

Reading Municipal Light Board of Commissioners

Regular Session

**230 Ash Street
Reading, MA 01867
December 1, 2004**

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**Start Time of Regular Session: 7:35 p.m.
End Time of Regular Session: 9:55 p.m.**

2005 APR 22 P 3:48

Attendees:

Commissioners: Pacino, Soli, Herlihy and Kearns

RMLD Staff: Messrs. Cameron, Blomley and Fournier

CAB: Mr. Lessard

Liaisons: Mr. Duffy and Mr. Veno

This meeting of the Reading Municipal Light Department (RMLD) Board of Commissioners December 1, 2004 is being broadcast live at the RMLD's office at 230 Ash Street, Reading, MA. Live broadcasts are available only in Reading due to technology constraints. This meeting is being video taped for distribution to the community television stations in North Reading, Wilmington and Lynnfield.

Chairman Pacino called the meeting to order at 7:35 p.m. Chairman Pacino commented that Secretary Ensminger may be late or not able to attend due to work issues. Chairman Pacino appointed Commissioner Herlihy Secretary Pro Tem.

Report of the Chairman of the Board

Chairman Pacino received a letter dated October 28, 2004, from Citizens' Advisory Board (CAB) Chairman Roger Lessard noting that at its meeting held on Wednesday, October 27, 2004, the CAB approved the following motion: MOVE that the CAB recommend to the RMLD Board of Commissioners the acceptance of the 2005 Operating Budget Draft One with a Net Income Amount of \$6,783,410. Motion was approved unanimously, 4:0:0. (Mr. Van Magness was not present.) Note: Mr. Van Magness submitted his comments via attached e-mail. Mr. Pacino stated he received a letter from the CAB that recommended approving the Operating Budget. It will be addressed later on in the agenda, as there will be a report and recommendation from the Subcommittee.

Town Meeting Instructional Motion Green Power

Mr. Pacino circulated the Instructional Motion from Ron D'Addario made at the Reading Town Meeting mandating the Department to analyze the use of green energy and to report back as part of its annual report.

Mr. Cameron stated one of the things he did mention at Town Meeting on November 8 during his presentation is that, in the spring, he will make another presentation. Mr. Cameron commented the Department should take the opportunity at the next Town Meeting of possibly having the Commissioners take part in the presentation. Over the last few years Town Meeting members have only seen Mr. Cameron with Chairman Pacino introducing him. Mr. Cameron thought it would be a good idea if Town Meeting saw the other Commissioners. It is something to consider. Mr. Cameron welcomes input from the Commissioners for the presentation.

Mr. Pacino added, as he looks at the Instructional Motion, one of the things he does want to stress to the public is if they are interested in green power, the Department's studies indicate it is more expensive than regular power.

Mr. Cameron pointed out in 2005 a Customer Survey has been budgeted. As part of that Customer Survey he envisions ratepayers would be asked if they would be interested in green power or not. Mr. Cameron added they could gauge interest in the customer base that way.

Mr. Pacino commented this needs to go beyond this, with such items as tax credits for energy power; it would spur things along.

Ms. Kearns added if you are going to ask that question you cannot just ask if you are in favor of green power without saying even if it costs you so much more per month. Just asking that question in the abstract is not helpful.

**Report of the Chairman of the Board
Town Meeting Instructional Motion Green Power**

Mr. Herlihy noted the best way to research this issue, and he is in agreement with Mr. Cameron, is to survey our customers. Mr. Herlihy added perhaps Mr. Cameron can put some of the information presented at Town Meeting on the Department's web site.

Selectmen Liaison, Citizens' Advisory Board and Customer Comments

Chairman Pacino asked if those in attendance wanted to speak.

Messrs Lessard and Duffy had no comment.

Mr. Veno added he is new to "green power", is there any way the Town of North Reading Town Meeting can get this type of presentation? Mr. Veno commented it would be helpful, especially if they are going to get a survey on this, even if it is through John Norton.

Mr. Cameron replied the Department can do that.

Mr. Pacino commented the Department would be more than happy to make presentations to the Board of Selectmen or Finance Committees.

Action Items

13. 8 Kv Padmounted Capacitor Bank Equipment Bid Number 2004-11

Mr. Cameron pointed out that Mr. Carson Manager of Engineering, will be providing information on this bid. Mr. Cameron explained two of the bidders that could have been successful did not provide a certified check or bid bond. The remaining bidder failed to bid a complete unit. Mr. Cameron did point out that this has happened in the past. The only alternative is to reject this and rebid. Mr. Cameron added the three bidders that could have been chosen, two failed to complete the bid and one did not bid a complete unit.

Mr. Pacino inquired what is Padmounted Capacitor Bank Equipment?

Mr. Cameron answered this piece of equipment would be located at the Gaw substation which balances the power factor at this station.

Mr. Carson explained this bid was for a total of nine or ten units existing at the Gaw station. There are two or four large banks of capacitors, which are used to correct the power factor of the system. The Department is supposed to maintain a certain power factor level during peak loads during the summer. The units at the Gaw station are out of date and are very large units individually. The size of these units makes it difficult to fine-tune the control for the power factor levels the Department needs to maintain. These units that went out to bid are smaller packages of capacitors that will go on the same pads at the Gaw station. It will allow the Department to fine tune the power factor levels.

Mr. Cameron suggested to Mr. Carson that he go over the ISO's requirements on power factor levels because that is what is driving this bid.

Mr. Carson explained because the way the system is built it is part of two different grid areas. Mr. Carson clarified the Department is part of the Boston grid as far as the Reading Substation Four is concerned. Each one of those grid areas has its own power factor requirements.

Mr. Carson explained, in the Boston area, the peak demand power factor requirement is a 97% and the Northeast section (North Reading Sub Station) is a unity power factor. It is difficult to do that with very large bank of capacitors. Switching capacitors in and out can be risky business. Mr. Carson pointed out if you switch them too often they tend to create transients in the system and the substation. Mr. Carson went on to describe the operational characteristics of capacitor banks.

Mr. Cameron explained that the plan is to rebid this. Hopefully, the bidders will follow the rules of bidding so they can be purchased properly.

Ms. Kearns inquired by purchasing this in 2005 versus 2004 will the cost go up?

Action Items

13. 8 Kv Padmounted Capacitor Bank Equipment Bid Number 2004-11

Mr. Carson replied he does not expect any significant increase in the cost.

Ms. Kearns was wondering if that was one of the reasons they forgot to include the bid bond?

Mr. Carson replied he does not think this is the case. These are basic mistakes the Department has seen before. As it happens with the bid now being out there, each of the three who did qualify knows what the other was bidding therefore they may come in lower.

Mr. Herlihy is curious about the modifications. There is no need to modify the technical modifications. Mr. Herlihy suggested underlining when rebidding "put in your bid bond."

Mr. Cameron commented when the bidders are informed as to the reason their bid was rejected, it will be clear to them. Mr. Cameron explained that found in the bid "to be the successful bidder you need to" is found throughout the bid.

Mr. Herlihy was amazed when he read the bonds were omitted.

