

Reading Municipal Light Board of Commissioners

Regular Session

230 Ash Street

Reading, MA 01867

June 11, 2003

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Start Time of Regular Session: 7:35 p.m.

End Time of Regular Session: 9:07 p.m.

Attendees:

Commissioners: Hughes, Pacino, Soli, Herlihy and Ensminger

RMLD Staff: Messrs. Cameron, Blomley and Butler  
Ms. Gottwald, Maillett, Antonio, O'Leary and Cavagnaro

CAB: Messrs. Lessard and Carakatsane

Guests: Mr. Corbett and family  
Mr. Bartlett  
Mr. O'Hara, Maverick Construction  
Mr. Riley, Local 369, UWUA  
Mr. McNally, Maverick Construction

Mr. Pacino called the meeting to order at 7:35 p.m.

Mr. Pacino noted the first order of business tonight was the presentation of the meter lamp to John Corbett. Mr. Pacino stated Mr. Corbett was a Citizen's Advisory Board member for six years and had good input over this period of time as he added quite a bit to what the Commission and the Department did.

Mr. Corbett stated it was an enjoyable six years, he met a lot of nice people and it was all-positive.

Mr. Pacino thanked Mr. Corbett for his service and time devoted to being a Citizen's Advisory Board member.

Mr. Lessard stated it was a pleasure working with Mr. Corbett over the last six years as he brought professionalism and knowledge to the Citizen's Advisory Board. Mr. Lessard pointed out Mr. Corbett is missed and will be for a long time to come. Mr. Lessard added the Town of Reading could have not had somebody more dedicated to helping the ratepayers not just in Reading but the other three communities. Mr. Lessard extended his thanks to Mr. Corbett for all his hard work.

Mr. Cameron echoed the comments of Messrs. Pacino and Lessard. Mr. Cameron has worked quite a bit with the Citizen's Advisory Board on different issues mostly power supply, rate and fuel charge issues. Mr. Cameron found Mr. Corbett was very professional in his actions and came very well prepared for any issue that was brought before the CAB. Mr. Cameron thanked Mr. Corbett for his service.

Mr. Corbett then introduced his family, daughters Katie and Julia as well as his wife Lucia.

Mr. Pacino noted this meeting of the Reading Municipal Light Department (RMLD) Board of Commissioners June 11, 2003 is being broadcast live at the RMLD's office at 230 Ash Street, Reading, MA. Live broadcasts are available only in Reading due to technical constraints.

The meeting is being video taped for distribution to the community television stations in North Reading, Wilmington and Lynnfield.

**Presentation Hazard Hamlet (Priscilla Gottwald)**

Mr. Cameron noted the Department just purchased and took delivery on an educational device that will be used for presentations and it is called Hazard Hamlet. Mr. Cameron pointed out that Priscilla Gottwald Manager of Community Relations would do a brief presentation on this.

**Presentation Hazard Hamlet (Priscilla Gottwald)**

Ms. Gottwald pointed out she had given the Commission an article from the newspaper in which an eleven year old Attleboro boy was critically injured after climbing up a railroad signal bridge and subsequently being shocked. Ms. Gottwald noted the second article was in Taunton in which the five year old smelled smoke and he woke up his mother. Ms. Gottwald noted her husband was using a backhoe and hit underground wire.

Ms. Gottwald stated the Hazard Hamlet addresses sixteen different electric hazards, which would be used in schools, fairs and community events. Ms. Gottwald pointed out this is broken out into scenes depicting electric hazards. Ms. Gottwald went over such hazards as the sail boat in a pond showing hydropower going to the generating plant and the transmission lines will go to a distribution center and eventually get down to a substation. In the substation there is a soccer ball; a child has climbed the fence to retrieve the soccer ball. Other hazards depicted in the Hazard Hamlet: flying kites near electrical wires, tree trimming too close to wires, television antenna too close to the wires, trying to get a cat off the utility pole, cleaning a pool with aluminum rod too near wires, man using electric hedge cutter in a pool of water, automobile accident in which there is a pole knockdown with wires down (do not get out of car unless on fire), construction equipment hitting wires, dig safe issue hitting underground wires, taking a bath with blow dryer, computer, air conditioner, television overloading the circuit, electric heater too close to plug, frayed wire on a drill, and fork to get toast out. Ms. Gottwald noted this is a quick synopsis. There also are added features such as climbing trees too close to wires, warning not to go near anyone who has been injured by electricity, sailboat too close to wires, electrical storms and how to avoid it, frayed wires inside and outside, do not let trees grow around transformers. Ms. Gottwald mentioned that on the following date they would be at the Summer Street in Lynnfield making this presentation to four classes and one hundred fourth grade students will get the benefit of this demonstration.

