

Reading Municipal Light Board of Commissioners

Regular Session

230 Ash Street
Reading, MA 01867
September 28, 2004

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Start Time of Regular Session: 7:32 p.m.
End Time of Regular Session: 9:30 p.m.

Attendees:

Commissioners: Pacino, Ensminger, Soli, Herlihy and Kearns

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

CAB: Mr. Stevenin

Liaisons: Mr. Duffy
Mr. Veno

Chairman Pacino called the meeting to order at 7:32 p.m.

This meeting of the Reading Municipal Light Department (RMLD) Board of Commissioners September 28, 2004 is being broadcast at the RMLD's office at 230 Ash Street, Reading, MA. This meeting is being video taped for distribution to the community television stations in North Reading, Wilmington and Lynnfield.

Minutes

July 21, 2004

Mr. Ensminger made a motion seconded by Mr. Soli to approve the Regular Session meeting minutes of July 21, 2004 with the corrections presented by Mr. Soli.

Motion carried 5:0:0.

August 26, 2004

Mr. Ensminger made a motion seconded by Mr. Soli to approve the Regular Session meeting minutes of August 26, 2004 with the corrections presented by Mr. Soli.

Motion carried 4:0:1. Mr. Pacino was not present at this meeting.

Report of the Chairman of the Board

CAB motion relative to June 15, 2004 minutes of Joint Meeting.

Mr. Pacino stated he was in receipt of letters from Chair of CAB, Roger Lessard, which are self-explanatory. Mr. Pacino commented that the CAB wants more detail added to the minutes of June 15.

Mr. Ensminger inquired if these minutes were approved already June 15?

Mr. Cameron replied the RMLD Board of Commissioners has approved them, but the CAB has not: Mr. Cameron explained there are two different incidences; one was a comment that CAB member Mr. Van Magness made relative to the Cost of Service Study and another comment by CAB member Mr. Norton made. Mr. Cameron has those comments.

Mr. Ensminger noted these would have been helpful in the motion.

Mr. Cameron has both those comments and will submit them to the Secretary.

Mr. Ensminger inquired there is no need to review the tape of the meeting?

Mr. Cameron replied no.

Mr. Ensminger noted from a parliamentary standpoint the Board will consider the approval and reapproval.

Report of the Chairman of the Board

CAB motion relative to June 15, 2004 minutes of Joint Meeting.

Mr. Ensminger made a motion seconded by Mr. Herlihy to reconsider the approval of the Regular Session meeting of June 15, 2004 of the RMLD Board of Commissioners; Regular Session minutes and take up for reconsideration at another time.

Motion carried 5:0:0.

CAB motion relative to the CAB recommending sending the Study back to the RMLB Power Subcommittee for them to provide a detailed plan and the General Manager direction for producing a (new) Cost-of-Service Study to be used for a new rate filing.

Mr. Pacino stated that the second letter received from the CAB on the Cost of Service Study is to provide a more detailed plan going forward on this.

Ms. Kearns commented she does not see how the Board approves a motion of the CAB. Jurisdictionally, she does not understand how this happens.

Mr. Pacino replied the CAB made a recommendation on the Cost of Service Study to have it looked at. It is up to the Board to do what they want up to this point.

Ms. Kearns added with respect to that there is this motion and Mr. Soli's motion. Ms. Kearns inquired why this should get paramount importance over the two issues?

Mr. Ensminger replied he looks at it as advisory.

Ms. Kearns added there are some implications there that she is not willing to vote for.

Mr. Ensminger replied until there is a motion to approve the substance of their motion there is nothing to speak or vote against.

Mr. Cameron explained according to the Twenty Year Agreement, specifically, rate studies were mentioned as one of the things the CAB has a responsibility to make recommendations to the Board. The protocol has been in the past that the Board would not make a recommendation on a Cost of Service Study until it has heard from a recommendation from the CAB. The CAB has thirty-days for review and recommendation. Mr. Cameron stated that what we have here are two motions that occurred at the CAB meeting on August 11, one that passed and one that failed. Mr. Cameron noted what happened is that it went to the Rate/Power Supply Subcommittee, which has met a few times. The Rate/Power Supply Subcommittee has made a recommendation to the Board relative to the Cost of Service Study based on the CAB's recommendation. Mr. Cameron further added it is not making a motion of the CAB it is making a motion based on the recommendation that the CAB has made.

Ms. Kearns understands that the CAB has a particular view vis á vis the Cost of Service Study and indicated that view via its motions. Ms. Kearns added it does not bind the Board in any way; therefore the Board should not limit its discussion on the Cost of Service Study by looking at the motion made by the CAB.

Mr. Ensminger commented this is a report of the CAB. It is advisory. However, he agrees with what Commissioner Kearns is saying.

Mr. Pacino stated this is the other motion presented by the CAB.

Mr. Ensminger noted at the Rate/Power Subcommittee Mr. Cameron had presented them with a revised histogram for a different percent implication. This was much more flat.

Mr. Cameron replied the percent was .0088%.

Mr. Ensminger inquired if this was considered?

Report of the Chairman of the Board

CAB motion relative to the CAB recommending that in the interim the Department put a filing together that would adopt the recommendations from the 2003 Cost-of-Service Study, by adopting a school rate and changing only the rates that have a variation of plus or minus 3% pending the outcome of a (new) Cost-of-Service Study.

Mr. Cameron replied yes.

Mr. Ensminger further questioned was it considered and voted on?

Mr. Cameron replied yes.

Rate/Power Subcommittee Meeting Motions

Motions regarding the Cost-of-Service Study. One motion failed adopting CAB vote. The second motion passed and was for the Board to go forward with the Cost of Service Study with their suggested changes.

Mr. Ensminger stated the Subcommittee met and considered the motion that the RMLD Board adopt the vote of the CAB. The two members were split on that. Mr. Ensminger added they came back with another motion they thought would keep things in a more proactive way specifically to invoke the 2005 Capital and Operating Budgets as the basis for the next COSS. The intent is to have the General Manager and the staff work cooperatively with the Subcommittee and define the process to keep this rolling forward. It is a shame to lose momentum on this because there are some differences of opinion. The Subcommittee has proposed this motion to keep things moving.

