

Reading Municipal Light Board of Commissioners

Regular Session
230 Ash Street
Reading, MA 01867
June 11, 2008

RECEIVED
TOWN CLERK
READING, MASS.

2008 JUL 24 P 12:15

Start Time of Regular Session: 7:32 p.m.
End Time of Regular Session: 10:15 p.m.

Attendees:

Commissioners:

Richard Hahn, Chair
Robert Soli, Secretary
Ellen Kearns, Commissioner

Mary Ellen O'Neill, Vice Chair
Philip Pacino, Commissioner

Staff:

Vinnie Cameron, General Manager
Jeanne Foti, Executive Assistant
Kevin Sullivan, Engineering and Operations Manager
Priscilla Gottwald, Community Relations Manager

Beth Ellen Antonio, Human Resources Manager
Jane Parenteau, Energy Services Manager
Roberta Maillett, Community Relations Manager
Paula O'Leary, Operational Assistant

Citizens' Advisory Board:

John Norton and Andrew Herlihy

Guests:

Joshua Eaton School, Reading
Mrs. Patricia de Garavilla, Principal
Mrs. Debi Kinton, Third Grade Teacher

Huckleberry Hill School, Lynnfield
Mrs. Mary Beth Shea, Principal

Batchelder School, North Reading
Mr. Sean Killeen, Principal

Woburn Street School, Wilmington
Mr. Robert Arsenault, Principal
Mrs. Lisa King, Assistant Principal

Opening Remarks

None.

Introductions

Chair Hahn asked Citizens' Advisory Board member John Norton if he had anything to report this evening.

Mr. Norton replied that he would reserve his comments until later in the meeting.

Presentation

Change A Light Grant Recipients

Ms. Gottwald explained that back in February, the Reading Municipal Light Department (RMLD) joined the national ENERGY STAR, *Change a Light, Change the World* campaign, a growing community of businesses, schools, utilities, non-profit organizations, individuals and countless others who have made a firm commitment to help change the world, one light – one energy - saving step – at a time. The RMLD made a commitment to reach 1,000 pledgers to replace at least one standard bulb at home with a compact fluorescent light bulb. So far, the RMLD has reached 95% of its goal, 947 families replacing 12,514 bulbs, which translates to an energy savings of 3,528,948 KWh, a cost savings of \$328,192 and the prevention of 5,118,222 pounds of green house gas emissions. This success has been made possible with the assistance of thirteen elementary schools in Reading, Wilmington, North Reading and Lynnfield. By agreeing to participate in the program, the schools solicited 591 of the 947 pledges from students' direct involvement. Their families will change 9,155 bulbs, save 2,586,864 kWh of energy, save \$234,880 and prevent 3,743,168 pounds of green house gases.

Each of the following winning schools will receive a \$2,000 RMLD Energy Efficient Grant: Joshua Eaton School in Reading, Batchelder School in North Reading, Woburn Street School in Wilmington and the Huckleberry Hill School in Lynnfield. The award will be paid to their respective towns once ENERGY STAR equipment has been purchased or energy-efficient improvements have been made at their schools.

Presentation

Change A Light Grant Recipients

The recipients of the grants were in attendance at the meeting to accept their awards. The schools and representatives are as follows:

Joshua Eaton School, Reading, Mrs. Patricia de Garavilla, Principal, Mrs. Debi Kinton, Third Grade Teacher

Huckleberry Hill School, Lynnfield, Mrs. Mary Beth Shea, Principal

Batchelder School, North Reading, Mr. Sean Killeen, Principal

Woburn Street School, Wilmington, Mr. Robert Arsenault, Principal, Mrs. Lisa King, Asst. Principal

Mr. Herlihy entered the meeting at this time. Chair Hahn asked Mr. Herlihy if he had anything to report. Mr. Herlihy said that he would reserve comment for later.

Approval of Minutes for Board Meetings

November 6, 2007

Ms. Kearns made a motion seconded by Mr. Soli to approve the Regular Session meeting minutes of November 6, 2007 as presented.

Motion carried 4:0:0.

