

Reading Municipal Light Board of Commissioners

Regular Session

230 Ash Street

Reading, MA 01867

February 16, 2005

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Start Time of Regular Session: 7:35 p.m.

End Time of Regular Session: 9:28 p.m.

Attendees:

Commissioners: Pacino, Soli and Herlihy

**RMLD Staff: Messrs. Cameron, Fournier and Price
Ms. Antonio
Mr. Kazanjian**

CAB: Mr. Stevenin

Liaisons: Mr. Duffy

This meeting of the Reading Municipal Light Department (RMLD) Board of Commissioners February 16, 2005 is being broadcast at the RMLD's office at 230 Ash Street, Reading, MA. Tonight's meeting is on tape tonight. Live broadcasts are available only in Reading however this evening is on tape. 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 appointed Commissioner Herlihy as Secretary Pro Tem.

Report of the Chairman of the Board

Mr. Pacino stated Mr. Cameron has requested time to speak.

Mr. Cameron wanted to point out there is a very distinctive anniversary at the Department today,. Mr. Cameron knows that this gentleman will not like him mentioning this because he is a humble human being. Mr. Cameron stated that Frank Hadley, General Line Foreman, has been with the RMLD fifty years today. Mr. Cameron noted you do not see that type of longevity anymore, especially in this age of free agency. Mr. Cameron wanted to make sure the Board is aware of it and wanted to congratulate Frank for his longevity. It is quite an accomplishment.

Mr. Pacino noted he is speaking on behalf of the Board and wanted to congratulate Frank.

Mr. Cameron will inform Mr. Hadley of this.

Messrs. Soli and Herlihy extended their congratulations.

Letter from Virginia Adams, Chair, Town of Reading Historical Commission

The Reading Historical Commission would like to endorse the continuation of the RMLD calendar.

Mr. Pacino stated they are in receipt of a letter from Virginia Adams, Chair, Reading Historical Commission endorsing the RMLD calendars. This is for information only.

Letter to Chairman, Citizens' Advisory Board (CAB), Roger Lessard

This in response to CAB Member Fred Van Magness' suggested changes to the Accounting/Business Manager position.

Mr. Pacino stated this is a letter that was sent to Roger Lessard, Chair, Citizens' Advisory Board. Basically, it is in response to some of Mr. Van Magness' suggested changes to the RMLD Accounting/Business Manager position. It has been sent to Chairman Lessard at this point to see if the CAB wants to forward any comments to the Board.

Selectmen Liaison, Citizens' Advisory Board and Customer Comments

Chairman Pacino asked if those in attendance wanted to speak.

Mr. Duffy wanted to congratulate Commissioner Soli for willing to re-up for three years.

Selectmen Liaison, Citizens' Advisory Board and Customer Comments

Mr. Duffy complimented Commissioner Soli for being a good Commissioner and Mr. Duffy believes Mr. Soli will continue to be a good one. Mr. Duffy would say the same for Commissioner Kearns but she is not here. Mr. Duffy stated that both Commissioners Soli and Kearns are fine people.

Mr. Pacino added the third person is Mr. Richard Hahn who is running for the one-year term.

Mr. Stevenin commented it is obvious that Mr. Van Magness presented his suggestions without the approval of the CAB. Mr. Stevenin has not talked to Mr. Lessard in regards to this. Mr. Stevenin added this will be put on the CAB agenda when they meet in March. In the past, the CAB has followed the charter for the Twenty Year Agreement. The CAB has done a good job of doing this. Mr. Stevenin added this suggestion does not conform to that obviously. The CAB will address this and Mr. Lessard, Chair, CAB will get back to the Board on this.

Action Items

121 kV SF6 Circuit Breakers

Mr. Cameron stated the Department has a bid for the replacement of the circuit breakers at the Gaw Substation. Mr. Cameron has Distribution Project Engineer, Peter Price in attendance for further explanation. Mr. Cameron explained what the Department is doing and why they are doing it at the Gaw Substation. The existing breakers are over 30 years old and Mr. Cameron wanted to say to the CAB liaison Roger Stevenin, that the Department found out the higher rated breakers 121kV breakers could be specified using the SF6 gas. The lower rated 38 kV breakers would use vacuum breakers to break the load and not SF6 gas. The request from the CAB was to see if there was an alternative to using SF6 gas in the bid.

