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Reading Municipal Light Board of Commissioners
Regular Session
230 Ash Street
Reading, MA 01867
May 26, 2004

RECEIVED
TOWN CLERK
READING, MASS.

Start Time of Regular Session: 7:35 p.m.
End Time of Regular Session: 10:20 p.m.

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Attendees:

Commissioners: Pacino, Soli, Herlihy and Kearns

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

CAB: Mr. Norton

Liaisons: Messrs. Duffy and Veno

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

This meeting of the Reading Municipal Light Department (RMLD) Board of Commissioners May 26, 2004 is being broadcast live at the RMLD's office at 230 Ash Street, Reading, MA. Live broadcasts are available only in Reading due to technology constraints.

This meeting is being video taped for distribution to the community television stations in North Reading, Wilmington and Lynnfield.

Minutes February 18, 2004, March 10, 2004, March 23, 2004, April 21, 2004, May 4, 2004

The Commission deferred vote on the Regular Session meeting minutes pending Secretary Ensminger's attendance at the next meeting.

Report of the Chairman of the Board

Introduction of newly appointed Commissioner, Ellen C. Kearns

Mr. Pacino introduced new RMLD Board member Ellen Kearns, who was appointed at the Selectmen's meeting of May 4 to fill the term of the deceased Bill Hughes until the next annual election.

Ms. Kearns noted for the past four or five years she would see Bill and he would always say "you have to run for the Board." Ms. Kearns would then in turn reply "later Bill." Regrettably, Bill is not here to see that she ran for the Board and is on the Board. Ms. Kearns is serving on the Board in his memory and hopes she can live up to what Bill did for the Town of Reading through the Reading Municipal Light Board.

RMLD Board of Commissioners Subcommittee Reorganization

This was deferred to later on the agenda pending Secretary Ensminger's attendance.

Selectmen Liaison, Citizens' Advisory Board and Customer Comments

Mr. Veno noted he would be the liaison for the next year from the North Reading Board of Selectmen. Mr. Veno offered his congratulations to Ms. Kearns on her appointment to the Board of Commissioners. Mr. Veno is in his tenth year on the North Reading Board of Selectmen. Mr. Veno added if there any concerns call him at home not that he is trying to go around the Town Administrator. Mr. Veno noted that he has to thank the Board on the rate levelization. Mr. Veno did call Mr. Cameron on the phone to thank him for adjusting the rate. Mr. Veno added he started out on this venture fifteen years ago. Mr. Veno wanted to thank them, as he does not have air conditioning. Mr. Veno does look forward to working with the Board.

Mr. Pacino added it is nice to have Mr. Veno back. Mr. Pacino asked Mr. Duffy if he had anything to say?

Mr. Duffy replied no.

Mr. Pacino then inquired of Mr. Norton if he had anything to say?

Selectmen Liaison, Citizens' Advisory Board and Customer Comments

Mr. Norton said he had nothing to say at this time.

Action Item

RMLD Clerical-Technical Unit

Mr. Cameron pointed out that the Department now has three unions, Clerical Technical, Line-Meter-Station (both of which are represented by AFSCME, American Federation of State, County and Municipal Employees) and the Professional Union that is comprised of most of the management employees and is represented by the IBEW Local 103. Mr. Cameron added the Department settled about a month ago with the Professional union and the Board subsequently signed off on that contract. Mr. Cameron noted the Department most recently settled with the Clerical Technical union. Mr. Cameron added that in a previous Board meeting, while in Executive Session he explained what the settlement was in contractual terms. Since that meeting, the Clerical Technical union has ratified that contract and is ready for the Board's signature tonight.

Mr. Cameron highlighted the points of the contract: disability, health insurance, holiday and funeral leave, vacation and personal leave and ICMA (deferred income program) remain the same. Mr. Cameron added meals remain the same except a section was taken out for employees calling in within a certain amount of hours that would receive a meal. In the FMLA, Family Medical Leave Act, and the worker's compensation area, the employees are required to use accrued comp and vacation and personal time when they go on FMLA or worker's comp. The clothing allowance for the Stockman and Facilities is set at \$200 for clothes and \$150 for boots. The sick leave buyback has a cap on it now for ninety days for new employees. The salary increases over three years are as follows: 3%, 3.25% and 3.5%. Mr. Cameron noted he has gone to the Board with these parameters and come back within these parameters.

Ms. Kearns inquired as to what management proposals did Mr. Cameron have that they were able to obtain in the contract?

Mr. Cameron replied that in the management proposals included, the Meals provisions was removed Section 4 of the contract, as well as the accrued comp time required for use in FMLA and workers comp, and the sick leave buy back.

Ms. Kearns replied that is very good. Ms. Kearns noted she as a labor lawyer finds the sick leave buyback provisions in the Reading Light Department contract, in regards to many municipal contracts, is incredibly generous. Ms. Kearns added she is glad, as a public servant, Mr. Cameron has begun the process of cutting back on some of that leave. It is something, as a good and prudent citizen, we have to look at and start cutting back on.

Mr. Cameron wanted to add that Ms. Antonio, Human Resources Manager was integral to this effort of getting these contracts negotiated.

Mr. Pacino added just for clarity all previous discussions on this have happened in Executive Session. Mr. Pacino pointed out the contracts are approved in Open Session.

Mr. Soli made a motion seconded by Mr. Herlihy that the Reading Municipal Light Department Board of Commissioners vote to accept the Agreement between the Municipal Light Department of the Town of Reading and American Federation of State, County and Municipal Employees Union, AFL-CIO, Council #93 and Local #1703, Clerical Technical Unit for the period of January 1, 2004 to December 31, 2006.

Motion carried 4:0:0.

Presentation

Chapter 30B (Jim Blomley)

Mr. Cameron pointed out recently there was a Policy Subcommittee meeting in which he was directed to ensure that Article 7 as voted by the voters of Reading, gets inserted into RMLD's policies. Mr. Cameron noted there are several items in Article 7 the Board already does as it is covered within Chapter 164. It is now part of the Reading Town Charter that has been voted. However, there are three things that are in Article 7 that need attention: 1. the appointing of the Accounting Services Manager, which is being done via a Subcommittee 2. appointing counsel and Mr. Cameron will be bringing this to the Board so they can appoint counsel and as part of the budget process so they tie in 3. the purchasing procedures at the RMLD. Mr. Cameron added the third provision in this memo states "the Municipal Light Board shall approve warrants for payments on all bills and payroll of the Municipal Light Department;" Mr. Cameron pointed out the Board does that right now by approving the warrant and the payroll. Mr. Cameron further explained that "the Municipal Light Board shall approve all contracts," which is important, and also states that "and, further, all contracts should be made in accordance with M.G.L. c.30B".

