

**Reading Municipal Light Board of Commissioners**

**Regular Session**

**230 Ash Street  
Reading, MA 01867  
November 5, 2003**

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**Start Time of Regular Session: 7:40 p.m.  
End Time of Regular Session: 10:30 p.m.**

**Attendees:**

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

**RMLD Staff: Messrs. Cameron, Blomley and Fournier  
Ms. Antonio**

**CAB: Mr. Norton**

**Liaison: Mr. O'Leary**

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

This meeting of the Reading Municipal Light Department (RMLD) Board of Commissioners November 5, 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**

**October 1, 2003**

Mr. Ensminger made a motion seconded by Mr. Hughes to approve the Regular Session minutes of October 1, 2003 with the recommended changes noted by Mr. Soli.

**Motion carried 5:0:0.**

**Report of the Chairman of the Board**

**Update on General Manager's Agreement**

Mr. Pacino noted the General Manager Subcommittee is still working on the General Manager's Agreement. Mr. Pacino pointed out in the last month resources have been diverted to such issues as budgets and the reorganization. There are some ideas they are working on with the General Manager at the present time. Hopefully, they will have this back to the Board in December to wrap this up.

Mr. Soli added as a fellow Subcommittee member he would like to remind the Board that the end of the fiscal year fast approaches and this has been ongoing for a long time.

Mr. Hughes pointed out that the Operating Budget would be approved at the next Board meeting. Mr. Hughes hopes that the General Manager can have a working agreement and give it a priority for the first meeting in December.

Mr. Ensminger asked of Mr. Pacino if there were any scheduled meetings for the Subcommittee at this point?

Mr. Pacino replied he did not have any meetings posted at this point, however, he anticipates posting this. Mr. Pacino will inform Mr. Ensminger of a meeting date.

On another matter, Mr. Pacino noted Mr. Herlihy, himself and Mr. Cameron attended the Reading Board of Selectmen's meeting in which Mr. Van Magness gave a quarterly update. Mr. Pacino added Mr. Van Magness did forward a copy of his presentation to him prior to making this presentation and solicited comments beforehand.

### **Selectmen Liaison, Citizens' Advisory Board and Customer Comments**

Mr. Norton noted he wanted to make one comment regarding the overall performance during the budget deliberations. Mr. Norton added everything went very well. The CAB overall was extremely pleased with Bob Fournier, Jim Blomley, Mark Uvanni, Vinnie Cameron and the respective employees that help put the budget together. Everything was smooth, any questions the CAB were answered right there or at the next CAB meeting. It has been one of the smoothest Capital Budget presentations they have had. Mr. Norton wanted to compliment the RMLD employees and the General Manager on both the Capital and Operating Budget.

Mr. Cameron thanked Mr. Norton but wanted to add Paul Carson who answered the construction and engineering questions. Mr. Cameron added the team did a good job and thanked the CAB for the timeliness of their questions.

Mr. Pacino commented he went to the CAB final meeting on the Operating Budget and the discussion was very interesting.

Mr. Hughes added as a matter of personal privilege as we approach 11 November this week Veteran's Day he would like to pay homage and respect to the military folks who are defending this great country as we sit here this evening. They should be remembered for the stakes and risks they are taking for us. Mr. Hughes pointed out it was brought to his attention by a fellow colleague on the Board of an article in *The New York Times* which is frustrating. This article points out there are over 50,000 American GI's in foreign soil that lack proper equipment but they expect to get to them by the first of the year. It is imperative upon us to take this into consideration and address correspondence to representatives viewing your dissatisfaction. Peace be with them.

### **Action Items**

#### **Indemnification of General Manager**

**The General Manager is indemnified through November 21, 2003.**

Mr. Pacino stated the indemnification of the General Manager runs out November 21 and we are looking for an extension perhaps of one month on this.

Mr. Hughes replied this is doable for a month pending the General Manager's Agreement.

Mr. Ensminger wanted to change the wording on the motion a little bit for clarification purposes.

Mr. Ensminger made a motion seconded by Mr. Hughes that the Reading Municipal Light Board vote to indemnify Vincent F. Cameron, Jr., for all costs, to a limit of one million dollars per occurrence including, but not limited to, all attorney fees and expenses, judgments or damage awards, settlements or compromises incurred as a result of any claim, suit or action under any theory of law that may be brought against Mr. Cameron as a result of Mr. Cameron exercising responsibilities as General Manager effective February 7, 2003 through February 29, 2004, to expire upon the earlier date of February 29, 2004 or the execution of the General Manager's Agreement, which responsibilities include, but are not limited to, serving as the General Manager according to Massachusetts General Laws Chapter 164, Section 56.

**Motion carried 5:0:0.**

Mr. Soli added this is what we have been doing all along and if we had the General Manager's Agreement we would not have to do this.

### **2004 Capital Budget Draft 2**

Mr. Hughes noted at the Citizens' Advisory Board (CAB) meeting on 15 October 2003 the 2004 Capital Budget Draft 1 was approved. The motion read MOVE 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. Motion carried 4:0:0. Mr. Hughes added the Operating and Capital Budget Subcommittee met prior to the Board meeting this evening. Mr. Hughes noted Bob Fournier, the newly appointed Business Manager, did a very good presentation as well as Mr. Cameron. It was well discussed and well explained. The Subcommittee members consisting of Messrs. Hughes and Pacino recommend that the 2004 Capital Budget Draft 2, be approved this evening.

Mr. Fournier gave a short presentation to the Board.

