

Reading Municipal Light Board of Commissioners

Regular Session

230 Ash Street
Reading, MA 01867
July 21, 2004

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2004 SEP 30 P 2:01

Start Time of Regular Session: 7:32 p.m.

End Time of Regular Session: 10:35 p.m.

Attendees:

Commissioners: Pacino, Herlihy, Soli, Ensminger and Kearns

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

CAB: Mr. Norton

Liaison: Mr. Duffy

Guests: Messrs. Dahl, McFadden and Schettini

Chairman Pacino called the RMLD Board of Commissioners meeting to order at 7:32 p.m.

This meeting of the Reading Municipal Light Department (RMLD) Board of Commissioners July 21, 2004 is being broadcast 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

June 15, 2004

Ms. Kearns made a motion seconded by Mr. Ensminger to approve the Regular Session meeting minutes of June 15, 2004 with the corrections presented by Mr. Soli.

Motion carried 5:0:0.

June 24, 2004

Mr. Ensminger made a motion seconded by Ms. Kearns to approve the Regular Session meeting minutes of June 24, 2004.

Motion carried 3:0:2. Messrs. Herlihy and Soli were not in attendance at this meeting.

Mr. Herlihy commented this was a short meeting and he was held up at work therefore unable to make the meeting.

Report of the Chairman of the Board

Chairman Pacino received a letter dated June 29, 2004 from Citizens' Advisory Board (CAB) Chairman Roger Lessard.

The CAB at its meeting held on Tuesday, June 15, 2004 approved the following motion unanimously, 4:0:0 (Mr. Stevenin was not present): MOVE that the Citizens' Advisory Board, based on the Cost-of-Service Study (COSS) information as of March 11, 2004, cannot endorse the outcome of the COSS as presented.

Mr. Pacino commented this is informational which will be covered more in depth under the General Manager's Report.

2004 RMLD Board of Commissioners Subcommittees

The position of Community Relations needs to be replaced on RMLD Board Subcommittees.

Mr. Pacino noted the Community Relations Subcommittee has a vacancy and currently Mr. Herlihy is serving by himself. Mr. Pacino polled the Board members as to their interest in serving on this Subcommittee, which was formerly served on by Bill Hughes.

Ms. Kearns volunteered to serve on this Subcommittee, as she is currently not sitting on a second one.

Selectmen Liaison, Citizens' Advisory Board and Customer Comments

Mr. Pacino polled those in attendance.

Mr. Norton did not have anything at this time but will reserve some time later on for comment.

Mr. Dahl thanked the Commission for providing the opportunity to come before them. Mr. Dahl introduced himself as being a member of the Reading School Committee. Mr. Dahl does understand that the Department has conducted a Cost of Service Study and would like to speak in favor of that. Mr. Dahl is requesting on behalf of the School and Finance Committees as well as through the Reading Board of Selectmen for the Board to look favorably on the Cost of Service Study. The reason is because of the different ways that our schools use energy. The schools use energy either at off peak times or not during certain seasons. He then asked that they be granted some type of different cost of service that could provide savings to the Reading School Department, which would be beneficial to the Town of Reading as well to the other towns in the RMLD service territory. Mr. Dahl is at this meeting to encourage the Board to look at and to endorse the Study because it does seem to create some savings to schools when treated as a specific class.

Action Item

RMLD Policies

The RMLD Board of Commissioners Policy Subcommittee has endeavored to get all RMLD policies updated.

Mr. Cameron explained that the Board wanted to have all the policies reviewed and this has been done with the Policy Subcommittee. Mr. Cameron and Ms. Antonio, Human Resources Manager have done this on the Department's end. In some cases legal review has been warranted. Mr. Cameron noted these are the policies, which have come out of the Subcommittee to date.

Ms. Kearns added as a labor and employment attorney, she had the opportunity for the first time to review these policies over the weekend because she was provided an early copy. One of the issues that struck her about the policies involved matters that may be also covered by a collective agreement and her concern is whether it creates a conflict between policies and collective bargaining agreements. Ms. Kearns had a long conversation with Mr. Cameron and Ms. Antonio today and suggested having a written letter to the Board members that although they might review some of the changes to the policies that occurred today, where a policy may impact a matter covered by a collective bargaining agreement, it may want to go back to the Policy Subcommittee. This is to ensure that there is no conflict between the collective bargaining agreement and the policies that cover the same topics or subject matter. Ms. Kearns pointed out that there are six policies, which might do this, Safety Committee, Drug Free Workplace, Implementation of Sick Leave, Unique Employee Situations, Sexual Harassment and Family and Medical Leave policies.

Mr. Herlihy added although he does not disagree with what Commissioner Kearns has to say these policies are a long time in coming. Mr. Herlihy pointed out these were in process prior to the management forming a union at the RMLD. At the beginning of the process there was a different situation at the RMLD. Mr. Herlihy pointed out at the time that some policies were not up to date, clear or followed. The language needed to be cleaned up including multiple references to positions that no longer exist. Mr. Herlihy is willing to accept what Commissioner Kearns has to say. Mr. Herlihy explained that they were doing this at the same time they were going through the process of collective bargaining and the two were not meshed because they were unsure of what was going to come out of collective bargaining.

Mr. Cameron commented he and Beth-Ellen Antonio, Human Resources Manager, had a conversation with Commissioner Kearns this afternoon in which Commissioner Kearns raised these concerns. One of the things that was done at the RMLD is to make sure that the RMLD policies, which apply to all RMLD employees union and non-union, do not clash with the union contracts. Mr. Cameron added if the Department needed language at the beginning of the RMLD policies that states these policies do not take precedent over the union contracts, then he has no problem with that. Mr. Cameron added the union contracts are a signed contract. Mr. Cameron pointed out that employees sign such policies as Drug Free Workplace and Sexual Harassment. Mr. Cameron noted it is not up to him to bring these policies to the union; it is up to the stewards. Mr. Cameron reiterated that historically, the Department has not had a problem with its policies vis á vis grievances where the policies have overstepped the union contract.

Ms. Kearns replied that Mr. Cameron is correct. They had a wonderful phone conversation and she suggested something that might precede the entire list of policies which she drafted and would in effect state the following: "To answer some of the questions that employees and citizens may have concerning the Reading Municipal Light Department and its policies we have written this policy manual. It is distributed to management personnel who refer to it whenever questions of policy interpretation or implementation arise.

Action Item

RMLD Policies

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The policies listed in this policy manual apply to all employees of the Reading Municipal Light Department except where the subject matter of a policy has been specifically addressed in a collective bargaining agreement and in that instance the language of the collective bargaining agreement governs with respect to that policy. The policies stated are subject to change at the sole discretion of the Reading Municipal Light Department". Ms. Kearns distributed a copy of this to all Board members.

Mr. Ensminger inquired by Reading Municipal Light Department this does include the Board?

Ms. Kearns replied yes.

Mr. Soli added he is part of the Subcommittee commented on the kind of work they did especially on three of the policies, Drug Free Workplace, Sexual Harassment and Family and Medical Leave Act. Mr. Soli noted most of the changes in these policies arose because of changes in applicable federal or state law.

Mr. Cameron agreed.

Mr. Soli commented he sees what Commissioner Kearns is trying to approach here and discussion has revolved around the conflicts between the policies and the contracts. Mr. Soli added nothing has been stated about federal or state law. Mr. Soli noted in the Drug Free Workplace, if the federal law changes it could tightens things up. Mr. Soli commented that he thinks we are obliged to follow that law.

Mr. Kearns replied to Commissioner Soli by stating that if a subject matter affects the working conditions this is referred to as the terms and conditions of employment. Ms. Kearns added that whenever employees are represented by a union contract that preempts a state or federal law, both parties have to sit down and negotiate with respect to applying that law to those specific employees. Ms. Kearns noted the Drug Free Workplace Act by itself does not apply to these employees unless you sit down and bargain with the union about or implement a Drug Free Workplace policy. Ms. Kearns commented that is why it is such a difficult and ticklish issue because if matters affect the terms and conditions of employment they become part of the bargaining nucleus. Unions have the right to bargain with respect to the implementation of those federal or state statutes.

