

Reading Municipal Light Board of Commissioners

Regular Session

230 Ash Street

Reading, MA 01867

January 29, 2003

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Start Time of Regular Session: 6:30 p.m.
Recess Time of Regular Session: 8:10 p.m.
Reconvene Time of Regular Session: 8:30 p.m.
End Time of Regular Session: 10:15 p.m.

Attendees

Commissioners: Messrs. Hughes, Pacino, Soli and Herlihy
RMLD Staff: Mses. Antonio and Gottwald
Mr. Tony Butler
CAB: Messrs. Carakastane, Lessard and Norton

Chairman Hughes called the meeting to order at 6:30 p.m.

Chairman Hughes stated this evening's meeting is dedicated to conducting a third and fourth interview for the General Manager position available at RMLD. Chairman Hughes thanked all the people who participated in this long endeavor including the candidates, employees and the viewing public. Mr. Hughes stated he considered this quite a privilege inasmuch as he started out in the Department over twenty-five years ago as a semi-skilled laborer – it is a great America. Mr. Hughes then introduced those in the audience, Ms. Beth-Ellen Antonio, Human Relations Manager, Ms. Priscilla Gottwald, Community Relations Manager and Mr. Arthur Carakastane, CAB member and member of the Search Committee, Mr. Roger Lessard and Mr. John Norton, CAB members, and the Recording Secretary, Ms. Marianne Fabbri, and Mr. Tony Butler, employee representative. Mr. Hughes then turned the meeting over to Commissioner Pacino.

Commissioner Pacino welcomed candidate Mr. Charles Farrington, and informed everyone in attendance he will begin with a short introduction with each Commissioner having fifteen minutes to ask the candidate questions. Commissioner Pacino explained the RMLD is hiring a General Manager with all the powers under Chapter 164 and ensured Mr. Farrington was made aware of the recommendations by the Ad Hoc Committee.

These meeting minutes are not verbatim.

Commissioner Pacino: "What does Public Power mean to you?"

Mr. Farrington: Public Power is a system that well serves ratepayers. It is a structure with a democracy; rate payers have a say in their utility and in most cases that functions very well and serves the customers very well.

Commissioner Pacino: "What are your feelings of restructuring or deregulation?"

Mr. Farrington: It has to be approached with a great deal of caution. When the idea surfaced ten or fifteen years ago people had very high expectations of what the results would be, however, it hasn't provided all the benefits that was anticipated. Particularly, in public power there is long term commitments of power supply and it's a very difficult transition if there are long term power contracts in place which may or may not be above the market because those cost will have to be covered regardless. Your customers will have to choose to participate in the marketplace and at the same time you need to address the financial obligations in these power supply commitments and that difference has been called stranded costs.

Commissioner Pacino: "Where do you think the future should go under restructuring or deregulation?"

Mr. Farrington: A competitive market is a good idea, for people to have a choice is a good idea, but on the other hand, it's a very complex process and it hasn't been successful enough to be applied to every situation.

Commissioner Pacino: "What experience do you have in dealing with power supply agencies and joint action agencies?"

Mr. Farrington: Years ago I was the Treasurer of the Vermont Public Power Supply Authority. When I was the Chief Financial Officer for the Burlington Light Department in Burlington, Vermont, I served on the Board as the Treasurer. In my capacity of Executive Manager of Vermont Electric Coop I was Executive Manager of the Vermont Electric Generation and Transmission Coop which was very active in the power market. Due to our situation, we were constantly finding ways to save money and as you know one of the most advantageous or most significant ways to save money is in the power market because sixty to seventy percent of costs in utilities are power supply costs.

Commissioner Pacino: "What experience do you have in budgeting?"

Mr. Farrington: I have extensive experience in budgeting. I am currently the CFO of Northern New England Gas Corporation which had three subsidiaries and now has two subsidiary areas that consolidated into a parent company and I am the Treasurer to the Board of Directors of the organization. I am responsible for preparing and presenting a budget to the Board of Directors. These budgets are very specific, the Boards thoroughly review the budget and we have a formal session. Part of my responsibilities in my current position, was the Executive Manager to the Vermont Electric Co-op and the Vermont Electric Generation and Transmission Co-op. In that capacity, and because of the very serious financial problems we had, we turned the company into a cash flow company in a situation where the regulators would not let us raise our rates. We could not go to the market and borrow money so I had to basically run the company out of the cash register strictly from the revenue that was brought in from the rates. We did that for ten years and in a situation like that every single dollar counts. We put together a budget committee of employees and met once a week. Of course, before that in other capacities as a financial officer, I was also involved in the budget process.

Commissioner Pacino: "In view of the problems the Department has had, what controls should be in place to prevent misuse of funds?"

Mr. Farrington: I've seen the recommendations that were made and as I recall there is an audit position that is being proposed and there is more authority being given to the accounting manager. I would guess those recommendations are being made after careful review as to what happened and if those are to be implemented that would be a precaution against something similar to happening again. I also think more communication and more accountability would prevent that from recurring.

Commissioner Pacino: "What is your experience in setting rates?"

Mr. Farrington: I've been an expert witness in cases in New Hampshire, New York, and Vermont. I prepare cost of services for several municipalities, several Co-ops and testified under oath to those costs of service. I have also participated, in my current capacity, in the preparation in the cost of service for filing. So, I have fairly extensive experience in both the preparation and implementation of rates.

Commissioner Pacino: "What component should make up the rates?"

Mr. Farrington: The cost of service is made up of probably three or four significant elements. One certainly and most significantly is the power supply cost, the second one is the cost of running a utility, its operating costs, the third one is the cost of capital which is usually segregated in the case and what that number should be. In an investor owned environment it can be debated, it can be based on the market situation at the time and in a public power entity, such as a Co-op and a municipality, it can be based on its cost of debt. I think the fourth thing is, once you've establish those three elements, you've got your power supply, your operations cost and your return (or your cost of capital) then the next element is how you allocate those costs to the customers. I've seen many debates as to whether those costs should be allocated between the industrial or residential or other classes of customers.

Commissioner Pacino: "Given the recent strain of relationship between the Town of Reading and the RMLD what would you do to improve this?"

Mr. Farrington: The first thing is to establish some credibility and make a very strong effort to open the lines of communication and have constant communications and constant discussions about the issues so those flows don't just get cut off with a result of a failure to communicate.

Commissioner Soli: "In buying power, how does Reading strike a balance between long term and short term contracts?"

Mr. Farrington: You would put together a portfolio that is balanced and the other thing to be considered is what the status of the market is, is there an opportunity in the market to go long term? Is the market very high, do people forecast that the prices will be mitigated if they are high over a period of time, and then you buy on the short term and wait until maybe there is a better opportunity to go longer term. I will say that it takes a person extremely well versed in the power supply market to help you make those decisions because it is a very complex process.

Commissioner Soli: "One of the decisions that has to be made shortly is whether we open our service territory. Do you think that makes any sense?"

Mr. Farrington: I briefly looked at your financial statements and your detailed disclosure of the power supply and as I recall the power supply averaged about seven cents per Kwh all combined. Although I'm not sure what that includes and does not include, my understanding is that the current market may be lower than that so I think one of the complexity you have to consider how you have an average cost of seven cents and your customers may have access to less expensive power if the market provides that. Somehow you will have to work out a system in that scenario to balance that. You've made these commitments and with the public power entity there is no pot you can go to as oppose to an investor owned utility when the stockholders will get a lesser return.

Commissioner Soli: "You hear a lot about congestion and congestion costs, do you think that New England and particularly Boston could have a transmission meltdown?"

Mr. Farrington: I have to say that I haven't been involved in the electric side of it for about five years so I am not familiar with the current status of the transmission systems. I can only say I hope the planners are keeping on top of that and making the accommodation so that does not happen. I can say in Vermont we do have transmission limitations and it may be a little bit late to address them but we are trying and are looking at different ways to address them to local generation to increase the capacity of transmission lines, etc.

Commissioner Soli: "How big of a staff do you have in your current job, how often do you hold your staff meetings and what functions are the meetings used for?"