## Action Items

### 2004 Capital Budget Draft 2

Mr. Fournier noted items that were highlighted were as follows: the 2004 Capital Budget is under \$5 million at \$4.962 million of which \$400,000 is being allowed for Forced Accounts (what the Department is reimbursed for from the state for construction) so the amount of money that is for in the RMLD's Capital Fund is \$4.5 million. There are changes from Draft 1 that were reflected in Draft 2 and have been accepted by the CAB and the Board.

Mr. Fournier pointed out the Capital Budget at \$4.9 million for 2004 the Department will also have over \$1.0 million in unexpended 2003 Capital Funds to start the 2004 fiscal year.

Mr. Pacino polled the Commission for questions.

Mr. Herlihy added onto what his colleague Mr. Norton said. Mr. Herlihy wanted to thank the CAB for their efforts. Mr. Herlihy was at the CAB meeting when the Capital Budget was reviewed and it was an exhaustive review. Mr. Herlihy commented that the CAB came up with a lot of good suggestions. It is a good Capital Budget as it enhances system reliability and improves customer service. It assures that what we have continues to operate well. This Capital Budget stays close to home and improves our system reliability. Mr. Herlihy wanted to add to what Mr. Soli said at the Subcommittee meeting and that he is concerned about how much the Department spends on environmental clean up issues and there should be more spent on the prevention side. It is an area where an ounce of prevention will save us a whole lot of cure on the other side. Mr. Herlihy intends to fully support this Capital Budget.

Mr. Hughes added the Capital Budget deadline has been pushed and crunched to sometime in January or February but due to the intercommunication between the Boards and the Department, we are well ahead of schedule getting this approved. Mr. Hughes commented it's hats off to all the intercommunications between all the Boards and Towns providing the necessary information for us.

Mr. Ensminger commented ditto to Mr. Hughes' comments. Mr. Ensminger however, had a question. This is a great drill down look at a single year's Capital Budget. Is the Department moving toward at least some sort of skeletal five or ten year look ahead for Capital Expenses that would fit on a single spreadsheet for planning purposes?

Mr. Cameron replied the Department puts together a five year Capital Plan that is found on the second page of the Six Year Plan that is in the front of the Operating Budget.

Mr. Ensminger said he did see this and liked this.

Mr. Hughes made a motion seconded by Mr. Soli that the RMLD Board of Commissioners approve the 2004 Capital Budget Draft 2 based on the recommendations of the RMLD Board of Commissioners Operating and Capital Budget Subcommittee and the Citizens' Advisory Board (CAB).

**Motion carried 5:0:0.**

### 2004 Operating Budget Draft 1

Mr. Hughes pointed out there was a conflict of schedules this evening and time elements were involved. The Subcommittee felt they should not rush through the two Budgets this evening. The Operating Budget will be discussed one hour prior to the next Board meeting. The Operating Budget will then be presented for approval at the next meeting.

Mr. Ensminger inquired that the CAB made a few amendments to the voted line items and asked if the change sheets are available that reflect those amounts? Mr. Ensminger added according to Mr. Lessard's letter there had been changes to the Operating Budget. The Board only has version one of the Operating Budget.

Mr. Fournier has copies of the changes to date listed on a sheet and passed these out to the Commission.

Mr. Pacino polled the Commission if they had any questions or additional information they needed from Mr. Fournier.

## Action Items

### 2004 Operating Budget Draft 1

Mr. Ensminger added he would like discussion relative to the three items that the CAB had listed out at the next meeting.

### 600 Volt Triplex Service Cable

Mr. Ensminger made a motion seconded by Mr. Hughes that bid 2003-16 for 600 Volt Triplex Service Cable be awarded to General Cable for a total cost of \$150,766.80 as the lowest qualified bidder on the recommendation of the General Manager.

Item	Qty	Description	Net Cost
1	111,600'	1/0 AAAC Triplex Service Cable	58,366.80
2	100,000'	4/0 AAAC Triplex Service Cable	92,400.00

Mr. Cameron noted the Department bid out a large amount of the service cable because it will be used in certain projects next year and for routine construction. This should carry the Department through 2004. In the past the Department has bought this cable in smaller amounts. Given the fact the Department has a solid plan with conversions in Lynnfield and Reading as well as routine construction this amount of cable is warranted. It is a good time to be bidding cable due to the pricing.

Mr. Soli pointed out this bid was sent to seventeen potential bidders and only four bid on this.

Mr. Cameron replied you can't compel people to bid.

Mr. Ensminger agreed.

Mr. Soli added you knew they all sold stuff.

Mr. Cameron replied yes they all supply that.

Mr. Soli commented that is interesting.

### General Manager's Report September Financials

Mr. Cameron deferred this to Mr. Fournier who will present an overview of the Financials and answer any questions.

Mr. Fournier pointed out three items of interest. First, payroll went live this week with the new software application – he then thanked Steve Kazanjian for his efforts and an individual at Town Hall that had to perform testing. The second item is that the Department will be giving the \$3.0 million refund to all our ratepayers and included with the invoice is a letter explaining this. Next week Messrs. Fournier, Soli and Foley (Town of Reading, Accountant) will be having their quarterly meeting per the policy.

Mr. Fournier then turned to the September Financials. On Page 3A, Base Revenue, the Department is seeing the full effect of the levelized rates. September was the last month of the Department's historical summer rates. The budget is a little less than \$5.0 million down on the base revenue, the biggest impact coming from the commercial and industrial area. To date the Department has given back \$3.6 million in the Purchase Power Adjustment (PPA), \$3.0 million refund in November and with three more months of the PPA the ratepayers will have received over \$7.0 million under the direction of this Board. Operating Expenses are under budget by \$750,000, the big areas in that are the Outside Services down \$200,000 compared to budget. The Department still has to make the Pension and Sick Leave Buy Back contribution. Larry Stone from Stone Consulting will be making his presentation soon and at that point it will be determined what the contribution amount will be. Right now it is showing up as an under budget item. Property insurance is down as the Department did budget for self-insurance retainer. This contributes to the \$200,000 under-budget variance. Maintenance expenses are up and, as discussed before, are based on the mix of Capital and Expense work the Department performs. The garage / stockroom is another area that is apparently \$130,000 under budget, but this is attributed to the fact that projects have not been started yet. The net income of \$5.7 million right now is about \$1.8 million under budget.

