

Reading Municipal Light Board of Commissioners

Regular Session

230 Ash Street

Reading, MA 01867

July 23, 2008

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

End Time of Regular Session: 9:35 p.m.

Attendees:

Commissioners:

Richard Hahn, Chair

Robert Soli, Secretary

Mary Ellen O'Neill, Vice Chair

Philip Pacino, Commissioner

Staff:

Vinnie Cameron, General Manager

Michele Benson, Key Accounts Manager Industrial

Robert Fournier, Accounting/Business Manager

Jane Parenteau, Energy Services Manager

William Seldon, Senior Energy Analyst

Beth Ellen Antonio, Human Resources Manager

Jeanne Foti, Executive Assistant

Priscilla Gottwald, Community Relations Manager

Kevin Sullivan, Engineering and Operations Manager

Citizens' Advisory Board:

Arthur Carakatsane

Reading Advisory Committee on Cities for Climate Protection (ACCP):

Gina Snyder

Stephanie Anderberg

Ray Porter

Sophie Gellot

Tracy Sopchak

Joan Boegel

Bing Xia

Dave Williams

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

None.

Approval of Minutes for Board Meetings

June 11, 2008

Mr. Soli made a motion seconded by Ms. O'Neill that the Board approve the Regular Session meeting minutes of June 11, 2008 as presented.

Motion carried 3:0:0.

June 25, 2008

Mr. Soli made a motion seconded by Ms. O'Neill that the Board approve the Regular Session meeting minutes of June 25, 2008 as presented.

Motion carried 3:0:0.

Power Contracts, Rate Setting, Green Power Committee – July 9, 2008

Chair Hahn reported that the Power Contracts, Rate Setting, Green Power Committee met on July 9, 2008 along with RMLD Board members Kearns and Soli. At that meeting, the additional progress on the Cost of Service Study (COSS) was reviewed and a recommendation as how to set future rates was discussed. Shortly after the COSS was prepared, the RMLD was notified by ISO New England that there would be approximately a fifty percent increase in transmission rates beginning June 1.

Mr. Pacino entered the meeting at this point.

The net result of the transmission rate increase will cost the RMLD \$2.3 million. This increase will be passed onto customers by the Purchase Power Adjustment at a rate of \$.0032/kWh. The rate is effective June 1 and will first appear in the August bills. Chair Hahn said that due to increased load growth and the need to replace aging equipment the RMLD is considering raising certain components of its base rates. This is why a COSS was being performed. The recommendation of the General Manager on the RMLD base rates will be discussed at the Citizens' Advisory Board meeting July 31. Chair Hahn said that the consultant will provide the Board with a final COSS report.

Presentation

Reading Advisory Committee on Cities for Climate Protection (ACCP)

Ms. Benson said that the ACCP began their new 1-2-3 Pledge at Reading's Friends and Family Day in June. The pledge commits the signatories to reducing their energy use by 10% over the next twelvemonths. The RMLD Board members took the pledge.

General Manager's Report

MMWEC Audit Update

Mr. Cameron informed the Board that there is a delay in the MMWEC audit that Melanson Heath is performing because MMWEC refuses to provide data that involves direct and indirect labor, which is needed to tie out the calculation of the billing allocation process. Mr. Cameron said that there is a conference call on Friday that may include a public information request.

On another matter, Mr. Cameron informed the Board about the storm that came through on Saturday night that caused the most severe damage in Wilmington at the Silver Lake area. Mr. Cameron reported that there were four area outages; employees were called in at 7:30 p.m. on Saturday with power being restored by 7:00 p.m. Sunday evening. There were five hundred customers out at one time.

Ms. O'Neill stated that at one of the June RMLD Board meetings it was reported that there would be a meeting regarding the Middleton project.

Ms. Parenteau commented that the Middleton meeting did not take place as planned last week because CH2MHill did not complete their report.

Ms. O'Neill expressed her concern because Al Gore had recently made a speech urging everyone to support a reduction on our reliance on fossil fuels and to set a goal of obtaining all our electricity from renewables by 2018. Ms. O'Neill said that this is not going away; it is more urgent because time goes quickly and the RMLD needs to be prepared for this. The speech is online and can be found in *The Boston Globe*.

