

**READING MUNICIPAL LIGHT DEPARTMENT  
BOARD OF COMMISSIONERS MEETING  
230 Ash Street  
Reading, MA 01867  
May 8, 2018**

**Start Time of Regular Session: 6:30 p.m.**  
**End Time of Regular Session: 7:30 p.m.**

**Commissioners:**

**Dave Hennessy, Chair**  
**Dave Talbot, Vice Chair-Secretary Pro Tem**  
**Tom O'Rourke, Commissioner**

**John Stempeck, Commissioner**  
**Philip B. Pacino, Commissioner**

**Staff:**

**Coleen O'Brien, General Manager**  
**Hamid Jaffari, Director of Engineering and Operations**  
**Jane Parenteau, Director of Integrated Resources**

**Wendy Markiewicz, Director of Business/Finance**  
**Tracy Schultz, Executive Assistant**

**Citizens Advisory Board:**

**Jason Small, Vice Chair**

**Call Meeting to Order**

Chair Hennessy called the meeting to order.

Chair Hennessy announced that the meeting is being videotaped at the RMLD office at 230 Ash Street, Reading, for distribution to the community television stations in Reading, North Reading, Lynnfield, and Wilmington. Chair Hennessy then read RMLD's Code of Conduct.

**Public Comment**

Chair Hennessy welcomed Mr. Small from the CAB, who had no comments, and asked Mr. Talbot to serve as Secretary. There was no public comment.

Chair Hennessy asked Mr. Small to report on the latest CAB meetings. Mr. Small stated that the CAB met to review the Operating and Capital Budgets. The CAB voted to recommend both to the Board. The rate increase was passed by a 3:2:0 vote.

**Review of RMLD's Fiscal Year 2019 Operating Budget (Attachment 1)**

Chair Hennessy stated that on April 30, 2018 the CAB voted to recommend that the Board approve the 2019 Operating Budget.

Ms. Markiewicz stated that fixed costs comprise 81.73 percent of the overall Operating Budget and increased by 1.25 percent from Fiscal Year 2018 to Fiscal Year 2019. Semi-variable costs comprise 18.27 percent of the overall Operating Budget and increased 7.98 percent from Fiscal Year 2018 to Fiscal Year 2019. The overall Operating Budget increase is projected to be 2.41 percent. As of February 28, 2018, the Fiscal Year 2018 budgeted expenses are projected to be 2.71 percent higher than anticipated due to unprecedented storm costs in March.

Ms. Markiewicz then reviewed the fixed costs versus the semi-variable costs. The fixed costs are power cost, depreciation expense, payment to the Town of Reading, payments to the four towns, and loss of disposal of properties. The semi-variable costs are 6.66 percent labor and 3.91 percent employee benefits and pension. Ms. Markiewicz then reviewed the costs that comprise the remaining 7.7 percent, all of which are one percent or lower.

Mr. O'Rourke verified that the Fiscal Year 2019 Budget is less than the Fiscal Year 2018 Projected Actual Expenses. Ms. Markiewicz affirmed, stating that power costs are coming down.

### **Review of RMLD's Fiscal Year 2019 Operating Budget (Attachment 1)**

Mr. Pacino asked for a breakdown of the Fiscal Year 2019 Legal and Professional Outside Contract Fees. Ms. Markiewicz replied that she would send that information to the Board. Mr. Stempeck pointed out that more was spent on consulting and legal in Fiscal Year 2017: the expense is decreasing.

Mr. O'Rourke asked how the transition to a calendar year will be implemented. Ms. Markiewicz replied that another budget will be presented in September for Calendar Year 2019. The numbers will all be reexamined to ensure that they are in line with spending. Mr. Stempeck commented that budgets are never 100 percent accurate.

Mr. Stempeck asked about the budgeted net interest income. Ms. Markiewicz stated that it was previously under-budgeted. It is a tough number to pinpoint. However, Ms. Markiewicz stated that she examined the numbers closely and feels good about that number.

Ms. Markiewicz then discussed the budgeted net income compared to the budgeted rate of return from Fiscal Year 2018 to Fiscal Year 2023. RMLD has been targeting for eight percent. This will be going down to a six percent rate of return over the next six years.

Ms. Markiewicz then discussed the budgeted kWh sold compared to the budgeted rate of return. kWh sales are projected to decrease about one percent every year from Fiscal Year 2018 to Fiscal Year 2023. Ms. Markiewicz then discussed where the money comes from to fund capital projects. All the money that RMLD is making is going back into the system.

