

Reading Municipal Light Board of Commissioners

Regular Session

230 Ash Street  
Reading, MA 01867  
March 10, 2004

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**Start Time of Regular Session:** 7:34 p.m.

**End Time of Regular Session:** 9:12 p.m.

**Attendees:**

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

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

**CAB:** Mr. Lessard

**Guest:** Frank Biron, Melanson Heath & Company, PC

**Chairman Pacino called the meeting to order at 7:34 p.m.**

**\*Mr. Herlihy arrived at 8:00 p.m.**

This meeting of the Reading Municipal Light Department (RMLD) Board of Commissioners March 10, 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.

**Report of the Chairman of the Board**

Mr. Pacino stated the presentation from Melanson Heath & Company, PC will be taken out of order and be presented first on the agenda.

**Presentation (Melanson Heath & Company, PC) Audit Review**

Mr. Fournier introduced Frank Biron, partner at Melanson Heath & Company, PC. Mr. Fournier added it is the first year Melanson & Heath has performed the audit for the Department.

Mr. Biron noted he would be going over the two reports, one being the Audited Financial Statements, the second being the Management Letter. Mr. Biron added the Management Letter is where the recommendations are made based on the audit. Mr. Biron pointed out the format for the Financial Statements is different than in the past for a couple of reasons. Mr. Biron commented that the RMLD would be following GASB Statement 34 for this audit and future audits. Mr. Biron explained that GASB 34 applies to all municipalities including municipal utilities. Mr. Biron explained it is a statement that applies to all municipalities including municipal utilities. Mr. Biron added the Town of Reading went through the same thing this past year; their Financial Statements also have to be in compliance. Mr. Biron noted there were some reclassifications in the Financial Statements so they would conform to Generally Accepted Accounting Principles (GAAP). Mr. Biron added in prior years the Audit Report stated that the Financial Statements were in accordance with the state utility (Department of Telecommunications and Energy, DTE) requirements. What Melanson & Heath's opinion states these Financial Statements not are only in accordance with DTE requirements but also in accordance with GAAP with one exception. Mr. Biron went over the audited opinion. The Department is in accordance with GAAP except that not all fixed assets were depreciated over their useful lives, which GAAP requires. Instead the Department is depreciating the DTE fixed assets by using three percent straight-line depreciation annually. Mr. Biron pointed out this is the standard rate of depreciation of the DTE and applies to all other municipal light plants in Massachusetts. Mr. Biron added the Department must conform to DTE regulations; however, it puts the Department out of conformance with GAAP. Mr. Biron did point out that the Department is in full conformity with that one exception.

As a part of GASB 34, Mr. Biron added one change in the Financial Statements, which begins on page three and ends on page five. Mr. Biron noted it is the narrative called the Management Discussion and Analysis. Mr. Biron explained the point of these pages is to provide a narrative explanation as to the result of operations. It puts into words what the audit report discusses.

**Presentation (Melanson Heath & Company, PC) Audit Review**

Mr. Biron pointed out on page six the statement of net assets. The Balance Sheet looks different than in prior years to comply with GAAP and GASB 34. All accounts have to fall within three categories: assets, liabilities or net assets. Mr. Biron used an example of two accounts: the contributions in aid of construction and deferred credits, which did not fall into these categories in the past but have been changed to the net asset accounts, and which has an effect on the Income Statement as well. Mr. Biron highlighted the key numbers, Unrestricted Cash, which is any cash on hand that is not restricted. The Department has a number of Restricted Accounts both in cash and investments. The Restricted Cash is \$9.8 million and Restricted Investment is \$4.9 million. Mr. Biron also pointed out the footnote on page thirteen which provides the breakdown of the various restricted accounts. The largest ones are the Rate Stabilization Fund, which is just under \$6.0 million, Cash Reserve for sick leave benefits for employees of \$2.1 million, and other reserves for future capital additions. The Depreciation Fund is \$1.5 million and the Construction Fund is \$1.9 million.

Mr. Biron went over the next large account, which is Receivables; \$6.1 million on page six. Mr. Biron noted this is different from what appeared on the Department's Financial Statements in prior years. What was recorded in the past was only Billed Receivables. In 2003, Unbilled Receivables, electricity used in the month of December; were recorded. A Receivable was booked for those Unbilled Receivables of approximately \$3.2 million. Mr. Biron pointed out they also went back retroactively to adjust Receivables for the beginning of the year balance.