Mr. Price informed the Board that what it has before them is for Station 4 as Mr. Cameron alluded to. The first bid is for the replacement of seven oil circuit breakers on the 121 kV system. The Department put these units out to bid. SF6 gas is used as the interrupting medium when it breaks load on the breakers. Mr. Price noted there are seven units for the 115 kV and the next item is for five breakers for the 38kV circuit breakers. The Department has been able to get these breakers with air as the arc-breaking medium.

Mr. Cameron mentioned that in comparison to what was budgeted in 2005 for these two specific type breakers the Department has come in under budget on the estimate.

Mr. Soli had a question, the Department is going for 12,000 amp and this is two 3,000 amp does that mean they can expect losses will be a little less?

Mr. Price commented that this is the standard voltage class and they build that for GE. Mr. Price added it is for 115kV systems up to 145 kV systems.

Mr. Herlihy made a motion seconded by Mr. Soli that bid 2004-6B for 121 kV SF6 Circuit Breakers be awarded to as the lowest qualified bidder on the recommendation of the General Manager GE Company for a total cost of \$321,300.00.

<u>Item</u>	<u>Qty</u>	<u>Manufacturer</u>	<u>Total Net Cost</u>
1	7	GE Hitachi	321,300.00

Motion carried 3:0:0.

Action Items

38 kV Vacuum Circuit Breakers

Mr. Soli pointed out it looks like the Department had a consultant who was familiar with a lot of the bidders look at this.

Mr. Cameron replied yes.

Mr. Soli commented they probably have more wide range experience than at the Department.

Action Items

38 kV Vacuum Circuit Breakers

Mr. Cameron noted the consultant has a lot of experience with this type of equipment. The Engineering department also is familiar with this equipment. PLM has more expertise on the bid analysis because they perform this function more frequently on this type of equipment. They might know the manufacturers better than the RMLD engineering staff.

Mr. Herlihy's question is about the same thing, especially when the first bid went with the very lowest bidder, and the Department's engineering staff has the expertise and the bids were not that hard to come up with the lowest recommended qualified bidder. Mr. Herlihy does not know how much the Department is giving PLM to do this? Mr. Herlihy does not know why this could not be performed totally in house.

Mr. Cameron responded that the Department uses PLM as its designers. Mr. Cameron noted PLM will develop the design the Department needs. Mr. Cameron commented the Department could have done this in house, however Mr. Cameron pointed out the amount of work that goes into this impedes the engineering staff from doing their own jobs. There is quite a bit of work that goes into engineering this type of work.

Mr. Price added one last thing they wanted to do was authorize something they did not spec out and that did not meet their design, which could possibly change the design halfway through. Mr. Price noted PLM has more experience dealing with varied substations for different utilities and would be more on the ball on certain things than the engineering staff. Mr. Price explained that is because they see that sort of thing all the time and they put together the spec for the bid for the breakers.

Mr. Herlihy replied it is more of a general issue. Mr. Herlihy would like to see the Department to have the in house capability to do a lot of things obviously and reduce the outside services wherever possible. Mr. Herlihy pointed out there will be a lot of items that go out to bid and where it can be done in house where he trusts the expertise of a lot of employees that work here. Mr. Herlihy hopes this is not a pattern where we see a lot of outside people handling the Department's bids.

Mr. Cameron replied this was estimated to be close to \$1.0 million project. Mr. Cameron pointed out this project is going to be done while one side of the substation is going to be live. Mr. Cameron stated PLM has a lot of expertise in this type of situational construction. Mr. Cameron is not saying the employees in the Department could not do this, but there is quite a bit of work that goes into this and it is prudent to have someone like PLM who is an experienced engineering firm to come in to perform the design. PLM will also be present for the construction management, which is the third phase of the job.

Mr. Herlihy made a motion seconded by Mr. Soli that bid 2004-6A for 38 kV Vacuum Circuit Breakers be awarded to WESCO for a total cost of \$141,157.00 as the lowest qualified bidder on the recommendation of the General Manager.

