

Reading Municipal Light Board of Commissioners

230 Ash Street

Reading, MA 01867

April 20, 2005

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Start Time of Regular Session: 7:30 p.m.

End Time of Regular Session: 10:14 p.m.

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Attendees:

Commissioners: Pacino, Soli, Herlihy and Hahn

RMLD Staff: Mr. Cameron
Ms. Antonio and Gottwald
Messrs. Morris, Kazanjian and Uvanni

CAB: Mr. Norton

Liaisons: Mr. Duffy

This meeting of the Reading Municipal Light Department (RMLD) Board of Commissioners April 20, 2005, is being broadcast at the RMLD's office at 230 Ash Street, Reading, MA. Live broadcasts are available only in Reading due to technology constraints. This meeting is being video taped for distribution to the community television stations in North Reading, Wilmington and Lynnfield.

The agenda was taken out of order. Commissioner Pacino was appointed Secretary Pro Tem.

Action Items

RMLD Policy 13, Revision 3, Use of RMLD Conference Rooms

Mr. Soli stated on Policy 13, Use of RMLD Conference Rooms, the only real change of substance is in 4.A.1. when the room is available for public use and only the RMLD Cafeteria can be used. This is based on the security recommendation that the building should be closed off and that only the Cafeteria should be used after hours. Mr. Soli stated the Subcommittee recommended that these changes to the policy be adopted.

Mr. Herlihy made a motion seconded by Mr. Soli to incorporate the changes in Policy 13, Revision 3, Use of RMLD Conference Rooms on the recommendation of the Policy Subcommittee.

Motion carried 4:0:0.

RMLD Policy 19, Revision 10, Board of Commissioners

Mr. Soli mentioned that this is regarding the Board of Commissioners Policy, which entails mostly housekeeping changes. On page 2, the following changes have been made: C.2. taking out the word "fiscal" relative to the General Manager's Agreement, C.3. the Accounting/Business Manager is appointed by the Board and C.4. the Board will appoint counsel, which is consistent with the Town Charter incorporating its language. On page 3 striking wording concerning the RFP process for the Town of Reading Audit Committee because the Board Policy should not tell the Town of Reading Audit Committee what to do. Also on page 3, there is a change that Mr. Soli noted 10.e. the Board approves the settlement of litigation the initiation is within the purview of the General Manager. The final changes are on pages 4 and 5, which deal with some defunct Subcommittees. The General Manager Search Committee needs to be re-named. On page 5 the Accounting Manager search has been completed therefore it is being removed. The last change is the Policy Subcommittee was included. The Subcommittee met and agreed to recommend these to the Boards. The Subcommittee was also in agreement that these were housekeeping changes nothing really of substance, therefore, the changes do not need to be advertised.

Mr. Herlihy made a motion seconded by Mr. Soli to incorporate the changes in Policy 19, Revision 10, Board of Commissioners on the recommendation of the Policy Subcommittee.

Motion carried 4:0:0.

Mr. Herlihy wanted to make two quick points. Mr. Herlihy noted the changes in Revision 10, look like substantial changes but are not really. The Board has never initiated litigation only settlement of litigation. It clarifies the Board's role and it is actually something that eliminates wording of something the Board should have never done and it is a minor change.

Action Items

RMLD Policy 19, Revision 10, Board of Commissioners

Mr. Herlihy noted any major changes under the policy have to be posted and advertised. It was the feeling of the Subcommittee and the General Manager that these changes were of minor content and needed clarification. The need to make costly advertisements is not warranted at this time.

Mr. Pacino clarified with the Subcommittee that it is within the General Manager's purview to initiate litigation.

Mr. Herlihy replied that the Board does meet to settle litigation.

Mr. Cameron added it is part of his responsibilities in running the Department. However, when settlement comes he needs Board approval to settle any cases.

Mr. Pacino emphasized that when the General Manager is considering a case, it is brought before the Board to make them fully aware of what is going on.

Mr. Herlihy pointed out that the Board sets the budget for outside services for the General Manager, therefore this constrains the litigation.