Ms. Kearns stated following the last meeting of the RMLB she called Jeff Tarbett at American Public Power Association (APPA) and asked him what information they had with respect to Cost of Service and the economic analysis. Ms. Kearns noted he then put her in touch with someone at APPA who has performed a lot of economic analysis. Ms. Kearns added APPA forwarded four articles, which then in turn were forwarded to Commissioner Soli for review. Ms. Kearns noted that it is interesting to note there has been substantive economic analysis as to what is the proper approach when setting up a COSS. Ms. Kearns has asked the Subcommittee who will be working with staff to look at the economic analysis for the COSS.

Mr. Herlihy questioned the motion made by Commissioner Ensminger at the Subcommittee meeting is directing the General Manager to perform a COSS internally? Mr. Herlihy supports that because the Department has spent enough money doing it outside and based on the results of the last study, the Department has the capability of performing the COSS in house.

Mr. Cameron responded that the Department has the expertise and capability to perform the COSS. The decision was made to do it outside for good reason. Getting an outside opinion was the right thing to do.

Mr. Herlihy would support doing the COSS in house. Enough money has been spent outside.

Mr. Cameron agreed with this.

Mr. Pacino commented this is the process that should be used in 2005 for budgets.

Mr. Cameron said the process would start once the budgets are accepted and voted.

Mr. Pacino asked the timetable when the rate change would take place in 2005, a ballpark estimate only?

Mr. Cameron replied next year will be extremely busy. There will be the change to the fiscal year, which will require another budget in the first half of next year. You like to put in rate changes as close as possible to the beginning of any fiscal year. Mr. Cameron added it allows you to gauge your revenues more closely. Mr. Cameron believes given the COSS process being proposed as well as changes in the budget that he does not envision a rate change before the middle of next year. Mr. Cameron pointed out the process will be robust given the fact it is a cooperative effort between the Subcommittee and the RMLD staff to ensure the processes are understood by everybody.

Mr. Ensminger made a motion seconded by Mr. Soli that the Reading Municipal Light Board of Commissioners adopt the Power Contracts, Rate Setting, and Customer Choice Sub Committee recommendation that the RMLD Board direct the General Manager to perform a Cost of Service Study using the 2005 Capital and Operating Budgets and then work cooperatively with the Sub Committee to define the process for the Cost of Service Study and bring the process back to the RMLD Board for approval.

Motion carried 5:0:0.

**Report of the Chairman of the Board
Rate/Power Subcommittee Meeting Motions**

Motions regarding the Cost-of-Service Study. One motion failed adopting CAB vote. The second motion passed and was for the Board to go forward with the Cost of Service Study with their suggested changes.

Mr. Pacino thanked the Subcommittee for its efforts.

Update on 2004 Annual Northeast Public Power (NEPPA) Conference

Mr. Pacino stated he and Commissioner Kearns attended the NEPPA Conference in August of this year. Mr. Pacino added some of the sessions were extremely valuable. The RTO Session speakers were good but danced around the questions.

NEPPA Conference Update (Commissioner Kearns)

Ms. Kearns added that she was unsure if they should wait until Board Discussion to go over the NEPPA related items. Ms. Kearns had four areas she was impressed with the presentations made at the NEPPA Conference.

Ethics Policy

Ms. Kearns was unsure if the RMLD or RMLB has an Ethics Policy. Ms. Kearns added there was great deal of information handed out about drafting an Ethics Policy. Ms. Kearns suggested that the Policy Subcommittee could take this up.

Drafting and Updating a Strategic Plan

Ms. Kearns knows they have a Strategic Plan but the material handed out suggests that Boards should review it annually then redraft it every six or seven years.

Communications Policy for Crisis Situation

Ms. Kearns thinks it is important to the General Manager, staff and the Board to have some kind of Communication Policy in the event something catastrophic happens. If something happens to the facility, an RMLD employee or equipment on the road, there is no scrambling for a speaker.

Customer Satisfaction Surveys

Ms. Kearns added that thought should be given to Customer Satisfaction Surveys. Determine what do customers like or dislike about the RMLD. Ms. Kearns pointed out there were several sample Customer Satisfaction Surveys that could be considered.

Mr. Cameron commented on the different points. Mr. Cameron explained the Department does not have a distinct and separate policy on ethics. Mr. Cameron stated in the Policy 2, Purchasing, the last section does point out there is a zero tolerance for gifts from vendors. Mr. Cameron added it is not everything, but encompasses a large portion of the ethics concerns. Mr. Cameron commented on the Strategic Plan. When the Board approves the Capital and Operating Budgets then he and the staff will present to the Board a Master Plan. Mr. Cameron will bring the Master Plan to the Board trying to get buy in for the short and medium term. Mr. Cameron had no comment on crisis situations. Mr. Cameron believes there is \$15,000 in the budget to perform a Customer Satisfaction Survey. Mr. Cameron explained that Ms. Antonio, Human Resources Manager and Ms. Gottwald, Community Relations Manager would handle this. Mr. Cameron updated the Board by stating in the past such surveys were handled by outside companies performing telephone surveys. The Department has used a mail out format and upon returning such survey to the RMLD responding customers would receive a dollar off their bill. Mr. Cameron remembers the response being fifteen to twenty percent, which was a very good sampling.

Mr. Cameron mentioned one thing that happened on the first day of the NEPPA Conference. There were negotiations going on with the RTO Settlement Agreement with the transmission owners and other NEPOOL participants. Mr. Cameron explained the RMLD and two other systems voted no on the Agreement. It caused a great cause of angst in the NEPOOL. Somebody at the conference told Commissioner Kearns "tell Vinnie to change his vote because he does not know what he is doing." Mr. Cameron noted things that go on behind the scenes are very real.

Update on 2004 Annual Northeast Public Power (NEPPA) Conference

Mr. Cameron added the RMLD along with four other entities signed a separate Agreement. The NEPPA Conference is always a great networking stage. The Commissioners get a benefit from the networking as well.

**Report of the Chairman of the Board
RMLD Annual Audit**

Mr. Pacino met with the Town of Reading, Audit Committee as a member of that Committee. The Board had an issue with the third year of the audit contract due to the cost. The response he received from the Audit members was that if they go to re bid the third year they do not see a significant cost savings at this point. They were not in favor of doing it.