<u>Item</u>	<u>Qty</u>	<u>Manufacturer</u>	<u>Total Net Cost</u>
1	5	ABB	141,157.00

Motion carried 3:0:0.

Mr. Cameron thanked Mr. Price for answering the questions. Mr. Cameron also was going to mention that Mr. Price is the Project Manager on this project. Mr. Cameron pointed out early on in this job when there were kick off meetings, PLM made the suggestion that according to NEPOOL rules the Department can get reimbursed for these projects. The Department is following up on this and it looks like this will be reality on 121 kV side of the Gaw Substation. According to NEPOOL rules Pool Transmission Facilities may, over many years may get paid by the Pool for upgrading these facilities. Mr. Cameron pointed out this will not be a lump sum check but over the years the Department will recover everything done on the 121 kV side. It was something the Department did not foresee, but PLM found this and has done this before for other companies and is a benefit.

Report of RMLD Board Subcommittees

Accounting Manager Subcommittee (Commissioner Soli)

Mr. Soli stated the Subcommittee met on February 4 and have a draft of the job description. They looked over the job description and suggested a few additions, which were mainly the requirements of the job. One was to comply with the General Laws of Massachusetts and RMLD Policy Number 19 requirements for the Accounting Manager. Mr. Soli commented this was sent back for a few additions and he expects to have this by the March meeting for Board closure.

General Manager Contract Subcommittee (Chairman Pacino)

A handout was distributed. Mr. Pacino noted the General Manager Contract Subcommittee met on February 4.

Mr. Pacino explained that on the first page there is a scoring that was created in the beginning of the year for the period February 4, 2004 to February 6, 2005. Mr. Pacino added there were values created and ratings for each of the categories and then a final score was calculated. Mr. Pacino stated the score came out to 93.5%, which falls within a certain pay raise. The recommendation of the Sub Committee is the Cost of Living index plus 1.4% to set the change in the General Manager's compensation starting 2/6/05. The Subcommittee went through this painstakingly. The Subcommittee and General Manager went through this and compared their results. Mr. Pacino referred to page two which represents the period February 7, 2005 to February 6, 2006 scorecard. There are different objectives going forward. It is the Subcommittee's recommendation to accept this and set the General Manager's compensation at the Cost of Living plus 1.4%. Mr. Pacino pointed out the Cost of Living is not out for December yet. The government has not published this at this point in time. They cannot determine what the number is, but it should be out soon. Mr. Pacino stated they are recommending that the Board adopt this.

Mr. Cameron added just to clear up the Cost of Living Index it is the Consumer Price Index the Department uses for the Northeast, which is the same one used for the adjustment in the payment to the Town of Reading.

Mr. Soli made a motion seconded by Mr. Herlihy that on the basis RMLB General Manager's Subcommittee that the General Manager's compensation going forward shall be increased for the Cost of Living plus 1.4% for the next contract year.

Motion carried 3:0:0.

Mr. Herlihy added this should be voted on this evening. This is the first time he has seen this and wants to ensure Commissioner Kearns gets a copy of this. Mr. Herlihy does agree with the goals. This document contains metrics, which are clear and fair. He would like to thank the Subcommittee for their work on this.

Mr. Soli noted that within the next contract year there will be two audits. One is going on right now and the second one will occur because of the fiscal year change. Mr. Soli pointed out if you compare Items 2-4 in the Performance Review document, which are budgets, those changes in date from the previous year because of the fiscal year change. Mr. Soli commented that Items 7-9 involve the Cost of Service Study, which is an important item. Mr. Soli noted the rest of the Items are similar to last year with some corrections.

Mr. Pacino stated they owe a great deal of thanks to Mr. Soli because he created this form. Mr. Soli should be commended for his work.

Mr. Soli made a motion seconded by Mr. Herlihy that the RMLB General Manager Performance Review Items for February 2005 to February 2006 Revision C be added as an addendum to the General Manager's Agreement.

Motion carried 3:0:0.