Mr. Biron then pointed out another account, Investment in Associated Companies. There is a footnote on this, which appears on page fourteen. It is a combination of investments such as New England Hydro as well as Energy New England (ENE). Mr. Biron noted the ENE receivable was written down to a lower balance to reflect the Department getting out of this investment. RMLD's fixed assets have a value of approximately \$91 million with accumulated depreciation of about \$40 million to a book value of \$51 million.

Mr. Biron added on the Liability Section is Customer Advances for Construction of \$1.2 million, which is money on hand, from deposits. Mr. Biron noted these are monies, which outside contractors gave the Department so there would be services provided to them. Mr. Biron noted this is included in the Management Letter and will be discussed because there are old balances, which need to be researched to ensure they are accurate.

Mr. Biron added Miscellaneous Surplus to Net Assets under GASB 34. Mr. Biron noted there are two categories of these Net Assets, Capital Assets and Unrestricted. Mr. Biron went over the Income Statement, Operating Revenue, which should net discounts \$3.1 million, and various expense categories to follow such as Purchase Power, Operating, Maintenance and Depreciation. Mr. Biron noted the Depreciation of \$2.5 million is the three percent of capital assets. The Operating Income net is \$10.8 million. Mr. Biron added as part of GAAP Classification anything that affects any of your accounts that are on your Balance Sheet must flow through the Income Statement.

Mr. Biron went over larger accounts such as Customer Refunds; the Rate Refunds of \$3 million authorized by the Board to provide a one time only refund, which ended up being \$2.983 million in the end. The Purchase Power Adjustment Charge, which are credits given to the ratepayer due to the imbedded costs, totaled almost \$3.3 million for the year. Of the \$3.3 million, \$3 million happened in the first half of the year, \$300,000 in the second half of the year.

Mr. Biron then addressed the Fuel Charge adjustment of \$1.3 million as it relates to the part of the rate that recovers the fuel costs. It is the policy of the Department and electric municipal utilities in Massachusetts to pass through the fuel charge. It represents undercharges or overcharges to the customers, which occurred during the course of the year. Mr. Biron noted a year ago there was an overcharge of \$600,000. On a monthly basis the Department does it best to adjust that fuel charge piece of the rate to try to stabilize it so the actual rate to the customer equals the charges. This is a very difficult thing to do because it is a moving target.

Mr. Biron then explained the payment In Lieu of Taxes or the return on investment to the Town of Reading, which was \$1.826 million. Mr. Biron then addressed payment to the other participating towns in the amount of \$983,000.

Mr. Biron explained the MMWEC Flush of Funds, which is an annual refund from MMWEC. Mr. Biron pointed out in the past this is one of those accounts that did not flow through the Income Statement but now it has to. Mr. Biron then proceeded to the loss on the investment of \$340,000, which is a write down of the investment in ENE. Mr. Biron then explained the results for the year was Net Income of \$1,264,693.

**Presentation (Melanson Heath & Company, PC) Audit Review**

Mr. Biron went over the Statement of Cash Flows, which is basically similar to the Income Statement except it is on a cash basis.

Mr. Pacino added the Town of Reading Audit Subcommittee met before this meeting and along with the RMLD's Audit Subcommittee and the Audit Subcommittee asked for certain revisions be made to the audit. On page seven, the Voluntary Payment to the Town is going to go under the Operating Expenses; the Payment In Lieu of Taxes title is going to change to Return on Investment.

Mr. Cameron interjected, he was under the impression that it was also agreed by the Subcommittee that the MMWEC Flush of Funds be changed to MMWEC Refund.

Mr. Pacino responded to Mr. Cameron MMWEC Refund is correct. Mr. Pacino noted the other change the Subcommittee made is on page fifteen the second paragraph. Mr. Pacino added that settlement \$50,000 which is valued at \$25,000 per the auditors that paragraph will change to reflect the Settlement Agreement. Mr. Pacino also noted in the footnotes the two leases and the terms of the lease for RCTV and the Credit Union. Mr. Pacino noted the Retirement Trust Audit is part of the report on page nine. Mr. Pacino added in the past it was a separate audit report but now is one report.

Mr. Biron added that due to GASB 34 it is considered a fiduciary fund of the organization therefore it is all reported together under one Financial Statement.

Mr. Pacino added with the revisions to be made the Town of Reading Audit Committee, of which he is a member, voted 4:0:0 to approve the audit.

