

Reading Municipal Light Board of Commissioners

Regular Session

230 Ash Street

Reading, MA 01867

October 29, 2015

Start Time of Regular Session: 7:42 p.m.

End Time of Regular Session: 9:30 p.m.

Commissioners:

Thomas O'Rourke, Chairman

Philip B. Pacino, Commissioner

Dave Hennessy, Commissioner

David Talbot, Vice Chairman – Secretary Pro Tem

John Stempeck, Commissioner

Staff:

Coleen O'Brien, General Manager – Absent

Jeanne Foti, Executive Assistant

Jane Parenteau, Director Integrated Resources

Hamid Jaffari, Director of Engineering & Operations

Bob Fournier, Accounting/Business Manager

Citizens' Advisory Board:

Dave Nelson, Vice Chair

Guests:

Karen Snow, Melanson Heath

Zackary Fentross, Melanson Heath

Public:

None Present

Call Meeting to Order

Chairman O'Rourke called the meeting to order and stated that the meeting was being videotaped; it is live in Reading only.

Opening Remarks

Chairman O'Rourke read the RMLD Board of Commissioners Code of Conduct.

Introductions

Chairman O'Rourke stated that Mr. Jaffari, Director of Engineering & Operations will be representing the General Manager this evening because Ms. O'Brien is out of town.

Chairman O'Rourke said that Dave Talbot will be the Secretary.

RMLD Citizens' Advisory Board

Chairman O'Rourke acknowledged Mr. Dave Nelson representing the CAB this evening.

Report of the Committee

Audit Committee – Commissioner Pacino

Mr. Pacino stated that the Audit Committee met this evening prior to the Board Meeting and reviewed the Audit, both the Town of Reading Audit Committee and the RMLD Board Audit Committee met in joint session. The audit was reviewed and both committees recommend that the Audit be accepted by the RMLD Board of Commissioners. The Town of Reading Audit Committee was a vote of 4:0 and the RMLD Audit Committee was a vote of 2:0. At this point, Mr. Pacino turned it over to Ms. Karen Snow of Melanson Health to make a presentation.

Presentation (Attachment 1) Presentation of Fiscal Year 2015 Audit

Melanson Heath & PC – Karen Snow and Zackary Fentross

Ms. Karen Snow introduced herself as the manager of the RMLD Audit. Ms. Snow explained that she will go through the Financial Statement very briefly. Ms. Snow began with the Independent Auditor's Reports this is where Melanson Health gives their opinion on the Financial Statements noting their opinion is an "unqualified opinion." Ms. Snow stated that, in their opinion the Financial Statements are fairly stated in accordance with generally accepted accounting principles. Ms. Snow noted she will skip over the Management's Discussion and Analysis which is a narrative overview of the Financial Statements for the year and proceed to the Financial Statements, the Statement of Net Position. As Ms. Snow continued, she pointed out a couple of changes this year because it is the first year of implementation for the "Governmental Accounting Standard for the Statement Number 68", which requires Reading Municipal Light Department (all municipalities) to recognize their portion of the Reading Contributory Retirement Systems Unfunded Pension Liability.

Presentation (Attachment 1) Presentation of Fiscal Year 2015 Audit

Melanson Heath & PC – Karen Snow and Zackary Fentross

Ms. Snow explained that Reading's portion of that under Net Pension Liability \$4,524,000 represents RMLD's share of the Town's Retirement System's unfunded portion of the Pension Liability, which is recognized for the first time in Fiscal Year 2015 on the Financial Statements. Going forward that number will be on the Statements annually going forward.

The second new item on the Statements is under the Asset section which is called "Preferred Outflow of Resources" and this is deferring recognition of what would normally be recorded as Pension Expense under GASB Statement Number 68. This requires recognition of the Pension Expense based on when that Net Pension Liability is measured. Since the measurement data for that Pension Liability differs from the Financial Statement date it is December 31, 2014, but for December 31, 2015 then recognition must be deferred of that Pension Expense and rolled back to last year's recognizing Pension Expense for what you contributed to Retirement for Pension Fund last year. It is a very complicated calculation and it is something you will recognize that Pension Expense going forward next year. In Fiscal Year (FY) 2015, RMLD actually recognized Pension Expense of \$833,000 which for the first time is different from what you would normally recognize it; you would normally recognize this contribution to the Pension Trust as your Pension Expense for the year. The measurement of the Net Pension Liability other calculations go into that Pension Expense. Ms. Snow stated that going forward there may be changes in your operating results for the Net Income for the year based on how the Net Pension Liability changes from one year to another to the next. The biggest factor is in that Net Pension Liability change other than all the complicated factors that go into an actuarial valuation to calculate that including mortality and how many retirees you have and how long are retired. This is a performance of the assets of the retirement system trust in Reading Municipal Light Department's Retirement Trust. Ms. Snow said that if there are large swings in market conditions, with interest rates going up or down then the net Pension Liability will respond and react accordingly. Ms. Snow pointed out that the RMLD will have to recognize those changes going forward, this is different this year than in the past.

Ms. Snow then explained the OPEB, the Other Post Funded Benefits Liability, RMLD does not have an Unfunded Liability at this point because Reading Municipal Light Department contributes to an OPEB Trust Fund. Annually, the RMLD contributes what is required to be considered fully funded. This will change in two years in 2017. Right now, RMLD is required to fund that OPEB Liability for thirty years, but in two years the rules will be changed requiring RMLD to recognize the full OPEB Liability all at once. The RMLD will have another large liability that will be on this balance sheet and it will not be able to spread out over thirty years as in the past. Ms. Snow continued, it is a recognition issue on the statement of net position operating. There are two big changes that are happening one this year and one a couple years down the road. Having said that, Ms. Snow stated, RMLD is in good shape, the Net Pension Liability is \$4.5 million, it would be higher, but it has been satisfied significant amount of assets in the Pension Trust which reduces that liability. Ms. Snow stated that there have been good decisions made to help fund that liability. The RMLD is in better shape because it already has a Pension Trust in place. The same thing holds true with the OPEB Trust, if RMLD did not have those assets set aside, RMLD would not be in as good of shape.

Ms. Snow explained the Income Statement, statement of net position, RMLD's Operating Income for the year is about \$4.6 million. This is reflective of a healthy Operating Income, the bottom line change in net position after the Non Operating Expenses and Revenues are factored is \$3.2 million, even with recognizing the GASB Statement 68 Pension Liability there is enough Operating Income, it was a solid year. The Operating Revenues are up about 5.4%, the Operating Expenses were up about 1.3%, the Operating Income was down a little. This is due to higher Operating Expenses due to being proactive about maintenance and program reliability. Purchase Power is the biggest operating expense that fluctuates based on the cost of power for what it costs to Purchase Power on the market, but overall \$3.2 million of Net Income is a good solid year.

Chairman O'Rourke stated that he wanted to acknowledge that Mr. Zackary Fentross is also here from Melanson Health. Ms. Snow introduced Mr. Fentross as her Supervisor on the RMLD Audit.

Mr. Pacino stated that the Audit Committee discussed that there will be no management letter, thus there will be no deficiencies in terms of control. There are several questions in different areas where the auditors do look at the internal controls. The auditors have been satisfied within the areas in which they have been looking. There was an in depth discussion on the Unfunded Pension Liability as to our ability to keep that going and try to fund that depending on the resources. Chairman O'Rourke added that funding the pension is a RMLD issue as well as a Town of Reading issue. Ms. Snow added that the Town of Reading unfunded balance is \$29 million in which RMLD is twenty eight percent of that. This is scheduled to be fully funded by 2028.

Chairman O'Rourke thanked Ms. Snow and her staff for their input and work for the Audit. Ms. Snow commented that RMLD makes their job easy for them because they are always ready for Melanson and Heath, more than willing to assist in a quick and timely fashion.

Mr. Pacino made a motion seconded by Mr. Hennessy that the RMLD Board of Commissioners accept the Audit for the Fiscal Year ended June 30, 2015, as presented by Melanson Heath.

Motion carried 5:0:0.

Policy Committee Meeting – Commissioner Pacino
RMLD Policy 11 Revision 2 Summer Employees (Attachment 2)

Note: The Policy Committee voted to remove this policy at its meeting on October 20, 2015.

Mr. Pacino stated that the Policy Committee met last week and worked on three policies and is presenting two this evening. Policy 11, Revision 2, Summer Employees was discussed because RMLD no longer has summer employees and there is no anticipation of having summer employees. Policy 11, Summer Employees was established back in the 1980's. The Policy Committee voted to recommend that the RMLD Board of Commissioners be totally removed from the Policy 11, Summer Employees and be rescinded, at this point. Mr. Pacino stated that the other policy discussed was RMLD Policy 12, Revision 2, Board Documents Dissemination with the changes are included in the packet. The Policy Committee recommends that the RMLD Board of Commissioners accept the changes and approve as presented.

Mr. Talbot asked what the former Summer Employee Program entailed. Mr. Pacino explained that the Summer Employee Program grew out of the 1980's. Originally, RMLD would hire college students to come in to put markers and reflectors on poles, etc. At that time, the Commissioners put this policy in the place so there would be no potential patronage. Mr. Talbot stated that the policy is about patronage, not about banning summer employees.

Chairman O'Rourke stated that the real driver for the Policy Committee asking for this policy to be removed is it had not been accessed or utilized in fifteen years.

Mr. Talbot asked if this means RMLD is not open to having college kids. Ms. Parenteau answered that RMLD does have Co-op Students that are within the budget this year that is Board approved. Ms. Parenteau stated that for succession planning is to get more Co-op students. Chairman O'Rourke stated that this is an Internship Program for College students. Mr. Talbot stated that he sees value in college students' work for the summer and there are many programs RMLD needs to promote.

Chairman O'Rourke stated that to Ms. Parenteau's point, as with any company the utilization with internships is great for succession planning, for bringing in new talent, etc. Mr. Talbot said that by rescinding the policy he hopes that it will not diminish internships. Mr. Pacino stated that hiring summer students is an operational issue, not a Board issue.

Mr. Pacino made a motion seconded by Mr. Stempeck that RMLD Policy 11, Revision 2 Summer Employees be rescinded.

Motion carried 5:0:0.

RMLD Policy 12 Revision 2 Board Documents Dissemination

Mr. Pacino made a motion seconded by Mr. Stempeck to move that RMLD Policy 12, Revision 2, Board Documents Dissemination be adopted, as presented.

Motion carried 5:0:0.

General Manager Committee – Chairman O'Rourke
Review of RMLD General Manager

Chairman O'Rourke stated that to provide a brief history, as with all positions, Ms. Coleen O'Brien, RMLD General Manager, is entitled to a performance review and a salary merit consideration annually. Whatever we decide upon this evening is effective back to July, which is her review date. Chairman O'Rourke stated that the process involves a General Manager Review Committee, this year consisted of himself, Commissioners Stempeck and Pacino. They have a very detailed performance review criteria in it which outlined several areas for consideration mainly Safety, Reliability, Leadership also relations with the Community, the CAB and the RMLD Board. Continuing, Chairman O'Rourke added that part of the process for each of us, including the non committee members, was to come up with a score. This includes rating all of the various sub categories within each of those headings with a total score of 96.6%, which represents the average ratings of all five Commissioners. This translates into the General Manager's recommended merit increase. Chairman O'Rourke stated that from the Board's perspective, they have been very pleased with all this past year's performance a number of successes and accomplishments that have been produced. There has been no audit findings. Ms. O'Brien has been responsible for reformatting the financials, which has been a huge task that allows for transparency that has been discussed at previous audit meeting; she also helped obtain a \$250,000 LED Grant, recommended rebates to the customers and other green initiatives to the towns in our service area. RMLD has also had two significant studies, the Organizational Study and the Reliability Study, both not only approved, but implementation plans in place. Chairman O'Rourke added that a really significant development this year, which is part of the Organizational Study, is having formal Career Development Plans for each of the job descriptions and that is really key for retention, success and overall productivity at RMLD.

Chairman O'Rourke noted that Ms. O'Brien launched eight comprehensive system maintenance programs; there has been no grievances or issues with respect to labor disputes. Chairman O'Rourke added that Ms. O'Brien has provide a real leadership role in terms of the compliance of regulatory side of this business, which is very important. The Board relationships are better now that we have with Ms. O'Brien and staff.

General Manager Committee – Chairman O'Rourke

Review of RMLD General Manager

Chairman O'Rourke stated that this leads up to the General Manager's Committee's recommendation and as mentioned earlier its formula, of the 96.6%, she is entitled to an increase that is made up of the CPI, which Mr. Fournier will calculate specifically somewhere in the 1.3% to 1.7% range, but will go back to the date of her review, plus 2% which translates into a 3% plus merit that is one piece. Contractually, based on the performance and the evaluation of the Board, Ms. O'Brien is also eligible for a consideration for a one time performance incentive. Ms. O'Brien has also outlined in detail over \$1.5 million hard and soft cost savings for RMLD during this performance year. Therefore, the Board would also like to recommend a 3% one-time payment, which would go into her ICMA Retirement Account which is part of her review and salary consideration. Chairman O'Rourke asked for comments and input.

Mr. Nelson, as a CAB member, commented that Ms. O'Brien and her team has done a great job moving RMLD forward. Mr. Nelson stated that he was looking at FY 2015 accomplishments and memorandum that Ms. O'Brien distributed. Mr. Nelson added that is a lot of work. Having been a CAB member for three years, has been a part of a lot of this has seen how Ms. O'Brien and her team operates, they have done an excellent job. Mr. Nelson said that he RMLD is going well and agrees with everything Chairman O'Rourke has stated.

Mr. Stempeck stated that he would echo what Chairman O'Rourke and CAB member Dave Nelson both stated. Mr. Stempeck wanted to add that Ms. O'Brien has done a superb job to continually efforts to raise the level of professionalism of the entire organizational, that is not an easy task to do in any organization and he commends her.

Mr. Hennessy stated that what he noticed although he is the newer Board member, Ms. O'Brien and the staff are willing to shine the lights on the problems that need to be fixed and addressed. They do not shy away from uncovering those things and tackling them with vigor. He also agrees with what everyone said.

Chairman O'Rourke asked Mr. Jaffari to share these comments of appreciation with Ms. O'Brien. Mr. Jaffari Ms. O'Brien has asked to extend her appreciation and gratitude to the Board members for a good performance evaluation and the process, as well.

Mr. Pacino said that he also agrees with everything that has been said and Ms. O'Brien is hitting the problem areas. Mr. Pacino stated that his advice to her is keep going there is more to be accomplished. Mr. Jaffari commented that on behalf of Ms. O'Brien appreciates the support.

Mr. Talbot said that long term we will see the benefits of the grid modernization are that will provide good technical geography of the grid. Mr. Talbot added that there will be more opportunities for savings and reduction in costs with RMLD having the ability to control the peak. This work is long needed and being done. Mr. Talbot added that community solar will begin in Wilmington which has been spoken about for years.

Mr. Pacino made a motion seconded by Mr. Stempeck to move that effective July 1, 2015 that the RMLD Board of Commissioners raise the salary of the General Manager to include an increase in CPI plus two percent and an additional three percent to go into the ICMA Fund.

Motion carried 5:0:0.

Approval of Board Minutes

June 12, 2014, November 6, 2014, January 29, 2015

Mr. Pacino made a motion seconded by Mr. Stempeck to approve the Regular Session meeting minutes of June 12, 2014, November 6, 2014 and January 29, 2015, as presented.

Motion carried 4:0:1. Mr. Hennessy abstained.

March 26, 2015, May 14, 2015

Mr. Pacino made a motion seconded by Mr. Stempeck to move approve the Regular Session meeting minutes March 26, 2015 and May 14, 2015, as presented.

Motion carried 5:0:0.

General Manager's Report

Mr. Jaffari reported on the RMLD Annual Report noting that this is the first year the RMLD Annual Report will be all electronic, it will be available on the RMLD website. For people who do not have electronic accessibility, there will be a few printed copies available in the lobby as well as a few copies at the Town of Reading Subsequent Town Meeting. Also, for the first time the Annual Report was performed completely in-house including the art work. The savings are approximately \$9,700 representing \$7,000 for the cost of producing the report and \$2,700 for the avoided cost on paper production. Mr. Jaffari reported that the Town of Reading Subsequent Town Meeting is scheduled for Monday, November 9, 2015 at 7:30 p.m. Ms. O'Brien will be presenting the highlights of Fiscal Year 2015 with the theme being Peak Performance which will last approximately fifteen minutes.

General Manager's Report

Ms. O'Brien has also met with two Town Managers and one of the Town Administrators to schedule the Selectmen updates. Ms. O'Brien has one more Town Administrator to meet with which is scheduled for early November. RMLD performs twice a year.

Mr. Pacino suggested that relative to the Town Meeting presentation, it would be great to have the link to RMLD Annual Report available on overhead. Mr. Jaffari agreed it is a good idea.

Power Supply Report – August and September 2015 – Ms. Parenteau (Attachment 3)

Ms. Parenteau reported on the Power Supply Report for August and September 2015.

Ms. Parenteau showed the energy purchases versus sales for the month of August 2015 looking back to 2013, 2014 and 2015 that reflect both the purchases and the sales. It is noteworthy to point out that there is a lag in sales due the billing cycles. August sales reflect half of July and half of August depending upon when the cycles fall. Sales fluctuate based on the weather. Ms. Parenteau stated that this past 2015, RMLD purchases were up approximately ten percent of what was purchases on the wholesale side 2014 versus 2015 it was a very good summer in terms of sales and purchases which was weather related.

Ms. Parenteau then addressed the energy cost versus the Fuel Charge Adjustment noting that the RMLD has a Deferred Cash Reserve that is used to stabilize pricing in order to mitigate spikes to the customers. Ms. Parenteau said that as stated at the last meeting, the overall Fuel Charge has dropped when compared from one fiscal year to the other which is a pass through to the customers who receive those savings.

The next graph looks at the month of August's peak demand, which was up from last year. Purchases went up ten percent, with the peak of 153.225 megawatts. RMLD's all-time peak occurred in 2006 which was 170 megawatts. The peak is down substantially when compared to the all-time peak which is related to the economy, weather and the customer base as well as efficiency measures. Looking at the data for September, it was a good month for sales, due to the first two weeks in September being considerably hot. There were more cooling degrees in 2015 - 164 days, than in 2014 - 120 days. The weather is a driving factor for electricity sales, purchases and peak demand.

The transmission costs are going up on average six to ten percent annually. The RMLD is part of the Independent System Operator New England's grid, all the transmission costs are socialized throughout the six New England states. Ms. Parenteau stated that the only thing RMLD can do to manage these costs is by managing its monthly peak demand. All of RMLD's Rebate Programs are structured and designed to incentivize peak reduction. Hopefully, that will help levelize the peak. Additionally, capacity charges will be increasing significantly.

Ms. Parenteau stated that Ms. O'Brien wanted to inform the Board that she is scheduling meetings for the four town Board of Selectmen to speak about rates as well as the effect of the change in the capacity which is forecasted to increase significantly in 2017. The RMLD has unbundled rates to show the capacity and transmission on a stand alone line versus the energy which is a pass through to our customers, but there will be significant increases. Ms. Parenteau stated that part of the financial process is that they look at a six year plan, based on the current six year plan it looks like a seven to nine percent overall increase for our customers. The numbers will be fine-tuned when we begin our FY 2017 budget process early January or February 2017. Ms. Parenteau said that Ms. O'Brien plans to inform the Town Administrators/Managers so that they can input that information into their town budgets.

Mr. Stempeck asked Ms. Parenteau when that data is presented is it possible to compare it with National Grid or Ever Source, if so, it will be would be very helpful. Ms. Parenteau agreed, yes. However, it is difficult for people to understand because when they are accustomed to having stable costs with no comparisons, it looks extremely high. However, when this is put into context with what other towns are paying that are not municipally owned there are significant savings.

Chairman O'Rourke stated that he assumes the Board would get a preview first of the rate increase. Ms. Parenteau explained this information is usually ready by March 31. Staff then meets with the CAB in April, followed by Board and the rate is effective by July 1. There will be discussions.

Mr. Talbot asked what was the day of week was the peak 153? Ms. Parenteau believed it was a Tuesday in August. Mr. Talbot asked if a plan was activated that day to try knock that peak back, was there a communications plan. Ms. Parenteau explained that there is a Peak Demand Reduction Program, commercial customers that were signed up for that program were notified resulting in approximately a little less than one megawatt worth of reduction. The tricky part with this Peak Demand Reduction Program that it is not automated and requires people to do things. Historically, there has been reluctance because costs are currently low. Costs will be increasing significantly from the standpoint of capacity and transmission and those savings will be passed on to the customers. RMLD is fine tuning the program to educate our customers in order that they can see the actual savings which gets reduced directly to their bill.

Power Supply Report – August and September 2015 – Ms. Parenteau (Attachment 3)

Mr. Talbot inquired if during the morning of the peak, was there an awareness that it might be the day for load reduction. Ms. Parenteau stated that there were several days during the month. Several events are forecasted because there is no way to know exactly the day/hour. During the July, August period there was probably six to ten days that we called for peak reduction.

Mr. Talbot questioned whether RMLD was developing a mass communications plan out to all customers every day, not to just the large customers. Ms. Parenteau explained that the issue is RMLD wants to educate its customers. RMLD is trying to develop a campaign for customers to understand why they are conserving energy as well as the associated benefits. Ms. Parenteau reported that the RMLD Customer Service Group has done a fantastic job; there are over 16,000 customer e-mail addresses secured. The RMLD is actually in the process of filling a position who will be responsible for sending these e-mails out.

Mr. Talbot asked why RMLD is not on social media to alert the various groups of people who are on Facebook pages or Twitter since this is the way everybody gets information now, it shows up on their Smartphone, it happens right away. RMLD does not communicate on Facebook or Twitter? Mr. Jaffari replied, no RMLD is not currently on Facebook or Twitter.