Mr. Farrington: We have staff meetings once a week on Tuesday mornings. In my capacity as the Chief Financial Officer (CFO) I participate in staff meetings with the President of the company and my four colleagues. We have a structured agenda, we address financial performance, regulatory issues, supply issues and human resource issues at every meeting and what drives the rest of the agenda are current events. For example, things that have happened in the week or projects that are coming up in the current weeks and we work as a team as to how we will address them.

Commissioner Soli: "Have you been involved in the grievance settlement process at either your current organization or in the Co-op, how many grievances were filed per year and what is your approach to handling them?"

Mr. Farrington: In my current capacity I am not directly involved in the grievances, the extent of my participation with the unions is that I was the Acting President during the contract negotiations and I acted more as an advisor but I wasn't directly at the table. In my experience at the Co-op, I was also directly involved and responsible for the union negotiations. I've been involved in several grievances. I had to get involved with every grievance once it was not resolved at the first level. I have been involved with grievances that went to arbitration, although they did not happen often, one did go to arbitration and we felt very strongly about it and prevailed at the arbitration. My approach is to sit down with the individuals involved and listen to what the situation is all about, listen to the other parties' position. The most successful process is where you can talk through the reasoning and both parties come to a mutual settlement. Unfortunately, that doesn't always happen and you need to bring in an individual mediator or arbitrator.

Commissioner Soli: "You talked about your labor negotiations, what is your approach to them?"

Mr. Farrington: My approach is to keep them as simple as possible. Keep them as calm as possible and again go through a process of listening to what the other party wants and go through a careful discussion of what you can and cannot do to settle the situation. Once I took a very different approach, we had a contract renewal coming up and there was a list of eighteen or twenty items that the union wanted to discuss in the negotiating process so what I decided to do was I called the labor attorney and told him I wanted to get this settled as quickly as possible, I don't want to lose a lot of productive time and this is what I want to put on the table as a response. I put a wage adjustment and a couple of other items on the list and I offered them a lump sum payment if they would accept without negotiations and they did. We saved endless hours by handling it in that fashion.

Commissioner Soli: "Regrettably with business cycles and personal mismatches there seems to be no way to avoid layoffs, tell us your approach to layoffs and firings and what processes should be followed for each case?"

Mr. Farrington: My philosophy against layoffs is that I do not like the concept. I think utilities have employees that are long-term employees and I was faced with that problem running the Co-op because of its financial problems. We came up with a very creative solution for that. We needed to cut costs so we went to the union and we went to the employee body and explained that we can either lay off ten percent of the workforce or we could go to a thirty-six hour work week. The thirty-six hour work week included nine hour days four days a week, some employees could work Tuesday through Friday and some employees could work Monday through Thursday so we have complete coverage and we all take an equal cut. The concept is that we all suffer a little but it is ten percent that would have been devastated by giving up their source of income. We did it six months per year, April through October because it's a more peaceful time without outages, etc., and just before spring of the second year the employees came back and asked to do it again. Firings are probably the most difficult things a manager must do and my approach is if there is a problem employee I will take absolutely every step possible to try to resolve the situation. Whether it be getting the employee's attention, making the employee productive, solving employee's personal problems, if they ask for help. Firing is the absolute very last resource.

Commissioner Herlihy: "This question in coordination with Dan Engsminger, former Reading Selectmen and former Chair of the Ad Hoc RMLD Advisory Committee. As you may be aware, the Reading Selectmen are in the process of considering a number of RMLD governance reforms. One of these reforms is to have the Light Board, rather than the General Manager, hire the Accounting Manager and the RMLD Counsel both, special and general, with the GM having day to day supervision over these individuals. Are you comfortable with these reforms and if they are enacted into law, how would you work with the Light Board to implement them?"

Mr. Farrington: My experience with public power Boards has been that they typically hire the general counsel and the General Manager works with the counsel. When I worked with that type of system, particularly with the Co-op, it worked fine. As far as the Accounting Manager, that is a little bit of an awkward structure but its acceptable. I have been accountable and never ran into a problem so I could work with that structure but it is unusual.

Commissioner Herlihy: "Can you give us an example of how you could have mediated a possible legal issue without the use of legal counsel and what personal traits or characteristics do you possess that would help this Department reduce its legal costs?"

Mr. Farrington: I acted as the interim President last spring when the President was out on medical leave and I oversaw the union negotiations. We had a legal advisor, a labor lawyer, involved and I could see that we had five other people from the company on the management team negotiating on behalf of the company and I could recognize it wasn't really going as well as I would have liked to gone. Sometimes the parties can have a tendency to lock up and they just start spinning the wheels and they get bogged down in issues and I think in those situations tensions can be raised and I sat down without the attorney and I advised the management team and suggested an approach to take in order to get the ball rolling again and we were successful and obtained a contract. I have been involved in extensive mediations but most of the time there has been an attorney present but I've been a very active player in those mediations. Last summer I had two very tragic wrongful death mediations; we had an accident which resulted in the death of a couple of people and since the Natural Gas company provided the gas, we became a defendant.

Commissioner Herlihy: "Can you give us an example of how you could have mediated a possible legal issue without the use of legal counsel and what personal traits or characteristics do you possess that would help this Department reduce its legal costs?" (continued)

It was a very difficult mediation but we did settle with the families, which was the right thing to do. I have been involved in personnel mediations without an attorney involved. At certain stages of a problem I think it is far more advantageous to try to work out a reasonable solution before the attorney is involved. You need to confide in the attorney sometimes but I think there is nothing wrong with trying to bring the situation to a resolution without having the attorney present and having a formal group to resolve it. As far as negotiating, I went through extensive negotiations in resolving the Co-op's problems. I settled stray voltage cases, I settled contract claims, I settled other types of claims against the company so that process involved extensive negotiations.

Commissioner Herlihy: "What is the rule as you see it of public relations and marketing for municipal light department with a closed service territory?"

Mr. Farrington: Certainly public relations is an extremely important function to get out there and let the public know what the municipal light department is all about, tell them what kind of services and products it can bring, advise them as to what the rates are like and the competitiveness and what benefits the Department brings to the rate payers and the community. Since the RMLD has a very large industrial base, in terms of marketing it probably involves keeping in fairly constant contact with these customers and this is kind of a combination of marketing and public relations but to understand how they work and listening to them and understanding their problems and reacting to their problems. That is good customer service.

Commissioner Herlihy: "I believe you viewed the RMLD facilities today, could you provide us with a brief overall of your impressions of the system and what you think its strengths and weaknesses may be?"

Mr. Farrington: I was very impressed with the overall system as well as with the people who took me out. I was impressed with their capabilities and knowledge of the system. The system seems to be in very good shape, there is a lot of planning and changing happening with the system. The new substation took a lot of strain off the system in terms of peak times. I had a chance to walk through the garage and see the fleet and was very impressed with that and certainly the office facilities are right up to speed and very contemporary. Overall, I got a very good impression of the tour.

Commissioner Herlihy: "Can you give us an example of how you may have handled an environmental issue or problem in one of your more recent positions and what would you say you learned from it?"

Mr. Farrington: I am actually in charge of a super fund right now on Lake Champlain its called the Barge Canal Superfund. Fortunately, the remedy process in coming to a completion and will be satisfactory. I have been responsible for overseeing the project's progress. I am not involved in it everyday, the extent of my responsibilities to make sure the remedy costs do not significantly exceed the initial budget.

Commissioner Herlihy: "Why come here, why Reading?"

Mr. Farrington: I would like very much to run a company again. I have been out of that business for five years and I have sat back as a Chief Financial Officer in a company that is a little bigger and although it is rewarding job I miss the challenge of being the one who ultimately makes the decisions and being the responsible person on the front line. Some people don't like that responsibility but I did and through very difficult circumstances in healing the Co-op situation and I would like that opportunity again. Geographically it takes some thought to give up living in Vermont but the northern part of Massachusetts is very nice area to live and I don't want to leave New England so Reading is a very attractive choice to move.

Commissioner Hughes: "I just wanted to assure you right up front that if selected for General Manager you would be up front and on the firing line – your wish would be granted."

Mr. Farrington: That is fun, though, some people don't enjoy it but I'd love a challenge and certainly as you said it's a challenge.

Commissioner Hughes: "What is your experience with working with municipal government in conjunction with your current or former positions?"

