

Reading Municipal Light Board of Commissioners

Regular Session

230 Ash Street  
Reading, MA 01867  
June 25, 2008

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TOWN CLERK  
READING, MASS.

Start Time of Regular Session: 7:32 p.m.

End Time of Regular Session: 8:28 p.m.

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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

Beth Ellen Antonio, Human Resources Manager  
Robert Fournier, Accounting/Business Manager  
William Seldon, Senior Energy Analyst

Citizens' Advisory Board:

John Norton

Chair Hahn commented that Commissioner Pacino indicated that he will be late for the meeting and did not mind if the meeting proceeded in his absence.

**Selectmen's Liaison, Citizens' Advisory Board Liaison and Customer Comments**

None.

**Reports from RMLD Board Committees:**

**Power Contracts, Rate Setting, Green Power Committee – June 18, 2008**

Chair Hahn reported that the Committee met to review the preliminary results of the Cost of Service Study (COSS) that was performed by a consultant to the RMLD. The RMLD has not performed a COSS in five years. Chair Hahn explained that fundamentally a COSS assembles all the costs for providing electricity to the residents of the four towns the RMLD services and it compares it to the revenue provided by RMLD's existing rates. The COSS is informative as to whether rate changes are necessary. The Committee did discuss that the FY 2009 budget it was a reasonable budget that was approved by the Citizens' Advisory Board and recommended to the Board for their approval by the RMLD Board Operating and Capital Budget/Pension/Legal Services Committee. Chair Hahn said that there needs to be more work to finalize the COSS therefore the Committee would like to have a subsequent meeting.

Ms. O'Neill encouraged any Board members to bring any suggestions on the COSS forward at this time.

**Strategic Planning Committee – June 20, 2008**

Ms. Kearns said that the Committee discussed at its meeting what the composition of the final strategic plan would be and to whom the strategic plan would be distributed. Ms. Kearns stated that the final strategic plan would be distributed to the Chair of the Selectmen of each town the RMLD services.

Ms. Kearns explained that the letter describes how the Commission met to develop the strategic plan, that the Citizens' Advisory Board was actively involved in the development of the strategic plan as well as enclosing a copy of Marc Goldsmith's report. The full Commission will sign the letter.

**Fiscal Year 2009 Budget**

Chair Hahn said that he mentioned the Power Contracts, Rate Setting, Green Power Committee met on the COSS as well as the budget with the consensus that the FY 2009 budget approved by the CAB and the Operating and Capital Budget/Pension/Legal Services Committee is an appropriate budget for this year.

Mr. Cameron commented that the RMLD had adjusted the Net Income in Draft 3 to \$2,578,415 from the original Draft 1 of \$2,513,256.

### **Fiscal Year 2009 Budget**

Mr. Cameron explained the reason for the change is the increase in the Return on Investment to the Town of \$30,725 which is based on the CPI adjustment, the Tree Trimming crew costs were decreased by \$96,050 due to 2 crews for the full year where 1.5 crews were authorized which decreases the police detail costs and there is an increase in salary for the First Class Lineman of \$26,166.

Chair Hahn said that these changes cause a change in Net Income of approximately \$65,000.

Mr. Cameron replied that there are projected transmission cost increases of \$2.3 million that will have to be absorbed for FY 2009. The transmission increases started in June 2008 and will continue until June 2009. Mr. Cameron reported due to the billing cycle those costs will not be charged to the RMLD until August.

Mr. Cameron pointed out the RMLD's Capacity and Transmission costs are \$22,830,000, and it went up \$1 million or 5% increase.

Mr. Cameron said that the Transmission is up \$2.3 million.

Ms. Kearns commented that because this was raised and discussed in the Operating and Capital Budget/Pension/Legal Committee meeting, the COSS revenues do not include the Forfeited Discounts amounts and that inclusion of the Forfeited Discounts was not approved.

Chair Hahn said that the Forfeited Discounts is one of the items that will be addressed at the Power Contracts, Rate Setting, Green Power Committee meeting.

Mr. Soli made a motion seconded by Ms. Kearns that the Board approve the FY 2009 Capital and Operating Budgets as recommended by the Operating and Capital Budget/Pension/Legal Services Committee.

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

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

Mr. Cameron reported that he attended the American Public Power (APPA) Annual Conference, which was very informative. Mr. Cameron attended sessions on energy efficiency as well as a presentation on nuclear projects. In the southeast, Santee Cooper is developing a nuclear project that is projected to be online in ten to twelve years. Mr. Cameron will provide a memorandum to the Board on this conference.

Mr. Soli commented that the Salt River Project in the APPA *Public Power Weekly*, received an award for its energy efficiency M Power Program and would like the RMLD to look into this. One of the components is smart meters.

Chair Hahn commented that Central Maine Power Company is going to retrofit their system with the smart meters.

Ms. O'Neill reported that at its June 24 meeting the Reading Board of Selectmen appointed Tracy Sopchak as Reading's representative to the Citizens' Advisory Board.

Mr. Cameron said that there may be a meeting in July with Middleton for an update on the peaking plant project. The Middleton Board of Commissioners brought the Middleton project to their Town Meeting where it was received favorably.

