMLD has returned back to the ratepayers including the Purchase Power Adjustment and the Rate Refund approximately \$6.6 million, which is almost the same as last year. Mr. Fournier commented over the last two years \$13.3 million has been returned to the ratepayers. Mr. Fournier noted Purchase Power Base Expense is pretty close to budget.

Mr. Fournier noted the Operating expenses are under budget by \$600,000. Professional Services is under budget by \$200,000, Self Insurer Retainer, which was, not used \$250,000 and Sick Leave Buy Back and Pension Contribution were not made until December. The Maintenance Expenses are over budget by \$400,000 due to the mix of work capital work being lower than anticipated and Hazardous Waste incidents. Mr. Fournier commented on the Outside Streetlights. He finally got all the Stock Sheets in due to the problems with the VAX going down this year. Financials are showing Outside Streetlights will probably breakeven. The Audit for 2003 will begin February 9 with Melanson & Heath.

Mr. Hughes asked about the \$18,000 allocated for insurance.

Mr. Fournier replied because the deductible is so high the Department put some money into the Operating Budget in the event some catastrophic event happens. Mr. Fournier noted those funds are set aside for that incident only.

Mr. Hughes asked Mr. Fournier if the Department had a catastrophic incident?

Mr. Fournier replied the Department did not spend this money in 2003.

Mr. Van Magness added it is an interesting point because the CAB had discussed this extensively while reviewing the budgets for fiscal year 2004 on that one item. From Mr. Van Magness' perspective that should not be a budgeted item because it does distort the financials and the proof is already here in another year of distortion of Financials by having the large self-insurance retainer in the budget.

General Manager's Report
November Financials

Mr. Van Magness noted the history does not support it. The CAB in its vote recommended a slightly lower number of \$150,000. When you look at the fiscal 2004 results you will see that this is a favorable variance. The Board does need to look longer and more careful at setting a budget particularly when the fiscal year budgeting includes that self-insurance retainer. Mr. Van Magness inquired when will the results for calendar year 2003 be available for the full year?

Mr. Fournier responded that Melanson & Heath will be at the Department the week of February 9. There also has been talk about the RMLD trying to get its Annual Report done in time for Town Meeting in April. Mr. Fournier has spoken to Melanson & Heath and, depending on when the printer is going to need the information, they think they may be able to accommodate this request. The RMLD will be getting audited numbers from Melanson & Heath in early March.

Mr. Van Magness questioned, why the Department needs to wait for the audited numbers?

Mr. Pacino inquired as well why not release the unaudited numbers?

Mr. Fournier replied he could give preliminary numbers.

Mr. Van Magness pointed out the Department could note they are unaudited.

Mr. Fournier, inquired, if a full set is desirable or simply a P&L?

Mr. Pacino replied a full set.

Mr. Van Magness added they could be marked unaudited for the year.

Ensminger inquired what is the specific date for the unaudited?

Mr. Fournier replied there is no specific date.

Mr. Pacino added you have to have these ready for the auditors so why not go with February 9.

Mr. Fournier replied that date is fine.

Mr. Hughes added the name Melanson & Heath triggered a little flash back. Who were the previous auditors?

Mr. Fournier replied Nelson, Adam & Dickson.

Mr. Hughes inquired if this was put out to bid?

Mr. Cameron replied the Department went out to bid with the Town.

Mr. Pacino added it is the Town Audit Committee that is directing this audit.

Mr. Hughes pointed out he does not remember this being discussed by the Board or any Subcommittees.

Mr. Pacino noted under the Ad Hoc Committee recommendations that the annual audit be done under the direction of the Town Audit Committee. The Department is following this direction.

Mr. Ensminger added this was voted as a separate article by Town Meeting.

Soli inquired on page 3A on the bottom line on the variance does the Department have a guess on what that might be at year-end?

Mr. Cameron does not think it is going to be any lower than \$1.6 million.

Mr. Soli inquired as to what approximate amount?

General Manager's Report
November Financials

Mr. Cameron replied upwards of \$2 million. Mr. Cameron added there are adjustments for inventory and other things, which occur in December.

