

**READING MUNICIPAL LIGHT DEPARTMENT
BOARD OF COMMISSIONERS MEETING
230 Ash Street
Reading, MA 01867
December 14, 2017**

**Start Time of Regular Session: 7:30 p.m.
End Time of Regular Session: 10:04 p.m.**

Commissioners:

**Phillip B. Pacino, Chair-Secretary Pro Tem
Dave Hennessy, Vice Chair-Absent
Tom O'Rourke, Commissioner**

**John Stempeck, Commissioner
Dave Talbot, Commissioner-Remote
Participant**

Staff:

**Coleen O'Brien, General Manager
Hamid Jaffari, Director of Engineering and Operations
Jane Parenteau, Director of Integrated Resources
Wendy Markiewicz, Director of Business/Finances**

Tracy Schultz, Executive Assistant

Citizens Advisory Board:

Vivek Soni, Member

Public:

Mary Ellen O'Neill, 125 Summer Street, Reading

Call Meeting to Order

Chair Pacino called the meeting to order and announced that the meeting is being videotaped at the RMLD office at 230 Ash Street, for distribution to the community television stations in Reading, North Reading, Lynnfield, and Wilmington.

Opening Remarks

Chair Pacino read the RMLD Board of Commissioners' Code of Conduct and welcomed Mr. Soni, the new member of the Citizens' Advisory Board.

Public Comment

Reading resident Mary Ellen O'Neill distributed leaflets to the Board containing research she had conducted on electric utility tree stewardship programs. Three models were highlighted: utilities that donate money, utilities that follow Arbor Day tree standards, and utilities that give away trees. Ms. O'Neill stated that she wanted to plant the seed and ask that the Board consider developing a tree stewardship program based on the needs of the service territory. Ms. O'Neill suggested that RMLD make a \$2,500 donation to each community.

Report of the Committee-General Manager's Committee

Chair Pacino explained that all votes would be roll call due to Mr. Talbot participating remotely by telephone.

Chair Pacino stated that the General Manager Committee met to conduct its annual review of Ms. O'Brien. The reviews were positive, with Ms. O'Brien receiving 99.2 out of a possible top score of 100. The Committee recommends a 4.5 percent salary increase and \$5,000 that Ms. O'Brien has the discretion to use as she chooses.

Mr. Stempeck made a motion, seconded by Mr. O'Rourke, that the Board of Commissioners follow the recommendations of the General Manager Committee, as stated.

Chair Pacino called for a poll of the vote: Mr. O'Rourke: Aye; Chair Pacino: Aye; Mr. Stempeck: Aye; Mr. Talbot: Aye.

Motion Carried.

4:0:0.

The Board commended Ms. O'Brien on doing a good job. Ms. O'Brien replied that it would be impossible to do it alone and thanked the RMLD staff. Mr. O'Rourke verified that Ms. O'Brien's raise would be retroactive to the start of the fiscal year. Chair Pacino affirmed.

Subsequent Town Meeting

Chair Pacino stated that Ms. O'Brien made a presentation. Ms. O'Brien explained that it reviews the highlights of the previous FY, including the audit, which was clean, and goes over the strategic visions from the five to 20-year plans. Ms. O'Brien stated that she was very proud of the high school art contest winners which were showcased in the presentation.

Citizens' Advisory Board

Mr. O'Rourke suggested that Ms. Schultz draft a schedule for Commissioner attendance at CAB meetings.

Approval of Board Minutes-June 15, 2017 and September 14, 2017 (Attachment 1)

The September 14, 2017 Board minutes were not ready in time for the meeting.

Mr. Stempeck made a motion, seconded by Mr. O'Rourke to approve the minutes of the June 15, 2017 Board meeting.

Chair Pacino called for a poll of the vote: Mr. O'Rourke: Aye; Chair Pacino: Aye; Mr. Stempeck: Aye; Mr. Talbot: Aye.

Motion Carried.

4:0:0.

General Manager's Report - Ms. O'Brien

Ms. O'Brien held up that day's edition of the Daily Times Chronicle, which featured an article on RMLD and NextEra and a photo of RMLD employees with Governor Baker. RMLD received a \$1 million grant with NextEra from the Baker-Polito Administration Energy Storage Initiative. Ms. O'Brien stated that RMLD is excited to add renewables to the peak reduction portfolio. The unit is expected to be built before next year's peak. It's a five megawatts storage unit, using lithium ion batteries, that discharges over two hours.

Mr. Talbot expressed his enthusiasm for the project. Ms. O'Brien said that RMLD is honored to receive the grant. The million will be split over three years to reduce power supply cost. That will be passed on to the customers. Mr. Talbot asked what in RMLD's portfolio is renewable. Ms. O'Brien stated that it is about 13 percent and that Ms. Parenteau will elaborate when she does her presentation.

a. Quarterly Updates: Organizational & Reliability Reports – Mr. Jaffari and Ms. O'Brien (Attachment 2)

Mr. Jaffari highlighted RMLD's progress on the Booth and Associates and UPG's Reliability Recommendations. These included automating Station 3 so that if something happens to one transformer, the load will automatically transfer to another in less than ten seconds. Before it needed to be done manually. All relays at Station 4 have been upgraded. More information is received in the Control Room.