Mr. O'Rourke asked if the study on the payment to the Town is included in the Budget. Ms. Markiewicz answered no, when the budget was finalized it hadn't been determined that a study would need to be undertaken.

Mr. Talbot asked about the cost of tree trimming. Mr. Jaffari explained that it is necessary. Branches are hazards during storms. Mr. Talbot asked how many years do we need to trim trees? Ms. O'Brien explained that it's a five-year cycle. By the time the five years has passed it's time to start again. Trees are the number one cause of outages. Mr. Jaffari stated that trimming the trees has significantly improved RMLD's reliability.

Ms. O'Brien stated that every utility in the area has a similar tree trimming program.

Mr. Talbot asked about tree planting. Ms. O'Brien replied that she called Mary Ellen (a citizen who had previously spoken in front of the Board about trees during Public Comment). Mary Ellen had suggested becoming a certified utility under Tree Line U.S.A. through the Arbor Day Foundation. The program provides educational tools.

Mr. Talbot suggested promoting the planting of tree species that are less prone to storm damage.

Ms. O'Brien explained that tree trimming charges aren't just for the cutting. Cranes are involved and there are charges for getting rid of wood waste. Mr. Talbot replied that there is a free wood chip dump at the Reading Compost Center, and people are looking for wood chips, so collaborating with the Towns is something to consider the next time the contract comes up for bid.

### **Proposed Rate Adjustment – Ms. Parenteau (Attachment 2)**

Ms. Parenteau explained that, as part of the Operating Budget, RMLD looked at Fiscal Year 18 to Fiscal Year 19. The projected base rate increase went from \$26.136 million to \$27.786 million. That increase can be accomplished in two ways: one is growth and additional revenue through kWh sales. The other is through a rate increase. Historically, sales over the last ten years have been flat to decreasing. The current year-to-date through April shows sales down two percent. Based on the budget, a one percent decrease in kWh sales has been projected. To meet the net income of \$4.05 million, a rate increase is necessary. When the cost of service study was done last year, the objectives were to eliminate subsidies between and within rate classes. A significant part of the rate increase in 2017 was due to increases in capacity costs.

Ms. Parenteau explained that the Board will be voting on a one-year increase, if they so choose. There are two scenarios. One is a uniform increase to all rate classes between 1.7 and 2.4 percent, depending on customer class. The other option, that reduces subsidization, has a slightly higher increase for residential and residential

### **Proposed Rate Adjustment – Ms. Parenteau (Attachment 2)**

time-of-use customers, and a slightly lower increase for school, commercial, and industrial customers. All the increases are relatively small: all are under three percent.

The dollar impact in Scenario 1 for a residential customer who uses 500 kWh a month would be an increase of approximately \$1.97 on their bill. A residential customer who uses 750 kWh a month would see an increase of \$2.82. In Scenario 3 a residential customer who uses 500 kWh a month would see an increase of \$2.27; it's a 30-cent differential between the two scenarios.

Mr. Stempeck asked if National Grid and Eversource would be facing the same decreases in revenue. Ms. Parenteau replied that they would and explained that both change their rates every six months. Historically, their rates are 30 to 50 percent higher than RMLD's rates.

Mr. Pacino asked why the CAB had a problem with the rate proposal. Mr. Small replied that two of the members felt that a rate increase was unnecessary and that RMLD could get the money elsewhere.

Mr. Talbot asked if changing the time of the time-of-use rate was considered. Shortening the time span of the discounted rate could be one alternative to simply increasing the rate. Ms. Parenteau replied that different rate structures are being looked into, and possible options were discussed.

Mr. Pacino remarked on the passing of former Commissioner Robert 'Bob' Soli. Mr. Pacino stated he attended the service and it was remarked upon how important the Commission was to Mr. Soli. Mr. Stempeck stated that Mr. Soli took him under his wing when he was first elected to the Board. Mr. O'Rourke remarked that Mr. Soli was very solicitous for the ratepayer, especially the elderly.

Ms. O'Brien stated that RMLD must be OSHA compliant this February. Ms. O'Brien stated that RMLD is on track to do well with the OSHA audit.

### **Adjournment**

Mr. Stempeck made a motion, seconded by Mr. O'Rourke, to adjourn.

**Motion Carried: 5:0:0.**

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



David Talbot, Secretary Pro Tem  
RMLD Board of Commissioners