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Reading Municipal Light Board of Commissioners

Regular Session

230 Ash Street

Reading, MA 01867

August 30, 2006

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

End Time of Regular Session: 10:28 p.m.

Attendees:

Commissioners: Kearns, Soli, O'Neill, and Pacino

RMLD Staff: Messrs. Cameron, Fournier, Seldon, Dion, Mses. Parenteau, Antonio, Gottwald, Benson, and Cavagnaro

CAB: Mr. Norton

Guests: John Rogers

Vice Chair Kearns called the meeting to order at 7:30 p.m.

Vice Chair Kearns read the following statement into the record: "This meeting of the Reading Municipal Light Department (RMLD) Board of Commissioners August 30, 2006 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

July 19, 2006

Mr. Soli made a motion seconded by Ms. O'Neill to approve the Regular Session meeting minutes of July 19, 2006.

Motion carried 3:0:0.

Report of the Chairman of the Board

Update on 2006 Annual Northeast Public Power NEPPA Conference

Mr. Soli stated that the head (Gordon van Welie) of the New England Independent System Operators (ISO) gave a very pessimistic view on power supply. He said that there are no large plants being built and that the governor is not being helpful with other projects such as the Cape Wind Project and the siting of LNG Terminals. Mr. Wylie's prediction is that in five or six years when there is a hot day like August 2, 2006, people should turn off the air conditioners or otherwise rolling blackouts would begin.

Ms. Kearns agreed that the outlook is not good and that the cost of electricity will be high.

Selectmen Liaison, Citizens' Advisory Board (CAB) and Customer Comments

Mr. Norton stated that the CAB met on August 28, 2006, and wanted to thank the Energy Services Division particularly Ms. Parenteau and Mr. Seldon for their extensive and thorough presentation.

Ms. Kearns stated that at the NEPPA meeting Ms. Parenteau and Mr. Seldon were given an award for performing their job in an outstanding way.

Discussion followed.

Report of RMLD Board Subcommittees

Power Contracts, Rate Setting, Customer Choice Subcommittee

Mr. Soli reported that the subcommittee met in executive session on August 15, 2006 and had received the same presentation from Ms. Parenteau and Mr. Seldon.

Policy Subcommittee

Ms. Kearns stated that the subcommittee met yesterday, to consider possible changes to the Department's policy of "zero tolerance" for gifts and gratuities for both commissioners and employees. The subcommittee concluded that no changes were needed.

General Manager's Report

Un-audited Financial Report, June 30, 2006

Mr. Fournier stated that the auditors will be attending the September Board meeting to give their audit report of this fiscal year. He said that for the year, the RMLD made a little under \$6M.

Discussion followed.

Questions were raised on the Capital Budget Variance Report relative to the \$2.7M variance between what was budgeted and what was spent on Routine Construction, why the labor costs, i.e., Engineering, are higher than the budgeted amount, and how the Calpine deposit affects the unrestricted funds.

Mr. Fournier discussed the special projects whose costs are in the Routine Construction totals. He discussed the effect of the Calpine deposit.

Board members had concerns on the \$2.7M variance included in the Capital Budget report and on the lack of visibility into spending on Routine Construction.

Mr. Cameron explained that the Department develops a capital plan for the year. He said that the Board approves a total amount and that the Department manages to that number. Mr. Cameron said that much of the routine construction is work that needs to be done on a real time basis, and it cannot be forecast at the beginning of the year.

Ms. Kearns stated she believes that there should be some way to inform the Board on a quarterly report, and Ms. O'Neill added that the format needs to be clearer.

Mr. Dion further explained that one of the drivers of the Routine Capital is development for new customers. He explained that each of the RMLD Engineers works on about 40 projects; some of them will be developed and some may sit for years. So the capital construction number is swayed by which projects move forward and which do not. He stated that Mr. Fournier and he would look at the report's format and see how it can be improved.

Mr. Soli stated that he would also like to see a progress report on projects such as the decommissioning of the Lynnfield substation.

Mr. Fournier continued with the Financial Report and the Six Year Plan.

Power Supply Update

Ms. Parenteau gave the Power Supply update. RMLD's June '06 load was approximately 1% lower than June of '05. In June the average energy costs were about \$3.3M, which is equivalent to \$.05 per kWh. The current fuel cash reserve balance is approximately \$3.7M, and the fuel reserve will be \$1.8M by December 2006. The RMLD had an all time peak on August 2, 2006 at 172,493 MW.

Mr. Soli asked if the peak sets the monthly amount of capacity MWs, which the RMLD will pay for the remainder of the year.

