

Reading Municipal Light Board of Commissioners

Regular Session

230 Ash Street  
Reading, MA 01867  
February 20, 2008

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Start Time of Regular Session: 7:30 p.m.  
Start Time of Executive Session: 8:24 p.m.  
End Time of Executive Session: 8:44 p.m.  
End Time of Regular Session: 9:27 p.m.

Attendees:

Commissioners:

Ellen Kearns, Chair  
Mary Ellen O'Neill, Secretary

Richard Hahn, Vice Chair  
Robert Soli, Commissioner

Staff:

Vinnie Cameron, General Manager  
Michele Benson, Key Accounts Manager, Industrial  
Jane Parenteau, Energy Services Manager  
Beth Ellen Antonio, Human Resources Manager  
Patricia Mellino, Operational Assistant

Citizens' Advisory Board:

John Norton, Member

Guest:

Scott Albert, Principal Northeast Manager, GDS Associates, Inc.

Customers:

Gina Snyder, Reading  
Dave Talbot, Reading

**Opening Remarks**

Chair Kearns commented that Board members had received copies of three different studies in February, an energy efficiency and renewable energy report from GDS Associates which will be presented this evening, the first draft of the strategic plan which may come to the Board in March, and the Reading Climate Action Plan which will come to the Board in March.

**Introductions**

Chair Kearns introduced CAB member Mr. John Norton from North Reading.

Members of the public who were present were invited by Chair Kearns to speak to the Board.

Ms. Gina Snyder, a member of the Cities for Climate Protection Committee (CCP), thanked the Board and the RMLD for the help they have given already to the CCP and stated that the committee is looking forward to making a presentation on the new Reading Climate Action Plan to the Board next month. As a professional engineer working in the environmental field, Ms. Snyder believes that the RMLD, as a municipal electric department, has a very unique opportunity to move forward on some of the energy efficiency opportunities available. She encouraged the RMLD to move forward as quickly, strongly, and as innovatively as possible and stated that the CCP would help with this effort in any way it can.

Mr. Dave Talbot, a member of Reading Town Meeting, stated that he had had the pleasure of interviewing a couple of the Board members for a story he had done recently for the *Boston Globe Magazine* about global climate change. He wanted to know if the RMLD would consider putting some significant dollars behind enhancing efficiency retrofits for residential or commercial customers.

Chair Kearns suggested that Mr. Talbot stay to hear the report from GDS Associates and the General Manager's response to that report. Chair Kearns also asked Mr. Cameron to address Mr. Talbot's question.

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**Introductions**

Mr. Cameron stated that the RMLD has several programs to encourage energy efficiency: a rebate program for the purchase of energy efficient appliances, a commercial lighting program that provides rebates to commercial customers who upgrade a portion of their lighting, and an energy audit program for residential and commercial customers which offers residential audits at no cost and picks up a portion of the cost for commercial customers. Mr. Cameron remarked that the GDS study and the CCP report both contain recommendations for the RMLD to increase its energy conservation efforts and that he hopes more can be done this fiscal year with money going into the budget for fiscal year 2009.

Mr. Talbot thanked the RMLD for the audit program in which he has participated and asked if the RMLD was looking at a program that would help ratepayers implement efficiency measures recommended by these audits by having the costs built into their rate. He stated that there are many people out there who would support an investment by the RMLD in this type of program.

Chair Kearns commented that the Board, the RMLD staff, and the Citizens' Advisory Board will be looking at what programs can be developed once the GDS study is presented and as the operating and capital budgets are drafted for FY2009. She thanked Mr. Talbot for his remarks.

**Presentation****RMLD Energy Efficiency Achievable Potential and Renewable Energy Technologies Study****Scott Albert, Principal Northeast Region Manager, GDS Associates**

Chair Kearns stated that in August 2007 the RMLD Board of Commissioners awarded a contract to GDS Associates to look at energy efficiency and renewable energy technology issues. Mr. Albert will present the findings of this study.

Mr. Albert thanked the members of the Board who previously provided feedback on the initial drafts of the report and collectively through Ms. O'Neill, Mr. Soli, Mr. Cameron, Mr. Quincy Vale, and others, who helped to make this a better product. Mr. Albert noted that all comments were taken very seriously and that a majority of them had been addressed in the final report.