Ms. O'Neill asked about the status of the RMLD lobby.

Mr. Cameron replied that under Chapter 30B regulations the RMLD has to obtain three prices. Mr. Cameron explained that someone has come in to calculate how many manpower hours it takes to complete the lobby project. The RMLD then in turn has to go out through the competitive bid process if the project is more than \$10,000. Mr. Cameron said that the sheet rocking can be performed and once completed other aspects of this project can be completed.

Mr. Pacino asked that the vote for the minute approval be reconsidered because he was not present to include his vote.

Mr. Soli made a motion seconded by Ms. O'Neill to reconsider the vote on the June 11, 2008 and June 25, 2008 Regular Session meeting minutes.

Motion carried 4:0:0.

Approval of Minutes for Board Meetings

June 11, 2008

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Motion carried 4:0:0.

June 25, 2008

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Motion carried 4:0:0.

Audit Update

Chair Hahn said that since it is the year-end closing Mr. Fournier will not have a Financial Report. Mr. Fournier reported that he is closing up loose ends and will have the Draft Financial Report for the August meeting.

Audit Update

Mr. Fournier said that the fifty confirmation letters were sent to RMLD's customers in July. Mr. Fournier said that the auditors will make their presentation in September. Mr. Fournier said that Mr. Larry Stone, Stone Consulting, will make his presentation on the Pension Trust Actuarials at the September meeting. Mr. Fournier commented that in June the kilowatt hour sales were 9 million hours sales, a little less than last year's. Mr. Fournier stated that although kilowatt sales are up \$8 million over last year, the collections are difficult and there is an increase in the aging of accounts. There are more shut offs and this, coupled with projected rate increases, makes it more difficult for customers who are financially strapped.

Chair Hahn asked when does Mr. Fournier think the Financial Report will be available?

Mr. Fournier replied that the Financials will be ready the first week of August.

Chair Hahn said that he would like the Financials to be circulated when they are ready.

Mr. Fournier said that over the last couple of months the account balances over ninety days old has climbed to amounts of \$400,000 to \$500,000. Mr. Fournier said that the RMLD makes its best effort to work with customers during these difficult financial times.

Power Supply Report for the month of June 2008

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

Ms. Parenteau pointed out that the RMLD under-collected fuel charges by \$1 million leaving a negative balance in the Deferred Fuel Cash Reserve of approximately by \$750,000. Ms. Parenteau mentioned that in June there was a significant increase in the transmission costs for the NYPA contract that tripled from May to June. Ms. Parenteau said that the increase is due to significant New York congestion charges that were allocated to the NYPA power. Ms. Parenteau commented that MMWEC is the administrator of the contract and is seeking to hire someone to look into the New York Power Pool.

Chair Hahn clarified that the capacity charge reflects the increase in the transmission payment.

Ms. Parenteau replied, "correct." Ms. Parenteau said that June starts a new power year, the RMLD peaked significantly lower than it did then in 2006, which was 172 megawatts in August, and in 2007 it was 160 megawatts. The RMLD's load was 7.3% lower however, the Pool as a whole had a 7.1% reduction that is marginal savings.

Chair Hahn asked if the transmission payments could be added to the report?

Ms. Parenteau said that she would add this information.

Ms. O'Neill asked does the RMLD need to consider increasing the Fuel Charge? Ms. O'Neill said that since she has been on the Board she has never seen a negative balance, how is that handled?

Ms. Parenteau replied that she spoke with Messrs. Cameron and Fournier and they believe there are enough funds in the Operating Fund to cover this.

Ms. O'Neill asked when would these funds be recovered?

Ms. Parenteau said that Deferred Fuel Cash Reserve Fund will continue to be negative in July but should have a positive balance by December.

Chair Hahn asked if the Fuel Charge would be increasing 1/2¢ per month as a means to collect the funds to bring the Deferred Fuel into a positive balance?

Ms. Parenteau replied that it will increase 1/2¢ per month until October, then the over collection will occur based on current forecasts.

Power Supply Report for the month of June 2008

Ms. Parenteau said that the RMLD's forecast is based on the fact that electricity prices tend to mimic the gas futures; historically through 2008 those have been climbing up for unknown reasons. In the forecasts, precautions are built in for the hurricane season.