Legal Services Subcommittee (Chairman Pacino)

Mr. Pacino stated that the Legal Services Subcommittee also met on February 4. The Subcommittee discussed stratifying the legal services. The Subcommittee came up with the recommendation that the Department retain the Washington legal counsel (FERC); retain local counsel, Chapter 164 counsel, and also local counsel for easement and employment. There was discussion that revolved around the employment contracts with some concerns about the cost. Mr. Pacino added, as special counsel is needed, the General Manager would come back to the Board with a recommendation in that area if deemed necessary.

Report of RMLD Board Subcommittees

Legal Services Subcommittee (Chairman Pacino)

Mr. Herlihy inquired does the Subcommittee see the need to meet in the future?

Mr. Pacino replied not unless any of the other Commissioners have a problem with this. Mr. Pacino pointed out they did discuss this with Commissioner Kearns as well and she seemed to be in agreement with this. Mr. Pacino added Commissioner Kearns' concern was the cost for the labor relations counsel. Mr. Pacino noted the General Manager has the sense of the Board on this issue and no formal vote is warranted at this time.

Community Relations Subcommittee (Commissioner Herlihy)

Mr. Herlihy stated the Community Relations Subcommittee meet February 15 for the main purpose of the RMLD Annual Report and its submission. The target date is for Reading Spring Town Meeting. Several ideas were discussed about the look and theme of the Report.

General Manager's Report

RMLD Accounting/Business Manager Position

This is an e-mail received from Citizens' Advisory Board (CAB) member Fred Van Magness relative to the RMLD Accounting/Business Manager position.

Mr. Cameron stated the Subcommittee has met on this and Commissioner Soli has given an account of what went on at the meeting. Mr. Cameron noted there is an e-mail from Fred Van Magness explaining to the Town of Reading, Board of Selectmen as to what happened at the last Board meeting with respect to the Accounting/Business Manager position.

2004 Pro Forma Financial Statement

Mr. Cameron updated the Board that the Department has not closed out 2004 but the auditors are here this week. Mr. Cameron added Mr. Fournier put together a Pro Forma statement, which is similar to page three on the RMLD's Financial Statement. The numbers will change after the auditors are finished. Mr. Cameron's recommendation using the Pro Forma numbers is the Department will not recover the allowable 8% return. What the Department is looking at now is the number will be closer to 5.4% of the Allowable 8% Return on Equity. Given the fact the Department has money available from the Depreciation Fund and the prior year's Construction Fund the Department does not need to make its 8% Return. What this means is based on the Pro Forma he is not making a recommendation to make a withdrawal from the Rate Stabilization Fund to make up the 8%. Based on the Pro Formas there will be enough money for the Department's Construction Fund and Expenses by netting a return of 5.4% or about \$2.6 million.

Mr. Fournier added the auditors are out here this week and will probably be finishing up tomorrow or early Friday. The Net Income will probably change after the audit is complete. The biggest accrual is the Revenue Accrual because he has to wait until January is completely billed. This is a change from last year. That number will change. Once the numbers are finalized we can revisit and see where we stand as far as the 8% Return goes in the Cash transfers.

Mr. Cameron cautioned these are Pro Forma numbers and can be used in preliminary discussion. He also mentioned the Base Revenue figure the Department forecasted is \$36,517,000 and the number that came in was \$36,586,000 which is a difference of .19%. In his years of performing forecasting if you are plus or minus 3% you are well in the ballpark. Mr. Cameron added you have control over your Expenses but not the Revenues, which means your revenue estimate needs to be good. To have an estimate that is only \$69,000 off on a base of \$36.5 million is really good. Mr. Cameron explained that Ms. Parenteau and Mr. Seldon of Energy Services calculate those estimates.

Mr. Pacino inquired if there was a goal for the Rate Stabilization Fund?

Mr. Cameron replied \$6.5 million with a \$500,000 bandwidth each way.

Mr. Pacino added at one point there was discussion that if a certain level was reached then there would be a potential refund to the customers if the Department was above certain numbers. The Department has not gone above these numbers.

General Manager's Report
2004 Pro Forma Financial Statement

Mr. Cameron replied no the Department has not gone above the numbers.

