

Reading Municipal Light Board of Commissioners

Regular Session

230 Ash Street

Reading, MA 01867

February 27, 2007

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Start Time of Regular Session: 7:37 p.m.

End Time of Regular Session: 10:05 p.m.

Attendees:

Commissioners: Messrs. Pacino, Soli, Hahn, Meses. Kearns and O'Neill

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

Citizens' Advisory Board: Mr. Carakatsane

Guests: Gina Snyder, Chair, Advisory Committee for Cities for Climate Protection

Chairman Pacino called the meeting to order at 7:37 p.m.

General Manager's Report

Cities for Climate Protection Update

Mr. Cameron introduced Gina Snyder, Chair for the Advisory Committee for Cities for Climate Protection, (ACCCP) and Michele Benson, Key Accounts Manager at the RMLD, and a member of ACCCP.

Ms. Snyder said that the ACCCP has five milestones they have set out to achieve. Currently, the ACCCP achieved two of the milestones, which included data gathering and setting goals to reduce carbon dioxide emissions, and is presently working on the development of the Action Plan. Ms. Snyder explained that the ACCCP received \$600 from the Town of Reading to join ICLEI; as well as \$2,000 additional funds from the RMLD, which were used to hire an intern for data collection and entry onto a laptop loaned by the RMLD. Also, the Atlantic Food Market donated \$1,000 towards totes, which were handed out to those who took the ACCCP's 1 2 3 Pledge. Ms. Snyder and the ACCCP are thankful for all the support that has been provided to them. In addition, due to a \$5,000 grant from the Executive Office of Environmental Affairs, four RMLD trucks have been retrofitted to catalytic oxide diesel converters. The ACCCP is seeking tree planting grants as well as being instrumental in Town wide participation in the Change-A-Light campaign. Ms. Snyder said that Representative Tierney sent the Town of Reading a certificate of appreciation for all their efforts in this campaign. Ms. Snyder pointed out that the ACCCP has a weekly article entitled *Green Sense* that is found in the *Reading Daily Times Chronicle* and *Reading Advocate*. The ACCCP is networking in the four towns the RMLD services.

Ms. Snyder reported that on Saturday, April 21, the ACCCP is having an Earth Day Fair in the RMLD Cafeteria.

Ms. Snyder said that one of the biggest emitters of mercury is a coal-fired power plant. The compact fluorescents use less energy than the incandescent light bulb therefore it is a good tradeoff when asked about the concerns of mercury contain in the CFLs. A concern of the disposal of these bulbs was addressed.

Ms. Benson said that RMLD will have a demonstration showing the comparison kWh use between an incandescent and the compact fluorescent light bulb. Various styles of CFLs will be on display.

Ms. Snyder mentioned the installation of the low energy LED Christmas lights in front of the Town Hall this passed season to demonstrate their brightness and ease of use.

Ms. Benson said that the Town of Reading would be converting to the LED Christmas lights in the future.

Ms. Benson commented that Mary DeLai Town of Reading, School Department, heads the Town of Reading's Energy Committee that she spearheaded. The town has looked at ways of cutting costs on their utility bills, have made great strides in the reduction on their energy usage and will continue working with all the Town Departments. There are sixteen members on the committee including herself and Joe Bilicki, Key Accounts Manager. Ms. Benson said that Mr. Cameron has been helpful in these endeavors.

General Manager's Report
Cities for Climate Protection Update

Mr. Carakatsane complimented the efforts and used the analogy that perhaps in the future compact fluorescent light bulbs will have the same disposability as ink jet cartridges. Mr. Carakatsane will bring this information to the Town of Lynnfield.

Minutes

November 15, 2006

Mr. Soli made a motion seconded by Mr. Hahn to approve the Regular Session meeting minutes of November 15, 2006 as presented.

Motion carried 5:0:0.

December 13, 2006

Mr. Soli made a motion seconded by Mr. Hahn to approve the Regular Session meeting minutes of December 13, 2006 as presented.

Motion carried 5:0:0.

January 17, 2007

Mr. Soli made a motion seconded by Mr. Hahn to approve the Regular Session meeting minutes of January 17, 2007 as presented.