Mr. Ensminger questioned is it because it is a half year, not a full year?

Mr. Pacino replied yes. Mr. Pacino added the Audit Committee was very open and if there is any other information they are willing to listen. Mr. Pacino has not come up with anything different at this time. Mr. Pacino pointed out the auditing firm was at the meeting and explained the audit cost increased because the fiscal year was moved to the peak period of activity for governmental audits. This is based on the decision to go to the fiscal year. The Department is moving forward with the change to the fiscal year. Mr. Pacino added the Audit Sub Committee potentially tried to save costs for the Department. Mr. Pacino noted the Committee did not feel there would be any significant savings unless the Board could bring something better to them.

Attendance at the Conflict of Interest and Open Meeting Law Seminar, Wednesday, September 22

Mr. Pacino stated he Commissioners Soli and Herlihy, Mses. Foti and O'Leary and CAB Member, Mr. Carakatsane were in attendance last week at this meeting. Mr. Pacino noted it was a very interesting session. Mr. Pacino added the fifty-dollar limit was discussed whereas the Department has a zero tolerance policy. Mr. Pacino added there was interesting discussion on the Open Meeting Law. There needs to be more detail added for the purpose of going into Executive Session. The Board needs to be clearer in this area.

Mr. Herlihy added as far as posting the Board meetings the Department is more than in compliance. This is due to the Department and Ms. Foti's efforts. Mr. Herlihy is concerned and wants the Department to continue to endeavor to release old minutes, documents and decisions made. The law is clear. Decisions need to be made in an open manner and when they are not when the intent for non-release is completed they need to be.

Mr. Ensminger inquired of Chairman Pacino if there were any new guidelines or insights in the use of e-mail offered at that seminar?

Mr. Pacino replied e-mail was a hot topic. Mr. Pacino added if you use e-mail for information then it is fine. If you use e-mail to make a decision then it is violation of the Open Meeting Law. Mr. Pacino used the example then if a Commissioner is not going to be at a meeting can they send to the members their opinion on meeting issues. The person giving the presentation on the Open Meeting law answered that it is okay to disseminate information to the members without the members responding back. If they respond back then it is a violation of the Open Meeting Law.

Mr. Ensminger added this could happen serially or in parallel.

Mr. Soli further added that if you are not going to be at a meeting you can send your information to the person who is making the agenda. The information can be included in the agenda.

Mr. Cameron pointed out what the Department has done recently is that e-mails that have been sent to explain questions on the Account Payable Warrant and Payroll have been included in the agenda. The Town of Reading does the same thing. In doing that it becomes part of the public record even if they would not violate the Open Meeting Law.

Mr. Pacino pointed out there were sixty people in attendance.

Mr. Soli commented that e-mail could be used for housekeeping tasks such as proposing a meeting.

Mr. Ensminger clarified there is no restriction on one member of one Board e-mailing all members of another Board as long as they do not communicate among themselves.

Attendance at the Conflict of Interest and Open Meeting Law Seminar, Wednesday, September 22

Mr. Pacino replied that was his understanding.

Selectmen Liaison, Citizens' Advisory Board and Customer Comments

Chairman Pacino asked if those in attendance wanted to speak.

Mr. Duffy inquired about the status of the school rate?

Mr. Pacino replied that was part of the recommendation on the Cost of Service Study. At the present time the recommendation from the Power Subcommittee is that a new Cost of Service Study be performed in 2005.

Mr. Veno inquired if the Department is having any issues or complaints with Verizon boxes? Mr. Veno added this has been an issue in North Reading. Mr. Veno is curious what is being done down here.

Mr. Ensminger inquired what is the nature of the problem?

Mr. Cameron replied Verizon has a program to extend fiber throughout the Town of Reading, North Reading and Lynnfield. Mr. Cameron added they are mounting fiber hubs. When he was at the APPA Conference in Seattle he was able to look at one of these hubs. It is almost like a transformer for fiber optics. The Department is getting phone calls about these boxes because they are being mounted three feet off the ground. They are three feet high and two feet wide and seventeen inches deep. The hubs are metal boxes with sharp corners. The calls the Department is receiving is that they pose a danger to children running into them. Mr. Cameron has told such callers to the Department these are not RMLD's boxes. Mr. Cameron has contacted Messrs. Hechenbleikner and Younger. Mr. Cameron has sent a letter to Mr. Gustus informing him the Department does not have any power over Verizon although the Department jointly owns most the poles with Verizon. The safety of the equipment on the poles is an issue with the Towns of Reading, North Reading or Lynnfield or whatever town that may occur in. Mr. Cameron gave that information to the Town Managers. Mr. Cameron added Mr. Blomley supplied him information from the National Electric Safety Code that suggested these boxes should be at least ten or eleven feet off the ground. The Town Managers have received this information. Mr. Cameron suggested that the Town Managers take this information and bring it to their Selectmen's meeting. Mr. Cameron also gave them a phone number and contact person at Verizon.

Mr. Veno added he did not want them to think he was blaming the Department, he was just wondering if you were having the same problem. Mr. Veno pointed out the boxes are near schools and streetlights. Mr. Veno commented Verizon's reply to them is that the height of the boxes is convenient.

Mr. Cameron replied it is interesting where some of these boxes are three feet off the ground and right around the corner from the RMLD's office on Avon Street there is a box fifteen to twenty feet off the ground. It is not standard.

Mr. Pacino inquired are these on poles the Department joint owns with Verizon?

Mr. Cameron replied they are on the poles. Mr. Cameron added that the poles are joint owned.

Mr. Ensminger inquired is there a protocol on the Department's poles, which govern what they can do?

Mr. Cameron replied as part of being a tenant on the poles and joint owners they have a certain amount of space they can occupy. Mr. Cameron explained that the Department basically has the top part of the pole. Mr. Cameron added that below the secondaries is forty-two inches before the communications utilities can attach.

Mr. Pacino inquired if it would make a difference if the Department owned the poles? Mr. Pacino added at one time the Department considered buying all the Verizon poles.

Mr. Cameron replied that the RMLD never followed up on the pole ownership issue.