Mr. Talbot asked if there is a reason why RMLD is not on social media. Ms. Parenteau stated that RMLD has met with other municipalities who have used Facebook and Twitter. Shrewsbury is a good example, they are very active on Facebook and Twitter. Ms. Parenteau said that based on Ms. O'Brien's experience in Danvers, these modes of communication were available Monday through Friday it works well. However, on the weekend if you don't have the correct person assigned to that task and an event occurs, people's expectations are they will be looking to their Twitter accounts, the utility does not have the resources internally to handle this, it becomes problematic.

Mr. Talbot stated that the peaks will always happen on business days. Ms. Parenteau agreed, yes the peak, but people use Twitter for outages, it is a whole communication plan, not just for peak reduction program. Mr. Talbot suggested using at least Twitter for the peak. Ms. Parenteau agreed to discuss it further with Ms. O'Brien.

Mr. Jaffari stated that this is part of the roadmap for grid modernization that RMLD will have Interactive Voice Response which provides more capabilities to reach out to the customers. IVR is when customers can receive text or voice mail when they are subscribed and signed up. Mr. Jaffari stated that his own experience from Danvers when they tried Twitter was at the beginning there was interest up front then it dissipated to nothing. Mr. Jaffari stated that RMLD can look into it although he believes receiving e-mails is more productive.

Chairman O'Rourke suggested that the staff bring this back to Ms. O'Brien to discuss the concerns discussed about social media.

Engineering and Operations Report – August and September 2015 – Mr. Jaffari (Attachment 4)

Mr. Jaffari presented the Engineering and Operations Report for August and September 2015.

Mr. Jaffari reported on the Construction Projects – The Pole Line Upgrades on Lowell Street, Wilmington is 82% completed; Upgrade Lynnfield Center Cook's Farm 75% completed; 4W5-4W6 Tie Reading is 5% completed; West Street Pole Line Upgrade state funded project 95% completed. Mr. Jaffari continued reporting on with Special Projects and Capital Purchases noting the LED Streetlight Conversion is going very well. RMLD has replaced and 672 of the 2,450 LED lights targeted for FY 2016, as of October 11, 2015.

Routine Construction for the month of August, RMLD spent \$116,575 and in September \$141,727, year-to-date \$368,276. Routine Maintenance, Mr. Jaffari reported that under Transformer Replacement Program, up-to-date, approximately 13.31% of Padmount Transformers and 10.54% of Overhead Transformers are replaced; for Pole Line Inspection program 640 poles were inspected in FY 2015 and FY 2016 which 213 poles tagged, 22 condemned, 123 poles have been replaced (67 out of the 123 transfers have been completed) with 90 poles remaining. There are 502 double poles throughout the system, Lynnfield 41, Reading 135, North Reading 127 and Wilmington 199.

The Visual Inspection of the Overhead Lines, which is another Maintenance Program, inspected circuits are as follows: 5W8, 5W9, 5W5, 4W10, 5W4, 4W28, 4W5, 4W6, 3W8, 3W18, 4W13 these are the circuits that were patrolled and no problems were found. Mr. Jaffari continued with Routine Maintenance stating the Manhole Inspections is ongoing, however, the main roads inspection is pending. The Porcelain Cutout Replacements includes 90% completed with 270 remaining to be replaced; Mr. Jaffari stated that the Tree Trimming is going very well, in August 288 spans were done, in September there were 320, year-to-date 925 spans are trimmed. The Substation Maintenance program includes infrared scanning, which for the months of August and September did not show any major trouble or problems in RMLD's substations

Mr. Jaffari discussed the Reliability Report which exceeds the regional and local indices because of the storm activity on August 4 and August 5, 2015 in which there were approximately 3,000 customers out for an extended amount of time and that is very unusual.

Engineering and Operations Report – August and September 2015 – Mr. Jaffari (Attachment 4)

Mr. Jaffari reported that some of these customers were without power for close to twenty two hours that is what drove the numbers above the regional and national averages. The System Average Interruption Duration Index (SAIDI) and the Customer Average Interruption Duration Index (CAIDI) were also above the averages due to the storm. Mr. Stempeck asked if most of the outage causes for the storm were due to trees. Mr. Jaffari responded down trees brought down three circuits in Lynnfield causing outages in both Reading & Lynnfield. There was not much going on in Reading or Wilmington.

As far as the System Average Interruption Frequency Index (SAIFI), it was below the regional and national averages. Most of the outages for the past five years were due to trees, breakdown of the equipment and wildlife. RMLD now has programs in place to make sure that these outage causes remain under control. The tree trimming that has been revamped by cutting back to eight feet from energized lines, installing more wildlife apparatus to cover both overhead exposed energized equipment.

Mr. Talbot stated that he was very interested in the intelligence RMLD will be adding to the grid to have the ability to communicate better with individual pieces of equipment. Will RMLD be able to see if the equipment is ready to fail prior to failing and asked if that is one of the goals? Mr. Jaffari answered yes, and explained that the first two smart switches have been already installed and will be on the SCADA Program soon. By using this technology, RMLD will be able to see if there is any trouble. Based on this technology, control authorities and dispatchers will receive a report and will be alarmed to either a pager or Smart Phone. This technology allows you to pinpoint the troubled area faster and isolate the troubled area fairly quick. Mr. Jaffari noted, that there is another feature of the Smart Grid that is called Fault Detection Isolation and Recovery (FDIR), once the entire automation infrastructure is in place, if something fails the fault is automatically isolated. The switch automatically opens up before and after the fault and everything else closed back to the open points within seconds. Right now, it takes hours to restore power to outaged areas. This technology once in place will decrease the number of truck rolls, which increases operational saving costs.

Mr. Talbot stated that he had an opportunity to interview Harold DePriest, the person who runs the Chattanooga Electric Utility, which is one of the best Smart Grids in the nation. Mr. Talbot noted that Chattanooga Electrical Utility has gains that came from this Smart Grid that even Mr. DePriest did not anticipate such as eliminating \$5 million in overtime expenses. Mr. Talbot said that Mr. DePriest can schedule the failing equipment in advance during the week rather than waiting for it to fail during off hours or performing the work on overtime. Mr. Jaffari stated they have close to two thousand of these type of switches, they use the same technology that we have installed. Mr. Talbot said that the payback on this is huge.

Financial Update – Mr. Fournier

Mr. Fournier reported that he had been waiting for the audit to be approved prior to completing his Financial Statements, they are completed. Mr. Fournier provided the results of the first quarter ending on September 30, 2015. The Net Income is \$1.9 million, which is approximately \$400,000 over budget or 25%. The RMLD is off to a strong start. Comparing the first three months of this year versus last year's actuals, kilowatt hour sales are up about \$7.5 million or about 3.9%, base revenues are up \$688,000 or 11.3% all good news. On the expense side, expenses are down about \$650,000 or 11% based on the five divisions. Mr. Fournier stated that the cash position is still very strong. The new Fiscal Year is off to a solid start. The reports are completed and will get those reports out to the RMLD Board of Commissioners by next week.

MGL Chapter 30B Bid (Attachment 5)

IFB 2016-03 - Remediation, Transportation, and Disposal of Hazardous Waste

Mr. Jaffari explained that this bid is for transportation and disposal of hazardous waste material. The RMLD had three bidders with the lowest bidder being ENPRO for \$150,000. One of the bidders was disqualified because of not meeting the requirements therefore were two qualified bidders and ENPRO was the lowest. That price is a good value for disposal and transportation of hazardous material.

Mr. Pacino made a motion seconded by Mr. Stempeck that bid 2016-03 for Remediation, Transportation, and Disposal of Hazardous Waste be awarded to ENPRO for a three year period ending November 30, 2018 for an estimated cost of \$150,000 as the lowest qualified bidder on the recommendation of the General Manager.

Motion carried 5:0:0.

General Discussion

Mr. Pacino attended the last CAB meeting in which there was a Lighting Program presentation made by Tirzah Shakespeare and Rahul Shah, from the Integrated Resource Department. Mr. Pacino thought it was a very good presentation and he recommended the same presentation be made to the RMLD Board. Ms. Parenteau explained that Ms. Shakespeare and Mr. Shah work with Tom Ollila on the commercial customer side with the Commercial Lighting Program and will follow-up on arranging the presentation to be made to the RMLD Board of Commissioners. Mr. Pacino noted that Ms. Gottwald attended the CAB meeting and updated them on what is going on with Public Relations.

General Discussion

Chairman O'Rourke mentioned the Public Power Week Open House was held at RMLD in October was very successful, he had a chance to stop by. Chairman O'Rourke stated that it was well showcased by RMLD employees that covered aspects of the services RMLD provides to its customers. It was nice to meet the Linemen and the other RMLD employees.

Mr. Talbot stated that at the last meeting, Chairman O'Rourke mentioned relative to RMLD's fiber, to seek a rough idea of what is possible for the RMLD fiber from a business perspective. There are a number of companies that will perform these analyses for not a large amount of money. Continuing, Mr. Talbot stated, at this point wanted to get a sense from the Board if this is something we should put on the agenda to discuss at the next meeting in terms of should the Board figure out if we want to ask for a company to be hired, to answer basic questions such as what is our asset, how could it be monetized, what might the market opportunities backhaul to cell towers etc. What is the sense of the Board?

Chairman O'Rourke stated that at one of the last meetings it was discussed that we were in favor of obtaining some data because none of the commission members had any expertise in fiber. If there is any information Mr. Talbot could put together for discussion that would be helpful. Mr. Stempeck agreed to an independent analysis.

Mr. Jaffari stated that there is a committee being set up from NEPPA on fiber. Other communities are getting involved, as well. Mr. Talbot said that it would be good if that committee could move forward.

Mr. Stempeck asked if Ms. O'Brien received any feedback from the poll she sent out on the fiber topic. Mr. Jaffari stated that Ms. O'Brien spoke with Reading and there was not much saving for them because they already have a deal with Verizon or Comcast. Mr. Jaffari is unclear about the other towns.

BOARD MATERIAL AVAILABLE BUT NOT DISCUSSED

E-Mail responses to Account Payable/Payroll Questions

Rate Comparisons, October 2015

RMLD Board Meetings

Thursday, December 10, 2015

Town of Reading – Subsequent Town Meeting

Town of Reading – Subsequent Town Meeting – November 9, 2015

Policy Committee Meeting

To Be Determined.

CAB Meeting

Wednesday, November 18, 2015, Dave Hennessy will attend.

Executive Session

At 8:55 p.m. Mr. Pacino made a motion seconded by Mr. Stempeck that the Board go into Executive Session to approve the Executive Session meeting minutes of June 12, 2014 and January 29, 2015, discuss strategy with respect to collective bargaining, and return to Regular Session for the sole purpose of adjournment.

Chairman O'Rourke called for a poll of the vote:

Chairman O'Rourke, Aye; Mr. Talbot, Aye; Mr. Pacino, Aye; Mr. Stempeck, Aye and Mr. Hennessy, Aye.

Motion carried 5:0:0.

Adjournment

At 9:30 p.m. Mr. Pacino made a motion seconded by Mr. Stempeck 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.

Dave Talbot, Secretary Pro Tem
RMLD Board of Commissioners

**TOWN OF READING, MASSACHUSETTS
READING MUNICIPAL LIGHT DEPARTMENT**

Annual Financial Statements

For the Year Ended June 30, 2015

DRAFT

Reading Municipal Light Department

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INDEPENDENT AUDITORS' REPORT

To the Municipal Light Board
Town of Reading Municipal Light Department

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Town of Reading Municipal Light Department ("the Department") (an enterprise fund of the Town of Reading, Massachusetts), as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The Department's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies

used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Town of Reading Municipal Light Department as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Department's fiscal year 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 2, 2014. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Funding Progress, Schedule of Proportionate Share of the Net Pension Liability, and Schedule of Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

_____, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Town of Reading Municipal Light Department's ("the Department") annual financial report, management provides a narrative discussion and analysis of the Department's financial activities for the year ended June 30, 2015. The Department's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements include (1) the Proprietary Fund Statements of Net Position, (2) the Proprietary Fund Statements of Revenues, Expenses and Changes in Net Position, (3) the Proprietary Fund Statements of Cash Flows, (4) the Fiduciary Funds Statements of Fiduciary Net Position, (5) the Fiduciary Funds Statements of Changes in Fiduciary Net Position, and (6) Notes to Financial Statements.

The Proprietary Fund Statements of Net Position is designed to indicate our financial position at a specific point in time. At June 30, 2015, it shows our net worth of \$101,445,083 which comprises \$69,916,349 invested in capital assets, \$5,434,308 restricted for depreciation fund, and \$26,094,426 unrestricted.

The Proprietary Fund Statements of Revenues, Expenses and Changes in Net Position summarize our operating results and reveal how much, if any, of a profit was earned for the year. As discussed in more detail below, our net profit for the year ended June 30, 2015 was \$3,241,276.

The Proprietary Fund Statements of Cash Flows provide information about cash receipts, cash payments, investing, and financing activities during the accounting period. A review of our Proprietary Fund Statements of Cash Flows indicates that cash receipts from operating activities adequately covered our operating expenses in fiscal year 2015.

The following is a summary of the Department's financial data for the current and prior fiscal years.

Summary of Net Position

	<u>2015</u>	<u>2014</u>
Current assets	\$ 23,184,226	\$ 21,584,528
Noncurrent assets	93,572,180	90,733,116
Deferred outflows of resources	<u>1,547,815</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 118,304,221</u>	<u>\$ 112,317,644</u>
Current liabilities	\$ 9,330,904	\$ 7,721,376
Noncurrent liabilities	<u>7,528,234</u>	<u>2,722,934</u>
Total liabilities	16,859,138	10,444,310

(continued)

(continued)

Net position:		
Net investment in capital assets	69,916,349	70,194,105
Restricted for depreciation fund	5,434,308	4,130,585
Unrestricted	26,094,426	27,548,644
Total net position	101,445,083	101,873,334
Total liabilities and net position	\$ 118,304,221	\$ 112,317,644

Summary of Changes in Net Position

	2015	2014
Operating revenues	\$ 85,005,786	\$ 84,364,480
Operating expenses	(80,359,819)	(79,294,372)
Operating income	4,645,967	5,070,108
Non-operating revenues (expenses)	(1,404,691)	(1,513,953)
Change in net position	3,241,276	3,556,155
Beginning net position, as restated	98,203,807	98,317,179
Ending net position	\$ 101,445,083	\$ 101,873,334

As discussed in Note 21, the proprietary fund's fiscal year 2015 beginning net position has been restated to reflect the Department's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. However, the proprietary fund's comparative information for fiscal year 2014 has not been restated.

B. FINANCIAL HIGHLIGHTS

Electric sales (net of discounts) were \$83,985,195 in fiscal year 2015, an increase of 5.4% from the prior year. In fiscal year 2015, kilowatt hours sold increased by 0.2% to 689,722,742, compared to 688,104,698 in fiscal year 2014. In fiscal year 2015, customers were charged \$1,047,590 in purchase power fuel charge adjustments, compared to charges of \$1,523,208 in fiscal year 2014.

In fiscal year 2015, the Department restructured its rates and began billing customers purchase power capacity and transmission costs separately from the base rate. As a result of this restructuring, customer bills no longer include a purchase power adjustment. In fiscal year 2015, customers were credited purchase power capacity and transmission adjustments of \$(26,999).

Operating expenses totaled \$80,359,819 in fiscal year 2015, an overall increase of 1.3% from fiscal year 2014. The largest portion of this total, \$61,073,227, was for purchase power costs. Other operating expenses included \$14,029,399 for general operating and maintenance costs, \$1,395,728 for voluntary payments to Towns, and depreciation expense of \$3,861,465. In fiscal year 2015, the depreciation rate was 3.0%.

In fiscal year 2015, the Department contributed \$1,500,000 to the Reading Municipal Light Department Employees' Retirement Trust ("Pension Trust") and the Pension Trust contributed \$1,401,638 to the Town of Reading Contributory Retirement System on behalf of the Department's employees.

In fiscal year 2015, the Department contributed \$345,382 to the Other Post-Employment Benefits Trust ("OPEB Trust"), which was equal to its actuarially determined liability at June 30, 2015. As a result, the Department had no unfunded OPEB liability at June 30, 2015. Additional information on the Department's OPEB contributions can be found in Note 16 on pages 21-24 of this report.

C. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in land at year end amounted to \$1,265,842; there was no change from the prior year. Total investment in depreciable capital assets at year-end amounted to \$68,650,507 (net of accumulated depreciation), a decrease of \$(277,756) from the prior year. This investment in depreciable capital assets includes structures and improvements, equipment and furnishings, and infrastructure assets.

Debt and other long-term liabilities. At the end of the current fiscal year, the Department had no outstanding bonded debt.

Additional information on capital assets and other long-term liabilities can be found in the Notes to Financial Statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Reading Municipal Light Department's finances for all those with an interest in the Department's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Accounting/Business Manager
Town of Reading Municipal Light Department
230 Ash Street
Reading, Massachusetts 01867

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT

BUSINESS-TYPE PROPRIETARY FUND
STATEMENTS OF NET POSITION

JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current:		
Unrestricted cash and short-term investments	\$ 13,151,862	\$ 11,533,212
Receivables, net of allowance for uncollectable	7,314,059	7,871,050
Prepaid expenses	1,137,898	772,766
Inventory	1,580,407	1,407,500
Total current assets	23,184,226	21,584,528
Noncurrent:		
Restricted cash and short-term investments	22,344,776	19,219,111
Restricted investments	1,284,061	1,292,906
Investment in associated companies	26,994	26,994
Land	1,265,842	1,265,842
Capital assets, net of accumulated depreciation	68,650,507	68,928,263
Total noncurrent assets	93,572,180	90,733,116
DEFERRED OUTFLOWS OF RESOURCES	1,547,815	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	118,304,221	112,317,644
LIABILITIES		
Current:		
Accounts payable	5,097,838	4,407,535
Accrued liabilities	585,104	592,810
Customer deposits	846,361	749,900
Customer advances for construction	889,774	400,656
Due to Pension Trust	1,500,000	1,374,538
Due to OPEB Trust	345,382	-
Current portion of long-term liabilities:		
Accrued employee compensated absences	66,445	195,937
Total current liabilities	9,330,904	7,721,376
Noncurrent:		
Accrued employee compensated absences	3,004,043	2,722,934
Net pension liability	4,524,191	-
Total noncurrent liabilities	7,528,234	2,722,934
TOTAL LIABILITIES	16,859,138	10,444,310
NET POSITION		
Net investment in capital assets	69,916,349	70,194,105
Restricted for depreciation fund	5,434,308	4,130,585
Unrestricted	26,094,426	27,548,644
TOTAL NET POSITION	\$ 101,445,083	\$ 101,873,334

The accompanying notes are an integral part of these financial statements.

