

Reading Municipal Light Board of Commissioners

Regular Session
230 Ash Street
Reading, MA 01867
January 27, 2003

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Start Time of Regular Session: 6:35 p.m.
Recess Time of Regular Session: 8:20 p.m.
Reconvene Time of Regular Session: 8:40 p.m.
End Time of Regular Session: 10:15 p.m.

Attendees

Commissioners: Messrs. Hughes, Pacino, Soli and Herlihy
RMLD Staff: Mses. Antonio, Gottwald and O'Leary
Mr. Tony Butler
CAB: Messrs. Norton and Carakastane

Chairman Hughes called the meeting to order at 6:35 p.m.

These meeting minutes are not verbatim.

Chairman Hughes introduced the Commission and welcomed the viewing audience. Chairman Hughes stated the meeting was wrongly advertised in today's newspaper for being televised on channel 9, however it is actually being viewed on channel 22.

Commissioner Pacino explained the format of this evening's interview. Commissioner Pacino stated he will begin with a five minute introduction followed by fifteen minute segments allowing each Commissioner fifteen minutes to ask questions. At the end of the interview the candidate will have fifteen minutes for a closing statement, if he so chooses.

Commissioner Pacino stated this evening's interview is the first out of the four candidates to be interviewed this week for the General Manager's position. Commissioner Pacino continued stating the General Manager's position will have all the powers under Chapter 164 and there is an Ad Hoc Committee which has made certain recommendations. Commissioner Pacino then introduced the candidate, **Mr. Gary Babin, Energy Services and Planning Manager for the Wellesley Municipal Light Plant.**

Commissioner Pacino: "What does public power mean to you?"

Mr. Babin: Public power means three things to me, 1) outstanding customer service, the ability to give a personalized level of service to the customer, 2) outstanding level of response for an emergency outage as well as day to day outages and system reliability, 3) and low rates. It is common that public utilities have lower rates than the investor owned utility and the governance of public utilities is another benefit because everything is handled at the local level. If a customer has a problem they can go right to the Board and the problem will be investigated and responded to quickly.

Commissioner Pacino: "What is your feeling about restructuring and deregulation?"

Mr. Babin: Deregulation has not worked out the way it was anticipated, however, that has worked to public power's benefit. The vision of deregulation as originally enacted was that everyone would receive across the board rate reductions and systems would be more efficient; it did not work out that way. I was part of the Massachusetts Electric Association of Massachusetts (MEAM) legislative committee and worked on developing a municipal light plant position on deregulation and sought to get municipal light plants excluded from the provision of the act.

Commissioner Pacino: "Where do you think restructuring should go and if you got the position where would you drive it to go?"

Mr. Babin: Based on what I have read from the RMLD meeting minutes I read on the web and press articles, I get the sense that the RMLD Board wants to go back to the core of business as opposed to becoming involved with the deregulated segment of business such as electricity, basic reliability, low rates and excellent customer service. As far as where deregulation should go, unless it means lower costs for the consumer, it probably will not be followed in other areas of the country and people will view the New England experiment as a failure.

Commissioner Pacino: "What is your experience in budgeting and rate setting?"

Mr. Babin: I have been involved with two cost of service studies and rate settings. In 1992, I did a cost of service analysis because our wholesale power supply costs were renegotiated down. The end result was implementing a ten percent rate cut for our consumers. Currently, Wellesley is working on a cost of service study as well as zone rate study and anticipate to reduce rates about eight percent due to the negotiating of a new power supply contract.

Commissioner Pacino: "What is your experience in budgeting and rate setting?" (Continued)

relative to the financial end, I have about twelve years of developing, implementing and cost control for operating budgets of approximately twenty million per year and capital projects ranging from one million to five million in a particular fiscal year. Therefore, I have a lot of detailed experience with operating and capital budgets, establishing, presenting and obtaining approval in addition to doing cost control.

Commissioner Pacino: "In terms of the problems the Department had, what controls do you think should be in place by the Department to prevent misuse of funds?"

Mr. Babin: I think the RMLD is on the right path. I know the biggest issue was out of state travel and clearly the internal controls in place were not implemented and followed by the General Manager as well as other approvals that were required that were not being followed. I am a big believer of job training for all employees. It is extremely important although the training would not be at the magnitude it was and there would need to be a budget request submitted to the Board for approval and when the employee comes back it is important for them to write a detailed summary of why it was important to attend and what it meant to their job.

Commissioner Pacino: "You are well aware that the management and Commission have had strained relationships with the Town of Reading and Town Manager. What would you do to improve that relationship?"

Mr. Babin: I think the most important task required of the new General Manager is to resurrect the image of the RMLD. My approach is very interpersonal in style as I am a strong believer in customer service, a more open dialogue, and a better level of communication is important. I would go to the Town of Reading as well as the other Town's Managers and Administrators and introduce myself and let them know I would be their key accounts representative. I would let them know if something requires attention I would expect that individual to call me so we can address it. I would also make myself available to various Boards of Selectmen, introduce myself and let them know the RMLD is in good hands. I would try to smooth over those relationships and establish the lines of communications with them and try to move the process forward as much as possible. It is also important to know that light plants are a lot different from general government.

Mr. Babin then elaborated on the complexity of light plants.

Commissioner Soli: "In buying power, how can Reading strike a balance between long-term and short-term power contracts?"

Mr. Babin: I'm not sure if price volatility is where you are going with this, but one of the big things in purchasing power is to stagger the terms of your contract so not everything does not terminate at the same time. The balance comes in terms of trying to negotiate the best deals for different types of power. Timing is everything in life and timing in the power supply market is the same thing. When the commodity cost of fuel is down that is always a good time to look for extensions on existing contracts. For instance, now is a bad time to go into the market place because the cost of fuel is very high. In terms of striking a balance to some extent it is limited because of certain contracts that have been entered into and there is nothing that can be done to get out of them, therefore, the terms of the contract must be fulfilled.

Commissioner Soli: "Does it make sense to open our service territory?"

Mr. Babin: No, it does not make sense. Municipal Light Plants are better off with closed service territory and so are the customers. Opening up the service territory is opening the opportunity for another power supplier to come in take over some of the customer base. I know RMLD has a tremendous amount of large customers. Paul Carson showed me around the system today and we visited many industrial parks and those are the type of customers that are most likely to leave the system. Unfortunately, the nature of power suppliers is they will come in and try to pick your best load. Opening up the service territory creates a lot of problems, creates a lot of administrative work, therefore, if you did not have to do it, you'd be better off. The other piece of it is you have certain fixed costs in your power supply portfolio that were incurred with the expectation that these customers would be there to pay them so then you'd have to develop a stranded cost recovering mechanism to recoup those costs or pass them on to other customers. So, no it is not in the best interest of municipals utilities to open their service territories because it also opens it to competition.

Commissioner Soli: In light of congestion and congestion costs, can New England and particularly Boston have a transmission "melt down"?

Mr. Babin: Congestion is not physical congestion. The congestion management system has more to do power suppliers. The generators within the congestion zone and the nature of electric power systems is such that the reliability purposes and system stability proposes certain generators to run at certain times; they may not be the most economic systems to run but it has to run to maintain system voltage, particularly during heavy duty load times. Congestion is more of an economic issue due to the nature of where the generators are located within the system. So, no, I don't see there being a meltdown, there is enough transmission capability to service all the load.

Commissioner Soli: "How often do you hold staff meetings and what functions are the meetings used for?"

Mr. Babin: I am a firm believer in staff meetings because communication is very important. I try to have weekly staff meetings on Monday mornings. I would envision how I would structure staff meetings here is to determine the key managers from the different departments and have a meeting first thing Monday mornings so everyone can talk about things they are working on in their particular area. I like to do that because often times something that someone is doing in their own area affects someone in another area and they aren't even aware of it. So, meeting creates a dialogue, discussion, sets a nice tone, establishes expectations, schedules and most importantly keeps everyone involved.

Commissioner Soli: "Have you been involved in the grievance settlement process? How many grievances were filed last year at your current organization? What is your approach to the handling of grievances?"

Mr. Babin: Yes, I have been involved with grievances extensively. I was responsible for about thirty-five, forty people who were under my supervision consisting of three collective bargaining agreements. Anytime there is a change in working conditions, hours, or wages you get involved with that. Most of the grievances, however, centered on job promotions, contract interpretations and production unit contracts gave us a fair amount of latitude in terms of how we hired so to the extent that we did something that the union did not agree with primarily because we didn't pick the most senior person they would grieve it. The amount of grievances varied year to year, approximately up to five or six grievances. The grievance procedure is a three- step process, the first level is with the manager of the light plant, the second level is with the personnel department and the third level was to go to a mediator. My experience is that we have always prevailed on the grievances. In terms of handling grievances, it goes back to how you treat people, it important to treat people with respect from the lowest level employee up to the highest level of employee and that is the key issue in the number of grievances you get. One thing not do is sacrifice the conditions of the contract.

