

**Reading Municipal Light Board of Commissioners**  
**Regular Session**  
**230 Ash Street**  
**Reading, MA 01867**  
**December 14, 2005**

**Start Time of Regular Session:** 7:40 p.m.  
**End Time of Regular Session:** 9:55 p.m.

**Attendees:**

**Commissioners:** Herlihy, Pacino, Kearns and Hahn

**RMLD Staff:** Messrs. Cameron, Fournier and Seldon  
Ms. Antonio, Cavagnaro, O'Leary and Parenteau

**CAB:** Mr. Norton

**Liaisons:** Mr. Duffy

Chairman Herlihy called the meeting to order at 7:40 p.m. He read the following statement into the record "This meeting of the Reading Municipal Light Department (RMLD) Board of Commissioners December 14, 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."

**Minutes**

**October 19, 2005**

Mr. Pacino made a motion seconded by Mr. Hahn to approve the Regular Session meeting minutes of October 19, 2005 as presented.

**Motion carried 4:0:0.**

**Report of the Chairman of the Board**

**Presentation to Town of Reading Town Meeting**

Chairman Herlihy reported Board that he made a presentation to the Town of Reading Town Meeting in November. Chairman Herlihy said that he reported on the new challenges the Department faces and listed highlights of the last year. Chairman Herlihy clarified that the challenges the Department faces are more external then internal because of the energy market. Chairman Herlihy said that it is a good precedent for the RMLD Board to make this presentation because other Boards in town do this as well. Chairman Herlihy appreciates the assistance in the acquiescence of the General Manager.

**Avalon Easement**

Mr. Cameron said that the Department held an easement on a piece of property off West Street on the Wilmington/Reading line. Mr. Cameron explained that the developers of this property, wanted a clarification on the easement held by the RMLD. Mr. Cameron said that the Department received \$150,000 for modifying the language in the easement. Mr. Cameron told the developers that they also needed to pay the Town of Reading \$245,000 which was owed to them for payment. The monies to the Town of Reading represented monies for traffic abatement.

Mr. Pacino added that the RMLD Board was slated to appear at the Town of Reading Board of Selectmen's meeting on the easement, but were bumped due to over booking. Mr. Pacino did however, see this on local community television and Selectmen Schubert had a question on the future of the easement and the road because the RMLD Board was not present to entertain his question. Mr. Pacino would like the General Manager to answer Mr. Schubert's question.

Mr. Cameron said that the rewording of the easement is such that if the RMLD has to perform additional building in the easement or reconfigure its transmission then Avalon would have to move their access way if necessary.

**Report of the Chairman of the Board  
Avalon Easement**

Mr. Cameron said that the RMLD would have to work with them to see how its construction would dovetail with their access way in and out of the property. The prior easement was such that the RMLD could have Avalon, if necessary; abandon their access ways on that property. Mr. Cameron added that the RMLD looked at what would be necessary in terms of construction to appease the new wording of the agreement. The payment the RMLD received is enough in present dollars to do the work that would be necessary to rebuild transmission lines so Avalon has access in and out of the property.

Chairman Herlihy thanked Commissioners Pacino and Hahn for their comments. Chairman Herlihy stated this was an important precedent with collaboration between the Town of Reading and the RMLD. Chairman Herlihy said that this is one of his finest accomplishments of the General Manager.

**RMLD Customer Survey**

**The results of the Customer calls will be presented at the January 18, 2006, RMLD Board of Commissioners meeting.**

Chairman Herlihy said that the residential customer survey calls began last week for all four towns within the service territory. He said the questions are based on satisfaction with the Department and other energy related issues. The results of the survey will be presented at the next RMLD Board meeting on January 18, 2006, The Center for Research & Public Policy (CRPP) will be making its presentation. Chairman Herlihy did receive a call from the survey company although he was not home.

**Selectmen Liaison, Citizens' Advisory Board and Customer Comments**

Chairman Herlihy asked those in attendance if they had any comments.

Mr. Duffy said that the Department does a good job and has not heard a negative word. Mr. Duffy said to keep up the good job.