Ms. Antonio noted that some of these policies appear in the Department's union contracts such as the FMLA. Ms. Antonio added when the Massachusetts law changed in respect to the FMLA then the union contracts changed accordingly during negotiations. Ms. Antonio also pointed out some other policies were changed due to changes in the law. Ms. Antonio commented since she has been at the RMLD that the Department has set a Drug Free Policy as well as CDL Drivers License Policy that follows the and DOT laws and is similar to the Drug Free workplace and both unions have agreed to. Ms. Antonio noted the Department has created set policies for years with agreement from the unions. Ms. Antonio pointed out that all employees sign various policies as a matter of record such as the Violence in the Workplace, Electronic Communication and Sexual Harassment. Ms. Antonio noted that all employees sign such policies that are not all found in the union contracts.

Mr. Pacino added Commissioner Kearns' information would be a cover sheet to the policy manual.

Ms. Kearns replied it would be a preface or beginning page.

Mr. Pacino polled the Board to see if there were any objections to this going in as a cover page in the front of the Policy Book. There were none.

Mr. Ensminger made a motion seconded by Ms. Kearns to accept the preface submitted by Ms. Kearns to be a portion of the Policy Manual.

Motion carried 5:0:0.

Action Item

RMLD Policies

The RMLD Board of Commissioners Policy Subcommittee has endeavored to get all RMLD policies updated.

RMLD Policy 1, Revision 2, Community Relations Policy

Mr. Herlihy noted they had a legal opinion awhile back that indicated that the previous practice of donating money to organizations or scholarship programs is not in accordance with the law. Mr. Herlihy added this obviously precipitated the need for a change in the policy. This opinion did however allow us to spell out what the RMLD can do to support efforts and initiatives in the community via in-kind services or through advertising, which gets the RMLD's message out and can support community events. Mr. Herlihy added it was a gray area for a long time and now it gives a good framework. Mr. Herlihy noted the Department does get frequent requests but there is a gray area and this revision to the policy takes care of this. Mr. Herlihy did want to acknowledge that the late Bill Hughes contributed to and worked hard on this policy.

Ms. Kearns was concerned about expanding the role of the Board Subcommittee with respect to the lack of oversight under 2B. Ms. Kearns wanted to know why it was limited to only press releases when there are charitable contributions, educational advertising and Community Relations programs?

Mr. Cameron replied it is simple, he directs the employees of the RMLD. The Board needs to set policy and he will direct employees.

Mr. Herlihy added this is viewed as operational.

Ms. Kearns replied she does not want to direct employees but a six-page policy should have more Board oversight then reviewing press releases from time to time. Ms. Kearns thought the Board's oversight should include oversight of all the charitable giving, so the Board will review what the Department does with respect to this policy. Ms. Kearns thinks it is a waste of time to sit on a Community Relations Subcommittee and just review press release from time to time. Ms. Kearns does not understand why the Subcommittee cannot review the implementation of this program as applicable.

Mr. Cameron again replied it is an operational issue. Mr. Cameron added that sometimes there are press releases going out quite a bit. Mr. Cameron pointed out that press releases on an outage needs to go out the next day. Mr. Cameron is unsure if there is a need for the Subcommittee to look at all the press releases. Mr. Cameron noted as Commissioner Herlihy stated that all those who crafted this policy wanted it in detail so that there was direction from the Board.

Mr. Pacino added as he interprets this it states from time to time review press releases as appropriate. Mr. Pacino noted that it could not only be press releases but programs. Mr. Pacino noted there is oversight and the Board has control of the budget. Mr. Pacino pointed out the Board could stop such programs by budgetary means.

Mr. Herlihy commented that Chair Pacino did bring up a good point. Mr. Herlihy noted when the Board reviews the budget of individual events, which has been subject to a line-by-line review within the Community Relations Department. Mr. Herlihy added the issue of the press releases concerns more the message comes out with approval of both the Board and the General Manager to ensure clarity of message. Mr. Herlihy commented that in the past the former General Manager sent out press releases that were more self-serving than helpful to the Board and that is why that language was put in so that it would not be a problem this time.

Ms. Kearns questioned if the drafter of this policy would accept an amendment that states "and programs initiated pursuant to this policy"?

Mr. Herlihy replied he does not see the need for that but will defer it to the Board.

Ms. Antonio pointed out that once the Board and General Manager wanted a change in this policy a Quality Work Team was put together to work on this. Ms. Antonio noted Michele Benson led the team, Customer Service Manager, Laurie Cavagnaro, herself and the Community Relations Manager, were also members of this team.

Mr. Cameron added that Paula O'Leary and Priscilla Gottwald also were members of this team.

Action Item

RMLD Policies

The RMLD Board of Commissioners Policy Subcommittee has endeavored to get all RMLD policies updated.

RMLD Policy 1, Revision 2, Community Relations Policy

Mr. Herlihy made a motion seconded by Mr. Ensminger that the Reading Municipal Light Department Board of Commissioners approve RMLD Policy Number 1, Revision #2, Community Relations Policy based on the recommendation of the Policy Subcommittee.

Motion carried 5:0:0.

RMLD Policy 2, Revision 3, Surplus Material

Mr. Herlihy added there are very minor changes in language in this policy. Mr. Herlihy noted the rotation on how surplus material is distributed to the communities the RMLD serves remains the same.

Mr. Herlihy made a motion seconded by Mr. Ensminger that the Reading Municipal Light Department Board of Commissioners approve RMLD Policy Number 2, Revision #3, Surplus Material based on the recommendation of the Policy Subcommittee.

Motion carried 5:0:0.

RMLD Policy 3, Revision 1, Safety Committee

Mr. Herlihy highlighted that there were quite a few changes made that were not substantive as were relating to changes in personnel, timelines and the like.

Ms. Kearns pointed out there is some notion in the law that establishes a Safety Committee with employees representing the various departments i.e., Line and Meter Department as well as Administrative Office etc. Ms. Kearns feels the policy creates an 882 violation of the National Labor Relations Act. Ms. Kearns has a memo that she wants the General Manager to review before establishing this Committee to be sure the Safety Committee is established in concert with current and existing National Labor Relations Act. Ms. Kearns handed out the memo for the Board members to read at a later date. Ms. Kearns added that the establishment of a Safety Committee could be fraught with potential liability if you are not careful.

Mr. Soli commented he thinks this does not establish the Committee because it is already established. Basically, this documents is what the HR Manager believes was past practice.

Ms. Antonio was in agreement with this. Ms. Antonio pointed out the original policy was written in 1988, and when she came here in 1994 it was not being run according to the policy. In 1994, it was determined how the Safety Committee would be run. The Safety Committee has been running according to policy since then. It is made up of mostly union employees, and Human Resources is the Chair of this Committee. They meet on a quarterly basis to review and tour the RMLD's facilities and make recommendations on safety issues to the General Manager, the Manager of Projects, and the Engineering Manager for any changes that need to be made. The Department also institutes some of the training that may be needed after the review of workers' compensation accidents. It has been running for over ten years this way.

Mr. Ensminger asked Ms. Antonio who currently appoints this Committee?

Ms. Antonio replied they try to rotate at points through the groups. Employees who have been on the Committee for more than a year or two ask if they could be replaced.

Mr. Ensminger inquired of Ms. Antonio you are the appointing authority it is you?

Mr. Cameron replied it is a cross section of the company.

Mr. Ensminger questioned without a number for the membership in the text how does one determine how large this Committee and how is its membership comprised?

Ms. Antonio replied the Committee fluctuates between five and seven members.

Mr. Ensminger then inquired how will you determine if a majority is present where there is no number specified?

Ms. Antonio replied it has been changed to reflect a majority of members.