Presentation

Chapter 30B (Jim Blomley)

Mr. Cameron continued by noting that the RMLD's purchasing was performed under Chapter 164 by the General Manager's rights to purchase all items, services, and materials for the RMLD. However, Town Meeting has put the responsibility of and this stating the Board "shall approve all contracts." This makes the Board the Chief Procurement Officer for the RMLD. What it literally means from Chapter 30B is "Contract all types of agreement for the procurement or disposal of supplies or services, regardless what the parties may call the agreement." When the Department does such routine transactions it produces a Purchase Order. Purchase Orders do constitute a contract under 30B. Taking this literally, Mr. Blomley devised this memo. It comes to the fact if you take this literally the Board has to approve all the Purchase Orders. Mr. Cameron noted there has been 682 Requisitions this year. Approved Requisitions turn into Purchase Orders. Mr. Cameron does not know if the spirit was to approve all contracts. Mr. Cameron further explained that the second part "all contracts will be made in accordance with M.G.L. c. 30B". M.G.L. c. 30B has certain price levels for purchasing equipment, materials and services. What it states in Chapter 30B is under \$5,000 you should use good business practices. This means you should go out and get quotes but exercise good business judgment in acquiring goods and services under \$5,000. In the dollar level of \$5,000 to \$25,000, you need to get three written quotes. Mr. Blomley added you also needed a written scope in this criteria level. Mr. Cameron noted over \$25,000 you are going out for sealed competitive bids. The RMLD has been doing its large contracts in accordance with 30B for many years and has been in RMLD's Policy 9. The Department goes by those stratusms when purchasing its goods, materials and services. The RMLD contracts are being made in accordance with M.G.L. c. 30B. It brings us back to the Department approving all contracts. This is what the Board needs to grapple with as far as what they want to do. Given the strata of the Department's contract approval in Policy 9 and Chapter 30B, the Board approves all contracts over \$25,000. The Board has seen all competitive sealed bids as part of the agenda, which contain the bid response and analysis. The Board votes on these bids are based on the recommendation of the staff and General Manager. Mr. Cameron explained what needs to be done is make sure that the Department follows the Town Charter with the purchasing process at the RMLD.

Mr. Pacino inquired what are you recommending, the course of action?

Mr. Cameron pointed out the Department's purchasing process is very good, it is clean and they keep very detailed records. Mr. Cameron noted that any bids over \$25,000 are brought to the Board. Mr. Cameron likes this process; however, if the Board wants to be involved at lower levels let him know. It would cause an effort on the side of the Board because they would have to be here daily to sign off on the P.O.'s. Mr. Cameron highlighted the fact that every Requisition goes through him. It is an electronic process via Lotus Notes. The process begins with an employee making the request via a Requisition, approved by their manager then the General Manager then onto the Purchasing Department where a Purchase Order is cut. Mr. Cameron noted everything that is purchased at the Department has to have his electronic stamp on it. Mr. Cameron noted both Commissioners Soli and Herlihy have asked what the process entails. It is very comprehensive.

Ms. Kearns noted that there is no doubt that the language of the word "shall approve all contracts" and that the Board is bound to approve all contracts. What the Board could do, consistent with their powers to implement this Article 7, is that it could delegate that contracting authority, but before this was done, she wondered does the Board have counsel?

Mr. Pacino replied yes.

Mr. Cameron added the RMLD has counsel.

Ms. Kearns highlighted there is no way around this language "shall approve all contracts." Unless our counsel told us we can delegate, under the methodology suggested, we are stuck. Ms. Kearns noted perhaps we could ask the background of this and why it is proposed and what ill was it seeking to cure?

Mr. Soli replied to Commissioner Kearns maybe you should tell people what you do for a living so they can value your last statements more.

Ms. Kearns replied she is a labor attorney. Ms. Kearns pointed out that you do not have to be a labor attorney to read the four words and "shall approve all contracts" to know that is our responsibility.

Mr. Soli added when this was passed by Town Meeting, he did speak on the matter, particularly on this, pointing out that the original wording of the Article could tie our hands and maybe make it impossible to get power contracts. The hour was late and town counsel and Town Meeting members were marking this up and occasionally the pad would come to him.

Presentation

Chapter 30B (Jim Blomley)

Mr. Soli's opinion was asked on this and he replied that he was not an attorney and you should really wait. Mr. Soli noted this went on for awhile, finally, he said to the Spring Town Meeting, "why not wait until November Town Meeting because it could not be voted on until the next year?" However, the mark up version was voted on and this is what we have. Mr. Soli agrees with Commissioner Kearns, we should gather an opinion of counsel and tonight vote to delegate the approval of those under \$25,000 to the General Manager. Mr. Soli also pointed out that when we go to counsel, we should ask if maybe we might ask Town Meeting to look at this language because it has us wrapped up.

Mr. Cameron wanted to make sure the Department complied with the wishes of Town Meeting and wants to make sure they are doing the right thing here. Mr. Cameron is not a lawyer and it states, "shall approve all contracts" and he has been around lawyers enough that the word "shall" is a very weighty word. We could have a lawyer look at it. One of things we do not want to get into are 30B versus 164 battles. Mr. Cameron does not want to fight that battle. Mr. Cameron cautioned if a lawyer does look as this, we need to be very specific.

Mr. Pacino inquired wasn't there a legal opinion from Brackett & Lucas as a question was raised previously? What was that legal opinion?

Mr. Cameron replied he has the legal opinions back at his desk. There was one on power supply contracts and could they be done outside of c.30 B. The opinion was from Joan Langsam we could do power supply outside of 30B. Mr. Cameron noted John Ritchie who works for the Attorney General had given us the opinion that Article 7, which was Article 3 back then, did not conflict with any laws. Mr. Ritchie would not give an opinion on whether the Department could do power supply in or outside of 30B. We would have to go to the local attorney for that.

Mr. Pacino added we did that. Mr. Pacino noted that the town's counsel is Lucas & Brackman and their opinion was that power contracts were outside of 30B.

Ms. Kearns pointed out because it says so.

Mr. Pacino directed his answer to Commissioner Kearns relative to the "ills" that were trying to be resolved here. There was a feeling of and other members can correct him if they have a different feeling, there was a feeling that the Commission did not have control over the Manager. The Manager was off doing his own thing and the Commission was unaware of some of the things going on. This was put in place in an effort to force the Manager to come to the Commission and present things to them. That was the ill that was trying to be corrected here. Mr. Pacino noted they did raise the concern about all the contracts; clearly it is not the intent that the Board to approve all the Purchase Orders. Mr. Pacino suggested concurring with Secretary Ensminger as he was the former Chair of the Ad Hoc Committee.

Mr. Norton commented just to clarify one point made, so that Commissioner Kearns is aware, your statement does not reflect the current General Manager. This was all promulgated because of the problems and procedures of the prior General Manager. When Mr. Norton came onto the Citizens' Advisory Board, this was in full swing. There were a number of joint meetings with the three other communities and within the three other communities. Also at the time, the Ad Hoc Advisory Committee was still in effect. Of the entire Citizens' Advisory Board members, he was one of the most vocal against this. This along with several other issues, some of which went away after they had some heated exchanges; he also had the best interest of the other communities in mind when he was vocal. Mr. Norton has some background on the RMLD as he originally lived in Reading.

Mr. Norton noted this was one of the big concerns; with 30B, that being able to purchase power would not be inhibited. This was one of the biggest sticking points of this whole Ad Hoc Advisory Committee recommendation with regard to the 30B issue. Mr. Norton noted it was not because of the current General Manager. It was all promulgated due to past situations with the former General Manager.

Mr. Herlihy's comments echo what Chairman Pacino said earlier. The language in this Article might need to be defined a little more clearly. Mr. Herlihy does think the spirit of that debate and what Town Meeting was trying to do, however, is fairly clear. Mr. Herlihy noted as you look back, the real problem was the expenses of the previous regime that were less than \$25,000. It was the problematic smaller expenses and the issue is how do we as a Board have a more proactive way of dealing with some of these things. Mr. Herlihy is concerned about how we deal with that angle of it. Mr. Herlihy added what struck him, as the way they have been having this debate, there is a situation very similar going on in town.

Presentation

Chapter 30B (Jim Blomley)

Mr. Herlihy noted there is a park about a mile up the street with a one hundred year old deed in which the words state there is no ball games to be held. The town is literally going through a legal definition of what that means. Can they permit practices, or games or some kind of ball playing? A Commission has been formed of town leaders and individuals to try to examine the one hundred year old deed and see if the language is workable. Mr. Herlihy suggested the Board should consider something like that. Obviously there is an issue of what "contract" really means, does it mean P.O.? Mr. Herlihy speaking for himself, is pretty confident that Town Meeting did not mean the Commissioners should be approving every single P.O. As a Board, it is entirely unworkable. Mr. Herlihy noted that the Board approves contracts more than \$25,000 so somewhere it needs to be better defined. Mr. Herlihy pointed out that can be achieved perhaps without lawyers but rather in meeting with some of the people in town who helped create this. It is much like what is going on with Memorial Park.