Ms. Parenteau pointed out that if there are no hurricane issues then the natural gas prices based on history trend significantly downward. Ms. Parenteau commented that in the last week the gas prices have trended downward by thirteen percent.

Mr. Carakatsane commented that the Board came up with the policy of the 1/2¢, however the Citizens' Advisory Board can recommend to the Board that it increase this amount if warranted. Mr. Carakatsane said that he is a little uneasy with such a negative amount in the Deferred Fuel Reserve so deep into the season.

Mr. Cameron commented that this is not the time to raise the Fuel Charge beyond 1/2¢ based on the discussions he has had with Ms. Parenteau and Mr. Seldon on this matter.

Chair Hahn asked if it was possible that NSTAR's and National Grid's Default Rates have been set for the end of the year. Would it be possible to do a bill comparison projected for December with the fuel transmission increase, and the rate increase compared to the IOU competitors?

Ms. Parenteau replied that this can be done.

On another matter, Ms. O'Neill commented that the conservation and energy efficiency program memo has been distributed to the Board and asked if there is going to be a public presentation and how is that going to be released to the communities?

Mr. Cameron replied that he had not received any comments on the memo. Mr. Cameron will have this on the agenda for the next Board meeting.

Engineering and Operations Update for the month of June 2008

Mr. Sullivan presented the preliminary Engineering and Operations update for June 2008.

Mr. Sullivan reported that there were five rain events and one cable failure. In the month of June 6,000 customers were out due to the following events: three rain events in Reading, one rain event in Wilmington, and one in North Reading. The cable failure was in Reading.

Chair Hahn clarified that the Gaw transformers will be switched one at a time during low load periods. How long does it take for a transformer to be taken out and be replaced because it requires new footings as well as a containment system?

Mr. Sullivan reported that one transformer needs new footings; the other two transformers will use the existing footings. It will take four to six weeks per transformer.

Ms. O'Neill expressed her concern that the Gaw Substation Upgrade schedule is dated May 15, 2008 before the RMLD awarded the bid to PLM.

Mr. Cameron said that that he will look into the date issue because the date at the top of the schedule is July 13.

Ms. O'Neill said that in the June 25 minutes there is no official motion, however, Mr. Cameron and Mr. Fournier were requested to develop a proposed presentation format for the reporting on the Gaw project schedule. Ms. O'Neill would like to receive this information.

Chair Hahn suggested that Ms. O'Neill provide to Mr. Cameron a sample of the specific format that she would like used on the information provided.

Mr. Soli clarified page 2 Lines 61 to 63, is the final payment \$3 million?

Engineering and Operations Update for the month of June 2008

Mr. Cameron replied that a payment of 40% of the total order was made in February when the order was placed, another payment of 30% will be made upon shipment, and the final payment of 30% will be made after delivery.

Ms. O'Neill said that during the budget discussions mention was made that there is a substation maintenance plan and wanted to know the status of it.

Mr. Cameron commented that UPG created a database on substation maintenance that the Department utilizes.

Next Meetings

Sunday, August 10, 2008, Annual NEPPA Conference

Wednesday, August 27, RMLD Board Meeting

Citizens' Advisory Board Meeting, July 31, 2008

Mr. Pacino reported that yesterday he attended the Hull Turbine tour sponsored by TiE Boston. He met with the Director of Planning for the Town of Hull. The two wind turbines take care of 20% to 30% of the Town of Hull's needs. Mr. Pacino wanted to thank Mr. Vale for pointing out this opportunity.

Mr. Soli reported that he had his quarterly meeting as a member of the Audit Committee along with Mr. Fournier with the Town Accountant. Mr. Soli said that the twelve signatures on the warrant was discussed which is a temporary measure with the cut over to the town's new computer system.

Mr. Fournier will get in touch with the Town Accountant to see if the number of signatures can be reduced from twelve to two.

Executive Session

At 9:00 p.m. Mr. Soli made a motion seconded by Ms. O'Neill 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 to discuss the deployment of security devices, in certain instances, and return to the Regular Session for the sole purpose of adjournment.

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

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

Motion to Adjourn

At 9:35 p.m. Mr. Soli made a motion seconded by Mr. Hahn to adjourn the Regular Session.

Motion carried 4:0:0.

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