**General Manager's Report**  
**September Financials**

Mr. Ensminger inquired on the interest and dividend income, is it undershooting because of the reduction in the RSF?

Mr. Fournier replied rates are horrendous on investments.

Mr. Ensminger inquired unforeseeably low?

Mr. Fournier replied perhaps we were too aggressive in our 2003-budgeted amount. The Town does invest the Department's Restricted Funds and what little interest could be earning additionally is being diminished.

Mr. Cameron also added there were several good investments called so the Department has had to go to lower interest rates on several investments.

Mr. Hughes as Vice Chairman of the Board congratulated Bob Fournier who has been an RMLD employee for fourteen years and was the Chief Accountant until 3 November and he is now the new assigned Business Manager.

Mr. Fournier thanked Mr. Hughes.

Mr. Soli had a question Page 3A, Variance. What will that mean at year-end, is this where the eight percent comes from?

Mr. Cameron replied yes it is where the eight percent comes from. The effect of levelizing the rates, the negative part of it is over as far as the year goes because the budget year to date included the seasonal rates. The actual year to date is the levelized rates. The Department in October with the levelized rates will be higher than the winter rates that are in the budget. The Department should be making some headway and the deficit should start decreasing. The refunds will probably skew the number a little bit but that number could come down to \$1.0 million, however, the refunds we give back will bump this back up again. If the Department were not giving back the \$3.0 million, with the levelized rates the deficit would probably come in at \$1.0 million.

Mr. Soli added the Department would call on the Reserves to make up the shortfall.

Mr. Cameron replied yes.

Mr. Pacino polled the Commission for further questions and comments. There were none.

**Nominations for New Members of the APPA Board of Directors**  
**2004 American Public Power Association (APPA), A Call For Nominations**

Mr. Cameron included these two items, as they are nominations for new members of the APPA Board of Directors. Mr. Cameron put these in the Board packages to inform the Commissioners. Mr. Cameron has no input as far as the nominations on either category.

Mr. Hughes received a letter from Carl Mykoff, offering his services.

Mr. Cameron added the information from Carl Mykoff shows the importance of employees and how the workforce is getting older. Mr. Cameron noted Mr. Mykoff spoke recently at one of the APPA meetings.

**RMLD Reorganization**

Mr. Pacino then turned the discussion to the RMLD reorganization. Mr. Pacino added there is a Town Meeting member who is proposing to present an instructional motion relative to the reorganization.

Mr. Cameron noted the way the RMLD reorganization was put together by him is he would have four line managers and the Human Resources Manager, total of five reporting directly to him. The Human Resources Manager, the Energy Services Manager, Business Manager and Manager of Projects have been filled. The only vacant position is the Engineering and Operations Manager.

## **General Manager's Report**

### **RMLD Reorganization**

When Mr. Cameron performed this reorganization he did it with an eye towards Article 7, which was passed at Spring Town Meeting in April by the Town Meeting members. In Article 7 there are provisions that the Board of Commissioners would appoint counsel and hire the Accounting Services Manager. Mr. Cameron noted both would be subject to the supervision of the General Manager. Mr. Cameron believes the reason that this model was put into Article 7 is it mimics what the Town has in place. Mr. Cameron added the Town Manager has the Police Chief, the Fire Chief, the DPW Director, the Town Accountant and the Financial Director reporting to him.

Mr. Ensminger pointed out to Mr. Cameron that the Town Accountant reports to the Selectmen.

Mr. Cameron added the Town Accountant reports to the Town Manager administratively but the Selectmen hires the Town Accountant. Mr. Cameron noted what they tried to do was mimic that and put it in Article 7. One of the differences is the electric municipal utility runs differently from the Town. There are several differences but one of them is there is a pretty intense back office operation at the RMLD. Mr. Cameron pointed out the back office operation is one of the reasons why he created the Business Manager position. The back office operation has to do with the Accounting function, Management Information Services and Customer Service. The Department performs meter reading and billing daily. Each of the 27,000+ customers gets billed on a monthly basis. The Customer Service staff consists of eleven employees, who on a daily basis answer phone calls on questions, concerns and complaints, take cash from walk in customers, and attend to credit, collections and billing. The Itron metering system needs to be up and running every day. There is quite a bit of activity that is handled in the back office operation that needs to be managed. The reason he has the Business Manager position in there is because this person could manage these three functional areas. These areas have items that have to be attended to daily. When he envisioned the reorganization he envisioned the Accounting Manager, if Article 7 passed, would be hired and fired by the Board. The way he put it in the reorganization, was right now, the Accounting Services Manager would have a dotted line to the Board of Commissioners until such time as Article 7 is voted. Presently, the Board does not have the power to hire the Accounting Services Manager but he did put the dotted line from the Accounting Services Manager to the Board. If Article 7 is voted the dotted line will become a black line. Mr. Cameron also has in the reorganization a dotted line going from the Accounting Services Manager to the General Manager. The employees of the RMLD are under his supervision some are under more direct supervision than others. Mr. Cameron felt the dotted line going from the Accounting Services Manager to the General Manager is proper given the fact that the Accounting Services Manager has responsibility to go to the Board and report to the Board if he feels the need to do so. Mr. Cameron also feels the Accounting Services Manager, even if he reports to the Business Manager, should know he could come directly to the General Manager if he feels the need to. Mr. Cameron feels very strongly about the way he has reorganized the operations of the RMLD. Mr. Cameron has been with the Department for sixteen years and knows the business well and knows the proper amount of management in each of these functional areas. However, Mr. Cameron is sensitive to Article 7 because, if approved by the Reading voters next spring, it becomes part of the Home Rule Charter and has to be abided by. Mr. Cameron said that to have the Accounting Manager report directly to the General Manager is wrong because he won't have the wherewithal to give this person daily direction. Mr. Cameron does not have the knowledge to get into the nuts and bolts of the RMLD's accounting procedures; the Business Manager does have that knowledge. The Business Manager will be a working manager with functions to perform the operations of his group. Mr. Cameron perceives all his managers to be working managers and will not just be making sure their employees are working. Mr. Cameron noted they have functions they have to perform and this applies to the Business Manager with respect to the operations of his group. Mr. Cameron would rely heavily on the Business Manager giving direction to the Accounting Manager. Mr. Cameron is serious about the fact the Accounting Manager should come to the General Manager if he feels the need to. What Mr. Cameron is proposing is there would be a single or double dotted line from the Accounting Manager to the General Manager and that relationship would stay there if and when Article 7 is voted.