Commissioner Soli: "Have you been involved in labor negotiations? What is your approach to labor negotiations?"

Mr. Babin: Yes, I have been involved with negotiations of several collective bargaining agreements. In the Town of Wellesley the lead person for the collective bargaining is in the personnel department for the Town and as a Light Plant representative. I have been involved to deal specifically with Light Plant issues. Some of the contracts at one time included not just municipal light work but also DPW workers. We had a combination Light Plant/Public Works Department for many years. I ran the municipal light plant under the Director of Public Works for eleven years and went through a process not dissimilar to what the RMLD is going through now relative to the Ad Hoc Committee. We had a Light Plant Governance Committee in 1991 and 1992 which investigated whether the light plant was being properly run and a lot of what the RMLD is going through is exactly what we went through back then. Now we have our own separate light plant negotiations and contracts. One of the things that happens during union negotiations is that you have a labor attorney who is the lead in determining what you can or cannot give but you need to figure out what you want to give up by economically evaluating and having patience. My approach is to take every step possible with a problem employee to try to resolve the situation, whether it be getting the employees attention, making the employee productive, solving employees personal problems, if they ask me to be involved or ask me for help, and firing is the very last resource. For me, you can talk and think about it but to actually sit down in a room and terminate an employee is just a very painful process, unfortunately, I had to do that a few times. Once was with a thirty year employee, it was terrible although I did try every single thing I could do to resolve the issue first.

Commissioner Soli: "Regrettably with business cycles and with personnel mismatches, there seems to be no way to totally avoid layoffs and firing of personnel. Tell us your approach to layoffs and firings. What processes do you think should be followed for each case?"

Mr. Babin: Layoffs in the municipal sector are rare. In these fiscal times particularly in the tax impacting side they are unavoidable and those issues are determined by collective bargaining agreements. A lot of times they are done by seniority. As far as firings, those are completely different issues and are performance-based issues. Unfortunately, I had the experience of firing two people at the senior management level. One was sixty-five years old and brought the case to the MCAD, with labor counsel we prevailed for the simple reason the performance reviews for this individual received over a period of years noted declining performance and ultimately a six-month probation review. After six months he was terminated. Much of the time firing is how you establish the frame work within performance reviews which are very important documents.

Commissioner Herlihy (this question was asked in coordination with Dan Engsminger, Chair of the Ad Hoc Committee): "As you may be aware the Reading Selectmen are in the process of considering a number of governance reforms, one of these reforms would be to have the Light Board, rather than the GM, hire 1. The RMLD Counsel both special and general, 2. The Accounting Manager with the GM having day-to-day supervision responsibilities for these individuals. Are you comfortable with these reforms and if they are enacted into law how would you work with the Light Board of implement?"

Mr. Babin: The Accounting Manager issue is a good recommendation. It was clear by reviewing the Inspector General's Report and the RMLD audits that the Accounting Manager was put into a very difficult position.

Commissioner Herlihy (this question was asked in coordination with Dan Engsminger (Continued))

The GM works at the election of the Board and the GM's job is to bring things to the Board for their consideration so as far as counsel, I would assume that it would be placed on the GM's docket of things to do to develop a list of attorneys for the Board's consideration and to discuss the merits and detriments of each one to formulate a recommendation to the Board to formally vote on it. I could certainly live with that because as much of it would come from the GM in terms of recommendations because what I found is that Boards usually go with the GM recommendations. So, yes, I could live with that, there is always a reasonable approach to everything. My experience with public power has been with Boards and they typically hire the general counsel and the manager works with the general counsel. The Board needs to have access to the best legal counsel and I have worked with that system and it worked fine. With the Accounting Manager and from my experience, it is a bit of an awkward structure but its acceptable. My experience tells me I have been held accountable, I will continue to be and I've never run into a problem, therefore, I could work with that structure although it is unusual.

Commissioner Herlihy: "Can you give us an example of how you may have mediated a possible legal issue, be it a grievance or a political inquiry or a HR staff issue without the use of legal counsel and what personal traits or characteristic do you possess that would help this Department reduce its legal costs?"

Mr. Babin: Its communication and how you treat people that create the need for litigation or to avoid the need for litigation. You can avoid having to hire an attorney by sitting down and being a reasonable person; sometimes you may need to give something up but in the end you may get something back that you want as well. There are certain types of issues that are unavoidable as far as litigation especially when you get into the FERC arena there is almost no alternating. Unfortunately it depends on the party you are dealing with. In many cases, if the dealing with Boston Edison you can almost count on litigation because that has been their company policy and tradition for many years, rather than settle, they will litigate.

At this point, Mr. Babin elaborated on his experience with the FERC process relative to settlement negotiations. And, continuing:

As far as what I would bring to the table, communication and treating people with respect is important and trying to understand what the end goal is, what position you want to take and what is acceptable. You need to keep thinking, pounding and keep working at the negotiation. I have a very interpersonal style, I am a good team player and provide good leadership skills and most importantly I think side the box. It is important when dealing with things like this that you have to think out of the box and come up with creative solutions to problems that maybe were not thought of before.

Commissioner Herlihy: "What is the role, as you see it, of public relations and marketing for a municipal light department with a closed service territory?"

Mr. Babin: Public Relations is very important. You want to leave your customers with the best impression you can. Typically, customers interface with you very little. For the majority of the customers, all you see is the bill and that is a big part of what is going on with the Customer Information Billing and Financial Management System the RMLD is involved right now. That project is a very important project because the quality of the information says a lot about the quality of your organization. In my current organization we do not do a tremendous amount of formal public relations work; a lot of the public relations work we do is essentially going out and meeting customers. We have a formal process for key accounts and actually get the difficult customers funneled to me primarily because I can offer a lot of technical expertise in terms of dealing with their problems and I do a lot of rate analysis, etc. We do not do a lot of formal marketing, our reputation within the community speaks for itself. I think its good to work in the schools. I used to do a lot of presentations to the fifth and sixth grade science classes about the utility in order to get our name out there so children understand that they have something in their town that they didn't realize. While I think it is important, we don't do a tremendous amount of it in Wellesley and I don't think it has hurt our reputation at all. A utility reputation is established by the three things; low rates, system reliability and treating people well and following-up.

Commissioner Herlihy: "Can you give us an example of how you handled an environment issue or problem in one of your most recent position and what would you say you learned from it?"

Mr. Babin: While environmental issues get dicey, typically there are oil releases from transformers, etc., and of those may or may not be PCB. There are a couple things to do. One is you make sure you have retained an environment consultant you can rely on to inform you of the applicable laws and things needed to be done. You also must contact the Department of Environmental Protection in Massachusetts (DEP), you also have to make sure you have a certified clean up contractor available, usually Clean Harbors. So, you contact the environment consultant because there is usually not someone on staff like that, then you commence the clean up. What I've learned is open disclosure is the best policy because often the press will start asking questions and you can inform them of the situation was handled and assure them the clean up was in accordance with EPA regulations; you don't try to hide anything. You just get the clean up done following formal procedures.

Commissioner Herlihy: "Today you viewed and toured some of the RMLD facilities, would you share your general brief observations what you thought of the system, its strengths possible weaknesses?"

Mr. Babin: I had a nice tour of the facilities with Paul Carson, we drove around and went to the Industrial Parks as I mentioned earlier as well as the substations. I was very impressed with the system. The North Reading Substation (NRSS) is obviously top shelf. Very nice facility, we went inside and looked around at the internal of the block house, the breakers and equipment. Overall it's a very well constructed system, this office facility were we are meeting this evening is a beautiful facility. I know the building before this one was an old municipal building. Wellesley is in an old municipal building and we have a place holder in our budget for 2005 to build a new facility. In fact, I've been here before and toured with Jim Blomley so Wellesley could develop a list of recommendations for what we want to do. Overall I was very impressed. One observation I have is the RMLD has gone through a lot of turmoil over the last year and its unfortunate that the actions of a few people have painted a negative picture of the entire organization as I suspect that has happened because overall, from what I've seen, the RMLD is an outstanding organization; the people here are top shelf everything is done very well. Reading has always looked up among municipal light plants as a leading light department. I alluded earlier that Wellesley had gone through a similar governance committee process many years ago and I think one of the unique qualifications I bring to this position is the fact that I've been through this process personally. What happened during the process for Wellesley is that they had to decide whether the light plant was better run as a public works department, or as a separate organization. What occurred was that the Light Plant Study Committee convened and I was the Representative from the light plant that was appointed to attend all the meetings and report back which was a fairly lengthy process. One of the things that happened in December, 1992, they convened a Special Town Meeting to vote on the governance of the light plant and it was decided by one vote to separate the light plan from the Public Works Department and establish it as a separate department. They went through the process of filing for a special act of the legislator to do all this. What I came away from it with is I saw how destructive it was to the organization and one of the things the new GM could do is assess all of what has happened over the last year that has impacted the employees of this organization and I can tell you from personal experience its not fun. A certain amount of organizational paralysis exists, you continue to move things forward to get things done but you are not really focused on the core nature of the business and I think it affects long term planning because people are angry and upset, there are a lot of emotions that people go through. One of the ways I think I would address it is to determine what kind of things need to be done. I would meet with every employee individually over the first six months to a year in order to learn what they think is important, to understand how this whole process has effected them and develop some actions out of it as an attempt to get everything back on track and move forward again.