Mr. Van Magness noted that when the Department has not made the eight percent money has been transferred out of reserve funds to make that up. It really distorts the value of the Rate Stabilization Fund. Mr. Van Magness pointed out there has been discussion of reducing the Rate Stabilization Fund down to \$6.5 million but right now the Cash Account has a large amount.

Mr. Cameron commented that there would be a large adjustment in December for \$3.0 million for the refund in November. It will affect the balance of the Operating Fund at the end of the year.

Mr. Van Magness noted in the past when the Department has not made the eight percent there have been some transfers made.

Mr. Fournier replied the Department transfers from the Rate Stabilization Fund to the Operating Fund to meet the eight percent.

Mr. Van Magness inquired if there is a need to make that transfer? Is it a legal requirement to make this transfer?

Mr. Fournier replied it is per Board vote.

Mr. Cameron noted it is not a legal requirement.

Mr. Van Magness commented the Board needs to think about whether it needs to be transferred from Rate Stabilization to the Operating Fund. The Operating Fund in the past years has carried a very high balance.

Mr. Cameron reiterated in December you will see a lower balance. The balance will be at a level where it has been in the past. Mr. Cameron noted the Department has \$4.0 to \$5.0 million insurance requirements a monthly and it will be at that level in December.

Public Utility Mutual Insurance Company (PUMIC) First Policyholder Dividend

Mr. Cameron noted the RMLD will receive a dividend in the amount of \$18,314. Mr. Cameron added the Department has good performance on its insurance with PUMIC this year and received the dividend.

Mr. Herlihy inquired where does the dividend go?

Mr. Cameron replied it would go against the Insurance Expense.

Mr. Fournier added it will stay in the current year, as it is a current year expenditure.

Update Cost of Service Study (COSS)

Mr. Cameron noted this was discussed at the CAB meeting. Mr. Cameron is hoping the final draft will be available soon as the Department had discussions with Vermont Energy Ventures this week. Mr. Cameron added he and the Energy Services staff consisting of Ms. Parenteau and Mr. Seldon have reviewed the rates. Mr. Cameron noted they have looked at the Executive Summary and made comments to that. They will also provide individual write-ups on the rates. The COSS can go to both the Board and the CAB. The CAB has to get the report for the thirty-day clock to start. Then the Board and the CAB will have a joint meeting. Mr. Cameron noted the day of that meeting Vermont Energy Ventures would be at the RMLD in the afternoon to participate in a joint Subcommittee meeting. Mr. Cameron believes the Rate Subcommittee members are Messrs. Soli and Ensminger. Mr. Cameron hopes that questions would be addressed at this meeting before the Regular Board meeting. Mr. Cameron would like the Subcommittee meeting to take place in the afternoon. Mr. Cameron reminded the Board it is a thirty-day review period for the CAB. If a follow up meeting is required so be it. Any time the Department can lower the rates it is help for the customer. This particular report (referring to the Cost of Service Study) is going to suggest rate changes. Both the Board and the CAB need to look at those suggested rate changes.

Discussion then turned to viable dates for the Rate Subcommittee meeting date and time. Mr. Cameron added the Subcommittee meeting is a publicly posted meeting, which would not preclude anyone's attendance.

General Manager's Report
Update Cost of Service Study (COSS)

Mr. Van Magness commented on the discussion that went on tonight that there maybe some changes in the rates. Mr. Van Magness added Mr. Cameron has seen a draft version of the report; the question is that draft can be circulated in advance to the members of both Boards so they can formulate some thoughts on this.

Mr. Cameron replied that the go live date for the new computer system is March 1. The Department is not going to be ready to put these new rates into the system on March 1 nor does the Department have to. This rate change involves more of a change in the rates than a decrease. There is a decrease however it is minimal. Mr. Cameron would like to make sure as early as possible he has agreement on the rates so he can take the rates and work with Cogsdale to get them in place.

Mr. Van Magness commented the point he was trying to make is the Department knows rates but the Boards may not be conversant in all these rates or what the overall strategy is. There has been no presentation in terms of strategy, parameters of where or where not these things may go having an advance preliminary draft just something to think about and would be helpful. Once the clock starts ticking there is an expectation that people can absorb comment and question then decide on a process that has been ongoing for the last eight to tenth months in the Cost of Service Study. Yet the CAB will only have a thirty-day window by its architecture to comment and write a recommendation to the RMLB. If there is not a draft or something ninety eight percent there that they can look at then so be it.