Mr. Pacino added this is the way he sees this and he has had discussions with Mr. Cameron about this since the last Board meeting. On the organizational chart the way it is a single dotted line at the present time only because it is compliance with the law. Mr. Pacino noted right now the Accounting Manager position is open and whatever he does he would bring this person before the Board to get its blessing before hiring anyone new in that position at the present time. Mr. Pacino added Mr. Cameron uses the phrasing "if" however, Mr. Pacino says "when" the Article passes that line would become a solid line. The Board would be the one to hire the Accountant. If the Accountant should have a problem the General Manager he could not threaten him because he could come to the Board and say the Board hires him and the Board would be the one to get rid of him.

## **General Manager's Report**

### **RMLD Reorganization**

Mr. Cameron noted under the Business Manager position you have three other functions that really need someone on a day-to-day basis looking over that administratively. Mr. Pacino added you need someone more specialized on that. Mr. Pacino noted there would be access to the Board. The Board is having quarterly meetings as Mr. Fournier has previously updated the Board. Those meetings would continue in terms of the Board and if there was the need to add anything to the policies it could be done.

Mr. Hughes asked of Mr. Cameron will there be a new employee hired to replace the former Accounting Manager who has been elevated up to Business Manager, how will this operate?

Mr. Cameron replied right now he and the Business Manager are discussing that.

Mr. Ensminger inquired of Mr. Cameron: how will you conduct the job search?

Mr. Cameron replied it would be posted internally in the Light Department. If there are any people that put in for the position we will interview them first. Mr. Cameron, the Business Manager and the Human Resources Manager will be part of the interviews relying heavily on the Business Manager. If the decision is made and there is a candidate internally he will come back to the Board.

Mr. Ensminger inquired what if you need to look externally for the best candidate?

Mr. Cameron replied if there is the need to go outside he does not think there is a need for a headhunter only the need to advertise in area papers.

Mr. Ensminger added as one member of this Board he would strongly recommend both an internal and external search be conducted.

Mr. Cameron noted they do one before the other. The internal is pursued first.

Mr. Ensminger has no problem with that as long as both are done.

Mr. Hughes added if they find a qualified person there is no need to go outside.

Mr. Cameron agreed with this unless the Board has some reason to go outside.

Mr. Ensminger stated that the final candidate should be interviewed by the Board before being appointed to the position by the GM.

Mr. Pacino added that the candidate would want that assurance too.

Mr. Herlihy has no problem with Mr. Cameron's choice for Business Manager he just thinks back to a couple of years ago and he is a little concerned if there were to be another Business Manager someday and there were a scandal of some sort or a problem with the Accounting Manager was prevented to getting to the Board because of some pressure received from the Business Manager we the Board who would pay the price the General Manager. The General Manager would be fired whether he had anything to do with it or not because the Board cannot touch the Business Manager.

Mr. Cameron noted the Accounting Manager has no reason not to come to the Board because the Business Manager cannot touch the Accounting Manager. The only person that can touch the Accounting Manager is the Board.

Mr. Ensminger noted he is more concerned that there be more of a direct line between the Accounting Manager and the General Manager so there is flow of unvarnished information that is not filtered by anyone. Mr. Ensminger added he is unsure if the dotted line quite answers the mail on that. We have talked about in length at previous meetings. Mr. Ensminger

## **General Manager's Report**

### **RMLD Reorganization**

noted that he knows this is the concern of the Town Meeting member who plans to make the motion next Monday that it be a very strong direct connection.

Mr. Cameron replied it is very interesting that if you look at the Board's relationship with the General Manager it is such that they give him direction, hire and fire him, set his salary and his term of employment. Mr. Cameron noted when this gets voted (referring to Article 7) you will have the same relationship with the Accounting Manager. Mr. Cameron is unsure how the Accounting Manager would be impeded from going to the General Manager if he has the same relationship with the Board. The Accounting Manager has a relationship with the Board just as the General Manager. The Accounting Manager could go to the Board then in turn go to him. Mr. Cameron added concerning filtering information; he does not see how that can happen through the Business Manager because the Business Manager only has supervisory responsibilities of the Accounting Manager on a daily basis.