Commissioner Herlihy: "Why do you want to come to Reading?"

Mr. Babin: I think I can make a difference. There are three main qualifications I present and it is a tremendous opportunity. It's a very sound organization, it just needs someone to get it back on track and move it forward. I have the formal education of an engineering degree and an MBA in Management and Organization which are two elements very tailored to what you are looking for here. My Bachelor's degree was in Power Systems so I have been involved with utilities since I was in college. I have all the relevant experience needed, I ran the Wellesley Municipal Light Plant for eleven years and I think I've done all the things in the municipal light plant sector that you need to perform this job. My references submitted on my behalf was from my supervisor, Richard Joyce, and he addressed very well a lot of the things that have transpired in my career over the last several years. One of the recurrent themes in those reference letters is that I possess outstanding leadership qualities and that is from all the years being involved in light plants. Thirdly, I have this unique qualification among the candidates because I have been through this before and have been involved with the rebuilding of an organization that has been through a process very similar to what the RMLD is going through now. When its all added up, everything I have done in my career to this point, including some of the more difficult times, has trained and geared me for exactly this type of opportunity. All my experience and education have brought me to get to this point. RMLD is a great organization and I would appreciate the opportunity to head up this organization, it is a very fine organization.

Commissioner Hughes: "What is your experience on working with municipal governments in conjunction with your current or former position?"

Mr. Babin: Everything I do is with municipal government. We do not have a Town Manager structure in Wellesley. We had an Executive Secretary, now we have an Executive Secretary of General Town Government, I believe that is the title, and I deal extensively with the Town Hall in Wellesley on a lot of different issues since we are all part of the same Town. A positive thing is that the light plant in Wellesley went through a lot ten years ago, very similar to what RMLD is now going through, so one of the things I appreciated that came out of that process is how highly regarded I was by the other people in Town government. My experience with other Town government officials has been very positive in Wellesley and I am held in very high regard in Wellesley.

Commissioner Hughes: "How would you feel as General Manager dealing with the public, any reservations?"

Mr. Babin: I have no reservations dealing with the public as General Manager. One of the things I mentioned earlier which I am quite proud of is at the Wellesley Municipal Light Plant if someone has a customer that they do not know what to do with, they generally give them to me. I do my best to determine what that customer's concern is, try to develop an approach for them and to check things out for them while treating the customer with respect. I have been dealing with the public on a day to day basis for a long time. The biggest challenge for the new GM is getting out and interacting with the public, going to the Towns and make yourself very available to the Town Manager's and Administrators, meet with their Boards, etc. The way I would approach this is to talk to the key account reps and try to get an idea where the big accounts are and find out who has been particularly vocal on what has been going on and set a meeting to talk with this customer to find out what their point is and try to address it. Dealing with the public is something I am very comfortable with and I would imagine it would be a very large part of the job including the community relations piece, going to a rotary and doing a presentation, etc. I am very comfortable with that aspect of the position.

Commissioner Hughes: "What is your experience with different cultures that exist within municipal governments?"

Mr. Babin: A culture is a learned behavior established by the leaders within the municipality, whatever Department it is. It is illustrated by actions, its in how you treat people and, as I say, I treat everyone with respect for their positions, be it a custodian, or the head of the Town, I treat people the way I would want to be treated. The culture of an organization is a tone that is set from the top person on down. Part of establishing that culture is how you deal with situations as they come up and the way you handle them helps set that tone.

Commissioner Hughes: "The Ex-General Manger set a precedent of employees working from home, setting employees up at work from home with computers, faxes, etc. After he left the Board determined no one should work from home, however, some employees still work from home. As the new GM what would your theory in this process be and if you agree with working from home how would you distinguish who was allowed or not allowed to work from home?"

Mr. Babin: As far as me personally, I would be in the office everyday because that is where I would be most productive - you need to be where the action is. I would have to look at each situation individually to determine what they are doing, why they are doing it and try to determine if it is beneficial for the light plant to be doing that. Telecommuting is a very envogue kind of thing. I've never worked from home, I'm not familiar with how you dial up from work and block out all the distractions, etc., however, before stating position on it I would want to talk to the individuals involved and found out exactly what it is they are doing, how productive they are and assess it from there. It is hard to say whether I am or am not in favor without knowing the details, every situation needs to be looked at individually, gather the facts in order to make the a determination.

Commissioner Hughes: "What is your opinion on relocating and living in the service area or territory as the GM?"

Mr. Babin: Living in the service territory would be my preference. I live in the Town of Millis, is a small town about fifteen minutes north of Foxborough stadium. I talked this over at length with my wife and we would certainly want to relocate to the service area and that would be our intention. We have priced out real estate and obviously this is a difficult area to move into in terms of buying in because where we live is a little less costly. It would be our goal to move here.

Commissioner Hughes: "As the General Manager what measures would you take so employees could speak freely without fear of retaliation or retribution?"

Mr. Babin: A lot of that is based on style. Personally, I am not a punitive type of person where someone stays something I don't like. I encourage discussion. I like the idea that people can have a dialogue with someone who is in a position of command, sort of speak. What someone sees as retribution might be an innocent comment from someone else, its all perception. When your in a position of GM you have to delegate a lot of responsibility to division heads and I think its important to maintain a chain of command, I think an employee who might be one or two levels down from the GM shouldn't feel they can go around their supervisor right to the GM with a problem. You need to respect the chain of command and work through problems in that manner. It is important for the GM to respect the authority of the employees who report to them. As I outlined earlier my intention would be to meet every employee individually, sit down for a meeting for one hour and I am sure a lot of things like that would come up, then you figure out a way to deal with it without undermining the supervisor.

Commissioner Hughes: "Are you under, or have you ever been under, investigation by the Inspector General's office or State Ethics Board and if so, what were the outcomes, or have there been any allegation of conflicts of interest?"

Mr. Babin: I am pleased to say that out of forty municipal light plants in Massachusetts approximately 23 have been under investigation by the Inspector General's office, the Wellesley Municipal Light Plant is not one of those utilities. We were contacted by the media under the Freedom of Information Act Request which we provided information and we never heard anything else, never heard form the Inspector General's office. It is fair to say we have a clean slate in Wellesley.

Commissioner Hughes: "The previous GM and the previous AGM were put on administrative leave although they were not being investigated by the State Ethics Commission. Recently other GM from other municipalities were put on administrative leave because they were being investigated by State Ethics Commission. What are your feelings of this?"

Mr. Babin: Overall what has occurred is a sad situation. I am familiar with at least one other individual who has been put on administrative leave and he has since retired from his utility. I know a lot of these people on a personal level and I have always viewed that you treat people the way you would want to be treated and I have no problems with them personally. Their business ethics I am not that familiar with and the specifics of the allegation from the Inspector General's Office I am not familiar with so I do not have any less respect for these people as individuals but it is sad that this has happened in our business.

Commissioner Pacino (this question was submitted by CAB member, Roger Lessard: "Have you dealt with private citizen's Board such as the Citizen's Advisory Board (CAB) and what do you perceive as the role of the CAB?"

Mr. Babin: The CAB is essentially a government entity. Mr. Lessard told me he was appointed by the Town Manager, I'm not sure how other Towns select and appoint their representative. I have dealt with Boards extensively. For example, Wellesley also performs streetlight maintenance for the City of Newton and I was requested by the Department of Public Works Director to go to a posted Audit Committee meeting to deal with the issue of the light plants maintenance of the streetlights in Newton, it is fairly common for me to do things of that nature in order to represent the light Board at these various committees. I also represent the Wellesley Municipal light Plant in NEPPA Board and Executive Committee so I do a lot of representation of our utility at the Board level as well as in other organizations.

Commissioner Pacino: "The northern region is currently preparing to implement radical changes in the wholesale electric market noted Strategic Market Design (SMD). This could have a significant effect on the cost of RMLD customers, please discuss your knowledge and experience to date in developing SMD rules and briefly discuss your strategy to whole cost associated with the SMD down."