Mr. Soli commented after the Town Audit Committee voted the Board Audit Subcommittee discussed a few items. Mr. Soli then added they voted to recommend the Report to be accepted by the RMLD Board.

Mr. Hughes had a question; he is not thoroughly familiar with accounting practices and he picked up in Mr. Biron's discussion previous audits and GASB 34. Was the Department audited incorrectly before or is this a new method to perform an audit?

Mr. Biron replied no and it is mostly because of this new GASB Statement 34, which applies this year to everyone. Mr. Biron added the Town of Reading is also going through this as well.

Mr. Biron then turned to the Management Letter and explained the auditors provide feedback to the Department based on its audit findings. Mr. Biron noted this addresses where there may be weaknesses in the internal controls and where efficiencies could be made. Mr. Biron pointed out that as a result of the audit there were no reportable conditions included in this report. Mr. Biron explained that reportable conditions would be a serious issue. Mr. Biron noted there are recommendations where things could be improved.

Mr. Biron added they are the firm that performed the forensic audit two years ago at the Department. Mr. Biron pointed out one thing they did do before coming in to perform the audit is they looked at the report and looked to make sure that the RMLD followed up and corrective action has been taken. Mr. Biron added all of the recommendations that were made by Melanson & Heath has been implemented by the Department.

Mr. Biron did a number of tests of the employee travel expenses and reimbursement and they all comply with the new Policy Number 5. The travel expenses were all reasonable and legitimate.

Mr. Biron noted there were five comments in the Management Letter. The first comment is with the Receipt Process. Mr. Biron added that employees would sometimes be allowed to cash their personal checks at the front counter. From an audit point of view they would like to see a clear audit trail of the receipts including a breakdown of currency and checks. Mr. Biron noted if employees are allowed to cash checks you will lose that clear trail. Mr. Biron recommended that employees should not be allowed to cash checks. Similarly, the receipts are collected on a daily basis and there are two deposits that are made. One deposit is for cash and an employee at a local bank makes that deposit. All of the checks are given to a courier, which happens to be the lockbox service for the Department. Mr. Biron noted it would leave a clearer audit trail if all the receipts were to deposit into one bank. Mr. Biron added it should be with the courier that all deposits are made because it minimizes risk with employees handling cash for deposit.

**Presentation (Melanson Heath & Company, PC) Audit Review**

Mr. Biron brought up the issue of Inventory. Mr. Biron added the Department is in the process of conversion to a new computer system and that is the emphasis of the comment. They came in when the Department was taking its physical count and they performed some test counts on the physical count. Mr. Biron added what they did find was some initial differences between what was being counted and what the computer system thought the Department had on the books. Mr. Biron noted a lot of recounts were done as a result and the primary reason is the Department did not track locations of where the assets were. Mr. Biron commented there was a particular type of asset that was located in three different locations when it was counted. Initially, it was only counted in the main location and as a result the counts were less than what the computer systems said. Mr. Biron noted once the pieces were pulled together the numbers were pretty close to what the report was showing. Mr. Biron highlighted the new system has the ability to track by location. Mr. Biron noted the recommendation is that all the personnel involved in maintaining the inventory be provided with all the training necessary to use the system to its highest capability. Mr. Biron noted policies and procedures relative to the maintenance of the inventory be documented. Mr. Biron noted issues relative to coding and location codes, procedures for incoming and outgoing merchandise, procedures relating to a physical count, and procedures how to investigate when the physical count is different from what the computerized system is showing, should be documented to provide oversight and control over the physical assets.

Mr. Biron then addressed the Customer Advances in Aid of Construction. As Mr. Biron had previously mentioned, this represents deposits being held for work the Department needs to do. When this was looked at there were some old balances in there. It is their recommendation that the Department look into some of these balances.

Mr. Hughes inquired if the Department will have to pay interest on these funds?

Mr. Biron replied it is a good question, he is unsure. Mr. Biron added the likely scenario is the work is done and these accounts have to be moved into a revenue account.

Mr. Biron noted the next issue has to do with payroll and new employees. Mr. Biron added there is no formal form for the Personnel Department to provide to the Accounting Supervisor who is responsible for the payroll for a new employee. There is communication however there is no form. It is the recommendation to create a form to summarize all the critical payroll information such as salary or wage information, title and withholding information. This form should be authorized by the General Manager and the Personnel Director and be provided before any new employee is on the payroll system.

