

Reading Municipal Light Board of Commissioners
Regular Session
230 Ash Street
Reading, MA 01867
April 25, 2007

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Start Time of Regular Session: 7:40 p.m.
End Time of Regular Session: 9:50 p.m.

Attendees:

Commissioners:

Ellen Kearns, Chair
Mary Ellen O'Neill, Secretary
Robert Soli, Commissioner

Richard Hahn, Vice Chair
Philip Pacino, Commissioner

Staff:

Vinnie Cameron, General Manager
Laurie Cavagnaro, Customer Service Manager
Jeanne Foti, Executive Assistant
Priscilla Gottwald, Community Relations Manager
Craig Owen, Materials Manager
Bill Seldon, Senior Energy Analyst

Beth-Ellen Antonio, Human Resources Manager
Pete Dion, Engineering & Operations Manager
Robert Fournier, Accounting/Business Manager
Paula O'Leary, Operational Assistant
Jane Parenteau, Energy Services Manager

Citizens' Advisory Board:

Quincy Vale, Wilmington Representative on the Citizens' Advisory Board

Vice Chair Kearns called the meeting to order at 7:40 p.m.

Earth Day/Sustainability Fair Report

Ms. O'Neill wanted to extend her thanks to the Reading Municipal Light Department (RMLD) and the Reading's Advisory Committee on the Cities for Climate Protection Program (CCP) for the excellent program they had sponsored April 20 and 21 at the RMLD. Events included a free showing of two 2006 environmental movies and a sustainability fair.

Selectmen Liaison, Citizens' Advisory Board and Customer Comments

Mr. Vale stated that the Citizens' Advisory Board has had a number of meetings over the last month to review the RMLD's proposed FY2008 capital and operating budgets for the coming fiscal year. On behalf of the CAB he would like to thank the staff and Mr. Cameron for doing an excellent job on the presentation of the material.

Mr. Vale reported that the CAB voted at its meeting on April 24 that the CAB recommend to the RMLD Board of Commissioners the first draft of the FY2008 Capital and Operating Budget dated March 30, 2007, and to request that any significant changes be submitted to the CAB for review and recommendation.

Report of RMLD Board Subcommittees

Green Choice Subcommittee

Mr. Hahn reported that he, Mr. Seldon, Ms. O'Neill and Ms. Parenteau attended a Green Choice Subcommittee meeting on April 20. Discussion items included the procurement of Renewable Energy Certificates (RECs) for RMLD's Green Choice program, renewable energy projects, the request for proposal (RFP) for a technical potential study, and the feasibility of establishing a renewable energy standard for RMLD's power supply portfolio. The Subcommittee decided to pursue drafting a mission statement on renewable energy for presentation to the Board in the very near future.

Mr. Owen informed the Board that the RFP for the technical potential study had gone out a week ago.

Ms. Kearns inquired if the Subcommittee discussed the difference in cost between buying energy from renewable sources versus nonrenewable sources?

Mr. Hahn replied that the one project they have looked at is a fairly large wood fired biomass facility in western Massachusetts that is offering to sell the output under different price proposals depending on whether or not RECs are bought. The Department believes that it needs to purchase the RECs. The facility's price was 2¢ to 3¢ a kilowatt hour higher than a non-renewable project. RECs purchased on the open market can cost more or less than this depending on type and location of the project.

Action Item

Bid 2007-20, Excavation for Transformer Installation

Mr. Dion reported that this project is in North Reading at the Park Place West offices. Currently, there are three overhead transformers mounted in a bank on a platform near the Ipswich River. Mr. Dion said that these would be removed and new transformers with associated spill containment would be installed underground further away from the river. The work that has to be done requires significant excavation work

In response to a question from Mr. Hahn, Mr. Dion stated that the self-contained underground equipment would be moved 50 feet from the river.

Mr. Hahn asked if there was an alternative to avoid the excavation work? Mr. Dion replied, "no."

Ms. O'Neill wanted to know how the Department is proceeding with getting transformers out of the wetland areas. Mr. Dion replied that this project is the most significant one and that the one on Main Street will be addressed. Mr. Dion said that there are a handful of overhead situations.

(Chair Pacino entered the meeting at this point.)

Mr. Hahn clarified that this bid is for the trenching. Mr. Dion replied that the bid is for the excavation and that Mass Bay will handle the underground work and RMLD crews will pull the cable.

Mr. Owen explained that this bid came to the Board because it is considered a public works projects. Typically, the Board deals with goods and services projects that have the \$25,000 threshold, but Massachusetts General Laws mandate a threshold of \$10,000 for public works projects. This project was projected to be \$15,000; therefore the sealed bid process required.