### **Financial Reports for the month of May 2008**

Mr. Fournier presented the Financial Report for May 2008. Mr. Fournier reported that the Pension Trust Actuarial Evaluation consultant will be present with his findings at the July meeting. Mr. Fournier reported that the auditors will be doing their field work the week of August 11 and testing will be performed the first week of July for the conforms.

Chair Hahn asked if the RMLD's Fuel Revenues had matched its Fuel Expenses, what would that amount be?

Mr. Fournier replied the revenues were off by approximately \$500,000. Mr. Fournier replied that the target for the Deferred Fuel is \$1.75 million.

Mr. Soli spoke to Mr. Fournier relative to the graph on page nine relative the fuel costs.

**Power Supply Report for the month of May 2008**

Mr. Seldon gave a report on the RMLD's power supply for May 2008.

Chair Hahn clarified that the RMLD has gone to 8.4¢ per kWh with projections of up to 8.9¢ per kWh and stay there for the rest of the year with the current forecast if fuel prices hold will we get close to the target on the Deferred Fuel.

Mr. Seldon replied that we will get closer. Mr. Seldon said that the model demonstrates \$800,000 with everything remaining static.

Mr. Seldon reported that Energy Services received a memorandum from the ISO-NE on June 16 on the transmission side that the Regional Network Service rates would increase effective June 1 to \$44.11 per KW year that is in increase of \$16.22. This translates into an increase of \$2.3 million that was not anticipated.

Mr. Seldon said that there is an opportunity to gather the data that has been used to calculate the increase. That information is available from the ISO.

Chair Hahn explained that this rate at the FERC is a formula rate. It is based on costs that are projected costs because FERC has approved the formula that could be challenged but the best hope is to review the inputs of the formula for correctness. There is not a lot of opportunity to challenge this because it would required going to Washington and be costly.

Ms. Kearns asked if Ms. Parenteau or Mr. Seldon could review the filing?

Chair Hahn replied that there is no harm in getting the filing but it is five hundred nine pages long. It represents seven transmission owners, which fundamentally is their Cost of Service Study.

Mr. Cameron pointed out that you need auditors to look at this kind of filing.

Ms. O'Neill wanted to know where customers can find the transmission costs in their bills?

Chair Hahn said that under the current rate the transmission costs there is a certain amount in the base rates any differential above that is recovered in the Purchase Power Adjustment.

Ms. O'Neill asked when was the last time a similar increase?

Mr. Seldon replied that this adjustment happens yearly.

Ms. O'Neill asked why this was not taken into account if it happens yearly?

Mr. Seldon replied that they estimated an increase in transmission but did not foresee such a large increase.

**Engineering and Operations Update for the month of May 2008**

Mr. Sullivan presented the Engineering and Operations update for May 2008.

Mr. Soli inquired on the Lynnfield station have the transformers gone out to bid?

Mr. Sullivan does not have a date yet because the asbestos removal will not be done until July.

In response to a question from Mr. Soli regarding the schedule for the Gaw substation project, Mr. Sullivan stated that the RMLD is waiting for the signed contract from the engineering firm PLM. The engineering firm will provide the schedule for the Gaw transformers.

Ms. O'Neill wanted to make a motion to the Board requesting a monthly one-page document on the finances relative to the Gaw substation project. The transformers were more expensive than staff anticipated. The amount of money for the engineering contract with PLM was more money than the staff anticipated. Ms. O'Neill would like this report to show all the money allocated in the 2008 and 2009 capital budgets to this project, and all expenses to date for labor, regular and overtime, materials, and consultants.

**Engineering and Operations Update for the month of May 2008**

Mr. Cameron pointed out that one of his performance items is an update on multi year projects totaling more than \$300,000. Mr. Cameron has not produced this because he is waiting on the schedule for the Gaw Project from the engineering firm.

Chair Hahn requested that Mr. Cameron and Mr. Fournier develop a proposed presentation format for the reporting on the Gaw project so that the Board can decide if it has all the information it is interested in receiving. Chair Hahn asked the General Manager to have this ready for the July Board meeting and to distribute it to the Board members as soon as it is ready.

Chair Hahn asked on the service installations, are they new services?

Mr. Sullivan replied that some of them are upgrades.

Ms. O'Neill commented that she wants to know when the front lobby will be fixed because it is a public space.

Mr. Cameron commented that the lobby will be addressed.

Mr. Pacino entered the meeting at this point.

**Next Board Meeting**

**Wednesday, July 23, 2008**

Chair Hahn said that he would like to have Power Contracts, Rate Setting, Green Power Committee meet next week to discuss the Cost of Service Study.

Ms. Kearns commented that she and Ms. O'Neill attended the recent Reading-North Reading Chamber of Commerce meeting at which Brad Jones spoke. Ms. Kearns asked Mr. Cameron if the North Reading water treatment project will affect the RMLD in any way?

Mr. Cameron replied he has not been approached by North Reading, but perhaps they have contacted the Engineering Department at the RMLD but does not foresee this being a big impact.

**Motion to Adjourn**

At 8:28 p.m. Mr. Soli made a motion seconded by Ms. Kearns 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