Mr. Pacino commented they left that door open.

Mr. Herlihy inquired, currently, the Rate Stabilization balance is at \$6,639,588 why not take it to \$6,500,000 although it represents \$139,000? Why not add the \$139,000 and put it in the Allowable Return?

Mr. Cameron clarified make the transfer?

Mr. Herlihy replied yes.

Mr. Cameron replied the Department could do it. If there is enough money to fund Capital why put more money into that fund?

Mr. Herlihy's other question is in order to reach the full 8% Return, by having the Rate Stabilization Fund down to \$5.4 million, how long would it take to get it back to the \$6.5 million mark?

Mr. Cameron replied it depends on how much money the Department made. The Rate Stabilization Fund has always been funded by the RMLD making more than its 8% along with the Flush of Funds from MMWEC. In the past, the Flush of Funds has been treated as prior years income. Mr. Cameron pointed out \$6.5 million seems to be an appropriate level now and there has been discussion about that. Mr. Cameron does not want to put any more money in the Construction Fund if it is not needed and rather keep it in the Rate Stabilization Fund. If and when it gets up to \$7.0 million and it is outside the allowable bandwidth then transfers may be warranted.

Mr. Herlihy inquired if the figures represent the Flush of Funds?

Mr. Cameron replied yes it does.

Mr. Herlihy asked when we get these Funds they will get applied to the previous year?

Mr. Fournier replied the Department receives this in the summer and is reflected in Miscellaneous Credits in the Non Operating Expense section parenthesis Flush. It was received in July.

Mr. Herlihy asked do you know when that comes out on a regular basis?

Mr. Cameron replied it comes out every July or August.

Mr. Soli inquired on the spreadsheet Change in Net Assets \$3.7 million Return actual, Return on Equity \$2.6 million are these apples and oranges?

Mr. Fournier replied that number is arrived at through a year-end calculation, which takes into account several factors to set us up to what the allowable 8% Return is. From that, the Department will determine the amount of the transfer the amount from the Rate Stabilization.

Mr. Cameron clarified the change in Net Assets is \$3.7 million, however, the Department wants to make \$2.6 million. It is the difference between the change in Net Assets gets adjusted by the Bond Principal Payment and Interest Income. It is a separate calculation.

Mr. Pacino inquired there is Fuel Revenue, Purchase Power Fuel at two different numbers? Can they both be the same number?

General Manager's Report

2004 Pro Forma Financial Statement

Mr. Cameron replied in the past the Department has adjusted the fuel numbers from the Deferred Fuel Fund to reflect the fact that there is no under or over recovery of fuel on an annual basis. The Department auditors are treating fuel differently now. Mr. Cameron pointed he and Mr. Fournier plan to speak to the auditor tomorrow on this and other subjects. Mr. Cameron would like to take this up at the next Audit Subcommittee meeting.

Mr. Pacino commented his understanding of the law is the Purchase Power Fuel is a pass through and the Department is not supposed to make money on that. It is showing here that the Department is making \$1.0 million on this.

Mr. Cameron replied they are going to talk to the auditors about it.

Mr. Pacino hypothesized if that went to \$2.7 million or the other way around if the Fuel Revenue came down would the Department be adding more to the change in Net Assets therefore changing the Return on Equity.

Mr. Cameron replied yes it could.

Mr. Fournier stated they will take this up with Melanson & Heath tomorrow because it does impact the Department. Melanson & Heath have the final say on this but the Department would like to express their concerns.

Mr. Pacino added the Department could be picking up \$1.0 million.

Mr. Cameron replied it might. They need to discuss this with the auditors tomorrow. After that discussion he will be contacting the Subcommittee and set up a meeting with them. The Department does not want to hold up the results of the audit. The Department is targeting getting the Annual Reports available for then April 25, Town Meeting. The Department wants to get these things resolved quickly so there will be no hold up with the audit.