Mr. Herlihy made a motion seconded by Mr. Soli that bid 2004-11 for 13.8 Kv Padmounted Capacitor Bank Equipment be rejected and rebid with modifications to the bid specifications.

Motion carried 4:0:0.

Medium – Sized Electric Utility SCADA System Master Station Bid Number, 2004-13

Mr. Cameron explained that this bid Supervisory Control And Data Acquisition (SCADA) is a computer program that informs the Department of what is going on in the system. The SCADA system the Department has now is vintage 1980. Mr. Cameron pointed out that the current system is still working, however, the Department has to progress to the next level because of maintenance and other considerations.

Mr. Carson updated the Board that this bid only covers the Master Station, which is housed in the Department's Control Center. The master station communicates with remote terminal units at the Department's substations, as well as two or three other locations within the system. Mr. Carson commented that, as Mr. Cameron had stated, the current master is a fairly old station; it works, but the problem is that it is several generations back in terms of computer technology.

Ms. Kearns pointed out that she is familiar with the SCADA system at the former Comm Electric facility in Wareham. How different is that to the current system at the RMLD?

Mr. Carson replied that there probably is not a very large difference.

Ms. Kearns' commented that her thought is a result of looking at the engineering notes for the various bidders. Are QEI; US Automation and MSE Technology not considered qualified bidders?

Mr. Carson replied yes.

Ms. Kearns clarified the only qualified bidders were NovaTech, Survalent and Siemens.

Mr. Carson replied no that Siemens was ruled out on the boilerplate language because of exceptions to RMLD terms and conditions.

Ms. Kearns pointed out the problem she has is that there were only two bids the Department was looking at: NovaTech and Survalent.

Mr. Cameron replied, as an end result, yes.

Ms. Kearns' concern is the difference between those two bids is enormous. Ms. Kearns commented Survalent is \$77,800 and NovaTech is \$164,250. What bells and whistles are going to be given up?

Action Items

Medium – Sized Electric Utility SCADA System Master Station Bid Number, 2004-13

Mr. Carson replied the Department does not believe they are giving up any bells and whistles. Mr. Carson commented that he knew this question would come up. Mr. Carson pointed out the license fees submitted by the bidders were in the range of \$10,000. NovaTech had license fees of \$70,000. Mr. Carson was surprised by this amount. Mr. Carson explained that they asked one of the other bidders for feedback and he and MIS agreed, that NovaTech was recouping its research and development to create the system for the RMLD. Mr. Carson commented he does not believe NovaTech had a system in place that worked for the RMLD, especially with the conversion between the Department's existing system and what they have. Mr. Carson noted they put a lot of money in their license fee.

Ms. Kearns is concerned that the Department may be cutting itself short.

Mr. Carson replied no. There was a group that reviewed these bids consisting of the Engineering staff and MIS. They had three or four meetings on this. They went through the bid specs in a matrix form of compliance and non-compliance. The bid was put out in that format. A thorough check was performed. Mr. Carson added NovaTech had one item that was superior to Survalent, but MIS did some research and with Survalent being Windows-based, the Department could get that item for \$59 out of its own pocket.

Mr. Soli questioned this is "real-time" to control the network?

Mr. Carson replied yes.

Mr. Soli noted the obvious question for him is, what happens when Windows crashes-what happens to the system?

Mr. Carson replied that if the existing system crashes, then RMLD personnel is called in and are sent to the substation. The work is done the old fashioned way, manually. Mr. Carson pointed out this system is a dual-redundant system with two master stations that back each other up. If there is a failure in one of the masters, it automatically transfers to another master.

Mr. Soli questioned that if the failure is recognized?

Mr. Carson replied yes.

Mr. Soli pointed out that sometimes Windows is not that nice. At his household, it stops.

Mr. Carson replied they asked for a Windows-based system overall. Survalent uses Windows for a great deal of its software, but they also developed additional software, which is proprietary to them but developed within Windows. They are on Windows platforms. Survalent software has an Explorer package and a Worldview for graphics. All of that is under the Windows flagship. They worked carefully with MIS and there are no issues on how this will run.

Mr. Soli inquired if they have some kind of reliability number?

Mr. Carson replied they did not ask for this specifically in the bid. Mr. Carson is not sure if you did ask, how you would base the reliability in terms of software crashes or other issues? Quite frankly, the major issue the Department has with operating the SCADA isn't the programming and software itself, it is the communications line. The concern is over the remote terminal units not being able to operate with the master.

Mr. Cameron pointed out this SCADA network runs off the fiber in a ring that connects the Department's entire substations. There are self-healing properties to that fiber in case something breaks down at one of the substations; it comes back until the problem can be fixed. The reliability of the SCADA is very high. The Department has not had many breakdowns with the existing equipment.

Mr. Soli added you do not have the "curse of Bill Gates" in the current system.

Mr. Cameron replied he would not call it the "curse of Bill Gates" because, in the current system, the Department cannot mine the data, as well as the fact that the Department will be able to do quite a bit more with the new system. You want to be able to mine that data because the Department uses that data quite a bit.

Action Items

Medium – Sized Electric Utility SCADA System Master Station Bid Number, 2004-13

Ms. Kearns inquired if Mr. Carson performed any due diligence to see whether or not other public utilities in the region use Survalent and what their results have been?

Mr. Carson replied he knows that Braintree has now bid and purchased a Survalent system. Mr. Carson noted there are quite a few that are currently using them. Mr. Carson stated the unit that Survalent gave the Department to analyze, out of the list, was the closest. We sent a team to Hingham to look at their system. Unfortunately, Survalent slipped up a bit by putting Hingham on their list. The Hingham system turns out to be five years older and a different generation and software. Hingham's was not working because their communication system was not working and theirs is a radio communications system. The difference on what the Department will be receiving is major compared to what Hingham has, as it is several generations forward.

Mr. Soli inquired so you have not really looked at a system from this generation?

Mr. Carson replied they have seen systems at various shows including Survalent. Mr. Carson added they have not seen a working system of this generation at another utility. Mr. Carson believes there are twenty working systems in this area and in Canada.

Mr. Herlihy made a motion seconded by Mr. Soli that bid 2004-13 for Medium – Sized Electric Utility SCADA System Master Station be awarded to Survalent for a total base cost of \$77,800 with an additional charge for on-site training of \$7,000.00 as the lowest qualified bidder on the recommendation of the General Manager.

Motion carried 3:0:1. Mr. Soli abstained on this vote.

2005 Operating Budget Draft One

Mr. Pacino wanted to address the Budget at this point in the meeting.

Mr. Herlihy updated the Board by informing them that the RMLD Operating Budget Subcommittee had met this Monday, November 29, in the RMLD Cafeteria. In that meeting, the Subcommittee voted 2:0 to recommend the passage of the 2005 Operating Budget. They met for over two hours and performed due diligence.

Ms. Kearns had a few questions. Did the Subcommittee consider the e-mail from Fred Van Magness?

Mr. Herlihy replied yes.

Ms. Kearns asked why the Subcommittee decided to stick with the budget, as proposed by the Department, vis á vis the new position in HR?

Mr. Herlihy replied the position in HR is not entirely new. It has been a part-time position before. The Subcommittee did feel it was appropriate given the HR needs, and it was not necessarily related to the collective bargaining, as Mr. Van Magness had alluded to.