Ms. Kearns is in concurrence with Commissioner Herlihy that we do not necessarily need lawyers, Shakespeare was right. Ms. Kearns pointed out what is important here is defining the intent of the draft or defining the intent of the Town Meeting when they approved this. Ms. Kearns emphasized that the Board has to live with its words and spirit. She would support Mr. Herlihy if he wanted to move to appoint a Commission to look at this language.

Mr. Herlihy replied he is unsure if the Board would be appointing anyone.

Mr. Pacino added one of things the Board needs to do is to talk with the Ad Hoc Committee and unfortunately, Secretary Ensminger is not present, as he was Chair of that Committee. Mr. Pacino noted that Secretary Ensminger is in a better position to explain what was meant. Mr. Pacino suggested referring this item to one of the Board's Subcommittees.

Mr. Soli made a motion that the Reading Municipal Light Board of Commissioners vote to delegate the approval authority for contracts and vote to delegate to the RMLD General Manager the approval authority for contracts valued under \$25,000 and this approval authority shall expire 30 September 2004. (There was no second on this motion.)

Ms. Kearns is unsure if this is the proper order, but she cannot support or second Commissioner Soli's motion. She does not feel comfortable that without legal counsel or somebody telling us what the words "shall approve all contracts" means a simple motion to delegate this can reject Town Meeting's words. If that were true what was the point of Town Meeting having done that.

Mr. Pacino replied to look at the other side. Mr. Pacino supports Commissioner Soli's motion, as what he is trying to do is get a workable day-to-day solution now. Mr. Pacino is unsure what happens if the Commission does not do anything now and Mr. Cameron has a Purchase Order tomorrow. What Commissioner Soli has done is put in a sunset provision that gives us some time to go out and get this opinion. Mr. Pacino added if September 30 is too long than they can make it shorter.

Mr. Herlihy is unsure if he is out of order asking a question at this point what is the timeline for implementing Article 7? Why does the Commission have to do something tonight?

Mr. Cameron replied it is part of the Town Charter now. Once this was voted on March 3, it becomes part of the Town Charter. Mr. Cameron noted the Department is complying with this for the most part as far as the levels of what we are purchasing, pricing and bid process. Mr. Cameron added it is this last part we have to figure out.

Mr. Soli questioned are we not in dereliction of duty? Mr. Soli pointed out that the Charter says we have to approve. Are the Commissioners going to take turns coming in every day of the week?

Mr. Cameron suggested putting together a Subcommittee that could talk with the Selectmen, the Ad Hoc Committee Chairman and the Town Manager and get a sense of what was meant by this. Mr. Cameron suggested we ought to go back to these people and ask what was the spirit of this language. Mr. Cameron is not a lawyer but there is also spirit of what the contract meant. Mr. Cameron noted that you cannot change the whole thing. We should really find out what was meant by the people that produced this. Mr. Cameron noted that Secretary Ensminger was the Chairman of the Ad Hoc Committee and the Town Manager, Peter Hechenbleikner, might be able to provide some insight along with the Selectmen. Mr. Cameron thinks the thing to do is to put together a Subcommittee that could quickly contact these people and come back with a report.

Mr. Pacino asked if we take no action tonight on this matter, what is Mr. Cameron going to do tomorrow? How are you going to be running the Department?

Presentation

Chapter 30B (Jim Blomley)

Mr. Cameron replied the same as today. Mr. Cameron added we are just not really complying with everything in Article 7.

Mr. Pacino commented we are not sure if we are complying.

Mr. Cameron replied if he thought we were in compliance with everything he would not have written this memo. Mr. Cameron noted we need an answer. Mr. Cameron added we will still do things tomorrow as we did today. Mr. Cameron pointed out if there are any questions, the Commissioners see the bills in the warrants as well as the P.O.'s, which are attached to the bills.

Mr. Pacino added in the most recent audit, the auditors examined the causes of previous abuses and they no longer do exist.

Mr. Cameron commented that the abuses that were outlined included not having P.O.'s and they were credit card related. Mr. Cameron added there are no more credit cards. Mr. Cameron would like to get a Subcommittee together because this is the best way to resolve this.

Mr. Soli asked if this was his opinion?

Mr. Cameron replied yes, they could obtain a lot of insight before we spend legal money.

Mr. Pacino added if the Commissioners are in agreement, why don't you appoint Mr. Ensminger and myself as a Subcommittee being officers of the Board to go and talk with the Reading Selectmen and whatever town counsel.

Mr. Herlihy agreed with the General Manager. We need to have a community resolution to this. Mr. Herlihy does not advise that we get our own legal opinion and run headlong up against the town. Mr. Herlihy pointed out like what they are doing with Memorial Park-getting the interested parties together to clarify what we are really talking about here and everyone can come to agreement. Mr. Herlihy noted he might support the motion that Commissioner Soli is proposing, if it is provided further that we have community involvement in this. It would be along the lines what the study group is looking at with Memorial Park. Mr. Herlihy could support something like that. Mr. Herlihy noted the Subcommittee should meet with Town Meeting members not just the Selectmen but some of the former Ad Hoc Committee members.

Mr. Cameron noted you need a motion for the Subcommittee to make it official.

Ms. Kearns made a motion seconded by Mr. Herlihy to appoint Messrs. Pacino and Ensminger to a 30B Implementation Subcommittee to look further into the issue of what is meant by "all contracts" and report back to the Commission at its next meeting.

Motion carried 4:0:0.

General Manager's Report

RMLD Financial Report, March 31, 2004

Mr. Fournier introduced Stephen Kazanjian, Accounting Supervisor.

Mr. Fournier noted he wanted to remind the Commission that the 2004 Operating Budget which was approved in December 2003 was re forecasted in early May in order to comply with the General Accepted Accounting Principles which Melanson & Heath said the Department should be following from this point. Basically, the changes that were made were for the items that the Department historically uses to treat below the line and all that means is that they must flow through the current year's profit and loss statement.

Mr. Pacino wanted this clarified for the new Board member.

Mr. Fournier stated under GAAP all current activity must flow through the current year so it is visible to the readers. The readers will actually know what transpired in the current year. Some big items are the return on investment to the Town of Reading, which will run about \$1.89 million. It will go through as an expense in this current year. On the flip side we have the Flush of Funds, which is a true up from MMWEC on our power cost, and it will run about \$1.0 million. There are six items like this.

Mr. Pacino further explained the MMWEC Flush of Funds. It is a fund that is put aside as a contingency on some of the power contracts and if it is not spent it comes back to the Department.

General Manager's Report

RMLD Financial Report, March 31, 2004

Mr. Fournier added, since he had audited numbers on the Operating Budget in front of him, based on the re forecasting, he has changed the depreciation expense and the 2% town voluntary payment to reflect what the actual cost would be as he had hard numbers. Mr. Fournier pointed out the bottom line is the original Operating Budget that was approved in December 2003 for 2004, that the Department was over recovering the 8% rate of return by \$450,000. With the re forecasted budget for 2004 which was done in early May, the Department is under-recovering the 8% by about \$64,000 so the Department is almost hitting the 8% on the mark.