Mr. Cameron added the presentation would be slower and more informational. Mr. Cameron noted he did not think it was necessary to add the same level of detail for tonight's presentation.

Mr. Hughes inquired how will the people or an activity in the community go about soliciting this little road show to accommodate them in the public?

Ms. Gottwald replied she received a call from one of the schools and they had a graduation theme of construction and they were asking for something the Department had to offer relative to this. She offered the Hazard Hamlet presentation. Ms. Gottwald added a means of publicizing this would be put this in the local papers, take pictures at schools and put it in the *In Brief*.

Mr. Pacino noted that if anyone wanted to have the presentation they would get in touch with Community Relations.

**Report of the Chairman of the Board**

Mr. Pacino replied he had nothing to report at this time.

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

Mr. Pacino polled those in attendance to see if there were any Selectmen Liaison, Citizen's Advisory Board or customer comments. There were no comments.

Mr. Ensminger noted he was unsure if this was the right place to bring this up but the Policy Subcommittee had met recently to discuss potential changes to Policy 19, he was wondering what their plan was to bring that before the Board?

Mr. Cameron responded that the Department has made the changes to Policy 19. Mr. Cameron stated the Policy Subcommittee needs to get together one more time to make sure the changes made are correct. Once that occurs the Policy can be brought back to the Commission. The Policy Subcommittee will get together probably before the next meeting.

**Action Item(s) Hourly Rates of Line Equipment and Professional Manpower for Electrical Distribution Construction and Maintenance Bid**

Mr. Ensminger made a motion seconded by Mr. Hughes, move that ITB 2003-3 For HOURLY RATES OF LINE EQUIPMENT AND PROFESSIONAL MANPOWER FOR ELECTRICAL DISTRIBUTION CONSTRUCTION AND MAINTENANCE be rejected and re-bid at a later date on the recommendation of the General Manager.

**Motion carried by a show of hands 5:0:0.**

**Action Item(s)**

**Hourly Rates of Line Equipment and Professional Manpower for Electrical Distribution Construction and Maintenance Bid**

Mr. Cameron stated the Department had a lot of bidders on this particular bid. Mr. Cameron added what happened was that as we went through the bids the Department found out the bids were non responsive for certain reasons. Mr. Cameron explained when that occurs you cannot just say to a bidder you did not respond this way and can you send us that unless you do it for the others who did not respond the same way. Mr. Cameron stated the Department deemed all the bids were non responsive and the Department will re-bid this. Mr. Cameron pointed out the Department is working under a contract it has with Halpin Line Construction for preventive maintenance which runs out at the end of this year. Mr. Cameron plans to re-bid this in late August and have the bids back in October and to the Commission in November.

Mr. Pacino inquired relative to the December timeframe.

Mr. Cameron replied the Department needs a new contract for line construction for January, 2004.

**15kV Aerial Spacer Cable**

Mr. Ensminger made a motion seconded by Mr. Hughes move that bid 2003-8 for 15kV Aerial Spacer Cable be awarded to Arthur J. Hurley Company for a total cost of \$121,764.00 as the lowest qualified bidder on the recommendation of the General Manager.

**Motion carried by a show of hands 5:0:0.**

Mr. Cameron noted the Department bid all this cable for not only the 2003 and 2004 capital budget projects but also to replenish some inventory. Mr. Cameron pointed out the 2003 budgeted amount was \$97,800 the actual cost of the wire for those projects is \$57,900 the actual price is below the budgeted amount in the 2003 budget.

**Selection of Actuarial Firm For RMLD Pension Trust**

Mr. Pacino stated the Board Pension Trust Subcommittee met this morning. Mr. Pacino could not attend the meeting. Mr. Pacino noted Mr. Hughes did a fine job. Mr. Pacino has gone over the results with Mr. Hughes and is in full agreement of the results he is going to present.