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT

BUSINESS-TYPE PROPRIETARY FUND
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues:		
Electric sales, net of discounts of \$2,953,502 and \$4,475,920 respectively	\$ 83,985,195	\$ 79,689,061
Purchase power adjustments:		
Fuel charge adjustment	1,047,590	1,523,208
Capacity and transmission adjustment	<u>(26,999)</u>	<u>3,152,211</u>
Total Operating Revenues	85,005,786	84,364,480
Operating Expenses:		
Purchase power	61,071,227	60,823,626
Operating	11,606,195	11,002,998
Maintenance	2,423,204	2,290,843
Voluntary payments to towns	1,395,728	1,397,270
Depreciation	<u>3,861,465</u>	<u>3,779,635</u>
Total Operating Expenses	80,359,819	79,294,372
Operating Income	4,645,967	5,070,108
Nonoperating Revenues (Expenses):		
Interest income	122,693	120,832
MMWEC surplus	212,689	391,726
Intergovernmental grants	62,500	-
Contributions in aid of construction	64,474	24,117
Return on investment to Town of Reading	(2,332,863)	(2,301,221)
Loss on disposal of capital assets	(58,296)	(114,960)
Other	<u>524,112</u>	<u>365,553</u>
Total Nonoperating Revenues (Expenses), Net	(1,404,691)	(1,513,953)
Change in Net Position	3,241,276	3,556,155
Net Position at Beginning of Year, as restated	98,203,807	98,317,179
Net Position at End of Year	<u>\$ 101,445,083</u>	<u>\$ 101,873,334</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT

BUSINESS-TYPE PROPRIETARY FUND
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>Cash Flows From Operating Activities:</u>		
Receipts from customers and users	\$ 84,638,647	\$ 80,249,266
Payments to vendors and employees	(76,424,486)	(74,778,752)
Customer purchase power adjustments	<u>1,020,591</u>	<u>4,675,419</u>
Net Cash Provided By (Used For) Operating Activities	9,234,752	10,145,933
<u>Cash Flows From Noncapital Financing Activities:</u>		
Return on investment to Town of Reading	(2,332,863)	(2,301,221)
MMWEC surplus	212,689	391,726
Other	<u>524,112</u>	<u>365,553</u>
Net Cash Provided By (Used For) Noncapital Financing Activities	(1,596,062)	(1,543,942)
<u>Cash Flows From Capital and Related Financing Activities:</u>		
Acquisition and construction of capital assets	(3,642,005)	(3,894,282)
Contributions in aid of construction	553,592	19,619
Intergovernmental revenues	<u>62,500</u>	<u>-</u>
Net Cash Provided By (Used For) Capital and Related Financing Activities	(3,025,913)	(3,874,663)
<u>Cash Flows From Investing Activities:</u>		
Investment income	122,693	120,832
(Increase) decrease in restricted cash and investments	<u>(3,116,820)</u>	<u>(2,466,799)</u>
Net Cash Provided By (Used For) Investing Activities	(2,994,127)	(2,345,967)
Net Change in Unrestricted Cash and Short-Term Investments	1,618,650	2,381,361
Unrestricted Cash and Short-Term Investments, Beginning of Year	<u>11,533,212</u>	<u>9,151,851</u>
Unrestricted Cash and Short-Term Investments, End of Year	<u><u>\$ 13,151,862</u></u>	<u><u>\$ 11,533,212</u></u>
<u>Reconciliation of Operating Income to Net Cash:</u>		
Operating income	\$ 4,645,967	\$ 5,070,108
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation expense	3,861,465	3,779,635
(Increase) decrease in:		
Accounts receivable	556,991	510,327
Prepaid and other assets	(365,132)	(81,321)
Inventory	(172,907)	161,530
Accounts payable and accrued liabilities	834,214	(718,762)
Due to pension trust	125,462	1,374,538
Due to other postemployment benefits trust	345,382	-
Net pension liability	(519,874)	-
Other	<u>(76,816)</u>	<u>49,878</u>
Net Cash Provided By (Used For) Operating Activities	<u><u>\$ 9,234,752</u></u>	<u><u>\$ 10,145,933</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT

FIDUCIARY FUNDS
STATEMENTS OF FIDUCIARY NET POSITION

JUNE 30, 2015 AND 2014

	Pension Trust		OPEB Trust	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>				
Cash and short-term investments	\$ 2,666,772	\$ 2,632,367	\$ 1,857,738	\$ 1,846,042
Investments	1,284,061	1,292,906	-	-
Due from proprietary fund	<u>1,500,000</u>	<u>1,374,538</u>	<u>345,382</u>	<u>-</u>
TOTAL ASSETS	<u>5,450,833</u>	<u>5,299,811</u>	<u>2,203,120</u>	<u>1,846,042</u>
<u>NET POSITION</u>				
Total net position held in trust	<u>\$ 5,450,833</u>	<u>\$ 5,299,811</u>	<u>\$ 2,203,120</u>	<u>\$ 1,846,042</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT

FIDUCIARY FUNDS
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>Pension Trust</u>		<u>OPEB Trust</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Additions:				
Contributions from Reading Municipal Light Department	\$ 1,500,000	\$ 1,374,538	\$ 345,382	\$ 343,095
Investment income and change in fair value	<u>52,660</u>	<u>74,220</u>	<u>11,696</u>	<u>7,436</u>
Total additions	1,552,660	1,448,758	357,078	350,531
Deductions:				
Paid to Reading Contributory Retirement System	<u>1,401,638</u>	<u>1,346,039</u>	<u>-</u>	<u>-</u>
Total deductions	1,401,638	1,346,039	-	-
Increase in net position	151,022	102,719	357,078	350,531
Net position:				
Net Position, Beginning of Year	<u>5,299,811</u>	<u>5,197,092</u>	<u>1,846,042</u>	<u>1,495,511</u>
Net Position, End of Year	<u>\$ 5,450,833</u>	<u>\$ 5,299,811</u>	<u>\$ 2,203,120</u>	<u>\$ 1,846,042</u>

The accompanying notes are an integral part of these financial statements.

Town of Reading, Massachusetts Municipal Light Department

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The significant accounting policies of the Town of Reading Municipal Light Department ("the Department") (an enterprise fund of the Town of Reading, Massachusetts) are as follows:

- A. Business Activity - The Department purchases electricity for distribution to more than 25,000 customers within the towns of Reading, North Reading, Wilmington, and Lynnfield.
- B. Regulation and Basis of Accounting - Under Massachusetts General Laws, the Department's electric rates are set by the Municipal Light Board. Electric rates, excluding the purchase power fuel charge and the purchase power capacity and transmission charge, cannot be changed more than once every three months. Rate schedules are filed with the Massachusetts Department of Public Utilities (DPU). While the DPU exercises general supervisory authority over the Department, the Department's rates are not subject to DPU approval. The Department's policy is to prepare its financial statements in conformity with generally accepted accounting principles.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Department's proprietary fund are charges to customers for electric sales and services. Operating expenses for the Department's proprietary fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

- C. Concentrations - The Department operates within the electric utility industry. In 1998, the Commonwealth of Massachusetts enacted energy deregulation legislation that restructured the Commonwealth's electricity industry to foster competition and promote reduced electric rates. Energy deregulation created a separation between the supply and delivery portions of electricity service and enabled consumers to purchase their energy from a retail supplier of their choice. Municipal utilities are not currently subject to this legislation.
- D. Retirement Trust - The Reading Municipal Light Department Employees' Retirement Trust (the "Pension Trust") was established by the Reading

Municipal Light Board on December 30, 1966, pursuant to Chapter 64 of the General Laws of the Commonwealth of Massachusetts.

The Pension Trust constitutes the principal instrument of a plan established by the Municipal Light Board to fund the Department's annual required contribution to the Town of Reading Contributory Retirement System (the System), a cost sharing, multi-employer public employee retirement system.

- E. Other Post-Employment Benefits Trust - The Other Post-Employment Benefits Liability Trust Fund (the "OPEB Trust") was established by the Reading Municipal Light Board pursuant to Chapter 32B, Section 20 of the General Laws of the Commonwealth of Massachusetts.

The OPEB Trust constitutes the principal instrument of a plan established by the Municipal Light Board to fund the Department's annual actuarially determined OPEB contribution for future retirees.

- F. Revenues - Revenues are based on rates established by the Department and filed with the DPU. Revenues from sales of electricity are recorded on the basis of bills rendered from monthly meter readings taken on a cycle basis and are stated net of discounts. Recognition is given to the amount of sales to customers which are unbilled at the end of the fiscal period.

- G. Cash and Short-term Investments - For the purposes of the Statements of Cash Flows, the Department considers unrestricted cash on deposit with the Town Treasurer to be cash or short-term investments. For purposes of the Statements of Net Position, both the proprietary funds and fiduciary funds consider unrestricted and restricted investments with original maturities of three months or less to be short-term investments.

- H. Investments - State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from date of purchase.

Investments for the Department and the Pension Trust consist of domestic and foreign fixed income bonds which the Department intends to hold to maturity. These investments are reported at fair market value in the proprietary fund and fiduciary fund financial statements.

- I. Inventory - Inventory consists of parts and accessories purchased for use in the utility business for construction, operation, and maintenance pur-

poses and is stated at average cost. Meters and transformers are capitalized when purchased.

- J. Capital Assets and Depreciation - Capital assets, which include property, plant, equipment, and utility plant infrastructure, are recorded at historical cost or estimated historical cost when purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as they are acquired or constructed. Interest incurred during the construction phase of proprietary fund capital assets is included as part of the capitalized value of the constructed asset. When capital assets are retired, the cost of the retired asset, less accumulated depreciation, salvage value and any cash proceeds, is charged to the Department's unrestricted net position.

Massachusetts General Laws require utility plant in service to be depreciated at a minimum annual rate of 3%. To change this rate, the Department must obtain approval from the DPU. Changes in annual depreciation rates may be made for financial factors relating to cash flow for plant expansion, rather than engineering factors relating to estimates of useful lives.

- K. Accrued Compensated Absences - Employee vacation leave is vested annually but may only be carried forward to the succeeding year with supervisor approval and, if appropriate, within the terms of the applicable Department policy or union contract. Generally, sick leave may accumulate according to union and Department contracts and policy, and is paid upon normal termination at the current rate of pay. The Department's policy is to recognize vacation costs at the time payments are made. The Department records accumulated, unused, vested sick pay as a liability. The amount recorded is the amount to be paid upon normal termination at the current rate of pay.

- L. Long-Term Obligations - The proprietary fund financial statements report long-term debt and other long-term obligations as liabilities in the Statements of Net Position.

- M. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenues and expenses during the fiscal year. Actual results could vary from estimates that were used.

N. Rate of Return - The Department's rates must be set such that earnings attributable to electric operations do not exceed eight percent of the net cost of plant. The Department's audited financial statements are prepared in accordance with auditing standards generally accepted in the United States of America. To determine the net income subject to the rate of return limitations, the Department performs the following calculation. Using the net income per the audited financial statements, the return on investment to the Town of Reading is added back, the fuel charge adjustment is added or deducted, and miscellaneous debits/credits (i.e., gain/loss on disposal of fixed assets, etc.) are added or deducted, leaving an adjusted net income figure for rate of return purposes. Investment interest income and bond principal payments are then deducted from this figure to determine the net income subject to the rate of return. The net income subject to the rate of return is then subtracted from the allowable eight percent rate of return, which is calculated by adding the book value of net plant and the investment in associated companies less the contributions in aid of construction multiplied by eight percent. From this calculation, the Municipal Light Board will determine what cash transfers need to be made at the end of the fiscal year.

O. Comparative Financial Information - The Department's financial statements include certain prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Department's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

2. Cash and Investments

Total cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Proprietary Fund:

Unrestricted cash and short-term investments	\$ 13,151,862
Restricted cash and short-term investments	22,344,776
Restricted investments	1,284,061

Fiduciary Funds:

Cash and short-term investments - Pension Trust	2,666,772
Cash and short-term investments - OPEB Trust	1,857,738
Investments - Pension Trust	1,284,061
Total cash and investments	<u>\$ 42,589,270</u>

Total cash and investments at June 30, 2015 consist of the following:

Cash on hand	\$	3,000
Deposits with financial institutions		<u>42,586,270</u>
Total cash and investments	\$	<u><u>42,589,270</u></u>

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that the fair value of an investment will be adversely affected by changes in market interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Department manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of June 30, 2015, the Department (including the Pension Trust and OPEB Trust) held cash and short-term investments in pooled investments with the Massachusetts Municipal Depository Trust (MMDT), FDIC-insured savings accounts, and 90-day FDIC-insured bank certificates of deposit. Because of their immediate liquidity and/or short-term maturity, these funds are classified as cash and short-term investments in the accompanying financial statements and are not considered to be exposed to significant interest rate risk.

As of June 30, 2015, the Department and Pension Trust held investments in domestic and foreign fixed income bonds with varying maturity dates as follows:

	Proprietary Fund	Fiduciary Funds	Maturity Date
	<u>Restricted Investments</u>	<u>Pension Trust</u>	
<u>Corporate bonds</u>			
AT&T Inc	\$ 207,764	\$ 207,764	12/01/22
General Electric Cap Corp	206,035	206,035	01/09/23
Wells Fargo & Co	208,048	208,048	08/15/23
Rabobank Nederland Bank	249,043	249,043	11/09/22
Teva Pharmaceut Fin BV	207,707	207,707	12/18/22
BNP Paribas	<u>205,464</u>	<u>205,464</u>	03/03/23
Total	\$ <u><u>1,284,061</u></u>	\$ <u><u>1,284,061</u></u>	

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assigning of a rating by a nationally recognized statistical rating organization. As

of June 30, 2015, the Department and Pension Trust held investments in domestic and foreign fixed income bonds with varying ratings as follows:

<u>Investment Type</u>	Proprietary Fund	Fiduciary Funds	Moody's <u>Rating</u>
	<u>Restricted Investments</u>	<u>Pension Trust</u>	
Corporate bonds:			
AT&T Inc	\$ 207,764	\$ 207,764	BAA1
General Electric Cap Corp	206,035	206,035	A1
Wells Fargo & Co	208,048	208,048	A3
Rabobank Nederland Bank	249,043	249,043	A3
Teva Pharmaceut Fin BV	207,707	207,707	A3
BNP Paribas	205,464	205,464	A1
Total	<u>\$ 1,284,061</u>	<u>\$ 1,284,061</u>	

Concentration of Credit Risk

The Department follows the Town of Reading's investment policy, which does not limit the amount that can be invested in any one issuer beyond that stipulated by Massachusetts General Laws. At June 30, 2015, the Department and Pension Trust investments were held in domestic and foreign fixed income bonds, as detailed in the sections above. Five of the bonds each individually represent approximately 16% of the Department's and System's total investments, while the investment in Rabobank Nederland Bank represents approximately 20%.

Custodial Credit Risk

Custodial Credit Risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Department will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Department will not be able to recover the value of its investments or collateral securities that are in the possession of another party. Massachusetts General Laws, Chapter 44, Section 55, limits deposits "in a bank or trust company or banking company to an amount not exceeding sixty per cent of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." The Department follows the Massachusetts statute as written, as well as the Town of Reading's deposit policy for custodial credit risk.

As of June 30, 2015, none of the Department's (including Pension Trust and OPEB Trust) cash and short-term investments was exposed to custodial credit risk.

As of June 30, 2015, none of the Department or Pension Trust investments were exposed to custodial credit risk because the related securities are registered in the Department's name.

3. Restricted Cash and Investments

The Department's proprietary fund restricted cash and investment balances represent the following reserves:

	6/30/15		6/30/14	
	<u>Cash</u>	<u>Investments</u>	<u>Cash</u>	<u>Investments</u>
Depreciation fund	\$ 5,434,308	\$ -	\$ 4,130,585	\$ -
Construction fund	1,400,000	-	1,000,000	-
Deferred fuel reserve	5,180,285	-	4,132,695	-
Deferred energy conservation reserve	584,606	-	457,261	-
Rate stabilization	6,771,634	-	6,723,797	-
Reserve for uncollectible accounts	200,000	-	200,000	-
Sick leave benefits	1,777,582	1,284,061	1,674,873	1,292,906
Hazardous waste fund	150,000	-	150,000	-
Customer deposits	846,361	-	749,900	-
Total	\$ 22,344,776	\$ 1,284,061	\$ 19,219,111	\$ 1,292,906

The Department maintains the following reserves:

Depreciation fund - The Department is normally required to reserve 3.0% of capital assets each year to fund capital improvements.

- Construction fund – This represents additional funds set aside to fund capital expenditures.
- Deferred fuel reserve - The Department transfers the difference between the customers' monthly fuel charge adjustment and actual fuel costs into this account to be used in the event of a sudden increase in fuel costs.
- Deferred energy conservation reserve - This account is used to reserve monies collected from a special energy charge added to customer bills. Customers who undertake measures to conserve and improve energy efficiency can apply for rebates that are paid from this account.
- Rate stabilization - This represents amounts set aside to help stabilize cost increases resulting from fluctuations in purchase power costs.
- Reserve for uncollectible accounts - This account was set up to offset a portion of the Department's bad debt reserve.
- Sick leave benefits - This account is used to offset the Department's actuarially determined compensated absence liability.

- Hazardous waste fund -This reserve was set up by the Board of Commissioners to cover the Department's insurance deductible in the event of a major hazardous materials incident.
- Customer deposits - Customer deposits that are held in escrow.

4. Accounts Receivable

Accounts receivable consists of the following at June 30, 2015:

Customer Accounts:		
Billed	\$	1,947,170
Less allowances:		
Uncollectible accounts	(200,000)	
Sales discounts	(86,174)	
Total billed		1,660,996
Unbilled, net		5,166,350
Total customer accounts		6,827,346
Other Accounts:		
Merchandise sales	150,805	
MMWEC surplus	212,689	
Intergovernmental grants	103,886	
Liens and other	19,333	
Total other accounts		486,713
Total net receivables		\$ 7,314,059

5. Prepaid Expenses

Prepaid expenses consist of the following:

Insurance and other	\$	292,268
Purchase power		294,455
NYPA prepayment fund		307,573
WC Fuel - Watson		243,602
Total	\$	1,137,898

6. Inventory

Inventory is comprised of supplies and materials at June 30, 2015, and is valued using the average cost method.

7. Investment in Associated Companies

Under agreements with the New England Hydro-Transmission Electric Company, Inc. (NEH) and the New England Hydro-Transmission Corporation (NHH), the Department has made the following advances to fund its equity requirements for the Hydro-Quebec Phase II interconnection. The Department is carrying its investment at cost, reduced by shares repurchased. The Department's equity position in the Project is less than one-half of one percent.

Investment in associated companies consists of the following, at June 30, 2015:

New England Hydro-Transmission (NEH & NHH)	\$ 26,994
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8. Capital Assets

The following is a summary of fiscal year 2015 activity in capital assets (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, being depreciated:				
Structures and improvements	\$ 14,183	\$ 363	\$ -	\$ 14,546
Equipment and furnishings	31,787	309	(371)	31,725
Infrastructure	82,739	2,970	(487)	85,222
Total capital assets, being depreciated	128,709	3,642	(858)	131,493
Less accumulated depreciation for:				
Structures and improvements	(8,136)	(389)	-	(8,525)
Equipment and furnishings	(19,490)	(971)	371	(20,090)
Infrastructure	(32,155)	(2,502)	429	(34,228)
Total accumulated depreciation	(59,781)	(3,862)	800	(62,843)
Total capital assets, being depreciated, net	68,928	(220)	(58)	68,650
Capital assets, not being depreciated:				
Land	1,266	-	-	1,266
Total capital assets, not being depreciated	1,266	-	-	1,266
Capital assets, net	\$ 70,194	\$ (220)	\$ (58)	\$ 69,916

9. Deferred Outflows of Resources

Deferred outflows of resources represent the Department's consumption of net position that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets.

The following is a summary of deferred outflow of resources balances as of June 30, 2015:

	Proprietary <u>Fund</u>
Net difference between projected and actual investment earnings on pension plan	\$ 47,815
Pension plan contributions subsequent to the measurement date	<u>1,500,000</u>
Total	<u>\$ 1,547,815</u>

10. Accounts Payable

Accounts payable represent fiscal 2015 expenses that were paid after June 30, 2015.

11. Accrued Liabilities

Accrued liabilities consist of the following at June 30, 2015:

Accrued payroll	\$ 356,436
Accrued sales tax	192,345
Other	<u>36,323</u>
Total	<u>\$ 585,104</u>

12. Customer Deposits

This balance represents deposits received from customers that are held in escrow.

13. Customer Advances for Construction

This balance represents deposits received from vendors in advance for work to be performed by the Department. The Department recognizes these deposits as revenue after the work has been completed.

14. Accrued Employee Compensated Absences

Department employees are granted sick leave in varying amounts. Upon retirement, normal termination, or death, employees are compensated for unused sick leave (subject to certain limitations) at their then current rates of pay.

15. Restricted Net Position

The proprietary fund financial statements report restricted net position when external constraints are placed on net position. Specifically, restricted net position represents depreciation fund reserves, which are restricted for future capital costs.

16. Post-Employment Health Care and Life Insurance Benefits

Other Post-Employment Benefits

The Department follows GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Statement No. 45 requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the proprietary fund Statements of Revenues, Expenses, and Changes in Net Position when a future retiree earns their post-employment benefits, rather than when they use them. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the proprietary fund Statements of Net Position over time.

A. Plan Description

In addition to providing the pension benefits described in Note 17, the Department provides post-employment health and life insurance benefits to retired employees through the Town of Reading's participation in the Massachusetts Interlocal Insurance Association (MIIA) Health Benefits Trust. Benefits, benefit levels, employee contributions and employer contributions are governed by Chapter 32 of the Massachusetts General Laws. As of June 30, 2014, the actuarial valuation measurement date, approximately 87 retirees and 51 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

The Department provides post-employment medical, prescription drug, and life insurance benefits to all eligible retirees and their surviving spouses. All active employees who retire from the Department and meet the appropriate criteria are eligible to receive these benefits.

C. Funding Policy

As of the June 30, 2014, the actuarial valuation measurement date, retirees are required to contribute 29% of the cost of the medical and prescription drug plan, as determined by the MIIA Health Benefits Trust. Retirees also contribute 50% of the premium for a \$5,000 life insurance benefit. The

Department contributes the remainder of the medical, prescription drug, and life insurance plan costs on a pay-as-you-go basis.

D. Annual OPEB Costs and Net OPEB Obligation

The Department's fiscal 2015 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a remaining period of sixteen years.

The following table shows the components of the Department's annual OPEB cost for the year ending June 30, 2015, the amount actually contributed to the plan, and the change in the Department's net OPEB obligation based on an actuarial valuation as of June 30, 2014.

Annual Required Contribution (ARC)	\$ 540,456
Interest on net OPEB obligation	218,069
Annual OPEB cost	758,525
Projected benefit payments	(413,143)
Increase in net OPEB obligation	345,382
Net OPEB obligation - beginning of year	-
Contributions to OPEB Trust	(345,382)
(1) Net OPEB obligation - end of year	\$ -

(1) See Part E for additional information

The Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 and the two preceding fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 758,525	100.00%	\$ -
2014	\$ 768,378	100.00%	\$ -
2013	\$ 604,987	100.00%	\$ -

E. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014, the most recent actuarial valuation measurement date was as follows:

Actuarial accrued liability (AAL)	\$ 7,726,667
Actuarial value of plan assets	<u>1,846,042</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 5,880,625</u>
Funded ratio (actuarial value of plan assets/AAL)	23.89%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

In 2010, the Department's Municipal Light Board voted to accept the provisions of Chapter 32B §20 of Massachusetts General Laws and create an *Other Post-Employment Benefits Liability Trust Fund* as a mechanism to set aside monies to fund its OPEB liability. In 2013, the Commissioners voted to create an OPEB trust instrument in alignment with the Town of Reading. In fiscal year 2015, the Department contributed \$345,382 to this trust, which was equal to all of its actuarially determined annual contributions through June 30, 2015. The assets and net position of this trust are reported in the Department's Fiduciary Funds Statements of Fiduciary Net Position.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the Department and the plan members and include the types of benefits provided at the time of each actuarial valuation and the historical pattern of sharing of benefit costs between the Department and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2014 actuarial valuation, the Projected Unit Credit actuarial cost method was used. The Department's actuarial value of plan assets was \$1,846,042. The actuarial assumptions included a 7.75% investment rate of return and an initial annual health care cost trend rate of 8.0% which decreases by 0.5% for six years to an ultimate level of 5.0% per year. The amortization costs for the initial UAAL is a level percentage of payroll amortization, with amortization payments increasing at 2.5% per year for a remaining period of 16 years.