Mr. Cameron added there would be an Executive Summary and a write up on each on the rates. When the Department gets the final draft from Vermont Energy Ventures it will be turned around relatively quickly. Mr. Cameron noted what he is hearing is Mr. Van Magness wants the report earlier than the thirty day period or contemplate an extension.

Mr. Van Magness commented he does not contemplate an extension because there is no provision for an extension. Mr. Van Magness added they had gone through this extension period when dealing with the Ad Hoc Committee. Mr. Van Magness is looking at trying to get as much information in advance so his thought process can be somewhat close to where the Department is. Mr. Van Magness asked of Mr. Cameron are there changes to the rates coming he does not know. Does it mean they are going up or down by cents or mills in the rate? On the other hand it could also mean there are different types of rates for industrial and commercial. It might be specialized rates. Mr. Van Magness does not know where the study is going.

Mr. Cameron gave a quick synopsis of this, two things that are going to change. Mr. Cameron commented one there is a school rate. The schools in the Department's service territories were put into a homogenous class and a rate was developed. The second thing the Department did was to take the commercial rate and commercial customers that do not reach a demand of 10 KW would not get billed a demand charge but would get billed a higher energy charge. Ratepayers with 10 KW or above would pay a demand charge and a lower energy charge. Those are the changes. They are not radical if you have performed cost of service. The reason the Department has done this is there is a request to have a school rate looked at.

Mr. Ensminger inquired request by whom?

Mr. Cameron replied he does not have a list. One person that was interested in the school rate is Mr. Herlihy however there are others. Mr. Cameron added as far as the commercial rate change, the Department did have a similar rate in the late eighties where commercial customers who had a demand under 10 KW paid a different rate. The Department abolished this rate. The customers who are small tend to have low load factors and whose demands occur at different times of the day. The Department looked at the load factor and came up with something different. It is not to say it is not cost of service, it is cost of service. To impose a demand charge on those customers is something that was probably not fair to those customers. The residential customers do not pay a demand charge. The smaller commercial customer has usage that looks similar to residential use.

Mr. Van Magness has heard from business owners that have business locations in the RMLD's service territory as well outside the service territory and their cost of electricity is higher here and he assumes it is due to the demand charge. Mr. Van Magness added the school rate is something that will be debatable because the question will be what is the burden to shift of cost. Mr. Van Magness assumes the Department or Vermont Energy Ventures will have all that information available.

Mr. Cameron replied it is not cost shifting. Mr. Cameron has looked at the data. Mr. Cameron explained that when you take a homogenous group out of a bigger group and you do a rate just for them it is cost of service. If it is lower it is lower, if it is higher then it is higher. There is no cost shifting or cross subsidization in this study.

General Manager's Report

Description on Outage, Friday, January 23, 2004

Mr. Cameron noted that Mr. Herlihy asked him to do a quick synopsis on the infamous squirrel outage last Friday. Mr. Cameron has the two newspaper articles on this outage. Mr. Cameron can furnish the trouble reports, which proves the Department does indeed have a number of rodent related outages. Mr. Cameron added trees and rodents account for a large portion of the Department's outages. Mr. Cameron noted on Salem Street there was an outage at a switch where the squirrel contacted the live part of the switch grounded area, which creates a huge explosion. The switch was damaged and taken down. The Department found out an underarm switch on corner of Main Street and Washington Street was destroyed so when they tried to put the circuit back we found there was a fault and had to replace that switch. All three underarm switches were replaced. For the most part everyone was out an hour. Everybody but about one hundred fifty customers were back on then. Mr. Cameron noted the Department saw this internally as well due to lights flickering.

Mr. Enslinger inquired to the total number of customers affected?

Mr. Cameron replied he approximates five hundred to seven hundred fifty customers. Mr. Cameron added it affected commercials on Walkers Brook Drive, and residential customers on Charles Street to Haverhill Street and the Senior Center. The Department transferred that area to the North Reading substation.

Mr. Herlihy inquired if individuals could lose power twice?