Mr. Albert said that GDS was asked by the RMLD to estimate the technical, achievable, and achievable cost effective potential for energy efficiency and renewable energy technologies that could be installed within the RMLD's service territory. Mr. Albert explained that technical potential is the amount of energy efficiency that would be realized if every light, appliance or heating system in place in the service territory were, without regard to cost or actual ability to do it, replaced with energy efficient technology.

Achievable potential is an identification of what part of the technical potential can actually be done. The achievable cost effective potential is an assessment of which achievable potentials are going to result in a payback that has a benefit-cost ratio of at least 1.0 where the benefits are at least equal to the cost expended over the life of the measure/technology installed.

Mr. Albert commented that the scope of the study involved looking at existing, commercially viable energy efficiency technology and renewable energy technology. GDS was asked to assess the applicability and viability of those technologies for use in all of RMLD's customer sectors, residential, commercial, and industrial classes, and in existing buildings and new construction. GDS was tasked with quantifying both the energy savings and the peak load demand savings benefits that could result by installing these measures.

Mr. Albert pointed out that there is a potential to reduce RMLD's energy demand by 15% by 2017 if all cost effective measures are implemented, the equivalent of 25 megawatts of RMLD's capacity demand or 13.6% in capacity savings by the peak load reduction. There is a potential for savings of 14% in the residential sector, 21% in the commercial sector, and 11% in the industrial sector. The RMLD would have to expend \$35 million for the residential measures, \$22 million for commercial measures, and \$11 million in the industrial sector for a total of \$68 million to achieve the cost effective potential.

In response to a question from Chair Kearns, Mr. Albert commented that the cost per kWh saved in the residential sector would be significantly higher than the cost per kWh saved in the commercial sector and that this indicates the need to prioritize spending.

**Presentation**

**RMLD Energy Efficiency Achievable Potential and Renewable Energy Technologies Study**

**Scott Albert, Principal Northeast Region Manager, GDS Associates**

The RMLD would recognize more energy savings by focusing on programs targeted for the commercial sector. There are still some excellent things that can be accomplished in the residential sector however.

In the residential sector the highest energy savings would come from lighting, which represents 41% of the total cost effective potential, electric water heaters, 19%, electric space heating, 12%, and space cooling, 11%. The study looked at every end use when calculating the savings. Mr. Albert noted that the new federal energy act mandates the use of compact fluorescent light bulbs by 2013 and that some immediate savings can be achieved by promoting compact fluorescents sooner.

In the commercial sector, for existing buildings, the highest energy savings will come from lighting, which represents 56% of the total cost effective potential, refrigeration, 22%, and space cooling, 10%. In the commercial sector for new buildings, the highest energy savings will come from refrigeration, 36%, lighting, 32%, and space cooling, 15%. Many more options are available for new construction.

In the industrial sector, the highest energy savings are lighting, 38%, HVAC, 31%, and process heating, 10%.

Mr. Albert stated that the renewable energy technologies most applicable to RMLD's service territory are, for the residential sector, wind, solar photovoltaic (PV), micro combined heat and power units (CHP), solar thermal (solar hot water units) and geothermal.

In response to a question from Chair Kearns, Mr. Albert said that GDS has done detailed distributed generation assessments for utility clients and they have been interested in solar PV, geothermal and wind technology. Wind does not have much of an application at the residential level.

In response to a question from Mr. Soli about what will give the RMLD the best results from a capacity standpoint, Mr. Albert commented that the biggest bang for the buck still remains in the commercial sector. Lighting, space cooling, and heating measures will all have a direct and immediate impact on reducing peak load during the summer period. There are both capacity and energy benefits from all of the measures but the lighting and cooling measures are the better measures for managing peak load.

In response to a question from Mr. Soli, Mr. Albert explained that a lot of the data used in the report came from American Council for an Energy Efficient Economy (ACEEE) and from individual utilities around the region that have actual field information regarding the costs and savings related to installing energy efficient measures.