RMLD Policy 21, Revision, 8, Non-Union Management Salaries and Overtime

Mr. Soli noted this policy has a new title, Non-Union Management Salaries and Overtime. In the last year, at the RMLD a third union was added essentially of management and technical personnel. This policy previously dealt with a rather large number of non-union personnel and now the numbers are significantly smaller. The first is adding Non-Union to the title of the policy. Mr. Soli noted on page 1, A.1. lists the current Non-Union Management positions. In 2.A. previously the Board would vote salary raise adjustments and now that does not really exist therefore is removed. Mr. Soli then proceeded to page 2, 3.A., which is a clarification because the Commissioners no longer vote on salary grades. Mr. Soli added on page 3, 5. Management Overtime clarifies what positions are included in this policy. Mr. Soli commented on the bottom of the page 3, B.1.a. The comp time hours are adjusted so they are consistent across the RMLD. The three union contracts, as well as this policy for the non-union staff are aligned for comp. time. The same is true on 5.g. Mr. Soli noted on page 4, in B.2. there is a wordy description of management personnel who are called in for outages. Mr. Soli added the update says the same thing with fewer words. At the bottom of page 4, 5.B.3. to be consistent with the other contracts, as well as on page 5, 6. Longevity Pay has been adjusted to make it consistent for all employees. On page 5, under 7.A.3. a new sentence was added, "the RMLD encourages its employees to take their vacation time." It talks about the discretion of the General Manager due to an employee's vacation being delayed in the event they were asked to work extra. On page 6, a few simple sentences will describe the ICMA Deferred Compensation Plan. On page 6, Mr. Soli, noted under, 9. Miscellaneous, there were small typo changes. In 9.C., couple of amplifying words in the last line such as "personal" and "sick time". Mr. Soli stated that the Subcommittee voted to approve the changes plus the typo corrections on the last page.

Mr. Herlihy made a motion seconded by Mr. Soli to approve the incorporated changes in Policy 21, Revision 8 to be called Non-Union Management Salaries and Overtime on the recommendation of the Policy Subcommittee.

Motion carried 4:0:0.

Mr. Hahn asked if this policy was consistent with the three union agreements and do they expire at the same time?

Mr. Cameron replied the contracts expire in 2006.

Mr. Hahn clarified if there are any changes to the union contracts, will they be done all at one time?

Mr. Cameron replied they did these all at once. Mr. Cameron cannot agree that all three contracts will be done at the same time. Some of the elements of the contracts are different with respect to sick time buyback. Mr. Cameron added right now some of the accounting portions of the contracts are the same. The same held true last year except for the longevity pay with the non-union management employees receiving a different amount from the union.

Mr. Hahn pointed out this eliminates the exceptions.

Action Items

RMLD Policy 21, Revision, 8, Management Salaries and Overtime

Mr. Herlihy stressed this process wraps up a long process of going through the policies. This will be an ongoing work in progress. The policy book has been vetted pretty thoroughly. It looks a lot different than it used to. This process could not have happened without the assistance of Beth-Ellen Antonio, Human Resources Manager. Mr. Herlihy noted that she has been going through the revisions and changes. There have been several policy changes over the last year and a half to two years and this helps clean up the policy book.

Mr. Cameron echoed Mr. Herlihy's comments especially for Beth-Ellen Antonio. Mr. Cameron stated she does quite a lot of work on this. It gets into minutia but in the end it makes a big difference in the policies.

Mr. Herlihy pointed out the work on the policy updates involved almost next to nothing on the legal side.

Report of the Chairman of the Board

Introduction of new RMLD Board of Commissioner member Richard Hahn

Mr. Pacino introduced the new RMLD Commissioner member Richard Hahn. Mr. Pacino noted that Commissioner Hahn is the fifty-first commissioner to serve in the one hundred eleven year history. Mr. Pacino added Commissioner Hahn is serving in one of the original three seats.

Mr. Hahn thanked everyone who signed his nomination papers and voted for him. Mr. Hahn is looking forward to this and has been in the utility business for all of his professional life, some thirty-five years. There is not anything in the business he has not done. Mr. Hahn has lived in Reading since 1975. Mr. Hahn finally has the chance to try and make a contribution to the Town and that is what he is going to try to do. Mr. Hahn added is going to work as hard as he can for you.

Reelection of RMLD Board of Commissioner members Kearns and Soli

Mr. Pacino added that Commissioner Kearns was reelected, however, she is not here tonight.

Mr. Soli thanked everyone who voted for him. Mr. Soli expressed his appreciation.

Mr. Herlihy stated Ms. Kearns was the first female Commissioner appointed, now she is the first female Commissioner elected to the Board in one hundred eleven years.

Mr. Pacino commented that he has served as Chairman for the last couple of years. This is the start of his eighteenth year on the Commission. Mr. Pacino pointed out the picture on the wall of Winfred Spurr for whom the room is named and dedicated. With this meeting he passes him on the all time list of years of service. Mr. Pacino noted the past couple of years have been very different. Mr. Pacino added there has been the transition to the new administration. Mr. Pacino thanked and complimented Mr. Cameron for all his work and he has done a tremendous job.

Mr. Cameron thanked Mr. Pacino.

Mr. Pacino thanked the members. It was a different time. Mr. Pacino remembered the night he saw Mr. Hughes signing the warrant and his subsequently passing away that night. Mr. Pacino in his second year served on the Commission with a group of Commissioner that was known as the "Dream Team". It consisted of five Commissioners. Everyone brought a different skill to the table. On the Commission at that time was an Engineer, an Accountant (himself), an individual who worked in the utility industry, one of the longest serving Commissioners who was well versed in power supply contracts and an information system individual. Mr. Pacino noted in the last year serving with Commissioners Herlihy, Soli, Ensminger and Ms. Kearns, they have come closest in recent years to that Commission. Mr. Pacino wanted to thank the members for their participation over the last year.