Motion carried 5:0:0.

Report of the Chairman of the Board

RMLD Board of Commissioners Meeting Attend Seminar Conflict of Interest and Best Practices

Ms. Kearns stated that the seminar held on Wednesday, January 31, 2007, at Reading Town Hall was well presented, thorough, provided good material and addressed the law. Ms. Kearns said that the State Ethics Commission encouraged anyone who had questions not hesitate to call them for guidance.

Report of the Chairman of the Board

Vice Chair Kearns has been asked to speak at the panel discussion on Governance of Light Departments, at the Northeast Public Power Association (NEPPA) Annual Conference program in Samoset, Maine, August 19 through August 22.

Selectmen Liaison, Citizens' Advisory Board and Customer Comments

Mr. Carakatsane said that over the next two to three months there will be budget meetings.

Ms. O'Neill said speaking as a citizen, the Department has an obligation to clear the public sidewalk in front of the building and she is requesting in the future it be addressed.

Report of RMLD Board Subcommittees

General Manager Subcommittee (Commissioner Hahn)

Mr. Hahn reported that the General Manager Subcommittee met for the purpose of evaluating the General Manager's performance plan established last year and is finalizing the results.

Strategic Planning Subcommittee (Commissioner O'Neill)

Ms. O'Neill stated that the Subcommittee met and they are looking at other municipalities that have strategic plans in order to assist them in developing a strategic plan and considering consulting firms that perform strategic plans. They have a draft RFP in place that would be sent out for consulting services.

Meeting with the Town of Reading, Town Accountant (Secretary Soli)

Mr. Soli reported that although they are not a formal Subcommittee, a member of the RMLD Audit Committee and the RMLD Accountant meet quarterly. Messrs. Soli and Fournier had their quarterly meeting with the Town Accountant. In fiscal year 2009, governments must show their liability for their retiree health benefits. Mr. Soli said that a town actuarial study this year will include the RMLD and in the late spring go out for quotes. The town is getting new software for its bill paying and contracts. Mr. Soli commented that the Town Audit Committee is meeting in late February to decide what will be done for the audit selection.

Chairman Pacino said that the Town Audit Committee projected meeting date is March 15.

General Manager's Report
Financial Report, December 31, 2006

Mr. Fournier highlighted the December Financial Report that represents the first six months of the fiscal year. The Change in Net Assets is \$90,000, which brings the year to date income to \$2,588,020. The Department is \$328,000 under budget.

Mr. Fournier commented that on the Budget Variance report that all five divisions are \$565,000 under budget, as well as the RMLD Board's budget. Mr. Fournier pointed out that the customer refund in November 15, 2006 of \$1.230 million resulted in \$1.157 million being refunded and the balance of \$73,000 placed in the Rate Stabilization Fund.

Mr. Cameron then addressed the update on the Six Year Plan for the second quarter. Mr. Cameron stated that this is comprehensive explanation of the components of the Six Year Plan. Mr. Cameron said this represents six months of actual and budgeted information. Mr. Cameron pointed out that there is a substantial increase due to indicative pricing in the Fuel Charge. Also, operating expenses are going up and will necessitate a need to increase the base rate in the near term. Mr. Cameron said that the Rate Stabilization Fund will be depleted without a rate increase. Mr. Cameron foresees the need for a rate increase within the next year.

Discussion then turned to how the forward capacity market is causing a \$2.6 million swing in RMLD expenses in 2010.

A question was raised on the status of the Cost of Service Study.

Mr. Cameron replied that other pressing matters have made the progress slow on the Cost of Service Study.

The Board directed the General Manager to consider engaging a consultant to perform the Cost of Service Study.

Mr. Cameron said that the study has to be completed by the end of the year and if there is a shortfall it will be through the Rate Stabilization Fund.