Selectmen Liaison, Citizens' Advisory Board and Customer Comments

Mr. Veno pointed out this is handled on a pole-by-pole basis. Mr. Veno added Verizon is moving these boxes up.

Mr. Cameron added he has been to four installations in North Reading.

Selectmen Liaison, Citizens' Advisory Board and Customer Comments

Mr. Veno stated they have asked for a list of these boxes in North Reading. There are forty boxes.

Action Items

RMLD Policy 3, Revision 1, Safety Committee

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

Motion carried 5:0:0.

Mr. Ensminger added there is an updated version of this Policy that was handed out this evening. These are not in the Board package.

Mr. Soli clarified the red in the Policy shows the changes.

Mr. Herlihy explained that this Safety Policy needed to be reworked and redone. Mr. Herlihy added this is an ongoing effort to update the Policies of the Department. The result is based on feedback from Commissioner Kearns, and deliberation among the Board and the General Manager.

Ms. Antonio explained the revamped Policy took into consideration some of Commissioner Kearns' suggestions. The rest of the Policy reflects the way the Safety Committee has worked since 1994.

Mr. Soli asked Ms. Antonio if the Safety Committee has ever received an award?

Ms. Antonio replied yes, they did. In 1998, the Department received an award from the Massachusetts Interlocal Insurance Association which the Town of Reading is part of. Ms. Antonio pointed out the Department was the first Safety Committee in the state that is a subdivision of a town or municipality to receive this award. The Department was honored at a ceremony in which Town Managers were present.

Oil Circuit Breaker Replacement, Quote #2004-6, Town of Reading Light Department (RMLD) Gaw Substation #4. (Jim Blomley)

Mr. Cameron explained that the Department has twelve oil circuit breakers in the Gaw substation. Mr. Cameron pointed out they are vintage seventies breakers which contain oil and it has come time to refurbish these breakers. Mr. Cameron noted the Department is proposing this and they are selecting an engineering firm to do the engineering on these breakers prior to purchase of the breakers. Mr. Cameron added the Department would like get started on engineering this year so it can purchase the breakers next year as part of the capital budget.

Ms. Kearns said the information supplied to the Board is great. Ms. Kearns has a question regarding the process. The RMLD sent nine requests for quotes to the listed organizations on the agenda and then information was provided relative to the quotes submitted by those firms. Then information was submitted relative to the three lowest bidders. Ms. Kearns pointed out the third lowest bidder was selected, which is acceptable provided the same criteria are applied to all the bids. Ms. Kearns questioned the bid from Dufresne-Henry, specifically "this project (GAW substation project) requires a firm that has prior experience on the RMLD's system due to the operation of the electrical system during construction". Ms. Kearns added if that sentence is true why were there nine persons asked to submit a bid when one or two people have worked on the RMLD system. She is curious if that sentence is true weren't we in effect sending out a bogus request because the others could not meet it? Particularly the firm from Canada and Dufresne-Henry.

Mr. Cameron replied that he has worked in the consulting industry for years and personnel change companies constantly. Mr. Cameron explained that people at PLM have been here and they have the necessary expertise. They have worked on the Department's substation in a live mode. Mr. Cameron added people at RW Beck have done the same thing. Mr. Cameron stated there are people at E-Pro that have also worked on the RMLD system live.

Mr. Cameron emphasized it is not a matter of just companies or the companies bid, but the personnel within these companies are the personnel that will be working on this. The Department has to be comfortable with the personnel that will be working on this project there. Mr. Cameron noted the first two companies have expertise in certain areas, but the Department was not comfortable with them working on the Gaw substation live. Mr. Cameron commented that these breakers are going to be done in such a way that the station will be live.

Action Items

**Oil Circuit Breaker Replacement, Quote #2004-6, Town of Reading Light Department (RMLD) Gaw Substation #4.
(Jim Blomley)**

Mr. Cameron noted that they are comfortable with PLM and the personnel they will supply for this job have satisfied our engineering staff that they can do the job.

Ms. Kearns commented her problem is the second to lowest bidder was \$60,000 lower than the bid selected. Ms. Kearns added it is stated with regard to the lowest bidder "their bid was not a reasonable cost to meet the requisites of the program". Ms. Kearns questioned what do you base that on?

Mr. Cameron replied the Department's experience with what needs to be done. Mr. Cameron added the Department has talented people here and they know what needs to be done. Mr. Cameron noted he cannot hire someone to do this job and at the end of the job they have to leave. That is why the Department hires consultants. Mr. Cameron pointed out that the engineering staff and Mr. Blomley knows very well what needs to be done in this project. Mr. Cameron highlighted that Mr. Blomley has a construction supervisor's license and has worked for the Department for forty years. Mr. Cameron added Mr. Blomley was here when the substation was built.

Ms. Kearns does not disagree with the selection she disagrees with the process. Ms. Kearns stated when it is said to her that Acres International is located Canada and is very difficult to work with engineering firms so far away. Ms. Kearns asked then why did you send them a bid?

Mr. Cameron replied you cannot exclude anyone from bidding.

Ms. Kearns commented she is just going by the words; "sent a request for quotations," what law or procedure says you have to send it to these nine?

Mr. Blomley replied that you would send to anyone that would request it.

Mr. Ensminger inquired these were sent out due to a request or sent out?

Mr. Blomley replied it was sent to them. The potential bidders request that they be sent the information if you have a project to bid on. Mr. Blomley added this was advertised in the bids and services for the Commonwealth of Massachusetts. Mr. Blomley noted that engineering services does not go into the Central Register, they go into the Goods and Services for the state and is advertised there. Mr. Blomley noted you get a lot of requests from that also.

Mr. Pacino stated that there is another issue that needs to be put out in the open. The Inspector General cited PLM. Mr. Pacino wanted Mr. Cameron to address this issue so it is out in the open.

Mr. Cameron updated the Board by stating that issue is over concerning PLM. The State Ethics Commission has closed that issue. They have closed it with the RMLD. Mr. Cameron does not consider that an issue any more. The Department has a zero tolerance on gifts from vendors in its Purchasing procedures.

Mr. Herlihy responded, as the General Manager knows, he previously voiced his discomfort in private with this bid. Mr. Herlihy asked if this bid was done under Chapter 30 B.