Reorganization of the RMLD Board of Commissioners

Chairman

Mr. Pacino made a motion seconded by Mr. Soli to nominate Mr. Herlihy for Chairman.

Motion carried 3:0:1. Mr. Herlihy abstained.

Mr. Soli made a motion seconded by Mr. Hahn that the nominations be closed.

Motion carried 3:0:1. Mr. Herlihy abstained.

Report of the Chairman of the Board
Reorganization of the RMLD Board of Commissioners
Chairman

Mr. Pacino made a motion seconded by Mr. Soli to vote for Mr. Herlihy for Chairman.

Motion carried 3:0:1. Mr. Herlihy abstained.

Mr. Herlihy stated it is a great honor and he understands the importance of this. Mr. Herlihy hopes he can be as judicious as the previous Chairman. Mr. Herlihy wanted to echo some of Mr. Pacino's comments. Mr. Herlihy added he was elected with Commissioner Soli then with Commissioner Ensminger and his mission was pretty clear. Mr. Herlihy did not know that much about electricity or the workings of the system. Mr. Herlihy's mission and mandate was reform. Mr. Herlihy hopes with the team to bring reform to the Department. Mr. Herlihy feels they are in a post reform era. A lot of substantive changes have been made and now it is a new era. Hopefully, as Chairman, he will be visible when he needs to be and invisible when he needs to. Mr. Herlihy hopes to be a good outlet as Chairman.

Vice Chairman

Mr. Herlihy explained the position of Vice Chair has remained vacant over the last year in honor of former elected Vice Chair Hughes. Election day marked the one-year date of his passing.

Mr. Pacino made a motion seconded by Mr. Hahn to nominate Mr. Soli for Vice Chairman.

Motion carried 4:0:0.

Mr. Pacino made a motion seconded by Mr. Hahn that the nominations be closed.

Motion carried 4:0:0.

Mr. Pacino made a motion seconded by Mr. Hahn to vote for Mr. Soli for Vice Chairman.

Motion carried 4:0:0.

Secretary

Mr. Pacino made a motion seconded by Mr. Soli to nominate Ms. Kearns for Secretary.

Motion carried 4:0:0.

Mr. Pacino made a motion seconded by Mr. Soli that the nominations be closed.

Motion carried 4:0:0.

Mr. Pacino made a motion seconded by Mr. Soli to vote for Ms. Kearns for Secretary.

Motion carried 4:0:0.

Subcommittees

It was the consensus of the Board to take the Subcommittees as one slate and vote on them as a total grouping.

Policy

Mr. Herlihy stated the Policy Subcommittee consisted of Commissioner Soli and himself. Mr. Herlihy is willing to give up his seat on this Subcommittee. Mr. Herlihy suggested that Ms. Kearns sit on this Subcommittee with her legal experience will be well served on that Subcommittee.

Commissioners Kearns and Vice Chair Soli will be on this Subcommittee.

Audit

Mr. Herlihy noted the Audit Subcommittee members are Commissioners Pacino and Soli. They are a good team.

Commissioners Pacino and Vice Chair Soli will remain on this Subcommittee.

General Manager

Mr. Herlihy informed the Board that the General Manager Contract members are Commissioners Soli and Pacino.

Mr. Hahn wanted a brief overview on what this Subcommittee entails.

Report of the Chairman of the Board
Reorganization of the RMLD Board of Commissioners
General Manager

Mr. Pacino stated the Subcommittee has been changed from General Manager Search to General Manager Contract in the policy. It involves an annual evaluation process for the General Manager. There is a process that has been adopted and the Subcommittee meets with the General Manager to discuss the evaluation process and there is an annual review performed.

Commissioners Hahn and Vice Chair Soli will be on this Subcommittee.

Community Relations

Mr. Herlihy noted he and Ms. Kearns are on this Subcommittee and it does not meet that often.

Chairman Herlihy and Commissioner Kearns will remain on this Subcommittee.

Power Contracts, Rate Setting, Customer Choice

Mr. Herlihy polled the Board for interest in this Subcommittee.

Mr. Soli stated he is happy to remain on this Subcommittee.

Mr. Hahn stated his interested because of his background.

Commissioner Hahn and Vice Chair Soli will be on this Subcommittee.

Pension

Mr. Herlihy commented Commissioner Pacino and Kearns have made up this Subcommittee.

Commissioners Pacino and Kearns will remain on this Subcommittee.

Operating and Capital Budget

Mr. Herlihy took over Commissioner Hughes' place on this Subcommittee and would be happy to remain on it.

Mr. Pacino is willing to stay on that Subcommittee unless someone else wants to step in.

This Subcommittee is busy on a seasonal basis.

Chairman Herlihy and Commissioner Pacino will remain on this Subcommittee.