Mr. Hughes noted he and Mr. Fournier, Accounting Manager, discussed the pros and cons of the actuarial audit to be conducted. Mr. Hughes noted two out of the three firms responded. Stone Consulting is currently being used by the RMLD and the Town of Reading uses The Segal Company. Both firms provided references. Both firms provided resumes of the professionals involved in the project. Both firms are qualified and capable of completing the actuarial valuation. The cost The Segal Company is \$2,825 higher than Stone Consulting on the January 1, 2003 actuarial valuation. The Segal Company is \$100 higher than Stone Consulting for the GASB 25 and 27-disclosure update in the off year 2004. In the event of a full actuarial valuation would be needed for January 1, 2004, the Segal Company is \$3,325 higher than Stone Consulting. Mr. Hughes noted the timetable Stone Consulting requires six weeks whereas the Segal Company requires ten weeks. Both would meet the September 15, 2003 deadline if a decision were made soon. Mr. Hughes stated he and Mr. Fournier spent time this morning deliberating this. It was decided Stone Consulting, Inc., on the recommendation of the Pension Board Trust for the Department to perform the actuarial valuation for the Pension Trust.

Mr. Pacino added Stone Consulting is the present actuarial provider at this time.

Mr. Hughes made a motion seconded by Mr. Ensminger to move that the RMLD Board of Commissioners acting as the Pension Trustees vote to accept the recommendation of the Pension Trust Subcommittee to select Stone Consulting, Inc. to provide actuarial valuation services for the years 2003 and 2004 for the RMLD Pension Trust. Stone Consulting, Inc. is the lowest qualified vendor.

**Motion carried by a show of hands 5:0:0.**

Mr. Soli had a question. It looks like there were three bids and looks like the Commission is only accepting one. Is that our intent?

Mr. Soli further inquired one line 1/1/2003 Actuarial \$4,675 we accepted this, 1/1/2004 update \$900, 1/1/2004 Actuarial \$4,675?

**Action Item(s)**

**Selection of Actuarial Firm For RMLD Pension Trust**

Mr. Cameron clarified with Mr. Soli you want three separate motions. Mr. Cameron pointed out this is how they bid when they responded if you accept them as lowest bidder you are accepting all three.

Mr. Pacino agreed with Mr. Cameron you would be accepting all three.

Mr. Ensminger added to reference to the RMLD Pension Vendor Selection for Pension Trust Actuarial Trust dated June 9, 2003.

Mr. Pacino noted the motion could be changed to select Stone Consulting, Inc. to perform change to provide actuarial valuation services for the years 2003 and 2004.

**General Manager's Report**

**Extension of the Twenty-Year Agreement**

Mr. Cameron stated the Commission has a package separate from the Board book. Mr. Cameron further explained this has to do with an analysis of the extension of the Twenty Year Agreement. Mr. Cameron noted one CAB member pointed out that it did not appear that the RMLD went through the correct protocols with respect to the sign off with the Towns as well as the Commission relative to the Twenty-Year Agreement. Mr. Cameron looked at the contract. Mr. Cameron pointed out it appears in one part the Towns in the service territory did extend the Twenty-Year Agreement properly by taking votes of either the Selectmen or Town Meeting. Mr. Cameron stated however, the RMLD should have circulated a sign off sheet which would of closed the loop on this and the sign off sheet would have been similar to that signed off by the original signees of the Twenty Year Agreement. Mr. Cameron added the Department put together this booklet as a genesis of what went on a couple of years ago relative to how the extensions were executed. Mr. Cameron's recommendation if the Commission is amenable, legal has looked at this and there is no problem with the content, then it should be signed. Mr. Cameron's recommendation is for the Commission sign this and then have each one of the CAB members (he is unsure what they will do in Wilmington) take this to their particular town for sign off and present it to their Selectmen and explain what happened.

Mr. Ensminger inquired of the Chairman is this the first ten year extension?

Mr. Pacino replied yes.

Mr. Ensminger then stated the original term was for fifteen years.

Mr. Pacino stated the original term was for ten years and every ten years there is an option to renew for another ten years.

Mr. Ensminger inquired how do we get to July 9, 2020 from 1987 with the ten years of extension?

Mr. Pacino replied there has to be ten years notice that at the end of the ten-year period it would be up. Mr. Pacino noted it is basically waiving that notice.

Mr. Cameron added he would have one original for the Commission signature. Mr. Cameron added the CAB has a copy of the booklet as well.

Mr. Carakatsane stated just to echo what Mr. Cameron has said and the CAB had talked about this at length. Mr. Carakatsane noted Mr. Van Magness brought this issue up and spotting the signatures were not on a signed document as required by the Twenty-Year Agreement. Mr. Carakatsane added although all the Towns took their votes this is really a confirming document done quite often in law. It simply confirms what was done a couple of years ago.

Mr. Ensminger made a motion seconded by Mr. Soli move to reaffirm the previous vote of the RMLD Board to endorse the extension of the Twenty Year Agreement to July 9, 2020.