**Report of RMLD Board Subcommittees**

Chairman Herlihy said that no RMLD Board Subcommittees have met since the last RMLD Board meeting.

**Action Item**

**ITB 2005-6 HOURLY RATES FOR LINE CONSTRUCTION PROFESSIONAL MANPOWER, VEHICLES, AND EQUIPMENT for Electrical Distribution Construction and Maintenance**

Mr. Herlihy said that on Wednesday, November 2, 2005, a bid invitation (ITB) was placed as a legal notice in the Daily Times Chronicle requesting proposals for *HOURLY RATES FOR LINE CONSTRUCTION PROFESSIONAL MANPOWER, VEHICLES, AND EQUIPMENT for Electrical Distribution Construction and Maintenance* for the Reading Municipal Light Department.

Mr. Cameron reported that the Department sent out this bid according to the competitive bid process in 30B. Mr. Cameron said that this bid was sent out to seventeen vendors, was advertised in the newspapers, and was on the RMLD's web page. The RMLD received one bid from Halpin Line Construction, which is the contractor the Department currently utilizes. The RMLD contacted the non-responders. Mr. Cameron said that today he spoke to someone who works for Mass Bay, another contractor the RMLD uses, and asked him why he did not put in for this bid. The response Mr. Cameron received is that for a two year bid the contractor did not want to have to obtain the equipment and labor. Mr. Cameron also explained this bid does not include the RMLD paying the holiday pay because it is the responsibility of the contractor.

Mr. Cameron pointed out that the increase for this bid is due to the increase in union wages, the increase in hourly rates due to the holiday pay being incurred by the contractor, and other costs such as fuel, insurance and other operating costs. Mr. Cameron said that if the RMLD does not need these crews they can be sent home. Mr. Cameron explained on rainy days the crews receive two hours show up time pay. Mr. Cameron is hoping that this may be the last contract for long term outside labor for construction work in the future.

Mr. Hahn pointed out that although a long list of companies were sent bid information, only one bid was received. Mr. Hahn stated that on other bids like this he has voiced the same opinion. Mr. Hahn commented that it is very difficult to approve a contract when there is only one bid.

**Action Item**

**ITB 2005-6 HOURLY RATES FOR LINE CONSTRUCTION PROFESSIONAL MANPOWER, VEHICLES, AND EQUIPMENT for Electrical Distribution Construction and Maintenance**

Mr. Hahn pointed out the Department cannot control who bids, but has to ask himself how long has Halpin been working for the Department? And, is it a detriment for other bidders?

Mr. Cameron replied that the Department has utilized contractors for overhead work for about ten years.

Mr. Hahn inquired is Halpin the contractor RMLD uses?

Mr. Cameron replied the Department has used Grattan and Halpin in the past ten years.

Mr. Hahn said that the observation is that sometimes there is a perception with bidding companies that if one particular company has a long relationship with a company it is going to win. If the work is eventually going away then this is not an issue for future bids. Mr. Hahn suggested picking two companies and divvying up the work between two contractors as an option. Mr. Hahn is unsure if it will raise prices, but it might encourage other bidders to come forward and may give you an indication of how well Halpin works versus another contractor. This may not be feasible for this particular contract, however, Mr. Hahn does encourage innovation to avoid this situation where there is only one bidder responding. The Department should try to do whatever it can to avoid this situation.

Ms. Kearns said that this is the second time the RMLD Board has been faced with multiple bids mailed resulting in one bid. Ms. Kearns also shares the view that you wonder whether out in the world that the thought is that it is not worth bidding. Ms. Kearns pointed out that Halpin increased its bid by 16.6% in the first year and 4.59% in the second year and this represents a significant increase. Ms. Kearns is concerned there is only one bid. This is the second large multi-year contract with one bid response.

Mr. Hahn responded in fairness to the companies there are tremendous amounts of distribution work in Vermont, Connecticut and Massachusetts. Perhaps it is just a lack of supply of qualified labor pool.

Chairman Herlihy commented the Board is faced with no other choice and 30B exists for a reason. Chairman Herlihy suggested it is a cultural issue within the industry that NEPPA could look at. Chairman Herlihy said that from this region there should be more competition on bids. Chairman Herlihy wished there were more choices when a bid is brought before the Board.