17. Reading Contributory Retirement System

The Department follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, with respect to the employees' retirement funds.

A. Plan Description

Substantially all employees of the Department are members of the Town of Reading Contributory Retirement System (the System), a cost sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, as well as contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports, which are publically available from the System's administrative offices located at Reading Town Hall, 16 Lowell Street, Reading, Massachusetts, 01867.

B. Benefits Provided

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification. Members become vested after 10 years of creditable service. A retirement allowance may be received upon reaching age 65 or upon attaining 20 years of service. The plan also provides for early retirement at age 55 if the participant (1) has a record of 10 years of creditable service, (2) was on the Department payroll on January 1, 1978, (3) voluntarily left Department employment on or after that date, and (4) left accumulated annuity deductions in the fund. A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

Per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100 percent, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. In addition, depending upon the number of years of creditable service, such employees are entitled to receive zero, fifty, or one hundred percent of the regular interest which has accrued upon those deductions. However, effective July 1, 2010, members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3% and do not forfeit any interest previously earned on contributions.

C. Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the system. In addition, all employees hired after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5%
January 1, 1975 - December 31, 1983	7%
January 1, 1984 - June 30, 1996	8%
Beginning July 1, 1996	9%

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Department's contribution to the System for the year ended June 30, 2015 was \$1,401,638, which was equal to its annual required contribution.

D. Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/deductions from System's fiduciary net position have been determined on the same basis as they are reported by System. For this purpose, benefit payments (including refunds of employee contribu-

tions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Department reported a liability of \$4,524,191 for its proportionate share of the System's net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 rolled forward to December 31, 2014. The Department's proportion of the net pension liability was based on an actuarially determined projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At December 31, 2014, the Department's proportion was 28.25%.

Town of Reading Municipal Light Department Employees' Retirement Trust ("Pension Trust"): The Department has established an irrevocable trust for the purpose of currently funding its annual required contribution to the Town of Reading Contributory Retirement System (RCRS). Annual contributions to the trust are actuarially determined to be the net normal cost for funding the Department's liability for pension benefits for covered employees, and both the principal and income of the trust is restricted for the exclusive benefit of Department employees and their beneficiaries. This Pension Trust is reported as a fiduciary fund type in the Department's basic financial statements.

As noted in the first paragraph of this section, the Department's proportionate share of the RCRS net pension liability was determined by an actuarial valuation as of July 1, 2013 rolled forward to December 31, 2014. However, the actuarial valuation does not take into account the fiduciary net position of the Department's Pension Trust at December 31, 2014 (the measurement date). Accordingly, the following reconciliation is provided:

	<u>2015</u>
Net pension liability, per actuarial valuation	\$ 8,464,663
Pension Trust Net Position	(5,450,833)
Pension Trust contributions subsequent to the net pension liability measurement date (reported as deferred outflows of resources in the proprietary fund Statements of Net Position)	1,500,000
Pension Trust investment income and fair value changes subsequent to the net pension liability measurement date	<u>10,361</u>
Net pension liability, as reported on the proprietary fund Statements of Net Position	<u>\$ 4,524,191</u>

For the year ended June 30, 2015, the Department recognized pension expense of \$833,949. In addition, the Department reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 47,815
Contributions subsequent to the measurement date	<u>1,500,000</u>
Total	<u>\$ 1,547,815</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Department's net pension liability in the year ended June 30, 2016.

Amounts reported as deferred outflows of resources related to pensions will be recognized in the Department's pension expense as follows:

Year ended June 30.	
2016	\$ 1,511,954
2017	11,954
2018	11,954
2019	<u>11,953</u>
Total	<u>\$ 1,547,815</u>

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2013, rolled forward to the measurement date of December 31, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.75% per year
Salary increases	Based on years of service, 7.00% - 4.75% for Group 1 members and 8.00% - 5.25% for Group 4 members
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality Table projected to 2012 with Scale AA. For disabled lives, the mortality rates were based on the RP-2000 Mortality Table set forward five years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2014 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Rates of Return
Global equity	43.00%	8.23%
Fixed income	23.00%	5.05%
Private equity	10.00%	9.75%
Real estate	10.00%	6.50%
Timber/Natural Resources	4.00%	6.88%
Hedge funds	10.00%	7.00%
Total	<u>100.00%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from participating employers will be made in accordance with Sections 22D and 22F of Chapter 32 of the Massachusetts General Laws. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Department's proportionate share of the net pension liability to changes in the discount rate: The following table presents the Department's proportionate share of the net pension liability (asset) calculated using the current discount rate of 7.75%, as well as what the Department's proportionate share of the net pension liability (asset) would

be if it were calculated using a discount rate that is 1 percentage-point lower (6.75%) or 1 percentage-point higher (8.75%) than the current rate:

<u>Fiscal Year Ended</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
06/30/15	\$ 7,521,554	\$ 4,524,191	\$ (1,116,986)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued System financial report.

18. **Participation in Massachusetts Municipal Wholesale Electric Company**

The Town of Reading, acting through its Light Department, is a Participant in certain Projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC).

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own, or purchase ownership interests in, and to issue revenue bonds to finance, electric facilities (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities. MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other utilities (Project Participants) under Power Sales Agreements (PSAs). Among other things, the PSAs require each Project Participant to pay its pro rata share of MMWEC's costs related to the Project, which costs include debt service on the revenue bonds issued by MMWEC to finance the Project, plus 10% of MMWEC's debt service to be paid into a Reserve and Contingency Fund. In addition, should a Project Participant fail to make any payment when due, other Project Participants of that Project may be required to increase (step-up) their payments and correspondingly their Participant's share of that Project's Project Capability to an additional amount not to exceed 25% of their original Participant's share of that Project's Project Capability. Project Participants have covenanted to fix, revise, and collect rates at least sufficient to meet their obligations under the PSAs.

MMWEC has eight Projects. MMWEC originally financed all eight Projects through the issuance of a multiple series of revenue bonds under a General Bond Resolution adopted by MMWEC in 1976 (GBR). Security for these bonds included a pledge of the revenues derived by MMWEC from all its Project PSAs, without regard to Project or series of bonds. In 2001, through

a refinancing of all its outstanding bonds, MMWEC amended and restated its GBR to eliminate this "joint-pledge" of revenues. In refinancing its debt, MMWEC issued a separate issue of bonds for each of the eight Projects, which are payable solely from, and secured solely by, the revenues derived from the Project to which such issue relates plus available funds pledged under the Amended and Restated GBR with respect to the bonds of such issue. The MMWEC revenues derived from each Project are used solely to provide for the payment of the bonds of any bond issue relating to such Project and to pay MMWEC's cost of owning and operating such Project and are not used to provide for the payment of the bonds of any bond issue relating to any other Project.

MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has a 22.7 MW interest in the W. F. Wyman Unit No. 4 plant, owned and operated by subsidiaries of Florida Power & Light and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit operated by Dominion Nuclear Connecticut, Inc. (DNCI), a subsidiary of Dominion Resources, Inc. DNCI has stated its intention to file an application with the Nuclear Regulatory Commission (NRC) for an extension of the Millstone Unit 3 operating license, which currently will expire in 2025. DNCI has not yet filed its application with the NRC.

MMWEC has an 11.6% ownership interest in the Seabrook Station nuclear generating unit, which represents a substantial portion of its plant investment and financing program. On November 1, 2002, an indirect subsidiary of FPL Group Inc., FPL Energy Seabrook, LLC purchased an approximate 88% share in the Seabrook nuclear plant from seven other owners. MMWEC is now one of three, minority non-operating owners of Seabrook Station.

Pursuant to the PSAs, the MMWEC Seabrook and Millstone Project Participants are liable for their proportionate share of the costs associated with decommissioning the plants, which is being funded through monthly Project billings. The Project Participants are also liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act (Act). By its terms, the Act expired in August 2002. Congress is currently considering extending the Act.

In November 1997, the Commonwealth of Massachusetts enacted legislation effective March 1, 1998 to restructure the electric utility industry. MMWEC and the municipal light departments, including the Massachusetts Project Participants, are not specifically subject to this legislation. However, it is management's belief that industry restructuring and customer choice promulgated by the legislation will have an effect on MMWEC and the Participants' operations.

The Reading Municipal Light Department has entered into PSAs and Power Purchase Agreements (PPAs) with MMWEC. Under both the PSAs and PPAs, the Department is required to make certain payments to MMWEC

payable solely from Department revenues. Under the PSAs, each Participant is unconditionally obligated to make payments due to MMWEC whether or not the Project(s) is completed or operating and notwithstanding the suspension or interruption of the output of the Project(s).

MMWEC is involved in various legal actions. In the opinion of management, the outcome of such litigation or claims will not have a material adverse effect on the financial position of the company.

After the July 1, 2015 principal payment, total capital expenditures amounted to \$1,682,341,000, of which \$125,343,000 represents the amount associated with the Department's Project Capability. MMWEC's debt outstanding for the Projects from Power Supply System Revenue Bonds totals \$167,110,000, of which \$6,373,000 is associated with the Department's share of Project Capability. After the July 1, 2015 principal payment, MMWEC's total future debt service requirement on outstanding bonds issued for the Projects is \$121,353,000, of which \$4,362,000 is anticipated to be billed to the Department in the future.

The aggregate amount of the Department's required payments under the PSAs and PPAs, exclusive of the Reserve and Contingency Fund billings, to MMWEC at June 30, 2015 and estimated for future years is shown below.

	Annual Costs
For years ended June 30, 2016	\$ 2,700,000
2017	1,472,000
2018	<u>190,000</u>
Total	<u>\$ 4,362,000</u>

In addition, under the PSAs, the Department is required to pay to MMWEC its share of the Operation and Maintenance (O&M) costs of the Projects in which it participates. The Department's total O&M costs including debt service under the PSAs were \$12,475,000 and \$14,021,000 for the years ended June 30, 2015 and 2014, respectively.

19. Renewable Energy Certificates

In 2003, the Massachusetts Department of Energy and Environmental Affairs adopted the Massachusetts Renewable Energy Portfolio Standard (RPS), a regulation that requires Investor Owned Utilities (IOUs) to purchase mandated amounts of energy generated by renewable resources (Green Energy) as a percentage of their overall electricity sales. The Massachusetts RPS applies only to IOUs, so the Department is currently exempt from this mandate.

Energy suppliers meet their annual RPS obligations by acquiring a sufficient quantity of RPS-qualified renewable energy certificates (RECs) that are created and recorded at the New England Power Pool (NEPOOL) Generation Information System (GIS). Suppliers can purchase RECs from electricity generators or from other utilities that have acquired RECs.

As part of its ongoing commitment to Green Energy, the Department has entered into Purchase Power Agreements (PPAs) with Swift River Hydro LLC and Concord Steam Corporation to purchase power generated from renewable energy resources. These PPAs include the Department taking title to RECs, which certify that the energy produced was the product of a renewable resource. Because the Department is exempt from the RPS provisions, it has the option of holding these RECs until they expire or selling them through the NEPOOL GIS.

Information regarding the Department's fiscal year 2015 REC activity and balances is as follows:

REC Sales During Fiscal 2015

	<u>Certificates</u>	<u>Unit Price</u>	<u>Amount</u>
MA Class II	1,032	\$ 25.50	\$ 26,316
MA Class I	1,324	52.00	68,848
RI New	398	44.00	17,512
CT Class I	5,702	52.00	296,504
MA Class II	371	25.00	9,275
MA Class I	624	47.50	29,640
RI New	120	47.50	5,700
CT Class I	4,452	47.50	211,470
Total	<u>14,023</u>		<u>\$ 665,265</u> ⁽¹⁾

(1) Sale proceeds netted against fiscal year 2015 purchased power fuel charge

REC Holdings at June 30, 2015

	<u>Banked Certificates</u>	<u>Projected Certificates</u>	<u>Total Certificates</u>	<u>Estimated Value</u>
MA Class I & II	-	1,550	1,550	\$ 74,400
CT Class I	-	5,435	5,435	260,880
Total	<u>-</u>	<u>6,985</u>	<u>6,985</u>	<u>\$ 335,280</u>

Because there is no formal accounting guidance under GAAP or IFRS for RECs and the Department does not have a formal policy for the future disposition of RECs, the estimated fair value of the Department's REC holdings at

June 30, 2015 are not recognized as an asset on the proprietary fund Statements of Net Position.

20. Leases

Related Party Transaction - Property Sub-Lease

The Department is the lessor of facilities that are currently sub-leased to the Reading Town Employees Federal Credit Union. The original sub-lease agreement commenced in December 2000 and was extended by various amendments through November 30, 2015. Following is the future minimum rental income to be received by the Department under the terms of this lease for the year ending June 30:

2016	\$ <u>4,084</u>
Total	\$ <u><u>4,084</u></u>

Operating Lease - Warehouse

The Department is the lessee of a warehouse facility owned by JCM Real Estate Trust. The original lease agreement for this facility commenced in December 1998 and was extended by various amendments through May 31, 2016. Under the terms of the most recent lease amendment, the Department has the option to extend the lease for an additional 24 months until May 31, 2018. Following is the future minimum rental expense to be paid by the Department for the year ending June 30:

2016	\$ <u>147,902</u>
Total	\$ <u><u>147,902</u></u>

21. Beginning Net Position Restatement

In fiscal year 2015, the Department implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. As a result of this implementation, the beginning (July 1, 2014) net position of the Department's proprietary fund has been restated as follows:

	<u>Business-Type Activities</u>
	<u>Proprietary</u>
	<u>Fund</u>
As previously reported	\$ 101,873,334
GASB 68 Implementation	<u>(3,669,527)</u>
As restated	\$ <u><u>98,203,807</u></u>

TOWN OF READING, MASSACHUSETTS, MUNICIPAL LIGHT DEPARTMENT

SCHEDULE OF FUNDING PROGRESS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2015

(Unaudited)

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
06/30/14	\$ 1,846,042	\$ 7,726,667	\$ 5,880,625	23.89%	N/A	N/A
06/30/13	\$ 1,495,511	\$ 7,588,993	\$ 6,093,482	19.71%	N/A	N/A
06/30/11	\$ 1,167,161	\$ 8,643,438	\$ 7,476,277	13.50%	N/A	N/A
06/30/08	\$ -	\$ 8,085,388	\$ 8,085,388	0.00%	N/A	N/A

See Independent Auditors' Report.

TOWN OF READING, MASSACHUSETTS, MUNICIPAL LIGHT DEPARTMENT

SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2015
(Unaudited)

<u>Reading Contributory Retirement System:</u>	<u>2015</u>
Proportion of the net pension liability (asset)	28.25%
Proportionate share of the net pension liability	\$ 4,524,191
Covered-employee payroll	\$ 5,908,693
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	76.57%
Plan fiduciary net position as a percentage of the total pension liability	79.89%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available

See Independent Auditors' Report.

TOWN OF READING, MASSACHUSETTS, MUNICIPAL LIGHT DEPARTMENT

SCHEDULE OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2015
(Unaudited)

Reading Contributory Retirement System:

2015

Contractually required contributions for the
current fiscal year

\$ 1,401,638

Actual contributions for the current fiscal year in
relation to the contractually required
contributions

1,401,638

Contribution deficiency (excess)

\$ -

Covered-employee payroll

\$ 5,908,693

Contributions as a percentage of covered-
employee payroll

23.72%

*Schedules are intended to show information for 10 years. Additional years will be
displayed as they become available*

See Independent Auditors' Report.

RMLD Policy No. 12
READING MUNICIPAL LIGHT BOARD DOCUMENTS DISSEMINATION

REVISION No. 2

Commission Vote/Effective Date _____

General Manager/Date

Next Review Date

I. APPLICABILITY:

This policy governs the dissemination of Reading Municipal Light Department ("RMLD") Board documents prior to, during, and after Board meetings. For purposes of this policy, Board documents encompass written recommendations or proposals to the Board by the RMLD General Manager or designated staff, proposed budgets, other draft documents requiring or seeking the Board's approval, meeting agendas, meeting minutes, and other documents submitted to the Board for its consideration.

II. RESPONSIBILITIES:

A. RMLD Board

Responsible for periodic review of this policy and review of executive session minutes and materials.

B. General Manager

Responsible for assisting the Board regarding the implementation and consistent application of this policy, and the determination of whether a Board document may be withheld from disclosure to members of the public under applicable law.

III. DISSEMINATION PRIOR TO BOARD MEETING:

- A. Purpose. This policy is necessary to ensure that documents submitted to the Board are not mistaken for Board-approved policy, procedures, or positions prior to consideration and adoption by the Board.
- B. General Policy. All documents submitted to the Board, whether such document expressly requests or requires action by the RMLD Board or is submitted in support of such request, shall not be distributed to anyone other than a legally elected Board member, the General Manager or other applicable RMLD managers, employees, consultants or attorneys prior to a properly established Board meeting, unless such documents constitute public records as defined by M.G.L. c. 4, § 7 (clause twenty-sixth).
- C. Deliberative Process Exemption. Documents exempt from disclosure under M.G.L. c. 4, § 7 (clause twenty-sixth)(d) – the "Deliberative Process Exemption" – shall not be distributed to anyone other than the Board, RMLD staff or agents, until the Board takes action with respect to the policy matter under consideration or such deliberative process with respect to such matter otherwise has been concluded. Such documents include inter-agency and intra-agency memoranda and letters relating to policy positions being developed by the RMLD Board, such as draft policies, documents relating to pending or threatened litigation or contract negotiations, incomplete budgets or financial proposals, and other matters requiring Board approval. Reasonably completed factual studies or reports in which Board policy decisions may be based constitute public records and are subject to disclosure pursuant to a public records request.

III. DISSEMINATION PRIOR TO BOARD MEETING:

- D. Identification of Draft Documents. To avoid giving the mistaken impression that a proposed policy, position, or procedure or other document presented to the Board has been approved by the Board, all draft documents presented to the Board for review and consideration shall be marked "Draft" or with some other appropriate legend indicating that the document may not be in final form, even if such document constitutes a public record subject to disclosure prior to the Board meeting.
- E. Agendas. The RMLD meeting agenda may be freely distributed prior to a Board meeting to any member of the public who requests a copy. Prior to the RMLD Board Chair's approval of the agenda, the agenda shall be marked "draft." The agenda once approved by the RMLD Board Chair will be posted to the RMLD's website for public viewing. The agenda may be amended as may be required by the Open Meeting Law. Any agenda that is amended after it is posted to the RMLD website shall be marked as "amended."

IV. DISTRIBUTION OR INSPECTION OF DOCUMENTS AT THE BOARD MEETING.

- A. Documents Considered in Open Session. Unless otherwise exempt under the open meeting law, all documents considered by the Board in open session may be freely distributed to any member of the public who attends the Board meeting. In general, materials or other exhibits used by RMLD in an open meeting must also be made available to the public within 10 days of a request. The Board, in its discretion, may make such materials available to the public at the Board meeting.
- B. Exemptions. There are two personnel-related exemptions to the open session records disclosure requirement: (1) materials (other than those that were created by the RMLD Board for the purpose of the evaluation) used in a performance evaluation of an individual bearing on his professional competence, and (2) materials (other than any résumé submitted by an applicant, which is subject to disclosure) used in deliberations about employment or appointment of individuals, including applications and supporting materials. Documents created by members of the Board for the purpose of performing an evaluation are subject to disclosure. This requirement applies to both individual evaluations and evaluation compilations, provided the documents were created by members of the Board for the purpose of the evaluation.
- C. Confidential and Other Non-Public Documents. Documents and materials considered in executive session or other confidential or non-public documents submitted to the Board shall not be available for public inspection or dissemination at the Board meeting.

V. DISSEMINATION OF EXECUTIVE SESSION MINUTES AND DOCUMENTS FOLLOWING BOARD MEETINGS.

- A. Release of Materials Submitted to the Board Following the Board Meeting. The disclosure of Board documents, including minutes of open sessions, shall be governed by applicable public records and open meeting laws.
- B. Executive Session Minutes and Materials.
 - 1. Availability and Confidentiality Obligations. Executive session minutes of Board meetings and related documents are available to all members of the Board and designated RMLD staff. All Board members and RMLD employees shall be bound to maintain their confidentiality until such minutes and/or related materials are released for disclosure as provided in Section V.B.3.
 - 2. Legal Requirements. Executive session minutes will be reviewed and released in accordance with the open meeting law, M.G.L. c. 30A, § 22 and the public records and open meeting exemptions in M.G.L. c. 164, § 47D and as provided herein.