Mr. Babin: I believe the terminology is the Standard Market Design and it is something that is trying to be implemented nationally by the FERC. I am going to an information session on it this Wednesday, in fact. My take on it is what the FERC is trying to legislate is sort of a cookie cutter model for all the different transmission regions in the country but they don't take into account the difference in all the regions. I think it is problematic in New England for a couple of reasons. We are in the process of having a couple of market trials and we are participating in those. There is some discussion that they may hold off implementation in this region as they are committed to a May 1st implementation date, however, it may be pushed to December 1st. I do have a fair amount of familiarity with that, maybe not with all of the details necessarily, but that is part of the training course that I am undertaking on Wednesday. The way this is being implemented does not effect us in Wellesley because of the nature of our power supply agreement. The nature of the fifteen to twenty power supply agreements and entitlements that RMLD has makes this effect the RMLD more than Wellesley so I haven't developed a specific strategy to deal with it simply because it won't have a tremendous effect on Wellesley other than reporting requirements.

Commissioner Pacino: "There has been discussion of this Commission of having a discounted rate for schools and municipal buildings, what is your feeling on potentially the cross subsidization without those rates?"

Mr. Babin: We talked a little about cost of service studies and I don't know what the nature of your process is going to be but I would ask or recommend that the new GM get a good crack at the cost of service and rate designs since rates are done only about seven to ten years and RMLD hasn't had a rate design in quite a few years. My recommendation is not to go too fast on that until a new GM is in place because clearly the issue of rate design is important and the new GM should have a say in that. As far as municipal rates go, Wellesley went through that about ten years ago, we are producing about an eight percent rate of return that is what your rates are designed to produced and about one-half of that is what we determined is the profit component and the other half of that is to provide funds for capital reinvestment in your system. What we did which worked out to be a good idea was to take the profit component out of it. We didn't set municipal customers up on a general service rate, commercial rate, we gave them a special class rate but what that rate class did was eliminated the four percent profit.

Commissioner Pacino: "If the Town Manager and the Reading Board of Selectmen try to interfere with policies and operation of the light department, what would be your reaction?"

Mr. Babin: If the Reading Board of Selectmen were getting involved with the policies then that part of the responsibilities is of the Commission. Those types of things are handled at the Board level. It is always incumbent on the GM to develop recommendations for the Board and that would certainly happen, depending on the particular issue, however, if it is a policy issue and the nature of the light Board is to establish policy for the department, it becomes an operating issue and its under the responsibility of the GM. Then you respond accordingly but it seems to me this is not just the GM going it alone, it has to be hand in hand with the Board. After all, the GM works at the wish of the Board, the Board provides the guidance and the implementation is up to the GM.

Commissioner Pacino: "If the Town Manager and the Reading Board of Selectmen try to interfere with policies and operation of the light department, what would be your reaction?" (Continued)

If something specific comes up, you can deal with it but as a very general type question the Board must provide the guidance of how they would like the implementation of any particular issue taking place and clearly it would be up to the GM to produce a recommendation and I am certainly capable of doing that but it really depends on the issue.

Commissioner Pacino: "Address when Wellesley Light Department GM was created why you were not considered for the position?"

Mr. Babin: I was the Superintendent of Wellesley Municipal Light Plant for eleven years. I ran the light plant under the general direction for the Director of Public Works. When the Light Plant Study Committee came into being in early 1992, it was a very contentious process. There was a lot of animosity between the Board of Public Works and the Light Plant Study Committee and I was appointed as the liaison with that Committee in representing the light plant's position on many issues. When the Town formally voted to separate the light plant in December 1992, they went with a five person appointed Board by the Selectmen. Upon reconsideration in the regular annual Town Meeting which was in March, 1993, the Light Plant Committee determined what to do was to cut a deal so what happened was they agreed to a solution where the three people who were appointed Public Works Commissioners would serve on the Board and in addition there would be two members appointed by the Selectmen so that is the nature of the structure that exists today. Wellesley has two appointed, three elected Commissioners and this particular process got a lot of publicity and it was a one vote split. There was a lot of hard feelings on both sides. What happened was they cut the organization free from my level down and they made a conscious decision to go outside and hire a General Manager. I knew, and a lot of other people knew in that organization, that I was fully qualified to perform that job but politically I was not an acceptable candidate and that was the reality of the situation. I personally believe that how you react to adversity says a lot more about you than how you react to success so what I decided to do is to look at it as an opportunity. Like the old situation you try to turn lemons into lemonade and that is what I did. I tried to expand the range of skills so I could become more attractive as a GM candidate. Although I was very disappointed I conducted myself in a very professional manner on a forward going basis. My letter of recommendation from my supervisor, Richard Joyce, he was the individual that was hired to run the light plant at that time and he addresses that situation directly in his letter of recommendation. He acknowledges I was the best qualified candidate for the job but politically I was not going to be an acceptable candidate and that was reality. Everyone goes through a lot of experiences in life, some positive, some negative and as a result of that negative impact on my professional career it became a motivation for me to develop a wide range of skills and handled it as well as anyone could. Right now, I am a far better candidate for the RMLD position than I would have been ten years ago because of the knowledge that I have accumulated. Everything I have done professionally has led me to this job.

Commissioner Hughes: "Would your management style include the philosophy that you as GM can do whatever you want to do without input from co-workers or subordinates, simply because you are the GM?"

Mr. Babin: The nature of how I make a decision is to gather as much information as possible and that means a lot of input from other people. However, the fact of the matter is sometimes you have to make decisions that are unpopular simply because it is the right decision even though it may not be popular because of the people they effect but you have to have that ability and those are the hard decisions that have to be made. My style has always been to gather the people that I rely on for opinions and those opinions affect how I think about things and a lot more information is better than not enough information.

Commissioner Pacino (questions submitted by CAB member, Fred Van Magness): "You are now the GM and you are in the first ninety days of your term, what are your three personal goals?"

Mr. Babin: The first task is set about rebuilding the image of the light plant and that constitutes going to the individual Towns, meeting with the Town Managers and various Boards of Selectmen and letting them know the type of individual I am and to make certain the RMLD is in good hands and is moving forward putting it all behind us. The second thing I would do is get involved in the Cost of Service Study. What was apparent to me as I reviewed your financials is that the current rates are clearly over collecting. I looked at the rate stabilization fund at the end of 2001, it was fifteen and one-half million dollars and at the end of November of 2002, it was fourteen point four million dollars despite given back six million to the rate payers so clearly there is an inherent issue with the rates is over collecting revenues. If the rates are fixed and a new rate structure is designed based on the cost of service study in order to eliminate this issue. There was a lot of information that indicated the rate stabilization fund target was set at eight point five million dollars and it has been running over that. One of the handouts the candidates obtained was the six year plan in the original package for the GM Search Committee interview and enclosed was a document that says at the current rates, the rate stabilization fund would be at twenty-six million dollars after the next six years. Clearly something must be done and the one important piece of it has already been implemented which is the purchase power adjustment clause which is one way to reduce rate (pull credit back from the PPAC) but my personal opinion is to implement a new set of rates. The third thing that I would get involved with which is more than a ninety day limit is the Customer Information Billing and Financial Management System (CIBFMS). This is a huge task and a lot of funds have been committed to it but the information is very important. Ninety-five percent of customers only see the bill and that is what RMLD represents to them is their monthly electric bill and the format of the bill, etc.

Commissioner Pacino (questions submitted by CAB member, Fred Van Magness): "You are now the GM and you are in the first ninety days of your term, what are your three personal goals?" (Continued)

Clearly information is such big piece of what we do especially in this business you need to bill correctly and you need a good financial management system which I have a lot of experience with that. Wellesley changed our general ledger system, implemented a new billing system, etc. The other thing I would do is meet with the FERC attorney to understand what kinds of litigation the RMLD is involved. I realize there are issues about fiscal year with Town so I would want to sit down with the external auditors to understand their take the financials for the organization. One more thing I would do is start meeting with local legislators as a dual purpose; to let them know the RMLD is in good hands and also to promote the MEAM legislative agenda because it is part of the lobbying for the RMLD at the state and national level.

Commissioner Pacino: "Give us a closing question or comment."

Mr. Babin: One question I have is are all the investigations at the state level, Inspector General, State Ethics Commission completed at this point and have all reports been issued by them regarding the RMLD?

Commissioner Pacino: No.

Mr. Babin: So presumably there are still individuals employed by the Light Plant under investigation?

Commissioner Pacino: Yes.

Mr. Babin: Can you give me a brief summary of the attributes that you would like the new GM to have an what your expectation are?"