Power Supply Update

Ms. Parenteau reported that the RMLD's load for December 2006 was approximately 1.4% lower than December 2005 as a result of milder weather. The peak demand in December 2006 was 110.207 megawatts that was a 3.2% decrease from December 2005. December energy costs were approximately \$2.4 million that was equivalent to less than 4¢ (.0379¢) per kilowatt hour. As a result of this the RMLD under collected by \$316,954, which resulted in a Deferred Fuel Cash Reserve balance of approximately \$4 million. The ISO New England spot market prices decreased in both the Day Ahead and Real Time markets compared to November 2006 that resulted in a 12% to 13% decrease. On the Capacity side, as a result of the Forward Capacity Market, December was the first month of the transition period that resulted in an increase from \$5.72 per kilowatt month in November to \$7.04 in December. This results in an approximate increase of \$325,000 per month.

Ms. Parenteau said that the RMLD Board asked for an eighteen-month energy cost projection for gas futures. Preliminarily the Deferred Cash Fuel Reserve is forecasted at \$2.5 million in February. It is anticipated an additional decrease of \$800,000 will occur in February that would bring the Deferred Cash Fuel Reserve to \$1.8 million in March based on the current numbers. Ms. Parenteau commented that the numbers are driven by the gas markets that change on a daily basis.

Green Choice Update

Mr. Cameron said there are approximately 150 customers in the Green Choice Program. Mr. Cameron said they have done a lot of advertising since the inception of this program including signs, bookmarks, and placing Green Choice literature in the libraries and Town Halls the RMLD services. Mr. Cameron said that based on comments from the RMLD Board the Department is going to have postage paid postcards go out with the bills to enroll in the program.

Energy and Operations Update/Monthly Reliability Report

Mr. Dion said that the Lynnfield Project is going very well and most of the overhead work is completed. Mr. Dion said that the relay project at the GAW is going well.

General Manager's Report

Energy and Operations Update/Monthly Reliability Report

Mr. Dion reported that this project will be over budget by approximately \$100,000 due to the timing of the delivery of the equipment related to this project. The remainder of the distribution overhead projects proceeding well.

Mr. Dion reported that on Chestnut Street in Wilmington the Department is waiting for Verizon to install poles scheduled for the end of March. The Customer Average Interruption Index (CAIDI) and System Average Interruption Frequency (SAIFI) numbers have been good.

**Attendance at Municipal Electric Association General Managers Business Meeting,
April 12 and April 13 in North Falmouth, MA.**

Mr. Soli made a motion seconded by Mr. Hahn to authorize the General Manager to attend the Municipal Electric Association General Managers Business Meeting on April 12 and April 13 at the Seacrest Hotel in North Falmouth, Massachusetts.

Motion carried 5:0:0.

Attendance at 2007 APPA National Conference, on June 23 to June 27 in San Antonio, Texas

Mr. Soli made a motion seconded by Ms. Kearns to authorize the General Manager to attend the 2007 APPA National Conference.

Motion carried 5:0:0.

Letter from Dawn Folopoulos, Town of Reading Elder/Human Services Administrator

Mr. Cameron said that this letter thanks RMLD employees Michele Benson, Laurie Cavagnaro, Priscilla Gottwald, Bobbi Maillett and Sylvia Vaccaro for their presentation on "Conservation Tips."

Board Discussion

Rate Comparisons, February 2007

Mr. Cameron reported that on the Residential, Residential Time of Use, and Industrial Time of Use rates the RMLD is the lowest of the contiguous electric utilities. On the Small Commercial the RMLD is .21% above Middleton.

E- Mail Explanation for Account Payable and Payroll Removal Sheets

Chairman Pacino said the Account Payable and Payroll Removal Sheets are informational and a matter of public record.

Ms. O'Neill commented that she does not want to receive the Capital Budget Variance report on the night of the Board meeting and would like it on the next agenda.

Next Meeting Dates

Wednesday, March 28, 2007

Wednesday, April 25, 2007

Executive Session (General Manager's Conference Room)

At 9:00 p.m. Mr. Soli made a motion seconded by Mr. Hahn that the Board go into Executive Session, based on Chapter 164 Section 47D exemption from public records and open meeting requirements in certain instances, collective bargaining and return to Regular Session for the sole purpose of adjournment.

Chairman Pacino called for a poll of the Board:

Mr. Hahn, Aye; Mr. Soli, Aye; Mr. Pacino, Aye; Ms. Kearns and Ms. O'Neill, Aye.

Motion carried 5:0:0.