Mr. Fournier then proceeded to highlight the March numbers in a nutshell; in the first quarter, the Department is looking pretty good. Mr. Fournier added the revenues are coming in higher than budgeted, and expenses are lower than budgeted. Mr. Fournier added the Base Revenue is up 9%. Mr. Fournier pointed out one of the changes that is going to be noticeable this year is Fuel Revenue and Fuel Expense was a pass through. Mr. Fournier further explained that when the Department made money on its fuel cost or fuel revenue under GAAP it requires monthly reporting for over and under recovering. Mr. Fournier emphasized the budget still shows a pass through, no profit or loss on the Fuel. On the Financials this year it will show the difference between the two. Currently, for the first three months, the Department's revenues are \$1.0 million higher. Mr. Fournier noted operating income is \$3.6 million; concerning the outside streetlights, there are three contracts left, which will expire this year (Framingham, Winchester and Brookline). Mr. Fournier noted that in the Operating Expenses, the Voluntary Payments to the towns will be over a \$1.0 million, which means Reading will be receiving about \$182,000, Lynnfield \$60,000, North Reading \$186,000 and Wilmington \$596,000 based on 2% net of plant. Mr. Fournier added the PPA adjustment is positive for the first three months. In April's Financials, the ratepayers get a credit. Mr. Fournier then proceeded to go over the highlights in the Financials.

Ms. Kearns added she was not at the meeting of March 10 but read the minutes in which Mr. Biron made a presentation on the Audit. Ms. Kearns asked Mr. Fournier if he was present when Mr. Biron made the presentation?

Mr. Fournier replied yes.

Ms. Kearns asked of Mr. Fournier if he had a pretty good recollection of the March 10 meeting?

Mr. Fournier replied he has a very good recollection of that meeting.

Ms. Kearns asked of Mr. Fournier how does what he presents this evening differs than the report by Mr. Biron of March 10?

Mr. Fournier replied except for the numbers being different, the Department had to change its budget in all the internal financials to reflect GAAP format. Mr. Fournier replied everything Mr. Biron discussed is in the financials.

Ms. Kearns reiterated all that Mr. Biron discussed is in there.

Mr. Norton had a question for Mr. Cameron on the current situation with the rising fuel costs. It is a broad question and not reflecting the Fuel Charge for power. How is fleet fuel, how is this going to affect the current budget? Mr. Norton pointed out when both the RMLD Board and CAB went through the budget this in the fall no one would ever think that fuel would spike the way it did. Mr. Norton added that in just talking to the Town of North Reading their wholesale prices in a month have jumped from 95¢ per gallon to \$1.45 per gallon.

Mr. Cameron replied the Department's vehicles purchase their fuel exclusively from the Town of Reading gas pumps. Mr. Cameron noted natural gas is used to heat and chill the building. Mr. Cameron noted this past budget period Mr. Blomley sought a higher amount for this budget item, but the CAB and RMLD Board felt it would not go that high, which is reflected in the minutes.

Mr. Blomley commented he had projected in the original budget a 60% increase, which was challenged, but it was 35% to 40%. Mr. Blomley added he is looking at the numbers but he will know by the next meeting. Mr. Blomley did point out as Mr. Norton stated the fuel prices have skyrocketed. Mr. Blomley pointed out that the natural gas was the biggest item because it was almost a 60% increase.

General Manager's Report

RMLD Financial Report, March 31, 2004

Mr. Cameron wanted to make note of the fact that this is not a line item budget. Mr. Cameron added the Department tends to hold the line on every budget item if we do go over that it does not come back to the Board for an appropriation. Mr. Cameron does not come back to the Board unless it is absolutely necessary to change a budget item. Mr. Cameron noted given the fact that 80% of the Department's expenditures are for power supply; fuel is probably less than 1%. An increase in that is not going to be appreciable to the whole budget process, one good power deal will take care of that.

Mr. Soli had a question on page thirteen professional services Cogsdale; wasn't it capitalized or is this something different?

Mr. Fournier replied this is for CDM training at the RMLD, which can be expensed. Mr. Fournier further explained that most of the remaining expenditures, CIBFMS even with CDM, will be expensed because it is clean up work.

Mr. Cameron added part of the initial scope had training in it, which could not be charged to capital. Mr. Cameron pointed out the Department has punch list items it is working on now. Mr. Cameron noted Mr. Fournier checks with Melanson & Heath to make sure they are not capital items.

Mr. Soli then inquired on electronic time cards and is that going to be completed in the fall?

Mr. Fournier replied this e-Req, e-Time Sheets and Fixed Assets will be done in the fall.

Mr. Soli inquired will this be in the contract, them coming here?

Mr. Fournier replied that would be capital because those are new software applications we have not looked at.

Mr. Soli asked relative to 12B, the remaining budget, 70% of the rent, instead there is 55%?

Mr. Blomley replied there were some items that he missed in the budget that were 2003 expenses, which came in 2004. Mr. Blomley added these did not get into the 2003 budget.

Mr. Soli inquired on the miscellaneous labor and expense and meter reading labor and expense?

Mr. Fournier replied that is the Line Department's dead time, sick, vacation and weather clause time. Mr. Fournier added there were a couple of employees out the first quarter and it was cold and it can be affected by the mix of capital versus expense work.

Mr. Soli thanked Mr. Fournier.

Mr. Pacino added the information is on the RMLD's website. Mr. Pacino has these reports e-mailed to him.

Mr. Cameron added one of the things he is endeavoring is to get the Financials all closed before the end of the following month. Mr. Cameron noted the Department does not need to do early closings. The entire payroll goes through him along with Requisitions. The Department has a good handle on what our expenses are going to be, especially power supply as this is looked at closely on a daily basis. When the Financials are ready he intends to have them electronically available. Mr. Cameron wants to give the Board the Financials when they are closed and does not want duplication of it in the Board books.

Ms. Kearns would prefer this e-mailed to her.

Mr. Herlihy would like this e-mailed.

Mr. Soli wants a paper copy.

Mr. Cameron noted that Mr. Ensminger called and could not make the meeting.

RMLD Quarterly Variance Report

Mr. Fournier noted the RMLD Quarterly Variance Report was given to everybody along with the Manpower Report which was at the request of the CAB last year.

General Manager's Report

RMLD Quarterly Variance Report

Mr. Fournier pointed out the two big items were Labor Miscellaneous Line Department, and the Rent. Mr. Fournier noted RMLD staff has come to him on items over budget, which need to be reclassified. Mr. Fournier noted with the five divisions all were under budget by about 20%. Mr. Fournier added for the first quarter we are well under budget.

Mr. Herlihy inquired about the streetlight expense, there is nothing budgeted for that?

Mr. Fournier replied duly noted.

Mr. Soli was inquiring how the vehicle could be negative?

Mr. Fournier explained by taking out all the Depreciation Expense out of the individual Costs Centers and put into account 403 as defined by FERC and being reported by Melanson & Heath in the future it created a negative allocation to some of the Cost Centers.

Messrs. Pacino and Soli were unclear to Mr. Fournier's explanation.

Mr. Fournier explained Transportation Cost Center has costs allocated in the budget. Those costs are allocated throughout different Cost Centers. Mr. Fournier noted one component in the Transportation Cost Center was Depreciation, which is quite a significant expense because the vehicles have a 5-year life. When that was removed from the Transportation budget it was put into the 403 Account, creating this effect.

Mr. Soli inquired where do we see where it went?

Mr. Fournier replied it went to the 403 Account. Mr. Fournier noted if you look at the approved budget in December 2003 each budget contains depreciation expense. Mr. Fournier added you will no longer see those depreciation expense items in the Cost Centers because they are all in the 403 Account. Mr. Fournier explained it is truly the expense. Mr. Fournier commented in the past a portion of that Depreciation Expense was captured in the individual costs centers; now it is not.

Mr. Pacino requested Mr. Fournier to put something together for the next meeting to explain this.