Mr. Cameron echoed what Commissioner Herlihy said. Mr. Cameron stressed it is not a new position. A part-time person had left that position. The Department budgeted money for what they labeled as a new hire. Mr. Cameron cannot go into all the Human Resource issues, obviously, because some of it has to do with personnel issues. Mr. Cameron explained the Department has spent some of that money in 2004 for that new position, an in-house part-timer to do some of the fill-in work. Mr. Cameron pointed out one of the problems is that there is some work this part-timer can do; however, you need to be careful because the position is not in the union and is a confidential position with access to confidential personnel files. Mr. Cameron commented this has been put in as a new hire, but it is more of an allocation of money to do work in Human Resources. It is work the Human Resources Manager cannot get to.

Ms. Kearns inquired what would some of those things be?

Mr. Cameron had Ms. Antonio address this.

2005 Operating Budget Draft One

Ms. Antonio replied the original position a few years back was a full-time position. When Ms. Antonio became Manager of the department, the position was reduced to a twenty-five hour a week position because she is a working manager. When her Assistant left last year, Mr. Cameron asked Ms. Antonio if other avenues could be explored to get the work done. Ms. Antonio has been using a part-timer that works for the Community Relations Department for ten to fifteen hours a week. This person is doing forms, medical forms and helped this year when doing the negotiations. She helps with the union grievance preparation. She also performs clerical tasks.

Ms. Kearns stated she was convinced by Mr. Van Magness' argument, given that all the collective bargaining agreements for next year have been completed. The most the Human Resources Department would have with respect to the union negotiations is responding to grievances, which she understands at the RMLD are not that numerous. It did not seem responsible to her to make a full time position in Human Resources the year following collective bargaining.

Ms. Antonio replied it is not full-time. The position is twenty hours a week.

Ms. Kearns noted then there should be a cut back from the person's original department. Ms. Kearns added this staff person is coming from someplace to give you the extra twenty hours.

Ms. Antonio replied this staff person works currently twenty to twenty five hours in another department. She works ten to fifteen hours. She is not a full time employee. There are physicals, interviews to arrange, responses to respond to, gathering doctor's notes for documentation; there is quite a myriad of things.

Mr. Cameron pointed out the argument that collective bargaining is over is not a good argument to use, with all due respect to Mr. Van Magness. Given the activity in collective bargaining if you are going to have a cut back, it will require additional outside services. There are eighty-four employees at the Department who need assistance from Human Resources. To take care of the administrative items is not much money.

Mr. Cameron cannot explain everything because some things have to do with personnel issues. This is a small expenditure that benefits the company quite a bit. Mr. Cameron explained that Ms. Kearns knows about this, because she is involved with Human Resources issues related to collective bargaining. Mr. Cameron added she knows about the things he cannot talk about right now and the personnel issues that need to be tended to. If you mess up one of those, you will be in a huge lawsuit. The record keeping has to be good.

Ms. Kearns would urge the Human Resources Department, if additional hours become available, to work on training and perform training in house. Ms. Kearns noticed the Department uses outside services for training and that can be done in house.

Mr. Cameron replied the Department would endeavor to do that, however, there are some things the Department needs to do with third party training such as sexual harassment. Mr. Cameron noted by law they are required to use such resources.

Ms. Antonio commented there is a lot of training done with the Line and Meter Departments. Ms. Antonio noted that the Department uses Northeast Public Power Association for the technical training.

Mr. Cameron pointed out management training and workplace behavior training is something that goes to outside contractors. Mr. Cameron stated the Department has to have well trained employees.

Mr. Herlihy commented this is the first time he has been on the Budget Subcommittee. Mr. Herlihy is compelled to thank the work of the CAB. Mr. Herlihy noted they did a lot of work on this, piece by piece. Mr. Herlihy had tapes of the CAB meetings and minutes of their meetings as a guide. All comments, Ms. Kearns' as well as Mr. Van Magness, were considered and included. Several staff people were helpful in the budget process as well such as Ms. O'Leary, Mr. Fournier and Mr. Cameron. Mr. Herlihy added he does have some concerns about the budget. The issue of the reduction in the collective bargaining has raised a concern as well. Mr. Herlihy is in disagreement with the General Manager that the Department will need all the Outside Services money. Mr. Herlihy did not see this as being relative to the HR position. Mr. Herlihy questioned the HR Outside Legal Services because there are not any collective bargaining agreements pending.

2005 Operating Budget Draft One

Mr. Herlihy added that the phone costs could be reduced as well with the indoor air conditioning.

By and large, it has to be kept in mind that we all live in an era where the price of everything goes up and where budgets for everything increase yet our budget is decreasing. Mr. Herlihy pointed out that is a rare phenomenon. Mr. Herlihy is proud of the budget because our expenses have gone down we have still managed to reduce rates, cut costs where we can and to take advantage of the good work of the Energy Services Department. Mr. Herlihy is concerned with the total number of employees. Mr. Herlihy does not want to take the savings made in house, on power deals and with operating efficiencies only to increase the payroll. Mr. Herlihy stated this budget should only reflect an increase of one additional employee. Mr. Herlihy added the decrease in staffing should happen through attrition. Mr. Herlihy is pleased with the results of the budget. Mr. Herlihy pointed out that the outside tree trimming crews and outside contract labor are being reduced. Mr. Herlihy added that when the budget is reduced the monies that go to the Towns are not reduced. Mr. Herlihy totally supports this budget.

Mr. Pacino added as the other member of the Subcommittee that he supports this budget and it is really only a six-month budget.

Mr. Cameron replied the Department will start the new budget process again in February or March. Mr. Cameron noted the Department will take the last six months of the 2005 budget and use that as a base including changes that are known and measurable. The next six months will then be forecasted. In doing this the Department will get to its fiscal year of July 1, 2005 to June 30, 2006.

Mr. Pacino pointed out what the Board is approving is actually a six-month budget. These aforementioned issues can be visited again, issues raised both here and at the Subcommittee level. There will be additional data. Mr. Pacino, as the other member of the Subcommittee, urged that the RMLD Commission approves this budget.

Ms. Kearns stated that another issue that she raised with the Chairman was the issue of the calendars that the Reading Municipal Light Department releases annually. In the General Manager's budget, under Miscellaneous General, the cost of producing the calendars is \$21,000 annually. Of all the items produced for marketing purposes, such as the Annual Report, newsletters and brochures, calendars are the most expensive item we put out. However, the entire budget for the Community Relations department is \$220,000 and \$21,000 is a small piece of that budget. The General Manager has assured Ms. Kearns that the customers of the RMLD really enjoy the calendar.

Mr. Pacino interjected that he likes the calendar as well.

Ms. Kearns commented the Community Relations budget should be watched so that the Department gets the bang for the buck.

Mr. Pacino added there were a lot comments received from people relative to the calendars. It is a positive thing meant to remind people of who and what we are.