Mr. Soli noted an observation, there is \$2.6 million Return on Equity with the 5.4% Return, if this is 50% higher, it would be closer towards the 8% Return, \$1.3 million Return on Equity instead of the 5.4% Return made the 8% Return, the \$1.3 million, with the \$3.0 million rebate cut into the \$2.2 million. Mr. Soli pointed out when getting to the Cost of Service Study it might show the rates are \$2.2 million too high. That is sort of blue sky.

Mr. Cameron replied this is more elementary than how he would look at it. Last January and part of February the Department made \$1.0 million on colder weather. If you take the \$1.0 million into account it brings that down to \$1.3 million. There have been impacts the last six months from the commercial sector, which has been mentioned previously. Mr. Cameron could not tell you if the Department is too high by \$2.3 million. It is probably closer to \$1.0 million.

Mr. Soli interjected it is just a ceiling.

Mr. Cameron added he could make a case that the Department is right on the money given the effect of the commercial sector over the last six months. It will be interesting to see.

Quarterly Legal Update

Mr. Cameron was going to speak about what is outstanding on the legal side. Mr. Cameron pointed out on the power supply side there is not too much going on. Outside of formulating contracts. The Department is trying to make the contracts stronger now with respect to making sure that they ensure that a party could not default on the contract without making payments to the Department. Mr. Cameron noted on the employment side, there was arbitration last Friday and the Department will not know the results until April. On the local issue side there is nothing going on. Mr. Cameron explained Washington is where all the activity is.

General Manager's Report
Quarterly Legal Update

Mr. Cameron commented there are several issues at the FERC with respect to the Independent System Operator NEPOOL. There are filings that have been made by the ISO. The Salem Harbor issue is ongoing. Another item is the Return on Equity issue with the Independent System Operator (ISO) and with the transmission owners. There also is the Locational Installed Capacity (LICAP) issue with the ISO. There are some outstanding issues with RTO New England that have not been agreed to yet. Mr. Cameron noted it is sad to say that you have to spend the money to defend yourself from an organization you partially fund, the ISO. Mr. Cameron explained ISO is a not for profit organization and the Department pays for a small portion of their operations. It is sad that you have to defend yourself in court against someone that you fund. Mr. Cameron hopes at the next meeting he will have information from Washington counsel with some detail of litigation in each one of the instances where there is litigation going on and the benefit.

Mr. Soli clarified, if he recalls correctly, that some of these could provide a big cost increase to the Department.

Mr. Cameron replied the Return on Equity case is a matter of 100 basis points on \$1 billion worth of future construction, which could affect the Department for \$200,000 to \$300,000 annually on the additional transmission costs. The cases the Department is involved with has benefit that weighs what is spent on the cases.

Update 2005 APPA Legislative Rally

Mr. Cameron updated the Board last week that he attended the APPA Legislative Rally by informing in Washington, DC. There were several meetings at the House of Representatives. Mr. Cameron met with both Representatives Tierney's and Markey's staff. Mr. Cameron noted he had a one and a half hour meeting with Representative Markey's Legislative Aide, Jeff Duncan. It was a very good meeting. As a matter of fact at that meeting they gave the Legislative Aide two questions for a hearing where the FERC counsel was testifying on the RTO New England. Mr. Cameron commented the timing was right because the Legislative Aide before he left for the meeting asked for two questions to ask to the general counsel for the FERC. Mr. Cameron noted that Mr. Duncan and Representative Markey asked the questions. Mr. Cameron has not got in touch with them in respect to what the effect of the questions was. The questions had to do with the FERC not requiring the ISO to perform a cost benefit analysis when they do a filing. It is elementary. If it is good for the customer, then show me. That is some of the thinking, which the Department is fighting in Washington. The meeting with Rep. Tierney's aide was also productive. They met with the lobbyist who is funded by NEPPA Laurie Pickford who works for Morgan Maguire. Mr. Cameron explained that the Department's Washington counsel John Coyle was working on other matters. Mr. Cameron added there were two other counsels and had a two-hour roundtable discussion on the issues being debated at the FERC. There were three meetings relative to Legislation and Resolutions being worked on by APPA. Mr. Cameron added the Legislative and Resolutions items include Clean Air Act, Energy Bill, ISO issues across the nation being brought to the FERC. It was interesting to hear other people's perspectives and for the most part they are frustrated by the actions of the FERC. Mr. Cameron is not just talking New England but across the United States because the way issues are being rubber-stamped and you are sent off with an Administrative Law Judge to straighten out differences.