Ms. Kearns noted that the Board received letters from the General Manager in which the Department declined to provide maintenance of the lights. Ms. Kearns inquired if the Department uses its own employees to provide this service?

Mr. Fournier replied yes.

Ms. Kearns inquired if there has been a decrease in the number of people in that Department?

Mr. Fournier replied no. The streetlight contracts run through November; they are in their own cost center and budgeted as such.

Ms. Kearns wondered if the Department is providing this service using RMLD employees and charging for this service, why do you still maintain the same number of people?

Mr. Cameron answered that because the Department is in a five-month window of those contracts the towns will want everything fixed as required before the contracts expire and there has already been a lot of activity on this. Mr. Cameron expects a lot more activity until the contracts terminate. Mr. Cameron added there have been letters going back and forth with Brookline on what the Department has not done versus what they want done and what they want us to do. These employees are also available to do work on our system so if there is down time they can do such work. There is a flurry of activity because these contracts are expiring. The contracts are fixed priced contracts where the Department receives money each year and fix what problems they have.

Ms. Kearns inquired how many cities and towns were part of the streetlighting endeavor?

General Manager's Report
RMLD Quarterly Variance Report

Mr. Cameron replied there were five. There was not much activity in Lexington. Haverhill had little activity and expired a year ago.

Ms. Kearns noted that five or six towns that are utilizing RMLD employees on a pretty regular basis. Where are those employees and what happens to them when all the contracts are over?

Mr. Cameron replied their union contract has provisions within it if the positions no longer exist.

Ms. Kearns in turn replied she is watching this.

RMLD Fiscal Year

Mr. Cameron noted the RMLD Board asked him to come up with a plan on how to transition from the calendar year, which the Department is currently on, to the fiscal year, which is concurrent with the Town of Reading. Given the constraints on the financial side with the new computer system the Department wanted to ensure the Accounting Department has the flexibility to take on this transition. Mr. Cameron has met with Mr. Fournier on this issue. Mr. Cameron mentioned that Mr. Fournier has talked with Melanson & Heath on this issue. Mr. Cameron has come up with a strategy on how to get the Department onto the fiscal year concurrent with the Town of Reading. Mr. Cameron capsulated what was in the memo by highlighting that the Department will be on a calendar year basis for 2004. Budget will go to the Board late summer or early fall for the calendar year 2005. A budget for 2005 will be in place by the end of this year. The Department will start a process for the first six months of 2006, which will be approved next spring by the same processes used now (CAB and Board). After that there will be purchasing authority because there is an approved budget for all 2005 and first six months of 2006. The schedule will be that Melanson & Heath will audit the Department for the fiscal year 2004 and audit the Department for the first six months of 2005. That audit will occur in August. In August 2006, Melanson & Heath will audit the Department for the first fiscal year that is concurrent with the Town. Mr. Cameron added there would be a lot of activity at the end of this year and the beginning of next year with respect to budgeting. Mr. Cameron added internally the budget process will begin internally in November/December and at the end of January then the Board will get the budget at the end of January.

Mr. Pacino inquired regarding the audit, how long has the town awarded the contract as the Department is under their auspices? Mr. Pacino added when he was on the Finance Committee, the Chair awarded three-year contracts for audits, but he is unsure of what stage they are at this point.

Mr. Fournier replied that he and Commissioner Soli met with Richard Foley this week for their quarterly meeting and that this point was brought up. Mr. Fournier pointed out that in the Board package is a letter from Melanson & Heath as to their costs for the upcoming audits. Mr. Fournier noted he has P.O.'s for the first two but for the June fiscal year for \$28,000, the Department has no price for that. The Town Accountant was going to get back to Mr. Fournier to when the bid ran through. Mr. Fournier noted he thinks that year has to be re-examined and Mr. Foley will get back to him on this.

Mr. Pacino inquired if the present Melanson & Heath contract runs through June 2005?

Mr. Fournier replied that I think that is what we are going to find out.

Mr. Pacino clarified the RMLD is part of the Town contract. Mr. Pacino commented he thought the numbers seem high, especially the second number, \$23,5000 for a six-month year. It is too high. Mr. Pacino cannot believe it could be that high where a full year is \$23,000.

Mr. Fournier can speak to Frank Biron at Melanson & Heath for the third year on that amount.

Mr. Pacino explained under the Charter change, the Town of Reading Audit Committee, on which he serves as a member, basically controls the audit. Mr. Pacino noted these charges seem to be add ons.

Mr. Fournier replied that the amounts of \$23,000 and \$25,000 are in the P.O., but they are for calendar years. Mr. Fournier added the \$28,000 shows up nowhere Mr. Foley will get back to him on this.

General Manager's Report
RMLD Fiscal Year

Mr. Pacino questioned these amounts again and suggested this should be referred back to the Town of Reading Audit Committee for discussion.

Mr. Herlihy and Ms. Kearns were in concurrence with Chairman Pacino's recommendation on this issue.

Mr. Norton asked of Mr. Fournier, do these numbers come from the Town of Reading?

Mr. Fournier replied no. The Audit Subcommittee chose from two auditing firms, which Melanson & Heath was the choice and this was the cost.

Mr. Norton clarified of Mr. Fournier, to get back to his original question; these figures come from the Town of Reading Audit Committee?

Mr. Fournier replied per the Audit Committee and he has a P.O.

Mr. Pacino requested a copy of that contract with Melanson & Heath.

Mr. Norton added several members of the Ad Hoc Committee accused him of being a lightning rod. This is exactly one of the problems the CAB was concerned about. You have to live with figures that are given to you by the town you are not independent. Mr. Norton noted he has to lay this back on the Town of Reading's feet. Shame on them because it is part of their problem. They did not fully look at this. Mr. Norton commented it is based on the feeling of the CAB members at the time this went down.

Mr. Pacino added this decision on the audit selection was made at a meeting he could not attend. Mr. Pacino noted this should be referred back as it is a hefty add on.

Rate Stabilization Fund

Mr. Cameron noted he owed the Board a memo on a motion made at the December 3 meeting which had to do with setting the Rate Stabilization Fund (RSF) at \$6.5 million. Mr. Cameron explained what the Department did at the end of 2003 is to look at its Net Income was as discussed at the March 23 meeting. The Department transferred an amount of money out of the Rate Stabilization Fund to make up to make the allowable amount of the 8% return, which has been done in the past; it has been a past practice.

Mr. Pacino suggested explaining the 8% return.

Mr. Cameron explained in Chapter 164 of Massachusetts General Law municipal electric utilities are only allowed to earn 8% return on plant. Mr. Cameron noted that the Department looks at Net Income, and if it is more than the allowable 8% return it is put into the Rate Stabilization Fund. Mr. Cameron pointed out if the Department over collects the Board has voted to transfer into the Rate Stabilization. The Rate Stabilization Fund is something the Department is allowed to have per the DTE. Mr. Cameron commented if the Department under collects the 8% then monies are withdrawn out of the Rate Stabilization Fund. Mr. Cameron noted it is a balancing account and saves the ratepayers from price spikes.

Mr. Cameron noted that this year the Department looked at what its Net Income was and how much money was in the Rate Stabilization Fund and he specifically looked at the December 10 motion. Mr. Cameron further explained the Department drew out an amount of money out of the Rate Stabilization Fund that would be bring the Rate Stabilization Fund to \$6.5 million at the end of December which is reflected in the Annual Report. Mr. Cameron qualified the amount the Department took out does not cover the entire 8% return. The 8% return is used for capital expenditures and return to the Town of Reading. Mr. Cameron added when he and Mr. Fournier looked at bringing the Rate Stabilization down to the \$6.5 million the Department would only be covering 6.7% of the 8% return. Mr. Cameron noted then they looked into the cash account and fund the capital and operating expenses would be covered at a 6.7% return. Mr. Cameron noted what he is bringing to the Board is what the end of the year looked like. Mr. Cameron pointed out that in the March Financials the Rate Stabilization Fund is a touch over \$6.5 million due to interest. Mr. Cameron commented that there is about \$9.8 million in the operating fund. Mr. Cameron added that is probably more than the Department needs but as he has annually and consistently stated to the Board is to wait until the August Financials come out.