Ms. Kearns questioned the 16.6% figure. The company claims it is due to the holidays. Ms. Kearns asked what percent of the 16.6% is related to the holidays?

Mr. Cameron replied between 2.5% to 3.0% represents the holiday costs. Mr. Cameron replied fuel costs have risen significantly since the last contract and insurance costs have increased as well.

Mr. Hahn inquired if the health care costs are part of this?

Mr. Cameron replied the contractor provides health care.

Chairman Herlihy asked if the Department could terminate this contract without a penalty?

Mr. Cameron replied yes. Mr. Cameron said that the contract could be terminated.

Ms. Kearns asked the General Manager how he felt receiving only one response to the bid request?

Mr. Cameron replied that he would like to have more than one bidder. Mr. Cameron said that competition is good and it gives credence to the estimates. Mr. Cameron holds the same concerns as the Board because it is a lot of money to have one bidder respond. Mr. Cameron added that there is a lot of work out there. Mr. Cameron said that to hire permanent employees is not the correct way to handle this because in four to five years they will not be needed. Mr. Cameron said that other municipal electric utilities as well as investor owned utilities use contractors.

**Action Item**

**ITB 2005-6 HOURLY RATES FOR LINE CONSTRUCTION PROFESSIONAL MANPOWER, VEHICLES, AND EQUIPMENT for Electrical Distribution Construction and Maintenance**

Mr. Pacino made a motion seconded by Mr. Hahn that ITB 2005-6 for HOURLY RATES FOR LINE CONSTRUCTION PROFESSIONAL MANPOWER, VEHICLES, AND EQUIPMENT for Electrical Distribution Construction and Maintenance be awarded to Halpin Line Construction LLC for a total estimated cost\* of \$656,656.00 for 2006 and \$686,816.00 for 2007 as the qualified bidder on the recommendation of the General Manager. \*These amounts are based on one, four-man crew (One Leader, Three First Class Linemen) and two material handling bucket trucks for 2,080 hours per year.

**Motion carried 4:0:0.**

**General Manager's Report**

**Financial Report, October 31, 2005**

**RMLD Budget Expense Variance Summary Analysis October 31, 2005**

Mr. Fournier went over the Financial Report for October 31, 2005, and addressed such items as change in net assets, fuel costs versus fuel revenues, kilowatt sales, operating and maintenance expenses.

Mr. Fournier said that all divisions are under budget.

Mr. Hahn asked that page 12 b, in terms of operations expense. Has the Department gone through four months of the year and seventy three percent of the budget is to be spent?

Mr. Fournier replied yes. Mr. Fournier said that the operating budget is levelized over twelve months. Mr. Fournier stated barring any storms or major catastrophe or any other surprises the Department should be coming in under budget in its expenses.

**Update on Twenty Year Agreement**

Mr. Cameron said that would be tabled until January with the Citizens' Advisory Board.

**Power Supply Update**

Mr. Cameron said the Department has nothing to report right now.

Mr. Pacino asked about Calpine because it has been in the news and is slated for discussion in Executive Session.

Mr. Pacino asked if there is anything the General Manager can add to this so that no one is concerned?

Mr. Cameron replied that Calpine is one of the companies the RMLD uses as a power supplier. Mr. Cameron said that Calpine has been in the news recently relative to their financial situation. The RMLD is keeping track of that situation and there will be more discussion on that in Executive Session.

**American Public Power Association (APPA) Legislative Rally February 28 to March 3, 2006 Washington, DC**

Mr. Cameron said he has attended the APPA Legislative Rally over the past three years. There are many municipal electric utility issues out there and visit with Senators and Representatives are beneficial.

Mr. Pacino made a motion seconded by Mr. Hahn that the RMLD Board of Commissioners authorize the General Manager to travel to the APPA Legislative Rally February 28 to March 3, 2006.

**Motion carried 4:0:0.**

Mr. Cameron said that Bob Jolly, General Manager, Marblehead Municipal Light Department has been nominated to the APPA Board due a vacancy due to Ray Shockey leaving the APPA Board.

The sense of the Board was to support this nomination.