Mr. Biron then turned to Employee Reimbursement. Mr. Biron did quite a bit of testing to Policy Number 5, Travel but it was found there that documentation was not always clear when dealing with commuting miles for employees. Employees get paid for commuting miles less their miles to commute to the RMLD. The deduction was not made because some employees were leaving directly from the RMLD to attend wherever they were going. The form should be redesigned to include how those miles were calculated. It should contain documentation for deducting the commuting miles.

Mr. Hughes sought clarification on this reimbursement.

Mr. Pacino used an example of going from Reading to Duxbury; Mr. Hughes would have to take out his mileage from his home to the RMLD.

Mr. Biron added the Department was on an accelerated process to get the audit completed. Mr. Biron added they were in mid February and had an extensive request list and the Department did a great job of getting that done. There were minimal adjustments and things were in balance. Mr. Biron noted key accounts such as cash, which can be a major problem with electric utilities, balanced perfectly.

Mr. Ensminger commended Messrs. Cameron and Fournier for a fine job and everyone on the team for coming a long way from the forensic audit and closing the gaps with the professional expense reporting and hopes the public is making due note of this.

Mr. Soli made a motion seconded by Mr. Ensminger that the RMLD Board of Commissioners accept the Audited Financial Statements for the year ended December 31, 2003, from Melanson Heath & Company, PC on the recommendation of the Audit Subcommittee and the Town of Reading's Audit Committee.

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

**Presentation (Melanson Heath & Company, PC) Audit Review**

Mr. Soli made a motion seconded by Mr. Ensminger that the RMLD Board of Commissioners accept the Employees' Retirement Trust Statements for the year ended December 31, 2003, from Melanson Heath & Company, PC on the recommendation of the RMLD Board of Commissioners Audit Subcommittee and the Town of Reading's Audit Committee.

Mr. Soli made a motion seconded by Mr. Hughes to accept the Management Letter for the year ended December 31, 2003 as presented.

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

Mr. Pacino asked Mr. Biron how he thought the audit went from his standpoint?

Mr. Biron replied it went very well. In the first year audit there is a learning curve involved along with GASB 34. Mr. Biron thought the audit went well, the books were in balance and everyone was cooperative.

Mr. Fournier added Melanson & Heath were very thorough and methodical going through all the accounts and asked some good questions.

Mr. Cameron wanted to thank Melanson & Heath for getting the audit to the Department quickly so the Department can keep its schedule in order to get this to Town Meeting by the April 26 deadline.

Mr. Pacino inquired if the Department would be addressing the concerns and a follow up letter to the Board for the items listed in the Management Letter?

Mr. Cameron replied the Department would do so.

Mr. Fournier added he would provide a write up on the five items outlined in the Management Letter.

Mr. Herlihy noted the first item discussed in the Management Letter addressed cashing checks at the Department. Mr. Herlihy added companies that he works with require all employees to have direct deposit; it is a mechanism to save money.

Mr. Fournier replied it is personal checks to run errands. Mr. Fournier added the money is on hand due to customers paying but after Mr. Biron came out in January that practice was discontinued.

Mr. Soli added that the Audit Subcommittee based on how it is constituted would like to look at the Financial Statements in the report and apply this format to the Monthly Financial Statements.

Mr. Cameron replied the Department would look into this. Mr. Cameron did point out that the present format of the Monthly Financials has quite a bit more detail in it.

Mr. Pacino commented the format that is in the report is much clearer and pointed out Mr. Soli's comments are appropriate to look into a format that can be adopted by the Department.

Mr. Cameron replied the Department would look into this.

**Report of the Chairman of the Board**

**RMLD Board of Commissioners Reorganization**

Mr. Pacino noted prior to the reorganization, Mr. Herlihy had pointed out since some of the Subcommittees already have meetings posted, so the reorganization effective date will be April 1. Mr. Pacino polled the Board to see if there were any objections to this effective date. There were none.

**Chair**

Mr. Hughes made a motion to nominate Mr. Pacino for the position of Chairman of the Board of Reading Municipal Light Department this was seconded by Mr. Ensminger.

Mr. Hughes made a motion to close the nomination this was seconded by Mr. Ensminger.

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

**Report of the Chairman of the Board  
RMLD Board of Commissioners Reorganization**

Mr. Hughes made a motion to nominate Mr. Pacino for the position of Chairman of the Board of Reading Municipal Light Department this was seconded by Mr. Ensminger.