Mr. Cameron noted he and Mr. Fournier put together some Operating Budget highlights- for the public and the three other members of the Board the salient points of the Operating Budget. Mr. Cameron mentioned that Commissioner Soli was just as involved as other members of the Subcommittee. Mr. Cameron pointed out that Mr. Soli did in fact attend the CAB meetings and made comments on both the Operating and Capital budgets. Mr. Cameron added Mr. Soli's input was valuable.

Mr. Cameron pointed out the 2005 budget is 2% lower than the 2004 budget. The Base Power Expenses are \$930,000 less than the 2004 projected Expenses. Mr. Cameron noted that the Base Power Expenses will be \$400,000 under budget in 2004. Mr. Cameron highlighted that the O&M budget is 3.3% lower than 2004 or \$238,000. The depreciation shows an increase and that is a function of the Capital Plant growing. The Operating Budget also reflects an increase of 85 employees, which is an increase of 1 employee. The tree trimming and construction crews have been cut back. The Pension Trust is fully funded.

Mr. Pacino commented the Pension issue being fully-funded was a decision made by Commissions long before the present one and has proven to be very valuable. This is the benefit derived from decisions made twenty years ago.

2005 Operating Budget Draft One

Mr. Cameron pointed out the Department does not see any need for bonding in the future as explained in the Six Year Plan.

Mr. Pacino interjected that this is barring catastrophic events.

Mr. Cameron is going to pass these budget highlights onto Ms. Gottwald for a press release tomorrow.

Mr. Pacino wanted to thank the CAB for all their work. The CAB gives a very good blueprint to follow. It allows the Board the opportunity to see what their issues were. Mr. Pacino wanted Mr. Lessard to pass this on to the CAB.

Mr. Herlihy made a motion seconded by Mr. Soli for acceptance of the 2005 Operating Budget with a Net Income Amount of \$6,781,556.

Motion carried 4:0:0.

Mr. Cameron wanted to thank Mr. Carson for the descriptions on the pad mounted capacitors and the SCADA system. Mr. Cameron added both Mr. Fournier and Ms. O'Leary put a lot of work into the Operating and Capital Budgets as well as the management employees. The budgets were developed on time so the CAB could do their due diligence on this. Mr. Cameron added the company side CAB and Board all put a lot of work into this, and the results show the effort that was made.

General Manager's Report

Proposed Legislation for Municipal Transmission Ownership

Mr. Cameron updated the Board that the RMLD along with other municipals over the past year and other participants in NEPOOL, negotiated a settlement with the Transmission Owners and Independent System Operator to come up with the Regional Transmission Organization for New England, which was foisted upon us. Mr. Cameron emphasized foisted upon us, because he does not believe it is a good system; however, the Federal Energy Regulatory Commission (FERC) in Washington accepted it. Mr. Cameron noted at the NEPPA Conference in Burlington, Vermont, the RMLD, Taunton and Braintree voted against that settlement. The fur flew after that. Mr. Cameron explained that last spring he and the managers of Braintree and Taunton, along with our Washington attorney went into the State House and met with Senator Morrissey and Representative Bosley. Mr. Cameron added that Senators Morrissey and Bosley are the respected Chairs of the Governmental Affairs Committees. What this legislation proposes, regardless of what this RTO Settlement says, is that any new or upgraded transmission would be offered to the municipal sector for ownership. Mr. Cameron stated we are going to file this legislation. Basically, what this legislation does is give the Department the right, but not the responsibility, to buy into new and upgraded transmission systems, which will help protect the Department against high transmission rates in the future. When you are an owner you do not pay the rents, you collect them. If the Department is successful, with any new transmission that might be built, the RMLD would be able to buy into a certain portion of that transmission. Mr. Cameron has not brought this to the Board prior to now because they had to wait until the RTO settlement was approved.

Mr. Pacino inquired which attorney in Washington worked on this?

Mr. Cameron added John Coyle drafted this with assistance from Rubin & Rudman and another Washington counsel that does some work for MMWEC. Mr. Cameron will keep the Board informed of this.

Mr. Soli asked if it were for transmission only within the state?

Mr. Cameron replied only in Massachusetts.

Mr. Soli commented if someone ran from Maine to Massachusetts, the FERC would handle this. It would not apply.

Mr. Cameron replied it would only apply to Massachusetts' utilities and transmission. Basically, the Department would want to buy local transmission because it supplants the load charges you on the transmission system.

Financial Report October 31, 2004

Mr. Fournier did point out that the Monthly Financials and Audited Financials can be found on the RMLD's website.

General Manager's Report
Financial Report October 31, 2004

Mr. Fournier referred to page 3A "Profit and Loss Statement," the Net Income for the first two months of this year is a little over \$7.2 million, which is \$2.4 million ahead of budget. Mr. Fournier explained \$1.7 million of this is fuel related. Base Revenues are up. Purchase Power Base Expense is down. Operating Expenses are down by about \$130,000. This is reflective of three managerial positions which were not filled in 2004, Accounting Manager, E&O Manager and the Meter Supervisor.

Mr. Fournier added that the Maintenance Expenses are down by \$575,000 and this can be attributed to the overhead mix between Capital and Expense work and the reduction in tree trimming costs. The Outside Streetlight venture ceased in October. Most of the revenue has been billed. There may be a few expenses to wrap up this program that will be reflected in the November Financials, which will close out the Outside Streetlight program. Mr. Fournier noted in the Non-Operating Expense section, the Flush of Funds are reported in there, as well as recognizing the loss for the old computer system. The potential inventory write-off was done earlier in the year to help the Department determine what the rate refund would be in November. Mr. Fournier pointed to the Actual versus Budget expense on the Energy & Operations Division being under budget by about \$770,000 due to the overhead mix between capital expense and the two non-hires in 2004. Mr. Fournier added Energy Services is right on budget. Mr. Fournier noted the General Manager's budget is down by about \$75,000; a good portion of this is attributable to the reduced Community Relations budget. Project Manager's budget is over by about \$108,000 and this is related to the Outside Services, specifically training activity for the new computer system. The Pension Contribution was expensed in September. Mr. Fournier commented the Business Division is over by \$314,000 because it recognized the computer write off. Overall, for the first ten months of the year, expenses are under budget by \$422,000. Mr. Fournier noted the \$3.5 million rate refund was completed in November on the new system. It went really well and calls were at a minimum.

Mr. Soli inquired on the fuel for the Annual Report. It was treated differently this year and how will this balance out by year-end?

Mr. Cameron replied he went to Energy Services because this was mentioned at the last meeting and it is good news because the Fuel Expenses for October and November was about \$1.8 million. Over the summer and in the spring those expenses were over \$2.0 million. The POOL prices are lower and that is what kept the Fuel Expenses down. For December, according to the policy set forward by the Board, the Fuel Charge is down to 3.25¢ a kilowatt-hour. Mr. Cameron likes to keep the Deferred Fuel Reserve at \$3.0 million because of the volatility in the markets. Mr. Cameron noted historically, the Department has never gone outside the policy set by the Board, which is \$.0050/kWh adjustment in a month. The Department has never had to adjust its Fuel Charge more than what the Board has set. It is a good policy as the ratepayers do not see a spike from one month to another. That is why you have a Deferred Fuel Reserve.