V. DISSEMINATION OF EXECUTIVE SESSION MINUTES AND DOCUMENTS FOLLOWING BOARD MEETINGS.

B. Executive Session Minutes and Materials.

3. Quarterly Review Procedures.

- a. The Chair and the Secretary of the Board will review approved executive session minutes in their entirety and related materials that are still in confidential status on a minimum of a quarterly basis (no later each January 15, April 15, July 15, October 15) and in response to a public records request for such minutes to determine if continued non-disclosure is warranted under M.G.L. c. 30A, § 22. In conducting the review, the Chair and the Secretary shall consider whether:

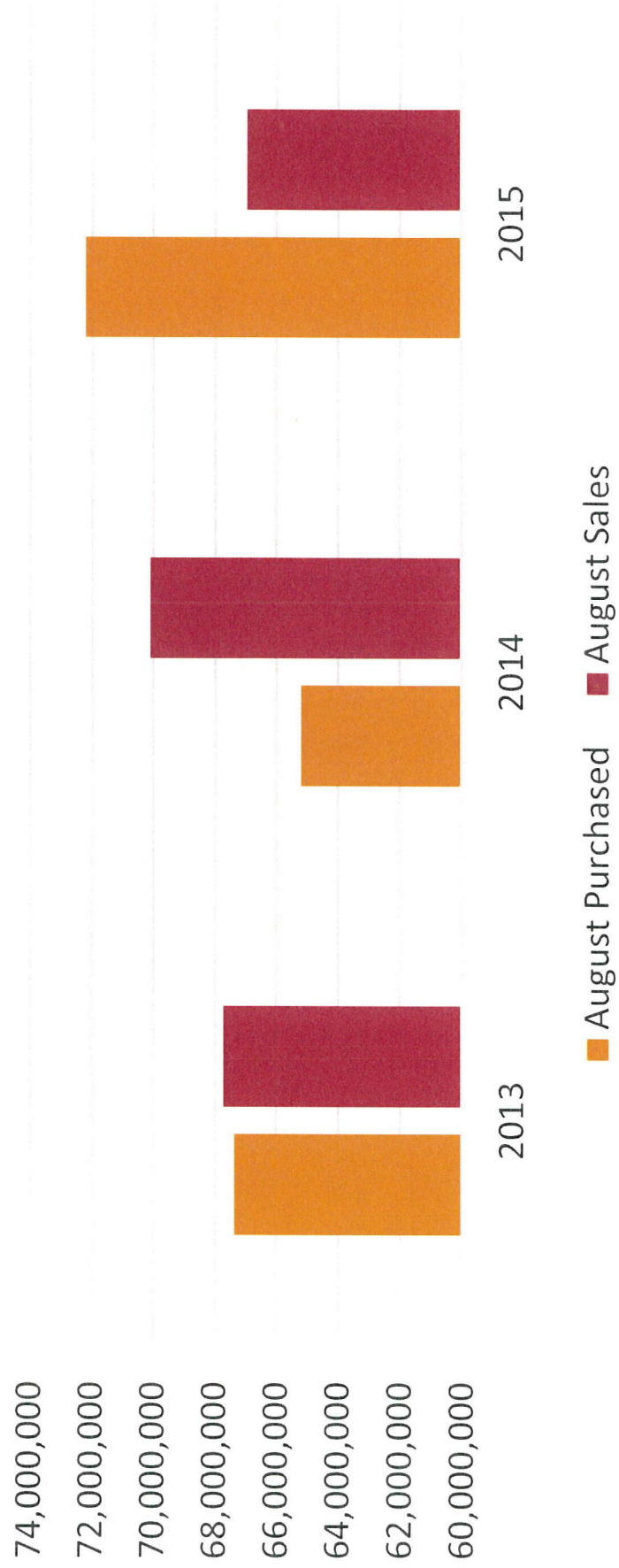
- (1) the executive session was held in compliance with M.G.L. c. 30A, § 21;
- (2) publication of the minutes or materials would defeat the lawful purposes of the executive session;
- (3) the minutes or materials include information protected by the attorney-client privilege;
- (4) the information or materials are subject to one or more of the exemptions under the public records law, M.G.L. c. 4, § 7 (clause twenty-sixth) or M.G.L. c. 164, § 47D;
- (5) the RMLD Board has voted not to disclose such information (to the extent that the executive session was held to consider RMLD's competitively sensitive information which was entitled to confidentiality under M.G.L. c. 164, § 47D); and
- (6) the minutes or materials are entitled to confidentiality as personnel information as set forth in M.G.L. c. 30A, § 22(e).

- b. The Chair and the Secretary shall announce the findings of their quarterly review at the next Board meeting following the completion of such review. Such announcement shall be included in the minutes of that meeting. The Chair and the Secretary shall make a recommendation to the members of the Board to release for publication those minutes or portions of minutes and related materials in which continued confidential treatment is not warranted under M.G.L. c. 30A, § 22. The procedure and timeframe for conducting and voting on reviews in response to a request for executive session minutes are set forth in Section V.B.4.

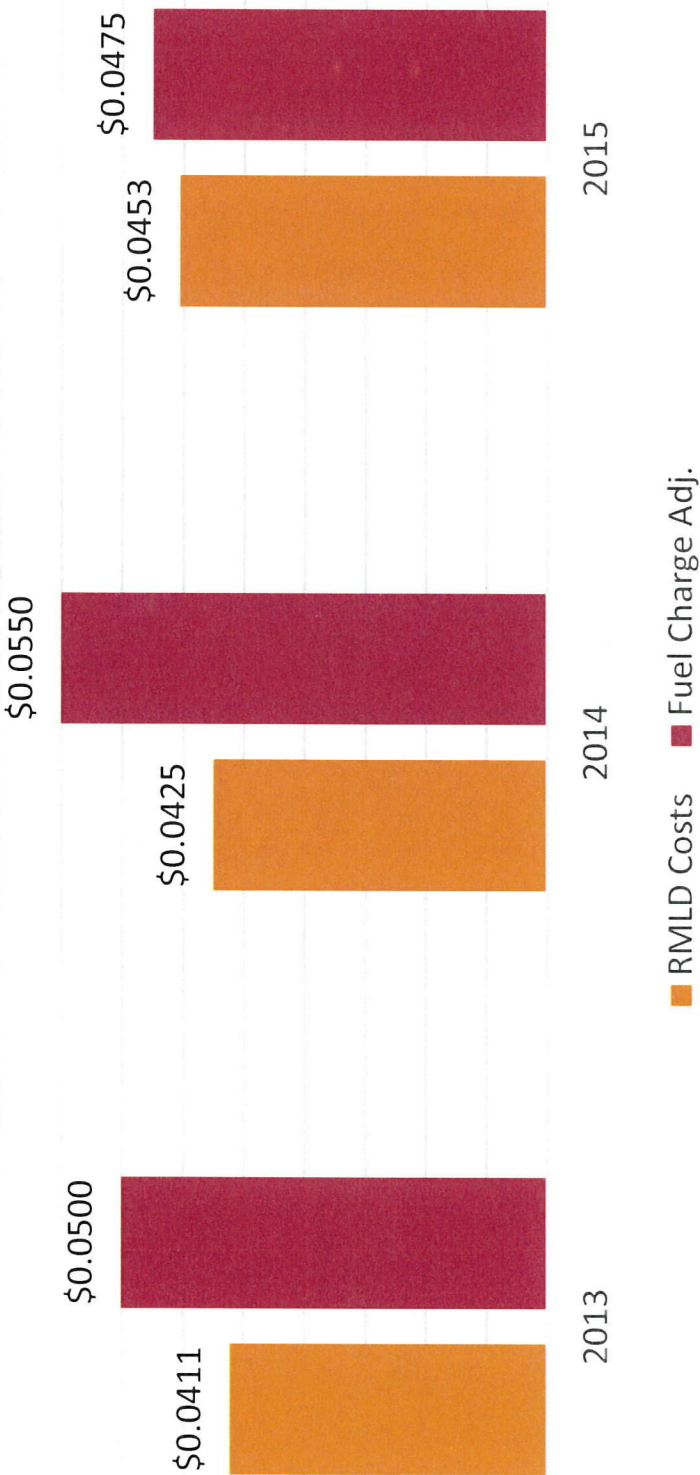
- c. Executive session minutes, or portions thereof, will be released only by an affirmative majority vote of at least three (3) members of the Board.

4. Procedures upon Request for Executive Session Minutes or Materials. All requests for unreleased executive session minutes will be forwarded to the Chair of the Board immediately following receipt and shall be placed on the next available Board meeting agenda for resolution. If the minutes have not been previously subject to a quarterly review, the Chair and the Secretary shall review the minutes as provided in Section V.B.3 prior to the next Board meeting, if possible. The Chair and the Secretary shall present the findings on whether continued confidentiality is warranted to the Board and the Board shall take a vote on whether to release the minutes or portions thereof at its next regularly scheduled meeting following the request or within 30 days, whichever occurs first. Notwithstanding the foregoing, upon request by any person to inspect or copy the minutes of an executive session or any portion thereof, the Chair or his/her designee, on behalf of the Board, shall respond to the request within 10 days following receipt and shall release any such non-exempt minutes or portions thereof in which the Board previously voted to release.

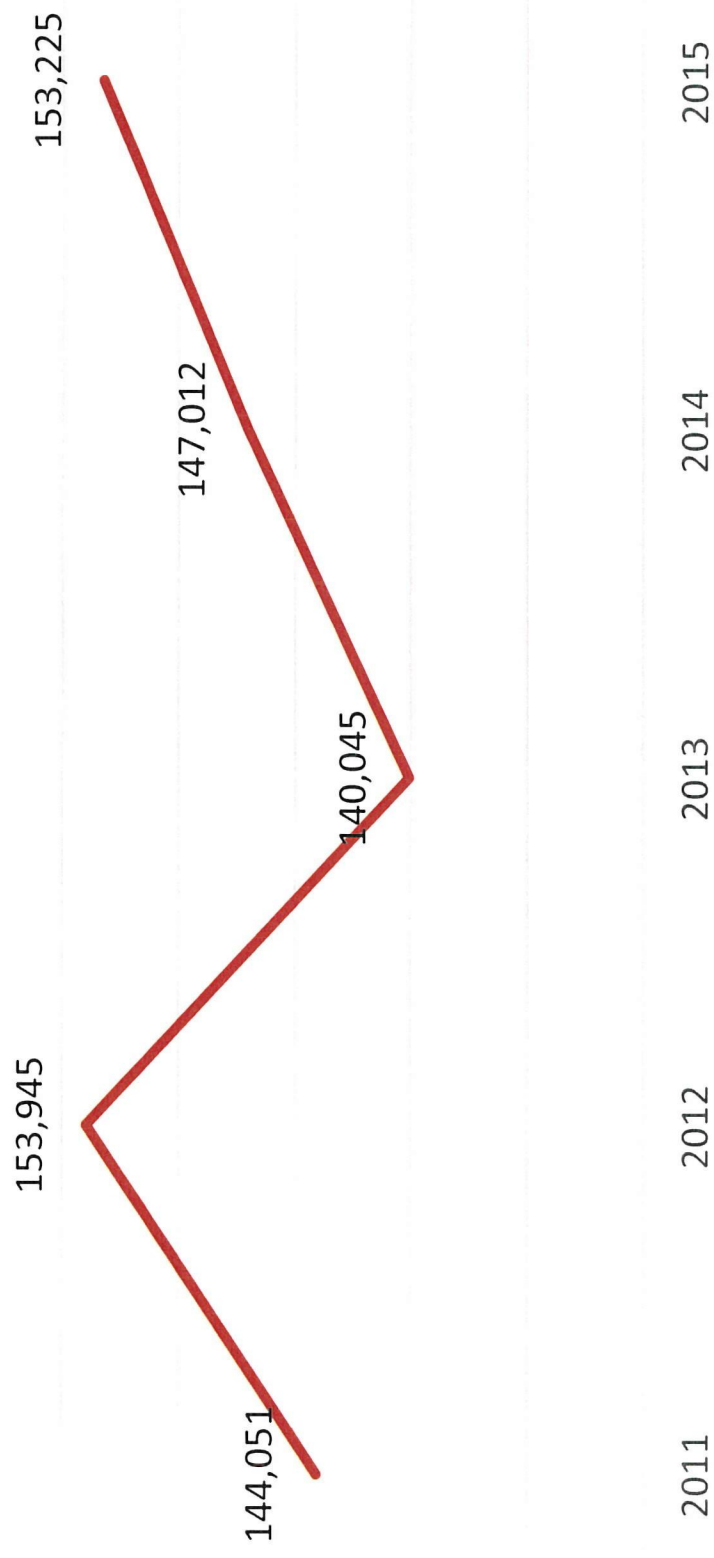
Energy Purchased vs. Sales August 2013-2015



**RMILD Energy Costs vs. FCA
August
2013 - 2015**



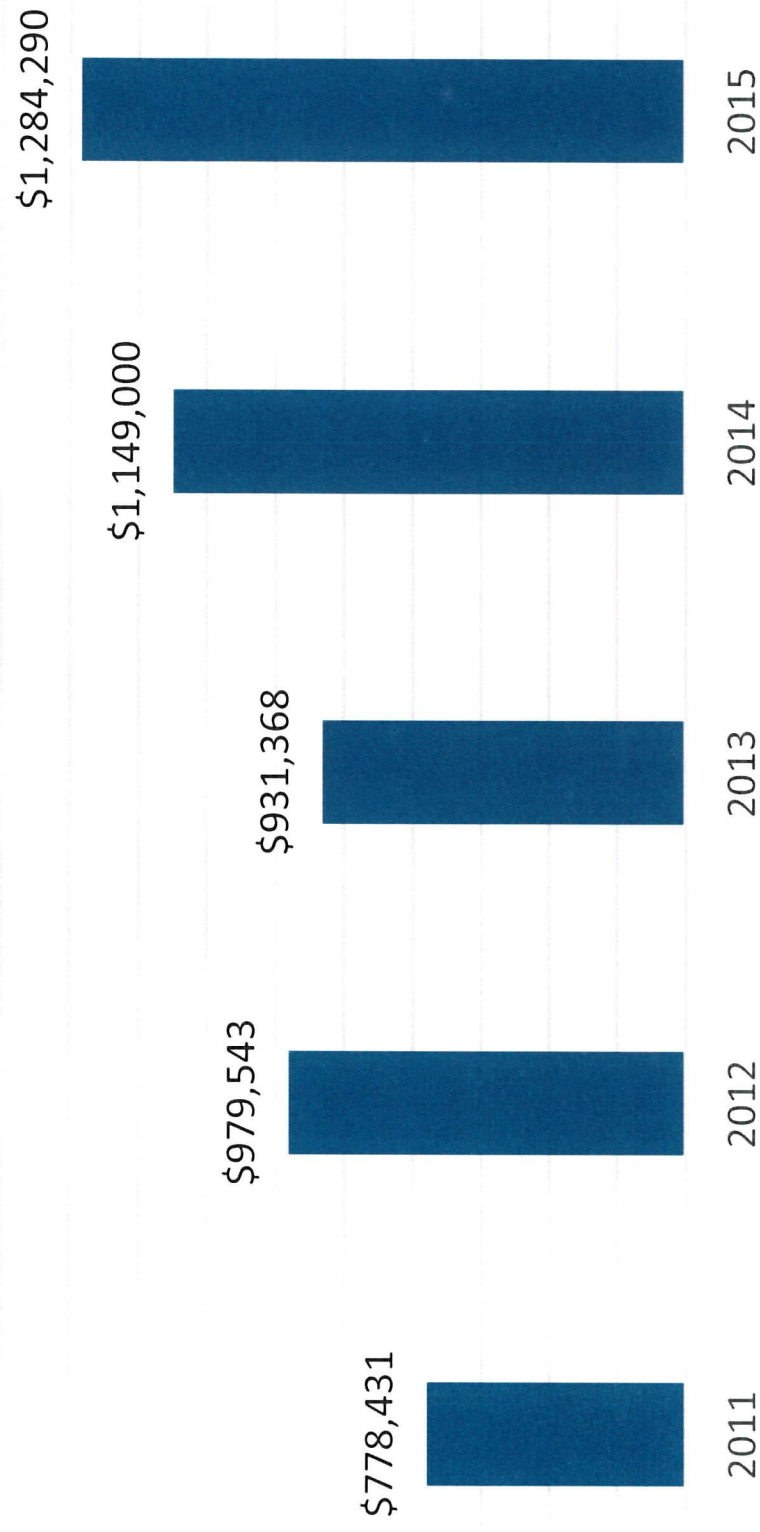
Historical Peak Demand (kW) August



Historical Peak Demand (kW)
September



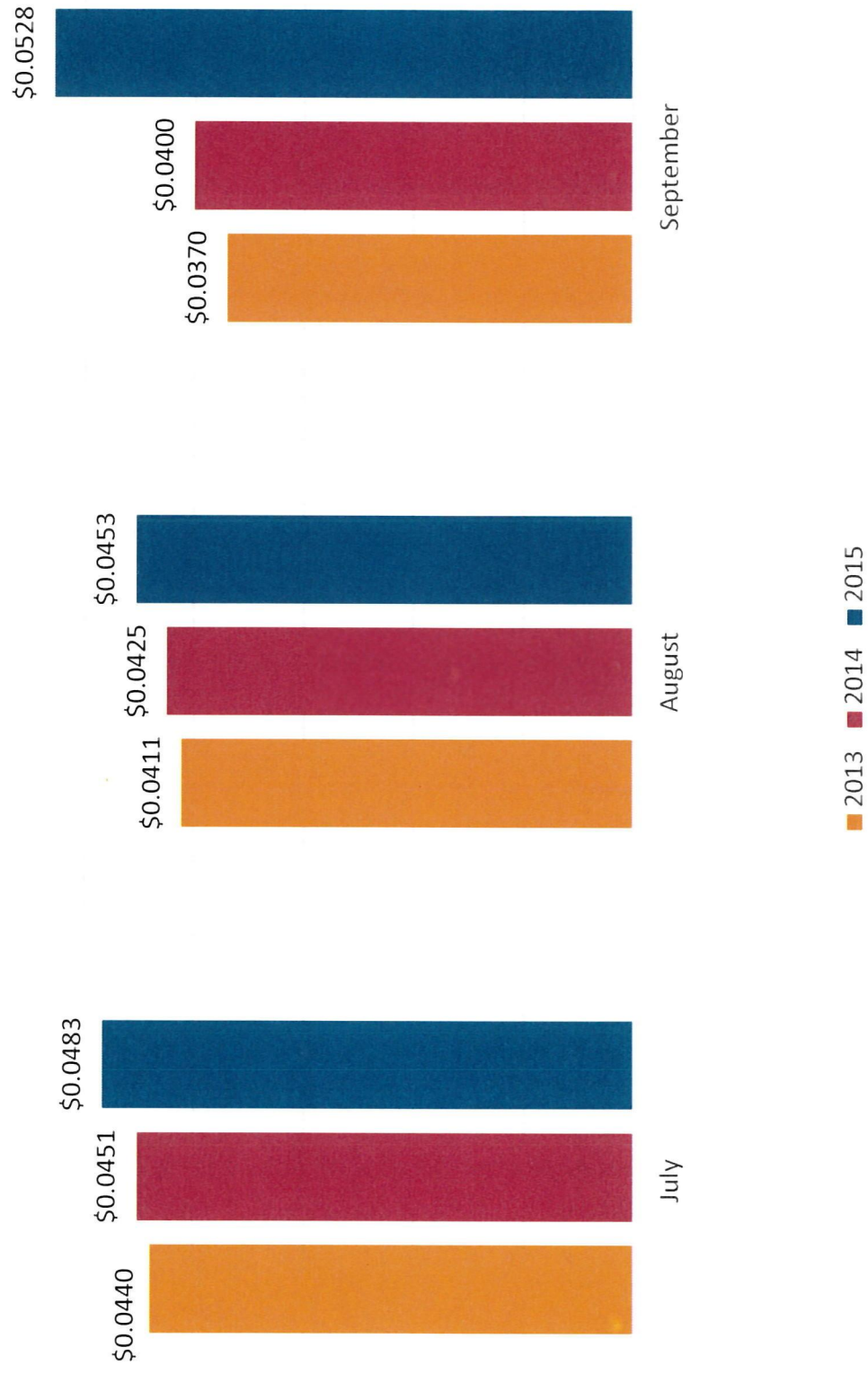
Historical RMLD Transmission Costs September





RMLD's Historical Energy Costs

July - September

2013-2015



To: Coleen O'Brien

From:  Maureen McHugh, Jane Parenteau 

Date: October 16, 2015

Subject: Purchase Power Summary – August, 2015

Energy Services Division (ESD) has completed the Purchase Power Summary for the month of August, 2015.

ENERGY

The RMLD's total metered load for the month was 72,269,508 kWh, which is a 9.81% increase from the August, 2014 figures.

Table 1 is a breakdown by source of the energy purchases.

Table 1

Resource	Amount of Energy (kWh)	Cost of Energy (\$/Mwh)	% of Total Energy	Total \$ Costs	\$ as a %
Millstone #3	3,655,672	\$6.71	5.06%	\$24,530	0.75%
Seabrook	5,881,958	\$6.69	8.15%	\$39,327	1.20%
Stonybrook Intermediate	8,868,164	\$28.75	12.28%	\$254,948	7.80%
Shell Energy	15,642,000	\$71.12	21.66%	\$1,112,512	34.03%
NextEra	11,516,000	\$58.77	15.95%	\$676,836	20.70%
NYP&A	2,255,288	\$4.92	3.12%	\$11,096	0.34%
ISO Interchange	(306,639)	\$0.00	-0.42%	-\$2,890	-0.09%
NEMA Congestion	0	\$0.00	0.00%	-\$62,871	-1.92%
Coop Resales	16,575	\$133.42	0.02%	\$2,211	0.07%
BP Energy	12,159,600	\$47.73	16.84%	\$580,378	17.75%
Hydro Projects*	515,524	\$103.10	0.71%	\$53,151	1.63%
Braintree Watson Unit	589,086	\$50.32	0.82%	\$29,643	0.91%
Saddleback Wind	218,511	\$79.53	0.30%	\$17,378	0.53%
Exelon	11,144,400	\$46.98	15.44%	\$523,519	16.01%
Stonybrook Peaking	44,341	\$221.49	0.06%	\$9,821	0.30%
Monthly Total	72,200,480	\$45.28	100.00%	\$3,269,589	100.00%

**Pepperell, Woronoco, Indian River, Turner Falls, Collins, Pioneer, Hosiery Mills, Summit Hydro*

Table 2 breaks down the ISO interchange between the DA LMP Settlement and the RT Net Energy for the month of August, 2015.