Commissioner Hughes: I, myself, am looking for a GM that is communicative. Having a wide spectrum of employee relations, management relations, operational relation with the employees because the leader is only as good as the employees make him to be and if there is distention among the employees then the GM cannot be the type of GM I would want. An open and family type oriented atmosphere with the Department with the GM and a person who is eager to get involved the service communities, not to be the person on the light bill. A known factor within the communities.

Commissioner Herlihy: To echo what Chairman Hughes said, I'd like to see the next GM to be, in three very critical words, public service minded and to keep what that concept means in mind. I'd also like the next GM to have a degree of humility, to be progressive and consider the bigger picture and keep his own place in the universe in the correct alignment.

Commissioner Soli: My questions dealt on two areas and I think the most important one is management style and openness in that style. The second had to do with being on top of the power situation because there is so much happening right now.

Commissioner Pacino: I echo what everyone said. I am looking for someone who is going to bring back credibility to this Department. I think the Department has lost a lot of credibility due to the actions of the ex-GM and look for someone who will led this organization back.

Mr. Babin: Once you finish the interview process this Wednesday, have you determined the steps you will take from that point and when do you anticipate reaching a decision?

Commissioner Pacino: What we are planning to do is devoting the entire meeting of Thursday, February 6th, as a discussion of the candidates in hopes to come up with some sort of recommendations at which point it will be referred to a subcommittee which is Commissioner Soli and myself who will negotiate an employment agreement with the individual that was recommended.

Mr. Babin: I will close by saying that I am very honored to have reached this point in the process and am very pleased that the GM Search Committee have selected me among the eight people to meet with the Board this evening and I thank Beth Antonio for all her help in preparing me for this interview and everyone who helped me out today. I believe the qualifications that I present for this position really make me an ideal candidate for consideration by the Board. I think that the combination of technical skills that I hold, Professional Engineer, only ten percent or less of the general engineering population receive that designation and think my management skills, I have a MBA specializing in organization, I have tremendous amount of experience running a light plant which has been through a lot uncertainly similar to the RMLD. The RMLD is a good organization here, its unfortunate that the actions of a few people have soured it in a lot of people's view and if you select me for the light plant manager position I would be the right person to resurrect the image of the organization and the level of interest I would take in the employees at the RMLD would be the type of they need to help get them back on track and concentrate on the core of business which is providing outstanding service to customers. I thank you all and appreciate the opportunity to meet with you and all the light plant employees on the other side of the camera, I wish you all well.

Meeting Recess: 8:20 p.m.

Chairman Hughes called the meeting back into session at: 8:40 p.m.

Second interview: Mr. Vincent Cameron

Commissioner Hughes re-opened the meeting by introducing the second candidate of the evening, **Mr. Vincent Cameron, Acting General Manager of the Reading Municipal Light Board.**

Commissioner Pacino explained the format of the interview for this portion of the meeting as well stating that he will be doing a short introduction followed by each Commissioner having fifteen minutes to ask questions. At the end of the Commissioners' fifteen minute segments, Commissioner Pacino stated he will ask the questions that were submitted by the public, Citizen's Advisory Board and employees. At the end of the interview the candidate will have fifteen minutes for a closing statement, if he so chooses. Commissioner Pacino stated the Commission is looking to hire a General Manager under the powers of Chapter 164 as amended. Commissioner Pacino said he knows Mr. Cameron is well aware of the recommendations by the Ad Hoc Committee so he did not believe it was necessary to review those recommendations.

These meeting minutes are not verbatim.

Commissioner Pacino asked his first question of Mr. Cameron: "What does public power mean to you?"

Mr. Cameron: Public power is distinctive in that it belongs to the ratepayers. Mr. Cameron stated he recently attended a retirement party for someone who worked in an investor owned utility and a General Manager for a public power system. He said one of the distinctions was because there were no shareholders, it was owned by the people you serve there is a different loyalty and a different way of responding to the customers. Mr. Cameron noted the response is more personal and it becomes more customer driven.

Commissioner Pacino: "What are your feelings about deregulation or restructuring?"

Mr. Cameron: I am thankful for this restructuring act because it makes the RMLD look good and makes the investor owned utilities (IOU's) look not so good. Since we have kept our power supply we have been able to control our power supply costs better than the IOU's. Also, as we approach 2005 when the standard offer goes away and we could possibly face more competition from the IOU's depending upon what the local government wants to do and it will be important to keep track of what legislation could be passed in Massachusetts. I think the result of deregulation cost do not always go down in a deregulation market.

Commissioner Pacino: "Where do you think deregulation should go?"

Mr. Cameron: To deregulate in New England I think the opportunity should be there for all participants in the NEPOOL market, it should be fair for all people that have to participate in the NEPOOL market. Right now we have municipal entities that are not subject to deregulation in Massachusetts and investor owned utilities that are. If deregulation goes on and it needs to be refined, they should look the operations of the Independent System Operator (ISO) in New England and look at with respect to deregulation.

Commissioner Pacino: "What is your experience with joint action agencies and what is your feeling as to where that concept should go?"

Mr. Cameron: My experience with joint action agencies in the past has been with the Massachusetts Municipal Wholesale Electric Company (MMWEC) that has twenty-nine municipal electric utilities as participants. RMLD is not a member of MMWEC, however, did participate in a power supply agreement since the early 1980's (RMLD cannot terminate those agreements right now). RMLD also has the Connecticut Municipal Energy Coop which has seven participants in Connecticut and I have had dealing with people nationwide in American Public Power Association (APPA) and different joint action agencies. Joint action is very good for the smaller municipal electric utilities because the smaller utilities must have one voice to speak for them. RMLD made the decision in the early 1990's based on a recommendation that I made that we weren't getting the bang for the buck from MMWEC so we started up an Energy Services group that would take over whatever duties and responsibilities MMWEC had for the membership we paid and we were very successful in that and I think that model shows that at a certain size maybe joint action doesn't work. RMLD is active in meetings within Massachusetts and in NEPOOL however within these meetings we give advise to other municipals relative to NEPOOL issues but I don't believe I would see in the future that RMLD would get involved with a joint action agency regionally because given the resources, employees and expertise we have RMLD works well on its own.

Commissioner Pacino: "Can you detail what your experiences in budgets and your approach to budgeting?"

Mr. Cameron: My approach to budgeting is very conservative. I have been doing the power supply budget since I've been at RMLD, since 1988, which evolved into a six year plan being the capital and operating budget being molded into a corporate

Commissioner Pacino: "Can you detail what your experiences in budgets and your approach to budgeting?" (Continued)

model that modeled the financial operations of the total RMLD. We've used that budget over the years successfully to plan in the long term and the short term for setting depreciated rates in the near term in addition to using it as a tool for to look at different power supply options in the long term. One of the best usages of the six year plan was when we looked at negotiating out of the Pilgrim Nuclear Power Plant in 1998-1999 and using it as a tool to determine what we would use for buy out, strategies and what period pay back would be palatable within those negotiations. We also use the six year plan as a tool to determine how we would finance the North Reading Substation (NRSS). The NRSS completed in 2000, was a ten and one-half million dollar project and we looked at as early as 1995-1996 if we used certain depreciation rate to raise capital funds we would be as far as internally generating funds to pay for the NRSS how much we would have to bond; we ended up bonding only half of the substation which we thought was very prudent and we paid the other half with internally generated funds. The last 3-4 years the capital and operating budget has been put together under me and this year I delegated it to Accounting although I still have oversight. I am very conservative and don't believe in being too aggressive with revenue growth when projecting revenues because it can leave you in a situation of not having the money in the short term to meet expenses.

Commissioner Pacino: "What control should be in place in the Department to prevent misuse of funds in view of what has gone on within the last year?"

Mr. Cameron: The Ad Hoc Committee has made several recommendations, affirmations for the Board and one of these suggestions is that the Accountant be hired by the Board of Commissioners. That is not the norm for the municipal electric utility industry, some of the small municipalities the Town Accountant may do the accounting but if I take the models the Ad Hoc Committee is suggesting and I put them into the model the RMLD ran under for the last few years I couldn't argue with that recommendation. So, I think the RMLD give a serious look at the possibility of the Board hiring the RMLD Accountant and the Accounting report directly to the Board.

Commissioner Pacino: "Given the recent strained relationship between the Reading Town Hall and the RMLD, what would you do to improve this?"

Mr. Cameron: The relationship between the Town Hall and the RMLD has been strained over the last several years and I believe there are levels are communications that need to be improved and to be continued once the improvement is there. I spoke with the Reading Town Manager quite a bit and scheduled periodic meetings need to be set up between the RMLD GM and the Reading Town Manager to discuss planning issues. The relationship between the Selectmen and the Board of Commissioners has also been strained over the last years and not necessarily through the fault of the Board of Commissioners although it has been strained and I think the Chairman's of both the Board of Selectmen and the Board of Commissioners ought to have an even better relationship than the two Managers. Levels of communication need to be established and fostered.