Action Item

RMLD Policies

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RMLD Policy 3, Revision 1, Safety Committee

Mr. Ensminger asked how do you determine that there is a majority when there is not a number to reflect how many members will be on the Committee?

Ms. Antonio replied sometimes due to workflow not all members can make the meeting. In the past if two or three members cannot make it the meeting is canceled.

Mr. Ensminger commented since there no longer is a number in this revision you want to keep it vague.

Mr. Cameron added that sometimes areas like Energy Services might not want someone to come in because of the workload although safety is a concern for everyone. The Department does know who its members are and will hold a meeting even if two or three members are present. Currently, there are six or seven members who comprise the Safety Committee.

Ms. Kearns added this is precisely the area you need to be very careful about in order to avoid an Unfair Labor Practice with respect to the Safety Committee. Ms. Kearns advised that you get labor counsel or read the memo. It cannot be that each member of the Safety Committee represents a particular group. They can be from that group but not representative of that group. Ms. Kearns suggested using the parameters of no less than five members but no more than ten in order so that you get some idea of what is a majority.

Mr. Soli commented there is a lot that needs looking at and would like this to be tabled to the next meeting.

Mr. Herlihy made a motion seconded by Mr. Soli that the Reading Municipal Light Department Board of Commissioners to table RMLD Policy Number 3, Revision #1, Safety Committee based on the recommendation of the Policy Subcommittee.
Motion carried 5:0:0.

RMLD Policy 6, Revision 1, Drug Free Workplace

Mr. Herlihy added there were minor changes and much of this reflects federal and state law changes.

Mr. Soli asked of the Human Resources Manager about page two first paragraph the number ten was changed to five and was it changed in the union contracts?

Ms. Antonio replied it is not in the union contracts. The Department was advised by its counsel this is fine.

Mr. Pacino inquired if there was a reason for the change?

Ms. Antonio replied she is unsure if it should have been ten. The Department was told it should five.

Ms. Kearns is this one of those policies employees sign?

Ms. Antonio replied no.

Mr. Herlihy made a motion seconded by Mr. Soli that the Reading Municipal Light Department Board of Commissioners approve RMLD Policy Number 6, Revision #1, Drug Free Workplace based on the recommendation of the Policy Subcommittee.

Motion carried 5:0:0.

RMLD Policy 7, Revision 2, Implementation of Sick Leave

Mr. Herlihy noted the changes language is concerning the collective bargaining agreements.

Ms. Kearns added she had a long discussion with Mr. Cameron this afternoon. Ms. Kearns pointed out that this policy only applies to those management employees who are not represented by a collective bargaining agreement this would apply to five or six employees at the most. To establish a policy for five management people is incongruous.

Action Item

RMLD Policies

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RMLD Policy 7, Revision 2, Implementation of Sick Leave

Ms. Kearns does not think there is the need for formality in the policy. Ms. Kearns would like the sentence that states, "The AFSCME and IBEW Union contracts outline the sick leave buy back offered to all RMLD union employees." This policy is clearly a matter of collective bargaining.

Mr. Cameron responded that what the Department did was to make sure that it was clear to everybody that what Commissioner Kearns said is true and that no one will be confused and say what about the rest of the company. Basically, what that first sentence says is union personnel need to look at their contracts to determine what they are getting for sick leave buy back because the sick leave buy back for different unions is different. Mr. Cameron added what the Department is saying is union employees are covered by their collective bargaining agreements. The casual observer looking at that will know that.

Mr. Soli asked if, the Department has three contracts?

Mr. Cameron replied yes.

Mr. Soli clarified three union contracts with two different unions?

Mr. Cameron replied yes.

Mr. Soli inquired two are with the same union as well as the same local?

Mr. Cameron replied yes.

Mr. Soli questioned how many IBEW contracts?

Mr. Cameron replied IBEW is one contract whereas AFSCME has two contracts.

Mr. Herlihy made a motion seconded by Mr. Soli that the Reading Municipal Light Department Board of Commissioners approve RMLD Policy Number 7, Revision #2, Implementation of Sick Leave based on the recommendation of the Policy Subcommittee.

Motion carried 4:1:0. Ms. Kearns was opposed to this motion.

RMLD Policy 11, Revision 2, Summer Employees

Mr. Herlihy added there are not many major changes in this policy. Mr. Herlihy pointed out one of the reasons they are going through all these policies is that they look relevant to all the employees here and one of the ways to underscore that is by voting on these policies and have the current General Manager sign these policies. Some of the policies in the policy book were under the signature of the former General Manager. Mr. Herlihy noted so all employees get the point they want to have this General Manager's signature on all RMLD policies. This practice of summer employees has not been utilized recently. It does provide a framework but could use some potential changes in the future if the policy is exercised.

Ms. Kearns added this is another one of those policies she spoke to Mr. Cameron about that you have to be sure does not run in conflict with collective bargaining agreements.

Mr. Pacino inquired when was the last time the Department hired summer employees?

Ms. Antonio replied in 2001.

Mr. Herlihy made a motion seconded by Mr. Soli that the Reading Municipal Light Department Board of Commissioners approve RMLD Policy Number 11, Revision #2, Summer Employees based on the recommendation of the Policy Subcommittee.

Motion carried 5:0:0.

Action Item

RMLD Policies

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RMLD Policy 14, Revision 1, Unique Employee Situations

Mr. Herlihy added this is a rarely used mechanism but there is one small change.

Mr. Ensminger wanted an example of when this is used what is the practical application?

Mr. Cameron replied in the past the Department has had employees that have had a medical problem and were out an extended period of time and ran out of sick leave. Mr. Cameron noted at that point he would enact the Unique Employee Situation and it does not compel any employee to do anything. It is strictly voluntary and employees can lend sick, comp and vacation time to the employee in question. It can get an employee through a tough time. This is like a sick bank but is not called that. Mr. Cameron added the Town has a similar program but is only funded with sick time so there is a bank. The Department does not have a bank until such time the situation comes up. Mr. Cameron noted if time is left over in the bank when the employee comes back that time goes back pro rata to the employees who originally donated the time. .

Mr. Herlihy made a motion seconded by Mr. Soli that the Reading Municipal Light Department Board of Commissioners approve RMLD Policy Number 14, Revision #1, Unique Employee Situations based on the recommendation of the Policy Subcommittee.

Motion carried 5:0:0.

RMLD Policy 15, Revision 2, Sexual Harassment Policy

Mr. Herlihy pointed out a couple of changes have been made to this policy. Mr. Herlihy emphasized that it is not just for employees but the General Manager, the Board, the CAB, and includes both business here and outside of the office. Mr. Herlihy added those factors make it a much tighter policy.

Ms. Kearns added the Sexual Harassment policies she is familiar with have in them how long an employee has to before filing a complaint. Ms. Kearns added the law in Massachusetts was changed to increase this window to three hundred days to file a complaint. Ms. Kearns inquired as to why the three hundred days is not in the policy?

Mr. Ensminger asked relative to the three hundred day timeframe, should this simply refer to state law?

Mr. Pacino inquired if anyone wanted to address that?

Mr. Cameron replied he is not an expert at this.

Ms. Kearns added that it should be added that the Department can go to the MCAD website which has a sample policy with that verbiage contained in it. The Department can add this wording to the policy.

Mr. Ensminger has just completed this training and he has a couple of comments. Mr. Ensminger commented managers need to understand there is potential individual liability for managers who fail to respond to allegations in a proper manner. Mr. Ensminger inquired if the Department is having training sessions on this?

Ms. Antonio replied the Department schedules training every two to three years for managers and the whole company. Ms. Antonio added in September the Department will be having training.

Ms. Kearns added that the law highly recommends training annually for supervisors and managers because of the strict liability as well as employees getting a copy of the Sexual Harassment policy annually.

Ms. Antonio commented that employees get a copy of this policy annually and they sign at that time.

Mr. Soli suggested tabling this for the inclusion of the three hundred days.