Ms. Kearns referenced the Budget Variance handout on Labor on page one relative to the Engineering and Meter Department and pointed out they are up. Ms. Kearns pointed out in the Engineering Department it is \$50,000 over the budgeted amount and the Meter Department is \$11,000 to \$12,000 over budget. Ms. Kearns inquired what would cause those two to be over budget?

Mr. Fournier replied in Engineering the \$87,000 is allocated salary to the Capital expense in 2004. Mr. Fournier can check to see how much of their Labor cost can be used in the Capital budget; otherwise, it would show on the expense side. Mr. Fournier added it is the mix of the capital versus maintenance work which causes this. Mr. Fournier noted \$87,000 was taken out of the Operating Budget and put into Capital. Mr. Fournier explained that the Meter Department overage is due to the Department performing Commercial reads; as an extra person is required, which incurs an extra expense.

Ms. Kearns asked of Mr. Fournier if this was budgeted for in 2005?

Mr. Fournier replied in 2005 there are just two Meter Readers, but he will take some of the cost of the Meter Techs to include this in the meter reading.

Mr. Pacino inquired about the \$4 million Rate Refund and the \$.5 million at the end of the year. Is there any number that is an indicator that this money is here?

General Manager's Report
Financial Report October 31, 2004

Mr. Cameron replied it is tough right now. Mr. Cameron commented in the revenues in the Commercial sector. He said that he had concerns about the Commercial sector. In June of this year, the actual revenues for June were very close to the budget in the Commercial sector. Mr. Cameron commented when you look at the October Financials you will see a reduction of the Actual versus Budget of approximately \$600,000. There has been a steady decrease in the Department's Revenue projection and the Actual Revenues in the Commercial sector.

Mr. Cameron pointed out, as he has over the past four months, there is something going on in the Commercial sector. The Residential sector sales have an increase, which will help offset losses in the commercial sector. The concerns he had in the commercial sector were valid. However, at the end of the year, he reserves the right to take a look at this as to whether the rest of the refund is deemed appropriate.

Mr. Pacino noted that it is more than looking at what the Department's Actual Revenues are in the Commercial area. However, this is a driving influence.

Mr. Cameron stressed the Expenses need to be looked at for year-end as well, because they go together. In the Commercial sector there has been a dip in the last three or four months.

Ms. Kearns questioned if this was not offset by Jordan's and Home Depot?

Mr. Cameron replied no. Mr. Cameron pointed out both Jordan's and Home Depot do not represent a large load because it is largely lighting and climate control. The process loads such as manufacturing is what will increase the load. On a kilowatt-hour basis, unit per square footage is low in retail compared to heavy manufacturing.

Lawyer Reference Listing

Mr. Cameron stated that part of the Charter Amendment required the Board to appoint legal counsel. Mr. Cameron had Mr. Blomley work on this and develop a listing of law firms along with their specialties. Some of the specialties listed are for labor firms, business law, employee issues, arbitration, union negotiations, and power of attorney. The information includes hourly rates for partners and junior partners. Mr. Cameron added Ms. Kearns' firm is not in this listing. The Outside Services budget has been developed based on the firms the Department uses in Washington and Boston for power supply, local counsel for easement issues and labor counsel. The Department endeavors to use junior partners whenever possible and the law firms are aware of this. Mr. Cameron is unsure if the Board wants to assign a Subcommittee to take up this issue. Mr. Cameron recommends a Subcommittee take this up.

Ms. Kearns inquired what is the Board charged to do?

Mr. Pacino replied that under the Charter Amendment, the Board is required to appoint legal counsel for the Department. In the past legal counsel was hired by the General Manager. Mr. Pacino explained that it will still fall under the General Manager's direction. Mr. Pacino pointed out another Charter change was the Board hires the Accountant.

Ms. Kearns recommended a Subcommittee look at this. There are a lot of issues involved in hiring an attorney. Ms. Kearns volunteered to assist.

Mr. Pacino and Mr. Ensminger will be on this Subcommittee.

Mr. Soli inquired on a name for the Subcommittee?

Mr. Pacino replied it would be named Legal Services Review Subcommittee.

RMLD Gift Certificate Program

Ms. Gottwald came forward and explained this is a Customer Service program. Ms. Gottwald stated the Department has gift certificates all year long and now the holidays are here and they are being advertised. They can be bought in any dollar amount to be used to defray the expense of an electric bill.

General Manager's Report

RMLD Blood Drive Friday, December 17, 2004, Sponsored by Reading Rotary

This will take place at the RMLD Cafeteria from 1:00 p.m. to 6:00 p.m.

Ms. Gottwald explained this is sponsored by the Reading Rotary and will take place on Friday, December 17 from 1:00 p.m. to 6:00 p.m. in the Cafeteria. This is done annually.

Mr. Cameron commented on another matter, this morning at the Jordan's IMAX Theater he attended a meeting of twelve rotaries from the North Shore.

Mr. Cameron explained that Ms. Gottwald, who is past president of North Reading Rotary, set up this event. It was in *The Boston, Globe Northwest Weekly* section. Mr. Cameron pointed out Lieutenant Governor Healey was in attendance and Ms. Gottwald introduced Mr. Cameron to the Lieutenant Governor. Mr. Cameron told Lieutenant Governor Healey that the Rotary is a very valuable organization to be a part of and the Department has representation in Rotary in the four towns by employees who are presidents or past presidents. Mr. Cameron added Barry and Elliott also spoke at this event.

RMLD Calendars

These calendars will be available on Wednesday, December 1, 2004.

Ms. Gottwald commented people come in to get the calendars. The Department publishes 7,000 annually but could do very well with 10,000. The Department runs out before the demand is met. The calendars include conservation and safety messages with contact information for the Department. It also lists all the Board members. The Reading Library saves the calendars in its historical section and uses them for reference purposes.

Ms. Kearns inquired do the historical pictures reflect all the towns in the service territory?

Ms. Gottwald replied yes. Every year there are three historical pictures from each town each year.

Salvation Army Good Neighbor Energy Fund

Good Neighbor Energy Fund envelopes will be in the January, 2005 bills.

Ms. Gottwald pointed out the Salvation Army Good Neighbor Energy Fund is the only organization the Department sends envelopes out for to our customers for contributions. The Department works with twenty-six other utilities within the state. It is under the auspices of the Salvation Army. This program benefits the working poor who do not fit the federal poverty guidelines. There is a three hundred dollar cap. Customers can contribute by using the envelopes provided in the January billing.

RMLD Thursday Night Hours Closing

Starting Thursday, January 6, 2005 the RMLD will not be opened Thursday evenings.

Mr. Cameron pointed out over the past four or five or years the Department has been open on Thursday evenings. Mr. Cameron noted this program is being discontinued and details will appear in the *In Brief*.

Mr. Pacino inquired is this based on the fact that people do not come in?

Mr. Cameron replied yes.