**Motion carried by a show of hands 5:0:0.**

**General Manager's Report  
Financials, April 2003**

Mr. Cameron stated that Mr. Fournier had a previous engagement that is why he is not here this evening. Mr. Cameron pointed out on page 3, through April year ending the RMLD is about seven percent ahead of their base revenue estimates. Mr. Cameron added the fuel was up quite a bit due to global fuel prices being up over last year to date. Mr. Cameron explained on page 3a, budget versus actual, the Department is up about seven percent \$945,000 ahead of the base revenue estimate, the fuel was about three percent lower than what was estimated. Some of that has to do with the fact that prices are lower because there is not as much congestion as they thought there was going to be this time of year. Mr. Cameron noted everything is under budget except the maintenance expenses. Mr. Cameron added it is the same story as last month the Department is doing more maintenance work than capital work this year. Mr. Cameron also added there has been down time due to the weather. Mr. Cameron added the depreciation expense is just about right on. Mr. Cameron stated the income is almost one million dollars ahead of budget estimate and that is due to the base revenue figure being higher than projected. Mr. Cameron went over page 12a. It is the actual year to date versus budget year to date. The line Miscellaneous Labor and Expense is \$35,000 over budget, the other line item is the rent expense the Department is ahead because the Department has booked May already. Mr. Cameron then pointed out everything else seems to be under budget. Mr. Cameron stated on page 13, professional services year to date the Department has spent \$57,000, \$214,000 was budgeted therefore the Department is approximately \$157,000 under budget. Mr. Cameron added Camp, Dresser & Mc Kee is an actual figure of \$59,000 this year assisting the Department with the CIBFMS program. Mr. Cameron did not bring the budgeted figure with him.

Mr. Blomley added the worse case for the year projected was \$400,000, however it is expected to be around \$259,000.

Mr. Ensminger inquired the budgeted amount on page 12a is for the full year?

Mr. Cameron replied it is for four months.

Mr. Soli inquired on page 13, relative to the computer system Cogsdale bid fixed price for the design?

Mr. Blomley replied not to exceed price.

Mr. Soli then inquired no scope changes?

Mr. Blomley replied no. Mr. Blomley did add there are change orders.

Mr. Soli asked on page 9 relative to the Rate Stabilization Fund is that \$8.8 million?

Mr. Cameron replied the Department took a \$3.2 million loss for the 2002 year-end. Mr. Cameron added the Department booked that loss against Rate Stabilization. Mr. Cameron added the Department took \$1.5 million out of the Rate Stabilization in April to stabilize fuel at 3.5¢/kWh through the end of June.

Mr. Soli stated the Department is under \$10 million in the Rate Stabilization Fund.

Mr. Cameron replied the Department is at \$8.8 million right now. Mr. Cameron pointed out however if you look at the operations fund on page 9 last year at this time it was \$2.1 million, this year it is \$6.7 million. Mr. Cameron talked with Mr. Fournier and decided instead of making any transfers if there was going to be an impact to the Department's rate change and the operations cash Mr. Cameron did not want to come back to the Board saying I need to bring back money here one place to another. Mr. Cameron then decided to keep the operations fund higher than usual. Mr. Cameron stated he has told Mr. Fournier when the Department sees the financials for August then the Department will make a decision of whether to transfer money back into the Rate Stabilization Fund. Mr. Cameron noted for now the Department will keep the operations fund up there just to make sure that the rates are recouping what was estimated. It has been a cold spring, the Department has not received the revenues it anticipated even though the Department's revenues are up, and it is mostly up for the first three months of the year. It is a prudent management decision to keep that operations fund up a little high until such time as the August financials come in.

Mr. Herlihy inquired on page 12, maintenance of streetlights and systems?

**General Manager's Report  
Financials, April 2003**

Mr. Cameron replied signifies that the term "systems" means traffic signals and the Department only changes light bulbs on these. Mr. Cameron noted this refers to mostly streetlight maintenance. Mr. Cameron added each year you try to hit a number but if there a lot of pole change outs then you have to change the streetlight transfer it comes out of this account number that number is hard to hit.

Mr. Herlihy further inquired the maintenance of line figure the Department is slightly over budget on is it related to the bid the Board voted upon to postpone?

Mr. Cameron replied no that comes out of another account. Mr. Cameron noted the reason the maintenance of lines account is high because the Department has been doing more maintenance work and not as much capital work. The Department has a percentage it applies to the operating budget and that percentage of capital work comes out of the operating budget and is assigned to the capital budget, as the capital budget requires work to be done on different projects. Mr. Cameron added sometimes that percentage does not work out absolutely. At certain times the Department is performing more maintenance than projected. Mr. Cameron did state that Halpin is still doing work on the RMLD system. Mr. Cameron further added there were a few storms in the beginning of this year that required some overtime.