January 16, 2008

Mr. Soli made a motion seconded by Ms. Kearns to approve the Regular Session meeting minutes of January 16, 2008 as presented.

Motion carried 4:0:0.

February 19, 2008

Mr. Soli made a motion seconded by Ms. Kearns to approve the Regular Session meeting minutes of February 19, 2008 with the following changes: replace "the" with "then" in paragraph three last sentence, and change the word "combined" to "reviewed."

Motion carried 4:0:0.

April 23, 2008

Commissioner Pacino entered the meeting at this point.

Mr. Soli made a motion seconded by Ms. Kearns to approve the Regular Session meeting minutes of April 23, 2008 with the following changes: page one Introductions first sentence add the word "had", delete "Payroll" caption on page two, third paragraph page three, change the word "goals" to "metrics" change "set" to "suggested."

Motion carried 4:1:0. Ms. O'Neill voted against this motion.

Ms. O'Neill commented that the minutes are a record of the Board's actions but also a public information tool. The minutes are posted promptly to the RMLD's website once approved. There is baseline information that should be in the minutes such as the Financial Report, Power Supply and E&O Report said Ms. O'Neill.

Mr. Soli said that he spoke to Ms. O'Neill relative to the minutes. Mr. Soli suggested that Ms. O'Neill bring this up at the meeting. Mr. Soli suggested adding this to the customer survey because it is a way to see if the customers want all this information contained in the minutes.

Discussion followed on the specific information that will be attached to the minutes.

Chair Hahn commented that the Financials are on the website. Chair Hahn suggested that the one page Financial highlights, the Energy Services report as well as the Engineering and Operations report can be attached to the minutes. These items will be posted with the minutes once approved to RMLD's website.

The Board would like a report on the number of hits on RMLD's website with respect to the minutes.

Reports from RMLD Board Committees

Power Contracts, Rate Setting, Green Power Committee

Chair Hahn said that the Committee met on May 13. Chair Hahn reported that the Energy Services Department provided an update on a number of subjects. Middleton Electric Light is looking at building a new power plant. The green power program was discussed and whether the RMLD could buy energy certificates independent from the source that provides them. There was an update on Concord Steam, a district energy plant in New Hampshire. Project updates included: PPM Energy, Tamarack, and the Taunton combined cycle project. Energy Services Department provided an update for the energy situation for the summer. Energy conservation efforts were also discussed as well as the possibility of internal support that might be needed to implement the recommendations of the GDS study.

Operating and Capital Budget/Pension/Legal Services Committee

Ms. Kearns reported that there were two meetings of the Committee. At the May 20 meeting the Committee looked at the Capital Budget and direct reports spoke for their budget items. At the conclusion of the meeting, there was a motion made to approve the FY 2009 the budget and this was approved by a vote of 2:0. Ms. Kearns said that the May 27 meeting covered the Operating Budget. Ms. Kearns pointed out that at the beginning of the meeting, Mr. Fournier was present and asked if there would be any changes in the budget from the budget the CAB reviewed. Mr. Fournier said that there were changes in the estimated income as well as the changes in the expenses. Ms. Kearns referred to the handout given at the meeting.

Mr. Cameron explained that the April 16 adjustments include a decrease of \$505,694 in Base Revenues. That was based on actuals for February and estimates for the remainder of the 2008 fiscal year. Mr. Cameron said that the reduction revenue estimate for 2009 would reduce the Forfeited Discounts by \$11,125. The return to the Town of Reading had an increase of \$30,725 based on the CPI; Tree Trimming crews were reduced from 1 ½ to 1 1/3 annually, which also decreased police details by \$26,000 as well as the tree crews being down \$96,050. There was also an increase of \$26,166 to account for hiring a First Class Linemen instead of an Apprentice.

Ms. Kearns explained that at the May 27 meeting there was an inference that depending on the decline in base revenues as well as other factors there would be an increase in the rates. The two-committee members told Mr. Cameron that they would oppose an increase in the rates if they were going to be in the 7% category, there would be a need to cut the budget. The budget was approved with the understanding that if rates were going to increase to the 7% level that the budget would need cutting. There is a 2:0 vote on both the FY 2009 Operating and Capital budgets.