Commissioner Soli: "In buying power, how should Reading strike a balance between long-term and short-term contracts?"

Mr. Cameron: Right now the RMLD's power supply is made up with power sale agreements through MMWEC for up to ninety megawatts of power and those entitlements run through 2020. RMLD has a peak of about one hundred fifty-five megawatts meaning we are between half of the long term entitlements that we have contracts for that are not going anywhere. We also have contracts that expire within the three to five year range. The thing not to do is have a lot of power supply come up at one time as it tends to paralyze your thought process; what we try to do is stagger the power supply deals so we don't have large amounts (more than twenty to thirty megawatts coming up at one time). We have a Calpine contract that would reach up to seventy megawatts at certain times of the year, however, when that contract comes up in 2007, we will have a strategy to replace it with two other contracts. 1. The philosophy is to diversify the contracts so you don't have the fifty or sixty megawatts coming up at one time, 2). Diversify suppliers so one supply doesn't get a lot more power supply unless there is a very strong contract, 3. Unless you can get firm prices you do not want to have contracts in any one fuel supply for a large amount. Therefore, you have three types of diversification; you have diversification of the amount of the contracts, diversification of the suppliers and the diversification of the fuel. As far as how much I would put in each one relates to how the pool is run which does not have base, intermediate and peaking modes anymore its based on prices within the pool, therefore, short term power supply due to the pool rules and the hours basis of how it is run, we don't want a lot of power supply in the short term so it wouldn't have to be paid for year round; what I would do is fill in the peaks when needed and not have to pay for the power when you don't need it.

Commissioner Soli: "Does it make any sense to open our service territory?"

Mr. Cameron: Right now the RMLD should not open up the service territory because of two reasons. The number one reason is I don't see the sense in the RMLD going out and trying to pick off customers the priority right now should be servicing the customers within the service territory with a reliability standpoint. I have also looked outside the service territory and there is not a lot of customers I'd like to pick off. By pick off I mean when you open up your service territory you don't want to go and just take over a bunch of customers, its not efficient.

Commissioner Soli: "Does it make any sense to open our service territory?" (Continued)

What happens in the market is the customers with the highest load factors and the low cost service customers that's what the large suppliers want, the NSTARS and National Grid type customers. Although we do have some of those customers within our service territory. The number two reason is I wouldn't want anyone coming into our service territory and picking off the customers that are low cost customers because if we lose those customers our cost could go up and we would still have the responsibility to serve but we would be losing the fuel cost portion of the bill and its not a good idea to open up this service territory right now because there is no windfall of profits.

Commissioner Soli: "In light of congestion and congestion costs, can New England and particularly Boston have a transmission "melt down"?"

Mr. Cameron: No. I don't believe they would have a transmission melt down. First of all, the best things the Independent System Operator (ISO) does is continuous security analysis and reliability analysis. They have certain criteria that they use to operate the New England power pool system and part of that criteria is they don't load up transmissions lines more than, what is felt on a industry basis, to be prudent operations. With respect to the Boston area, there is generation inside the Boston area that will handle the load within the Boston area given the transmission constraints that exists. The economics is such that it will create high costs for the customers within that load zone but I don't believe the ISO would endanger the transmission system for the fact that the power supply costs might be a little cheaper. They are committed to run the system safely and prudently.

Commissioner Soli: "How often do you hold staff meetings and what functions are the meetings used for?"

Mr. Cameron: Staff meetings over the past year I've probably held five or six. Right now, I have fourteen people reporting to me and when I have these meetings I pull the people together to inform them of certain information that needs to be passed on as a group. I also ask input from the employees I think its valuable to get employees' input because the decision making process shouldn't be autocratic, there should be input from the bottom up. I should have had more staff meetings although over the last year it has been very difficult because of the fact that we've had to keep things together and the management structure was such that everybody reported to me. If I become General Manager, in the future I would schedule regular staff meetings obviously there would be a smaller amount of people coming to the meetings because the RMLD would be restructured under me also.

Commissioner Soli: "Have you been involved in the grievance settlement process? How many grievances were filed last year at your current organization? What is you approach to the handling of grievance?"

Mr. Cameron: Yes, I have been involved in the grievance process over the last year. There were approximately six or seven grievances with four ongoing right now. Other than the four going grievances, the others I settled in the first or second step. These grievances had to do with job responsibilities within the Union, for example, both Unions felt that one particular job should be under their regime and I reviewed it at the second step, wrote up a summary and presented to both unions and diffused the situation. In another instance a job that was the responsibility of one person was being done by another person, I diffuse that situation as well. If grievances get to the point of arbitration it cost \$175.00/hour before they even commit to taking the case on which does not count the fee for the arbitrator him/herself, lawyers become involved at \$200-\$300/hour, Human Resources time and my time.

Commissioner Soli: "Have you been involved in labor negotiations? What is your approach to labor negotiations?"

Mr. Cameron: I've been involved very little in labor negotiations over the years at RMLD and prior to working at RMLD had no experience with labor negotiations. My involvement with negotiations overall is extensive in power supply and considering power supply is highly technical and high analytical and its on the fly mathematics while negotiations because each side is changing their position, therefore, I believe the labor negotiations wouldn't be a problem with my experience in power supply.

Commissioner Soli: "Regrettably with business cycles and with personnel mismatches, there seems to be no way to totally avoid layoffs and firing of personnel. Tell us your approach to layoffs and firings. What processes do you think should be followed for each case?"

Mr. Cameron: Layoffs are a function of two issues, 1. Is there a job to be done, is there a function that warrants eight hours of work five days a week. If that is not the case, then a layoff should occur. 2. If the RMLD was in financial hard times and layoffs were necessary, then regardless of whether there was a job function there must be a layoff and that job would need to get done by the remaining people. Either way, layoffs must come from a very analytical approach, if they are not done properly it could result in a legal action. Firings, on the other hand, are more contentious and it is something that occurs when job performance has been impaired. Certain actions need to take place prior to a firing which is verbal warnings and written warnings. Whenever that type of action occurs whoever is making the decision on the firing has left their emotions in a cabinet somewhere, emotions should be no part of the equation, it should be very objective.

The person should be able to sit back and see exactly how they got to this point with respect to a trail left by warnings because that is where the legal battles can occur which can be very expensive.

Commissioner Herlihy (this question was reworded by Dan Engsminger, Chair of the Ad Hoc Committee for Mr. Herlihy): "As you may be aware the Reading Selectmen are in the process of considering a number of governance reforms, one of these reforms would be to have the Light Board, rather than the GM, hire 1). the RMLD Counsel both special and general, 2). the Accounting Manager with the GM having day-to-day supervision responsibilities for these individuals. Are you comfortable with these reforms and if they are enacted into law how would you work with the Light Board of implement?"

Mr. Cameron: Earlier, Mr. Pacino asked me about the Accounting report to the RMLD Board of Commissioners and I will reiterate, I have no problem with that given what has happened its appropriate that the RMLD Accountant report to the Board. The model is interesting and I think it would work with the Board hires and fires the Accountant and the Accountant reporting to the GM on a day-to-day basis. As far as counsel is concerned, I don't have a particular problem with that either although I don't know what the end result should be because if the GM works with the counsel in day-to-day operations it doesn't really put a cap on the spending for the counsel. All it really notes is the counsel is being chosen by the Board. I am an advocate for not using counsel as much as my predecessor, however, there are times when it is necessary to have some form of counsel working on different issues and I can work with that model. I don't see there would be any change in the day-to-day operations of the RMLD. To answer the question how would I help the Board implement these changes, if 164 is changed then I think what the process would be is to work with the Board and Human Resources (HR) to found out who is out there in addition to our own Accountant and assist the Board in making that decision and the other thing is with respect to counsel. I think the RMLD GM needs to lay out what type of counsel we need. We need labor counsel in addition to a counsel familiar with 164 and power supply.

Commissioner Herlihy: "Can you give us an example of how you mediated a possible legal issue, being an HR issues, a grievance, political inquire or a complaint without the use of legal counsel."

Mr. Cameron: For instance, grievances, in any grievance there is always money involved whether its job responsibilities, etc. My approach is to step back and find out what each side needs and there are some issues that don't really involve management although it gets to management in the second step. Try to use Solomon's wisdom to figure out how the model should proceed as far as what the grievance is about and determine if this is something to being legal into or not. I won't call in the big guns to solve a small issue, I'd rather make the decision and have life go on. However, there are issues that come up that you have to make sure you have the fire power because when you are on a big battle field you need the firepower.

Commissioner Herlihy: "What personal traits and characteristics that you possess that would help this Department reduce legal costs?"