Mr. Farrington: In my current position I haven't worked too much with municipal government. One thing that comes to mind is we had a Town north of us that wanted to form a municipal gas utility and because of my experience with the public and my experience in Vermont I was the one the company sent to meet with the officials to investigate why they could benefit more from doing this from having Vermont gas just build a line down the road and providing the gas supply. I have been giving the opportunity to find a reasonable solution to that situation which I am working on. I don't get involved with municipalities every day. The greatest involvement I've had in municipalities is I was the Controller of the Burlington, Vermont Electric Department and I did that for about four years. As Chief Financial Officer I was heavily involved with working with the City Treasurer, doing public financing, revenue bonds, etc.

Commissioner Hughes: "How do you feel about dealing with the public, being an open minded individual, assessable, in assessable?"

Mr. Farrington: I like the public. My experience at the Co-op was extremely challenging and difficult, however, there were a lot of nice people out there. There were a lot of confused but nice, hard working people and that kept me going. The trouble the company got into was unfair to the ratepayers and I was determined to see them out of it, which I did. I enjoy getting out and talking about issues and being proactive with the public.

Commissioner Hughes: "What has been your experience in your previous positions in dealing with different cultures that exist in your previous assignments?"

Mr. Farrington: I've seen and worked with many different ways of doing things and how people go about their work day. I changed a lot of things. One time I was driving through the town of Johnson where the Co-op was located at about 9:30 a.m. and there were approximately fifteen of our blue trucks lined up in the center town (Johnson is a very small town). The company had a bad public image, it had financial problems and one of the difficult culture changes I every undertook was getting those truck out of the center of Town, but we did it in the context of the union contract while keep respect for one another.

Commissioner Hughes: "The ex-General Manager made a precedent of working from home, setting employees up at home with computers, faxes, etc. After he left the Board determined nobody should work from home, however, some employees still work from home. As the new GM what is your theory on this process and if you agree with working from home, how would you distinguish who was qualified and allowed to do this?"

Mr. Farrington: To be honest, I live forty-two miles from the office I have an arrangement where I can work at home one day a week. I am the Secretary to the Board of Directors and am responsible for making extensive financial presentations to the Board of Directors and build up a lot of similar work that I can do from home as oppose to try conducting day to day responsibilities. As a CFO it's a little different from being the General Manager. The General Manger probably has to have an ongoing presence and that is a consideration. As far as other employees you have to consider the circumstances on a case-by-case basis.

Commissioner Hughes: "What would be your thoughts of reorganization and how would you be involved in a hands-on daily source of operations as General Manager?"

Mr. Farrington: Reorganizations can vary in the extent and I would have to be here for a while to determine what type of reorganizations are needed. Looking at it from a distance I don't think I could comment too much on that right now.

Commissioner Hughes: "If selected General Manager, would you relocate into the service area of Reading Municipal Light and would you be seeking enumeration for this move?"

Mr. Farrington: As General Manger, its obviously I would have to relocate because I can't commute from Vermont. Candidly I don't know how to address that question because I am not familiar with the availability of the market is for places to live.

Commissioner Hughes: "If selected General Manager, would you relocate into the service area of Reading Municipal Light and would you be seeking enumeration for this move?" (continued)

I live in a very rural area, we are accustomed to that although we do not expect to live in that same type of situation, however, we would like to have some land and I don't know if that is available here or whether that would require not living in the service territory. And, yes, I would expect remuneration from the Department to complete the move.

Commissioner Hughes: "As General Manager, what measures would you take so the employees can speak freely without fear or retribution and retaliation?"

Mr. Farrington: That is a tough process. At the beginning of the process employees probably are sometimes reluctant to be open and I do take an open door approach. If you ask the people who have worked for me you will find I am a very reasonable person and I can usually offer constructive advice for people's advice for ideas and problems. At the Coop people became very comfortable talking to me with open minds.

Commissioner Hughes: "Before I go further, could you reiterate further as to your relocation into the service territory and qualifying the distance as to where you live now to the position here at RMLD. Would you consider relocating?"

Mr. Farrington: Yes, absolutely. I'm sorry if I was not clear on that.

Commissioner Hughes: "What is your management style, and how do you think it will fit with the current organization?"

Mr. Farrington: My management style is one of delegation and trust. I allow people to do their jobs. I see myself as an advisor and I don't look over people's shoulders, follow them around and worry about what they do every minute. I let them just do their jobs. In most utilities, you will find very competent, capable people and they should be allowed to do their jobs. The GM job is to provide direction and leadership, assist them with questions and/or concerns.

Commissioner Hughes: "How comfortable do you feel dealing with the Press and news media. Do you believe in the public right to know what goes on internally at the RMLD?"

Mr. Farrington: I thoroughly enjoy dealing with the media, I like the press. I have worked very hard in Vermont to get the press in a positive mode particularly about the Co-ops. I have done television interviews, newspaper interviews, I have a scrap book of articles which were written over the twelve year period of the time I worked at the Co-op. Its important to build a positive relationship with the media and its important to have trust and be able to talk openly. I totally support the media especially in a publicly owned company.

Commissioner Hughes: "Are you, or have you ever been, under investigation by the Inspector General's Office or the State Ethics Board in Vermont or where you previously worked?"

Mr. Farrington: No, never.

Commissioner Pacino: "This question was submitted by Roger Lessard, Chairman of the Citizen's Advisory Board - Have you dealt with private citizen's Board such as the CAB and what do you see the role of the CAB?"

Mr. Farrington: I haven't dealt with the Citizen's Advisory Board per se. As the Manager of the Co-op, I worked for a very large, fifteen member Board of Trustees. In going through the process there were various organizations that were formed basically over the concern of the Co-op's destiny. Since organizations were made up of concerned ratepayers I met with them and went through a process of what was going on, what my ideas were in terms of resolution for the problems. The particular service territory was in very bad shape when I began my position at the Co-op, etc., so the ratepayers formed citizen's organizations to address certain problems; their concerns were usually right so we responded to them. That is the extent of my involvement; we did not have a lot of permanent committees external to the Board in that situation. I understand the CAB role as having representation from the other Towns that RMLD serves and the process works I certainly support that type of structure.

Commissioner Pacing: "The next question I have has been submitted by an employee – The New England region is currently preparing radical changes to the wholesale electric market known as the Standard Market Design. This could have an significant effect on the cost of RMLD customers, please discuss your knowledge and experience to date in developing the SMD rules and briefly discuss your strategy to hold costs associated with the SMD down."

Mr. Farrington: I am not familiar with it, I wouldn't attempt to answer the question. I just don't have enough knowledge about that particular process to respond. I apologize.

Commissioner Pacino: "You are viewed as a financial man, I know you had addressed the technical side during the Search Committee interviews, do you want to take the opportunity now to address what you would do on the technical side if you were the GM?"

Mr. Farrington: Administrators in the utility industry can come from the financial side, they can come from the technical side, the marketing side, etc. I don't think that anybody has extensive experience with all those professions so what a successful administrator does is draws on the expertise of the people and their knowledge of their each specific responsibility and that is key. I just happen to be on the financial side and when I ran the Co-op one of my first responsibilities was to find the best possible distribution engineer I could find. The system was in disrepair and I really needed that type of advisor and I found such a person and it worked very well. I can understand a budget, a can prioritize project when they are explained to me and that is an administrator's responsibility. It could also work the other way, an administrator could be an engineer but then they would have to rely on the financial people. Its not often you find extensive experience in both.

Commissioner Pacino: "This question was submitted by a citizen – The Reading Town Manager and the Board of Selectmen are suggesting the RMLD offer a discounted rate for Town schools and other municipal buildings to be applied to all four Towns. What is your opinion to cross subsidizing Town facilities through rate payers electric bills?"

Mr. Farrington: I question whether that is the way to provide the subsidies, maybe the subsidies be provide by these contributions in lieu of taxes? Should the Light Department be doing multiple subsidies or should they be doing one focus subsidies and then the Town can decide how to allocate those funds to the various other departments?

Commissioner Pacino: "How would you address the cross subsidization with the non-municipal rate payers who would be paying, in essence not the discounted rate, but a high rate?"

Mr. Farrington: It could probably be done more effectively with a contribution in lieu and then the Town should decide where the subsidies should be directed.