Mr. Cameron replied this bid was done according to 30 B.

Mr. Herlihy asked if this is sort of a new thing to do for these kinds of engineering services.

Mr. Cameron replied the same thing was done for the North Reading Substation. When there is a sizeable project the Department will go through the competitive bid process for engineering services.

Mr. Herlihy stated his general feeling is that this violates the spirit of 30 B. Mr. Herlihy commented the lowest nor the second lowest bidder is being selected.

Action Items

Oil Circuit Breaker Replacement, Quote #2004-6, Town of Reading Light Department (RMLD) Gaw Substation #4. (Jim Blomley)

Mr. Herlihy added the lowest bidder is from Canada and they would be difficult to work with. Mr. Herlihy pointed out that the Department did not have a problem when they selected a \$2 million computer system it was awarded to a Canadian firm the distance was not a factor. Mr. Herlihy noted there was a mandatory site visit. The second lowest bidder was there. Then it stated that the Department would prefer to work with people that have already had experience working on the substation. Mr. Herlihy noted there should be extra points in the RFP for that kind of experience.

Mr. Cameron explained in the computer system costs were \$1.5 million and the difference in the bidders was over a million dollars between the Canadian firm and the next highest bidder. Mr. Cameron noted this was a sizeable difference.

Mr. Herlihy added that percentage wise that is reflected here.

Mr. Cameron clarified that you need to look at the bids. If you take a look at the Acres bid you cannot do it for that much money. It is impossible. Mr. Cameron repeated Mr. Blomley has a construction supervisor's license, was here for the construction of this substation, and worked on it. The engineering staff knows the engineering that needs to be performed. Mr. Cameron emphasized it is impossible to do the project for that much money. Mr. Cameron commented that people move around. E-Pro has a person that worked on the RMLD system live and may have been chosen if they had been the low bidder. The process the Department chooses is a process the Department is comfortable with to go forward with the project.

Mr. Herlihy replied he knows they are comfortable with it. The spirit of 30 B is about comfort level. If there is a lower bidder and they cannot be disqualified for violating some condition in the RFP. If they bid a low bid and they go over it is their responsibility, correct?

Mr. Cameron emphasized that would present a problem to the Department on a project like this. The Department cannot compel people to perform.

Mr. Blomley commented under 30 B the selection is on qualifications not the dollars. It is on professional services. It is very clear in 30 B.

Mr. Herlihy was uncomfortable with the range of values and the quotes. Mr. Herlihy was reviewing public bids at his day job and they come within a certain range. These numbers are all over the place. Maybe the people did not understand what they were bidding on.

Mr. Blomley replied they were here for the site visit.

Mr. Cameron added you could not bid if you did not attend the site visit. The RFP was comprehensive.

Mr. Ensminger commented anecdotally he has bid for tree work as well as siding for his house. These bids vary by a factor of three. Mr. Ensminger added one line that caught his eye on Acres, the site supervisor is provided by another firm. That is a huge break in the management chain. If he were making the decision that would cause him to reject them in and of itself. Mr. Ensminger pointed out that staff has done a good job here. It may seem on its surface there are irregularities. Mr. Ensminger does not see it that way. There is engineering judgment that goes into all these decisions. A sound decision has been made here.

Mr. Ensminger made a motion seconded by Mr. Soli that Quote #2004-6 Gaw Station Oil Circuit Breaker replacement be awarded to PLM for a total cost of \$112,052.00.

Motion carried 3:2:0. Ms. Kearns and Mr. Herlihy voted against this motion.

Mr. Soli had a 30 B question. Are professional services an exemption because there are a number of exemptions?

Mr. Cameron replied the Board approves contracts over \$25,000. Given the fact the Department knew that this contract was going to be over \$25,000 total the Department decided to go through the competitive bid process. Also that is what 30 B says to do.

Action Items

Single Phase Pole Mounted Transformers

Mr. Ensminger made a motion seconded by Mr. Soli that bid 2004-7 for Single Phase Pole Mounted Transformers be awarded to WESCO for the quantities and amounts indicated in the motion a total cost of \$90,927.00 as the lowest qualified bidder on the recommendation of the General Manager.

Motion carried 5:0:0.

<u>Item (desc.)</u>	<u>Qty</u>	<u>Manufacturer</u>	<u>Unit Cost</u>	<u>Total Net Cost</u>
1 (25 Kva)	35	ABB	758.00	26,530.00
2 (37 ½ Kva)	45	ABB	909.00	40,905.00
5 (167 Kva) SD	4	ABB	2,509.00	10,036.00
6 (250 Kva) SD	4	ABB	3,364.00	13,456.00

Mr. Ensminger made a motion seconded by Mr. Soli that bid 2004-7 for Single Phase Pole Mounted Transformers be awarded to Yale Electric Supply for the quantities and amounts indicated in the motion for a total cost of \$49,150.00 as the lowest qualified bidder on the recommendation of the General Manager.

Motion carried 5:0:0.

<u>Item (desc.)</u>	<u>Qty</u>	<u>Manufacturer</u>	<u>Unit Cost</u>	<u>Total Net Cost</u>
3 (50 Kva)	50	ERMCO	983.00	49,150.00

Mr. Ensminger made a motion seconded by Mr. Soli that bid 2004-7 for Single Phase Pole Mounted Transformers be awarded to Power Sales for the quantities and amounts indicated in the motion for a total cost of \$8,540.00 as the lowest qualified bidder on the recommendation of the General Manager.

Motion carried 5:0:0.

<u>Item (desc.)</u>	<u>Qty</u>	<u>Manufacturer</u>	<u>Unit Cost</u>	<u>Total Net Cost</u>
4 (100 Kva)SD	4	Howard Alt.	2,135.00	8,540.00

Mr. Herlihy noted WESCO bid the lower amount there is thirteen weeks, Power Sales eight to ten weeks, is it that critical they come that much sooner to save \$3,000?

Mr. Cameron replied the Department looks at both things. In the end the Department makes the decision based on need and price.

Single Phase Pad Mounted Transformers

Mr. Ensminger made a motion seconded by Mr. Soli that bid 2004-8 for Single Phase Pad Mounted Transformers be awarded to Power Sales for the quantities and amounts indicated in the motion for a total cost of \$51,526.00 as the only qualified bidder on the recommendation of the General Manager.