Mr. Pacino just wanted to reiterate a point he has made before the financials statement are on the RMLD's website. Mr. Pacino added his financials are e-mailed to him and if anyone wants to get on that list they can do so.

**Energy New England (ENE) Update**

Mr. Cameron noted he did not put it with the package for this meeting but he did get the background on Mark Caplan who is the Director that the Commission did not vote to renew his directorship with Energy New England. Mr. Cameron will get that information to the Commission. Mr. Cameron did add he is looking at a certain law firm to talk with Energy New England just to get a different opinion on what our liability is if the Department stays with them. Mr. Cameron is going to at the next Board meeting bring this information to them and have some discussion with them. It appears Energy New England is trying to get into is trying to get into the retail electricity sales business. Mr. Cameron received their April management report this morning and discussed it with Energy Services staff. Mr. Cameron added it gave him great pause when he read this. Mr. Cameron pointed out this is a problem the Department had with MMWEC when they wanted to get into this business because they figured it would trigger reciprocity which means if someone gets into the retail sales business and if it is either you or a company related to you or have holdings in it may trigger reciprocity.

Mr. Pacino interjected to have Mr. Cameron explain reciprocity.

Mr. Cameron defined reciprocity. The investor utility systems are open so that anybody can sell standard offer service to their customers. Mr. Cameron pointed out the municipalities were not involved in this aspect of deregulation so our systems are still closed. What they want to do is similar to this. Mr. Cameron does not know he is not comfortable in what they propose to do. Mr. Cameron will bring this back to the Board as well.

**Update on the Reorganization of the RMLD**

Mr. Cameron stated he has been working on the reorganization of the RMLD as he has approximately thirteen people reporting to him. Mr. Cameron noted he had a meeting with management and informed them that his reorganization plan would be split the RMLD into four divisions. The divisions would be a Business Division with a Business Manager including MIS, Accounting, Billing and Customer Service. A Technical Division would include Engineering, Line Department, Station Department and Metering.

Mr. Cameron further added Power Supply Division with a manager, which is basically the Energy Services Department including the Key Accounts people. There would be a Manager of Projects Division, which would include Facilities and Materials Management. Mr. Cameron did not go into names of any of the managers. He did tell the management staff he believes there might be some managers appointed by him within the Department and there may be other positions he is looking for managers that may be posted within the Department.

**General Manager's Report**

**Update on the Reorganization of the RMLD**

Mr. Cameron noted right now he does not see any personnel changes what he would like to do is get these managers in place and then have them look within their individual departments to see how they would deploy their manpower. Mr. Cameron is hoping there is four job descriptions he had to redo incidentally, Human Resources still reports to him with the Communities Relation Manager reporting to the Human Resources Manager that model has worked out well for the last three or four months and would like to continue with this. Mr. Cameron is hoping to get up the job postings next week. Mr. Cameron stated it was too bad he could not get this reorganization done quicker but he has been busy. It has been a busy one hundred and twenty days last week he believes. It has been a busy time a lot of things he had to respond to but hopefully this can get going next week.

Mr. Hughes inquired will there be any salary increases or adjustments made on the assignment of four managers?

Mr. Cameron replied that has to be looked at.

Mr. Ensminger inquired what was the impetus behind the reorganization?

Mr. Cameron replied right now there are thirteen people reporting to me there needs to be a lot less. Mr. Cameron pointed out there also needs to be more overall management for the people in the department what is called middle management. Mr. Cameron noted in the position as Assistant General Manager for instance he split that job up. There are some things procedurally that need to be done and he does not have the time to do it. It has to with workflows, new procedures with the CIBFMS, which requires detailed management abilities so they can ensure these procedures, are adhered to. It is necessary. Mr. Cameron did not go back to the Assistant General Manager model because he did not feel given what is needed here for management was going to work. Mr. Cameron is not going to make four Assistant General Managers either. However, he believes these four positions would be progression in the event he would no longer be here.

Mr. Herlihy asked if the Commission could be presented with management flowcharts structure.

Mr. Ensminger inquired if they would be apprised of the job description changes?

Mr. Cameron replied the Commission would get all this information.

Mr. Herlihy inquired there will be no more Assistant General Managers?

Mr. Cameron replied he didn't think so but is giving himself some wiggle room.