Mr. Cameron: When you get into higher management positions you try not to forge relationships with people, you try to just manage people and remember they are not your friends they are your employees. If you have that type of relationship with the employees of the RMLD it makes these types of decisions easier. If employees think you are their friends it creates harder feelings in the end when the person thinks they are slighted on a personal end business level, therefore, everything must be kept on a higher level.

Commissioner Herlihy: "Would you provide us with a brief overview of what you consider the system's strengths and weakness."

Mr. Cameron: We are putting in a computer system now that will sure up our customer service and billing capabilities. It will tie the back office operations of the RMLD into one network. We are islands in a stream, the inventory is different from the accounting which is different from billing and different from other functions and a utility the size of the RMLD needs to have a system of that caliper in place. As far as the system goes, we put in the new NRSS two years ago. Prior to the new NRSS we had problems that are now elevated. We are in the process of investigating how we can elevated some transmission incidents and we have an eye to the future due to the Home Depot project on Walkers Brook Drive as well as the Addison Wesley Site which will be developed someday and we need to serve that. Within three or four years we should have a system which is rebuilt and it is an old system, RMLD started in 1894.

Commissioner Herlihy: "What is the role of public relations and marketing for a municipal light department in a closed service territory?"

Mr. Cameron: There has been talk in Town over the last couple of weeks relative to the CAB and the Selectmen's meeting with questions about whether the RMLD needs Public Relations because we are a closed system. Public Relations is necessary, however, it may not be necessary on an ongoing basis. If something occurs, its important that the press releases get out but more important than the PR aspect the Community Relations aspect is very important. I have gone out and spoke at the Rotary and attended difference meetings and we have employees part of the Rotary and Chamber of Commerce's in all four towns. We also have senior citizens meetings and we have employees go out to them to educate them, we have the Boy Scouts come in and the T-shirt Contest. The service territory is large, about twenty-eight thousand customers and as we go on the education process and the community relations effort is important for all four towns.

Commissioner Herlihy: "Can you give us an example of how you handle an environment issue or an environment problem in your position and what did you learn from it?"

Mr. Cameron: One of the things about environment incidence is that you need one person in charge. Earlier this year I made sure that one person was in charge and they were responsible twenty-four hours a day, seven days a week to report here whenever there is a spill. In addition to that we have made sure we kept our agreement with a Licensed Site Professional (LSP). Basically, the LSP will assist in the clean up, letting you know what needs to be done and how it needs to be reported. When we call our vendor for clean up the LSP is there to make sure things are done properly. We had an incident a few weeks ago and the LSP helped us out quite a bit on that spill. So the model we have in place handles environment clean up from identification through remediation and into disposal. The best way to protect yourself is what you have out there is the most friendly materials you can have.

Commissioner Herlihy: "Why RMLD, why this job?"

Mr. Cameron: I have been in charge of the Light Department for over one year and prior to that I was in charge of the operations and quite a bit of the Light Department. I have a loyalty here, there are a lot of good people who work here. The last year has shown that some people may have tried to bend the spirits here but they couldn't break them. The employees took a lot of abuse, whether in the paper or in person whether it came from other sources, and I look at that and it instilled a lot more loyalty in me and its everybody working together to make this a great utility and I started here fourteen, almost fifteen, years ago and what I've seen in those fifteen years is impression. The people who have come and gone the new people that have taken their place, etc. Everybody has a job oriented spirit that is not seen everywhere and its nice being a part of it and managing those types of people.

Commissioner Hughes: "How do you feel about dealing with the public in the service communities?"

Mr. Cameron: I don't have a problem dealing with the public. I've had people in the last year who have walked up to the front desk and I go out and see them. I have been in the field and made sure I've gone over the talked to people and depending on the issue and why I was there to explain to them who I was and what type of problems were going on. I have also been in storm situations where a customer in North Reading had my office telephone number and called me to ask me to personally take care of her situation, her outage right away and I made sure I did and I called her when I arrived in her neighborhood to let her know what the problem was and how long it would take to fix it. Going back to public power is a responsibility that upper management cannot renege on and you can't renege on the contract with the public.

Commissioner Hughes: "What is your experience dealing with cultures that exist in the RMLD?"

Mr. Cameron: Not only at the RMLD, there is differences in any organization. Different departments see themselves differently and they tend to look at their own world and their own self importance more than the people in the next office or a few cubicles down. When you have different departments there are always competition and it must be dealt with, the problem never gets solved completely. Mr. Cameron gave an example of when the Control Station use to reside next door before they moved into this building and it took a long adjustment period. Employees are protective of their own departments and management has to deal with it.

Commissioner Hughes: "The Ex-GM made a precedent of working from home, setting employees up at home with computers, faxes, etc. After he left the Board determined nobody should work from home, however, some employees still work from home. As a new GM what is your theory of this process and if you agree with working from home how would you distinguish who was allowed and not allowed to work from home?"

Mr. Cameron: I don't believe the GM or upper management should have the luxury of working from home. I don't know how to manage people from home. There are people who work for me that work from home, one person for one day. This person does a lot of computer work, is connected directly to the NEPOOL, is looking at NEPOOL operations all day and has very small supervisory responsibilities. It is on a case by case basis that you need to see who would have the luxury of working from home and who wouldn't. I think the GM needs to make sure that if there is an accommodation that needs to be made for a valued employee that type of accommodation needs to be evaluated.

Commissioner Hughes: "If offered the GM position would you relocate and live in the service area?"

Mr. Cameron: I have a young family, my children are active all year round in sports, my wife works locally in Quincy and uprooting my family is not something I would like to do right now. However, Reading and the service territory is a wonderful place to live, in fact I was born in Reading and lived here for four years in an extended family type situation. I am not prepared to bring my family to the service territory, however, I don't think that in and of itself would keep me from fulfilling my community responsibilities with respect to attending chamber of commerce and rotary meetings, tree lightings, etc. I am only twenty minutes away, during rush hour forty minutes to one hour and in emergency situations I've been here in twenty minutes.

Commissioner Hughes: "As the GM would measures would you take so employees can speak freely without fear of retribution or retaliation?"

Mr. Cameron: When we reviewed the RMLD Policies over the last year, the Board policy was changed substantially so that the employees of the RMLD could approach any Commissioner without going through the GM, not how it used to be. I helped create that verbage and it was at my urging that the verbage was changed. Commissioner Soli also came up with some words of wisdom to put into that policy. I am all for that type of a model and I think with respect to what went on here before with that policy the RMLD employees are comfortable with the way the wording is now and they should be approaching any Commissioner with any problems they may have.

Commissioner Hughes: "What is your management style, how do you think this will fit with the current organization?"

Mr. Cameron: I've always been a working manager which means not going around and watching ninety employees every day, but to have my own jobs to do. I have a Bachelors degree in Economics and there are some studies I do on a regular basis and I make sure I have my own projects so I am a hands on manager. Although I make sure that my management style and the management style of the people below me is such that they can have their own projects but you can't paralyze the people below you. Any projects going through a discipline cannot be held up on the manager's desk while he looks at it and recreates the world for the people who work for him.

Commissioner Hughes: "Are you or have you ever been under investigation by the Inspector General's office or the State Ethics Board. If you have been accused of conflict of interest do you feel you are a good candidate for this position?"

Mr. Cameron: The Inspector General in August 19, 2002 letter alleged I had taken gifts from two vendors of the RMLD. There definition of gifts is meals, golf and other items they define as "gifts." They had pin pointed golf, a Christmas party and two dinners equally six occasions from 1998 to 2002. One of those incidents never occurred, one of the incidents was well below the \$50.00 limit that the State Ethics Commission has in their "Facts Sheet #10" and the remainder have been referred to the State Ethics Commission and that is a confidential investigation. Also, those remainder incidents that the Inspector General alleged I may have used bad judgment and put myself in situation I probably shouldn't have been in but we will wait to see what the State Ethics Commission rules. To answer the second part of the question, yes, I think I am the qualified to be the GM of the light department even with that going on.

Commissioner Hughes: "Would your management style include the philosophy that you as GM do whatever you do without input from coworkers or subordinates simply because you are the GM?"

Mr. Cameron: I value staff input and staff meetings. I talk to my employees quite a bit before making decisions and that is more so on the technical side. As far as the management decisions that must be made with respect to policy, etc., I will ask for input from specific disciplines but by no means would I make the GM position an autocratic position where decisions would be slipped through a mailbox slot and the employees would just have to go with them, that is no way to run a company.

Commissioner Hughes: "Very controversial question here that has arisen in the past three or four days. The Town Selectmen and Town Manager are in the process of trying to pass legislation to control personnel policies within the light department, i.e., prohibiting vacation buy back and bonuses, personnel policies and contract heavily under the direction of the RMLD GM and the Board of Commissions and Chapter 164. How would you as GM address this current issue?"