Action Item

RMLD Policies

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RMLD Policy 15, Revision 2, Sexual Harassment Policy

Mr. Pacino had a question on page two, if the Chairman is involved then the next person will be the next most senior Commissioner, by this Mr. Pacino clarified it would be the position of Vice Chair or Secretary as the next position? Mr. Pacino then added senior Commissioner is not defined, is it age or experience?

Mr. Cameron replied it would be experience to answer Chairman Pacino's question.

Mr. Herlihy made a motion seconded by Mr. Soli that the Reading Municipal Light Department Board of Commissioners table RMLD Policy Number 15, Revision #2, Sexual Harassment based on the recommendation of the Policy Subcommittee.

Motion carried 5:0:0.

RMLD Policy 16, Revision 1, Violence Prevention In the Workplace

Mr. Herlihy noted this is an important policy in this day and age with a few minor changes and the ultimate responsibility for enforcement is with the General Manager.

Mr. Herlihy made a motion seconded by Mr. Soli that the Reading Municipal Light Department Board of Commissioners approve RMLD Policy Number 16, Revision #1, Violence Prevention In the Workplace based on the recommendation of the Policy Subcommittee.

Motion carried 5:0:0.

RMLD Policy 20, Revision 2, Family and Medical Leave Act of 1993

Mr. Herlihy noted there are small changes in language this is based closely to mirror state and federal law.

Ms. Kearns added she disagrees with Commissioner Herlihy that this is as close to state and federal law as they could. Ms. Kearns noted this is a significant revision in some areas from state and federal law. Ms. Kearns pointed out it is a wonderful thing for the employees but the citizens and employees should recognize is the RMLB went beyond what is required under the 1993 FMLA Act. Ms. Kearns pointed out the policy states that once employees have completed their probationary period they are eligible for FMLA but the current law states employees have to complete one full year of work and worked one thousand hours in that year. Ms. Kearns noted this is very nice benefit for the employees. Ms. Kearns inquired if this was part of the collective bargaining agreements at the RMLD. Ms. Kearns then turned to the provision in the policy which is not required by federal law that employees may elect to use accrued vacation, comp or personal time. It is a good thing for the employees at the Reading Municipal Light Department to know they were given beyond what the federal statute currently requires.

Mr. Ensminger inquired why it went beyond current federal and state law?

Mr. Herlihy replied it was a change that had to do with collective bargaining.

Ms. Antonio added this policy was added to reflect what the three RMLD union contracts state. Ms. Antonio noted that under the advice of RMLD's counsel relative to childbirth leave it was changed so that employees may elect not to take time.

Mr. Pacino thanked the Committee for its work.

Mr. Cameron wanted to thank the Committee. Mr. Cameron added there is still work to do.

Mr. Herlihy made a motion seconded by Mr. Soli that the Reading Municipal Light Department Board of Commissioners approve RMLD Policy Number 20, Revision #2, Family and Medical Leave Act of 1993 based on the recommendation of the Policy Subcommittee.

Motion carried 5:0:0.

Presentations

Customer Information Billing Management System (CIBFMS) (Jim Blomley)

Mr. Cameron told the Board that Jim Blomley, Project Manager will be providing an update on the CIBFMS system.

Mr. Blomley explained that this was the April 30, 2004 project update of the CIBFMS system. Mr. Blomley noted this project began November 2000, Phase I, January 13, 2003 commenced Phase II and the system went live March 1, 2004. Mr. Blomley then updated the Board on the new servers and software that was purchased and installed. Mr. Blomley added there are twenty-nine action items that need to be completely. Mr. Blomley noted there would also be additional training for other items in September 2004. Mr. Blomley gave the project estimate figures of \$2,630,000 and to date project costs of \$1,584,386. Mr. Blomley then updated the Board on the actual expenditures for 2002, 2003 and 2004 versus the budgeted amounts. Mr. Blomley went over the break out of the CIBFMS Project Team for the CIBFMS system.

Mr. Cameron pointed out to the Board the Cogsdale holdback is \$160,000. The Department has held back money according to the contract to make sure if the final product would be delivered or they would not get paid. That money is encumbered right now.

Mr. Blomley added when the Action Item List is completed then the Department will settle this up on the final payment for the system.

Mr. Ensminger asked Mr. Blomley to summarize the major elements of the Action Item List.

Mr. Blomley replied he could provide this.

Mr. Ensminger asked to have these provided verbally.

Mr. Cameron added part of the hold back was built into the contract, thirty percent hold back. Mr. Cameron noted it is not tied into any one item. The Department is not going to true up with them until we have a clean product. Mr. Cameron pointed out that nothing in the Action Items are keeping the Department from performing major functions. There are twenty-nine items on this list.

Mr. Blomley went over some of the items on the Action Item listing such as bill speed time, obtaining individual reports and meter reading component order.

Mr. Ensminger asked why the gap exists in the estimate versus the actual.

Mr. Cameron added to answer Commissioner Ensminger's questions when the budget was performed the Department surveyed its peers of utilities which have gone through this process. Mr. Cameron noted by using this information we came up with a budget. Mr. Cameron pointed out once the budget was put in place the Department went out to bid and received bids. The bids differed because one bid had the conversion being done in the contractor's office, which is a black box. Mr. Cameron added the conversion involves putting the Department's data into their software program and making it work. The Department received a bid that would have the conversion done in house by the RMLD employees and the contractor. Mr. Cameron made the decision the conversion would be performed in house which was a savings of over a million dollars. Mr. Cameron is unsure if he went out on a limb on this. Mr. Cameron did this for a couple of reasons. Mr. Cameron believed the Department's data was clean, the cleaner the data the better the conversion will go. Mr. Cameron also thought doing the conversion in house would involve employees and would result in the employees having a better understanding of the program and troubleshooting would be less difficult. Mr. Cameron commented it was a good decision that saved the Department a lot of money. That is why the 2003 estimate does not track as well because the Department budgeted a lot more money due to the uncertainty of the conversion being in house or in the contractors' facility.

Mr. Ensminger added it was not a criticism it was a question.

Mr. Pacino inquired is the labor charged to capital or operating?

Mr. Fournier replied training was expensed per the direction of RMLD's auditors. The implementation of the software, which was quite extensive, was capitalized.

Presentations

Customer Information Billing Management System (CIBFMS) (Jim Blomley)

Ms. Kearns pointed out that she accepts Mr. Cameron's explanation that by having this implemented in house is the one million in 2003 is it true in the budget versus actual or is there something else going on?

Mr. Blomley replied the Department did not spend as much time because the data was clean as they expected on the project. Mr. Blomley pointed out the Department spent half amount of time anticipated because of this fact.

Ms. Kearns added that the 2004 budget will reflect employees doing the implementation and 2003 is due to clean data.

Mr. Cameron replied the conversion occurred in 2003. Mr. Cameron noted be mindful of the fact in this budget the Department did not know if the conversion would be done by the RMLD or the contractor. The actual figures reflect the in house amount, which is, less than if the Department used a contractor.

Ms. Kearns inquired what line would she look at to show this in the budget?

Mr. Cameron replied the RMLD labor that would have been expensed because doing it in house was a cost savings.

Ms. Kearns questioned the Department budget for a contractor where is that line?

Mr. Cameron replied between 2000 and 2002 is some savings but it is hard to tell because the time lines did not match up with the conversion.

Ms. Kearns noted as a Board member the next time she is asked to look to at budget projections for a project she wants to know why the Department is a million off and more about the estimates. Ms. Kearns is not satisfied this is predicated on RMLD employees doing the conversion in house.

Mr. Cameron pointed out that there was a \$150,000 savings with CDM also during that timeframe. The Department also saved some money on contingencies.

Mr. Soli had a concern relative to Microsoft. In 2006 Microsoft will be changing things and is there a plan for this? Mr. Soli asked if the Department has performed any kind of preliminary work as far as maintenance for the next five years?

Mr. Blomley replied the Department has a five-year contract, which includes maintenance that is paid on annual basis.