Ms. Kearns stated that she was struck by the differences in pricing ranging from \$7,000 to \$10,000. Mr. Dion said that the pricing is most likely lower because the successful bidder needed the work. It is a matter of timing and work requirement.

Ms. Kearns is concerned that they are competent and qualified to perform this job. Mr. Dion said that they did check into the bidder's background and they have performed similar work in the public sector.

Mr. Soli made a motion seconded by Mr. Hahn that bid 2007-20 for Excavation for Transformer Installation be awarded to: R & D Site Development for \$9,800.00 as the lowest qualified bidder on the recommendation of the General Manager.

Motion carried 5:0:0.

Report of the Chairman of the Board

Re-election to the RMLD Board

Chair Pacino said the he and Vice Chair Kearns had been reelected to the Board of Commissioners at the Reading Town election held on April 3.

Chair Pacino thanked the Board for allowing him to serve Chairman. He expressed his desire to see RMLD's Green Choice program strengthened and expanded and to have renewable energy in RMLD's power supply portfolio.

Election of Officers

Chairman

Mr. Hahn made a motion seconded by Mr. Soli to nominate Ms. Kearns for Chair.

Motion carried 5:0:0.

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

Motion carried 5:0:0.

Chair Pacino polled the Board for Ms. Kearns for Chair.

Motion carried 5:0:0.

**Report of the Chairman of the Board
RMLD Board of Commissioners Reorganization
Election of Officers**

Vice Chair

Ms. O'Neill made a motion seconded by Mr. Soli to nominate Mr. Hahn for Vice Chair.

Motion carried 5:0:0.

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

Motion carried 5:0:0.

Chair Kearns polled the Board for Mr. Hahn for Vice Chair.

Motion carried 5:0:0.

Secretary

Mr. Soli made a motion seconded by Mr. Hahn to nominate Ms. O'Neill for Secretary.

Motion carried 5:0:0.

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

Motion carried 5:0:0.

Chair Kearns polled the Board for Ms. O'Neill for Secretary.

Motion carried 5:0:0.

Organization of Subcommittees

Chair Kearns expressed her wish to see the numerous Board subcommittees condensed. She inquired if state law required any of the subcommittees. Mr. Cameron said he would get back to the Board on that issue.

RMLD Board of Commissioners Subcommittee Assignments

Policy Subcommittee	Ellen Kearns, Robert Soli
Audit Subcommittee	Philip Pacino, Robert Soli
General Manager Subcommittee	Richard Hahn, Robert Soli
Community Relations Subcommittee	Ellen Kearns, Mary Ellen O'Neill
Power Contracts, Rate Setting, Customer Choice Subcommittee	Richard Hahn, Robert Soli
Operating and Capital Budget, Pension and Legal Services Subcommittee	Richard Hahn, Mary Ellen O'Neill, Philip Pacino
Account Payables	Richard Hahn, Mary Ellen O'Neill, Philip Pacino
First Back Up	Robert Soli
Second Back Up	Ellen Kearns
Payroll	Robert Soli
First Back Up	Richard Hahn
CAB/Board Subcommittee	Philip Pacino, Robert Soli
Town of Reading Audit Subcommittee	Philip Pacino
Green Power Subcommittee	Richard Hahn, Mary Ellen O'Neill
Strategic Planning Subcommittee	Ellen Kearns, Mary Ellen O'Neill

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

Mr. Soli said that he is concerned about having three members on a Subcommittee because these meetings are posted and not only the subcommittee, but the Board also, would have spoken if the vote comes out three to zero.

Mr. Cameron expressed his opinion that it would depend on the content of the motion, however he will check into this.

Chair Kearns wanted to know if the Pension and Legal Subcommittees can be combined into one and have an additional member. She would like this researched for the next meeting.

Mr. Vale said that his particular interest is sustainability and green power issues. He wondered if there is a way that the CAB can form its own Green Subcommittee or if there can be a liaison from the CAB on the Board's Subcommittee. Mr. Vale will bring this back to the CAB for its next meeting.

Mr. Hahn said that he has no problem with it.

Ms. Kearns suggested that Mr. Vale discuss his desire to be part of the Green Power Subcommittee with the CAB.

Ms. O'Neill suggested that perhaps the CAB could appoint a liaison. Ms. O'Neill would like a more formal process that encourages a CAB member to be present at the Subcommittee meeting.