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

Mr. Pacino thanked the Commission for their vote of confidence to go on another year.

**Vice Chair**

Mr. Pacino made a motion to nominate Mr. Hughes for the position of Vice Chairman of the Board of Reading Municipal Light Department this was seconded by Mr. Ensminger.

Mr. Pacino made a motion to close the nomination this was seconded by Mr. Ensminger.

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

Mr. Pacino made a motion to nominate Mr. Hughes for the position of Vice Chairman of the Board of Reading Municipal Light Department this was seconded by Mr. Ensminger.

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

Mr. Hughes added he readily accepts the confidence and trust the fellow Board members and Department has placed on him. Mr. Hughes commented he will continue to serve to the best of his capabilities for the ratepayers and the Department.

Mr. Herlihy had a question on the leadership positions. Traditionally two years is the term and what is the history on that?

Mr. Pacino replied the history has varied over the years. Mr. Pacino noted in more recent times it has been two years for the leadership. Mr. Pacino added he will only serve this year as Chair and has no intention of continuing beyond this. It will then be relinquished to someone else.

**Secretary**

Mr. Hughes made a motion to nominate Mr. Ensminger for the position of Secretary of the Board of Reading Municipal Light Department this was seconded by Mr. Herlihy.

Mr. Hughes made a motion to close the nomination this was seconded by Mr. Herlihy.

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

Mr. Hughes made a motion to nominate Mr. Ensminger for the position of Secretary of the Board of Reading Municipal Light Department this was seconded by Mr. Herlihy.

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

Mr. Ensminger thanked the Board for its vote of confidence.

Discussion then turned to the RMLD Board of Commissioner Subcommittees.

Mr. Hughes added he would like to remain on the Subcommittees he is currently serving.

Mr. Herlihy did want to make one request. Mr. Herlihy would like to serve on the Budget Committee.

Messrs. Pacino and Hughes added they would be willing to step aside for Mr. Herlihy.

Mr. Hughes added he would back off from the Budget Subcommittee.

Mr. Ensminger expressed a desire to sit on the General Manager Subcommittee.

Mr. Pacino added he would back off from the General Manager Subcommittee.

Discussion ensued relative to the Subcommittees. Account Payables will remain the same.

Mr. Hughes will back up Payroll. Payroll and Account Payables will be reviewed in six months.

**Report of the Chairman of the Board  
RMLD Board of Commissioners Reorganization**

No other changes to the Subcommittees except Operating Budget and General Manager Subcommittee. Discussion also took place relative to changing out certain Subcommittees within three years. The Subcommittee changes will be effective April 1, 2004.

Mr. Soli made a motion that the roster agreed upon be effective April 1. Mr. Hughes seconded this.

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

**Update on General Manager's Agreement**

Mr. Pacino noted the Subcommittee did recently meet and there are some recommendations. Mr. Pacino added the Subcommittee would be having a meeting before the next RMLD Board of Commissioners meeting to present its findings.

**Town of Reading Election Results**

Mr. Pacino added the Town of Reading saw fit to return himself and Mr. Hughes to the Board. The Town of Reading also voted in Article 1, which were the changes, put forth under the Town Charter. It won by a margin of four to one. This is a big step forward in getting the confidence and respect back to the Department.

Mr. Hughes thanked the viewing public for their confidence with himself and Mr. Pacino after undergoing a horrendous year and a half of recovery. The public saw fit to have faith and confidence in our vast experience. Mr. Hughes added Article 1 shows an outward sign on how the Departments can work with each other. The ratepayers are the benefactors from this joint effort.

Mr. Soli added relative to this the election results are certified and there is some action the Board needs to take. Mr. Soli noted there needs to be certification then there are some things the Board needs to do.

Mr. Hughes noted he received a letter from the Town Clerk that the voting results had been certified and he was certified to serve on the Light Board. Mr. Hughes appeared the next day before the Town Clerk to be sworn in. What else needed to be addressed?

Mr. Pacino explained to Mr. Hughes they were speaking relative to Article One.

Mr. Ensminger pointed out it is a formal certification performed by the Town Clerk.

Mr. Pacino added there are changes and they want to ensure all the changes are in place.