Mr. Hughes inquired there are no Assistant General Managers?

Mr. Cameron replied no not in title.

Mr. Pacino inquired what is your timetable to getting this implemented?

Mr. Cameron replied first you must determine if there are employees who can be appointed to these positions then going outside.

Mr. Pacino had a follow up question and he is unsure if it is inappropriate to be answered in open session what effect would the potential management union have?

Mr. Cameron paraphrased the question what effects would the management union have on this restructuring potential. Mr. Cameron replied he does not know. Mr. Cameron has looked at what he believes to be the structure of the union from the personnel point of view. Mr. Cameron believes it will not hinder the operations of the Department. Mr. Cameron does not believe it is going to hinder getting the RMLD restructured either. Mr. Cameron will have to leave himself a little wiggle room because he is blind to the obvious if he does not see a problem right now.

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

#### **Update on the Reorganization of the RMLD**

Mr. Hughes noted he as one Board member wholeheartedly feels in deference to Mr. Cameron's possible solicitation of new people being brought on board for interviews for outside replacements. Mr. Hughes added the Department is highly staffed and highly qualified to offset any requirements that the reconstruction analysis might need. That is his personal opinion having experience over the years.

#### **CIBFMS Update**

Mr. Cameron stated he has talked with Mr. Blomley who is managing the CIBFMS project and things are going well. The AP warrant is on the new computer system. As the summer progresses the Department is going to have more of the Accounting and Inventory on the new system. Mr. Cameron noted there would be a presentation at the next Board meeting.

Mr. Soli asked for in the presentation he is curious about how you will reconcile virtual inventory with the real inventory.

Mr. Cameron replied it will be brought to you.

#### **Calpine**

Mr. Pacino stated on another matter an item, which is not on the agenda, the Calpine matter it came up today that needs to be addressed.

Mr. Cameron noted the Department signed a power supply deal with Calpine Energy Services back in October 2001. The RMLD made a very good deal. The contract runs through October 2007. As part of this contract protection on both sides was put in the contract so an escrow account would be created if either parties one-bond rating went below an investment grade rating. It turned out that Calpine's investment grade rating went down this year and an escrow agreement was put together. This went through legal. Mr. Cameron, Calpine and the bank signed off on it. The bank said we need a certificate signed by the Board of Commissioners of the Reading Light Department that says we know who Mr. Cameron is and we know there is money in the bank and he is the General Manager of the Reading Municipal Light Department. Mr. Cameron added that the bank wants to make sure the Board is responsible for his actions. Mr. Cameron stated although the account it is in our name and we have control over it, we couldn't do anything with it until such time as Calpine would breach the contract. Basically what it is a calculation between the cost of the contract fixed priced contract every month for a certain amount of kilowatt-hours so you can value the contract down to the penny. Each month the Department runs a program to determine a mark to market. What it shows if we were going tomorrow to go out for the same amount of power from tomorrow on to the end of the contract with Calpine we could determine, given the forecast, how much that contract is actually worth. At the present time if Calpine did not perform under the contract they would owe the Department money. Mr. Cameron pointed out this would be in the vicinity of ten million dollars. That money will go into a bank account at Boston Safe Deposit Trust and it will sit there. At the end of the month Calpine will get the interest back and at the end of the month the Department will do another mark to market and if the prices have gone down Calpine will get that amount of money back if prices have gone up Calpine will have to deposit that amount of money in the bank. This will go on from now until such time their bond rating goes above investment grade or prices change.

Mr. Pacino inquired does this need the entire signature the Commission or just authorize the Chairman?

Mr. Cameron replied the entire Commission needs to sign.

Mr. Hughes had a question on the escrow funds. Can any other entity of the Town government go into this escrow?

Mr. Cameron replied no. Mr. Cameron has already talked to the Town Manager about this. Mr. Cameron reiterated he has talked to the Town Manager and he believes he and Mr. Fournier have talked with Ms. Klepeis; Town Treasurer about this and let them know what we are doing. The Town can only hold Reading's accounts by law. However, when you get into a case like this it is an account in which we have under our control but cannot do anything unless there is a breach. When there is a breach and the Department gets the money it would come back to our accounts in the Town. Hopefully, this will not happen.



**General Manager's Report**  
**Calpine**

Mr. Soli pointed out we read about the case of NRG in Connecticut. Mr. Soli inquired if Calpine should happen to go bankrupt will the money stay there?

Mr. Cameron replied Calpine couldn't take that money back in the event of the non-performance.