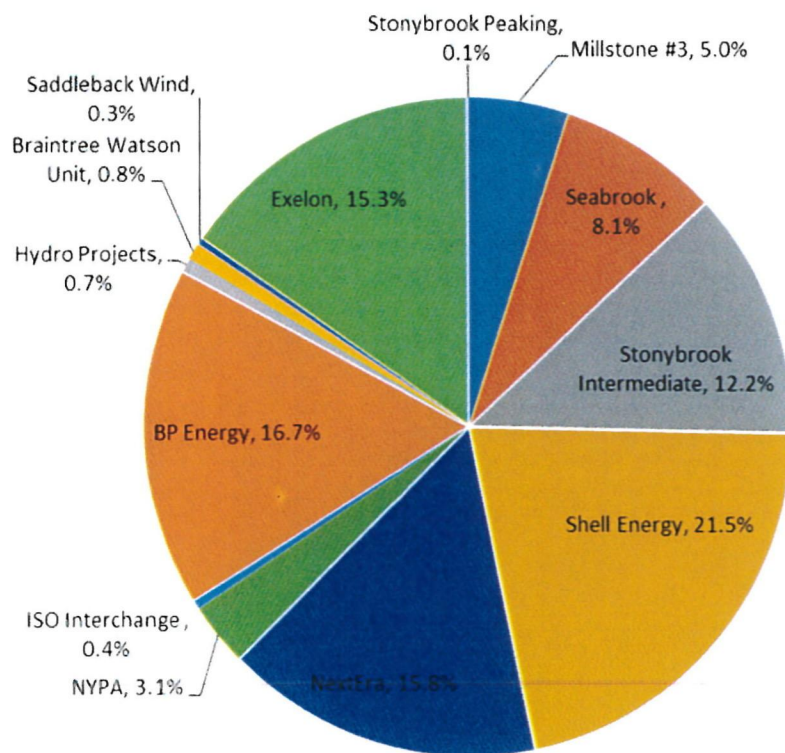
Table 2

Resource	Amount of Energy (kWh)	Cost of Energy (\$/Mwh)	% of Total Energy
ISO DA LMP *	900,218	\$21.23	1.24%
Settlement			
RT Net Energy **	-1,206,857	-\$15.49	-1.66%
Settlement			
ISO Interchange (subtotal)	(306,639)	-\$9.42	-0.42%

* Independent System Operator Day-Ahead Locational Marginal Price

** Real Time Net Energy

AUGUST 2015 ENERGY BY RESOURCE



CAPACITY

The RMLD hit a demand of 153,225 kW, which occurred on August 17, at 5 pm. The RMLD's monthly UCAP requirement for August, 2015 was 222,880 kW.

Table 3 shows the sources of capacity that the RMLD utilized to meet its requirements.

Table 3

Source	Amount (kW)	Cost (\$/kW-month)	Total Cost \$	% of Total Cost
Millstone #3	4,950	34.62	\$171,369	9.94%
Seabrook	7,910	39.34	\$311,205	18.05%
Stonybrook Peaking	24,981	2.05	\$51,090	2.96%
Stonybrook CC	42,925	7.78	\$333,978	19.37%
NYP&A	4,019	4.19	\$16,834	0.98%
Hydro Quebec	0	0	\$17,478	1.01%
NextEra	60,000	5.90	\$354,000	20.54%
Braintree Watson Unit	10,520	29.18	\$306,975	17.81%
ISO-NE Supply Auction	65,573	2.45	\$160,924	9.34%
Hydro Projects	2,002	0.00	\$0	0.00%
Total	222,880	\$7.73	\$1,723,853	100.00%

Table 4 shows the dollar amounts for energy and capacity per source.

Table 4

Resource	Energy	Capacity	Total cost	% of Total Cost	Amt of Energy (kWh)	Cost of Power (\$/kWh)
Millstone #3	\$24,530	\$171,369	\$195,899	3.92%	3,655,672	0.0536
Seabrook	\$39,327	\$311,205	\$350,532	7.02%	5,881,958	0.0596
Stonybrook Intermediate	\$254,948	\$333,978	\$588,926	11.79%	8,868,164	0.0664
Hydro Quebec	\$0	\$17,478	\$17,478	0.35%	-	0.0000
Shell Energy	\$1,112,512	\$0	\$1,112,512	22.28%	15,642,000	0.0711
NextEra	\$676,836	\$354,000	\$1,030,836	20.64%	11,516,000	0.0895
* NYP&A	\$11,096	\$16,834	\$27,930	0.56%	2,255,288	0.0124
ISO Interchange	-\$2,890	\$160,924	\$158,034	3.16%	306,639	0.5154
Nema Congestion	-\$62,871	\$0	-\$62,871	-1.26%	-	0.0000
BP Energy	\$580,378	\$0	\$580,378	11.62%	12,159,600	0.0477
* Hydro Projects	\$53,151	\$0	\$53,151	1.06%	515,524	0.1031
Braintree Watson Unit	\$29,643	\$306,975	\$336,618	6.74%	589,086	0.5714
* Saddleback Wind	\$17,378	\$0	\$17,378	0.35%	218,511	0.0795
Coop Resales	\$2,211	\$0	\$2,211	0.04%	16,575	0.1334
Exelon Energy	\$523,519	\$0	\$523,519	10.48%	11,144,400	0.0470
Stonybrook Peaking	\$9,821	\$51,090	\$60,911	1.22%	44,341	1.3737
Monthly Total	\$3,269,589	\$1,723,853	\$4,993,442	100.00%	72,813,758	0.0686

* Renewable Resources

4.11%

RENEWABLE ENERGY CERTIFICATES (RECs)

Table 5 shows the amount of banked and projected RECs for the Swift River Hydro Projects through August 2015, as well as their estimated market value.

Table 5 RECs Summary Period - January 2015 - August 2015				
	Banked RECs	Projected RECs	Total RECs	Est. Dollars
Woronoco	836	1,514	2,350	\$101,050
Pepperell	1,939	1,985	3,924	\$168,732
Indian River	817	1,455	2,272	\$97,696
Turners Falls	132	1,052	1,184	\$0
Saddleback	1087	1,138	2,225	\$95,675
Jericho	0	0	0	\$0
Sub total	4,811	7,144	11,955	\$463,153
RECs Sold			0	\$0
Grand Total	4,811	7,144	11,955	\$463,153

TRANSMISSION

The RMLD's total transmission costs for the month of August, 2015 were \$1,309,072. This is increase of 10.85% from the July transmission cost of \$1,180,976. In August, 2014 the transmission costs were \$1,264,244.

	Current Month	Last Month	Last Year
Peak Demand (kW)	153,225	156,283	147,012
Energy (kWh)	72,813,758	72,163,068	65,186,052
Energy (\$)	\$3,269,589	\$3,486,210	\$2,768,364
Capacity (\$)	\$1,723,853	\$1,536,212	\$1,414,711
Transmission(\$)	\$1,309,072	\$1,180,976	\$1,264,244
Total	\$6,302,514	\$6,203,397	\$5,447,319

ENERGY EFFICIENCY

Table 7 shows the comprehensive results from the Energy Conservation program. The amount of savings is broken down by both demand and energy for the Commercial and Residential sectors.

Commercial	Year	Total \$		Total		Total \$		Rebate		Rebate/kWh		Cost Benefit	
		Capacity Saved (kW)	Energy Saved (kWh)	\$/kW	Energy	\$/kWh	Rebate	\$	\$	\$	\$	\$	\$
Total to date	FY07-15	25,966	102,495,709	\$ 2,557,553	5,550,957		\$ 1,732,385	\$ 1.59	\$ 5,334.73	\$ 6,376,125			
Current	FY16	73	608,761	\$ 10,071	\$11.45	\$ 0.06	\$ 49,650	\$ 0.22	\$ 738.75	\$ (129,898)			
Residential	Year	Total \$		Total		Total \$		Rebate		Rebate/kWh		Cost Benefit	
		Capacity Saved (kW)	Energy Saved (kWh)	\$/kW	Energy	\$/kWh	Rebate	\$		\$	\$	\$	\$
Total to date	FY07-15	4,513	3,642,362	\$ 787,845	329,349		\$ 718,531	\$ 0.20	\$ 159.22	\$ 398,663			
Current	FY16	25	24,798	\$ 3,407	\$11.45	\$ 0.06	\$ 11,770	\$ 5.27	\$ 5,274.42	\$ (125,900)			
Total	Year	Total \$		Total		Total \$		Rebate		Rebate/kWh		Cost Benefit	
		Capacity Saved (kW)	Energy Saved (kWh)	\$/kW	Energy	\$/kWh	Rebate		\$	\$	\$	\$	\$
Total to date	FY07-15	30,479	106,138,071	\$ 3,020,981	5,740,107		\$ 2,846,612	\$ 0.03	\$ 93.40	\$ 5,914,476			
Current	FY16	98	633,559	\$ 13,479	\$11.45	\$ 0.06	\$ 61,420	\$ 0.59	\$ 3,778.83	\$ (319,203)			

Table 8 shows the breakdown for residential appliance rebates by type and year.

Table 8																								
Year	Washing Machine		Refrigerator		Dishwasher		Dehumidifier		Central A/C		Window A/C		Thermostat		Audits		Renewable		Air Source Heat Pump		HP Water Heater		Fan	
	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars
2007																								
2008	86	\$ 4,300	47	\$ 2,350	55	\$ 2,750	7	\$ 175	17	\$ 1,700	10	\$ 250	23	\$ 230	107	\$ 14,940								
2009	406	\$ 20,300	259	\$ 12,950	235	\$ 11,750	40	\$ 1,000	41	\$ 4,100	50	\$ 1,250	114	\$ 1,140	107	\$ 14,940								
2010	519	\$ 25,950	371	\$ 18,550	382	\$ 19,100	37	\$ 925	64	\$ 6,400	49	\$ 1,225	127	\$ 1,270	64	\$ 8,960	6	\$ 20,700						
2011	425	\$ 21,250	383	\$ 19,150	313	\$ 15,650	47	\$ 1,175	57	\$ 5,700	65	\$ 1,625	118	\$ 1,180	180	\$ 26,960	4	\$ 18,000						
2012	339	\$ 16,950	354	\$ 17,700	289	\$ 14,450	38	\$ 950	44	\$ 4,400	56	\$ 1,400	105	\$ 1,050	219	\$ 32,731	3	\$ 14,000			9	\$ 2,250	3	\$ 30
2013	285	\$ 14,250	336	\$ 16,800	311	\$ 15,550	29	\$ 725	24	\$ 2,400	54	\$ 1,350	57	\$ 570	375	\$ 75,000	3	\$ 15,000	\$ 19	\$ 1,900	4	\$ 1,000	5	\$ 50
2014	322	\$ 16,100	333	\$ 16,650	298	\$ 14,900	27	\$ 675	38	\$ 3,800	76	\$ 1,900	83	\$ 1,245	363	\$ 72,600	4	\$ 17,250	\$ 20	\$ 2,000	11	\$ 2,750	7	\$ 70
2015	257	\$ 12,850	256	\$ 12,800	261	\$ 13,050	26	\$ 650	27	\$ 2,700	36	\$ 900	41	\$ 615	314	\$ 62,800	7	\$ 19,000	\$ 24	\$ 2,400	12	\$ 3,000	3	\$ 30
2016	59	\$ 2,950	58	\$ 2,900	65	\$ 3,250	16	\$ 400	11	\$ 1,100	10	\$ 250	14	\$ 210	0	\$ -	0	\$ -	\$ 7	\$ 700	0	\$ -	1	\$ 10
Total	2698	\$ 134,900	2397	\$ 119,850	2209	\$ 110,450	267	\$ 6,675	323	\$ 32,300	406	\$ 10,150	682	\$ 7,510	1729	\$ 308,931	27	\$ 103,950	70	\$ 7,000	36	\$ 9,000	19	\$ 190

To: Coleen O'Brien

From:  Maureen McHugh, Jane Parenteau 

Date: October 22, 2015

Subject: Purchase Power Summary – September, 2015

Energy Services Division (ESD) has completed the Purchase Power Summary for the month of September, 2015.

ENERGY

The RMLD's total metered load for the month was 62,521,903 kWh, which is a 6.04% increase from the September, 2014 figures.

Table 1 is a breakdown by source of the energy purchases.

Table 1

Resource	Amount of Energy (kWh)	Cost of Energy (\$/Mwh)	% of Total Energy	Total \$ Costs	\$ as a %
Millstone #3	3,531,210	\$6.71	5.62%	\$23,694	0.72%
Seabrook	5,225,265	\$6.69	8.31%	\$34,937	1.06%
Stonybrook Intermediate	3,723,083	\$53.89	5.92%	\$200,653	6.08%
Shell Energy	10,166,400	\$69.84	16.17%	\$709,979	21.50%
NextEra	8,314,000	\$53.02	13.23%	\$440,792	13.35%
NYPA	2,109,323	\$4.92	3.36%	\$10,378	0.31%
ISO Interchange	9,623,685	\$68.00	15.31%	\$654,413	19.82%
NEMA Congestion	0	\$0.00	0.00%	\$291,038	8.81%
Coop Resales	22,131	\$149.36	0.04%	\$3,305	0.10%
BP Energy	9,516,000	\$47.73	15.14%	\$454,199	13.75%
Hydro Projects*	346,814	\$83.51	0.55%	\$28,963	0.88%
Braintree Watson Unit	637,672	\$60.25	1.01%	\$38,418	1.16%
Saddleback Wind	628,046	\$90.25	1.00%	\$56,682	1.72%
Exelon	8,986,400	\$39.47	14.29%	\$354,689	10.74%
Stonybrook Peaking	34,201	\$0.00	0.05%	\$0	0.00%
Monthly Total	62,864,230	\$52.53	100.00%	\$3,302,140	100.00%

**Pepperell, Woronoco, Indian River, Turner Falls, Collins, Pioneer, Hosiery Mills, Summit Hydro*

Table 2 breaks down the ISO interchange between the DA LMP Settlement and the RT Net Energy for the month of September, 2015.

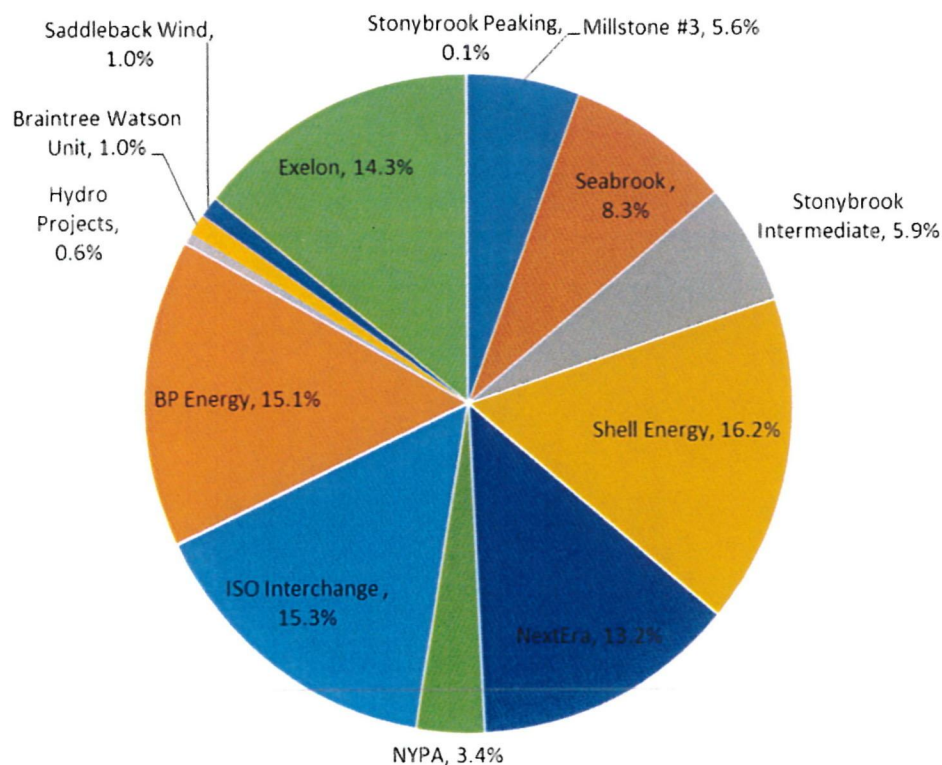
Table 2

Resource	Amount of Energy (kWh)	Cost of Energy (\$/Mwh)	% of Total Energy
ISO DA LMP * Settlement	11,120,774	\$56.33	17.78%
RT Net Energy ** Settlement	-1,497,089	\$23.68	-2.39%
ISO Interchange (subtotal)	9,623,685	\$68.00	15.39%

* Independent System Operator Day-Ahead Locational Marginal Price

** Real Time Net Energy

SEPTEMBER 2015 ENERGY BY RESOURCE



CAPACITY

The RMLD hit a demand of 154,933 kW, which occurred on September 9, at 4 pm. The RMLD's monthly UCAP requirement for September, 2015 was 222,873 kW.

Table 3 shows the sources of capacity that the RMLD utilized to meet its requirements.

Table 3

Source	Amount (kWs)	Cost (\$/kW-month)	Total Cost \$	% of Total Cost
Millstone #3	4,950	34.80	\$172,261	12.78%
Seabrook	7,910	39.34	\$311,208	23.08%
Stonybrook Peaking	24,981	2.01	\$50,166	3.72%
Stonybrook CC	42,925	7.77	\$333,608	24.75%
NYPA	4,019	4.19	\$16,834	1.25%
Hydro Quebec	0	0	\$19,152	1.42%
Nextera	60,000	5.90	\$354,000	26.26%
Braintree Watson Unit	10,520	-8.52	-\$89,646	-6.65%
ISO-NE Supply Auction	65,566	2.75	\$180,514	13.39%
Hydro Projects	2,002	0.00	\$0	0.00%
Total	222,873	\$6.04	\$1,348,097	100.00%

Table 4 shows the dollar amounts for energy and capacity per source.

Table 4

Resource	Energy	Capacity	Total cost	% of Total Cost	Amt of Energy (kWh)	Cost of Power (\$/kWh)
Millstone #3	\$23,694	\$172,261	\$195,956	4.22%	3,531,210	0.0555
Seabrook	\$34,937	\$311,208	\$346,144	7.45%	5,225,265	0.0662
Stonybrook Intermediate	\$200,653	\$333,608	\$534,261	11.49%	3,723,083	0.1435
Hydro Quebec	\$0	\$19,152	\$19,152	0.41%	-	0.0000
Shell Energy	\$709,979	\$0	\$709,979	15.27%	10,166,400	0.0698
NextEra	\$440,792	\$354,000	\$794,792	17.10%	8,314,000	0.0956
* NYPA	\$10,378	\$16,834	\$27,212	0.59%	2,109,323	0.0129
ISO Interchange	\$654,413	\$180,514	\$834,927	17.96%	9,623,685	0.0868
Nema Congestion	\$291,038	\$0	\$291,038	6.26%	-	0.0000
BP Energy	\$454,199	\$0	\$454,199	9.77%	9,516,000	0.0477
* Hydro Projects	\$28,963	-\$1,305	\$27,658	0.59%	346,814	0.0798
Braintree Watson Unit	\$38,418	-\$89,646	-\$51,229	-1.10%	637,672	-0.0803
* Saddleback Wind	\$56,682	\$0	\$56,682	1.22%	628,046	0.0903
Coop Resales	\$3,305	\$0	\$3,305	0.07%	22,131	0.1494
Exelon Energy	\$354,689	\$0	\$354,689	7.63%	8,986,400	0.0395
Stonybrook Peaking	\$0	\$50,166	\$50,166	1.08%	34,201	1.4668
Monthly Total	\$3,302,140	\$1,346,792	\$4,648,932	100.00%	62,864,230	0.0740
* Renewable Resources					4.91%	

RENEWABLE ENERGY CERTIFICATES (RECs)

Table 5 shows the amount of banked and projected RECs for the Swift River Hydro Projects through September 2015, as well as their estimated market value.

Table 5 RECs Summary Period - January 2015 - September 2015				
	Banked RECs	Projected RECs	Total RECs	Est. Dollars
Woronoco	836	1,514	2,350	\$101,050
Pepperell	1,939	2,038	3,977	\$171,011
Indian River	817	1,504	2,321	\$99,803
Turners Falls	132	1,056	1,188	\$0
Saddleback	1087	1,452	2,539	\$109,177
Jericho	0	0	0	\$0
Sub total	4,811	7,564	12,375	\$481,041
RECs Sold			0	\$0
Grand Total	4,811	7,564	12,375	\$481,041

TRANSMISSION

The RMLD's total transmission costs for the month of September, 2015 were \$1,284,290. This is a decrease of 1.89% from the August transmission cost of \$1,309,072. In September, 2014 the transmission costs were \$1,149,000.

	Current Month	Last Month	Last Year
Peak Demand (kW)	154,933	153,225	150,405
Energy (kWh)	62,550,094	72,200,480	58,968,269
Energy (\$)	\$3,302,140	\$3,269,589	\$2,358,566
Capacity (\$)	\$1,346,792	\$1,723,853	\$1,419,977
Transmission(\$)	\$1,284,290	\$1,309,072	\$1,149,000
Total	\$5,933,222	\$6,302,514	\$4,927,542

ENERGY EFFICIENCY

Table 7 shows the comprehensive results from the Energy Conservation program. The amount of savings is broken down by both demand and energy for the Commercial and Residential sectors.