Commissioner Pacino: "I have several questions from employees which are the same so I will combine into one question – How would you deal if the Town Manager or the Board of Selectmen, or both, tried to interfere in the policies and operations of the Light Department?"

Mr. Farrington: It would be the General Manager's responsibility to develop an effective communication and relationship with the Town Manager. The individual will have to address that problem somehow. The extent of that problem can vary based on individuals and that is going to drive the challenge. I don't have any knowledge of what that problem may be here, if any, but I think that would be an important responsibility for the GM to address.

Commissioner Pacino: "Why did you leave the Co-op?"

Mr. Farrington: I left because we went through a twelve year process of addressing both Co-ops financial responsibilities and one of the parties that did not elect to settle with us over the time to the extent of the regulators would approve was the world utility service. One of the things that happens when you are in default to the Federal Government, the Department of Justice gets involved as their attorney and they legally oversee these programs. We went through two restructuring proposals with the Vermont Public Service Board, which is the regulatory agency in Vermont and they rejected both of our restructuring proposals as they thought they were too fat in terms of the repayment. Therefore, we had to file Chapter 11 bankruptcy. The debt was owed by the Vermont Electric

Commissioner Pacino: "Why did you leave the Co-op?" (continued)

Generation Transmission capacity and through the litigation in front of the Federal bankruptcy judge we had a plan to settle every obligation that the Co-op had to all its creditors and were working toward something called a Consensual Plan, again, the Federal government would not get on board and would not negotiate and because of that they put themselves at risk in terms of what return they would get out of the process. They finally were convinced they had to negotiate but the write down on the debt they had to take was extensive, in the tens of millions of dollars. They finally agreed to do it but they ask me to resign. So, for the ratepayers best interest and I was offered financial security until I found another job and if I did not do it the case would have gone on and we already spent thousands of dollars in legal fees so I decided to do it – it was a win-win situation.

Commissioner Pacino: "This question was submitted by Fred Van Magness, a member of the CAB – What is the biggest reason why we should hire you as a General Manager?"

Mr. Farrington: I recognize that there some problems here, I recognize you need a leader to establish areas where credibility has declined. I realize you don't have the operational and financial problems that I have experienced in my past position but I know you need a leader. You need someone who can step in front of the employees and be a leader, you need someone who can step out in front of the media and the public in the Town and be a leader. You need someone who has no baggage to claim, who can communicate with the Town, establish new and positive relationships. I've done that in my background and I can provide you the same type of experience I have provided the Co-op.

Commissioner Soli: "Its sounds like the Federal Government has not run these Co-op programs very well during the bankruptcy."

Mr. Farrington: They have multiple situations around the Country where they got involved in lending money for nuclear construction business. These Co-ops were formed all over the country and the power was going to be a two to three cents per Kwh and it ends up being fifteen, sixteen, twenty cents per Kwh and they kept putting the money in and when the plants went on line and produce electricity they couldn't get the rates from the regulator to pay back the loan. There were several that went bankrupt. In states they are not regulated and there is no oversight from the regulatory agencies, they go in and restructure the debt at a minimum and they have these huge load growth expectation so it will generate the revenues to pay the debt back, they do it for two years and realize it doesn't work out. It happens all the time, in our case we made every effort to settle, it wasn't like we pulled the plug and gave up and they always said it was too much to pay back.

Commissioner Soli: "What shape is the Co-op in now?"

Mr. Farrington: It is in good shape now. It worked for them and they had the opportunity to become a real company. They were no longer borrowing money from the Federal Government. We went to a credit rating and went to the private sector and borrowed the money.

Commissioner Pacino: "If you were selected General Manager, your first ninety days what are your three top personal goals?"

Mr. Farrington: The first goal is to meet and understand the employees and what they do and for us to get comfortable with each other. The second goal would be better understand the legal structure and the laws that regulate the operations of the utility. And, the third goal would be to start the bridge building that broke down between the Towns and the utility and figure out how to make that situation better.

Commissioner Pacino: "You have time for questions of us or closing remarks."

Mr. Farrington: "What is your perspective in terms of what the healing process is going to take?"

Commissioner Hughes: At this point, I as the Chairman of the Board, the healing process started upon the termination of the ex-General Manager over one year ago. The RMLD was a floundering ship but now the ship is up and sailing and it will continue to sail and we will get the ship righted. At this time, the Department is getting back to gain the respect they had, forever exhibiting qualification of providing service to the rate payers and it's a never ending process to keep good relationships going but I feel competent of the capabilities of the staff, employees, line department and the other departments here that we are all on the same page.

Mr. Farrington: "What is your perspective in terms of what the healing process is going to take and mending the bridges between the RMLD and the Town?"

Commissioner Hughes: At this point, I as Chairman of the Board and a long associated individual with the Department, the healing process started upon the termination of the former GM over one year ago. The RMLD was a floundering ship one year ago but now the ship is up and sailing and it will continue to sail and we will get the ship righted. At this time, I feel the Department is getting back to gain the respect that they had forever exhibiting quality of providing service to the ratepayers and it's a never ending process to keep good relationships going but I feel confident with the capabilities of the staff, employees, line department, the other departments here that we are all on the same table looking to regain our composure.

Commissioner Pacino: In terms of the healing process, the hiring of the new GM, whoever it may be, will go a long way to healing the process. I am looking for somebody who is going to bring credibility to the table with the employees, the Town, the public and with this Commission.

Commissioner Herlihy: The healing process is underway, I would agree with the hiring of a new GM will be the biggest and real last major step in that process but there is still a lot of work to do. A lot of the problems with this agency before dealt with attitude. This was a very arrogant institution as anyone in the Town could have easily observed so I see a change in the attitude permeating from this place and its very important. Going back to the basics and that is sort of approach is important. Anything we could do to heal the devise is helping out the communities which may have never needed us more than right now; while we are feeding at the trough, they are starving to death so we need to consider that.

Commissioner Soli: The worse is over for RMLD, however, there is still a lot to do.

Mr. Farrington: "Are there any immediate operational or financial concerns that you have that need to be addressed right away beyond normal processes?"

Commissioner Pacino: There is a cost of service study that is presently underway in adjusting the rates because the rates are being over recovered. As far as legal, the Town is looking to do something about the vacation buyback and bonus pay, some sort of bylaws.

Mr. Farrington: "What are your thoughts on Deregulation?"

Commissioner Pacino: My thought is that it is a failed experiment, I don't think it got anywhere near where it was suppose to end up. I don't see a lot of changes that actually have taken place and, fortunately, we haven't ended up like California and once California had its own problems everyone across the country realized deregulation may not be a good idea.

Commissioner Soli: Years ago there was a discussion shortly around the time of the vote for deregulation. A former State Legislator which is now the Executive Director of the Massachusetts Municipal Association noted wisely the IOU's did not raise one objection to the deregulation, not one objections. We have recently seen a light bill from New Hampshire, 15.1 cents per Kwh from a Co-op. The first level of transmission charge was equivalent to the power cost and then out of this \$54.00 bill itemized there was about \$8.00 of stranded cost, i.e., Seabrook. RMLD has a part of Seabrook but have no stranded costs.

Commissioner Herlihy: Deregulation is a large part of the reason why we are here today. Deregulation help set up atmosphere in which the previous administration at RMLD thought we could afford get into certain ventures that we were not able to do before prior to deregulation and it led to a lot more travel, led to a lot more outside ventures that a lot of people wished we hadn't gotten into. Voters were told deregulation wouldn't have any impact on public power, being a local public utility, however it affected a great deal.

Mr. Farrington: "Thank you. I can appreciate the process you've gone through and certainly I am not directly involved in it although I have been involved in a situation where the system broke down and it's a very difficult one. The media tends to focus on the situation, its extremely difficult for the employees and it does take a while to heal and get the process back to where it was before everything broke down. Therefore, I think I could be a very positive element of that healing process based on my experience in successfully putting a situation back together. And, in a similar way, establishing credibility by allowing accountability to a process and being more open. Since I've done that successfully I have that experience to offer while providing leadership to the employees and add a great deal of positive input to that. Thank you very much for having me back.