Mr. Soli pointed out that Great Lakes is going to change and that might bust up Microsoft and change Windows.

Mr. Cameron replied it is too early to know this.

Mr. Ensminger commented it is important to get those answers perhaps the IT Department can provide those answers.

Mr. Herlihy asked hypothetically if he is a new hire at the RMLD is there in house training?

Mr. Cameron replied the Department has just addressed this concern and CDM prepare a training manual that outlines the computer system and how they work. Mr. Cameron added the training manual will be detailed and this will be coupled with on line aid to provide directions. Mr. Cameron noted this was a change order the Department signed off on today with CDM.

Ms. Kearns added that the computer program in her office was recently upgraded. It was amazing to her how much it mattered to the woman in the office including her that had someone sitting with them. On the other hand Ms. Kearns does not mean to be sexist many of the men used the manual. Ms. Kearns asked the Department to use a multi approach, which is helpful.

Mr. Norton wanted to make a comment in general being a member of the CAB when this program was originally presented to them. Mr. Norton added there were several extensive meetings regarding this program before they approved the budget. Mr. Norton pointed out a lot of the questions that were brought up this evening were asked and addressed.

Presentations

Customer Information Billing Management System (CIBFMS) (Jim Blomley)

Mr. Norton noted that going through this process with Messrs. Cameron, Blomley and Fournier initially he would like to congratulate them on behalf of the other CAB members as they are part of the original process. Mr. Norton commented that everything that Mr. Blomley presented is just about on target with regard to cost and timeframe. Mr. Norton highlighted it is a true compliment to the employees of the RMLD that they were able to bring this system in on time and well under budget in most of the line item areas.

Ms. Kearns added she seconds that.

Mr. Norton added one of the biggest questions by the CAB was the cost factor. Mr. Norton commented that the employees at the RMLD who worked on this should be complimented.

Mr. Cameron reiterated truer words could not be spoken with regard to the employees of the RMLD. Mr. Cameron added Mr. Blomley as Project Manager took on a huge responsibility, Messrs. Fournier and Uvanni did a lot of work on this. Mr. Cameron also wanted to recognize the members of the Implementation Team and apologizes to the employees, as he does not have all the names. It was a team effort. The Implementation Team did state this project would be done without overtime. Employees did spend a lot of time on this. The RMLD saved a lot of money on labor through the fruits and efforts of RMLD employees that made a concerted effort to get this on line. The system came on line only two months delayed. Mr. Cameron added Mr. Blomley did yeoman's effort on this.

Mr. Soli was impressed and gave Mr. Blomley a compliment on his efforts.

Mr. Pacino added it was quite an effort to come in under budget and wanted Mr. Cameron to extend his congratulations to the RMLD employees on behalf of the Board.

Infrared Program

Mr. Cameron explained to the Board that Key Accounts Managers Michele Benson and Joe Bilicki came up with this program to offer infrared scanning to RMLD's commercial customers. Mr. Cameron added the Department utilized this program with one of larger commercial customers. Through infrared scanning recently the RMLD found a problem area, which help, circumvent a potential outage down the road for that customer. Mr. Cameron noted this is not complicated but is a form of preventive maintenance.

Mr. Ensminger inquired is this applicable for a Residential customer?

Mr. Cameron replied yes. It is most often found at the connections there is a propensity to have hot spot. It is applicable to Residential customer. A Residential customer could give the Department a call if they feel this service is warranted.

Mr. Soli had a couple of questions, has this been implemented?

Mr. Cameron replied yes.

Mr. Soli expressed concern about litigation via the wording on the program document on the second page "to make minor repairs to customer owned units".

Mr. Cameron explained to Commissioner Soli using an example of a recent outage, which he contacted Commissioner Herlihy about. It was a fix that the RMLD could do in five minutes and it was customer owned equipment. Mr. Cameron noted the customer would have been down for three hours trying to get an electrician to perform the same work. Mr. Cameron added on a case-by-case basis he determines if the Department will do the work, it is a judgment call. It is good customer service. If there is a liability than that is a risk the Department will bear.

Mr. Soli asked if there was legal review on this?

Mr. Cameron replied the Department did not have legal review done on this, however other companies use this verbiage.

Mr. Soli used the example during the Big Dig where the water supply was knocked out for Gillette and the cost was a million dollars an hour.

Presentations

Infrared Program

Mr. Cameron added he could take it to legal.

Mr. Soli also mentioned two typos.

General Manager's Report

Class Cost of Service Study

Mr. Cameron noted at the last meeting, Chuck Underhill from Vermont Energy Ventures did a presentation on the Cost of Service Study. Subsequently, the CAB made a recommendation to the Board that they do not endorse the Cost of Service Study. Mr. Cameron added that they did not want to endorse it because it caused a rate increase for the Residential customer. Mr. Cameron noted in response to that he spoke with Energy Services. What needs to be done is to explain to the Board that some of the increase to the Residential Customers class it has nothing to do with the decrease in the school rate or the commercial rate. It is a reflection of what the Cost of Service is. Mr. Cameron pointed out because of the way the rate increase was structured on the Residential side two things caused the trend in the increase in the different usage strata (usage levels) of Residential customers. The first thing is the Customer Charge that was recommended by VEV was increased from \$3.20 to \$5.92 a month. The fixed customer charge will increase the per unit cost to a customer using less electricity more than one using more electricity. In essence what you are doing is spreading that usage over more kilowatt-hours in the higher usage strata. Mr. Cameron pointed out it shows a higher increase on the lower usage customers. Mr. Cameron instructed Energy Services to keep the Customer Charge the same to show what that increase would be if it was left the same. Mr. Cameron mentioned in Cost of Service once you find out what the cost you have to recover for each one of the customer classes is then what you need to look at your is the billing frequencies. Billing frequencies are how many customers you have and how many kilowatt-hours they are using. Mr. Cameron noted the rate is designed to recover whatever your revenue requirements are in the cost of service for each one of the customer classes. Mr. Cameron noted not changing the Customer Charge and putting the whole increase into the energy charge in the Residential Rate changes the strata using 200 kWh monthly and instead of the increase being 34.5% increase the increase is 19.6%. Then Mr. Cameron referred to Table 1 and the change in the Customer Charge and PASNY credit. In Table 2 shows what the decrease would be or what the increase would be if the PASNY charge stays the way it was recommended when the Customer Charge is not changed.

Mr. Ensminger inquired if the PASNY charge was energy based?

Mr. Cameron replied no the PASNY charge is not energy based it is customer based. It represents a per Customer Charge in each one of the tables. Mr. Cameron explained that he has not changed it yet. On Table 1 the Customer Charge is \$5.92 in Table 2 it is \$3.20.

Mr. Pacino clarified that PASNY is still \$3.23 per customer.

Mr. Cameron then chose the PASNY credit and kept the Customer Charge the same to see what the difference is. Table 3 demonstrates the PASNY is at \$3.23 per customer but when it is changed to a per kWh charge the customer using 200 kWh they get a credit of 73¢ and their bill is going up \$2.50. Mr. Cameron used another scenario where the PASNY credit and the Customer Charge are not changed. Table 4 then shows what the increase would be if it were in the energy charge, which results in a .88% increase to each Residential Customer stratum. Mr. Cameron tried to show that in the Cost of Service Study there were some recommendations that were made but do not need to be accepted. The Department can readjust the recommendation on the change to the Residential Rate where the increase is minimal. Mr. Cameron also explained the Department can go other ways with this. Mr. Cameron addressed the second part of this, which is the School Rate. Mr. Cameron explained when doing Cost of Service if you can find customers with homogeneous usage patterns then they can be grouped into a rate. Mr. Cameron noted the reason he wanted the schools to be looked at because they do have a homogeneous usage pattern because they are not occupied in the summer and they do not have air conditioning for the most part and have other similar patterns. Mr. Cameron added when looking at this a School Rate would have been less than the Commercial Rate. Mr. Cameron had Energy Services look at the four towns to show usage on the individual schools with the Commercial Rate and the proposed School Rate factored. Mr. Cameron pointed out the Birch Meadow trailer has electric heat that is why the figures are higher but it is a temporary measure. Mr. Cameron went over the savings, which are not guaranteed because the calculation is based on past usage for all the four towns. Mr. Cameron noted this shows more options than were presented previously.