Chair Hahn had a question on the April 16 document that forecasted Base Revenues is \$40.685 million with a .6% growth with a 3% rate increase, if kilowatt hours are increased to a 2% growth and increase rates, how can Revenues be down?

Mr. Cameron explained that the revenue estimate was decreased after the actuals for March and April came in lower than expected.

Chair Hahn asked Mr. Cameron to develop a document to illustrate some of these changes.

Mr. Cameron said that he will provide this information.

Mr. Pacino reported that the Committee approved the budget so that it could be put in place by July 1. Mr. Pacino said that the Cost of Service Study (COSS) is still coming out at this point. Mr. Pacino commented that a reasonable rate increase has to be reasonable for the consumer. Mr. Pacino will not support a 7% increase, it will be a negative vote.

Chair Hahn agreed with Mr. Pacino. Chair Hahn wanted to know when they will know the increase amount. Mr. Cameron replied at the Committee meeting at which the COSS is discussed is when they will know the amount of the increase. Chair Hahn said that the RMLD can set the budget at a certain level and manage expenses to achieve the targeted return. Mr. Cameron commented the RMLD can do this.

Ms. Kearns said that in the Energy Services Department there is a person that is going to look at the demand side of energy.

Reports from RMLD Board Committees

Operating and Capital Budget/Pension/Legal Services Committee

Chair Hahn stated that most utilities fund their energy conservation programs through a separate surcharge outside the normal rate including the staff that goes with that.

Ms. O'Neill said that she is not in favor of voting the budget tonight. Ms. O'Neill would like to see the budget and the Cost of Service Study at the same time. Ms. O'Neill pointed out that last year's budget indicated a 6% rate of growth and the budget was never adjusted to reflect the actual growth which was less than that. Ms. O'Neill wants a summary budget combined with the adjustments.

Mr. Soli wanted a clarification on the rate increase, because the main part of his bill is base charge and fuel charge. Fuel Charge is whatever the RMLD has to pay for fuel is reflected there. A rate increase is for the base only. For the current month the base revenue is \$2.8 million the fuel revenue is \$3.8 million, if it were a 5% base it would be \$140,000 for the month.

Mr. Norton commented that one thing that the RMLD Board has to keep in mind that if there is significant movement one way or another before any approval by the Board it needs to go back to the CAB. This could present a timing issue. Mr. Norton said that at the April meeting he cautioned the Board by putting off the budget because now they have put themselves in a box per the Twenty Year Agreement. If there are any significant changes it needs to come back to the CAB. On the CAB side it could be a quorum problem because they are losing one member.

Chair. Hahn accepts the comment, but they would rather get the budget right.

Discussion followed on what "significant changes" means.

Mr. Cameron commented there was never an intention to leave out the CAB from the process. Ms. Kearns said that the Operating and Capital Budget Committee can meet following the meeting on June 18.

General Manager's Report

Mr. Cameron reported that he will be in attendance at the APPA National Conference June 22 to June 25. Mr. Cameron will be back for the RMLD Board of Commissioners meeting on June 25. Mr. Cameron said that the MMWEC audit has started to determine if MMWEC's allocation process is correct with respect to the power supply agreement. The initial meeting was yesterday and went well.

Mr. Cameron said that the Friends and Family Day will be at Reading High School on June 21. There is a Chamber of Commerce meeting on June 21 at Longhorn Steakhouse, at which Representative Brad Jones will be speaking. Mr. Cameron pointed out that Fox will be doing its zip trip to Reading on Friday, June 13 and will be at the Reading Common. Mr. Cameron said that a feeder went on Sunday with the heat which was switched over in an hour and a feeder that went out last night that was switched over in one hour. Since over a hundred-pole mount transformers have been changed out in the last few years there have been no issues.

Mr. Soli asked what RMLD's peak was? Ms. Parenteau replied 167 megawatts.

Financial Reports

In the absence of Mr. Fournier, Mr. Cameron presented the Financial Report for April 2008.

Mr. Soli said that the graph before page nine Fuel Revenue and Fuel Costs do not match, the graph is incorrect because it does not represent the numbers on page three.