In response to a question from Mr. Soli, Mr. Albert stated that the scope of this project did not include looking at demand response technologies although GDS has done these types of analyses.

In response to a question from Chair Kearns, Mr. Albert explained that the study had looked at the residential sector collectively, not by community. Items considered were total number of residential customers, number of multi-family homes, age of the housing stock, typical square footage, and the saturation point of various technologies, such as televisions. For the commercial sector, the eight to ten different building types, number of actual customers and the anticipated amount of electricity used were among the factors examined. In the industrial sector, the actual electricity usage and building square footage and the likely types of equipment were reviewed.

In response to a question from Chair Kearns, Mr. Albert stated that a wind resource map is included in the report and it identifies three or four areas where wind would make some sense, one of which is where Jordan's Furniture is located.

Mr. Albert commented that some landfills where there is the potential for methane generation and transportation routes for potential biomass (wood burning) facilities were also looked at and are discussed in the report.

In response to questions from Mr. Talbot, Mr. Albert said that residential water heating was identified as one of the more effective areas. Solar thermal, Mr. Albert stated, has a greater than ten-year payback period.

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**Presentation**

**RMLD Energy Efficiency Achievable Potential and Renewable Energy Technologies Study**

**Scott Albert, Principal Northeast Region Manager, GDS Associates**

In response to a question from Mr. Talbot about what programs the RMLD has for water heaters, Mr. Cameron replied that the RMLD has a water heater rate where customers will get a discount on their first 333 kWh's a month. There are approximately 700-800 water heaters currently on this program, where the water heaters are shut down between 2:00 and 4:00 p.m. This program is currently on hold due to the unavailability of the required meter. The meter is no longer in production.

Chair Kearns stated that she finds the GDS report to be excellent and that she would like the General Manager and his staff to bring back to the Board specific projects that they recommend be undertaken based on the GDS study. Chair Kearns made a motion, seconded by Mr. Soli, that the General Manager and his staff review the GDS study and bring to the Board specific projects that they recommend be undertaken based on the GDS study within the next three months. Ms. O'Neill stated that she would like to make an amendment to the motion asking that such projects begin within fiscal year 2009.

In response to further discussion, Ms. O'Neill stated that she would like to see the list of recommended projects come to the Board within the next few months so that some of these can be put into the fiscal year 2009 budget. She would also like the recommendations from the Cities of Climate Protection Committee to be considered, along with the idea of some sort of loan program or a pilot of such a program.

Ms. O'Neill made a motion, seconded by Ms. Kearns, to amend the motion to read: the RMLD Board of Commissioners requests that the General Manager and his staff review the GDS study and bring to the Board within the next three months specific projects that they recommend be undertaken based on the GDS study.

Chair Kearns accepted a request to change "within the next three months" to "by May 31, 2008."

Chair Kearns read the motion through with the amended language and commented that although it is not written in the motion, there is an understanding that Commissioner O'Neill would also like the General Manager and staff to look at the Cities for Climate Protection study when making these recommendations.

Ms. O'Neill stated that while she understands a loan program for energy efficient improvements of the scope recommended by a resident may be beyond the RMLD's capacity at this point, she would like to see a pilot program considered.

In response to a question from Mr. Hahn, Mr. Cameron stated that he would like to consider only the GDS study at this point, followed by the CCP report where there may be some overlap. He believes that by the end of May he should be able to come back and say what projects the staff recommend and begin to put money towards those projects.

Mr. Cameron stated further that it was his intention to put money aside in the FY 2009 budget to look at different conservation measures for residential, commercial and industrial sectors.

Mr. Hahn explained that his concern was less how the programs would be funded, and more, whether or not the RMLD could prioritize the measures recommended in the GDS study and build a manageable program within three or four months. Mr. Hahn stated that he is particularly interested in what projects would be undertaken first and would like to see some recommendations, such as commercial lighting and air conditioning.

Mr. Cameron commented that he believes that there is a lot the RMLD can do with the report and a major component of this is lighting.

Ms. Parenteau asked if the May 31, 2008 date in the motion on the floor could be changed to June 30, 2008.