Motion carried 5:0:0.

<u>Item (desc.)</u>	<u>Qty</u>	<u>Manufacturer</u>	<u>Unit Cost</u>	<u>Total Net Cost</u>
1 (25 Kva)	3	Howard (Alt.)	1,281.00	3,843.00
2 (50 Kva)	6	Howard (Alt.)	1,510.00	9,060.00
3 (75 Kva)	5	Howard (Alt.)	1,739.00	8,695.00
4 (167 Kva)	12	Howard (Alt.)	2,494.00	29,928.00

Ms. Kearns does not have a lot of experience in this area. The General Manager said that Power Sales is the only qualified bidder. Ms. Kearns is unsure how to value that statement. What would she look at to find that statement? How would she assess that Power Sales is the only qualified bidder?

Mr. Cameron replied that if you look at the spreadsheet for the Single Phase Mounted Transformers where it states meets specifications requirements. Power Sales were the only two that met the specifications requirements.

Action Items

Three Phase Pole Mounted Transformers

Mr. Ensminger made a motion seconded by Mr. Herlihy that bid 2004-9 for Three Phase Pole Mounted Transformers be awarded to WESCO for the quantities and amounts indicated in the motion for a total cost of \$33,319.00 as the only qualified bidder on the recommendation of the General Manager.

Motion carried 5:0:0.

<u>Item (desc.)</u>	<u>Qty</u>	<u>Manufacturer</u>	<u>Unit Cost</u>	<u>Total Net Cost</u>
1 (45 Kva)	3	ABB	2,316.00	6,948.00
2 (75 Kva)	1	ABB	2,132.00	2,132.00
3 (75 Kva)	2	ABB	2,078.00	4,156.00
4 (112 ½ Kva)	3	ABB	2,653.00	7,959.00
5 (150 Kva)	4	ABB	3,031.00	12,124.00

Mr. Herlihy noted the value was close to what was estimate.

Mr. Soli inquired if it is unusual if there is one bidder?

Mr. Cameron replied it depends on how busy the other bidders.

Three Phase Pad Mounted Transformers

Mr. Ensminger made a motion seconded by Mr. Herlihy that bid 2004-10 for Three Phase Pad Mounted Transformers be awarded to Power Sales for the quantities and amounts indicated in the motion for a total cost of \$70,521.00 as the lowest qualified bidder on the recommendation of the General Manager.

Motion carried 5:0:0.

Mr. Pacino added on the table misprint it read 4808 it should be 480 with quantity being 4 it was listed as 1. This was accepted as part of the main motion.

<u>Item (desc.)</u>	<u>Qty</u>	<u>Manufacturer</u>	<u>Unit Cost</u>	<u>Total Net Cost</u>
1 (75 Kva 208)	2	Howard (Alt.)	3,225.00	6,450.00
2 (112 1/2 Kva 208)	2	Howard (Alt.)	3,250.00	6,500.00
4 (225 Kva 208)	1	Howard (Alt.)	5,611.00	5,611.00
8 (750 Kva 208)	1	Howard (Alt.)	10,936.00	10,936.00
9 (750 Kva 480)	4	Howard (Alt.)	10,256.00	41,024.00

Mr. Ensminger made a motion seconded by Mr. Herlihy that bid 2004-10 for Three Phase Pad Mounted Transformers be awarded to WESCO for the quantities and amounts indicated in the motion for a total cost of \$27,624.00 as the lowest qualified bidder on the recommendation of the General Manager.

Motion carried 5:0:0.

<u>Item (desc.)</u>	<u>Qty</u>	<u>Manufacturer</u>	<u>Unit Cost</u>	<u>Total Net Cost</u>
3 (150 Kva 208)	6	ABB	4,604.00	27,624.00

Mr. Ensminger made a motion seconded by Mr. Herlihy that bid 2004-10 for Three Phase Pad Mounted Transformers be awarded to Graybar for a total cost of \$63,459.00 as the lowest qualified bidder on the recommendation of the General Manager.

Motion carried 5:0:0.

<u>Item (desc.)</u>	<u>Qty</u>	<u>Manufacturer</u>	<u>Unit Cost</u>	<u>Total Net Cost</u>
5 (300 Kva 208)	3	Cooper	6,409.00	19,227.00
6 (300 Kva 480)	3	Cooper	6,285.00	18,855.00
7 (500 Kva 480)	3	Cooper	8,459.00	25,377.00

Mr. Herlihy inquired why the Department is going with the higher one?

Mr. Cameron replied Graybar had exceptions to the bid.

General Manager's Report
Class Cost of Service Study Update

Mr. Cameron noted the Cost of Service Study has been previously explained on the agenda.

Financial Reports, July 31, 2004

Mr. Cameron reported the Department has the August Financials, which are substantially complete. Mr. Cameron had a few items he had to address at Subcommittee meetings this evening that would impact the August Financials. They will be available tomorrow via e-mail.

Mr. Fournier discussed page 3a, the Operating Revenues are ahead of budget by \$1.5 million with most of that coming in from the Residential Sector \$1.0 million and Forfeited Discounts are high by \$150,000. Operation Expenses overall are under budget which includes Purchase Power Base Expense and Purchase Power Fuel. The Operating and Maintenance categories are under budget. There are some exceptions to that. The Labor Miscellaneous for the Line Department is over budget by \$94,000 due to weather, vacation and sick time. Outside Services is a little higher due to the additional consulting expense from CDM due to the new computer system. Mr. Fournier added other items causing the Operating budget to be under budget. Mr. Fournier explained there is a \$100,000 Insurance Retainer for Property Insurance that has not been touched yet but is included in the budget figure. The Pension Trust Contribution of \$175,000 has not been made yet and it will be discussed later on this agenda. Mr. Fournier noted some of things that are causing the Operating Expenses to be under budget are due to the reorganization positions that were filled from within. There were no additional new hires. In the Outside Streetlights the Department is losing \$35,000 to date and \$62,000 loss was budgeted for that period. October will be the last month for the towns the RMLD will be serving the Outside Streetlights. The Purchase Power (PPA) adjustment to date is \$300,000. The net income for the first seven months approximately is \$5.2 million. Mr. Fournier added that overall operating expenses are under budget for all five divisions totaling \$1.2 million. Mr. Fournier added everything is going to budget with no surprises.