Mr. Pacino added one of the issues Mr. Cameron needs to address for the Board is cross subsidization by creating a new School Rate and will it be cross subsidized by other ratepayers in the system.

General Manager's Report
Class Cost of Service Study

Mr. Cameron commented that the Cost of Service Study is basically what it is named. It defines costs based on usage in different rate classes and there is no cross subsidization within the rates.

Mr. Cameron noted the Commercial class has a decrease, the School Rate reflects a decrease and Residential Rate shows an increase. There is no direct link that shows the Residential Rate is going to pay for School Rate. It is the way the number falls out. Mr. Cameron commented given the fact the Board has lived by the edict that the Department should be a Cost of Service Study based company there are two things that need mentioning. Mr. Cameron noted the first thing is the Department is not that far off from being Cost of Service based and it is really close which is over a period of eleven or twelve years, in which the Department has had a rate increase. The Department had a rate adjustment last year, which was across the board. The Department took out the seasonality of the rates last year. The second thing is you cannot cherry pick the rates or you will not be Cost of Service. You cannot enact the School Rate and keep the other rates the same. That would not be cost of service. Mr. Cameron is providing options to the Board.

Mr. Pacino wanted cherry picking defined. Mr. Pacino clarified if the Department implements the School Rates with the whole package.

Ms. Kearns inquired on Table 1 and wanted to know what the customer would look like kWh of 300-350 monthly or 200-250 monthly? Is it a single person, elderly persons are they living in an apartment?

Mr. Pacino replied he owns a condo on Washington Street he is under the 250 kWh category as well as his neighbors.

Ms. Kearns is concerned that is that if they file the Cost of Service as it affects Residential rates essentially, the greatest burden will be on the lower users, are they seniors, living in apartments or is it all over the place.

Mr. Ensminger added he would like distribution count by kilowatt-hours.

Mr. Cameron replied it is a Bell Shaped curve, which has its apex around 700 to 800 kWh per month. It is a pretty even distribution. Mr. Cameron added it could be single and elderly persons.

Ms. Kearns also does not want to cast aspersions but with the elderly they have fixed incomes and to say to them you are going to get a 34% increase even if it is \$10 cost it is a cost of significant proportion compared to others.

Mr. Cameron added that he has brought the Board through this process. It is like peeling the skin off an onion to get to the middle of it to show there are options that the Board has. There are options the Board has that it could adopt the Cost of Service and could spread out a less than 1% rate increase to the entire strata of the Residential sector.

Mr. Pacino added he would not want to raise anyone's rates by 34% even 19% but Table 4 adopting this causing less than 1% rate increase.

Mr. Cameron explained the PASNY is not touched and with the increased Energy Charge everyone pays the same increase on every kilowatt-hour they use. This would be if Table 4 were adopted.

Mr. Pacino added with the Table 4 option along with that would come the School Rates.

Mr. Herlihy appreciates the work Mr. Cameron and the staff has done on this. Mr. Herlihy noted at the last meeting with the CAB they were at a dead end but knew there had to be other avenues. Mr. Herlihy pointed out no one wants to penalize those who are conserving or cannot afford to pay more, Table 4 helps meet this because it is less than pocket change on a bill. Mr. Herlihy noted it is an adjustment not a cross subsidization.

Mr. Soli added it should not be a surprise he is not happy with a whole lot of the Cost of Service Study. One of the things he looks at is the Customer Charge and it was approached in a way to him that was not very transparent. A way that would be more transparent to him would be to a time and motion study. How long does it take a person and a vehicle to read a meter and get it into the system on average? To send a bill it costs one stamp, envelope and paper. There is a person-dedicated part time to getting those things to the post office. To apportion those a time and motion could get us closer.

General Manager's Report
Class Cost of Service Study

Mr. Soli noted for \$3.20 per customer for 27,000 customers for twelve months that is a little over a million dollars. The envelope, stamps and paper do not quite get to that. Mr. Soli noted there are parts of that study that need to be looked at and provide explanation and rationale. Mr. Soli added there are school folks here who say we would like to have those savings but he could not vote for that study.

Mr. Cameron noted a time and motion study is not an easy thing to do when you are in a union shop. Mr. Cameron added the Customer Charge has been in place since 1993 the Department has streamlined its efforts since that time. The Department has handheld, remote metering, amore streamlined computer system and one front office employee position has not been filled. Is the cost less than \$3.20 absolutely? To the penny? Mr. Cameron could not be certain even with a study, he could not get it to the penny. Mr. Cameron pointed out the Department did perform a Cost of Service Study and identified what costs should be allocated to what rates and looked at a School Rate because it was the right thing to do. It was found the School Rate could take advantage of being on its own without any cross subsidization. Mr. Cameron noted in peeling away the skin of the onion the Department found out that we could enact this without a lot of pain because it would be less than 1% in each one of the usage stratoms to the Residential customers. Mr. Cameron does not know if holding this up for a time and motion study is the right thing to do. Mr. Cameron added there are two ways to go, keep the rates the way they are or use the option that is available to you. Mr. Cameron noted that the CAB has not seen this memo and they are meeting on August 31.

Mr. Ensminger inquired if the Board has to await further action of the CAB?

Mr. Cameron replied if the Board gives him direction and he will speak with Roger Lessard and Paula O'Leary RMLD's liaison to see if they will address this.

Mr. Pacino added the Board has their June 29 letter that they are not endorsing the Cost of Service Study as presented. Mr. Pacino also has correspondence from Peter Hechenbleikner endorsing this and Mr. Dahl spoke earlier on this. Mr. Pacino watched the RCTV programming of the last CAB meeting and had concerns about smaller customers with disagreements among the members. Mr. Pacino noted the Reading CAB representative said it is not going back to the taxpayer because it will go to other places in the budget. The Wilmington representative also echoed this comment.

Mr. Ensminger added those comments were based on the autonomy of School Committee.

Mr. Pacino pointed out it was apparent the concern was the rate increase going to smaller customer. Mr. Pacino would like to see Table 4 sent to the CAB and see how they feel about this and get input. Mr. Pacino inquired if there was a timeframe on this?

Mr. Cameron replied no. If there is any milestone it would be that school year starts in September.

Mr. Norton noted at the time they had the joint meeting with the RMLD Board and the original presentation was made he was not unable to make the CAB meeting due to vacation. Mr. Norton added the CAB did take its formal vote at that time, which was no. Mr. Norton pointed out that some of his concerns at that point echoed what Commissioner Kearns said tonight. It appeared the elderly; lower end ratepayers would be penalized. Mr. Norton is speaking only for himself that they had this presentation this evening and they may of looked at this in a different light. Mr. Norton personally does not believe that the presentation from VEV was good because it was lacking in the level of detail they needed. Mr. Norton added if they had this level of detail that evening the vote might have been different. Mr. Norton noted his vote might have been different but cannot speak for the other CAB members. Mr. Norton is sensitive to the school rate being a former member of the North Reading School Committee. Mr. Norton noted the discussion about a School Rate started a year or so ago as he came in to speak with Mr. Cameron on this issue. Mr. Norton added he would like to see this get implemented and not lost. Mr. Norton noted, as Commissioner Kearns did, he does not want to see the low-end ratepayers get penalized either. There has to be a balance. Mr. Norton's opinion is if the full CAB to look at these Tables particularly Table 4 there could be a change in the majority of the Board.

Mr. Cameron will talk with Roger Lessard tomorrow.

Mr. Herlihy pointed out one thing he regrets is that the way the Cost of Service Study went down. Mr. Herlihy does not regret the fact they lowered rates last year but it was broken into two parts.