General Manager's Report
Rate Stabilization Fund

As Mr. Cameron specifically stated to Mr. Ensminger on March 23, the Department will see the August numbers, then the would come back to the Board and make a recommendation if it is prudent to refund to the customers again in November. The Department returned to the customers \$3.0 million in the two prior years. Mr. Cameron commented that the \$9.8 million is more than the Department needs in there and he will come back to the Board when the August Financials come out in late September.

Mr. Soli inquired it is very simple did the Department get its 8% return?

Mr. Cameron replied no.

Mr. Soli then asked could the Department have made the 8% return?

Mr. Cameron replied yes.

Mr. Soli asked why did the Department not make the 8%?

Mr. Cameron replied the Department chose not to do so. Mr. Cameron explained it is allowable up to 8% but it is a choice whether or not to make the 8%.

Mr. Pacino commented the Department could make the 8% if it took more out of the Rate Stabilization Fund.

Mr. Cameron replied yes. If the Department had taken more money out of the Rate Stabilization Fund it would have made the 8%. Mr. Cameron added given what he was directed to do in the motion, and what was available for cash and the capital budget for 2004 not making the 8% was prudent and to make 6.7% was acceptable. Mr. Cameron further explained that this gives the Department two things, it gets the Department to the \$6.5 million as he was directed by the Board based on a recommendation by the CAB and it will give the Department money in the operating account that can be refunded to the customers next fall if the Department gets through the summer months without a hitch.

Mr. Herlihy inquired when was the last time the Department did not make the 8%?

Mr. Cameron replied he can get the history, but he believes the year before and he is unsure by what amount. Mr. Cameron added if the Department did not give the customers \$3.0 million out of the operating fund last November, the 8% would have been missed by about less than \$750,000. Mr. Cameron explained it is all balancing, as there was money in the Rate Stabilization Fund they had to give back to customers. Mr. Cameron noted he has heard from the CAB and Board that the cash balances need to be at a comfortable point and the Rate Stabilization is where he was directed to go. Mr. Cameron believes there are funds in the operating fund, which can be given back to the customers, but he is being prudent and waiting for the August Financials. Mr. Cameron noted on March 23 he made the promise to Mr. Ensminger and he entirely tends to keep that promise.

Mr. Pacino inquired is there any negative effect by not making the 8%?

Mr. Cameron replied not right now because the Department has enough cash to fund its programs.

Mr. Pacino added the 8% return is where the return to the Town is. Mr. Pacino then noted the rest goes back into the system on the capital side. Mr. Pacino inquired is there any negative effect if the Department does not make the 8% on the capital side?

Mr. Cameron replied no because the Department has the funding for its capital programs.

Mr. Soli asked about dollars the difference between 6.7% and 8%?

Mr. Cameron replied it is about \$672,000.

General Manager's Report

2004 Northeast Public Power Association (NEPPA) Annual Conference

This will be held August 15-18 at the Wyndham Hotel, Burlington, Vermont

Mr. Cameron noted the NEPPA Conference is held annually at a different state in New England each year. Mr. Cameron explained that there are meetings relative to the industry in which other municipalities throughout New England attend. Mr. Cameron is planning on attending.

Mr. Pacino added it gives you the opportunity to interact with other managers and Commissioners in a different format. Mr. Pacino noted the informal interaction lends itself to insight and learning.

Ms. Kearns noted she is interested in the talk that Michael Vigeant is giving on Measuring Customer Satisfaction with Public Power Services. Ms. Kearns would like notes on that.

Ms. Kearns replied she might go.

Mr. Soli made a motion seconded by Mr. Herlihy to authorize Vincent F. Cameron, General Manager, and Philip B. Pacino, Chairman, RMLD Board and Ellen C. Kearns, Member, RMLD Board to attend the 2004 Northeast Public Power Association (NEPPA) Annual Conference.

Motion carried 4:0:0.

Nominations for NEPPA Annual Awards

Nominations are due to NEPPA by June 18.

Mr. Cameron noted this is awarded annually.

Mr. Pacino commented that there is an award if a Commissioner serves over ten years and it would be appropriate for the late Vice Chair Bill Hughes. Mr. Pacino would gladly accept this for his family. Mr. Pacino added the Department paid for Mr. Ames' one night stay at the Conference for his award.

Mr. Cameron will check with Judy McIssac-Hughes if she will attend and accept this award.

Update on Streetlighting Contracts, Brookline, Winchester, Framingham

Mr. Cameron noted this was briefly touched upon earlier that the six-month notices were sent to Brookline, Winchester, and Framingham. The Department does not intend to extend those contracts beyond the October timeframe. Mr. Cameron explained that deregulation in Massachusetts gave municipalities the right to maintain electrical equipment outside their service territories. Mr. Cameron added it also gave cities and towns the rights to buy their streetlights. Mr. Cameron noted the RMLD's former management decided to obtain streetlight contracts. Mr. Cameron noted the model has not worked but the Department has honored the contracts.

Mr. Pacino added the idea was to be a different revenue source that could benefit the Department. Mr. Pacino added the expansion of this program was stopped at the time because it was at the start up phase.

Mr. Herlihy noted as Commissioner Kearns stated earlier there is dedicated staff, and questioned do the same staff go to these towns?

Mr. Cameron replied the towns call in trouble and what needs to be repaired. Mr. Cameron also pointed out that residents of these towns also call in as the Department has a 1-800 number dedicated to the streetlight program for twenty-four hour coverage. Mr. Cameron noted that scheduling is based daily on such call-in requests. Mr. Cameron explained that if there are knockdowns, the Department has to go to the knockdowns. Mr. Cameron noted there are a number of knockdowns according to the contracts the Department tends to in the lump sum payment, but after that, the Department is paid for other individual knockdowns. Mr. Cameron added if the staff can be used internally, they will do that.

General Manager's Report

Town of Reading, Annual Town Meeting May 6, 2004

Article 3 requests that the RMLD present a report at the next Town Meeting relative to its power supply, cleaner energy and alternative energy sources. RMLD is also requested to report briefly on its consumer conservation efforts.

Mr. Cameron noted at the May 6 Town Meeting there was a motion that requires the RMLD to present a report at its next meeting (Town Meeting in the fall) which will describe in detail the sources of the RMLD's power supply, options for cleaner energy and how the RMLD can increase its percentage of alternative energy sources. RMLD is also requested to report briefly on its consumer conservation efforts.

Mr. Pacino commented that he spoke with Mary Ellen O'Neill who made this motion. Mr. Pacino added one of her concerns is there is no opportunity for Town Meeting members to ask questions. Mr. Pacino suggested sending something out in advance, as it will be seven months for the answer to get to her via Town Meeting. Mr. Pacino strongly urges anyone with these types of questions to contact the Department because we have the answers.

Mr. Cameron added one item that needs to be cleared up is when a presentation is made under the Town Meeting rules, there are no questions allowed.

Mr. Pacino commented the Moderator does not allow questions. Mr. Pacino noted the Moderator allowed questions in prior Town Meetings. Mr. Pacino may mention this to Alan Foulds, the Town Moderator at some point. Mr. Pacino also suggested e-mailing the Department with any questions.

Mr. Herlihy added in the development of the RMLD Annual Report this information was contained in a pie chart and hopefully will be a permanent feature.