Ms. Kearns commented when it states budget year to date is that a percentage 7/12 of the budget?

Mr. Fournier replied in most cases yes. Mr. Fournier noted the revenue projections are based on monthly usage. If the Department is aware of some projects that will occur in a specific quarter the expense will be put in that quarter. Mr. Fournier used the example of insurance where the Department pays an annual premium it will be spread out 1/12 a month. Mr. Fournier noted payroll Labor Costs are spread out over the pay periods

Mr. Soli asked that on page 12b it looks like a number of labor areas should have 42% remaining but do not. The Station, Line Miscellaneous and Meter Reading looks like they will override. Is that a proper assessment?

Mr. Fournier replied that Line Miscellaneous is dead time. In the budget it came up light. Mr. Fournier added on the Meter side some of that can be attributed to the parallel billing process with the new system. The Meter Readers had to go out two times when testing the system.

Mr. Soli asked of Mr. Fournier shouldn't that be capital if it was attributed to the computer?

Mr. Fournier replied point well taken by Mr. Soli.

Mr. Soli asked Mr. Fournier to look into this and get back to the Board.

Mr. Fournier will check into this.

Mr. Herlihy had a question on Professional Services for labor negotiations have all the bills for that cycled through?

Mr. Cameron replied he believes the bills for labor negotiations have gone through.

Ms. Antonio added the bills have been paid.

Mr. Cameron noted that there will be bills for the labor attorney because there was an arbitration recently that included prep time.

Mr. Herlihy commented this is a good number if that was saved for negotiations.

**General Manager's Report
Financial Reports, July 31, 2004**

Ms. Kearns asked Mr. Cameron if the Department was using more outside contractors in the month of August? Ms. Kearns noted that Mr. Cameron responded the Department was using outside contractors in the summer time to perform work for overhead lines. If she looks at the number under page 12, Maintenance of Line Overhead, 54% what will that look like in August?

Mr. Cameron replied the Department does budget for overhead work. Mr. Cameron explained a lot of the work is capital work.

Mr. Fournier added there is a mix of the capital versus expense work. The Department also budgeted for two tree trimming crews for the year but for the most part has only used one.

Ms. Kearns noted that it is based on what she was looking at in the warrants.

Mr. Cameron replied that the underground contractors, overhead contractors and tree trimming bills are split between capital and expense work.

Ms. Kearns inquired the police officers pay how is it categorized?

Mr. Fournier replied some of them are capital others are operating. Mr. Fournier also stated the August Financials would be out the following day.

Mr. Cameron added that after the August Financials come out he would make a recommendation on the refund. The Budget Subcommittee would like to see a graph on what he and Mr. Fournier perceive to be the end of year balance for the Operating Fund, Rate Stabilization Fund and Net Income. The recommendation is to refund the money in November. That recommendation will be presented to the CAB on October 13.

Infrared Scanning Liability Issue

Mr. Cameron presented the infrared scanning program to the Board. Mr. Cameron pointed out that through infra red scanning at a customer's facility the Department had located a loose connection. This was fixed and saved the customer from prospective downtime. The customer was very grateful for our work.

Infrared Scanning Liability Issue

Mr. Cameron added Commissioner Soli had asked some questions if the Department was at risk for what the Department is doing does it pick up a liability. Mr. Cameron noted Michele Benson and Joe Bilicki, Key Accounts Managers, along with engineering administer this program. Mr. Cameron commented as they talked about the nature of the Department's business and our product (electricity) can kill if not handled by trained individuals. Mr. Cameron pointed out the risk the Department takes in infrared scanning does not increase our liability. Customers rely on the RMLD to help them. This program is a good program. The disclaimer says that if something happens on the customer's system then the customer would release the RMLD. Mr. Cameron added the Department is an expert in the field in providing this type of service to customers and it is something that is great customer service.

Ms. Kearns stated as the lone attorney on the Board and with all due respect the last sentence left her a little apoplectic "the RMLD's Insurance Committee of James Blomley, Vinnie Cameron and Michele Benson have reviewed and approve the disclaimer language". It seems to her if you want someone to approve disclaimer language for the purpose of shielding yourself from a lawsuit in the future with all due respect and their background etcetera one should look to have a lawyer review the disclaimer language.

Mr. Cameron replied the RMLD is not the only who has an infrared scanning programming. The Department copied this from another firm having a similar program. In the essence of saving money the RMLD were satisfied with the language.

Ms. Kearns stated she was not satisfied. She does not know where it was borrowed from or to what it was attached, does not know the issues if they were attached some place else. It may or may not have been related to infrared and she does not know the damages of infrared so she does not know if the language was appropriate. Ms. Kearns stressed that if you want to have liability language you need to have someone with a law degree look at the liability language or do not put it in.

Board Discussion

Mr. Ensminger commented you can pay me now or pay me later.

Mr. Pacino agreed. The General Manager has direction.

Public Power Week October 3 to October 9, 2004

Mr. Cameron explained the programs the Department runs in conjunction with Public Power Week.

Ms. Antonio updated the Board on the activities, which revolves around T-Shirt design. The T-Shirts will be delivered on Public Power Week to all the schools that will be entering the contest. It will consist of third and fourth graders.

RMLD Halloween Party, Thursday, October 28, 2004

Ms. Antonio commented that Commissioners who having been reviewing the Account Payable Warrant and some of the invoices relative to this event are coming through the Warrant. Ms. Antonio noted this month's *In Brief* has pictures of last year's Halloween Party. The Halloween Party is on October 28 between 2-5 p.m. and the Department expects seven hundred children, parents and grandparents at this event. People from the four towns attend it.

Mr. Herlihy added the Public Relations Subcommittee has not met to make sure the budget is not too goolish or scary. Maybe this could be presented to the Subcommittee for review. Mr. Herlihy pointed out they were able to dramatically reduce the budget for the Halloween Party a couple of years ago without loss of quality for the event.

Ms. Antonio commented that there is a large amount of RMLD employee participating in this event.