Mr. Cameron replied yes. Mr. Cameron explained in order to isolate the switch the Department had to take customers out again to repair the switch and put them on again. In order to isolate the switch it was necessary to take a portion of that feeder out again. That is not uncommon when there is an area outage that you find out what the problem is, and in order to fix it you might take the people out again.

Mr. Herlihy is concerned about the Walker's Brook Drive development will the Department be able to throw the switch and route it to North Reading?

Mr. Cameron explained the feeder would come off of Eaton Street from Station One. Mr. Cameron noted the feed from the Department couldn't come off Walkers Brook Drive. It has to come in through the back way due to the cap that is put on the Reading Business Park will not allow the Department to run considerable distance of underground because there is not enough clearance underground. Mr. Cameron explained the Department does have back up feeders to all its feeders so if there is a feeder outage that feeder can be switched. The problem is when you have a feeder outage you have to patrol it to find out what the problem is.

Board Discussion

Rate Comparisons, January, 2004

Mr. Cameron added not much different from the previous months. Mr. Cameron noted the Department is below NSTAR, Wakefield, and above Middleton and Peabody, by about 15%, which mostly has to do with the fuel charge. The Commercial Rate is only above Middleton by 7.5%. The Time of Use Industrial is above Middleton 11%. Mr. Cameron pointed out the fuel charge for February is going to be lowered to 4¢ from 4.25¢. The Department has some favorable financial results with respect to generators the Department owns and did not have to use during the cold period and this power was sold into NEPOOL at good prices. Hopefully, the Department can hold the fuel charge at 4¢ in the near future.

Mr. Enslinger had another item he wanted to discuss under Board Discussion. Mr. Enslinger pointed out the first year of the General Manager's Agreement is drawing to a close and it is time for the Performance Review. Is this an issue that will be going back to the General Manager Subcommittee or will another committee be formed for Performance Evaluations?

Mr. Pacino replied the General Manager's Agreement committee would handle this.

Mr. Enslinger suggested the Subcommittee draft a sample of the Performance Review for comment by the full Board.

Mr. Van Magness inquired on West Street, at the Inwood Park Development, if that would be served by the RMLD? Mr. Van Magness added at last night's Reading Board of Selectmen's meeting that the property is under new agreement and there is the potential for over five hundred residential units.

Board Discussion

Mr. Cameron replied he is aware of this. Mr. Cameron added given the fact it is residential the Department has options. Mr. Cameron noted one option is NSTAR could treat the RMLD as a fringe customer or they could serve them somehow across Route 93. Mr. Cameron noted Inwood was originally planned as a commercial development years ago and the Department was going to serve them. Mr. Cameron noted it was easier because there would be primary metering in Reading. Mr. Cameron noted you cannot do primary metering with residential.

Mr. Van Magness noted at the meeting they were talking about four story apartment type buildings with forty to fifty units. Mr. Van Magness is unsure how it will play out and it is for informational purposes he is bringing this up.

Mr. Cameron noted the Department does have fringe customer arrangements with Massachusetts Electric.

Mr. Soli inquired if this would be a good profit item?

Mr. Cameron replied the Department would not lose money. Given the amount of load and the minimal construction.

Mr. Hughes pointed out recent Public Relations events. Mr. Hughes added that he and Mr. Cameron will be attending the APPA Legislative Rally in Washington, DC and a Broadband through Powerline presentation in Manassas, Virginia. If anyone has questions or items to be discussed they should bring them to Mr. Cameron.

Mr. Hughes added the Public Relations Subcommittee had a very intense meeting at the RMLD 13 January. Mr. Hughes noted Messrs. Herlihy, Cameron and himself, Ms. O'Neil, Gottwald and Mailett, attended it. The purpose of the meeting was to discuss the 2003 Annual Report. At Commissioner Herlihy's suggestion, the RMLD Board would like to have input on the content of the Report. GM Vinnie Cameron, the PR Department and Elaine O'Neil, who writes the text, are in agreement that Board input is welcomed and needed. Mr. Herlihy and Subcommittee Chairman Hughes would like to see the report at midpoint in the production process and then to see the draft before final changes are made. Commissioner Hughes will report on today's meeting at the next board meeting where he will seek other Board members' comments about any input they desire to put into the Town Report.