Mr. Ensminger explained there might be a slight delay in the certification as there was a manual count of the vote that night. Mr. Ensminger noted as Mr. Soli pointed out everything is done officially in accordance with the Town Clerk.

Mr. Pacino added once it is certified it should be put in place.

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

Mr. Lessard wanted to congratulate the Commissioners who won on the election. Mr. Lessard looks forward to working with everyone again for another year.

On another matter, Mr. Ensminger inquired if the Selectmen have named a new liaison for the Light Board?

Mr. Pacino replied no. The Department is not aware of who this is.

Mr. Hughes asked Mr. Cameron to check with Mr. Hechenbleikner at the monthly meetings he has with him to check who the new person is.

**General Manager's Report**

**Update Cost of Service Study (COSS)**

Mr. Cameron added the Department has the study and will be putting it into report form. The Department will put that report together and hopes to disperse this report to the Board Subcommittee consisting of Commissioners Soli and Ensminger and all the members of the CAB on Friday. Copies will go to the remainder of the Board and be in the Board package when they pick it up.

**General Manager's Report**

**Update on Customer Information Billing Financial Management System (CIBFMS)**

**The Department went live on March 1, 2004 with this new system.**

Mr. Cameron added the Department went live on the billing system on March 1 and it has gone well. The new bills have gone out and service orders are being taken. Mr. Cameron pointed out that the Department have people on site for the month providing assistance if something should go wrong. Mr. Cameron noted in April or May the Department will come back to the Board with the project dollars.

Mr. Blomley noted he has to rely on Mr. Fournier because he is the spearhead in the business section. Mr. Blomley added they meet every morning at nine o'clock and have an action list they work with to resolve any concerns that may exist. Mr. Blomley pointed out Mr. Fournier commented this morning "everything is great". Mr. Blomley noted everything is going along but does not necessarily mean it is smooth. Mr. Blomley commented they are able to deal with the items as they arise. Mr. Blomley added Mr. Fournier has a team that works along with him. It has been great so far.

Mr. Pacino inquired on the billing; it only shows the current kilowatts hours and the prior format showed a year's history. Is that lost?

Mr. Blomley replied no. Mr. Blomley explained each month new history will appear.

Mr. Pacino commented it is rebuilding the database.

Mr. Fournier explained it was a conscious decision not to bring the prior year kilowatt information over.

Mr. Pacino added he does miss this feature of comparing current year's usage with the prior year.

Mr. Soli noted that he had a snapshot of the Problem/Issue Log for March 8 and it says electronic timesheets will be released in the fall. Does that mean Cogsdale will be around until that time?

Mr. Blomley replied no. Cogsdale would be back for a week in the fall for training on e-Timesheets.

Mr. Hughes asked for a ballpark figure is the Department within budget or over budget?

Mr. Blomley added as a rule he does not shoot off the hip but believes the Department will be well within budget.

Mr. Hughes complimented the Department on the stuffer that was inserted into the last bill was informative and explanatory. Mr. Hughes added whoever was responsible for this should be commended.

**Public Official Bond – Vincent Cameron**

Mr. Cameron added he has a bond for \$50,000. It went through the payables a couple of weeks ago at a cost of \$330.48.

Mr. Ensminger inquired if this was per year charge or the duration of the contract?

Mr. Blomley replied it is for the period of the bond of the contract, in February 2006 it will have to be renewed.

**Lynnfield Pole Setting**

Mr. Cameron noted the Department has a project in Lynnfield with extensive pole setting. Mr. Cameron added the Department has had conversations with the Town of Lynnfield over the double pole issue. The Town of Lynnfield is concerned about the Town being riddled with double poles once the Department is done with its project. Mr. Cameron and Mr. Carson, Manager of Engineering, met with the Town of Lynnfield along with Comcast, Verizon and fire alarm in Lynnfield. Mr. Cameron added the Department will be meeting with them and giving them information on this project to make sure the poles get transferred and that the old poles are removed in a timely fashion. Mr. Cameron noted if more information is required on this please call him. Mr. Cameron emphasized this is an issue the Department is sensitive to. Mr. Cameron added when he went to Lynnfield there were twenty-two double poles and the RMLD was on five of them. Now it is one. The Department transfers off old poles very quickly.



**General Manager's Report**  
**Lynnfield Pole Setting**

Mr. Enslinger inquired do the poles belong to the Department?