Mr. Hahn said he welcomes the input of the CAB whether it is by joint committee meetings or liaison, phone call or e-mail. Mr. Hahn values that input and is less concerned about the logistics of how we do it.

General Manager's Report
Update on Fiscal Year 2008 Capital Budget and Operating Budget

Chair Kearns stated that she attended a CAB meeting on the draft FY2008 operating budget and was impressed by the knowledge of the CAB members and the staff's preparation. Ms. Kearns wanted to know what the Board's role is vis à vis the budget process.

Mr. Cameron said that the CAB met twice and made motions to recommend the draft FY2008 operating and capital budgets as presented by the RMLD staff. Mr. Cameron explained that the next step is to schedule at least two meetings of the RMLD's Operating and Capital Budget Subcommittee before the RMLD Board meeting on May 30.

Chair Kearns wanted to ensure that all Board members knew about the Subcommittee meetings. Chair Kearns also said that she would like the future Board meetings scheduled so as to allow fresher financial reports.

Mr. Cameron and Mr. Fournier explained the timing of the large power bills and the preparation of the financial reports.

Minutes

March 28, 2007

Mr. Soli made a motion seconded by Mr. Hahn to approve the Regular Session meeting minutes of March 28, 2007 as presented.

Motion carried 5:0:0.

General Manager's Report
Financial Report, February 2007

Mr. Fournier presented the February 2007 financial report. The change in net asset/net income was \$1.27 million, bringing the year to date (YTD) total to \$2.27 million. The base revenue figure came in at 1.5% under budget. Revenue from the residential sector was slightly over budget, the commercial sector slightly under budget. There was an over recovery in the Deferred Fuel Reserve (DFR) fund despite a decrease in the fuel charge of \$.005 due to the settlement from the Federal Energy Regulatory Commission (FERC). The DFR fund is now at \$3.8 million. The purchased power adjustment showed a credit of \$165,000, bringing the YTD purchased power capacity refund to \$1.8 million. Operating expenses were under budget by \$711,000, maintenance expenses were under budget by \$261,000. Depreciation and voluntary payments were on budget; payment to the town of Reading was on budget; interest income was over budget. All balances were healthy. All five divisional budgets were under budget by a total of \$950,000.

General Manager's Report

Financial Report, February 2007

Chair Kearns asked when the March financial report would be ready? Mr. Fournier replied that final numbers come in between the 20 and the 22 of the month and he is able to begin preparing the monthly reports after that.

The timing of Board meetings to allow closer synchronization with the availability of the financial information was discussed. Chair Kearns would like to see this issue addressed after the June meeting.

Mr. Soli pointed out that the Deferred Fuel Reserve (DFR) fund is way above the target, and that in the Six Year Plan the Rate Stabilization Fund (RSF) is projected to be considerably lower in the future.

Mr. Soli further noted that the RSF loaned the DFR fund \$1.75 million two years ago and that the RMLD has received a \$2 million influx from the Mystic settlement. Mr. Soli suggests that the DFR fund return the \$1.75 loan to the RSF.

Mr. Cameron said that the Department has a plan to get to the equilibrium point on the fuel charge, which was presented to the Board as part of the power supply plan. The plan showed the fuel charge being ramped up beginning in early 2007 and reaching equilibrium with fuel costs in June 2008. Mr. Cameron would prefer to stick with this plan.

Chair Kearns asked Mr. Fournier his opinion. Mr. Fournier indicated his wish to talk with other staff before offering an opinion at this time

Chair Kearns said that this has to go to the CAB before the RMLD Board votes on this.

After further discussion it was agreed that Mr. Cameron would bring this issue to the CAB.

Mr. Vale mentioned that a discussion of the appropriate levels of all funds had been tabled and he did not know if any further discussion had taken place. Chair Kearns said that this has not been done at the Board level.

Mr. Cameron said that a joint meeting of the Board and the CAB would be required and would be addressed once the budget process was over. Mr. Cameron will check with the CAB to see if this will be a joint meeting or not.

Mr. Pacino said that at Town Meeting April 28 it was mentioned that the Town of Reading received \$60,000 for Medicare prescription drug reimbursement and he would like to have Mr. Cameron to look into this to see if any of this is reimbursable to the RMLD. Mr. Cameron said that he will report back to the Board on this.

Power Supply Update

Ms. Parenteau said that the load for February 2007 was approximately 5.5% higher than February 2006. The peak demand of approximately 113 megawatts occurred on February 5 at 7:00 p.m. and was 6.9% higher than last February. February energy costs were approximately \$1.53 million, equivalent to 3¢ kilowatt hour.