Mr. Pacino explained the next step in the process which is interviewing one more candidate, then the Commission will meet on February 6th and then at which point there will be a full discussion and a recommendation that the Commissioner will arrive. Then there will be a Subcommittee consisting of myself and Commissioner Soli who will meet with the recommended person to negotiate an employment agreement at that point.

Meeting Recess: 8:10 p.m.

Chairman Hughes called the meeting back into session at: 8:30 p.m.

Second interview: Mr. George Leary

Commissioner Hughes re-opened the meeting by introducing the second candidate of the evening, **Mr. George Leary.**

Commissioner Pacino explained the format of the interview for this portion of the meeting as well stating that he will be doing a short introduction followed by each Commissioner having fifteen minutes to ask questions. At the end of the Commissioners' fifteen minute segments, Commissioner Pacino stated he will ask the questions that were submitted by the public, Citizen's Advisory Board and employees. At the end of the interview the candidate will have fifteen minutes for a closing statement, if he so chooses. Commissioner Pacino stated the Commission is looking to hire a General Manager under the powers of Chapter 164 as amended. Commissioner Pacino said he knows Mr. Cameron is well aware of the recommendations by the Ad Hoc Committee so he did not believe it was necessary to review those recommendations.

These meeting minutes are not verbatim.

Commissioner Pacino: "What does Public Power mean to you?"

Mr. Leary: Public Power means public service, municipal utilities in particular are here for the customers. Municipal utilities are not here to make a profit, we are not here for the stockholders; we are owned by our customers and that makes a big difference. The customers at municipal light departments understand that and usually municipal light departments have a high customer approval rating because they are providing that kind of service. Public power means public ownership with low rates and local control.

Commissioner Pacino: "What are your feelings of restructuring or deregulation?"

Mr. Leary: Restructuring has met a lot of turmoil in the industry, I'm not sure we have accomplished anything on the retail level. Restructuring on the wholesale level makes some sense where there are competitive markets where the customers are still protected but on the retail level to have competition among electric suppliers does not make sense. The people in California learned a hard lesson as to what can go wrong. I think its something that may come over time but we should move slowly. We've tried in Massachusetts to restructure both the wholesale and retail markets at the same time and it did not work. As a practical matter, there is not competition on the retail level at this point.

Commissioner Pacino: "Where do you think the future should go?"

Mr. Leary: I think the light departments have to be prepared for competition even though it may be further off than we first expected. That means keeping costs low, it means having a good and reliable power supply and it means being innovative. In this particular area of the State there are transmission constraints and the customers will have to start paying for those transmission constraints. People in transmission constrained areas are not going to have to pay a premium and a strategy needs to be developed in order to address that, possibly on-site generation at the customer's premise.

Commissioner Pacino: "What is your experience in dealing with power supply agencies and joint action agencies?"

Mr. Leary: I don't call myself a founding father by a long-shot but I was present at the founding of MMWEC which was the first joint action agency in Massachusetts and obviously a power supply agency. I have a lot of experience in power supply. I worked as the Manager of Holyoke Gas and Electric for twenty years and we had our own power supply and worked with the joint action agency. I later worked for MMWEC for over two years, working with the other municipal utilities trying to build power supply and solve common problems.

Commissioner Pacino: "What is your experience in budgeting?"

Mr. Leary: In Holyoke and MMWEC we had to develop both a capital and operating budget every year and we reported monthly on budget progress to the Commissioners. Our budget was also submitted and approved by the City Counsel, therefore, I am used to putting together a budget, living with a budget and reporting to the Commission on the budget.

Commissioner Pacino: "What is your approach to setting the budget up?"

Mr. Leary: I try to do zero based budgeting, but as a practical matter experience is the biggest factor considering what happened in the past. Power supply is probably seventy percent of the budget and that can be predicted fairly accurately. We were generally within a few percent of power supply projections, of course the weather month by month can effect that and unit outages can effect it, but by the end of the year we were generally very close in our power supply projections. Another fifteen percent is personnel and that is well known costs so there is no reason why, at least in aggregate, the budget cannot come fairly close.

Commissioner Pacino: "In view of the things that have gone on in the Light Department here, what controls do you think should be in place to prevent misuse of funds?"

Mr. Leary: The best control is having good people. The system is only as good as the people operating it. My feeling is normal accounting controls, which I would expect you would have, is adequate as long as people are being forthright and honest. Beyond that there are auditors, both internal and external, accounting and the Commission getting reports. Therefore, normal controls is all that is required.

Commissioner Pacino: "What is your experience in setting rates and how would you go about setting rates?"

Mr. Leary: I have a lot of experience in setting rates. In Holyoke we sold gas, electric and steam. Rates traditionally in this business have been cost of service. With restructuring cost of service is important. You need to know your costs but it is the value of service and the competitive factors that are going drive rates in the future. We are looking at a different ball game in rates. You need to know your cost so you don't sell below costs, however, your rates also have to reflect what the competition is doing. If your competition is charging less in one area then in another then you need to match that or you will lose customers. Although we are not at that point we need to be prepared for it.

Commissioner Pacino: "Given the recent strained relationship between the Reading Town Hall and the RMLD, what would you do to improve this?"

Mr. Leary: You have to communicate and work with people. I can see where the RMLD had a serious problem and a lot of people are angry and rightfully so. The problem here, however, is in the past. Now, it's a matter of getting to a more normal relationship and I have a long history working with communities. The item you addressed is more pertinent in Reading, you have to mend fences and build trust. Building trust takes time, it is not something that is going away overnight and having a new GM is going to go a long way to building trust.

Commissioner Soli: "In buying power, how should Reading strike a balance between long term and short term contracts?"

Mr. Leary: Power supply strategy is going to be key to your competitiveness in the future. Right now, short term prices are low, you could be heavily into the short term market today and do well; but you really have to look down the road to determine what the need will be in three, four or five years. In this business, we used to plan for thirty years and build power plants, however, I don't think we can plan for thirty years anymore. In fact, long term planning is now like five years, we will be more like industry and less like the traditional utilities. The safest thing is to be diversified and have some long term, short term and some ownership maybe, some contracts. The Commissioners must make the decision as to where they are comfortable.

Commissioner Soli: "You are probably aware of the March 1st decision time of opening up our service territory, would it make sense to open our service territory this year?"

Mr. Leary: No, I don't think so. The customers aren't asking for it to my knowledge and I don't think it helps anyone, it adds a tremendous amount of cost because once you open your service territory, you need to have billing and accounting systems to track every Kwh that comes in and whose Kwh is it, where did it go and what time of day did it happen so you can bill that. It can be done, however, it is expensive and it adds a lot of overhead. Unless there is strong reason to do it I would say, no.

Commissioner Soli: "You spoke briefly of congestion and congestion costs can New England, and particularly the Boston, area have a transmission melt down?"

Mr. Leary: No, I don't think so. Transmission meltdown is not a pressing issue, you could have a cascading outage as we had in 1965 and haven't had seriously since, however, we've build a lot of protection against that sort of thing happening. To the extent that generation has to be run in the North Shore area in order to keep the transmission lines within limits, the people in this area are going to pay for that extra cost and the only thing you can do to counter that is to build transmission or build generation. Mr. Leary elaborated on his ideas of building on-site generation.

Commissioner Soli: "Tell me if I understand this properly. As a large industrial user having the space, we could financially build some sort of generation on site and that would be part of this utility - is that what you are saying?"

Mr. Leary: Yes, and that could be done in partnership with the customer so we could not only provide electricity but could provide heating or cooling. When you make electricity from fossil fuels or nuclear, traditionally two-thirds of that energy gets thrown away. In the more modern combined-cycled plants you're probably up closer to fifty percent of that energy being utilized and the rest of it being thrown away. You can have much greater efficiencies with on-site generation if you match it up to a load that can use the least heat.

Commissioner Soli: "Shifting to some management style questions - how often do you hold staff meetings and what functions are the meetings used for?"

Mr. Leary: It has been my practice, at both Holyoke and MMWEC, to have weekly staff meetings. I use those staff meetings not only to coordinate between the Manager and the key personnel but also to give the key personnel a chance to talk to each other because they don't always talk to each other. It is a chance for everyone to get together and exchange ideas. What I tell my people is that this is your chance to be heard, you make your point here, we reach an agreement and then I expect everyone to stand by whatever decision we've made. I am not an autocrat, I don't think I am the only one who knows the right answers and I most always go along with the group. There are times when I don't only because I know things they don't know or understand something they don't.