Mr. Cameron replied the poles in the service territory for the most part are jointly owned between the RMLD and Verizon. If Verizon is not on a pole then the RMLD owns it solely. The service territory is split up by who has custodial responsibility of setting the poles. Mr. Cameron added there is an order when transferring off poles and the RMLD is the first one off. Mr. Cameron pointed out others will not touch the pole until the RMLD is off then fire alarm; cable and telephone will follow suit. Once everyone is removed from the pole, the RMLD or Verizon will remove it. In the past double poles has been an issue.

Mr. Pacino added he thought at one point the Department had looked into buying the poles; perhaps this can be revisited and pursued again.

Mr. Cameron replied if he wants he will be willing to do this.

Mr. Hughes interjected this was done before and they were non responsive.

Mr. Pacino noted this has also been a problem. Mr. Pacino used the example of when a vehicle hits a pole and the RMLD may have to wait for the phone company to respond and replace the pole.

Mr. Cameron pointed out there is a contract for the poles but in emergency situations you do what has to be done.

Mr. Hughes asked Verizon is traditionally last to get off the pole?

Mr. Cameron replied yes.

Mr. Herlihy added to follow up on these comments. These pole issues matter a great deal to people especially if they are affected by it. Mr. Herlihy has had three pole issues he has discussed with the General Manager over the last two years and they have been Verizon poles.

**Board Discussion**

Mr. Herlihy inquired is there a possibility where they would not take care or not respond in a timely fashion? Does the RMLD has any recourse there? Mr. Herlihy asked if there is a problem with the pole and he is told it is a Verizon pole, how does the Department handle this?

Mr. Cameron replied the Department does call Verizon. Mr. Cameron added if everyone were off the pole the Department would call them. Mr. Cameron pointed out it is within Verizon's scheduling. Mr. Cameron noted as the Department goes along they transfer off the old pole very quickly.

Mr. Cameron replied the problem is if someone is still on the pole the Department cannot touch the pole.

Mr. Herlihy added a hundred times out of a hundred when someone sees a problem with the pole they will assume it is the RMLD. Mr. Herlihy noted when it is not being worked on it is not the RMLD's fault. The problem does not go away because the Department cannot get Verizon to do the work. Short of buying the poles is there some sort of agreement the Department can do to work with them?

Mr. Cameron stressed buying the poles does not make the problem go away because if the equipment is not transferred from the old pole to the new pole you cannot remove the pole.

Mr. Pacino asked if the Department could respond in a more quicker and timely way?

Mr. Cameron pointed out the Department reminds Verizon on a regular basis. Mr. Cameron mentioned that in this Lynnfield project they set up e-mail routing and on a weekly basis everybody will know what poles the RMLD has transferred off then Verizon, Comcast and fire alarm could communicate this as well.

### Board Discussion

Mr. Hughes commented as a point of personal experience, he has worked hand and hand with the General Manager and it took almost two years for Verizon to clear the pole on Route 28 in Reading. This is what you are up against.

Mr. Hughes added the Public Relations Subcommittee met today at 7:30 a.m. in the General Manager's Conference Room. It was very well attended and people were eager to discuss the issues facing them. Mr. Hughes added what came out of that Subcommittee meeting was a thorough recommended policy. Mr. Hughes added it was a mutual discussion between the Department and the Subcommittee. Mr. Hughes commented this was studied and discussed in depth; it was given the acid test. Mr. Hughes pointed out that community functions must comply with the policy. The policy is simply written but it must be complied with and if there are any questions on the policy please call the Department.

Mr. Herlihy added the Public Relations Subcommittee approved the policy, which will get sent to the Policy Subcommittee and then will come to the full Board. Mr. Herlihy thanked the General Manager and the staff for developing this. Mr. Herlihy commented it is a gray area and they are trying to create a line where they eliminate any direct giveaway of ratepayer money. But it will work in a way that can still provide in kind services and allows the Department to advertise for informational and educational purposes.

Mr. Herlihy's second point is he sees a lot of press that NSTAR is going through with electrified manholes and could that happen here?

Mr. Cameron replied could this happen here because the Department distributes electricity similar to NSTAR. However, the Department's service is exemplary. Mr. Cameron has spoken with the Manager of Engineering and there are a lot of manholes around town with underground cables. A lot of those manholes have high voltage cables in them. If the high voltage went to ground the neighbors would know about it because there would be an explosion. The manholes in which there are secondary cables have a construction standard and are very neat. Mr. Cameron added the Department does not have non-RMLD workers working in its manholes.