Update on Tour of the RMLD's Facilities

The four Town Managers of the communities the RMLD services were sent a letter to invite their respective Boards, Committees, local Representatives, Senators and residents. The tour will be on Saturday, June 19, 2004.

Mr. Cameron noted the RSVP date is June 4 and the Department has heard from Reading. Mr. Cameron noted the invite was extended to local reps and state senators. After June 4, each town will get a phone call to confirm a count.

Mr. Norton of the CAB requested that his name be put down as attending the tour.

Mr. Pacino added if the Commissioners are not going to attend they should contact the Department.

Board Discussion

Ms. Kearns noted that Agenda Item Six talks about the policy dealing with procurement. On page four of that policy under number one in her judgment is not artfully drafted because the sentence is not complete. Ms. Kearns recommends the Policy Subcommittee review number one on page four as it is currently drafted. It is difficult for her as a Commissioner to know whether she is in compliance with this policy. Ms. Kearns urges the Policy Subcommittee to work on such words as "seeking to obtain contractual or other business."

Ms. Kearns pointed out if she is interacting with someone and is soliciting them, accepts a lunch or gift from them how would she know they are trying to seek obtain contractual, other business or financial information. Ms. Kearns commented to watch broad wording because there could be non-compliance. Ms. Kearns recommended wording for the Policy Subcommittee.

Rate Comparisons, May

Mr. Cameron noted the May rates show the trend from the beginning of this year. They show that the RMLD, on the Residential rates, are lower than Massachusetts Electric and NSTAR by a considerable amount, 20% and 32% respectively. Mr. Cameron added the Department is almost 10% below. On the Residential side the Department is above by about 10% and 11%, Peabody and Middleton. In Residential Time of Use the Department is closer to Peabody and Middleton, 7.8%, and 7.7%. The Commercial side the only company below the RMLD is Middleton, which is 4% lower. Mr. Cameron added on the Industrial Time of Use rate Middleton is 7.5% lower than the RMLD. Mr. Cameron pointed out the Department is not the lowest in its contiguous area but very close on the Commercial side. Mr. Cameron highlighted the fact that given the rise in fuel prices this year the Department has been able to hold the line on the Fuel Charge at 4¢ per kilowatt-hour, which largely is due to fixed price contracts that tend to temper the fluctuations in the New England market. Mr. Cameron added the Department hopes to hold that line into the foreseeable future.

Board Discussion

Update on Quarterly meeting with the Business Manager and Town Accountant

Mr. Soli noted as one member of the Audit Committee he met with the Town Manager and the Business Manager to discuss the cash accounts with the Town and it was in good shape along with the pension fund. Mr. Soli added one item that did come up is that they suggest the Pension Subcommittee have a look at the pension contribution for next year in the budget. Mr. Soli noted there were suggestions made on the amount of the contribution, which may be lowered.

Mr. Fournier added that Stone Consulting came in and performed an Actuarial Study for the Department. Mr. Fournier pointed out due to the low return on investments, the Department's contribution in 2003 was quite significant. Mr. Fournier noted Mr. Stone suggested that the Department had the options of Stone Consulting performing another study or revisit the issue if the contribution was significant. Mr. Fournier noted that in 2004 the amount budgeted, \$175,000, was derived, because the budget was performed after the presentation. Mr. Fournier commented it would behoove us to meet and decide what the contribution for 2004 should be.

Mr. Soli noted that Richard Foley mentioned that the Town Manager is trying to work on a policy on the Warrant Approval with some slight changes. Mr. Soli mentioned the changes would reflect such changes as complete signatures not just initials, the Warrant Item be plain to the layperson as to what the item is. Mr. Soli added this would be good if the same kind of language could carry over to the P.O.'s.

General Manager Agreement Subcommittee Update

Mr. Soli noted that there is an Addendum the Subcommittee recommends be added to the contract. Mr. Soli highlighted that the law states that the health and dental insurance payment by the Town is no different for Managers at Light Department. Mr. Soli noted the contract was signed in ignorance to this fact and it is only fair Mr. Cameron is paid for these insurances. Mr. Soli added Mr. Cameron was in agreement with this. Mr. Soli noted they are working on goals for next year.

Ms. Kearns wanted clarification. Ms. Kearns pointed out paragraph six in the General Manager's Contract states full costs will be paid by the RMLD. Ms. Kearns further clarified it is not permissible.

Mr. Soli replied true they are not permissible (referring to the health and dental insurance).

Ms. Kearns added therefore those two items do have value for the life of the contract.

Mr. Pacino interjected pointing out this was for last year only.

Ms. Kearns inquired is this a one year contract?

Mr. Cameron replied no. Mr. Cameron explained that what happened is when he spoke to the Board they cannot pay anymore than 70% of his dental and health insurance. Mr. Cameron told the Board that why don't they pay him for what they paid in the first year of the contract and forget about the rest.

Mr. Soli made a motion seconded by Mr. Herlihy to accept Addendum 1 to the General Manager's Employment Agreement based on the recommendation of the General Manager's Agreement Subcommittee.

Motion carried 4:0:0.

Mr. Pacino noted that Mr. Ensminger is the other member of the General Manager's Subcommittee.

Policy Subcommittee Update

Mr. Herlihy noted the Policy Subcommittee, which consists of Mr. Soli and him met last week. Mr. Herlihy noted they continued to review the policies in the official Policy Book, which needed updating and clarification. Mr. Herlihy believes at the next meeting they will be presenting a number of policies some are more minor than others. Mr. Herlihy added there will be updated policies, which need to be reviewed and reenacted.

Mr. Soli added there were a couple policies, such as the Family Medical Leave Act, in which changes have been made according to the law and other policies that are in progress. There are other policies that have to do with Human Resource issues along with the Human Resources Manager and that counsel should look at the policies for legal conformity. In addition, there are some Town Charter changes, which need to go into Policy 19. One of the conditions of this policy is if there are any changes it needs to be advertised in all four towns. In that case when it comes to the Board it should be advertised.

Board Discussion

Account Payable and Payroll Removal Sheet Responses

Mr. Cameron included these as informational items in the Board books since they are e-mails that go to the Board. Mr. Cameron explained to Ms. Kearns that when the Commissioners look at the Warrants and if there are any questions they have a sheet in which they can write questions/comments. Mr. Cameron in return responds to these items and e-mails the answers to the Board accordingly. Mr. Cameron added it is prudent to add these in the Board Books.

Mr. Pacino added at some point, if you do not agree with a bill you can have it removed before it goes to the Town.

Mr. Cameron pointed out when the Commissioners see the Warrants they are completed. Mr. Cameron explained that the check would be returned and not sent.

On another matter, Mr. Pacino commented since the Secretary is not in attendance at this meeting for the reorganization of the Board Subcommittees. Mr. Pacino added Mr. Hughes was on the Accounts Payable Subcommittee. Mr. Pacino asked Ms. Kearns to take over for Mr. Hughes and Mr. Herlihy would be the first back up. Mr. Pacino asked if Mr. Herlihy wanted to continue with the Payroll?

Mr. Herlihy replied that he would remain on Payroll.

Mr. Pacino will take over as first back up on the Payroll for Mr. Hughes.

Mr. Cameron explained that on the Account Payable Warrant three signatures are required plus his. Mr. Cameron further went over this process by noting on Payroll the option is three signatures or voting on one person to designate plus a backup and is put on record at Town Hall.

Mr. Soli made a motion seconded by Mr. Herlihy to vote to designate Mr. Herlihy as primary signer of the Payroll and designate Mr. Pacino as the first back up.

Motion carried 4:0:0.

Mr. Pacino noted the other two Subcommittees Mr. Hughes was on was Community Relations and Pension. Mr. Pacino asked if there was any urgency to fill these Subcommittees?