Chair Kearns read the motion again the RMLD Board requests the General Manager and his staff to review the GDS study and bring to the Board specific projects that they recommend be undertaken based on the GDS study by June 30, 2008.

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

**Move to Executive Session**

At 8:24 p.m. Ms. O'Neill made a motion seconded by Mr. Soli to move that the Board go into Executive Session to discuss power supply issues based on Chapter 164, Section 47D exemption from public records and open meeting requirements in certain instances, and return to the Regular Session.

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

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

At 8:44 p.m. the Board re-entered Regular Session.

**Report of the Power Contracts, Rate Setting, and Customer Choice Subcommittee**

Mr. Hahn reported that the Subcommittee met on February 12 to discuss the possibility of the RMLD entering into contracts for the purchase of capacity. The Subcommittee voted at that meeting to recommend to the RMLD Board that it direct the General Manager to negotiate and finalize contracts for a Capacity Agreement not to exceed 60 megawatts within the years 2012 to 2018. Mr. Hahn explained that this subject had been discussed in this evenings preceding Executive Session meeting in which the Board had approved that same motion.

Mr. Hahn made a motion seconded by Mr. Soli that the Reading Municipal Light Board direct the General Manager to negotiate and finalize contracts for a Capacity Agreement not to exceed 60 megawatts for the years 2012 through 2018.

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

**Motion to Transfer Funds**

Ms. O'Neill made a motion seconded by Mr. Soli that the General Manager transfer \$984,000 from the Operating Fund to the capital budget to pay for the increased down payment to Waukesha for the Gaw transformers.

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

**Approval of Minutes for January 23, 2008, Board Meeting**

Ms. O'Neill made a motion seconded by Mr. Hahn that the Board approve the Regular Session meeting minutes of January 23, 2008 as presented.

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

**Financial Report**

Mr. Cameron presented the January Financial Report in lieu of Mr. Fournier who was on vacation. The Net Loss or Change in Net Assets for the month of January was \$396,009, lowering the year to date Net Income to \$1,363,345. The budgeted Net Income for this period was \$2,274,826, resulting in Net Income being under budget by \$911,480. Fuel expense continues to exceed fuel revenue. For the first seven months of FY2008, fuel expense has surpassed fuel revenue by approximately \$1.6 million. The RMLD is limiting the increase in the monthly fuel charge to one-half of one cent. It is expected that fuel expense and revenue will catch up with one another over the course of the next few months.

Base Revenues were under budget by about 4.8%; the commercial/industrial sector was under budget by 12.3%; the residential sector was over budget by 6.9%. Mr. Cameron noted that actual sales in the commercial sector were ahead of what they were last year, so it may be that the budget estimate was a little too high for this sector. Mr. Cameron noted that the RMLD is not losing any commercial customers.

On the expense side, the purchase power base expense was \$296,200 or 2.3% over budget due to increases in transmission and capacity costs. The actual purchase power base costs were \$12.8 million compared to the budgeted amount of \$12.5 million. Operating and maintenance expenses were under budget by about 10.5%, coming in at \$6.0 million compared to the budgeted amount of \$6.7 million. The major expenses that were under budget were: professional services by \$259,000; employees' pension and benefits by \$98,000; general expense \$87,000; property insurance \$61,000; garage/stockroom \$94,000; and line transformer maintenance by \$52,000. All five divisions were under budget by \$737,000 or 7.0% on a cumulative basis.

The Operating Fund was at \$13,100,000; the Capital Fund, \$3.7 million; the Rate Stabilization Fund, \$6.4 million; and the Deferred Fuel Fund, \$950,000.

Mr. Cameron noted that Stone Consulting was selected to perform the pension trust actuarial valuation scheduled to be completed by June 30, 2008.

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**Reports from RMLD Board Subcommittees****Policy Subcommittee**

Chair Kearns reported that the Policy Subcommittee and the Strategic Planning Subcommittee held a joint meeting on February 15, 2008. The purpose of this meeting was to look at the role of the Policy Subcommittee with respect to implementing the RMLD's strategic plan. Chair Kearns stated that two tasks were adopted by the Subcommittees. The first is the reorganization of all current policies such that those concerning employees will be together, those concerning the Board will be together, with a small general section. The second task involves the development of implementing strategies to accompany the four major strategies proposed in the draft strategic plan. The General Manager will be drafting these strategies for review by the two subcommittees. Chair Kearns noted that there will be a meeting of the subcommittees in March at a time to be determined.