Mr. Cameron added the Business Manager cannot tell the Accounting Manager not to go to the Board. Mr. Cameron emphasized the Business Manager cannot tell the Accounting Manager no to go to the General Manager. Mr. Cameron commented outside of the Accounting Manager the remainder of the employees are the responsibility of the General Manager's. Mr. Cameron noted if he feels there are irregularities he has control over the Business Manager and he is out the door if the problem is with the Business Manager.

Mr. Herlihy added he does not see any problems with this current arrangement with the current personalities in place however, he does think from a flowchart point of view the General Manager is putting himself in some degree of risk with the Board. Mr. Herlihy pointed out the Board hires and fires the General Manager if there are problems. Mr. Herlihy noted in some ways the General Manager you are absolving yourself. If there is any kind of personal influence being exerted by the Business Manager on the Accounting Manager that results in a lack of information being forthcoming then the General Manager will pay the price.

Mr. Cameron noted if that is Mr. Herlihy's concern, he is not concerned about it. Remember the other thing is Mr. Cameron goes through the bills every week. Mr. Cameron has gone through the bills for almost two years now. Mr. Cameron knows what is right and what is wrong. Mr. Cameron pointed out when you bring up the argument what about the next guy; it is the Board's responsibility to hire someone that is good. Mr. Cameron knows what goes through those payables and if there are irregularities he is unsure how the Business Manager can filter them because they are fully backed up with receipts. Mr. Cameron does not see this as huge leap of faith.

Mr. Pacino questioned Mr. Cameron as to how would he interact with the Accounting Manager? Mr. Pacino added would it be a meeting with him, a quarterly meeting, every six months?

Mr. Cameron replied he would meet with him when the Financials come out. Mr. Cameron goes over the Financials when they come out. Mr. Cameron added Mr. Fournier can tell you when it comes time to the third or fourth week of the month he goes over to him and asks when are they coming out? Mr. Cameron pointed out there are checks he has earlier in the month to see how they are going. Mr. Cameron knows what the revenues are the day after the month closes. Mr. Fournier supplies this information. Mr. Cameron noted every month when the Financials come out he has questions that he discusses with Mr. Fournier.

Mr. Herlihy pointed out that Mr. Cameron has more acumen and wherewithal then he gives himself credit for from an accounting point of view.

Mr. Ensminger noted that Mr. Cameron, under the new structure, should have some time freed up from supervising the daily activities of what are now thirteen direct reports, which will allow him to conduct these meetings with the Accounting manager.

Mr. Cameron replied that the reorganization will free up some of his time.

Mr. Ensminger added that the Accounting Manager is reporting to Mr. Cameron daily. Mr. Ensminger noted Mr. Cameron is supervising the Accounting Manager's activities.



## **General Manager's Report**

### **RMLD Reorganization**

Mr. Ensminger pointed out Mr. Cameron is going to four direct reports, the Accounting Manager and Human Resources Director Mr. Cameron should have some bandwidth to spend on the Accounting Manager if he reports to him dotted-line.

Mr. Cameron noted on a daily basis he does not have the wherewithal, which is the best word to describe his ability is to directly supervise the Accounting Manager.

Mr. Ensminger replied you are doing that now.

Mr. Cameron noted that Mr. Fournier goes along pretty much without a lot of coaching and direction. Mr. Fournier knows his job.

Mr. Ensminger replied that is laudable to the degree we can get another individual to do that and he hopes we can. Nonetheless Mr. Cameron is doing that job right now.

Mr. Cameron replied he is not doing it as effectively as it should be done. If it were being effectively done Mr. Cameron would not be reorganizing as much as he has. Mr. Cameron does not think it is being done effectively. That group does not have the level of management that it needs, it just doesn't. Mr. Cameron added this is a big operation and he has done the best he can to keep things together but it just not make any sense to go along the way we have been going because people below him are very comfortable with the level of attention Mr. Cameron has had to give them. Mr. Cameron added the world is not black and white, it is gray. Everyone has different needs as far as management goes. Some people need to be coached and others directed. Some are flying along and when they come in to see you they already have the solution to their problem in hand. Right now this reorganization is set up to give all the functional areas the proper amount of management. Mr. Cameron has been with the Department sixteen years and he knows these individuals.

Mr. Hughes added with being in supervisory capacities before and possibly in the future he thinks it is commendable that the General Manager can reach out and say listen I really do not possess the knowledge or expertise to properly run this particular section but I am going to surround myself by a competent individual who can keep me above water, keep me advised. It is commendable. People of America elect the President of the United States and he does not have a grip on everything but is surrounded by a good cabinet that progress along and feed him this information and he looks like the great warrior. It was his staff. Mr. Hughes commends Mr. Cameron for seeking out a person who is qualified to feed him the proper information or feed to the Business Manager.

Mr. Pacino pointed out that it is the Board who will be hiring this person there will the access to the Board. Mr. Pacino noted if this person has a problem with the Business Manager he then can go up to the General Manager. If there is a problem with the General Manager he then can go to the Board. Neither the General Manager nor the Business Manager has the right to fire this person. It is the Board that would make the decision. The idea is that what happened, the problem we are trying to solve is that the Accountant felt he was restricted as to getting information going up the line. With this structure we are actually solving that problem. Mr. Pacino added it would be up to the Board to do due diligence in any internal control system unless you are ENRON in any internal control system it is always the Board of Directors has to be involved to make sure the internal control system works properly. It always takes some sort of direct participation by the Board of Directors, which the Board is equivalent to the Board of Directors in order to make sure the system works. The Business Manager would be more part of the day-to-day supervision.

Mr. Pacino polled the Commission for further comments.

Mr. Ensminger in view of the fact there will be an instructional motion made on this subject Monday evening apparently from what he is being told he thought it might be appropriate to put before this Board of Commissioners a similar motion to see if we would vote this up or down and make it part of the record and report it out to Town Meeting. This is backing the strong reporting relationship between the Accounting Manager and the General Manager.