Mr. Soli made a motion seconded by Mr. Herlihy to recommend that the Commission sign the certification.

**Motion carried by a show of hands 5:0:0.**

**Board Discussion**

**Indemnification of General Manager**

Mr. Pacino addressed the Manager's indemnification, which runs to the end of June. The Subcommittee felt it was appropriate at this point to bring forward this motion. What the Board is doing is extending that indemnification out until August 31, 2003. Two months should be enough time in order to complete the deliberations on the General Manager's Agreement that will cover these items. The Subcommittee is still working on the Agreement once we get this Agreement and will make it public for anyone who wants to make any comments before it becomes a final document. Mr. Pacino noted the Board of Selectmen has requested a copy of the Agreement. It will be a public document and get input that way it is the intent. It will not be completed by the end of June that is why the Commission to extend out.

Mr. Soli has an amendment to the motion, which should be added to be in accordance with Massachusetts General Law. Massachusetts General Law limits indemnification to a million dollars needs to be inserted.

Mr. Ensminger inquired what if the statute changes on the one million?

Mr. Soli replied he did not think it would change with this motion but for the Agreement it is a good idea.

Mr. Cameron inquired does the statute state one million dollars per occurrence?

Mr. Soli replied yes

Mr. Ensminger inquired about the General Manager's Agreement and broad-brush terms and conditions if it is not appropriate for open session?

Mr. Pacino replied it is not appropriate for open session at this point.

Mr. Soli noted there is indemnification and it is a bit wordier.

Mr. Ensminger inquired as to what would be the procedure of the Subcommittee to report to this Board first and it will then be adopted after discussion in public session?

Mr. Pacino replied yes.

Mr. Cameron noted right now there is a Subcommittee, which is open session.

Mr. Pacino added they have not had any legal counsel look at it as part of the process they will be doing this on behalf of the Commission.

Mr. Cameron has his own counsel reviewing this, which he is paying on his own.

Mr. Ensminger asked if the Agreement was going to reflect the spirit of Article 7?

Mr. Pacino replied we are doing the best we can.

**Board Discussion**

**Indemnification of General Manager**

Mr. Ensminger made a motion seconded by Mr. Herlihy that the Reading Municipal Light Board vote to indemnify Vincent F. Cameron, Jr., for all costs to a maximum of a million dollars per occurrence, including, but not limited to, all attorney fees and expenses, judgments or damage awards, settlements or compromises incurred as a result of any claim, suit or action under any theory of law that may be brought against Mr. Cameron as a result of Mr. Cameron exercising responsibilities as General Manager effective February 7, 2003 through August 31, 2003, which lawful responsibilities include, but are not limited to, serving as the Massachusetts General Laws Chapter 164, Section 56, Manager.

**Motion carried by a show of hands 5:0:0.**

**Rate Comparisons, May 2003**

Mr. Cameron highlighted the rate comparisons and RMLD residential rates are higher Peabody five percent and Middleton seven percent.

Mr. Soli inquired are these the new or old rates?

Mr. Cameron replied the old rates. Mr. Cameron noted on the residential time of use rates Peabody is close and Middleton is six percent lower. In the commercial rates Middleton are the only one below us. Time of use rates is Middleton they are lower. The fuel charge in April is four cents per kWh for the fuel the half a cent for the fuel makes a big difference. Mr. Cameron hopes to keep it to three and half cents a kilowatt-hour for June and July. He believes the long-term level is about four cents a kilowatt-hour.

Mr. Herlihy asked at what point would we need to take action to keep at three and a half cents as we are in June?

Mr. Cameron replied right now he is working on a memo that updates the Rate Stabilization. He will bring it to the next meeting and it will be \$8-\$10 million dollars. Mr. Cameron said keeping the fuel charge artificially low is it the right thing to do now.

Mr. Carakatsane stated sometime in July the CAB would be having a meeting. They had originated a motion the last time in terms of the transfer for the June adjustment. It will be on the agenda hopefully and we will have a clearer picture. Mr. Carakatsane inquired about the new rates in effect?

Mr. Cameron thought he had mentioned the new rates went into at the last meeting effect the 1 June. They were put in all the four town newspapers.

Mr. Hughes added point of personal privilege. He apologizes for not putting this in the agenda. The item he would like to discuss in as much as the situation developed over last weekend and the agenda items had been made up prior to Monday for release. Mr. Hughes as Vice Chairman and long time Commissioner was very upset with the front-page article in *The Reading Chronicle* in last Friday night's paper. The Department survived over two years of open season from the media. These items were addressed and measures were put in place for the stopgap policies and procedures and with these recent cable and news media and press releases and ratepayers remarks in the four service areas to not only the employees but to other customers, the Department now feels as though there is a morale problem being effected again. Here we are in the limelight again is what they are saying. Wrong information has been released in at least two items in last Friday night's paper.