RMLD's Washington, DC Attorney Legal Fees

Mr. Cameron had spoken about an issue, which is going on in Washington, DC with the acronym LICAP for Locational Installed Capacity. Basically, the generators in NEPOOL have their hands out. Mr. Cameron had mentioned before if the generators are successful in getting everything they want, it could raise the RMLD's power supply costs by \$9 million annually. Mr. Cameron pointed out they have joined with Concord and Wellesley Municipal Light Departments on this issue. The cost to pursue this has been broken out 37.5% for RMLD, 37.5% for Wellesley, and Concord picking up 25%. It is a cooperative effort. Mr. Cameron did not change the outside services budget for 2005. There is \$150,000 allocated in Energy Services, which would include this type of litigation. There are some bills that will come in before the end of the year. Mr. Cameron hopes to hold the line on the outside services the Department has budgeted for 2005. Next year Mr. Cameron is uncertain how long the fight is going to go. You never know what FERC is going to do. Mr. Cameron pointed out a case in point is Salem Harbor, with a good possibility of Dominion being granted the sale of the USGEN assets. This has been in the newspaper. Discussion is still going on with respect to who will be funding the environmental concerns that are at the Salem Generating Unit. It does not make any sense him.

General Manager's Report

RMLD's Washington, DC Attorney Legal Fees

Mr. Cameron is walking the fine line between keeping to the budget and representing the fiduciary responsibilities to the ratepayers, which he has a responsibility.

Mr. Herlihy inquired that if the Department is going in there with two municipalities why are there not more involved with this?

Mr. Cameron replied because the two other municipalities are in northeast Massachusetts.

Mr. Cameron explained the effect of this has a direct effect on the municipalities in northeast Massachusetts. Wellesley, Concord and the RMLD are not MMWEC members and have not decided to join MMWEC for legal counsel. It is better if the RMLD has its own counsel because of better control and response on issues.

Mr. Herlihy recapped it is more of a geographical reason; that is why Braintree and Taunton are not going with the Department on this?

Ms. Kearns inquired if this issue is arising because in the nineties people invested in power plants thinking they were going to get a much greater return on that investment than in fact it turned out. Now they are seeking to grab power through the legislature.

Mr. Cameron replied he thinks Ms. Kearns is almost there. Mr. Cameron noted there was a market that was created in deregulation. Through negotiations and the genesis of NEPOOL into an Independent System Operator (ISO) and then into a Regional Transmission Organization (RTO), the market has evolved and then been carved away. Anytime you have a market where you have the introduction of floors and ceilings, it ceases not to be as much of a market as it was. Anytime there are impediments to price movement, your market tends not to be a market anymore. This is what is happening here. She is correct in the fact that generating plants were bought up to one and a half times the book value and the finding now is that the market prices in the energy market will not support their debt service coverage.

Ms. Kearns commented that what is happening in Everett at the Mystic Station. It seems they overpaid for the generating stations and they want their money back.

Mr. Cameron added the units that were owned by Exelon, which was over in Mystic and at Fore River in the Braintree/Quincy line, are owned by banks. There is quite a bit of generation in NEPOOL, which is owned by banks. They are being run, maintained and operated well, but the fact of the matter is that people who bought these plants originally paid a speculative price that was way too high. That is why there is a chipping away of the market so people can make ends meet. The elementary way to look at this: somebody purchased something and it cannot work in the market, so they are going to the ratepayers and saying we need more money to make this work and that is the wrong thing to do. The ratepayers seemed to be on board with deregulation, even though the average ratepayer did not understand it. It was done through legislation.

American Public Power Association (APPA) Legislative Rally February 8 to February 10, Washington, DC

Mr. Cameron pointed out that the Legislative Rally, for the first time, is starting Tuesday instead of over the weekend. Mr. Cameron would like to get this trip approved by the Board for the sake of making travel arrangements. Depending on his conversations with NEPPA and MMWEC to see who is representing the municipalities, he may or may not attend.

Mr. Pacino explained that in accordance with the General Manager's contract, the Board has to approve overnight travel.

Ms. Kearns made a motion seconded by Mr. Soli to authorize the General Manager to travel to the APPA Legislative Rally February 8 to February 10.

Motion carried 4:0:0.

On another matter Mr. Pacino commented that Ms. Klepeis and Mr. Foley are retiring. Mr. Pacino inquired when?

Mr. Cameron replied the second and third quarter of next year.

General Manager's Report

American Public Power Association (APPA) Legislative Rally February 8 to February 10, Washington, DC

Mr. Pacino would like to invite them to a meeting and perhaps give them a meter lamp or some sort of appreciation.

Mr. Cameron met with Mr. Hechenbleikner last week. An issue that was discussed was if Mr. Fournier could possibly be a part of the hiring process for these positions, because there is a lot of interaction between Mr. Fournier and these positions.

Mr. Cameron noted that there would be one less face at future Board meetings namely Jim Blomley. Jim and Donna Blomley will both be retiring on February 9. Mr. Cameron added Jim has been with the Department for over forty-one and a half years and has been a valuable asset to the RMLD over the years. Mr. Cameron noted over the last ten years one of the things Mr. Blomley has taken on is managing the big projects. Mr. Cameron commented that Jim is detail-oriented which made him a very good Project Manager. Jim, however, did not get bogged down with the details of projects.

Mr. Cameron pointed out that this building and the North Reading substation were projects Jim handled. The CIBFMS was implemented under Jim's direction. He has performed the groundwork on the circuit breakers at Gaw; Jim has laid out the parameters for the new roof on the garage at 218 Ash Street. Jim also was responsible for facilities, making sure the buildings are kept up well and overseeing the Materials Manager on the purchasing and bidding function. Jim knew the rules on building construction and the electrical code. Jim possesses a Construction Supervisors License and completed his Bachelor's degree while at the RMLD. Mr. Cameron commented Jim has been a valuable asset and will be missed. Mr. Cameron added Jim was in charge of the procurement of insurance.

Mr. Cameron pointed out Jim's wife Donna has worked at the Department for twenty years. She worked early on in the MIS department and she was the only one running the Honeywell system. Donna works in the Info Tech billing. Donna has been a valuable employee in the billing function. With this new CIBFMS program, she was instrumental in ensuring the billing function was completed because it is a very intricate and involved process. On a daily basis, there are remote meter readings, which have to be downloaded. If the bills do not go out, the money does not come in. They will both be missed. The Department has hired someone to take Donna's place. The Department is now in the process of getting a replacement for Jim. The job description that Jim had has been modified. Mr. Cameron explained a couple of things have been taken away from that position.

Mr. Pacino commented he has worked with Jim over the years. Mr. Pacino added Jim will be missed. Mr. Pacino thanked Jim for all his service and dedication to the Department.

Mr. Blomley thanked the Department for being a good employer. Mr. Blomley added he enjoyed the time he has been here.

Mr. Pacino pointed out that all you have to do is look at this building and the North Reading substation. The instructions from the Commission were when you built this building, it has to last a minimum of fifty years. Looking at the building it will happen.

Mr. Veno thanked him from the Town of North Reading and personally wanted to thank Jim for his efforts over the years. Mr. Veno explained he was a police officer in Reading and if he needed to call anyone at the Department, it was Jim. Mr. Veno thanked Jim, congratulated him and wished him good luck.

Mr. Lessard commented, as Chairman of the Citizens' Advisory Board, he has been on the Board for fourteen years and anytime there was a question on the budget on insurance, Jim always gave the right answers. Mr. Lessard pointed out that Jim will be missed and congratulated Jim.