Power Supply Report

Ms. Parenteau gave a report on the RMLD's power supply for April 2008.

Ms. Kearns wanted clarification in Constellation's percentile in RMLD's portfolio.

Ms. Parenteau explained that purchases of energy from Constellation makes up for 54% of RMLD's overall energy costs.

Reports from RMLD Board Committees

Power Supply Report

Mr. Pacino commented that the US Department of Energy officials say that the oil prices are going to stay where they are for the next year and a half are there any steps that can be taken to combat this? Is there a strategy?

Ms. Parenteau replied that she is going to address RMLD's future power supply needs in Executive Session.

Mr. Soli commented that the percent of energy and percent of cost, Stonybrook is a little fewer than 3% but almost 8% of the cost.

Ms. Parenteau explained that the issue with Stonybrook is that it has not been dispatched by the ISO but the RMLD has to pay the fixed costs with very little generation. Chair Hahn said that the new capacity rates take effect June 1, when will the transmission rates change?

Ms. Parenteau replied that the transmission rates change June 1.

Chair Hahn asked if there will be increase in these charges?

Ms. Parenteau replied that there will be significant increases over what has been budgeted.

Chair Hahn asked about the ISO New England Supply Auction cost of \$3.20 per Kw-month.

Ms. Parenteau replied that the way the transmission market is set up is any new demand side management programs that show up gets paid that rate pro rata based on peak. There is more generation than the POOL requires and all that generation demand side import gets paid in a transmission payment.

Chair Hahn commented you are paying to support the existing capacity. Chair Hahn asked if the UCAP requirement will go down?

Ms. Parenteau replied that it will change because the RMLD's peak and the ISO's peak went down. The RMLD needs to look at the ratio of that decrease because it is based on the August 3 peak.

Engineering and Operations Update

Mr. Cameron presented the Engineering and Operations update for April 2008.

Ms. Kearns asked about the Lynnfield substation project has routinely been showing up in the report. Has this project been completed?

Mr. Cameron replied that there is asbestos in the Lynnfield substation that needs to be removed. The specs need to go out for the asbestos removal.

Mr. Soli said that the asbestos removal went out to bid and there were no bidders will the bid specs change.

Mr. Cameron said that the RMLD is working with a vendor to get someone on board.

Ms. O'Neill commented that the bulk of the work performed in the capital budget was routine construction, what were some of the key projects completed?

Mr. Sullivan replied that the drivers for routine construction were overhead and underground construction at \$167,000 which included Reading: Green Street, Eliot Street and Chapan Avenue, Lynnfield: Bay State Road, Northville Avenue, and North Reading: 3WKV replacement.

Ms. O'Neill asked where monies go for pole damage reimbursement?

Mr. Cameron replied that the reimbursement gets credited to the expense.

IFB 2008-29 Station 4 Engineering Gaw Substation

Ms. O'Neill expressed her concern that the total capital allocation for this project is not in the 2008 capital budget, but rather it is in the 2009 capital budget. Ms. O'Neill stated that this bid went out in March 2008 before the draft budgets for 2009 had even been released, and asked why the bid was being sent out before the Board had even seen the FY 2009 capital budget?

Mr. Cameron replied that the project needs to go forward; he allowed the bid to be released because the transformers are on order and the RMLD needs an engineering firm to start the project.

Chair Hahn said that the Board was informed of this project.

Ms. O'Neill pointed out the allocation for this portion of the project is not in the current FY 2008 budget.

Chair Hahn commented the Board has been apprised of this project.

Mr. Pacino said that when something comes out for the next year's budget, the Department should inform the Board.

Mr. Cameron said that he was remiss in not informing the Board of the bid but this project was discussed extensively.

Ms. Kearns expressed her concern over the lack of responsiveness and pool of bidders.

Chair Hahn said that there is more work out there for the engineering firms because more substations are being constructed.

Mr. Soli made a motion seconded by Mr. Pacino that bid 2008-29 Station 4 Engineering be awarded to PLM Electric Power Engineering for a total cost of \$292,784.00 as the lowest qualified bidder on the recommendation of the General Manager.