**General Manager Subcommittee**

Mr. Soli commented that the General Manager Subcommittee met last month on the General Manager's Performance Evaluation and that the Subcommittee voted to recommend that the General Manager receive a 4% salary increase. In addition, the GM Subcommittee had met this evening to come up with a set of goals for this year, which would include the Strategic Plan and the Cost of Service Study. A draft of these goals was distributed to all the commissioners this evening. Chair Kearns explained that the evaluation contains a series of metrics that are weighted and that there have been some significant changes in the new set of metrics to include the meeting of deadlines with respect to the Strategic Plan and the Cost of Service Study, budget performance, and response to Board member requests and requirements.

Mr. Hahn made a motion seconded by Mr. Soli to move that the General Manager's salary be increased by 4% for the period of February 7, 2008 to February 6, 2009.

**Motion carried 3:1:0. Commissioner O'Neill voted against this motion.**

Mr. Soli commented that the town is changing its accounting system sometime in this calendar year and this will cause the RMLD payroll to shift by one week. The Town Accountant feels the entire town payroll should roll out on the same week.

Chair Kearns informed the Board that the GM performance criteria would be voted on at the March meeting and that any commissioner may contact Mr. Soli prior to the meeting with regard to these.

**Power Supply Report**

Ms. Parenteau reported that the RMLD's total metered load for January 2008 was 1.4% above that of January 2007. Energy costs were approximately \$4.7 million, equivalent to \$0.075/kilowatt hours. The RMLD under collected by about \$668,000, resulting in a Deferred Fuel Cash Reserve (DFCR) of \$950,280. The RMLD purchased approximately 24% of its energy from the spot market. These prices actually decreased from December 2007 to January 2008 by 9% in both the day ahead and the real time market. The RMLD's heat rate contract represents 47% of the energy requirement. On the capacity side the RMLD hit a demand of about 117 megawatts on January 3 at about 6:00 p.m. The UCAP requirement for the month was approximately 220 megawatts and as a result capacity costs for the department were about \$1.38 million, equivalent to \$6.30/kilowatt-month.

In response to comments by Mr. Soli and Chair Kearns, Ms. Parenteau stated that the capacity requirement is set by the peak experienced by the RMLD during the previous year and that the capacity costs would decrease if this peak came down. The peak occurs in the summer and is driven by the increased use of air conditioning. The 2007 peak was 165 megawatts (MW) and this was less than the 172 MW peak in 2005. All customers benefit when the peak is reduced.

**Engineering and Operations Update**

Mr. Cameron reported that most of the capital projects that are active either remained stable or increased. Routine construction is still over budget. The new commercial service connections increased due to the West and Lowell Streets project in Wilmington, causing that line item to jump. A large number of buildings were put into this project and are currently classified as medium/large commercial/industrial customers although this classification may change to a forced account. Billings for a large project on Main Street in Wilmington came in during the month of January as well as other smaller activity.

The Aldrich Road project has begun, the Haverhill Street reconductoring project has begun, the Salem Street to Glen Road feeder project will be moved to FY09, and Martins' Pond in North Reading will also move to FY09. Other projects will start this spring.

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### **Engineering and Operations Update**

Mr. Cameron stated that a slight change in the format of the capital budget report had been made to address Commissioner O'Neill's concern that the reporting on projects 18 and 19 did not mirror the budget format thus making review difficult.

Mr. Cameron stated that he had asked Paula O'Leary break out item #20, Routine Construction, into major and minor components and to put smaller projects together under Miscellaneous Capital Costs. This will allow Board members to see the big ticket items that make up Routine Construction.

In January, there were some incidents that kicked the Customer Average Interruption Duration Index (CAIDI) reliability statistics over the industry average, however the rolling monthly average is still below the industry average. With regard to the System Average Interruption Frequency Index (SAIFI), the RMLD remains below the industry average.