All attendees agreed they would like to see the 2003 Annual Report ready for Town Meeting in April. This meeting attracts a large audience and the Report is widely read by Town Meeting members and interested voters. If ENE Financials are timely this year, it may be possible to have the Report ready for this spring meeting. Mr. Cameron reported that RMLD's new auditor, Melanson & Heath, is already looking at the 2003 Financials.

The Commissioners and Vinnie Cameron suggest a low-key design and print job, focusing on fiscal conservation. Commissioner Herlihy would like to feature new construction jobs such as the Reading Business Park and potentially include field photos of RMLD crews at work along with the pictures of the stage coaches used as back drops year ago.

Mr. Cameron discussed the success RMLD has had in the competitive market and how RMLD has met the challenges of deregulation. The GM would like to see the text concentrate on lowered rates, the elimination of seasonal rates, and refunds to customers and purchase power adjustments.

In addition to Mr. Cameron's suggestions, Subcommittee Board members would like the content to reflect effective new management and new construction highlights.

A letter from the General Manager (with signature) or frequently asked questions (FAQ's) was suggested to introduce the Report. Mr. Herlihy suggested comparing school rates from 2002 to 2003 showing the savings in highlighted boxes or other attention-grabbing text. Subcommittee Recommendation: Elaine O'Neill will begin to gather information and plan to have 2003 Annual Report ready for April, pending Financials. At midpoint, we will call a PR Subcommittee meeting to present text completed and look for input about design with the designer. Meeting was adjourned at 5:45 p.m.

Mr. Ensminger inquired if there was any mention of what the Commissioners are doing as a Board?

Hughes replied yes.

Mr. Ensminger suggested doing a letter from Messrs. Cameron and Pacino for the Annual Report reflective of some of the Board's accomplishments.

Board Discussion

Mr. Hughes mentioned the T-Shirt contest awards ceremony held at the RMLD. Messrs. Pacino and Herlihy were also present. Mr. Hughes noted it was well organized by Public Relations, the General Manager and Human Resources. Mr. Hughes added attendees commented on Public Power Week and the Halloween party held at the RMLD.

Mr. Pacino inquired if there were any RMLD calendars in stock?

Mr. Cameron replied that if anyone wants a calendar get them soon as there are not many left. Mr. Cameron noted the Cost of Service is what is on the radar screen. There is a janitorial bid, which can wait.

Mr. Soli inquired whether janitorial workers in the building are locked in?

Mr. Cameron replied no.

Mr. Soli asked does the Department somehow ensure they get proper wages, and is it part of the contract?

Mr. Blomley replied these workers are not under the prevailing wage rate.

Mr. Pacino believed they are unionized.

Mr. Blomley replied the current service is not unionized. Some of the bids received were union. Mr. Blomley added the Commonwealth does not govern the condition of the wages.

Mr. Soli inquired does the RMLD have to certify proper wages?

Mr. Blomley replied not under the prevailing wages. The Department contacted the state and prevailing wages does not apply to janitorial services.

Mr. Van Magness is unsure what access they have in relation to the entire facility. What type of precautions does the Department use to ensure they pass proper security and background checks? The contractors hire such employees and there are some items, which require some protection classification.

Mr. Cameron replied employees have keys to their desks.

Mr. Van Magness clarified the facility, the computer room.

Mr. Cameron replied the computer room is locked and they have no access. The SCADA is always protected in the station because there is always an employee on duty. Mr. Cameron noted computers are password protected.

Mr. Van Magness only addressed this as to concerns within the country.

Mr. Cameron added there are cameras in the building with monitors in the station.

Mr. Herlihy commented he would like information on the bid wondering if the company was hiring illegals and not doing the right thing by these employees. Mr. Herlihy wants to ensure this will not be an issue with whom the Department selects and so they will be properly documented workers.

Mr. Blomley responded they have to submit I9's for their employees. Mr. Blomley added as far as the selected firm the Department does reference checks. These are the conditions of the bid.

Mr. Herlihy noted there is discussion of broadband access. Mr. Herlihy wants to ensure the lines of communication are open with the Town Cable Advisory Board.

Mr. Herlihy had a conversation and there was an industrial park meeting with a representative from Massachusetts Electric and if you have a customer service problem you are talking to upstate New York. Mr. Herlihy noted if there is a problem on our system the call is received here.