These costs included a refund of \$1.1 million, a result of a negotiated settlement at the FERC for Mystic 8 and 9 Reliability Must Run (RMR) units. The Department also received an additional \$1.2 million in March for the July to December period that will be reflected in the March Purchase Power summary. As a result of this refund, the RMLD over collected by \$485,000 and it put the Deferred Fuel Reserve fund at \$3.8 million.

Ms. Parenteau then discussed ISO New England spot market prices in both the Day Ahead and Real Time markets from January to February 2007; the increase in both markets was approximately 33%. The RMLD purchased about 25% of its energy from the spot market and that was a result of Stonybrook having a low dispatch capacity factor. RMLD's capacity costs remain stable at a little under 7¢ a kilowatt month. This includes transition charges for the forward capacity market.

Chair Kearns noticed that the load seems to be higher the same months in 2006. Ms. Parenteau replied that the Department has noticed some significant growth in both the residential and commercial sectors that has caused this increase.

General Manager's Report

Green Choice Update

Ms. Cavagnaro reported that the Green Choice program now has 251 customers purchasing 500 blocks. Ms. Cavagnaro said that 100 to 125 new customers had signed up as a result of the postcard promotion. Ms. Cavagnaro also stated the Customer Service division has received phone calls inquiring about green choice.

Ms. Gottwald said that approximately 1% of RMLD customers have signed up for green power to date. She also said that the Department has launched a monthly advertising campaign promoting the Green Choice program in the local newspapers. Ms. Gottwald said that she is recommending that information on program be printed on the back of the bill envelopes. Ms. Gottwald said she has received calls from companies interested in buying or selling green power.

Ms. Gottwald said that the RMLD is showing "The Inconvenient Truth" on Thursday, May 10 at 6:30 p.m. and light and refreshments will be served.

Engineering and Operations Update and Monthly Reliability Report

Mr. Dion reported that the Chestnut Street poles in North Reading have been set and the underground cable on Pleasant and Marblehead Streets in North Reading has been pulled. Mr. Dion also stated that not a lot has changed significantly in routine construction, but there are some updates in the written report.

The monthly reliability report showed that RMLD was still in the top quartile for system performance. Statistics indicated less than one outage per year per customer.

In response to Chair Kearns' request for an update on the RMLD's response to the April northeaster, Mr. Dion reported that the department had responded to 51 trouble calls on April 16-17, including 19 outages affecting 800 customers. Mr. Dion said that the staff did a great job responding to the storm-related problems.

Chair Kearns expressed her appreciation to Mr. Cameron for keeping the Board informed about the storm situation.

In response to a question from Mr. Hahn, Mr. Dion stated that the Department's tree trimming program pays off with reduced storm-related outages. He informed the Board that the Department has started a "circuit walk down" program throughout the service area to identify potential maintenance issues including needs for tree trimming.

In response to a question from Ms. O'Neill about what capital budget variance items would not be completed this year, Mr. Dion said that the upgrade of the control center would not be done and the GIS system would not be completed. In addition, a study needs to be done prior to replacing the cooling tower and purchase of the large digger derrick will be deferred to FY2008.

Northeast Public Power Association (NEPPA) Annual Conference, Samoset Resort, Rockport, Maine

Mr. Cameron stated that the NEPPA Annual Conference will take place on August 19 to August 22. He urged Commissioners interested in attending to sign up within the next month.

Chair Kearns noted that at last year's conference there were no programs for Commissioners. This year however she will be spearheading a discussion panel specifically for commissioners.

Commissioners Pacino, Soli and Hahn expressed an interest in attending. Ms. O'Neill wanted to know what the agenda will be for the conference.

Mr. Cameron will contact NEPPA.

Mr. Soli made a motion seconded by Ms. Kearns to authorize the General Manager to attend the Northeast Public Power Association Conference in August.

Motion carried 5:0:0.

Board Discussion

Rate Comparisons, April 2007

Mr. Cameron said the Department is lower than everyone in the RMLD's adjacent service territory except the small commercial sector in Peabody.

Board Discussion

Next Meeting Date

Wednesday, May 30, 2007

Executive Session (General Manager's Conference Room)

At 9:00 p.m. Ms. O'Neill made a motion seconded by Mr. Soli that the Board go into Executive Session, to discuss collective bargaining and return to Regular Session for the sole purpose of adjournment.

Motion carried by a polling of the Board 5:0:0.

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

Motion to Adjourn

At 9:50 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.

Mary Ellen O'Neill, Secretary
RMLD Board of Commissioners