Commissioner Soli: "Two part questions about grievances. At Holyoke how many grievances were filed per year on average and what was your approach to the handling of the grievance?"

Mr. Leary: The number of grievances varied in direct proportion to whoever was the President of the Union at the time. Some people were more contentious than others. I would always try to settle a grievance. I did lose one arbitration although I can't recall what it was about or what the occasion was but I almost always won arbitrations. The reason I almost always won wasn't because I was always right, it is just that we didn't go to arbitration unless we had a very strong case. I'd say, on average, two or three grievances per year; some years you have none and some years you have five or six.

Commissioner Soli: "What was your approach to labor negotiations?"

Mr. Leary: I think some called it "principal bargaining" there are all kinds of names. The Commission would provide parameters for the negotiation, and the Manager and some of the key staff as well as the labor counsel would sit and negotiate with the Union. The Union represented approximately 85% of the people. There is only one union that covered all, office, line crews and management people. Depending upon the parameters we were given, sometimes it would take over one year to reach an agreement other times we would reach an agreement in weeks. We tried to be fair and reasonable. I would always take the approach that I didn't want anything in the Contract that was counter-productive.

Commissioner Soli: "What was your approach to labor negotiations?" (Continued)

My approach is to talk about the dollars and how we can be more productive. We were very successful, we had one of the better labor agreements and everyone was content and felt they were being treated fairly.

Commissioner Soli: "Regrettably due to business cycles and personnel mismatches there doesn't seem to be anyway to totally avoid them layoffs and firings. Tell us your approach to layoffs and firings and what processes should be followed."

Mr. Leary: Layoffs are very difficult because you are going to lose people who are doing a good job and that is the most difficult. As far as firing someone, in twenty years as Manager, I maybe fired one person. There are those who decided to resign as they saw the light but I only had to actually fire one person. Usually people would leave if they had to. Layoffs are very difficult. In this business, we hadn't had the need to do that very often. We had to lay some people off in Holyoke when we computerized our billing system and realized we had a lot of extra people that we didn't need but we all saw it coming. We did as much as we could with attrition and we were as sensitive as could we be with the people who had to leave, we tried to make it easy for them and tried to help them find other employment.

Commissioner Soli: "What processes do you think you should use in the case of firing?"

Mr. Leary: You have to go through progressive discipline. You have to build a case if someone is not performing. I think termination can be as much as a management failure as it can be an employee failure. It has been my practice to try and do all you can to get the person back on track. We had an Employee Assistance Program (EAP) at both Holyoke and MMWEC, so if somebody had personal problems you could send them to the EAP to try and resolve their problems. But, in the end if you can't solve the problem any other way and you've built a good record then you have to say, "this is it."

Commissioner Herlihy: "I am asking my first question in coordination with Dan Engsminger, a former Reading Selectmen, who has recently served as Chair of the Ad Hoc RMLD Governance Advisory Committee. As you may be aware the Reading Selectmen are in the process of reforms considering the RMLD Governance. One of these reforms is to have the Light Board, rather than the GM, hire the RMLD Counsel both special and general and the Accounting Manager as well with the GM having day-to-day supervision over these individuals. Are you comfortable with these reforms and if they are enacted into law how would you work with the Light Board to implement them?"

Mr. Leary: The Manager and the Board have to work together anyway. If the Manager and the Board aren't in sync, then something is wrong. I had a particularly negative experience at MMWEC when the Board hired General Counsel and the Manager had to live with him so I am a little bias with that, however, this is a very different situation. I have no problem with either of these hires. They are probably unnecessary, they presume that the GM on-board isn't on the same page and they should be, but I have no problem with either one, it can work. In fact, in most large corporations, the General Counsel is hired by the Board or certainly hired with the blessing of the Board. In private companies there is usually an internal audit and/or an Audit Committee, somebody on behalf of the Board is watching the books. I would have no problem with either of these, I don't think they are necessary, but I understand why it may be done.

Commissioner Herlihy: "Can you give us an example of how you mediated a possible legal issues, a grievance, a political inquiry, or complaint or HR issue without the use of legal counsel?"

Mr. Leary: Basically, all of the above. The biggest issues I had to deal with while I was at MMWEC was litigation between every utility in New England against Northeast Utilities on the operation of Millstone III. We had two fronts. A litigation front and an arbitration front because the Contracts required arbitration. I settled on behalf of MMWEC. There was myself, a representative of United Illuminating and a representative of Vermont Electric Power and we sat down with the President of NU at Bradley Field and hammered out an Agreement, no legal counsel, no advisors, nobody else in the room. Although it wasn't easy, we cut a good deal.

Commissioner Herlihy: "What personal traits or characteristics do you possess that would help this department reduce its legal costs?"

Mr. Leary: Maybe because I am more of a consensus builder, I don't believe in fighting if you don't need to fight. I am not a contentious person so that may help. I don't know what your legal costs are like but there is basically two or three fronts; the labor side, the federal issues and the day to day legal issues on the state level which are few and far between.

Commissioner Herlihy: "What is the role as you see it of public relations and/or marketing for a Municipal Light Department with a closed service territory?"

Mr. Leary: I think a public relations is more community relations. I think this particular utility does an outstanding job at that from what I've seen. There are a lot of activities where you are involved with the community. That is a policy manner, how much effort does the Commission want to spend on community activities? I believe in being heavily involved with the community but I don't think you need to spend a lot of money, you need to be involved with community groups. I did a lot of that myself and I always encouraged my people to get involved and I would support them, either financially or otherwise to get involved with the community. As far as Marketing, we have gone through cycles and there are times when more Kwh sales helped to lower costs. So, to the extent you can bill Kwh sales you can maybe lower costs. There have been other times when reducing Kwh sales would reduce costs. You need to plan ahead and decide what your power supply strategy and where you will be.

Commissioner Herlihy: "I believed you toured the RMLD's facilities, could you provide us with a brief overview of what you perceived the system's strengths and weaknesses and other observations if you had any."

Mr. Leary: I was impressed with the enormity of the substations. The Gaw substation was one of the biggest substations I've ever been in. Well maintained from all appearances. There seems to be enough capacity to cover the load quite comfortably and from what I'm told there are areas that need attention, but there always will be because you have a growing load. I thought things were in very good shape and in very good hands. I was very impressed by that.

Commissioner Herlihy: "Can you give us an example of how you may have handled an environmental issue or an environmental problem in one of your recent positions and what did you learn from it?"

Mr. Leary: In Holyoke, we had a gas orks, this is one of the biggest environmental catastrophes you can imagine. A manufacturer has gas plants that are all over the state and Holyoke is a superfund site. Gas is manufactured there between 1850 and 1950 and half of that time Northeast Utilities operated that plant, and half of that time Holyoke operated that plant so not only did we have clean up issue we had an argument over who was going to pay for it. You have to work with the state and the federal people to try to arrive at a reasonable resolution as to what should be done, who should pay and what the schedule should be but that will cost millions of dollars to clean up. Although we had some insurance that had been exhausted and the rest was going to be on the ratepayers. That was an extreme case but a lot was learned during that time.

Commissioner Herlihy: "Why Reading, why do you want this job? Why come here?"

Mr. Leary: Because its here. Reading is a big system, it's a challenge but it's a system that I've always admired. My impression of Reading is a system that is well run with a very involved Commission. I can remember people like Mr. Spurr and John Crooker. John, in particular, was a very strong personality. I worked with him and I worked with Phil Pacino, Allan Ames and Fred Nemergut. I've known a lot of the Commissioners over the years and they have always been good people. I feel it would be a pleasure to work here.

Commissioner Hughes: "What is your experience working with local municipal government in conjunction with your current or former position?"

Mr. Leary: When you are in charge of a light plant, you are working with all the other City departments. In Holyoke, it was the Mayor and the City Counselors.