Mr. Herlihy stated he appreciates the update. Mr. Herlihy hopes that if the Department is spending any of our money at all he hopes the Department is careful before getting involved in any matters.

Mr. Cameron responded, right now, Morgan, Mc Guire with respect to their lobbying activities for NEPPA are New England based. Their lobbying efforts are directed to RTO New England and what is going on with the Energy Bill. The other issue is REPI, which is the Incentive for Renewable Energy Production. Mr. Cameron added renewables need some type of financial incentive to give them some life because it is more expensive depending on what type of production that is contemplated or built.

Mr. Pacino clarified REPI is green power.

Mr. Cameron explained REPI is Renewable Energy Production Incentive Act. It is a cent per kilowatt-hour incentive for such things as wind, biomass, hydro, and others.

Board Discussion

Rate Comparisons, January 2005

Mr. Cameron noted on the Residential the Department is behind Peabody and Middleton.

Mr. Soli has a question on the Residential. They had negative bills in November and this comparison does not take into account the rebates?

Mr. Cameron replied yes.

Mr. Soli commented the rebate gets the Department pretty close. It gets the Department 84¢ above Peabody and \$1.40 above Middleton. Mr. Soli added the Department is not taking credit where it could.

Mr. Cameron spoke with Mr. Bilicki who prepares the Rate Comparison. If it is in the Rate Comparison it does get the Department lowest. Mr. Cameron would prefer to keep with the current format. Mr. Cameron added quite a few people have spoke to him about the refund.

Mr. Herlihy commented the news is going to get worse because on his bill he saw the fuel went up to \$.04/kWh.

Mr. Cameron replied it is \$.04/kWh for this month.

Mr. Herlihy asked for input from Mr. Cameron on this.

Mr. Cameron replied that the cold weather in January boosted the price of fuel a little bit. Mr. Cameron added the market rates are up for the winter. There may be some relief in the spring. The forecast for fuel in 2005 is in the vicinity of \$.394/kWh. Mr. Cameron added every month the Department tries to minimize it. A few years ago the entire Deferred Fuel Reserve Fund was depleted when the fuel in 2001 increased drastically. The Department would like to keep it stable instead of the customer seeing the fluctuations.

Mr. Herlihy inquired can the Department only go up by .50¢ and can it be spliced any finer than that? Can the computer system handle it?

Mr. Cameron replied the computer system can handle it. Mr. Cameron pointed out depending on what their conversation is tomorrow with the auditors they are wondering if they can get off the \$.0025/kWh intervals and get something finer.

Mr. Pacino added that the \$.005/kWh is set by the Board policy. Mr. Pacino clarified the guidelines started in the late eighties early nineties with the instructions because that every time there was a change to the fuel it became a Board item and it was burdensome. The idea of the guideline was that you could not move it more than a \$.0025/kWh without the Board's permission. Mr. Pacino pointed out during the time Saddam went to Kuwait it changed beyond the \$.025/kWh then you need to go to the Board.

Mr. Cameron added after depleting the Fuel Reserve the Department came back to the Board and part of that discussion was that the Board voted to go to \$.005/kWh adjustment. Mr. Cameron will provide the back up because the leeway is now \$.005/kWh versus \$.0025/kWh, which the Board voted on. It now states up to \$.005/kWh. What Mr. Herlihy is saying instead of adjusting it \$.0025/kWh can you adjust it \$.001/kWh? Mr. Cameron is considering doing this.

Mr. Cameron then returned to the Rate Comparisons. On the Commercial Rate, Middleton is the only one lower than the Department by a 1.3%. Industrial Time of Use Rate Middleton is the only one lower than the Department.

Mr. Pacino asked if the Board had requested another usage number?