## **General Manager's Report**

### **RMLD Reorganization**

Mr. Ensminger made a motion seconded by Mr. Herlihy that the Reading Municipal Light Board instruct the RMLD General Manager that, should the subject matter of the revisions to the Reading Home Rule Charter approved under Article 7 at the Annual Town Meeting in April 2003 subsequently be approved by voters in the 2004 Annual Town Election, he shall modify the draft RMLD Re-organization Plan dated 9-30-2003 such that the RMLD Accountant position reports solid line to the Board of Commissioners and dotted line to the GM, with no intermediary manager or supervisor between the Accountant and the GM.

**Motion failed 2:2:1. Messrs. Soli and Hughes voted against the motion. Mr. Pacino abstained.**

Mr. Pacino commented he has no problem with the main motion except for the last part of the motion "with no intermediary". Mr. Pacino added there needs to be some administration day to day and the Manager probably has no problem with the motion the exception is the last part of the motion.

Mr. Ensminger would submit that Town Meeting very clearly had in mind when they voted Article 7 there would be a direct day to day reporting relationship between the Accounting Manager and GM. Granted there was no Business Manager in place then and no contingency set up in case there was one. Nonetheless, he believes the reorganization is at variance with what Town Meeting has voted and what likely the voters will likely approve. Mr. Ensminger would urge all the Board members to support this motion.

Mr. Soli noted this has been a perplexing week for him. First the Board received a copy of a Selectmen's letter that asked the Board to immediately to implement solid line reporting to the Board. That is currently in disagreement with Chapter 164 Section 56. Will you break the laws of the Commonwealth of Massachusetts? Just to be sure he remembered it properly Mr. Soli went to Town Hall and looked at his oath, which we all subscribe to, and we agreed to uphold the Constitution of Massachusetts, the laws of Massachusetts, and the Town of Reading By Laws. Mr. Soli was very puzzled by that. To Mr. Soli Article 7 is a very scary thing because as far as he knows there is no case law and such a thing has never been through the courts. If the Commission runs into any problem without Article 7, the Board messes up or just something goes wrong and employee sues it is five years to court if you lose five years of salary escalated at twelve percent and you end up with significant court cost with the total bill costing \$1.0 million. Mr. Soli is scared of Article 7. Mr. Soli wants to be very cautious because he does not want to have any million-dollar lawsuits. Mr. Soli noted some of the things the Board will be asked to do he will be cautious in terms of hiring if this passes and we have direct reporting to the Board. Mr. Soli added he can see approving pay raises and making a recommendation to the General Manager that pay raise be implemented. Mr. Soli commented he is sure the Board will hire very carefully and if something ever goes wrong and the person has to be removed the Board would make a recommendation to the General Manager because he saw the approval from the Attorney General's office on Article 7 whipped through in two days. Mr. Soli pointed out you have to wonder how a really busy office can really look at something and approve it in two days. Then the Board asked if there was contradictory language in here and there was. This came from that same attorney in the Attorney General's office but again nothing of this has been through case law. Case law means there are trials and appeals and maybe go up to the Supreme Judicial court, which is costly. Mr. Soli reiterated he is scared. Mr. Soli continued by saying here we have a motion tonight that is further perplexing. The motion states if this happens at the Town Election this then Board wants the General Manager to do something. Mr. Soli noted at least three of us could drop dead between now and then. Mr. Soli noted come the Town Election the Board will see whether the Article passes and the constituency of the Board. Mr. Soli pointed out it is kind of imposing of the current Board to tell the new Board something that has not yet happened that here is something I want you to do. Mr. Soli commented what is the fuss, what is the hurry? Mr. Soli added if there were a fire out there he could understand you have to rush forward with a fire hose but nothing has happened, what is the hurry? Mr. Soli wants to be careful.

Mr. Hughes asked if Mr. Soli would feel comfortable giving a presentation at Town Meeting when it does come on the floor, because it is very advantageous that the Town Meeting members are fully aware beyond a reasonable doubt as to the octopus atmosphere that this Article can impose.

Mr. Soli replied he has no idea what the motion is to be.

Mr. Ensminger wanted to interject at this point. There was a letter and an e-mail from Mr. Van Magness.

## **General Manager's Report**

### **RMLD Reorganization**

Mr. Ensminger added Mr. Van Magness plans to make the motion to instruct both the Light Board and the General Manager to do what is said in this motion with the caveats indicating that the voters have to approve the Article. Mr. Ensminger noted his purpose in bringing this before the Board is if this is coming before Town Meeting and this Board has not taken any action it makes the Board look bad if we have not done anything. Either vote it one way or the other. Mr. Ensminger has heard Mr. Soli's arguments on this before about Article 7. Quite frankly, Mr. Ensminger does not understand their applicability to this situation. If Article 7 has been approved by the AG and if it is going to be approved by the voters and there has been no legal challenge he thinks it is water over the dam. Mr. Ensminger is unsure why those points are being made again. Mr. Ensminger added all this does is put this Board on record now not a future Board, for this Board today to instruct the General Manager to make the appropriate changes to his organizational chart put it on the shelf until this election happens and not to make it contingent on the vote of a future Board. Do it today with the appropriate reporting relationship. That is the sole purpose of this. It is to get the Board on record one way or the other.

Mr. Pacino commented he can support the motion with the exception of the last part.

Mr. Hughes inquired what is the hang up there?

Mr. Pacino replied basically he would not longer be under the jurisdiction of the Business Manager he would be reporting to the General Manager.

Mr. Ensminger interjected he remembers the literal language of Article 7 is the Accounting Manager shall report to the General Manager.