Account Payables

Mr. Cameron pointed out Mr. Pacino can no longer serve on Account Payables nor can Mr. Herlihy on Payroll due to the three-year limitation.

Mr. Herlihy commented that Mr. Pacino should therefore leave that Subcommittee in order to conform to the dictates of Policy 19.

Mr. Soli asked to join the Account Payables. Mr. Soli added it is a good learning point for any new Commissioner and recommended that Mr. Hahn be appointed.

Messrs. Hahn and Soli and Ms. Kearns will sign the Account Payables. First back up is Mr. Herlihy. Second back up is Mr. Pacino.

Payroll

Mr. Pacino will sign the payroll.

Ms. Kearns will be the back up.

CAB/Board Subcommittee

Mr. Herlihy noted this Subcommittee recommends payment to the Town among other things.

**Report of the Chairman of the Board
Reorganization of the RMLD Board of Commissioners
CAB/Board Subcommittee**

Chairman Herlihy and Vice Chair Soli will serve on this Subcommittee.

Mr. Cameron added besides the two RMLD Board Subcommittee members, there are two CAB members and one of the Selectmen.

Mr. Pacino pointed out they meet to decide the payment to the Town of Reading.

Mr. Cameron clarified they get a letter on the Town of Reading Payment each year and they decide to meet if necessary.

Town of Reading, Audit Committee

Mr. Pacino is on this Subcommittee until June 30, 2005.

Mr. Herlihy is interested in bringing other Subcommittees or working groups as issues may arise.

Mr. Pacino made a motion seconded by Mr. Hahn to set the Subcommittees as designated.

Motion carried 4:0:0.

Minutes

December 1, 2004

Mr. Pacino made a motion seconded by Mr. Soli to approve the Regular Session meeting minutes of December 1, 2004, with the changes presented by Messrs. Soli and Hahn.

Motion carried 3:0:1. Mr. Hahn abstained, because he was not present at the meeting.

Selectmen Liaison, Citizens' Advisory Board and Customer Comments

Mr. Duffy congratulated the new Board member Richard Hahn. Mr. Duffy also congratulated the reelection of Mr. Soli and Ms. Kearns. Mr. Duffy thanked the Board for the low rates and would like to see the continuance of these.

Mr. Herlihy stated there are two new Board of Selectmen members and look forward to working with them.

Mr. Norton noted the he wanted to make a comment regarding the format that has been adopted for the budgets. It is his fourth year being a member of the Citizens' Advisory Board (CAB) from North Reading. When he first came on as a CAB member it was full of contentious rigmarole of the changing of the guard sort to speak. A lot of things were carryovers from the former administration. Over the last few years the budgets have become easier and easier to understand. The format has become a lot better, which makes our job a lot easier. The CAB took the first cut at the Capital Budget at the beginning of the month, as the Chairman is aware of, and the second cut will be at the next meeting. The first cut of the Operating Budget will be next Tuesday. Mr. Norton wanted to compliment Mr. Cameron and the staff of the RMLD that worked long hours to put this together. It is not an easy process. Mr. Norton would like to compliment the way the format is now and the amount of work and effort that goes into doing this project year in and year out. It is a testament to the General Manager and the staff in general. Hopefully, this process will continue in the future.

Mr. Cameron thanked Mr. Norton and he will pass that on. The staff does put a lot of work into it so that it is understandable to the Board and the CAB. This year it has been more involved because another budget has to be done for the fiscal year. The employees have stepped up and it is a credit to the employees at the RMLD.

Mr. Herlihy replied duly noted. Mr. Herlihy was at the last meeting of the CAB and it was something to see Paul Carson without the aid of notes, explain project after project, in great detail.

Mr. Herlihy complimented the CAB on the fact they do a great job going through the budget. The Board gets to do the same thing but the CAB review is very thorough.

Selectmen Liaison, Citizens' Advisory Board and Customer Comments

Mr. Norton wanted to take the opportunity to thank the new Commissioner on his election. Mr. Norton congratulated Commissioners Kearns and Soli on their reelections, respectively.

Mr. Herlihy would like for the benefit of the viewing public over the next year not to use acronyms but keep it as much of an acronym free zone as possible. Mr. Herlihy has seen the use of acronyms on the replays of the RMLD Board meetings.

Report of RMLD Board Subcommittees Policy Subcommittee (Commissioner Soli)

Mr. Herlihy stated the Policy Subcommittees were discussed.

Meeting with Town Treasurer and Accounting/Business Manager (Commissioner Soli)

Mr. Soli updated the Board that earlier this month, one of the Accounting Subcommittee members who meets with the Town Treasurer and Accounting/Business Manager which is himself. Typically, they talk about Cash and Cash Balances between the Town and RMLD. They also discuss what is going on with the Pension Fund. It is a chance to get feedback from the Town as to how things are going. For instance, something they received a heads up on is from the health insurance costs. The cash balance on the Pension Fund was fine. The Town Accountant did have a comment about the timeliness of the signings of payables going up to Town Hall. Mr. Soli reminded the members of Subcommittees that the timeliness of Payroll. The warrant needs to get signed in a timely fashion so the vendors can be paid.