Mr. Cameron replied it is a big effort to keep that many people moving through the RMLD Halloween Party in three hours.

Board Discussion

Rate Comparisons, September

Mr. Cameron updated the Board on the Residential Rate. The Department is above Peabody and Middleton. In the Residential Time of Use Rate the Department is above Peabody and Middleton. In the Commercial rate the Department is only above Middleton and in the Commercial Time of Use the Department again is only behind Middleton.

Mr. Cameron explained a change to the Department's discount period; it is not a rate change. It is a change to the fifteen-day discount period. Mr. Cameron explained that the Department has a new computer system now and he has looked at how this system bills. Mr. Cameron noted in the Department's rates there is a discount of ten percent if the customers pay within the discount period. The Department does not have a specified discount period. Mr. Cameron stated the Department's discount period is fifteen days. Mr. Cameron has instructed Robert Fournier, Business Manager to work with the computer staff to change the date in the computer program for the discount period to seventeen days. Mr. Cameron is changing this to ensure the customers of the RMLD had the bills in hand for fifteen days. A lot of thought went into this. The customer should have the bill in hand for fifteen days. Mr. Cameron is informing the Board, although it is an operational issue.

The consensus of the Board is that it is a good decision to change the parameters for the discount.

Mr. Herlihy noted about a year ago this issue was brought up. Due to the change in the nature of payroll in most cases bi-weekly is the norm and this gives customers the opportunity to take advantage of the discount if they are living check to check.

E- Mail Explanation for Account Payable and Payroll Removal Sheets

Mr. Pacino commented this information is the e-mail explanation for Account Payable and Payroll.

Pension Trust Subcommittee Meeting Update (Chairman Pacino)

Ms. Kearns noted the Pension Trust Subcommittee met this evening, which is she and Chairman Pacino. Ms. Kearns explained they voted on two matters, the first vote was to transfer \$864,185 from the RMLD Employees' Retirement Trust Fund into the Town of Reading Contributory Retirement Board. The second vote as to transfer \$605,850 into the Pension Trust. These monies were transferred on the recommendation of a report prepared by Larry Stone in January 2003.

Board Discussion

Pension Trust Subcommittee Meeting Update (Chairman Pacino)

Ms. Kearns made a motion seconded by Mr. Ensminger that the RMLD Board contribute \$605,850 in the RMLD's Pension Trust for calendar year 2004 based upon the calculation of the January 31, 2003 Pension Trust Actuarial Valuation by Stone Consulting Inc. on the recommendation of the Pension Subcommittee, General Manager and Business Manager.

Motion carried 5:0:0.

Ms. Kearns made a motion seconded by Mr. Ensminger that the RMLD Board transfer \$864,185 from the Reading Municipal Light Department's Pension Trust Fund into the Town of Reading Contributory Retirement Fund was the RMLD Board acting as trustees of the Pension Trust.

Motion carried 5:0:0.

Suggested Motion for General Manager to explore land parcel (Commissioner Herlihy)

This parcel of land is on Causeway Road in Reading across the street from the Gaw substation.

Mr. Herlihy suggested a motion for land transfer based on feedback during a tour of the Gaw substation. There was land across the street from the substation the RMLD owns and he believed it was a more substantial parcel than it is. Mr. Herlihy commented it is land the Department will never use. The land lot is so small that perhaps no one would ever want it. In Reading there is a tremendous shortage of open and recreational land. If the Department had unused land utilizing a swap or transfer with the Town of Reading would be something to explore. This particular parcel will not be of value to the town; therefore Mr. Herlihy is withdrawing his motion.

Mr. Pacino added it is the land across from the substation. It is small with a severe drop.

Mr. Herlihy was under the impression the Department owned all the way back to the railroad tracks but this not true.

Mr. Soli pointed out that earlier in the Power Subcommittee and here he noticed APPA is conducting a training course for Cost of Service Studies. Mr. Soli added it is in early in October and he would like to get Board approval to attend. Mr. Soli is unsure if there is an opening and does not have a cost.

Ms. Kearns made a motion seconded by Mr. Ensminger made a motion to approve Commissioner Soli's attendance at the APPA Cost of Service Studies not to exceed the unnumbered portion of the RMLD Board of Commissioners 2003 Operating Budget.

Motion carried 5:0:0.

Mr. Cameron noted given what has happened in the past Cost of Service Study (COSS) this will hopefully be positive and it will educate the Board on how Cost of Service is done for utilities. Mr. Cameron reiterated that the Department would still do the work on the COSS.

Next Meeting Dates

Wednesday, October 20, 2004

Monday, November 8, 2004 Attend Town Meeting

RMLD Board of Commissioners Subcommittee Meetings

Wednesday October 20, 2004, 6:00 p.m. Budget Subcommittee

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

Ms. Kearns volunteered to attend the CAB meeting on October 13. She needs to check her calendar.

Mr. Pacino will attend if Ms. Kearns cannot attend.

Mr. Cameron stated that Town Meeting is coming up in November. Any Board members who care to attend should know that it will be at the new IMAX Theater.

Mr. Pacino noted the location change is due to the construction at Reading High School.

Mr. Cameron has been requested to do a report on power supply, green power and conservation efforts. Mr. Cameron does not plan to make a report of the RMLD until the spring.

Board Discussion

Mr. Pacino explained the Department usually makes this presentation at this Town Meeting. Mr. Pacino added due to the fiscal year change it can wait until the spring.

Mr. Cameron added he could have a bullet type presentation on the state of the RMLD.

Mr. Pacino commented that the presentation can be pushed up to the Town Meeting in April due the fiscal year change. Mr. Pacino is going to check with the Town Moderator, Mr. Foulds, to see if he would entertain questions on the RMLD presentation.

Mr. Cameron stated the New England Regional Transmission Organization Agreement is signed it does not have to be part of Executive Session.

Executive Session

Executive Session (General Manager's Conference Room)

At 9:15 p.m. Mr. Ensminger made a motion seconded by Mr. Herlihy that the Board go into Executive Session to discuss strategy relative to Salem Harbor 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. Ensminger Aye and Mr. Pacino Aye.

Motion to Adjourn

At 9:30 p.m. Mr. Soli 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