Commissioner Hughes: "What is your experience working with local municipal government in conjunction with your current or former position? (Continued)

Mr. Leary: I had a very good relationship with all of them and had good support from both, the Counselor and the Mayor as well as other department heads. I was trained that some people have to run for election and it is my job to look out for them; I get paid, for the most part the public officials didn't get paid, so it was my job to help them along.

Commissioner Hughes: "What was your employment relationship with MMWEC?"

Mr. Leary: When I was first at MMWEC, I was on the Board and held various offices. My first position at MMWEC was Treasurer, I was the second Treasurer at MMWEC. Next, I was President for MMWEC for a year or two before becoming a Board member for ten years. I got off the Board in the early 1990's as I felt I did my turn, let someone else do their turn. We also had a big project in Holyoke, we were trying to take over a hydroelectric project and that was two full time jobs by itself. Then, MMWEC came to me after one of their Managers had left and ask me to take the position and I did.

Commissioner Hughes: "Why did you leave MMWEC?"

Mr. Leary: I left MMWEC because I had some differences with the way things were going. I made some tough decisions, I felt I was expendable at MMWEC and I wanted to do what was right. I had a very different view of MMWEC than most of the GM's because I felt like I had some ownership. I took the job expecting it was a short term job and it was but I lasted four times as long as the prior GM.

Commissioner Hughes: "If selected as a GM for RMLD, how long would you consider serving in that capacity as GM?"

Mr. Leary: Probably as long as you would have me. I wouldn't come here expecting this was a short-term assignment and it hasn't been over the years. The GM position at RMLD has been very stable employment, you don't have a history of changing General Managers very often. I would expect this would be a long-term assignment.

Commissioner Hughes: "The ex-General Manager made a prescedent of working from home, setting employees up at home with computers, faxes, etc. After he left, the Board determined nobody should work from home, however, some employees still work from home. As the new GM, what is your theory on this process and if you agree with working from home how would you distinguish who is allowed and not allowed to work from home?"

Mr. Leary: I think you should work from home but that is after you put your hours in at the office. In other words, if you put eight hours in at the office then you are free to work at home although you don't get paid for that. I don't know how you would know someone is actually working or not. At one time, I felt we should try and find a job that working mother's could do on a computer from home but could never figure out how to control that, how to make that work so I never did it. My view is anyone is free to work at home but don't expect to get paid for it and don't count it toward your time in the office.

Commissioner Hughes: "What are your thoughts on reorganization and how would you be involved in the hands-on daily power source and distribution operations?"

Mr. Leary: I certainly haven't formed an opinion on that, I don't really know about what is happening internally here to know if there are changes needed. I do have a lot of expertise in power supply, distribution and in financing so I can think for myself on those issues in order to determine if what is going on works or not. I suspect you probably have some ideas on this as well as some of the employees but I would have to find out for myself before forming an opinion on that.

Commissioner Hughes: "If offered the position of GM would you relocate to the service area for living purposes?"

Mr. Leary: I live too far away to commute so I wouldn't have it any other way. If you are working for a community based organization, you ought to live in the community and be part of the community.

Commissioner Hughes: "Would you seek any enumeration for relocating?"

Mr. Leary: Yes, a lot. It will cost me a great deal to move and I assume the RMLD would make normal arrangements on relocation and that is something we could work out.

Commissioner Hughes: "As GM, what measures would you take so employees can speak freely without fear or retribution or retaliation."

Mr. Leary: It never occurred to me that people would be afraid of retribution or retaliation although I'm finding out that is the case. I have never had that before so we will have to build trust. I try to draw people out, some people called it, management by walking around, but I do walk around and talk to people. The manager's job is to solve the problems of the people who are doing the real work and to interface with the Board and the Community. People will learn very quickly they don't have to be afraid of me.

Commissioner Hughes: "Are you under or have you ever been under investigation by the Inspector General's Office or the State Ethics Board?"

Mr. Leary: No, and if anyone wants to investigate that it would be fine; I have been squeaky clean.

Commissioner Hughes: "Would your management style include the philosophy that you as GM do whatever you want to do without input from co-workers or subordinates simply because you are the GM?"

Mr. Leary: No, I don't work that way. It is too hard to work that way.

Commissioner Hughes: "What would you do as GM to assure the RMLD employees do not lose their jobs as a result of the Town of Reading's interest in downsizing the RMLD workforce and how do you feel about management unionizing?"

Mr. Leary: Well, management will unionize if they feel the need to unionize and I have seen that in other municipal utilities where management was not treated with respect or fairly and they unionized. I didn't realize that either of those things were happening here not did I realize this organization may downsize. If the employees are being treated fairly unionizing won't be a problem but if they are not being treated fairly you can expect a reaction like that.

Commissioner Hughes: "I understand that you've dealt some with media crisis in your current or former jobs. How do you deal with the press, do you believe in the public's right to know what goes on internally at the RMLD?"

Mr. Leary: I do believe in the public's right to know and it wouldn't matter if I didn't because they do have a right to know. I have always had very good relations with the press and always made myself available. I know the media looks for pictures or sound bites or whatever and I've tried to accommodate that so they in turn will reciprocate. You can't do it any other way and be successful.

Commissioner Hughes: "The Reading Board of Selectmen and the Town Manager are in the process of trying to pass legislation to control personnel policies within the Light Department, i.e., prohibit vacation buy back and bonuses. The personnel policies in contract are currently under the direction of the RMLD General Manager and the Board of Commissioners in accordance with Massachusetts General Law Chapter 164. How would you as GM address this current issue?"

Mr. Leary: I wasn't aware there was an issue. I was given the report of the Committee and the recommendation they made and none of that addressed personnel or personnel policies so this may be something new. I am disappointed this is happening it will have a very negative effect on the morale here. You basically have either written, or otherwise, a contract with these people and a way of doing business and changing it is not likely to engender a great confidence or support. You need to bargain for these changes, you need to treat people fairly. In Holyoke we had very different personnel policies than other municipal departments, not to say our policies were better or worse, but they were different because they fit our needs.

Commissioner Hughes: "How would you deal with that as GM, how would you initiate communication?"

Mr. Leary: You have to understand why they want to do this, what do they hope to accomplish, why does the Town feel they would be better off if those changes are made but in the end it is the Commission who has that responsibility. It's the Commission that is elected and if the public wants these changes it will probably make those feelings known at the ballot box.

Commissioner Pacino: "The questions I am about to ask is submitted by citizen's, employees, and other concerned parties – the first one is submitted by Roger Lessard, Chairman of the CAB. Have you dealt with private citizen's boards such as the Citizen's Advisory Board and what do you perceive as the role and function of the CAB?"

Mr. Leary: When I think of the GM's job, it's a big job interfacing with the community when you have one community, now its going to be four times as big a job if you have four communities. The CAB can be very helpful to the GM to cover four communities. The CAB would be very helpful and they could serve as the conduit between the communities and the GM. I don't think it's a substitute for getting involved and getting one on one relationships with the Town or the other Towns. I think it would be very helpful.

Commissioner Pacino: "The next question I have has been submitted by an employee. The New England region is currently preparing to implement radical changes in the wholesale electric market noted as Standard Market Design (SMD). This could have a significant effect on the cost of the RMLD customers. Please discuss your knowledge and experience to date in developing the SDM rules and briefly discuss your strategy to hold costs associated with SMD down."

Mr. Leary: I think we talked about that already. This has been coming for a long time. During my time at MMWEC, we were working on that issue and it's a major transition for the independence system operator and have in place and have it work. There is going to be some rough road in the initial months because it is such a big change but it will impact certain areas and I believe this is one of them. You will be paying premium prices at certain hours of the day and there is basically two choices: bill transmission or bill generation. They are sending that market signal to us. I think we have to take a hard look at building generation and I think on-site generation is the best option. The other is maybe there is an opportunity to control some load. I don't know how significant that can be, load control is a lot of work and it is difficult. During my tour today I was shown a large freezer operation in a frozen food company that can be shut off for four hours at a time so maybe make a deal with people like that when you are paying higher premiums. I don't know how significant these costs are, I have never seen a projection of that but I am sure your people have those projections and to the extent there are ways to mediate those costs you have to develop a strategy.