General Manager's Report New RMLD Website Design

Mr. Herlihy pointed out an exciting new development that has happened at the RMLD is the roll out of the RMLD's the new website.

Mr. Cameron updated the Board that for the last six to eight months the Department has been working internally to upgrade and enhance the website. Mr. Cameron noted that Mark Uvanni, Manager of Information Services group under his direction, the Department did develop the expertise in house to make changes to the website. The Department is planning to roll out the website on May 1, 2005. The Department wanted to give the Board a preview of the website.

Mr. Herlihy added this is new and exciting. Mr. Herlihy is encouraging them to take as much time as possible.

Mr. Cameron stated Jeff Morris who works for Mark Uvanni will run the website. Mr. Cameron pointed out Priscilla Gottwald will answer questions about the website and is the focus internally for changes to the website.

Ms. Gottwald explained she has worked closely with Mr. Morris and under Mr. Uvanni's direction was given the time and space to design and develop the website. She has worked with Mr. Morris on the content and editing. Ms. Gottwald has to speak about relative to the changes is that Mr. Cameron has taken advantage of the in-house staff to grow and develop. Ms. Gottwald has enjoyed working with Mr. Morris and he has had a lot of input in the RMLD Annual Report as well.

Mr. Morris noted he is excited to present the Department's new website. Mr. Morris added when the project was started there were four main goals in mind. He will discuss the first three and Mr. Uvanni will discuss the fourth item, which is the online user managing their account. Mr. Morris pointed out they wanted the website easy to navigate and logical for the users. The intent was that the users will not leave the website frustrated. Mr. Morris noted what they have done is keep the pages attractive and clutter free. There is not a lot of extra content that has been kept simple. There were standards for each page, which are gold bars and triangles. Mr. Morris wanted to pull all four towns into the website. The homepage has the four town seals. Mr. Morris went over the Community Relations section. Mr. Morris noted the Community Links link to each town. Press releases are also found here. Mr. Morris pointed out the Board and CAB sections of the webpage. The third thing is they wanted users on the website to learn something. It is as content rich as possible.

General Manager's Report
New RMLD Website Design

Mr. Morris went over the Customer Service page and How to Contact the RMLD. Mr. Morris complimented Mr. Bilicki and his suggestions on the commercial customer section of the webpage. Mr. Morris pointed out the section on How to Read your bill and where to pay your bill at offsite locations.

Ms. Gottwald noted one of the big promotions on the new webpage is how they can make payments other than mailing. There is direct payment, from checking account and credit cards. There is such a response for these that the Thursday nights hours for payments was eliminated because it was not warranted. Ratepayers can sign up for payment on the website. The main goal is manage your account.

Mr. Morris noted the website is a living document. Any suggestions the general public has can be relayed to him or Ms. Gottwald and they will take these into considerations.

Mr. Soli pointed out that the newspapers tell of millions of records taken by hackers. How is this site been secured for customers?

Mr. Morris replied Mr. Uvanni will speak on this.

Mr. Uvanni replied that as far as security goes they use Security Certificate, which is updated annually. Is it 100% unbreakable, the answer would be no. Mr. Uvanni added this is behind the firewall. Security is updated daily. Mr. Uvanni does not anticipate this would be a problem. Mr. Uvanni went over how to sign up to pay online with required fields, however, the Department's system will e-mail the customer back a confirmation with the password they have selected. If the customer forgets their password the system will automatically e-mail back the password they selected. Mr. Uvanni went over both Residential and Commercial account information and methods of payment. It also provides for customers who want to discontinue their service to inform the Department by this mechanism. There is thirteen months of billing history. Mr. Uvanni went over the functionality of the Residential and Commercial Account Information. The information on the webpage mimics the paper billing. Mr. Uvanni noted the data will at the latest will be twenty-four hours old. It is not attached to the live system. Mr. Uvanni noted as technology allows it will create more functionality. Mr. Uvanni pointed out this was performed completely in house. No one hosts the website for the Department because it is done here. It is updated and maintained by the Department. All the content for the website goes through Community Relations. Mr. Uvanni noted one other feature they are going to add is a web blog, to help you help yourself and comments do not have to be electricity related. There will be filter on it for profanity and it has to conform to a positive image. Mr. Uvanni noted the whole organization was involved in the rewrite of the webpage. They looked at other public and investor owned utility websites, nationally and locally for ideas. This website stands up to all of them.

Mr. Herlihy asked if the billing history will go back in time for only one year as it builds? Will you be able to go back twenty-five months?

Mr. Uvanni replied the Department has the data but they only present thirteen months. If it is suggested but it can be changed if requested and deemed appropriate.