General Manager's Report
Class Cost of Service Study

Mr. Herlihy noted that Vermont Energy did two parts to one Study. If they had it done it as one Study and in one component instead of two without the gap in time it would look be a decrease but now it looks like an increase. Mr. Herlihy noted that when more monies were coming in more than we needed then let us cut the rates across the board for everybody.

Mr. Herlihy pointed out this is all part of the initial movement that decreased rates for everybody. Mr. Herlihy noted that if was done as one package they would have decreased rates a little less evenly. At the time he supported this cut it across the board and then tweak the margins later. Mr. Herlihy noted now the sentiment is maybe we will not tweak the margins later. Mr. Herlihy commented it is unfortunate because, historically, if this was done in one component we would have addressed this all at once and not been in the situation they are in now.

Mr. Cameron noted Commissioner Herlihy is absolutely correct. Mr. Cameron pointed out it was done in two parts and it was important to make sure the seasonality issue was taken care of.

Mr. Pacino pointed out the Department was over recovering substantially.

Mr. Cameron replied yes the Department had sometimes in the past.

Mr. Pacino noted the rates had to be adjusted. Mr. Pacino added before this group of folks, he fought many times to have monies refunded. Mr. Pacino pointed out the sense of the Board is to have the CAB relook at this on expedited basis, with respect to Table 4 with the School Rates in place. Mr. Pacino wanted Mr. Cameron to inform the CAB that this is what the Board is thinking of doing and the Board wants input from the CAB on an expedited basis so it can be in place by September 1.

Mr. Cameron noted that the school year starts in September. Mr. Cameron added once you file the rates there is a thirty-day moratorium by the DTE. The rate does not go into effect until thirty days after the DTE filing. Mr. Cameron pointed out to get these rates in place this school year would be difficult. Mr. Cameron will try to get a CAB meeting together on this issue.

Mr. Norton pointed out the meeting is scheduled for August 31 but perhaps it can be moved up earlier into the month of August.

Mr. Herlihy suggested giving this information to the area Superintendents.

Mr. Pacino added this information should also be sent to the Town Managers as well.

Mr. Ensminger suggested a motion to get the time rolling for the regulators.

Mr. Cameron replied it is the filing of the rate that starts the thirty-day timeframe started.

Mr. Pacino pointed out that the sense of the Board is to adopt what is on Table 4 with the School Rates.

Ms. Kearns added point of information when the Cost of Service Study was discussed it was mentioned there would be a decrease in the Commercial and Industrial Rate. Ms. Kearns inquired will this be a part of this too?

Mr. Cameron replied yes.

Ms. Kearns noted that the tail that wags the dog. Ms. Kearns wants to clarify this because the headlines in the Reading paper it will say that marginally for the Residential ratepayers the rates will go up .88% whereas the Commercial and Industrial rates it will go down.

Mr. Soli noted he is not comfortable with the motion because there are three other Tables in the memo presented to the Board.

Mr. Herlihy made a motion seconded by Mr. Ensminger to direct the General Manager to present all the information presented to the RMLD Board tonight to the CAB for their review.

Motion carried 4:1:0. Mr. Soli voted against this motion.

General Manager's Report
Class Cost of Service Study

Mr. Norton inquired if all the Tables will be part of the package sent to the CAB?

Mr. Pacino replied yes the CAB will have all the Tables.

Financial Report, May 31, 2004

ENE update on presentation in Financial Statements

Mr. Pacino noted that Mr. Fournier would be covering the ENE update as well.

Mr. Fournier updated the Board by noting the kilowatts are up twelve million from last year. Page 3A shows a change in the net assets is \$4.5 million, which is \$3.9 million above budget of which \$900,000 reflects the increase in the Fuel Revenue versus Fuel Expense. Mr. Fournier added Revenues are up about 6%; Operating Expenses, Base Cost and Operating Maintenance are all down. Mr. Fournier added the Outside Streetlights are showing a loss for the first three months if \$17,000.

Mr. Pacino polled those in attendance if there were any questions. There were none.

Mr. Fournier added the investment in ENE as of December 31, 2003 was on the books. Mr. Fournier pointed out per the Agreement dated January 28, 2004 the RMLD is no longer associated with ENE. Mr. Fournier noted that the Investment in ENE is off the books. Mr. Fournier explained the money that is due the RMLD per the Agreement is found in Other Receivables. Mr. Fournier noted that ENE has a schedule it has to adhere to for said years to reflect this.

Mr. Ensminger inquired if the payments were proceeding per the Agreement?

Mr. Fournier replied yes the first two were received according to the schedule.

Mr. Cameron mentioned the Board did receive a copy of the letter and a copy of the two payments.

Mr. Pacino noted ENE came up as a question at the CAB meeting. It was a concern because it was being shown as an Investment in ENE and he subsequently directed this to the Department. Mr. Pacino added Mr. Fournier spoke with the auditors on this.

2005 RMLD Capital and Operating Budgets

Mr. Cameron updated the Board, on the Operating and Capital Budget schedule, which would be that the CAB would get the first draft by September 15. The Board would get a copy of those budgets by the beginning of October. Mr. Cameron added the CAB has a thirty-day review period and their comments will be back in the middle of October. Any changes are brought to the Board and they will go over the changes. Mr. Cameron hopes the Board will have a budget finalized sometime in November. Mr. Cameron added the Department is going to perform a six-month budget in order to be in the same fiscal cycle as the town. This process will begin in January of next year. Mr. Cameron noted the Department has already started this process.

Ms. Kearns inquired as far as the collective bargaining agreements are they completed?

Mr. Cameron replied they are, all for three years.

Ms. Kearns added the labor costs will be known for the next three years.

Mr. Cameron replied yes.

Mr. Herlihy noted he had some comments about this subject. Mr. Herlihy has been thinking about the budget process as he recently completed this process in his public sector position.

General Manager's Report

2005 RMLD Capital and Operating Budgets

Mr. Herlihy pointed out on the Work Board Investment, which is his Board for the first time this year provided some general policy and budget framework as well as priorities for the budget that the Operational Division filled in the details on. Mr. Herlihy thought this would be a good approach for the Board to consider if there were major themes or directions for the budget for the next year. Mr. Herlihy has a few points and there is a good story to tell lately. There are unique factors for next year that are good in terms to end and a means to an end. Mr. Herlihy has thought of this in terms of an equation and they all have an impact on the budget next year: Better management and tighter control coupled with better Board oversight analyzing bills more closely while keeping a close eye on expenses, tighter policies be it for travel or other things, a fully integrated CIBFMS system that produces significant savings, beneficial long term energy contracts, elimination of streetlight contracts which translates into the same number of employees with less work which should mean less overtime.

Mr. Herlihy noted there is resolved union and legal issues such as the Tine case the financial uncertainty is gone. Mr. Herlihy noted there is new local economic development such as Reading Business Park, which will add extra money to the base. Mr. Herlihy pointed out there is a solid capital plan that equals serious budget savings. Mr. Herlihy commented it is something people can feel. The fact that a tighter ship is being run is good in and of itself but it presents an opportunity for the ratepayers to really feel it next year. Mr. Herlihy highlighted it is a unique combinations of circumstances to go low next year. It is rare that a public entity can reduce its budget. Mr. Herlihy added it is an opportunity to capitalize on the good things the Board, General Manager, and Department have made happen. Mr. Herlihy is going to keep this philosophy in mind while serving on the Budget Committee this year.

Mr. Cameron responded that presentation in and of itself gives credence to the fact that one Commissioner has listened to him over the last year.