Table 7

Table 7											
Commercial		Year	Capacity Saved (kW)	Energy Saved (kwh)	Total \$		Total		Total \$		
Total to date	FY07-15	25,966		102,495,709	\$ 2,557,553			Energy	\$/kWh	Rebate	Rebate/kWh
Current	FY16	73		608,761	\$ 10,071	\$11.45		5,550,957	\$ 0.06	\$ 49,650	\$ 0.22
Residential		Year	Capacity Saved (kW)	Energy Saved (kwh)	Total \$		Total		Total \$		
Total to date	FY07-15	4,513		3,642,362	\$ 787,845			Energy	\$/kWh	Rebate	Rebate/kWh
Current	FY16	25		24,798	\$ 3,407	\$11.45		329,349	\$ 0.06	\$ 718,531	\$ 0.20
								1,488	\$ 0.06	\$ 11,770	\$ 5.27
Total		Year	Capacity Saved (kW)	Energy Saved (kwh)	Total \$		Total		Total \$		
Total to date	FY07-15	30,479		106,138,071	\$ 3,020,981			Energy	\$/kWh	Rebate	Rebate/kWh
Current	FY16	98		633,559	\$ 13,479	\$11.45		5,740,107	\$ 0.06	\$ 2,846,612	\$ 0.03
								38,014	\$ 0.06	\$ 61,420	\$ 0.59

Table 8 shows the breakdown for residential appliance rebates by type and year.

Table 8

Year	Washing Machine		Refrigerator		Dishwasher		Dehumidifier		Central A/C		Window A/C		Thermostat		Audits		Renewable		Air Source Heat Pump		HP Water Heater		Fan	
	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars
2007																								
2008	86	\$ 4,300	47	\$ 2,350	55	\$ 2,750	7	\$ 175	17	\$ 1,700	10	\$ 250	23	\$ 230	107	\$ 14,940								
2009	406	\$ 20,300	259	\$ 12,950	235	\$ 11,750	40	\$ 1,000	41	\$ 4,100	50	\$ 1,250	114	\$ 1,140	107	\$ 14,940								
2010	519	\$ 25,950	371	\$ 18,550	382	\$ 19,100	37	\$ 925	64	\$ 6,400	49	\$ 1,225	127	\$ 1,270	64	\$ 8,960	6	\$ 20,700						
2011	425	\$ 21,250	383	\$ 19,150	313	\$ 15,650	47	\$ 1,175	57	\$ 5,700	65	\$ 1,625	118	\$ 1,180	180	\$ 26,960	4	\$ 18,000						
2012	339	\$ 16,950	354	\$ 17,700	289	\$ 14,450	38	\$ 950	44	\$ 4,400	56	\$ 1,400	105	\$ 1,050	219	\$ 32,731	3	\$ 14,000						
2013	285	\$ 14,250	336	\$ 16,800	311	\$ 15,550	29	\$ 725	24	\$ 2,400	54	\$ 1,350	57	\$ 570	375	\$ 75,000	3	\$ 15,000	\$ 19	\$ 1,900	9	\$ 2,250	3	\$ 30
2014	322	\$ 16,100	333	\$ 16,650	298	\$ 14,900	27	\$ 675	38	\$ 3,800	76	\$ 1,900	83	\$ 1,245	363	\$ 72,600	4	\$ 17,250	\$ 20	\$ 2,000	11	\$ 2,750	7	\$ 70
2015	257	\$ 12,850	256	\$ 12,800	261	\$ 13,050	26	\$ 650	27	\$ 2,700	36	\$ 900	41	\$ 615	314	\$ 62,800	7	\$ 19,000	\$ 24	\$ 2,400	12	\$ 3,000	3	\$ 30
2016	59	\$ 2,950	58	\$ 2,900	65	\$ 3,250	16	\$ 400	11	\$ 1,100	10	\$ 250	14	\$ 210	0	\$ -	0	\$ -	\$ 7	\$ 700	0	\$ -	1	\$ 10
Total	2698	\$ 134,900	2397	\$ 119,850	2209	\$ 110,450	267	\$ 6,675	323	\$ 32,300	406	\$ 10,150	682	\$ 7,510	1729	\$ 308,931	27	\$ 103,950	70	\$ 7,000	36	\$ 9,000	19	\$ 190



Engineering & Operations Report

October 29, 2015, RMLD Board of Commissioners Meeting

August and September 2015 Reporting Period

Hamid Jaffari, Director of Engineering & Operations

Capital Improvement Projects

► Construction Projects

- Pole Line Upgrade – Lowell Street Wilmington – 82% complete
- Upgrade Old Lynnfield Center URDs (Cook's Farm) – 75% complete
- 4W5-4W6 Tie – Reading – 5% complete
- West Street – Force Account, Reading – 95% complete

► Special Projects/Capital Purchases

- LED Street Light Conversion – 672 of 2,450 (FY16) installed as of 10/11/15

► Routine Construction

August: \$116,575

September: \$141,727

YTD: \$368,276



Routine Maintenance

► Transformer Replacement

Pad mount 13.21% Overhead 10.54%

► Pole Inspection

123 poles have been replaced

67 of 123 transfers have been completed

► Double Poles

Total # of Double Poles: 502

Pending RMLD Transfer: 52

Lynnfield – 41 Reading – 135

North Reading – 127

Wilmington – 199

► Visual Inspection of OH Lines

Inspected circuits 5W8, 5W9, 5W5, 4W10, 5W4, 4W28, 4W5, 4W6, 3W8, 3W18, 4W13



Routine Maintenance (continued)

➤ Manhole Inspection

Pending

➤ Porcelain Cutout Replacements

90% complete 270 remaining to be replaced

➤ Tree Trimming

August: 288 spans September: 320 spans YTD: 925 spans

➤ Substation Maintenance

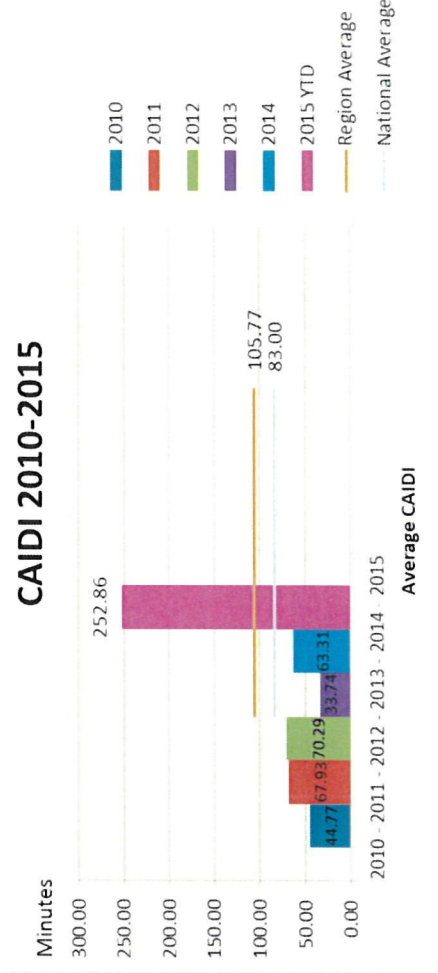
Infrared Scanning –August and September complete - no hot spots found

Reliability exceeds regional and local indices . . .

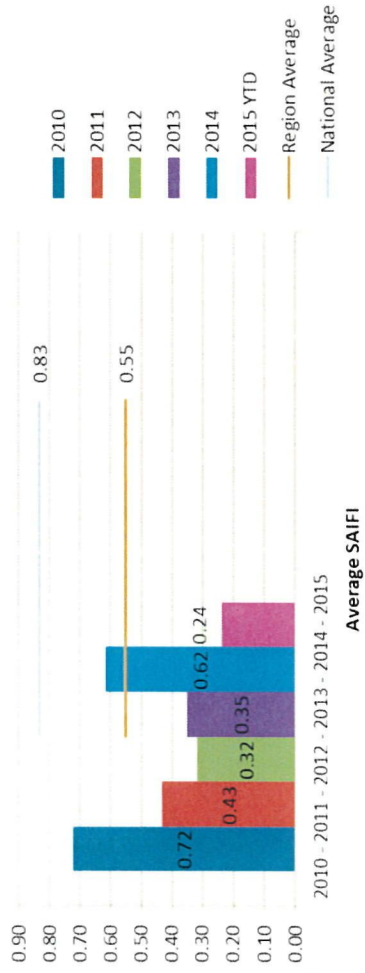


$$SAIDI (Minutes) = \frac{\text{Total Duration of Customer Interruptions}}{\text{Total Number of Customers Served}}$$

$$CAIDI (Minutes) = \frac{\text{Total Duration of Customer Interruptions}}{\text{Total Number of Customers Interruptions}}$$



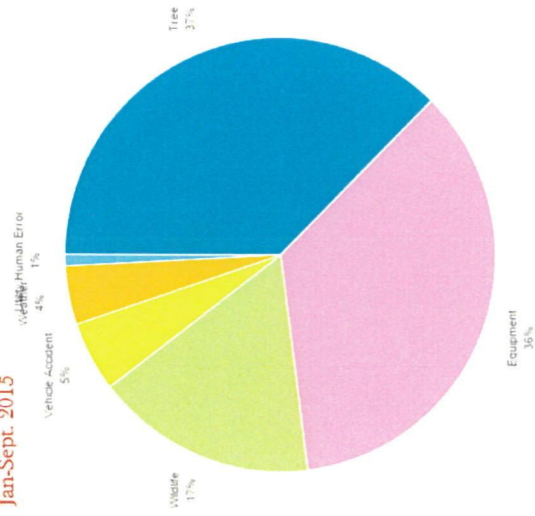
SAIFI 2010-2015



$$SAIFI = \frac{\text{Total Number of Customer Interruptions}}{\text{Total Number of Customers Served}}$$

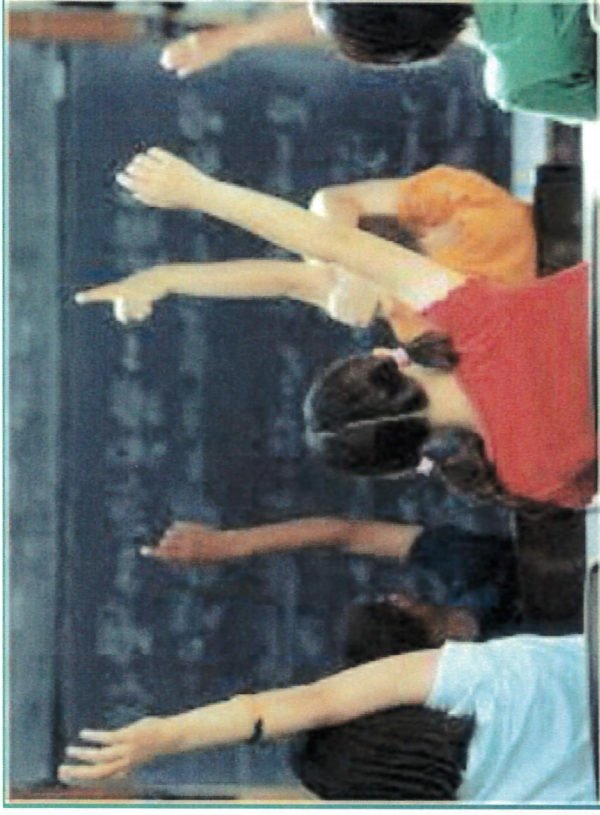
Outages Causes Calendar YTD (from eReliability website)

Jan-Sept. 2015



Outage Cause	Count
Tree	45
Equipment	41
Wildfire	19
Vehicle Accident	6
Weather	5
Utility Human Error	1
Total	115

Questions ?



READING MUNICIPAL LIGHT DEPARTMENT

Engineering and Operations Monthly Report

August 2015

CAPITAL IMPROVEMENTS

Construction Projects:		% Complete Status	Month	YTD
102	Pole Line Upgrade - Lowell Street, Wilmington	82%	\$23,611	\$37,964
104	Upgrade Old Lynnfield Center URDs (Cook's Farm)	75%	\$12,435	\$42,884
105	4W5-4W6 Tie	5%	\$8,001	\$8,001
106	URD Upgrades – All Towns	On-going	\$777	\$777
107	Stepdown Area Upgrades – All Towns	On-going	\$1,390	\$1,390
212	West Street – Force Account, Reading	95%	\$51,111	\$95,351
New Customer Service Connections:				
113	Service Installations – Residential: This item includes new or upgraded overhead and underground services.	On-going	\$8,589	\$23,041
Special Projects/Capital Purchases:				
116	Transformers & Capacitors	n/a	\$26,150	\$26,150
117	Meter Purchases/500 Club Mesh Network	Pilot 100%	\$2,387	\$2,387
131	LED Street Light Conversion	13%	\$44,362	\$59,632

Routine Construction	Aug	YTD
Pole Setting/Transfers	35,079	56,483
Overhead/Underground	34,066	65,945
Projects Assigned as Required <ul style="list-style-type: none"> • Main Street (area upgrade), North Reading • McDonald Road Conversion, Wilmington • Tecomet, Ballardvale Street, Wilmington • Killiam School, Reading 	11,347	32,389
Pole Damage/Knockdowns <ul style="list-style-type: none"> • Work was done to repair or replace two (2) poles 	412	9,431
Station Group	0	0
Hazmat/Oil Spills	0	0
Porcelain Cutout Replacement Program	804	2,060
Lighting (Street Light Connections)	241	512
Storm Trouble	17,912	17,912
Underground Subdivisions (new construction) <ul style="list-style-type: none"> • Pebble Cove, Lynnfield • Rahnden Terrace, North Reading 	3,703	7,704
Animal Guard Installation	0	484
Miscellaneous Capital Costs	13,012	33,629
TOTAL:	\$ 116,575	\$ 226,550

MAINTENANCE PROGRAMS

Aged/Overloaded Transformer Replacement through August 2015

Padmount:

Single-Phase: 13.31% replaced (of those over 20 years old)

Three-Phase: 8.97% replaced (of those over 20 years old)

Overhead:

Single-Phase: 11.31% replaced (of those over 20 years old)

Three-Phase: 3.89% replaced (of those over 20 years old)

Pole Testing System-wide (600-1,000 poles/year) (as of 10/20/15)

Year-one inspection complete: 645 poles tested (~10%)

- 390 silver tag (PASSED)
- 191* red tag (FAILED): **101 have been replaced**
- 22 double red tag (CONDEMNED): **22 have been replaced**

67 of 123 transfers have been completed

*42 red tag (failed) poles were revaluated and removed from the list.

Double Poles (as of 10/9/15)

Total # of Double Poles: 502

Pending RMLD Transfer: 52

Lynnfield - 41

Reading - 135

North Reading – 127

Wilmington – 199

13.8kV/35kV Feeders – Quarterly Inspections

As part of the feeder gathering project for the reliability project

7/1/15-present: 5W8, 5W9, 5W5, 4W10, 5W4, 4W28, 4W5, 4W6, 3W8, 3W18, 4W13

Manhole Inspections

Pending.

Porcelain Cutout Replacements (with Polymer)

As of August 31, 2015, there are 273 remaining porcelain cutouts to be replaced. 90% complete.

Tree Trimming

288 spans were completed in August. YTD thru August – 605 spans have been complete.

Substations:

Infrared Scanning (Monthly)

Station 3 Scanning complete through August – no hot spots found

Station 4 Scanning complete through August – no hot spots found

Station 5 Scanning complete through August – no hot spots found

Substation Maintenance Program

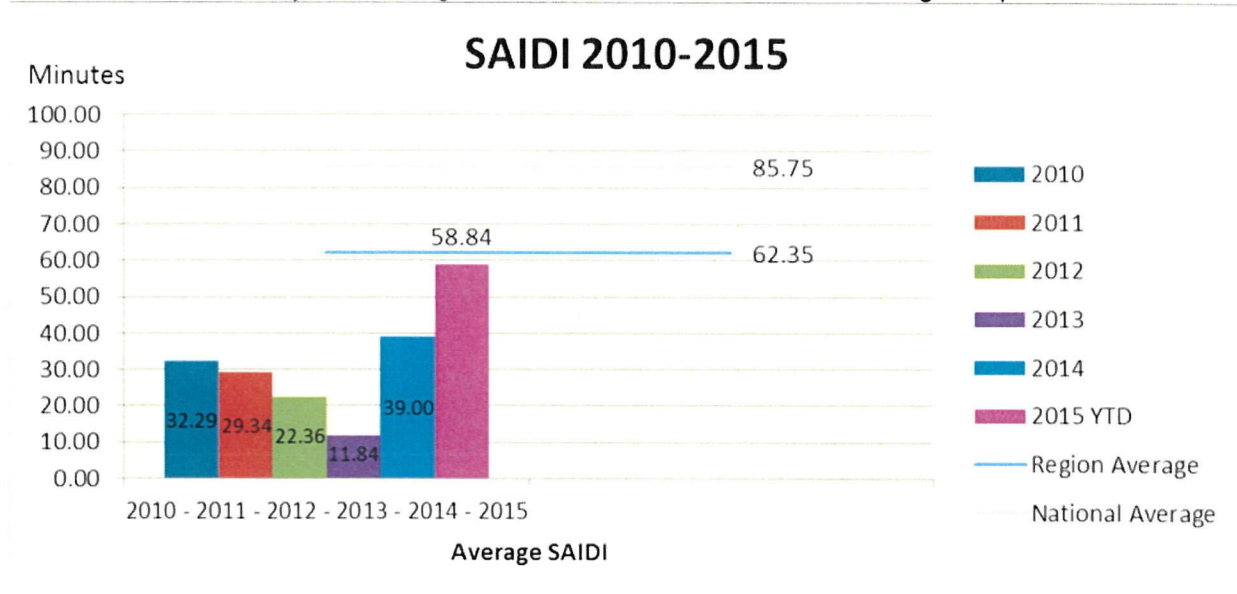
- *Inspection of all three stations by UPG complete.*
-

SYSTEM RELIABILITY

Key industry standard metrics have been identified to enable the RMLD to measure and track system reliability.

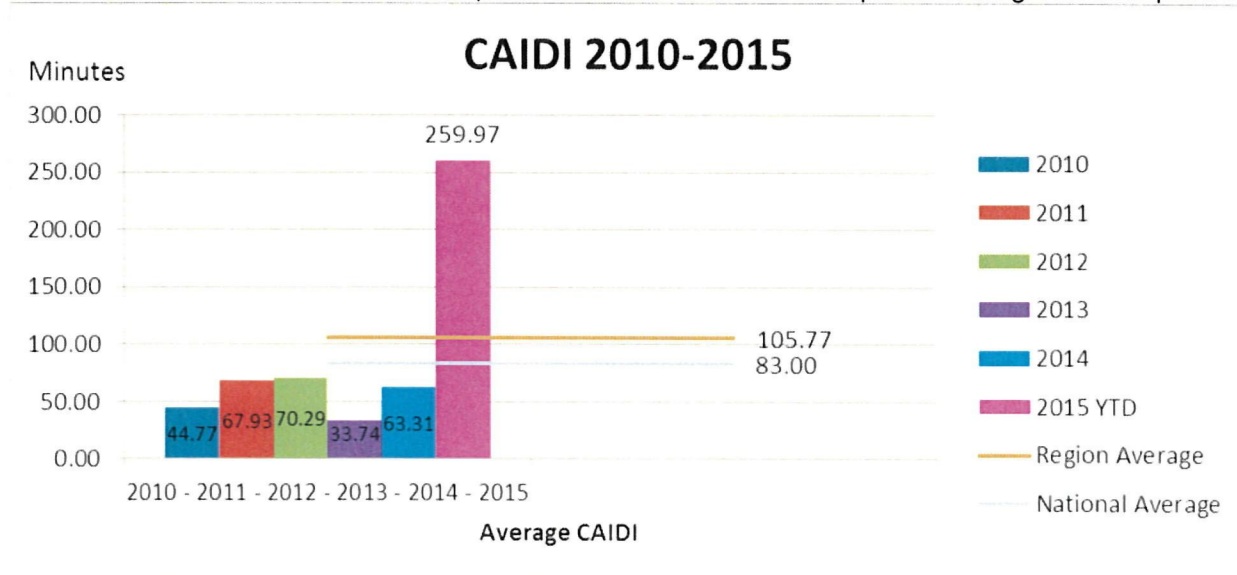
SAIDI (System Average Interruption Duration Index) is defined as the average interruption duration (in minutes) for customers served by the utility system during a specific time period.

SAIDI = the sum of all customer interruption durations within the specified time frame ÷ by the average number of customers served during that period.



CAIDI (Customer Average Interruption Duration Index) is defined as the average duration (in minutes) of an interruption experienced by customers during a specific time frame.

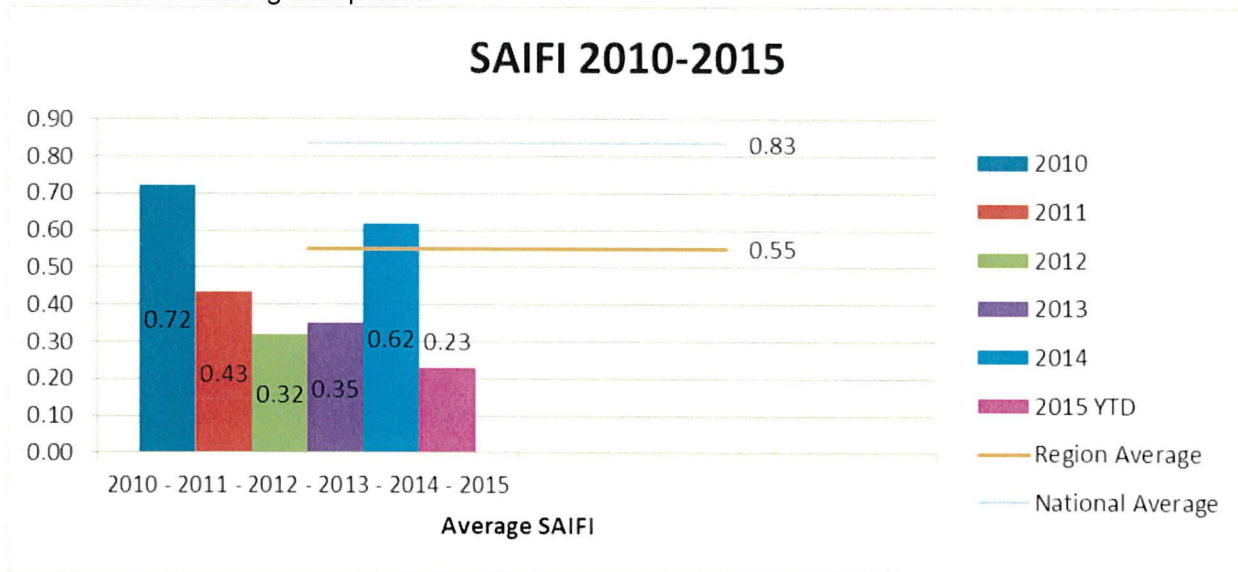
CAIDI = the sum of all customer interruption durations during that time period ÷ the number of customers that experienced one or more interruptions during that time period.