Mr. Pacino reiterated he can support everything else in that motion with the exception of that last section. If that last section were to be taken out and removed he could support the motion.

Mr. Hughes wanted a break out of titles, the Business Manager will do what?

Mr. Ensminger replied it is the Business Manager right now or any other entity put in between. Mr. Ensminger added the Accountant will report to the General Manager on a daily basis if this passes he will not report to the Business Manager. This preserves the current reporting relationship.

Mr. Hughes noted if he was sitting in the General Manager position and if the Accounting Manager came into him the first words out of his mouth would be did you discuss this with the Business Manager? Are you locking it in by this verbiage?

Mr. Ensminger replied that is fine and can happen under this structure. Mr. Ensminger pointed out the language of Article 7 is very explicit and has been discussed before under the direction and supervision. This reorganization happened after Article 7 was passed in April 2003 and Mr. Ensminger is trying to make it conform with the intent of Article 7. Town Meeting voted this: they are the real Board of Directors of the RMLD and RMLB, they are higher than we are as far as governmental issues go.

Mr. Hughes interjected we are the Board of Directors.

Mr. Ensminger responded that Reading Town Meeting, not the RMLD Board of Commissioners, approves all changes to the Bylaws and Home Rule Charter of the Town of Reading. Some of these changes, such as Article 7, affect RMLD governance. Thus Reading Town Meeting is the RMLD's ultimate "Board of Directors."

Mr. Pacino added he is unsure if he agrees with this. The RMLD has outside customers too.

Mr. Cameron noted Article 7 says "subject to the supervision" it does not say "direct report, daily reports, direct supervision". The purpose of Article 7 was that oversight would be strengthened. What is very important in Article 7 is that the Accounting Manager reports to the Board directly and is hired and fired by the Board. Mr. Cameron noted that is something that would have alleviated some of the things that happened in here in the past.

**General Manager's Report**  
**RMLD Reorganization**

Mr. Ensminger replied we acknowledge that the relationship of the Accounting Manager has been dealt with correctly in the reorganization plan.

Mr. Cameron further explained that "subject to the supervision of the General Manager", and then redirected to Mr. Ensminger why from his standpoint, why is it important that the Accountant report to the General Manager other than what you think it says in Article 7?

Mr. Ensminger replied the drafters of that motion had in mind that in fact that certain key information and confidences need to be shared on that direct line at times. Problems need to be brought directly to the General Manager. The General Manager needs to be advised if there is a problem that affects the Department that perhaps cannot be discussed with other employees directly. Mr. Ensminger pointed out to Mr. Cameron if he can propose by policy or some other way in which to keep this information flowing directly to you when you talk about the dotted lines but he does not understand how this is to work. Mr. Ensminger does not see that in a policy. Mr. Ensminger was hoping something might have been drafted to explain that better. We need to see the literal language of what you would do to work with this person.

Mr. Cameron replied the employees of the RMLD have access to the Board and he has tried to impress upon people if people think they do not have access to me then they have not been listening.

Mr. Ensminger pointed out again it is not a matter of people. Mr. Ensminger believes Mr. Cameron has done this. This is a nation of laws and not men. We are dealing with a construct of laws and we are thinking as much about as your successor as we are about of you.

Mr. Cameron replied he has heard this argument as well. If it has to do with his successor then pull Article 7 until he leaves.

Mr. Ensminger replied that is not the issue.

Mr. Cameron added he keeps hearing about his successor.

Mr. Ensminger added if there were different people in the roles we would want the rules to apply irrespective of the personal desires of any particular manager. To be bound by a code of laws and bylaws.

Mr. Cameron replied if it has do with policy with people coming to me with problems and they do not get a satisfactory answer from their manager, that has happened in the past. Mr. Cameron noted people have had conversations with him over the last two years and it has happened. Mr. Cameron commented the relationship with the Accounting Manager and the General Manager is not being any different. Mr. Cameron sees the argument for the Accounting Manager reporting to directly to the General Manager, as being the spirit of Article 7 and also that is the way the Town does it. Mr. Cameron added earlier he had explained the Department's make up is far different from the Town's make up. Mr. Cameron noted the Department has a back office operation, which is larger, and more encumbering. Mr. Cameron added you could bring a policy that certain key individuals within the Department have the responsibility to report to the General Manager with issues they cannot bring to their immediate supervisor on.

Mr. Hughes interjected you assured us you would draft something of that nature.

Mr. Cameron noted the no intermediary is something he did not envisioned under his reorganization.

Mr. Hughes commented having two laymen's verbiage all this he would support the Chairman on this. Mr. Hughes added Mr. Cameron will construct something to prevent any skullduggery in this operation and bring it to the Board for its approval and issuance.

Mr. Hughes questioned the Chair abstaining on the motion.

## **General Manager's Report**

### **RMLD Reorganization**

Mr. Pacino explained he agrees entirely with most of the motion with the exception the last part. No one made a motion to amend it and put in its place "to instruct the General Manager to put policies in place". Mr. Pacino can support everything in the motion except the "no intermediary manager" clause, with the idea that the General Manager putting policy in place.

### **Board Discussion**

#### **Rate Comparisons, October, 2003**

Mr. Cameron noted the fuel charge is up to 4.25¢ per kilowatt-hour as of October.

Mr. Herlihy had a general question on the Peabody and Middleton fuel charge can you explain this? They only beat us on their fuel charge and it is low.

Mr. Cameron explained their fuel charge is calculated a little bit different than the Department's. The Department's fuel charge is purely fuel. The Department's Purchase Power Adjustment that accounts for fluctuations in our Purchase Power budget versus actual. With Peabody and Middleton as it has been explained to him their fuel charge may be negative just to account for money they are collecting on top for their energy charge. Mr. Cameron noted if they collected too much on their energy charge previous then they will make their fuel charge negative.