Mr. Hughes stated even though a correction or retraction has been released the initial harm has been done. Common courtesy and professionalism should be demonstrated. It should be discussed with the two Chairs first along with the General Manager to prevent blind siding. This view is my personal one and the thought should be absorbed by the editing individuals.

Mr. Pacino added one comment. The first time he read this was in the Board book, not in the paper. Mr. Pacino is a little disappointed with the individual who brought these things up to the Selectmen. Mr. Pacino noted he did not bring up anything to the Commission. The last time Mr. Pacino looked we oversaw that budget. Why he is out and telling the world and not bringing it to this Commission. He was disappointed.

**Board Discussion**

Mr. Pacino also pointed out this individual sends out a lot of e-mails. It was in none of the e-mails he received. He is very prolific in sending e-mails. Mr. Pacino would have liked to know if there were a problem he uncovered and would of e-mailed me and we could have looked into it. Mr. Pacino further added it would be the responsibility of this Commission to try to take care of these issues and not to go running to an outside agency to ask to look into those issues. Mr. Pacino would like to also remind that e-mails are public information. Those e-mails have ten to fifteen individuals on that list that may constitute a violation of the open meeting law. Mr. Pacino suggested being careful that he does not violate any open meeting laws with these e-mails.

**Next Meeting Dates**

**Wednesday, June 25**

Mr. Cameron noted the Commission had asked him to talk with the Town Manager about setting up a meeting with the FINCOM. The reply he received from the Town Manager is on Wednesday, June 25 the Town Manager was trying to get the FINCOM, the Selectmen and School Committee together for a meeting not related to the Department. The Town Manager had suggested after general business then the presentation to the FINCOM could be made. Mr. Cameron noted he will post the meeting he and the Chair would go, along with anyone who wishes to go.

Mr. Pacino said there may potentially be a financial forum.

**Joint meeting with Town of Reading Board of Selectmen.**

Mr. Hughes inquired about the joint meeting between the Selectmen and the Commission without the managers being present what is the status?

Mr. Pacino replied at the present time he has not been able to get this set up.

Mr. Cameron just to clarify this would be an open meeting. You cannot exclude anybody but it is helpful it is held between the two boards.

Mr. Pacino is trying to get in touch with Mr. Foulds to moderate this joint meeting.

**Wednesday, July 9**

**NEPPA Conference, August 17 to 20 Groton, CT has been posted.**

Mr. Pacino wanted to make a statement on the NEPPA Conference. It is the only opportunity this Commission has to meet with other Commissioners from the New England area. It is an opportunity to network, learn and educate. Mr. Pacino has found it valuable and to criticize attendance at that conference is inappropriate. It basically is saying that Reading has all the answers and he does not agree with that philosophy.

Mr. Ensminger added the Board of Selectmen every year attends the Massachusetts Municipal Association meeting locally in Boston. It is a weekend where they get to meet other Selectmen there are certainly precedent within this town and other towns to attend these kinds of meeting. Mr. Ensminger noted with the reforms put in place relative to spousal cost be covered by the attending individual, it is on the up and up. If business is not transacted in any non posted meeting.

Mr. Pacino stated it has been a policy of this Commission going back to the eighties that the intent is that any business acted on takes place in this room unless it is an emergency, which is an exception to the rule. The only time the Commission would act on any business outside this room would be in an emergency situation. Maybe it needs to get into Policy 19 as an affirmative statement.

Mr. Hughes wanted to address the loose cannon e-mails that are circulated. One of the e-mails addressed the NEPPA Conference. It has been put out there initially no matter how much confirmation, authority, and legality we give the picture was painted dull, it was painted wrong.

**Motion to Adjourn**

At 9:07 p.m. Mr. Soli made a motion seconded by Mr. Hughes to adjourn the Regular Session.

**Motion carried by show of hands 5:0:0.**

**Mr. Pacino called for a poll of the vote:**

Mr. Soli Aye; Mr. Herlihy Aye; Mr. Pacino Aye and Mr. Hughes Aye; and Mr. Ensminger Aye.

A true copy of the RMLD Board of Commissioners minutes as  
approved by a majority of the Commission.

Daniel A. Ensminger, Secretary  
RMLD Board of Commissioners