Financial Report, February 28

Mr. Cameron stated that Mr. Fournier is on vacation therefore he will be presenting this. Mr. Cameron noted what he is going to address is on page 3. The March Financials will be out next week and available at the next meeting. The first quarterly update will be at the next meeting. The Change in Net Assets is -\$895,000, the main part of that is in the Fuel. The Fuel Revenue is down \$272,000 for the first two months of the year. What the Department budgeted is more than the actual billing. However, Purchase Power Fuel Expense is \$395,000 more than budgeted. Basically, it is a function of what the fuel costs have been for the first two months. Gas and oil are very high. The combination of these two items is around \$600,000. Of the Change in Net Assets more than a third of that is due to the fuel. Purchase Power Base, is over budget by \$394,000 and this has to do with the PSA's through MMWEC. Operations and maintenance are \$140,000 under budget. Base Revenue is \$286,000 under budget. It is probably due to the Commercial sector and weather. Non Operating Revenues is \$57,000 below the estimate of \$293,000. Mr. Cameron noted for the most part the difference between the Fuel Revenues and Fuel Expenses, Purchase Power Base is down almost \$400,000.

General Manager's Report

RMLD Variance Summary Report through February 28, 2005

Mr. Cameron went over the round up page on the Actual versus Budget by division. Each one of the divisions is under budget for the first two months of the year except for the Purchase Power Base on Fuel.

RMLD Variance Summary Report through February 28, 2005

Mr. Hahn inquired if this was a timing variance or permanent, Fuel Revenue and Fuel Expenses?

Mr. Cameron replied that the Department has tried to do for the first two months is hold the Fuel Charge at 4¢. What the Department is finding it that its costs were 4.1¢ to 4.2¢ per kilowatt-hour. In April, the fuel charge was increased to 4.25¢ per kilowatt-hour. Mr. Cameron noted the budget for the fuel expense will be over budget for the next few months unless gas and oil come down.

2005 Capital and Operating Budget – Basis for Estimates

Mr. Cameron wrote a memo to the Board on March 21, he explained what the RMLD used for the basis of their estimates for both the Operating and Capital Budgets. Mr. Cameron spoke with Vice Chair Soli this evening and he would like to see what the unit costs are for the Capital Budget. Mr. Cameron noted what he would like to see for the Construction Budgets is what the Department used for labor costs, material costs and vehicle costs. Mr. Cameron is going to get this information. Mr. Cameron added on the Operating Budget there are twenty-nine items, which explains the basis for the budget estimates. In the Capital Budgets there are eight items that are outlined and give details on the estimates. Mr. Cameron will get the unit costs before the next meeting. Mr. Cameron polled the Board to see if there were any questions on the memo.

Mr. Herlihy asked if the Fuel Expenses are forecasted to be the same as the Fuel Revenue? Is that because Fuel is a pass through? Could that not ever be the case?

Mr. Cameron replied that the Department tries to do that. The Department looks at the Fuel Costs for the year and look at how many kilowatt-hours it is going to sell and match the two of them. They try to match the Revenues to the Expenses. Mr. Cameron added the Department does it for two reasons, one is because of a DTE rule change in the seventies the Fuel Charge is suppose to be a pass through the customer. The Department is not to make any money on the Fuel Charge. The second reason is according to the new accounting rules and the subsequent change to the Profit and Loss Statement. The Fuel Revenue and Expenses go to the bottom line. There is no adjustment from the Deferred Fuel Reserve. That makes it even more important that the Fuel Revenues matches the Fuel Expenses. The difference in the two as Mr. Cameron has explained the last two months accounts for the change in Net Assets between the Actual and the Budget. Mr. Cameron noted the Department gets caught between trying to keep the Fuel Charge as economic to the customer as possible. Mr. Cameron noted the Department tries to hold the line with Expenses. What happened for the first two months is the Department tried to keep it at 4¢ but could not do it.

Mr. Herlihy inquired it is now at 4.25¢ per kilowatt-hour?

Mr. Cameron replied it will be 4.25¢ for April.

Customer Advances in Review in the Aid of Construction

Mr. Cameron noted that during the audit, the auditors made a recommendation that the Department clear out the liability that represents the contributions in the aid of construction it receives from its developers. Mr. Cameron added some of these contributions dated back to the nineteen eighties. Mr. Cameron pointed out the memo states that activity prior to 1996 has been substantially cleared out and there are a few deposits prior to this timeframe. Mr. Cameron has directed Engineering and Accounting that if any of these accounts were still active do not touch them. There were twenty-four deposits totaling \$500,000 that could be processed as completed. Mr. Cameron commented the liability was in the \$2 million range and the Department has cleared out \$500,000. This is an ongoing endeavor.

Mr. Hahn inquired by clearing out you mean that these are projects customers made a contribution for?

Mr. Cameron replied it is mostly developers.

Mr. Hahn clarified the project was completed but it was never closed out of the account.