Mr. Soli had a question; Middleton's fuel charge for Residential is 9 mil and for Commercial is 15 mil. Peabody fuel charge for Commercials is fifty percent higher than Residential. Mr. Soli wanted an explanation: he thought it might be color-coded fuel!

Mr. Cameron replied that if you look at production costs they fluctuate on an hourly basis. What the RMLD does is it takes the total fuel for the month and divides it by the forecast kWh which results in the average for the fuel.

Mr. Cameron noted if you look at it on a customer basis some customers use more during on peak periods and less on off peak periods, which would tend to make fuel charges a little bit higher. Mr. Cameron does not know the specific algorithm that Peabody and Middleton use. They differentiate between Commercial and Residential usage. They take the on/off peak differential on who uses so much and work that into their fuel charge calculation. The Commercials customers are picking up more of the fuel cost and the Residential less. It is not subsidized. What they have in mind is that there is a production cost on peak and off peak and they are trying to reflect that by the usage patterns in the two customer classes.

Mr. Soli clarified what Mr. Cameron is saying is that fuel charge changes throughout the day, every hour.

Mr. Cameron replied yes, the fuel changes on an hourly basis. The fuel at 2:00 a.m. is far less than the fuel at 2:00 p.m.

#### **RMLD's Annual Report Board Input (Commissioner Herlihy)**

Mr. Herlihy pointed out since the Annual Report is the RMLD's statement to the world and there is the need to consider its importance and do public relations. Mr. Herlihy is concerned as a Board member that we put ourselves at a little bit of risk if we do not have any input into the look, substance and the message behind the Annual Report. The first time people are going to see this is at Town Meeting. Mr. Herlihy added if were a big gaudy monstrosity and people come up to him Monday there would be literally nothing he could do about it. Mr. Herlihy noted does think it is important the Board have some sort of input into the Annual Report. Mr. Herlihy commented that there should be some sort of strategy when this gets released. This is a very important document and when it gets out to the public officials, the media and the public in a way they know it is out there. Mr. Herlihy was hoping the next report would come out earlier next year because this year it came out in October of 2003. Mr. Herlihy does understand the delay because of the new computer system. Mr. Herlihy commented if there is a Public Relations Subcommittee he couldn't think of anything more appropriate item for them to look at. The Board is expected to provide some leadership. The Board should lead and not react and follow. It is another example of where we can show more leadership.

Mr. Hughes noted as a member of the Public Relations Subcommittee along with Mr. Herlihy he was given a copy of the Annual Report to look at. Mr. Hughes was very upset he had not seen it before it was put to press. Mr. Hughes felt very adamant somewhere in the opening page or closing page that the Board of Commissioners should have been listed by name. The Board should have had some input into it.

## **Board Discussion**

### **RMLD's Annual Report Board Input (Commissioner Herlihy)**

Mr. Hughes added he contacted Public Relations and the attention of the General Manager. Two years ago he agreed to have the Annual Report employee related as there was an adverse working situation employees had to endure for fourteen years. Mr. Hughes commented not even an honorable mention of the Board of Commissioners but the Annual Report had already gone to press. It will be addressed next year.

Mr. Cameron replied he has spoken to the Community Relations Manager and the Human Resources Manager and next year the Board will be involved very early in the process. Mr. Cameron added one of the reasons the Annual Report is out at this time is the Department did not close its Financials until May because we had to wait for the ENE Financials. Mr. Cameron noted the Annual Report will get to the Public Relations Subcommittee once everything is closed for the upcoming year.

Mr. Hughes added he was given the opportunity to review the RMLD calendars. Mr. Hughes insisted the Commissioners be listed on the last page of the calendar. That was revised based on Mr. Hughes' input.

Mr. Herlihy pointed out it should be the Board's decision if they chose to ignore themselves or not. The Board should be leading not reacting.

Mr. Hughes replied he does not mind being recognized for all the time and effort they put in.

Mr. Enslinger pointed out that it is important to set the tone in the Annual Report that the RMLB is a policy-making Board that sets general direction and control for the General Manager.

## **Next Meeting Dates**

### **RMLD Board of Commissioners Meeting**

**Wednesday, December 3, 2003**

### **RMLD Board Rotation at Citizens' Advisory Board (CAB) Meetings**

At the next CAB meeting on Wednesday, November 12, 2003, which will be held at the RMLD. Mr. Soli will be making his presentation on the Rate Stabilization Fund level.

Mr. Herlihy noted as a matter of personal privilege he would like to state for the record at the last Board of Commissioners meeting he was on business on the West Coast. Mr. Herlihy would have voted in the affirmative with his colleague on the refund, which is appearing in this month's bill.

Mr. Herlihy added in the Town of Rowley there is a sign "Welcome to Rowley a public power community". It is something that should be considered in Reading. Mr. Herlihy distributed information from the City of Haverhill at City Hall; NSTAR came in and redid their lights saving over \$123,000. This is another way public power can help communities.

### **Executive Session (General Manager's Conference Room)**

At 9:17 p.m. Mr. Enslinger made a motion seconded by Mr. Soli that the Board go into Executive Session to discuss strategy with respect to litigation, discussion of a competitively sensitive issue, discuss collective bargaining and to 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. Pacino Aye and Mr. Hughes Aye; and Mr. Enslinger Aye.

### **Motion to Adjourn**

At 10:30 p.m. Mr. Soli made a motion seconded by Mr. Hughes to adjourn the Regular Session.

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

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

Daniel A. Enslinger, Secretary, RMLD Board of Commissioners