Motion to Adjourn

At 10:05 p.m. Mr. Soli made a motion seconded by Mr. Hahn to adjourn the Regular Session.

Motion carried 5:0:0.

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

Reading Municipal Light Board of Commissioners

Executive Session

230 Ash Street
Reading, MA 01867
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Start Time of Executive Session: 9:00 p.m.

End Time of Executive Session: 10:05 p.m.

Attendees:

Commissioners: Messrs. Pacino, Soli, Hahn, Mses. Kearns and O'Neill

CAB: Mr. Carakatsane

RMLD Staff: Messrs. Cameron and Seldon
Mses. Antonio and Parenteau

Executive Session Minutes

October 18, 2006

Mr. Hahn made a motion seconded by Mr. Soli that the Executive Session meeting minutes of October 18, 2006, be approved as presented.

Motion carried 5:0:0.

November 15, 2006

Mr. Soli made a motion seconded by Mr. Hahn that the Executive Session meeting minutes of November 15, 2006, be approved as presented.

Motion carried 5:0:0.

January 17, 2007

Mr. Soli made a motion seconded by Mr. Hahn that the Executive Session meeting minutes of January 17, 2007, be approved as presented.

Motion carried 5:0:0.

Power Supply Update

Mr. Cameron said that the sense of the Board on the power supply strategy was to get the contracts in place. Mr. Cameron explained that Jane Parenteau and Bill Seldon have developed a Power Supply Contract Matrix that demonstrates how the RMLD has evaluated the significance of each article within the Power Sales Agreement.

Ms. Parenteau stated that since the RMLD Board meeting on January 17, 2007, she, Messrs. Cameron and Seldon met with Attorneys Barna and Pollart. In this meeting they went over the FP&L contract in which there were a handful of issues that needed addressing. Subsequently they have received a redrafted contract, which is close to being finalized. They do not have the JP Morgan contract rated on the matrix because they need to complete negotiations with them. They are awaiting comments back from JP Morgan. Attorney Pollart expects to have these by the end of the week.

Ms. Parenteau said that the RMLD currently has five other strong contracts. Ms. Parenteau explained that they came up with the Power Supply Contract Matrix as a means of scoring each contract. This matrix includes contract criteria that the RMLD feels is important. Each of the criteria is then weighted and ranked. Ms. Parenteau said that the contracts have not been rated in terms of corporate philosophy for the environmental issues because they are researching this topic.

Ms. Parenteau said that relative to credit support they were looking for strong guaranties from either the company itself or the parent company, if applicable. Ms. Parenteau pointed out that the Calpine contract provided good credit support.

Ms. Parenteau said that the Morgan Stanly contract provides for a one hundred percent guaranty, although they have no physical assets.

The sense of the Board is to have a joint meeting with the Citizens' Advisory Board within the next week to authorize the General Manager to execute the contracts.

Mr. Cameron pointed out to the Board if they meet within the next week they all need to vote in the affirmative since only three members will be present.

Data Security Update

Mr. Cameron stated that the Board had requested in lieu of a security audit that Mark Uvanni, MIS Manager, attend seminars on security. Mr. Cameron explained that Mr. Uvanni had enrolled in a class at Boston University in March, which has been rescheduled to May. Once Mr. Uvanni attends this training, he will give a report to the Board.

Physical Security Update

Mr. Cameron informed the Board that Liability Consultants has been in to perform their physical security assessment. Mr. Cameron stated that Liability Consultants will make a report to the Board once they have gathered their findings.

Union Negotiations Update

Mr. Cameron and Ms. Antonio updated the Board on the status of the negotiations with the Line Meter Station, Clerical Technical and Professional Union. Mr. Cameron reported on the favorable outcome of arbitrations.

Motion to Adjourn

At 10:05 p.m. Mr. Soli made a motion seconded by Mr. Hahn to adjourn the Regular Session for the sole purpose of adjournment.

Motion carried 5:0:0.

Chairman Pacino called for a poll of the vote:

Mr. Soli, Aye; Ms. O'Neill, Aye; Mr. Hahn, Aye; Mr. Pacino, Aye; and Ms. Kearns; 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