**Nominations to Vacancies on the Policy Makers Council**

**Nominations need to be received no later than Thursday, December 15, 2005.**

Mr. Cameron said this is for information only.

**General Manager's Report**

**APPA Engineering & Operations Technical Conference**

**This will take place April 9-12 in Sacramento, California.**

Mr. Cameron said no action is necessary on this. Mr. Cameron explained that there is a new E&O Manager coming on board to work at the RMLD tomorrow and he would be interested in attending. Mr. Cameron has attended this in the past and would like to have the opportunity to introduce him to the many individuals in the industry he knows.

Mr. Cameron mentioned the RP<sub>3</sub> application and this award will be presented at this conference as well.

**Salvation Army Good Neighbor Energy Fund**

**All customers will be receiving envelopes in January if they wish to donate.**

Mr. Cameron said this is a reminder for those who wish to contribute; the envelopes for the Salvation Army Good Neighbor Energy Fund will be going out in January.

**RMLD Gift Certificate Program**

Mr. Cameron said that this is a reminder the RMLD gift certificates are available.

Ms. Cavagnaro said that the gift certificates are in denominations starting at ten dollars with increments of five dollars. Ms. Cavagnaro suggested that customers can either call or come in to get the gift certificates.

**RMLD Blood Drive Wednesday, December 28, 2005, Sponsored by Reading Rotary**

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

Mr. Cameron reported that the RMLD Blood Drive is Wednesday December 28, 2005, sponsored by the Reading Rotary is in the RMLD Cafeteria from 1:00 pm. to 6:00 p.m.

**T-Shirt Reception at RMLD, January 5, 2006.**

Mr. Cameron stated the RMLD T-Shirt Reception is January 5, 2006 at the RMLD.

Chairman Herlihy said he could not address the Twenty Year Agreement because of time sensitivity.

Mr. Cameron has had language sent to him by one of the CAB members who is an attorney and has had discussion with Ms. Parenteau and Mr. Seldon relative to such language.

**Board Discussion**

**Rate Comparisons, November**

Mr. Cameron said that the RMLD is higher than Middleton and slightly higher than Peabody in the Residential rates. The RMLD is only higher than Middleton in the Residential Time of Use. Mr. Cameron added the RMLD is only higher than Middleton in the Commercial Rates. The RMLD is a little bit above Peabody in the Small Commercial Rates. The Industrial Time of Use Rates only Middleton is below the RMLD.

Mr. Hahn said Middleton's Fuel Charge looks like a typo. He asked that if there is an explanation for this?

Mr. Cameron replied that the Fuel Charges are calculated differently in Middleton. Mr. Cameron believes that the hydro generating credit is built into the Fuel Charge along with the Purchased Power Adjustment Charge and that is why it is so low. Mr. Cameron replied the RMLD keeps such items separate because it keeps the calculation cleaner.

Mr. Cameron said that the Department purchased a hybrid vehicle.

**Next Meeting Dates**

**Thursday, January 5, 2006, T-Shirt Contest**

**Wednesday, January 18, 2006**

Chairman Herlihy added if CAB members wanted to attend the January 18, 2006 meeting the customer survey results for all four towns will be available.

Chairman Herlihy said that he will not seek nor will accept another term as Commissioner on the Reading Municipal Light Department Board. He said he looks forward to continuing as Chair until his term is complete. Chairman Herlihy stated he had much to do with the emphasis on the welfare of the RMLD customer, energy conservation and green power alternatives. Chairman Herlihy added, "Dylan, Dad is coming home."

Mr. Cameron replied that we thank Chairman Herlihy for his years of dedicated public service and wished him and his family well.

**Executive Session (General Manager's Conference Room)**

At 8:37 p.m. Mr. Pacino made a motion seconded by Mr. Hahn that the Board go into Executive Session, to discuss strategy with respect to litigation relative to Calpine, and to return to Regular Session for the sole purpose of adjournment.

**Mr. Herlihy called for a poll of the vote:**

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

**Motion to Adjourn**

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

**Motion carried 4:0:0.**

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

Ellen C. Kearns, Secretary  
RMLD Board of Commissioners