Mr. Herlihy is wondering if there is a way that they can bring Jim and Donna back at some future meeting for a more appropriate send-off.

Mr. Cameron replied he has spoken to Jim, and in his humble way, Jim would like to retire. Everyone will be saying his or her goodbyes over the next two weeks.

Board Discussion

Rate Comparisons, November, 2004

Mr. Cameron pointed out there is not much new in this area. Peabody and Middleton are below the Department. Mr. Cameron noted the Department endeavors to keep that Fuel Charge down. The Time of Use rates are the same as before; that Peabody and Middleton are below the Department. It is a fuel related matter. Mr. Cameron noted, on the Commercial sector, the Department is only above Middleton by 2.8%. In the Industrial Time of Use rate, the only one below the Department is Middleton by 6%.

E- Mail Explanation for Accounts Payable and Payroll Removal Sheets

Mr. Pacino explained that these are put on the agenda for information purposes. They are answers to questions on the Accounts Payable and Payroll Warrants.

Update on Quarterly meeting with the Business Manager and Town Accountant

Mr. Soli stated this group met and talked about the bills and the pension trust. Mr. Soli added they talked earlier how our predecessors had the wisdom to do something about the Pension Trust. They foresaw the future demand.

Apparently, the Accounting Board in the future is going to demand the inclusion in reports Actuarial Information about health insurance. Mr. Soli pointed out that Mr. Foley stated that should make the pension deficit look like nothing. Mr. Soli hopes the Board has the wisdom to deal with that in a responsible way. Previous Boards dealt well with the Pension Trust.

Mr. Cameron commented on the situation concerning the role of the Business/Accounting Manager. It could be brought up at this meeting but cautioned Mr. Ensminger is not here, although he is a member of the Subcommittee.

Mr. Pacino wanted Mr. Cameron to proceed forward with this explanation.

Mr. Cameron explained the Subcommittee for the Accounting/Business Manager met last night. They have been meeting intermittently for the past six months. Under the Charter Amendment, the Board has the responsibility to hire the Accounting Manager. Messrs. Cameron and Fournier discussed this. The two Commissioners on this Subcommittee are Messrs. Ensminger and Soli. Mr. Cameron noted it was explained to these Commissioners that a new position in Accounting would not be efficient or economical. Mr. Cameron noted there is an Accounting Department that is fully staffed and they get the accounting work done. One of the alternatives is to hire an Accounting Manager. No one in the Department stepped up to express interest in that position. If the Board were to hire an Accounting Manager, one of two things were going to happen. First, this person would be a new hire and would not have a lot to do. They would have been hired in at \$70,000 to \$75,000 annually due to the make up of the Department.

Mr. Cameron noted another scenario is that the Board could have hired somebody but someone else could have been laid off. Mr. Cameron noted the Department and Board would not want to see that, because Mr. Cameron feels it would get messy. Messrs. Cameron and Fournier explained to the Subcommittee that maybe what they could do is develop a position that would be Accounting/Business Manager position that could be held by one person. The Accounting Manager responsibilities would report to the Board and the Business Manager responsibilities would report to the General Manager. The Subcommittee stated it was something that was workable. Mr. Cameron noted they came up with the job description, then presented it to the Subcommittee.

Mr. Cameron handed out the position description. It was not on the agenda because he was unsure of what would come out of the Subcommittee. The job summary outlines this position the best.

Ms. Kearns appreciates that the General Manager is trying to be efficient and not overly staff the Department. Ms. Kearns is reminded of the saying in *The Bible* that 'you can't serve two masters.' You either hate the one or love the other or love the one or hate the other. Ms. Kearns pointed out she thinks it is impossible for this person to have two masters. Ms. Kearns noted it would be difficult to have Mr. Cameron and the RMLD Board be its masters. Ms. Kearns does not think it is possible for a position to wear such different hats and exist. Ms. Kearns does not feel tonight that she could vote on something like this.

Board Discussion

Update on Quarterly meeting with the Business Manager and Town Accountant

Mr. Pacino commented he would like to have Mr. Ensminger at the meeting to discuss this. Mr. Pacino added he is sure Mr. Ensminger has a point of view, whereas he was the Chairman of the Ad Hoc Committee that put this in place. Mr. Pacino noted tonight this is informational. Mr. Pacino pointed out at the next meeting, when Mr. Ensminger is present, they can have a full discussion on this.

Mr. Cameron explained that last evening the Subcommittee made the motion to recommend this to the Board. It was unanimously voted.

Mr. Soli wanted to respond to Ms. Kearns. Mr. Soli believes it is the Town Charter that puts the Board in the awkward position. Mr. Soli pointed out the Town Accountant directly reports to the Town Manager for day-to-day supervision but annually the Board of Selectmen has reappointed Mr. Foley for one year terms. Mr. Soli commented the Charter change did exactly that for the RMLD Board. The Board hires the Accountant who works under the direction of the General Manager. The two masters are in the Town Charter model.

Ms. Kearns pointed out her understanding is that the Town Charter did not have this bifurcated position that says you will have an Accounting Manager. It did not say you would have an Accounting Manager/Business Manager and that is what she objects to. Ms. Kearns does not object to an Accounting Manager being appointed by the Board under the direction of the General Manager. Ms. Kearns objects to this bifurcated position.

Mr. Cameron stated that he can understand the initial confusion. One of the things he needs to mention bifurcating is a good word to use, but he calls it a symbiosis. Mr. Cameron and Mr. Fournier peacefully coexist with the reporting to the Board. In the past, Mr. Fournier has come to the Board with issues that are questionable. Mr. Cameron has suggested payment whereas Mr. Fournier would bring it to the Board's attention. The Charter states the Department needs to have an Accounting Manager. Behind the Charter, the Town feels that somebody at the RMLD should be free to go to the Board with concerns, without retribution from the General Manager. Mr. Cameron reminded the Board that under Chapter 164 the General Manager has the total power to run the Department; the Charter Amendment represents a change to this. Mr. Cameron pointed out he wished Mr. Ensminger were here tonight because he would be interested to hear Mr. Ensminger's comments. Mr. Cameron explained that Mr. Ensminger made comments at the Subcommittee meeting last evening but he will not speak for Mr. Ensminger in his absence. Mr. Cameron understands what the Ad Hoc Committee was trying to come up with, but he also understands the RMLD had an Accounting department in place at that time. Given the fact that no one was comfortable in taking the position, they were forced into this. Mr. Cameron believes this is workable. Mr. Cameron pointed out they have been at this for a year and a half. It is crystallizing a process that has been going on for eighteen months. If the Board needs time to look at this then, that is fine. The Subcommittee only came up with the recommendation last night. Mr. Cameron would strongly urge the Board to understand what the dynamics are of this position and look at it as a symbiosis not a bifurcation.