General Manager's Report
Customer Advances in Review in the Aid of Construction

Mr. Cameron replied correct.

Mr. Herlihy inquired are there any projects since the eighties or nineties that have not been completed?

Mr. Cameron noted there might be subdivisions where there are lots involved in which the Department may need to have streetlights. When the deposit was initially made, it was predicated on full development of the subdivision.

Reading Town Payment

Mr. Cameron noted that a letter was sent to the Town of Reading Payment Subcommittee. It was recommended that the Reading payment be increased by 2.7%. Mr. Cameron noted that the enclosure is not in this book he will ensure it is in the next Board book. Mr. Cameron noted it went to the five Subcommittee members.

Mr. Cameron explained unless the Subcommittee wants to change that payment is made in July and December. The payment is about \$1.9 million unless the Subcommittee has any issues and wants to meet on it. In 1997, a benchmark was selected from which the payment would be adjusted by the Consumer Price Index from the Bureau of Labor Statistics in the Northeast. The Northeast area is represented by Springfield, Boston and Nashua, New Hampshire. It is the same Consumer Price Index used for the General Manager's Agreement. Mr. Cameron noted Vice Chair Soli received a copy of this letter because he is on the Subcommittee.

APPA National Conference Anaheim, California, June 20-22, 2005

Mr. Cameron noted the APPA Conference this year is in Anaheim, California at Disneyland. Mr. Cameron usually attends this conference. There are meetings on such topics as Customer Service, Energy Bill, Power Supply, and FERC issues. According to policy, the Board has to approve his attendance at this. Mr. Cameron will endeavor to make this trip as cheap as possible.

Mr. Soli made a motion seconded by Mr. Soli that the Board authorizes the General Manager's attendance at the APPA National Conference Anaheim, California, June 20-22, 2005.

Motion carried 4:0:0.

Mr. Pacino inquired as to when the Department needs to know if they are possibly interested in attending?

Mr. Cameron replied that the Department has not made any accommodations or reservations for air travel. Mr. Cameron added the travel arrangements will be done within the next week. Mr. Cameron noted if any Commissioners want to attend according to the policy this needs to be voted upon.

Mr. Hahn pointed out there is a price change after May 20, which needs to be addressed before the next Board meeting.

Mr. Cameron pointed out he is making reservations now. If there is any Commissioners interested in attending they should take up the vote tonight.

Mr. Herlihy added he is potentially interested in attending this conference. Mr. Herlihy has not made a final decision on that.

Mr. Cameron pointed out you could vote and not go.

Mr. Herlihy noted you would want no more than two Commissioners to attend.

Mr. Cameron replied it would not be posted.

Mr. Herlihy is considering making a motion to authorize up to two Commissioners to attend this conference.

Mr. Pacino made a motion seconded by Mr. Soli authorizing two Commissioners to attend the APPA National Conference Anaheim, California; June 20-22, 2005 provided they apply before May 20.

Motion carried 4:0:0.

Board Discussion

Rate Comparisons, March 2005

Mr. Cameron noted that not much has changed. On the Residential side, the Department is lower than NSTAR, Mass Electric and Wakefield by substantial amounts. However, the Department is above Middleton and Peabody by 13% and 14% respectively.

Mr. Soli interjected that it might be instructive to note that NSTAR residential rate is 53% higher than in Reading. Mr. Soli noted the poor guys in Woburn.

Mr. Cameron pointed out on the Residential Time of Use the same holds true except the Department is closer to Middleton and Peabody by 9% and 11%, respectively. In the Small Commercial rate, the Department is above Wakefield by 8%. Mr. Cameron will reiterate the Small Commercial rate is the Commercial rate using a customer who has a demand of 10 kilowatts a month demand and 1,080-kilowatt hours, which represents a very low load factor.

Mr. Cameron noted on the Commercial rates 25 KW a month, 7,300-kilowatt hours, the Department is only above Middleton in this one. The Department is below everyone but above Middleton by 7%. In the Industrial Time of Use the RMLD is below everyone else but Middleton.

E- Mail Explanation for Account Payable and Payroll Removal Sheets

Mr. Herlihy explained that these are the e-mail explanation for Account Payable and Payroll Removal Sheets. Mr. Herlihy noted for edification for the new Commissioner, these are included in the package as a regular item not for discussion unless the need exists. Mr. Herlihy explained the Commissioners ask the questions then the General Manager responds to them.

Mr. Hahn inquired if the signing of the warrant is delayed until there are responses to the questions or it has to be done within a time limit to get to Town Hall? It is a logistics question.

Mr. Cameron replied if there is a question with the Payables the check could be returned to the Department. The process is that when they run the Payables it is very involved. If you want to pull one payable out and rerun the Payables you have to go through the process all over again. What is done is the Commissioners who have questions on the Payables, which he gets on Monday mornings, he tries to answer them as quickly as possible. If a Commissioner is not satisfied with his response, the check will be processed but not sent to the vendor and returned to the Department. Mr. Cameron noted if there is still a question on it, the check could be redeposited.