Ms. Parenteau said that it does plus the reserves are also paid for the year.

Chairman Pacino arrived at this time.

Green Choice Program

Mr. Cameron announced the Green Choice Program begins September 1, and introduced Ms. Gottwald.

Ms. Gottwald showed the publicity campaign material including posters, brochures, bookmarks, and magnetic signs, which will be attached to 20 RMLD vehicles. She said that the posters, brochures, and bookmarks would be in all four Town Halls and libraries. She said that Ms. Benson would be speaking at the next Chamber meeting on the Cities for Climate Protection and that she will also be attending Chamber meetings to speak on the Green Choice Program. She commented that the "Smart House" display, which is about conserving energy, would arrive in September.

Ms. Parenteau said that the money collected for the Green Choice program is a complete pass through. She explained that the RMLD is not retaining any funds, and that the funds go from the customer to a supplier, who generates renewable energy.

Ms. Parenteau said that the Department is investigating if it is tax deductible.

Ms. Cavagnaro reported that to-date 70 customers have signed up for 144 units.

Mr. Cameron stated that he has contacted the four Town Managers, and he will be appearing at the Selectmen's Meetings during the month of September to promote the Green Choice Program. He will be in Lynnfield on Tuesday, September 5; Reading on September 12; North Reading on September 18; and Wilmington is to be determined.

Transformer Change Out Report

Mr. Dion summarized the System Reliability report.

Mr. Dion explained that a cutout is a porcelain device on the laterals and transformers that allows the Department to isolate that area. He stated that in the Northeast this device is experiencing problems because of its design, and that the RMLD will replace the cutouts over a three to four year period. Mr. Dion stated that NEPPA has been chasing the manufacturer, and that another municipal has taken a lead on a class action suit.

Ms. O'Neill asked if there is always an issue with oil when a transformer fails, and what is the average life of the RMLD's transformers?

Mr. Dion replied that there is not always an issue with oil. Out of the 70 summer transformer replacements, only three had an oil issue. He stated the life of a transformer could be up to 30-50 years, as long as it is not overloaded. Mr. Dion stated that overhead distribution transformers require little maintenance, because they are a simple piece of equipment.

Northeast Public Power Association (NEPPA) Conference

Mr. Cameron summarized a few of the presentations at the conference, and stated that Ms. Parenteau and Mr. Seldon had received NEPPA's Distinguished Service Award.

Ms. Kearns stated that New England really needs to work with each other on energy conservation and generation.

Mr. Pacino stated that some of the speakers stressed taking another look at nuclear power.

RMLD Halloween Party

Mr. Cameron announced that the Halloween Party is October 26.

Forum on Opportunities for Savings Through Energy Efficiency and Renewable Energy

Mr. Cameron stated that several employees and some of the Commissioners attended this forum hosted by Representative Tierney at the Carlton Elementary School, Salem, MA. He said that Joe Bilicki, from the Energy Services Division, spoke about the measures that Customer Services uses with regard to renewable energy and energy conservation.

Ms. O'Neill suggested that the RMLD might want to consider having one of its buildings be certified.

Mr. Cameron explained the program, Energy Star, that will calculate the BTUs per square foot, and he has put it on the "to do" list.

Public Power Week

Mr. Cameron announced that Public Power Week is October 2-6.

Discussion followed.

Board Discussion

Rate Comparisons, July and August 2006

Mr. Cameron presented the August rate comparisons. He said that the RMLD's rates are below everyone except Middleton and the small commercial sector in Wakefield.

E-Mail Explanation for Account Payable and Payroll Removal Sheets

No comments.

Next Meeting Dates

Wednesday, September 20, 2006

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

No CAB meeting scheduled at this time.

Executive Session (General Manager's Conference Room)

At 8:50 p.m. Mr. Soli made a motion seconded by Mr. Pacino that the Board go into Executive Session to discuss strategy with respect to litigation, collective bargaining, and to return to Regular Session for the sole purpose of adjournment.

Motion carried by a polling of the Board 4:0:0.

Mr. Soli – Aye; Ms. Kearns – Aye; Mr. Pacino – Aye; Ms. O'Neill – Aye

Motion to Adjourn

At 10:28 p.m. Mr. Soli made a motion seconded by Ms. O'Neill to adjourn the Regular Session.

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

Mr. Pacino – Aye; Ms. Kearns – Aye; Mr. Soli – Aye; Mr. O'Neill – Aye.

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

Robert Soli, Secretary
RMLD Board of Commissioners