Mr. Cameron: I've had conversations with the Town Manger, Peter Hechenbleikner, concerning the letter that arrived last Friday at my office with respect to vacation buy-back and bonuses. I wanted to get to the heart of the issue, as to why it occurred. There is a lot of things going on and I made a lot of phone calls today relative to this issue. I think that the RMLD Board and the School Committee and the Superintendent of the Schools should meet and discuss these issues since these warrant articles are addressing those particular Boards. The communications is such that maybe we can find out where the energy's are here. The RMLD being a revenue based organization, I'm not sure where the sensitive fly with the Town.

Commissioner Pacino (question submitted by Roger Lessard, CAB): "Have you dealt with private citizen board such as the Citizen's Advisory Board, and how do you perceive their role and what their function should be?"

Mr. Cameron: I have dealt with the CAB extensively over the years, since 1991 when it was formed. The town's in our service territory have made very prudent selection with respect to the people who serve on these Boards. Its important, given the size of our service territory, that there is a direct conduit from the RMLD to all the Towns. I look at the Charter of the CAB which is basically in Section Four, Attachment A, of the Twenty Year Agreement and the purpose of the CAB is to get the information from the RMLD to Selectmen or the political organizations in the Towns. I would never infringe upon how that information gets to the Towns. The CAB members needs to remember that the RMLD is an autonomous body with the governing Board, however, I think that they still have a responsibility to report whatever they feel is necessary to their Board, Selectmen, Town Manager. I don't disagree how the CAB was formed and how they've acted over the years. The people they have appointed have kept the Towns informed of the issues and actins of the RMLD over the years.

Commissioner Pacino (questions submitted by an employee): "The New England region is preparing to implement radical in the wholesale electric market known as Standard Market Design (SMD). This could have a significant effect on the costs for RMLD customers, please discuss your knowledge and experience to date in developing the SMD rules and also briefly discuss your strategies to hold costs associated with the SMD down."

Mr. Cameron: Over the last few years I have been very active with respect to NEPOOL participant's meetings, discussions with our general counsel in Washington, discussions with other municipal entities that are large enough to have personnel directly involved with NEPOOL and the SMD issues and I was involved in the negotiated process which ultimately lead to the municipals in Northeast Massachusetts being protected from congestion costs (what they call Schedule 15). It was time away from the office on a daily basis but it was very prudent in the end that we had a solid front and got protection from other factions within the negotiations for SMD. SMD is scheduled to go ahead March 1, 2003 and is a very large departure from the playing rules that we play by now with respect to developing bids that have to put into the pool on a daily basis, I've made sure my staff has had the resources necessary to meet whatever reporting requirements and tool are necessary to meet the requirements of the SMD. The RMLD's reporting requirements and the actions they have to take on a daily basis are the same as what NSTAR and National Grid would have to do. I made the decision a few years ago to tell my staff that we need to budget to determine what we need to meet those requirements and my staff, the Energy Services Department, are more prepared than a lot of other entities within the pool. We have signed power supply agreements for delivery in our service territory which is one way to mitigate congestion costs within our load zone. We are also developing a strategy right now to bid in the Financial Transmission Rights (FTR). We have budgeted about three million dollars for possible congestion costs that would be charged to the RMLD. We have the expertise, infrastructure and tools and in the budget we have an allocation for congestion costs.

Commissioner Pacino (questions submitted by a citizen): "There has been discussion with the Commission of having a discount rate for the Town schools and other municipal buildings. What is your feelings on this cost subsidizing Town facilities through the electric rates?"

Mr. Cameron: In the past the RMLD has been a "cost of service" utility. We have been a cost of service utility because the Board has given us direction to run the utility in such a manner. As part of Chapter 164, the Board has the power to set the rates for the electric utility they oversee. As far as a cross-subsidization, whatever is done the rest of the customers within the service territory will pick up the cost. Some utilities do have discounts for certain classes, i.e., senior citizens, churches, etc., however, someone must pick up the cost for those individuals. Its like passing off the tax in the form of a lower electric rate. We are doing a Cost of Service Study (COSS) now and we can be sensitive to the municipal sector (the schools) but I need to see what the school rate would be on its own.

Commissioner Pacino (several questions of same topic from employees worked into one question): "If the Reading Town Manager and the Reading Board of Selectmen try to interfere with the Policies and Operations of the Department, how would you handle it?"

Mr. Cameron: The first thing would be to have the Board and the CAB meet to discuss the issue because the RMLD is a Town Department and providing services to the customers is an instantaneous product. It can't be stored in any economic fashion and to deal with it is highly technical in nature and it is a very dangerous product and you really have to look at the safety issues, what do they want to do? How does it impact the operations of the Light Department from a safety point of view. The next thing to look at is how does impact the Department from a customer service point of view? How does it impact the Department from a financial point of view? The Chapter 164 was written because of the nature of the electric utility. It gave certain powers to the GM because of the nature of the utility. People had to be hired, things had to be purchased, the daily operations of the Light Department needed to be tended to by one person due to the safety issue within and without the building. Anything that would impact the operations of the Department would have to be very carefully looked at. Presently, there are a few issues the Town wants to change such as Chapter 164 and that doesn't infringe on the operations but anything else that comes down would have to be looked at and analysis what impact it has on the RMLD.

Commissioner Pacino (questions submitted by Fred Van Magness, CAB and Citizen at Large): "In the past year, what would you say is your biggest accomplishment that would say, I deserve this job."

Mr. Cameron: My biggest accomplishment is through the things that occurred I kept the RMLD going. There are good employees at RMLD. There was a focus that needed to be perpetuated and at times it seemed to be difficult but the employees kept on working, doing their jobs, they were subject to ridicule that was undue because it had nothing to do with them. The RMLD put an purchase power adjustment charge in which returned over three and one-half million dollars to the rate payers. We gave a three million dollar one-time rebate back to the customers. We had one of the hottest summers on record and we got through that with minimal outages. We spent a lot of money in legal fees and outside consultants. In the end, if we didn't give back that three million dollars we would have over recovered by 2.8 million dollars. Every one of our accounts are under budget on the expense side. Therefore, given what occurred and given the effect it could have had on this organization the biggest thing is the employees stayed focus and did the job they are required.

Commissioner Soli: "Cost of Service Rate Setting. Do you view this as a management task, a Board policy setting task or as a joint task?"

Mr. Cameron: It is a joint task. The management must bring the numbers to the Board which means what are the revenue requirements for each customer class and once that is explained to the Board, the Board can make the decision.

Commissioner Pacino (question from Fred Van Magness): "You are the successful candidate, the first ninety days what are your three personal goals?"

Mr. Cameron: 1. I would do is restructure the RMLD, its badly in need of restructuring. I've already put together some type of structures that I think would work, I've had conversations with all management and some union employees to see what their thoughts were on restructuring. 2. I would get the Cost of Service Study (COSS) back to the Board in order to get the rate at a cost of service level. 3. To assess the management staff that would be reporting to me to determine if I need other individuals or I can work with the ones I have now. I know the capabilities of the management people that work for me now and although someone might say, "well I know these people I may as well go along with them", but I think it might be prudent to go outside and see if there is other management people that could assume positions under me as I consolidate these departments in the RMLD within the restructuring.

Commissioner Pacino then informed Mr. Cameron he had six minutes left to ask questions or a closing statement.

Mr. Cameron: It has been over one year since I took on this position and I was always sure I wanted this position, I would have rather had this position under different circumstances but one of the things I'd like to reiterate to the Board is that you gave me this position and told me to do a job, it was not a pretty job but I took the job on and did what I was told to do and I think the results speak for themselves. To reiterate, this organization was a wounded organization, the employees were treated unfairly through the media and in the streets, however, they kept on doing their jobs and we had a good deal. Looking at the balance sheet and the income statement you never would have thought anything happened last year. I don't take credit for all that, I was only the person who was told to do certain things and hold certain things together and I would hope that when the Board goes through its decision-making process it doesn't forget what I was told to do and what I accomplished because I took no pleasure in what I had to do, it was quite hard on me and hard on my family but if you look at the balance sheet and the income statement, we had a good year.

Commissioner Pacino then explained the Board is interviewing two more candidates on Wednesday, January 29th and then meeting next Thursday, February 6th to discuss the candidates and make a recommendation. Then, there will be a subcommittee consisting of Commissioner Soli and Pacino who will be negotiating an employment agreement with the individual we recommend.

Motion to Adjourn

At 10:15 p.m., Mr. Pacino made a motion seconded by Mr. Herlihy to adjourn the Regular Session.

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

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

Mr. Philip B. Pacino
Secretary, RMLD Board of Commissioners