Board Discussion

Rate Comparisons, January 2005

Mr. Cameron replied yes. Mr. Cameron explained what the Board will see next month is the Small Commercial Rate. The Commercial Rate analysis now uses 7,300 kWh and a demand of 25 kW. The new chart will reflect the same rate but the usage is going to be 1,095 kW demand will be 10 kW. Large portions of the Department's Commercial Customers are small users and this will be shown in contrast to other utilities. This will appear in March.

E- Mail Explanation for Account Payable and Payroll Removal Sheets

Mr. Pacino explained that these are information only. These are questions the Commissioners have when they sign the warrants and the Department's response to them.

Town of Reading, Town's Statement of Values (Commissioner Herlihy)

Mr. Herlihy pointed out that the Town of Reading in its *Community Connection* piece put out their Statement of Values. Does the Department have such a statement and if so does it reflect these values? Should the Board not adopt those same values for itself? It is not a big item but it is one of those things where the Department can mirror the Town of Reading and it would not do any harm. The Department should figure where they fit in the Statement of Values. It is food for thought. Mr. Herlihy is unsure if this should be adopted.

Mr. Cameron will take this under advisement.

Mr. Herlihy is concerned on the Account Payables side with the usage of phones. It is not an individual phone usage issue. Mr. Herlihy complimented Mr. Cameron by cutting down on phone bills and that employees are following phone policies. It seems the Department is paying a lot for charges on phones at the substations. Mr. Herlihy noted the Department is not using phones yet paying a \$10 phone charge. There were eight phones in which the Department was paying \$10.33 for each phone. It is over \$1,000 for a year for no calls. Mr. Herlihy added some places have converted to all cell or Land lines.

Mr. Cameron explained that today he sent out the response to the questions on the Payables. Mr. Cameron pointed out the Cingular (wireless) usage is way down. The Department is looking into a new plan. Mr. Cameron pointed out there are Land lines to substations. Mr. Cameron added Mr. Herlihy is correct in that there is not a lot of usage, but when you need a phone they are invaluable. Mr. Cameron stressed in an emergency he would rather have employees on a Land line. Mr. Cameron is looking into this. Within a couple of years two of the substations will be gone as well as the phones at those stations. Mr. Cameron is hesitant to remove the Land lines at the substations. Mr. Cameron noted they keep wireless cell phones for spares for storms.

Mr. Herlihy emphasized this is not about employees abusing cell phones at all. It is a matter of paying something for nothing. It is a capacity issue, not a personnel issue. Mr. Herlihy then complimented Mr. Cameron again on the phone bills diminishing.

Next Meeting Dates

Wednesday, March 16, 2005

RMLD Board of Commissioners Subcommittee Meetings

Mr. Pacino noted there will be another meeting of the Accounting Manager Subcommittee.

Mr. Cameron added that there will be a meeting of the Audit Subcommittee.

Mr. Pacino pointed out there was a joint meeting of the Town of Reading and RMLB Audit Subcommittee.

Mr. Herlihy clarified at the next meeting the books will be closed.

Mr. Cameron replied the December closing is what you want.

Board Discussion

RMLD Board of Commissioners Subcommittee Meetings

Mr. Fournier will have to find out from Melanson & Heath.

Mr. Herlihy inquired on the budget?

Mr. Cameron replied it is in the works.

Mr. Cameron reminded the Board of pictures for the RMLD Annual Report. Mr. Cameron will speak with former Commissioner Ensminger.

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

Wednesday, March 2, 2005 CAB Meeting-Lynnfield Town Hall-Voting Room (Downstairs)

Commissioner Herlihy will be taking this meeting.

Executive Session (General Manager's Conference Room)

At 8:52 p.m. Mr. Herlihy made a motion seconded by Mr. Soli that the Board go into Executive Session to discuss strategy relative to Federal Energy Regulation Commission (FERC) and Regional Transmission Organization (RTO), Arbitration, IBEW Local 103 issues and to return to Regular Session for the sole purpose of adjournment.

Motion carried by show of hands 3:0:0.

Executive Session (General Manager's Conference Room)

Mr. Pacino called for a poll of the vote:

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

Motion to Adjourn

At 9:28 p.m. Mr. Herlihy made a motion seconded by Mr. Soli to adjourn the Regular Session.

Motion carried by show of hands 3:0:0.

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