Chapter 30B Update

Mr. Cameron is unsure if this was mentioned at a prior Board meeting but he needs to discuss the issue of 30B and the Town Charter, Article 3 and the subsequent Fall Town Meeting vote. The issue revolved about the RMLD Board approving all contracts. Mr. Cameron added the Board Subcommittee was going to meet uptown on this but Mr. Cameron met with Mr. Hechenbleikner on this. Mr. Cameron updated the Board by informing them that Mr. Hechenbleikner suggested the way to handle this is to take it up when changes are made to the Town Charter in the fall. Mr. Cameron noted he and Mr. Hechenbleikner looked at the language and how it currently looks in the Town Charter and made some changes. The changes do not change the Board's role approving contracts over \$25,000, as stated in Section 5 of Chapter 30B, which is the competitive sealed bid process. Mr. Cameron noted the language change is as follows "the Board shall approve all contracts at a level of Section 5 of Chapter 30B". Mr. Cameron noted this will go to the Selectmen, then it goes to Town Meeting, and it will be placed on the ballot in the spring.

Mr. Pacino pointed out it is the Ad Hoc Charter Review Committee who reviews this and was brought to this Committee. Mr. Pacino was filling in for someone the evening Mr. Hechenbleikner brought this to them. This Committee noted they recommended it because it was clarifying language to the Selectmen to be adopted as part of the Charter change.

Mr. Ensminger added there is a series of changes in the Charter, which need housekeeping.

Mr. Cameron wanted to let the Board what the status of this issue was.

Iris Consultants

Camille Anthony, Vice Chairman Reading Selectmen received a letter from this firm relative to performing a study on opening the RMLD to competition as required by the 1997 Deregulation Act.

Mr. Cameron noted the town received a letter and sent a copy to him. This company wanted to perform a study on opening the service territory as of March 2003. Mr. Cameron noted it was sent to Ms. Anthony, however Mr. Cameron e-mailed Mr. Hechenbleikner to let her know this issue was taken care of.

Open Meeting Law Guidelines on Use of e-Mail

Mr. Cameron noted that Ms. Foti keeps him updated on the Open Meeting Laws. Mr. Cameron pointed out that the Board read it. Mr. Cameron added the Department does keep a Repository File.

Mr. Pacino added the Department has received this information in the early eighties.

Board Discussion

Rate Comparisons, July

Mr. Cameron updated the Board on the Residential rates of adjoining utilities. Peabody's residential rate is 7% and Middleton residential rate is 6% below the Department. Mr. Cameron noted the Department is closer on the Time of Use 3.9% and 4.1%. Only Middleton is lower than the Department on the Commercial by less than one percent. On the Commercial Time of Use Middleton is below the Department by 4%.

Mr. Herlihy added the percentages the RMLD is below NSTAR and Massachusetts Electric are very notable.

Mr. Cameron noted Mary Ellen O'Neill came into see him on Monday afternoon concerning the Instructional Motion she made at Spring Town Meeting to have the RMLD do reporting on conservation efforts and power supply. The Department will report on this in the fall.

Mr. Cameron did discuss the Salem Harbor issue at the last meeting. Mr. Cameron noted that US Gen is trying to fleece customers in Northeast Massachusetts in the amount of \$85 million for environmental controls they need to make and they are in bankrupt entity. Mr. Cameron considers it very elementary that the state DOER and DEP would put together an agreement that could be okayed ISO that would do this. Mr. Cameron has discussed this with the Department's Washington attorney, Mr. Coyle. The filing has been made and the order has been made that they would accept the filing however they are going to assign an administrative law judge to get a settlement together between the parties. Mr. Cameron noted all the comments to the FERC were negative except for US Gen and ISO. Mr. Cameron noted the administrative law judge has been assigned. There are far reaching issues here. Mr. Cameron asked Mr. Coyle to ask the judge if a meeting would be beneficial. Mr. Cameron added Mr. Coyle told him that the judge said to bring anyone down who wants to speak. Mr. Cameron noted he would fly down next Tuesday and return the same day.

Mr. Pacino wanted to know the cost benefit to the ratepayers.

Mr. Cameron added it is about \$162.00 in airfare. Mr. Cameron noted on the load ratio share the RMLD would be affected by a cost of \$2.2 million in thirty-two months. Mr. Cameron added it is being litigated now. It is important that the judge understands the facts of the case.

Ms. Kearns asked Mr. Cameron if the opposition will be there at the same time?

Mr. Cameron replied no. Mr. Cameron added it depends on the administrative law judge to perform the mediation they can order people to come down and speak specifically. Mr. Cameron just went through this on the RTO issue. Mr. Cameron noted it is preliminary.

Ms. Kearns made a motion seconded by Mr. Ensminger to authorize the General Manager to travel to Washington, DC next Tuesday.

Motion carried 5:0:0.

Mr. Soli inquired does the judge know what the governor said on television and that he does not support the plan?

Mr. Cameron replied he is going to bring the tape.

Mr. Herlihy asked if the Department receives any energy from Salem Harbor or other filthy five?

Mr. Cameron replied the Department does not contract with them directly.

Ms. Kearns added they are owned by NEPOOL.

Mr. Cameron replied they are plants owned by participants in NEPOOL.

Account Payable and Payroll Removal Sheets

Mr. Cameron noted these are on for informational purposes.

Board Discussion

Fiscal year end and annual audit (Chairman Pacino)

Mr. Pacino is looking to understand the annual audit. When that bid was put out there was no discussion of the six-month period. The bid came back with three annual calendar year audits. Mr. Pacino pointed out the Town Audit Committee is meeting next Monday. One of the possibilities and Mr. Fournier is checking on this is that the six month period put it out to bid to lower the cost. Mr. Pacino noted the current cost is \$25,000. The explanation from Melanson & Heath is August is their busy time and that is why the cost is high. Perhaps there is someone else out there to perform this work? Mr. Pacino is seeking a sense of the Board. The Board was in agreement.

Considerations for the Budget Process (Commissioner Soli)

RMLD's various reserve funds

Capital budget – direct and indirect charging by RMLD employees

Mr. Soli had considerations for the budget process. The first is budget contingencies and the second on the capital charging direct and indirect costs by employees. Mr. Soli added there is a number of non-fuel Cash Reserves such as Rate Stabilization Fund, Uncollectibles, Insurance and Hazard Waste Reserves.

Mr. Soli added when there is a red alert and an orange alert in the nation things happen. Mr. Soli added there are legal events. Mr. Soli noted he is suggesting to the Budget Committee the following; consider lumping all these events into Non Fuel Rate Stabilization Contingency.

Mr. Soli noted it has two desirable effects it simplifies the budget process, as there is only one line item for contingencies and eliminates trying to get the Rate Stabilization Fund to the desired level established by the Board. Mr. Soli said along with the Rate Stabilization Fund and Fuel Fund, this can possibly lead to some refunds. Mr. Soli showed what could happen with nine hundred contingencies and look at it on a five hundred year simulation run. Mr. Soli noted it comes close to the Bell shape curve where the average is \$950,000 and previously it was \$1.8 million. Mr. Soli asked Mr. Cameron for the RMLD's 85 employees to provide job title and what kind of charges that person would make in capital expenditures for direct or indirect charges.

Ms. Kearns noted she thinks Mr. Soli drives some good points and sees no harm adding them to the budget discussions.

Next Meeting Dates

Sunday, August 15 to Wednesday, August 18, NEPPA Conference

Thursday, August 26, 2004

Wednesday, September 8, 2004

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

Mr. Pacino will be in attendance at the next meeting to be determined tomorrow.

Mr. Herlihy expressed concern on an ISO commercial on television and if the Department would be funding part of that.

Mr. Cameron does not want to comment on the content. Mr. Cameron pointed out the Department only advertises for educational and informational purposes.

Executive Session

Executive Session (General Manager's Conference Room)

At 10:07 p.m. Mr. Enslinger made a motion seconded by Mr. Soli that the Board go into Executive Session to discuss litigation and to return to Regular Session for the sole purpose of adjournment.

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

Mr. Pacino called for a poll of the vote:

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

Motion to Adjourn

At 10:35 p.m. Mr. Enslinger made a motion seconded by Mr. Herlihy to adjourn the Regular Session.

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

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

Daniel A. Ensminger, Secretary
RMLD Board of Commissioners