In response to a question from Mr. Soli, Mr. Cameron stated that oil samples, need to be drawn and analyzed before the transformers at the former Lynnfield substation can be emptied. Once this is done the RMLD will put the transformers out to bid.

In response to a question from Mr. Norton about the impact of the work at the former JT Berry property in North Reading on the RMLD, Mr. Cameron commented that the bulk of the underground distribution work was performed by contractors, the RMLD went in there to set transformers and make the connections. There was not a lot of distribution work to do on this project due to the existing feeders. Mr. Cameron said he would get the figures on this project for Mr. Norton. In response to a question from Ms. O'Neill, Mr. Cameron said that the information on poles, lines, and transformers in the GIS is all on one layer. The flyover being done by the town of Reading this spring to update its GIS database will be of benefit to the RMLD and the RMLD will contribute approximately \$20,000 toward the cost of this undertaking.

### **General Manager's Report**

Mr. Cameron reported that there will be a MEAM General Managers business meeting on April 17 and 18 in Falmouth. This is a meeting he has attended the last two years. Board members are also invited to attend.

Mr. Hahn made a motion seconded by Mr. Soli that the RMLD Board approve the General Manager's overnight travel to the MEAM meeting Thursday, April 17 and Friday, April 18, 2008.

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

Chair Kearns asked that any commissioners interested in attending this meeting to contact Jeanne Foti to make the reservations.

In response to a question from Mr. Soli, Mr. Cameron said that a Board vote on attendance by a commissioner to the MEAM meeting could be held at the March Board meeting.

### **Change a Light Change the World Campaign**

Mr. Cameron reported that Priscilla Gottwald and Bobbi Maillett of the PR Department and Michele Benson of the Energy Services Department are involved in this campaign. The RMLD has pledged to change 1,000 compact fluorescents and the pledges are received through the RMLD website. Mr. Cameron stated that he thought it would be a good idea to kick off the GDS report and the CCP report that speak to energy conservation by granting \$2,000 to each town for school energy conservation programs. The logistics of the program will be discussed with the school systems within the next week.

### **The Reading World Café**

This event will be held Wednesday, February 27, 2008, at the Hawkes Field house. Michele Benson will be in attendance on behalf of the RMLD and the CCP and Priscilla Gottwald of the RMLD will attend on behalf of the Reading/North Reading Chamber of Commerce.

### **Climate Protection Earth Day Fair**

The Earth Day Fair will be held Saturday, April 12, 2008, 11:00 a.m. to 3:00 p.m. at the RMLD and will be sponsored by Reading Neighbors' Climate and Energy Committee. This is the second year that this event will be held at the RMLD. The RMLD will have a table at the fair to promote the Change a Light campaign. Mr. Soli noted that there will be an opportunity for people to drop off to-be-recycled electronic items at this fair.

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**General Manager's Report**

Chair Kearns stated that she would like to keep the next two Board Meeting dates as is in order to give Mr. Fournier the chance to get his Financial Report to the Board in advance.

Ms. O'Neill asked the General Manager to update the Board on the Cost of Service Study.

Mr. Cameron stated that he spoke with Mike Johnson just the other day and all the data is in and they are now looking at the output. Mr. Cameron commented that he will be contacting Mr. Johnson to discuss some preliminary results. Mr. Cameron is hoping the draft report will be available for the April Board meeting, providing the report has been presented to the (Rate & Power) Subcommittee first.

Mr. Hahn stated that the Board will need the report in advance of the meeting for a thorough review.

Mr. Cameron noted that if there is not sufficient time before the April meeting, the final report will be presented at the May meeting.

In response to a question from Ms. O'Neill, Chair Kearns said that a copy of the draft COSS will be distributed to all Board members and that all commissioners are invited to attend any of the subcommittee meetings on this.

**Motion to Adjourn**

At 9:27p.m. Ms. Kearns made a motion seconded by Mr. Hahn to adjourn the Regular Session.

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

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

**NEXT BOARD MEETINGS:**

Wednesday, March 26, 2008

Wednesday, April 23, 2008

**Board Rotation at Citizens' Advisory Board Meetings:**

March, Commissioner Soli

April, Chair Kearns

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