Mr. Pacino pointed out the issue was that, under the previous administration, there were issues going on in which the Accounting Manager or the equivalent position was aware of but was not allowed to bring to the Board. Mr. Pacino explained what the Ad Hoc Committee was trying to do was to open that line of communication by having the Board hire the Accounting Manager under the day to day operations of the General Manager. A free line of communication would come forward. Mr. Pacino understands this proposal and is seeing this for the first time. Mr. Pacino asked the question, the Board would basically hire the Business/Accounting Manager?

Mr. Pacino asked the question of Mr. Cameron, what happens if he disagrees with the person they hire?

Mr. Cameron replied it does not make any difference. Mr. Fournier would remain as the Business Manager and the Board would hire an Accounting Manager. It would become two jobs.

Mr. Pacino reasserted it would become two jobs. Mr. Pacino wished Mr. Ensminger were present, because he would have his views and provide a much better explanation.

Board Discussion

Update on Quarterly meeting with the Business Manager and Town Accountant

Mr. Cameron reiterated it would be good to get Mr. Ensminger's views on this; he is not sure if Mr. Ensminger had a better explanation. Mr. Cameron explained they are trying to fix something that has been put in the Town Charter, while doing this in the most efficient way. Mr. Cameron is not doing this except for trying to run the Department in the most economical and efficient manner. Another goal is also to keep the Department out of a lawsuit. Mr. Cameron is trying to make the Board understand why the Department is doing this. Mr. Cameron pointed out, that it is the best situation they could come up with, in order to comply with the Town Charter given the situation at the RMLD.

Mr. Soli hypothesized how can it blow up somehow or another; one of the two parties has a drastic change of behavior. That happens sometimes. A job description cannot change it. If it were to happen, the Board will step in. Mr. Soli pointed out the Board is meeting quarterly at least or more often with the Accounting Manager with the Town Accountant. It is a meeting where one person from the Subcommittee is present. If there is something terribly wrong, which it has not been pointed out, they can talk about it. That is the reason why that was set up. It is in the Board Policy 19 that this takes place.

Ms. Kearns pointed out one problem she sees is the General Manager trying to run an efficient operation that is filled with productive and meaningful work. Ms. Kearns commented this may run counter to position called Accounting Manager whose responsibility, in part, is to be a watchdog for the Board for activities they foresee happening at RMLD that they would like to tell us about. Ms. Kearns added they can tell us unfettered by any allegiance or responsibility to the General Manager. Ms. Kearns is talking totally hypothetically. That is the problem. If this joint position feels such a loyalty to the General Manager how free will he/she be to come to us and point out a problem?

Mr. Cameron commented that one of the end results of this, and Mr. Ensminger had a comment about this, which is true: Mr. Fournier, under this situation, would be wearing two hats. Mr. Cameron added Mr. Fournier would be running the Business group, which is a direct report to the General Manager and outside the union, as well as wearing the Accounting Manager's hat, where he reports to the Board at anytime with anything which he feels is out of bounds, and not be subject to retribution by the General Manager. This is the elementary part of it. Mr. Cameron noted if the Board fails to appoint Mr. Fournier, because of whatever reason, then he can be retained as the Business Manager. Mr. Cameron added just because the Board says they want a new Accounting Manager, they can go get one, and Mr. Fournier can proceed as the Business Manager. What is laid out in here can be split into two positions. Consequently, if Mr. Cameron feels Mr. Fournier is not doing his job as Business Manager, the Board still has him as Accounting Manager. Mr. Cameron cannot fire him as the Accounting Manager, only the Board can. Mr. Cameron noted this would be the arrangement until such time as Mr. Fournier or someone retires or leaves the Accounting Department and the job is posted as the Accounting Manager and you hire someone. This is the best spin you can put on a tough situation.

Mr. Herlihy commented the Board has witnessed Messrs. Cameron and Fournier disagree before. Mr. Herlihy pointed out there were items brought to the Board over the General Manager's objections during his tenure as Commissioner and the system worked. Mr. Herlihy noted if there were retribution the General Manager should realize he would be fired. Mr. Herlihy does not think it would go on.

Mr. Soli commented the items brought to the Board were small items, because the big items are power supply or bids and that goes to the Board. The disagreements typically are over small items. That is what we are talking about.

Mr. Pacino stated the Board needs to digest this. Mr. Pacino would like this on the agenda for the next meeting.

Mr. Herlihy noted relative to the Town Charter, *The Daily Times Chronicle* of November 16, 2004 mentions that Town officials modified the requirements on Municipal Light Boards signing contracts to make it clear that the contracts are those over the bid threshold. Mr. Herlihy commented in 2004 a lot of time was spent arguing about 'what is a contract?' The Board appointed a Subcommittee on this that never met; does this development put this issue to bed?

Mr. Cameron replied what happened was the Board was about to appoint a Subcommittee on this. It was the General Manager's idea because he wanted to see the Board take this on. Mr. Cameron noted at the last meeting, the Board asked him what could be changed in the Charter to take care of this?

Board Discussion

Update on Quarterly meeting with the Business Manager and Town Accountant

Mr. Cameron suggested there could be a change in the Charter that would refer to the Article in 30B that specifically refers to the \$25,000 bid limit. The Board said go ahead and proceed with this. Mr. Cameron spoke to Mr. Hechenbleikner about this and Mr. Cameron came up with some language for the Town Charter so the Board should only have to sign contracts over \$25,000 because that was the intention of the Ad Hoc Committee. Mr. Cameron stated instead of putting the \$25,000, limit, which could change, the wording is "the bid level in Chapter 30B."

Mr. Pacino commented the bottom line is that this clears up that issue.

Mr. Cameron pointed out that for over \$25,000, the Board has to approve those contracts, and the Board does that now because that is the competitive bid.

Mr. Herlihy noticed in the RMLD publication *In Brief* one of the reasons that the Department is doing away with the evening hours is due to the increased use of bill paying from the website; it is now at twelve percent. Mr. Herlihy is interested in this growth in web payments; at the January meeting he would like to see an update on the website development. It is in the capital budget and needs to be updated. A good website can increase that web payment percentage; if the Department can get fifteen or twenty percent of the RMLD's customers paying on line, he is interested what the financial ramifications are. Mr. Herlihy is assuming this would save the Department a good amount of money. The Department should be doing whatever it can to get customers to pay on line.

Ms. Kearns added that along with having a good website, there are many survey companies that will put your survey on websites. Ms. Kearns commented the cost is minimal.

Next Meeting Dates

Thursday, January 6, 2005, RMLD T-Shirt Contest Reception
Wednesday, January 19, 2005

RMLD Board of Commissioners Subcommittee Meetings

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

Mr. Pacino will represent the Board at the next meeting, which will be held on December 8 at 6:30 p.m.

Mr. Cameron noted on another matter, there was one item in the Operating Budget the CAB had not seen; it will be presented to the CAB.

Executive Session (General Manager's Conference Room)

At 9:28 p.m., Mr. Herlihy made a motion seconded by Mr. Soli that the Board go into Executive Session to discuss strategy in preparation of negotiations related to Calpine and Seabrook issues and to return to Regular Session for the sole purpose of adjournment.

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

Mr. Pacino called for a poll of the vote:

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

Motion to Adjourn

At 9:55 p.m. Mr. Herlihy made a motion seconded by Mr. Soli to adjourn the Regular Session.

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

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

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