Mr. Cameron commented the Department has a supervised contractor that does some of its underground work and the Department does some, but the Department controls what happens in the underground. Mr. Cameron cannot say one hundred percent that it would ever happen here but the Department has been mindful of this.

Mr. Pacino added Mr. Cameron is saying the possibility of this happening is remote. Mr. Pacino asked what would be a percentage?

Mr. Cameron replied well over ninety nine percent of it not happening.

Mr. Ensminger pointed out as the General Manager said there are controls in place where the Department is not going to pass the buck.

Mr. Cameron added there is a huge amount of underground in the NSTAR service territory in Boston as compared to the Department.

Mr. Herlihy emphasized that the Department or its contractors perform the underground work being done.

Mr. Blomley added private parties are not allowed in the manholes under any circumstances. Only RMLD and its contractors are allowed in them.

Mr. Hughes pointed out he has personal knowledge of the contractor Mass Bay. They are highly reliable. Mr. Hughes noted they provide continuity.

Mr. Cameron added Mass Bay has been with the Department for a while. The gentleman that is the point person for Mass Bay knows the service territory. Mr. Cameron has had conversations with him on this issue. Mr. Cameron pointed out if he knew of trouble spots he would alert the Department.

Mr. Soli inquired does the Department inspect underground at all?

### Board Discussion

Mr. Cameron replied the Department does not inspect all the underground on a routine basis. Mr. Cameron noted spot checks are performed in underground developments. Mr. Cameron pointed out they look for vegetative growth and snow around transformers which can cause erosion.

Mr. Ensminger inquired if the Department owns easements to prohibit bushes over those lines?

Mr. Cameron replied they do have easements but sometimes vegetation does grow into them. This has also happened in commercial developments.

Mr. Soli had a question about the service territory in terms of kilowatt hours sold. Where does the Department rank with the other forty-one municipal electric utilities?

Mr. Cameron replied he believes the Department is number one; this is in relation to the MEAM bill. Mr. Cameron added there might be other municipalities that have more meters but the Department has more sales. In the 2002, the MEAM survey had the RMLD as number one.

Mr. Hughes asked what is happening with Broadband Over Powerlines?

Mr. Cameron replied that Taunton Municipal Light Department is holding a Broadband Over Powerlines seminar on March 23. Mr. Cameron added the Manager of Engineering would be attending with him. Mr. Cameron extended an invitation to the Board if they were interested in attending. Mr. Cameron received a call from Tom Mottl, a Reading resident, who is on the Technology Committee in Reading and he asked if he could attend.

Mr. Herlihy added that he was able to attend the Retail Power Market Summit in Orlando, Florida, on his own, which his wife produced for her company. At the conference he met Commissioner Robert Keating who is a Reading resident and who is a Commissioner for the Department of Telecommunications and Energy. Mr. Herlihy added Commissioner Keating is interested in attending a public power town meeting with the congressional delegation and the Commissioner expressed concern that the public does not understand the issue of congestion. Mr. Herlihy suggested using an *In Brief* to explain this as it is beyond our control.

Mr. Cameron will speak with the Energy Services staff to get something on congestion in next month's *In Brief*.

### Next Meeting Dates

#### RMLD Board of Commissioners Meeting

Tuesday, March 23, 2004, Joint Meeting with the Citizens' Advisory Board on Cost of Service Study

#### RMLD Board of Commissioners Subcommittee Meetings

Rate Subcommittee, Sunday, March 21, 2004, 10:00 a.m., RMLD, Cafeteria,

Rate Subcommittee, Tuesday, March 23, 2004, 3:00 p.m., RMLD, Winfred Spurr/Board Room

Policy Subcommittee, Tuesday, March 23, 2004, 6:00 p.m., RMLD, Cafeteria

General Manager's Agreement Subcommittee, Tuesday, March 23, 2004, 7:00 p.m. RMLD Cafeteria

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

At 8:50 p.m. Mr. Ensminger made a motion seconded by Mr. Hughes that the Board go into Executive Session, to discuss strategy relative to collective bargaining and to return to Regular Session for the sole purpose of adjournment.

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

#### Mr. Pacino called for a poll of the vote:

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

#### Motion to Adjourn

At 9:12 p.m. Mr. Soli made a motion seconded by Mr. Ensminger 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. Ensminger, Secretary, RMLD Board of Commissioners