This metric reflects the average customer experience (minutes of duration) during an outage.

SAIFI (System Average Interruption Frequency) is defined as the average number of instances a customer on the utility system will experience an interruption during a specific time period.

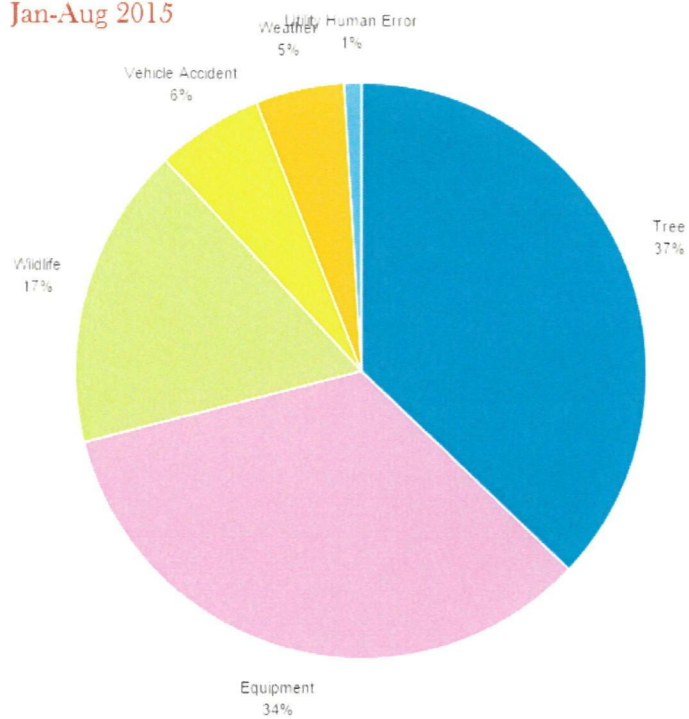
SAIFI = the total number of customer interruptions ÷ average number of customers served during that period.



Note: Since SAIDI, SAIFI and CAIDI are sustained interruption indices; only outages lasting longer than one minute are included in the calculations.

Outages Causes Calendar YTD (from eReliability website)

Jan-Aug 2015



Outage Cause	Count
Tree	37
Equipment	34
Wildlife	17
Vehicle Accident	6
Weather	5
Utility Human Error	1
Total	100

READING MUNICIPAL LIGHT DEPARTMENT

Engineering and Operations Monthly Report

September 2015

CAPITAL IMPROVEMENTS

Construction Projects:		% Complete Status	Month	YTD
102	Pole Line Upgrade - Lowell Street, Wilmington	82%	\$35,770	\$73,734
104	Upgrade Old Lynnfield Center URDs (Cook's Farm)	75%	\$20,195	\$63,078
105	4W5-4W6 Tie	5%	\$612	\$8,613
106	URD Upgrades – All Towns	On-going	\$518	\$1,295
107	Stepdown Area Upgrades – All Towns	On-going	\$772	\$2,162
212	West Street – Force Account, Reading	95%	\$37,348	\$132,699
New Customer Service Connections:				
113	Service Installations – Residential: This item includes new or upgraded overhead and underground services.	On-going	\$9,384	\$32,424
Special Projects/Capital Purchases:				
116	Transformers & Capacitors	n/a	\$113,057	\$139,207
131	LED Street Light Conversion	13%	\$51,868	\$111,500

Routine Construction	Sep	YTD
Pole Setting/Transfers	23,252	79,735
Overhead/Underground	23,417	89,362
Projects Assigned as Required <ul style="list-style-type: none"> • Tecomet, Ballardvale Street, Wilmington • Main Street (area upgrade), North Reading • Killiam School, Reading • Solar Project, Ballardvale, Wilmington • Artis Living, Main Street, Reading • Jacquith Road, Wilmington • Charles Street (area upgrade), North Reading 	39,943	72,332
Pole Damage/Knockdowns	0	9,431
Station Group	0	0
Hazmat/Oil Spills	0	0
Porcelain Cutout Replacement Program	1,204	3,265
Lighting (Street Light Connections)	2,083	2,595
Storm Trouble	414	18,326
Underground Subdivisions (new construction) <ul style="list-style-type: none"> • Pebble Cove, Lynnfield 	1,558	9,262
Animal Guard Installation	578	1,063
Miscellaneous Capital Costs	49,277	82,906
TOTAL:	<u>\$ 141,727</u>	<u>\$ 368,276</u>

MAINTENANCE PROGRAMS

Aged/Overloaded Transformer Replacement through September 2015

Padmount:

Single-Phase: 14.29% replaced (of those over 20 years old)

Three-Phase: 8.97% replaced (of those over 20 years old)

Overhead:

Single-Phase: 11.38% replaced (of those over 20 years old)

Three-Phase: 4.44% replaced (of those over 20 years old)

Pole Testing System-wide (600-1,000 poles/year) (as of 10/20/2015)

Year-one inspection complete: 645 poles tested (~10%)

- 390 silver tag (PASSED)
- 191* red tag (FAILED): **101 have been replaced**
- 22 double red tag (CONDEMNED): **22 have been replaced**

67 of 123 transfers have been completed

*42 red tag (failed) poles were revaluated and removed from the list.

Double Poles (as of 10/9/15)

Total # of Double Poles: 502

Pending RMLD Transfer: 52

Lynnfield - 41

Reading - 135

North Reading – 127

Wilmington – 199

13.8kV/35kV Feeders – Quarterly Inspections

As part of the feeder gathering project for the reliability project

7/1/15-present: 5W8, 5W9, 5W5, 4W10, 5W4, 4W28, 4W5, 4W6, 3W8, 3W18, 4W13

Manhole Inspections

Pending.

Porcelain Cutout Replacements (with Polymer)

As of September 30, 2015, there are 270 remaining porcelain cutouts to be replaced. 90% complete.

Tree Trimming

320 spans were completed in September. YTD thru September - 925 spans have been completed.

Substations:

Infrared Scanning (Monthly)

Station 3 Scanning complete through September – no hot spots found

Station 4 Scanning complete through September – no hot spots found

Station 5 Scanning complete through September – no hot spots found

Substation Maintenance Program

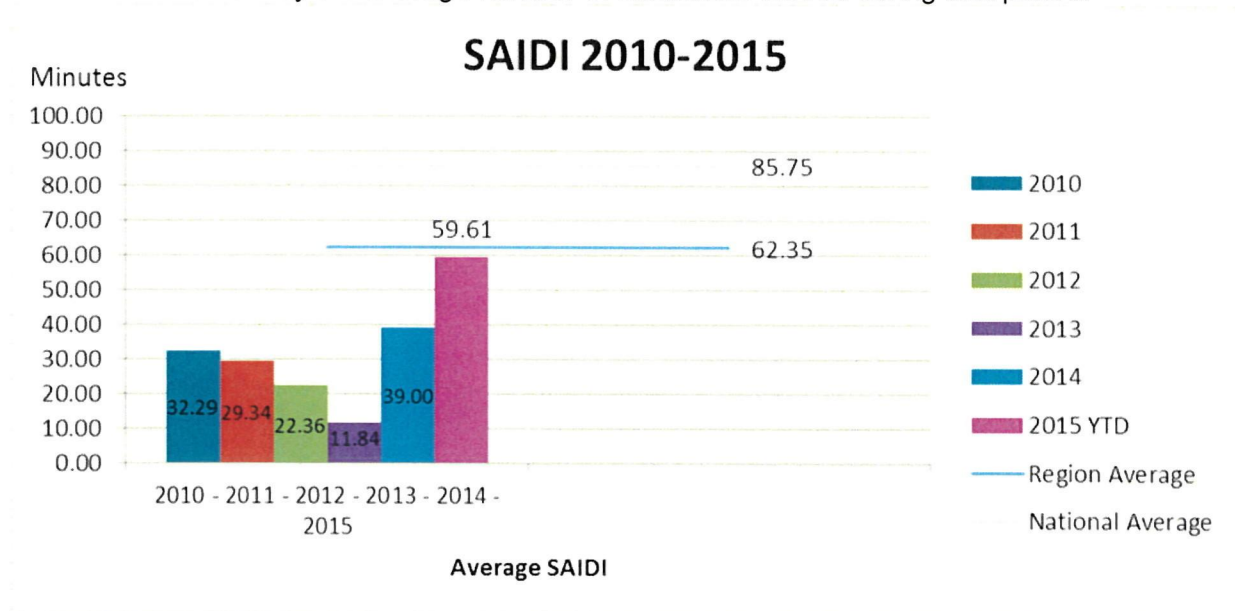
- *Inspection of all three stations by UPG complete.*
-

SYSTEM RELIABILITY

Key industry standard metrics have been identified to enable the RMLD to measure and track system reliability.

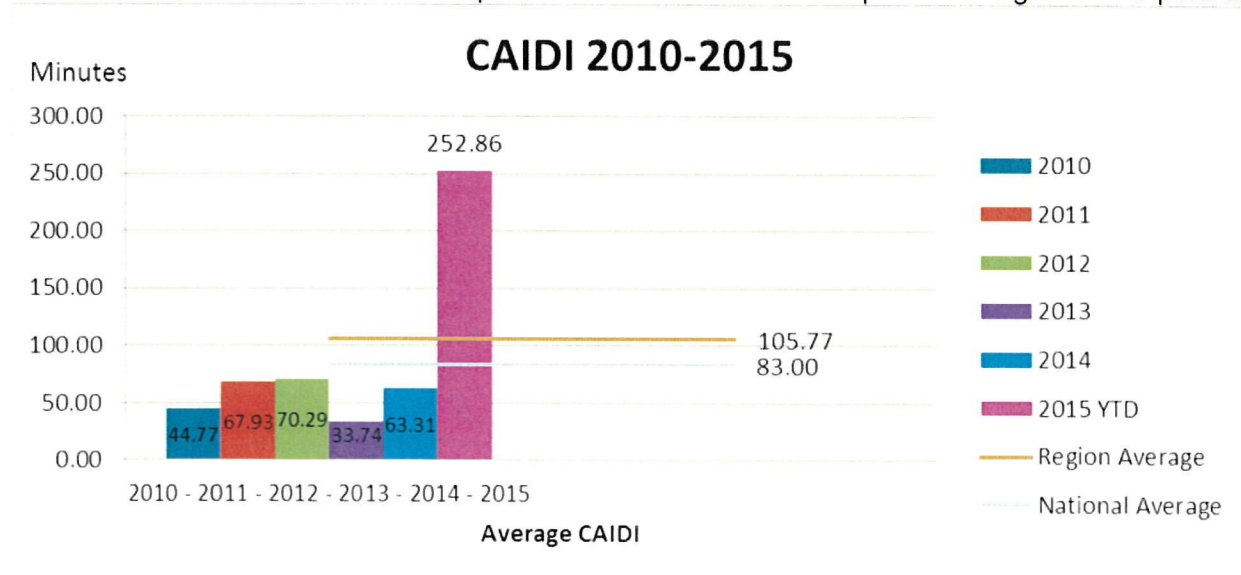
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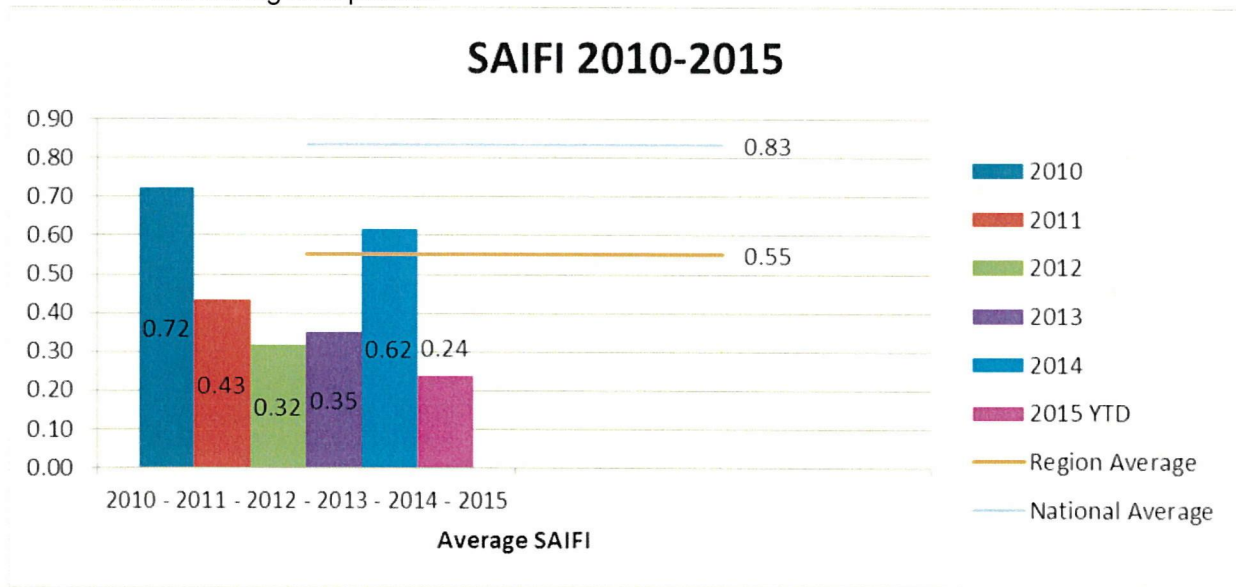
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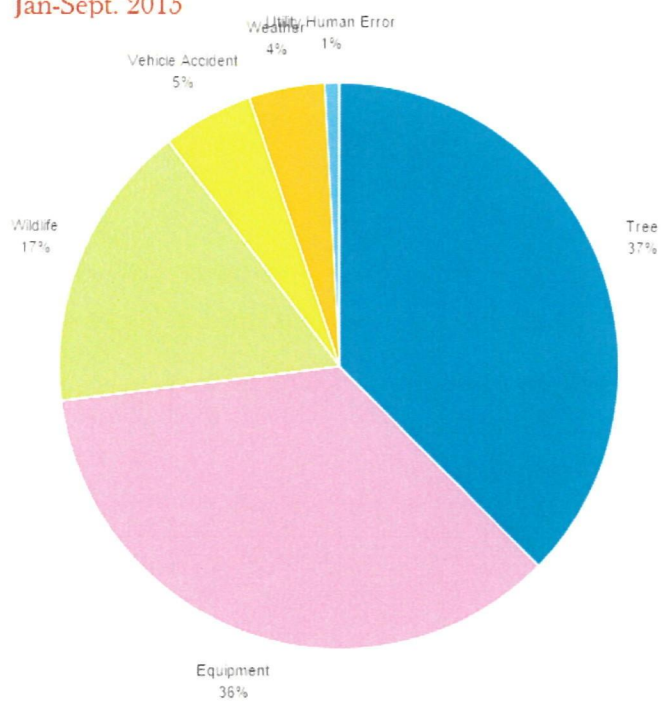
SAIFI = the total number of customer interruptions ÷ average number of customers served during that period.



Note: Since SAIDI, SAIFI and CAIDI are sustained interruption indices; only outages lasting longer than one minute are included in the calculations.

Outages Causes Calendar YTD (from eReliability website)

Jan-Sept. 2015



Outage Cause	Count
Tree	43
Equipment	41
Wildlife	19
Vehicle Accident	6
Weather	5
Utility Human Error	1
Total	115



Reading Municipal Light Department
RELIABLE POWER FOR GENERATIONS

230 Ash Street
P.O. Box 150
Reading, MA 01867-0250

Tel: (781) 944-1340
Fax: (781) 942-2409
Web: www.rmld.com

October 16, 2015

Town of Reading Municipal Light Board

Subject: Remediation, Transportation, and Disposal of Hazardous Waste

On September 23, 2015 a bid invitation was placed as a legal notice in the Middlesex East section of the Daily Times Chronicle and in the Commonwealth of Massachusetts Goods and Services Bulletin on Monday, September 21, 2015 requesting proposals for Remediation, Transportation, and Disposal of Hazardous Waste for the Reading Municipal Light Department.

An invitation to bid was emailed to the following:

ENPRO	Triumvirate Environmental	TSI Transformers Service, Inc.
US Ecology	TCI of NY, LLC	Transformer Decommissioning, Inc.
Casella	W.L. French	Eastern Environmental Technologies
Clean Venture, Inc.	TM Environmental	RC & D, Inc.
Pennoni		

Bids were received from ENPRO, Triumvirate Environment and New England Disposal Technologies.

The bid was publicly opened and read aloud at 11:00 a.m. October 16, 2015 in the Town of Reading Municipal Light Department's Board Room, 230 Ash Street, Reading, Massachusetts.

The bid was reviewed, analyzed and evaluated by the General Manager and the staff.

Move that bid 2016-03 for Remediation, Transportation, and Disposal of Hazardous Waste be awarded a contract to:

ENPRO for a three year period ending November 30, 2018 for an estimated cost of \$150,000 as the lowest qualified bidder on the recommendation of the General Manager.

RMLD



Reading Municipal Light Department
RELIABLE POWER FOR GENERATIONS

230 Ash Street, P.O. Box 150
Reading, MA 01867-0250

The award of this bid provides for Hazmat Remediation services as required. This will be done under the direction of the RMLD Licensed Site Professional.

Coleen O'Brien

Hamid Jaffari

Nick D'Alleva

Jeanne Foti

From: Jeanne Foti
Sent: Thursday, October 22, 2015 12:50 PM
To: RMLD Board Members Group
Subject: Account Payable and Payroll Questions

Good afternoon.

In an effort to save paper, the following timeframes had no Account Payable and Payroll questions.

Account Payable Warrant – No Questions

September 18, September 25, October 2, October 9 and October 16.

Payroll – No Questions

September 21, October 5 and October 19.

This e-mail will be printed for the Board Packet for the RMLD Board meeting on October 29, 2015.

Jeanne Foti
Reading Municipal Light Department
Executive Assistant
230 Ash Street
Reading, MA 01867

781-942-6434 Phone
781-942-2409 Fax

Please consider the environment before printing this e-mail.

TOWN OF READING MUNICIPAL LIGHT DEPARTMENT
RATE COMPARISONS READING & SURROUNDING TOWNS

October-15

	RESIDENTIAL 750 kWh's	RESIDENTIAL-TOU 1500 kWh's 75/25 Split	RES. HOT WATER 1000 kWh's	COMMERCIAL 7,300 kWh's 25,000 kW Demand	SMALL COMMERCIAL 1,080 kWh's 10,000 kW Demand	SCHOOL RATE 35000 kWh's 130.5 kW Demand	INDUSTRIAL - TOU 109,500 kWh's 250,000 kW Demand 80/20 Split
READING MUNICIPAL LIGHT DEPT.							
TOTAL BILL	\$103.55	\$178.48	\$126.28	\$924.79	\$180.77	\$4,335.08	\$697,874.72
PER KWH CHARGE	\$0.13806	\$0.11899	\$0.12628	\$0.12668	\$0.16738	\$0.12386	\$0.10144
NATIONAL GRID							
TOTAL BILL	\$135.21	\$278.17	\$180.27	\$1,268.19	\$182.25	\$4,710.12	\$802,290.74
PER KWH CHARGE	\$0.18028	\$0.18545	\$0.18027	\$0.17373	\$0.16875	\$0.13457	\$0.11662
% DIFFERENCE	30.57%	55.85%	42.75%	37.13%	0.82%	8.65%	14.96%
EVERSOURCE(NSTAR)							
TOTAL BILL	\$144.18	\$256.19	\$190.10	\$1,186.87	\$183.76	\$6,062.89	\$962,820.51
PER KWH CHARGE	\$0.19224	\$0.17079	\$0.19010	\$0.16258	\$0.17015	\$0.17323	\$0.13995
% DIFFERENCE	39.24%	43.54%	50.54%	28.34%	1.66%	39.86%	37.96%
PEABODY MUNICIPAL LIGHT PLANT							
TOTAL BILL	\$92.48	\$178.65	\$121.20	\$1,002.17	\$149.16	\$4,948.28	\$686,411.58
PER KWH CHARGE	\$0.12330	\$0.11910	\$0.12120	\$0.13728	\$0.13811	\$0.14138	\$0.09977
% DIFFERENCE	-10.69%	0.10%	-4.02%	8.37%	-17.49%	14.15%	-1.64%
MIDDLETON MUNICIPAL LIGHT DEPT.							
TOTAL BILL	\$99.77	\$198.39	\$132.64	\$959.51	\$168.44	\$4,762.93	\$807,171.40
PER KWH CHARGE	\$0.13303	\$0.13226	\$0.13264	\$0.13144	\$0.15596	\$0.13608	\$0.11733
% DIFFERENCE	-3.65%	11.15%	5.04%	3.75%	-6.82%	9.87%	15.66%
WAKEFIELD MUNICIPAL LIGHT DEPT.							
TOTAL BILL	\$126.74	\$235.92	\$159.38	\$1,202.79	\$191.68	\$5,648.08	\$955,959.30
PER KWH CHARGE	\$0.16898	\$0.15728	\$0.15938	\$0.16477	\$0.17749	\$0.16137	\$0.13896
% DIFFERENCE	22.39%	32.18%	26.21%	30.06%	6.04%	30.29%	36.98%