Commissioner Pacino: "This question was submitted by a citizen. Due to the Town budget constraints, Reading Town Manager and Selectmen are suggesting the RMLD offer a discount rate for the Town schools and other municipal buildings. This would be applied to all four Towns. What is your opinion on cross subsidizing town facilities through ratepayers electric bills?"

Mr. Leary: This is as old as the municipal Light Department business. Taxpayers versus ratepayers, one group of customers as oppose to another. I think every community does what works for that community. There are forty municipal light departments in Massachusetts and there are forty ways of doing these things. We have to work with what makes sense for Reading, Wilmington, Lynnfield and North Reading. This is very sensitive territory, there are communities with municipal rates and the municipalities are given lower rates and it works for them. In this service territory you need to do what works here.

Commissioner Pacino: "I have a series of questions from employees that I have broken down into one question. If the Town Manager and/or the Board of Selectmen wanted to interfere with policies and procedures with the light Department, what would be your approach to handling that?"

Mr. Leary: Interfere is a loaded word. I'm sure they wouldn't want to interfere but you are telling me something is going on and its got to be worked out. I'm not sure what the motivations area. Typically, the pay scale and benefits of the Light Department are better than other City Departments and there is a reason for that and you need skills that are not easily come by. People need to be trained well, you are working with dangerous instrumentalities so there are reasons why things are different at the Light Department.

Commissioner Pacino: "I have a series of questions from employees that I have broken down into one question. If the Town Manager and/or the Board of Selectmen wanted to interfere with policies and procedures with the light Department, what would be your approach to handling that? (Continued)

Maybe you need to get that point across. The Commissioner is answerable to the voters and it's the voters that ought to have their say. You also need to be sensitive to the needs of the Town Manager and Selectmen. I don't have the answer to that but it is a problem.

Commissioner Pacino: "Looking at your resume, I need for you to clarify what you are doing now at this point in time since you've left MMWEC."

Mr. Leary: I am looking for my next job and it is not easy.

Commissioner Pacino: "I have a few questions from Fred Van Magness who is a member of the CAB and also a Citizen at Large. What three examples of activities would your peers say demonstrates your leadership capabilities and how would they relate to you being the next GM?"

Mr. Leary: I think community involvement is something I have exhibited a lot of leadership on. I have been involved in United Way, Chamber of Commerce, Rotary Club, Hospital Board of Directors, Bank Board of Directors and those type of things and tried to show some leadership in that area. I found that my co-workers were willing to similarly get involved and I supported them on that. I tried to set a good example on work ethic, I don't feel the GM has any more right to come into the office late than anyone else so I tried to set a good example. It wasn't always easy because of things I got involved with but I always tried to be early to the office and late to leave even though some of these things I could have taken home with me. I tried to put in as many hours in the office, if nothing else, to set a good example.

Commissioner Pacino: "Your biggest disappointment and looking at 20/20 hind sight, what could you have done differently?"

Mr. Leary: That is tough because I don't have any big disappointments. I am the kind of person if you give me lemons, I try to make lemonade, so I really don't know how to answer that. Maybe I have been lucky but I feel as though I am proud of everything I've done.

Commissioner Pacino: "If you are the successful candidate, in the first ninety days of your tenure, what are your top three personal goals?"

Mr. Leary: I would expect the Commission to tell me that. I would need to know what the Commission wants, that is number one. I need direction from the Commissioner, my goals are somewhat less important than yours. Beyond that I want to assess the strengths and weaknesses of the staff and assess their recommendations. The other would be to have discussions with some of the Town Fathers in Reading and the other communities to determine what they are looking for and what do they want. Then, I would try to put this together. Obviously, there are some other fires to fight that I wasn't aware. I don't know what I would do to help with that, I'm not a local person and I don't have a lot of political clout in the Town of Reading although I probably have some credibility and would be willing to put that on the line and speak from years of experience in the business.

Commissioner Soli: "The Advisory Board came about from the 1980's when the other Towns weren't happy so we now have the Twenty Year Agreement. I wondered would you be comfortable dealing with four communities of RMLD consumers when Reading buys only thirty percent of the power. Reading is the minority although it has our name on it, but we are the minority. Was it at all like that in Holyoke?"

Mr. Leary: Only a little bit. We sold gas in the Town of South Hampton and that was an emerging business. During my tenure as Manager, we got the franchise to sell gas in South Hampton because there was no gas supply there. There was some issues and I tried to be guided by what I was seeing in other communities, particularly, Reading. We did have a good relationship with South Hampton. There were issues in Holyoke saying, "why are you spending all this money in South Hampton to build gas lines?" The answer was, "to save you money on your gas bill in Holyoke." People found that a little hard to follow at times. So, we had to convince people this was a good investment and in the intervening years it turned out to be much better than we at first thought so I had some flavor for that.

Commissioner Soli: "The Advisory Board came about from the 1980's when the other Towns weren't happy so we now have the Twenty Year Agreement. I wondered would you be comfortable dealing with four communities of RMLD consumers when Reading buys only thirty percent of the power. Reading is the minority although it has our name on it, but we are the minority. Was it at all like that in Holyoke?"

We had very good relations with the Select Board in South Hampton and the people of South Hampton were very pleased they were getting gas service they never had. Now, that is just the tip of the iceberg. The RMLD has a full blown service in four communities.

Commissioner Pacino: "What is the biggest single think you would say to us as to why we should hire you?"

Mr. Leary: A lot of experience and a lot of success. I am a proven commodity, you are not buying a pig in the poke here. When I started as Manager at Holyoke I had two hundred people, an electric operation, a gas operation, a power plant and a district heating system which was a very complex system. When I left Holyoke we had it down to a little under one hundred forty people and mainly through attrition and we go our numbers down. There are a lot of reasons we were able to do that and I can't take credit for all of it but we did cut the staff down and I think we treated our people very fairly. I've got a track record, a good reputation in the business. The challenges here for me mostly political ones and that is not unusual. That has really been the challenge over the years. I wish they were technical challenges, i.e., how do we serve this customer, etc. but that is too easy. The job is human relations challenges and public relations challenges. There are other people that are probably every bit as good to do this job but certainly I'd say I am as good as anyone.

Commissioner Pacino: "We have time now if you have any questions of us."

Mr. Leary: I don't necessarily have any questions. I'd like to thank you for the reception I've gotten. I met with Peter Hechenbleikner and was very impressed with him. He seemed very supportive and was very gracious to me, same with Roger Lessard. I felt these were people I could work with. Jim Blomley and Paul Carson took me on the tour. Beth-Ellen Antonio has done great service here and she is a pleasure to work with. I have enjoyed the process and I think you have a very good process. From what I know of the candidates, you won't make a wrong decision, its not a matter of right or wrong, its just a matter of what is the best fit. I am pleased with that and I would like to know a lot more of what the issues are between the Department and the community and I'm not sure why there are even issues. We can't redo the troubles which arose, people make mistakes, but it won't happen again. People do make mistakes and as long as they don't make the same ones twice they ought to be forgiven.

Commissioner Pacino: "Thank you for coming. The next step will be the Commissioner's meeting on February 6th, at which point there will be a full discussion among the Commissioners and the Commissioner will have a recommendation for the next GM. Then, there is a subcommittee which is comprised of Commissioner Soli and myself who will then meet with the recommended candidates to discuss an employment agreement.

Mr. Leary: At what point will your selection become public?

Commissioner Pacino: "Probably right after the meeting on Thursday, February 6th, if the decision is made that night. If the Commission comes to a decision that night. If you want to contact Beth-Ellen she will be more than happy to give you further information on the results."

Commissioner Pacino then thanked the Commissioner and noted both nights worked very well. He stated the Commissioner did good work and they should be complimented. At this point, Mr. Pacino turned the meeting over to Chairman Hughes.

Chairman Hughes reiterated the fact here was a lot of stress, a lot of pulling, pushing and trading, etc., as to determining a person chosen to be the GM to serve the entire system, not individualities were involved in this but for the overall benefit to the system and with the GM Search Committee and the staff here in Department along with my fellow Commissioner, we did a great job, we all participated, and I'm sure next Thursday night you will be satisfied with the GM chosen by your elected Board. Thanks to the viewing community and please join us next Thursday.

Motion to Adjourn

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

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

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

Mr. Philip B. Pacino
Secretary, RMLD Board of Commissioners