Mr. Hahn noted if it is appropriate, he will get the answers off line if possible.

Mr. Cameron replied it would be fine.

Mr. Herlihy noted that Annual Report is out. Mr. Herlihy wanted to compliment Mr. Cameron, staff and the Community Relations Department. The Community/Public Relations Subcommittee sets a tough target that it will be produced in time for Spring Town Meeting. For the second year in a row a tight deadline has been met. It looks good and has a clear message. Mr. Herlihy wanted to thank the financial people because they have all the financial information for 2004. It also has the projects ongoing in the four towns. It has the break down of the RMLD's power supply, which was requested at Town Meeting. Mr. Herlihy felt it came out late in prior years but have pushed the envelope to get it ready for Spring Town Meeting.

Mr. Herlihy pointed out he saw the School Committee on television the other evening. One of the topics was in Town involves lights potentially at the Reading Memorial High School football field. There was a lot of discussion about this issue. It is a conversation that the folks at the Light Department need to be a part of. There is discussion whether to have these lights or not, what kind of lights to cause the least brightening effects to the local neighborhood and residents. They were casting technical questions and he is requesting the General Manager to enter into this issue to some degree. Mr. Herlihy has the sense that employees at the Department could assist on these technical matters. There is going to be a working group put together to address this.

Mr. Cameron responded the Department has been contacted. Mr. Cameron has had conversations with Town of Reading, Superintendent Pat Schettini and the Town concerning assistance they could provide.

Board Discussion

Mr. Cameron noted there is some things the Department can assist on. Even though the Department handles lighting, lighting a football field is a separate expertise. Mr. Cameron has communicated that to Mr. Schettini. It is not like lighting streets. There are companies that have the expertise to do this. The Department could get involved in the back end. Mr. Cameron does not want to elaborate on this right now because the School Committee is having discussions on this right now.

Mr. Norton pointed out the Town of North Reading is going through a very similar set of circumstances. In fact there was an Article on their recent Town Meeting although it was an Informational Article. They are looking at doing the same thing with their football field, which is called a game field because there are other uses.

Mr. Norton added Mr. Cameron is correct. In fact, if they want to contact the Town of North Reading's Athletic Director he has a full packet on companies that perform this specific lighting for fields. The Town of North Reading's Athletic Director had to give this information to the Superintendent of Schools to present at Town Meeting. Mr. Norton pointed out when you get into field lighting there are certain specifications that are set out by the Massachusetts Interscholastic Athletic Association. Those are areas that would be better looked at by companies that are in that particular field.

Mr. Norton suggested they contact their Athletic Director. Mr. Norton thanked Mr. Cameron because the RMLD's Engineer provided figures on the some of the construction end using the RMLD as the contractor.

Mr. Soli asked who is on the Account Payables for this weekend because it has changed and there should be no confusion.

Mr. Cameron replied Messrs. Hahn and Soli and Ms. Kearns will be the signers for the Account Payables.

Mr. Soli inquired who is on the Payroll?

Mr. Cameron replied Mr. Pacino.

Next Meeting Dates

Town of Reading, Town Meeting, Monday, April 25, 2005

Mr. Herlihy is unable to attend because he will be out of state.

Mr. Cameron explained that this presentation has gone up electronically. It has to do with 2004 calendar year highlights and what the Department is looking for in 2005. Mr. Cameron noted it will cover the fiscal year change, green power and the customer survey, which will be performed this year.

Mr. Hahn inquired if it is possible to have this e-mailed?

Mr. Cameron replied yes.

Mr. Soli inquired of Mr. Cameron if he has the schedule?

Mr. Cameron replied the presentation will take place on April 25 and the RMLD will be up at the beginning and it starts at 7:30 p.m.

RMLD Board Meeting, Wednesday, May 18, 2005

RMLD Board of Commissioners Subcommittee Meetings

Rate Subcommittee

Operating and Capital Budget Subcommittee

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

Tuesday, April 26, 2005, Wilmington

Mr. Herlihy was at this meeting and the Board has been attending these meetings on a rotational basis.

Mr. Pacino will take the next one but is uncertain if he will be able to attend.

Executive Session (General Manager's Conference Room)

At 9:25 p.m. Mr. Pacino made a motion seconded by Mr. Soli that the Board go into Executive Session, to discuss, to, Arbitration, IBEW Local 103 issues, LMS union issues Federal Energy Regulation Commission, and release of Executive Session Meeting Minutes and to return to Regular Session for the sole purpose of adjournment.

Motion to Adjourn

Mr. Herlihy called for a poll of the vote:

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

At 10:14 pm. Mr. Soli made a motion seconded by Mr. Pacino 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.

Philip B. Pacino, Secretary, Pro Tem
RMLD Board of Commissioners