Motion carried 4:1:0. Ms. O'Neill voted against this motion.

IFB 2008-32 Installation of Chain Link Fence and Motorized Sliding Gate

Mr. Cameron said that this is part of the security effort that was started last year. It will be a motorized gate for the employee parking area.

Mr. Soli commented that there is only one compliant bidder.

Mr. Soli made a motion seconded by Mr. Pacino that bid 2008-32 for one Chain Link Fence and Motorized Sliding Gate be awarded to Steelco Chain Link Fence Erecting Co., Inc. for \$27,559.00 as the lowest qualified bidder on the recommendation of the General Manager.

Motion carried 5:0:0.

NEXT BOARD MEETINGS

Based on fourth Wednesday of the month:

**Wednesday, June 25, Wednesday, July 23, Wednesday, August 27, Wednesday, September 24,
Wednesday, October 22, Wednesday, November 19, Wednesday, December 17**

Board Rotation at Citizens' Advisory Board Meetings:

July, Vice Chair O'Neill

Mr. Herlihy said that he would like to say good-bye because his term with the Citizens' Advisory Board ends on June 30. With his new position as the Chief of Staff to the Mayor in Haverhill, due to his professional and family commitments he will be sending a letter not to extend his term beyond this point.

Chair Hahn thanked Mr. Herlihy for his service.

On another matter, Mr. Soli said that it is easier for him to be the first backup for Payroll. Mr. Soli made a motion seconded by Ms. Kearns that Mr. Soli be the first backup on Payroll. **Motion carried 5:0:0.**

General Discussion

The issue of the criteria to be applied to determine the size and frequency of power purchases that ESD staff can make without Board approval was discussed. Chair Hahn explained that the current policy utilized by the Department dates back to the memorandum dated February 13, 1996 that outlines the criteria for power purchases. The question that has arisen now is how to interpret this policy for multiple transactions where each transaction is less than 10%. Is that in effect a single transaction.

Mr. Cameron explained that the CAB has criteria that the RMLD operates under that are in the Twenty Year Agreement. Mr. Cameron said that when the RMLD wants to do something outside of the CAB criteria the RMLD approaches the CAB explain what they want to do then have the CAB vote and waive that criteria.

Mr. Cameron stated that the RMLD went to the CAB and asked them to waive that criterion for the June, July and August period. Mr. Cameron said that the Board also has the same criteria. The RMLD wanted to do upwards of 30 to 35 megawatts in purchases for this summer, however because this policy is in place under Item a. the purchase the RMLD would like to partake in is 23 megawatts that would be restricted under the current policy. For June, July and August, the RMLD made purchases not to exceed 22 megawatts. Mr. Cameron understands this policy is to diversify purchases and this is being brought to the Board in order that an individual 12 megawatts can be purchased.

Chair Hahn clarified two transactions one for 20 MW and one for 15 MW, each of which is with the same supplier for the same time period, it would not be allowed under this policy.

Ms. Parenteau agreed with Chair. Hahns' scenario and that is why the Department is bringing this to the Board.

Chair Hahn said that this is being brought to the Board for clarification from the Board.

Ms. Kearns said that this is a significant policy change and she would like the document to define the terms. Ms. Kearns would like more background such as what precipitated this, what issues that caused this to be drafted, and she needs to think about the term "individual purchase" means.

Mr. Pacino stated that he was on the Board when this memo was written and the issue was to set some sort of guidelines for the Department. The individual purchase of sale was for 10% with one vendor. If this was to be exceeded, then the Department would have to come back to the Board and get approval from the Board. If it is two different vendors, then it can be 10% with each of the vendors.

Discussion followed.

Mr. Soli made a motion seconded by Mr. Pacino that the RMLB interpret the February 13, 1996 memorandum that multiple deals with each vendor not to exceed ten percent (10%) of RMLD's capacity requirement and no more than one deal with an individual vendor.

Motion carried 3:2:0. Mses. Kearns and O'Neill voted against this motion.

Executive Session

At 9:42 p.m. Mr. Soli made a motion seconded by Ms. Kearns 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 5:0:0.

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 10:15 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