Mr. Cameron commented the Pension Trust Subcommittee needs a meeting.

Ms. Kearns agreed to serve on the Pension Trust Subcommittee.

Mr. Pacino added the Public Relations will be left open at this point.

Mr. Cameron pointed out that Policy 19 lists a Vice Chairman.

Mr. Pacino replied that he and Secretary Ensminger have discussed this. Mr. Pacino noted they were in agreement to keep this position open until March. Mr. Pacino pointed out Secretary Ensminger would be Chair in Mr. Pacino's absence under the Policy.

Mr. Cameron added the policy makes a provision for the Vice Chairman and he tries to adhere to policy.

Mr. Pacino wants to leave the position of Vice Chair open in tribute of Mr. Hughes.

Mr. Soli expressed a concern that if both Chairman Pacino and Secretary Ensminger could not make a meeting what would be the protocol for replacing them?

Mr. Pacino answered the next senior member of the Commission and a Pro Tem Secretary would be appointed.

Board Discussion

Next Meeting Dates

RMLD Board of Commissioners Meeting

Tuesday, June 15, 2004, Joint Meeting with Citizens' Advisory Board

Mr. Cameron explained the presentation of the Cost of Service Study will be given by Chuck Underhill of Vermont Energy Ventures. Mr. Cameron would like to get some sort of consensus from the Board and the CAB at that time as how they feel about the Cost of Service Study. The CAB has had the Cost of Service Study for two or three months now and by default the review period has gone past its thirty days but there were mitigating circumstances causing this to occur. There will be a presentation on June 15. Mr. Cameron questioned does the Rate Subcommittee want to meet before the June 15 meeting?

Mr. Soli replied what don't you post the Subcommittee meeting.

Mr. Cameron replied it will be posted for 6:30 pm.

Mr. Pacino inquired if the Cost of Service Study will be the only agenda item?

Mr. Cameron replied the LMS contract maybe on the agenda. Mr. Cameron is not looking to load up that meeting. Mr. Cameron does not envision bringing the policies to the Board before the July meeting.

Mr. Herlihy asked to have an update on RMLD's web site because it was going to be revamped this year sometime in September. Mr. Herlihy was recently at a Business Expo and Massachusetts Electric businesses can obtain meter reading on the website. Mr. Herlihy pointed out that Massachusetts Electric had a private contract entity handle this portion of it. Mr. Herlihy wanted to know if it is available to the RMLD's commercial customers and is it something the Department is look to offering via the RMLD's website, but paid for by the commercial customer.

On another matter is Mr. Herlihy noted there was an outage on a beautiful Friday afternoon and the Department's reliability is very good down in the Precinct 2 area at the bottom of Haverhill Street, which intersects Bay State Road and Salem Street by REI and Registry seems to have more outages than others. Mr. Herlihy asked if there was a weak spot in that area?

Mr. Cameron replied this was an outage that occurred, as there was an incident on the pole around the corner at Camp Curtis Guild on Bay State Road. Mr. Cameron added it took the Department an hour to get the customers back due to switching. Mr. Cameron noted that the outages are abnormal for that area.

Mr. Herlihy inquired is there a problem where it is a geographical corner?

Mr. Cameron will look into this.

Mr. Herlihy added he is unsure if he needs to do this or not but his wife's company, she is now working for is a division of *Platts EnergyMagazine* division of McGraw Hill. Mr. Herlihy is informing the Board but does not perceive this as a conflict.

Mr. Cameron has seen this magazine and unsure if the Department subscribes to it. Mr. Cameron added if the Department does subscribe to this it should not be a problem.

Mr. Pacino inquired on the presentation in Virginia (referring to Broadband over Power Lines) what is the status?

Mr. Cameron replied that Taunton is doing a pilot within the next month. Mr. Cameron explained that Broadband over Power Lines is a new way to distribute an Internet signal without the exclusive use of fiber optic or coaxial cable. Mr. Cameron noted that there is old mode of sending signal over electric line and it called power line communications or power line signal/carrier. The signal does it travels on the outside of the energized wire and it is picked up by a piece of equipment and takes the signal and recognizes what the signal is. Companies have been doing for years mostly on transmission lines to different substations where they want different operations to occur at substations. Mr. Cameron noted they have a way of sending an Internet signal on the power lines and have them go through transformation within the power lines. Mr. Cameron pointed out the tricky part of it is when the voltage is transformed. Mr. Cameron pointed out they have figured out a way to get the signal through the transformer. Mr. Cameron noted it is a hybrid network because it is fiber optic to a certain point; the signal is taken off the fiber and put on the power lines. Mr. Cameron added if he remembers correctly, half a mile to a mile is all it can travel on the power lines before there is degeneration to the signal. When it gets into the house there is a modem that gets plugged into the electric socket and plugs into the computer. Mr. Cameron noted the signal comes through the electric socket into the modem on a wire into the computer. Mr. Cameron has seen this in theory in Manassas, Virginia but a lot of Manassas is underground. It works better underground than overhead.

Board Discussion

Ms. Kearns commented this was mentioned in the minutes of the last meeting and Commissioner Soli asked a question about the speed of this versus DSL and Mr. Cameron conceded that it is slower than cable.

Mr. Cameron replied this is slower and they are only doing Internet right now not cable television. Mr. Cameron added the signal is not fast enough for cable television. Mr. Cameron explained that Tom Mottl, a Reading resident has been in the communications industry a longer time, and he went to the Taunton presentation with him and Paul Carson, Chief Engineer, RMLD. Mr. Cameron noted it was explained to him this is ten times slower than cable television on broadband. Mr. Cameron believes it is fifty times faster than over a regular telephone line. Mr. Cameron pointed out it is somewhere between cable television and a phone line. Mr. Cameron emphasized they are only offering Internet service, presently.

Next Meeting Dates

Wednesday, July 21, 2004

Wednesday, August 25, 2004

RMLD Board of Commissioners Subcommittee Meetings

Mr. Soli noted the Commissioners received the latest version of the Open Meeting Laws and it arrived at the same time as a lengthy version of the Open Meeting Laws. Mr. Soli noted read what the Open Meeting Law defines as minutes. Mr. Soli added the Open Meeting Law does not require verbatim minutes perhaps they could be pared back as they are almost verbatim.

Mr. Cameron added the Department is in compliance with the Open Meeting Law any change would have to be something the Board agrees to. Mr. Cameron will talk with the Secretary to see how much paring back he would like.

Mr. Pacino commented it has been both done in short and longer versions however it is up to the Secretary.

Mr. Cameron did caution that the minutes are the official record of the meeting, not the taping of the meeting.

Mr. Veno added these are the best set of minutes he has seen and whoever is doing these minutes should be complimented the highest degree.

RMLD Board of Commissioners Subcommittee Meetings

It was discussed that the Accounting Services, Pension Trust and General Manager Subcommittee meetings need to be set up.

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

Mr. Herlihy will attend the next CAB meeting.

Motion to Adjourn

Executive Session (General Manager's Conference Room)

At 10:00 p.m. Mr. Herlihy made a motion seconded by Mr. Soli that the Board go into Executive Session, to discuss strategy relative to collective bargaining and to return to Regular Session for the sole purpose of adjournment.

Motion carried 4:0:0.

Mr. Pacino called for a poll of the vote:

Mr. Soli Aye; Mr. Herlihy Aye; Mr. Pacino Aye; and Mr. Kearns Aye.

Motion to Adjourn

At 10:20 p.m. Mr. Soli made a motion seconded by Mr. Herlihy to adjourn the Regular Session.

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

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

Andrew K. Herlihy, Secretary Pro Tem, RMLD Board of Commissioners