Mr. O'Rourke asked what the timeframe for completion of the reliability study is. Mr. Jaffari replied between one to five years. Mr. O'Rourke complimented the team on the process and acting on the report's recommendations.

Mr. Soni asked for the ages and locations of the substations, which Mr. Jaffari provided.

Ms. O'Brien provided progress updates on the organizational study. Integrated Resources Department (IRD) is working on a visual outline of the Department's strategic vision. IRD has already started on milestones, such as the cost of service study, the rate adjustments to eliminate subsidies, adding renewables to the power portfolio, rebate restructuring, and risk mitigation. The visual road map should be laid out by the first quarter of next year. The reorganization effort is down to a granular level, groups now being assessed individually. Information Technologies is being finished and Technical Services is being started. Additionally, two engineers have been hired in Engineering and Operations.

Mr. O'Rourke asked once an engineer is hired, how long is it before he or she can run the entire system? Ms. O'Brien replied that an engineer, without any utility background, takes approximately five to seven years; the training is thorough and specific to the system criteria.

a. Quarterly Updates: Organizational & Reliability Reports – Mr. Jaffari and Ms. O'Brien (Attachment 2)

Ms. O'Brien stated that the communications roadmap will change once the new outage management system goes online. Ms. O'Brien invited the Board to take a tour at the next meeting so that they can see the physical reorganization of the building, aimed at improving communications and efficiency.

At 8:15 p.m. Mr. Talbot disconnected and left the meeting.

Mr. Soti asked about RMLD's cybersecurity. Mr. Jaffari replied that RMLD is NERC compliant.

Integrated Resources Division

a. Community Engagement-Ms. Parenteau

Ms. Parenteau announced that RMLD is sponsoring a holiday decorating contest. Pictures must be uploaded to RMLD's website by Sunday, December 17. From the 19th through the 29th customers vote online. January 3rd the winners will be announced and will receive a \$50 credit on their bill.

The elementary school art contest awards will be held over two nights: Thursday, January 11th at 7 p.m., with a snow day of Tuesday, January 16th, and Thursday, January 18th, with a snow day of Tuesday, January 23rd.

b. Power Supply Report-October 2017-Ms. Parenteau (Attachment 3)

Ms. Parenteau began by discussing the October fuel charge adjustment. Customers directly receive this benefit. From November of 2015 to October of 2016 the charge averaged \$0.0496. Now it is \$0.048 cents, which is a reduction of three percent.

As of June 2017, Reading and other utilities in the Northeast Massachusetts (NEMA) zone have experienced significant transmission increases, reflected in the Purchase Power Capacity Transmission (PPCT) charge. When comparing October 2016 to October 2017, it has increased four and a half percent.

Ms. Parenteau explained that the New York Power Authority (NYPA) credit is a benefit that residential customers receive because RMLD has a NYPA contract for hydro. It has been flat over the last two years. In October 2016 it was \$0.0049 cents and in October 2017 it is still \$0.0049.

Addressing Mr. Talbot's question, Ms. Parenteau referenced the October Power Supply Report, where RMLD had 13 percent renewable-generated projects. That encompasses hydro, wind, and solar. If you count nuclear as being carbon-free, that number becomes 26.6 percent. RMLD is working diligently to make portfolio environmentally friendly.

Mr. Soni asked about RMLD's renewable policy. Mr. Stempeck replied that the goal is 15 to 17 percent renewables. Ms. Parenteau stated that there is a stipulation in the policy that the projects be low-risk and cost conscious. Mr. Soni then asked if there was pressure from the state. Ms. O'Brien replied that the RMLD is locally owned and controlled, but that discussions with the state are ongoing.

Financial Report- October 2017-Ms. Markiewicz- (Attachment 4)

Ms. Markiewicz stated that she was reporting through October 31, on the first four months of FY 18. On the balance sheet cash is down, but this is due to the timing of receivables and payables. Restricted cash increased due to \$5.6 million being added from the pension trust. The balance of the depreciation fund at the end of FY 17 was \$2.4 million. \$2.5 million was added to the construction fund from the operating funds. The total use of capital funds through October was \$1.6 million, which leaves the current balance at \$4.7 million. When comparing July 2016 through October 2016 and July 2017 through October 2017, there is a two percent decrease in base revenue, and a two percent decrease in operating expenses. Overall, RMLD is under budget on operating and maintenance expenses. base revenues have increased over the last 12 months, except in August and September. kWh sales are 4.1 percent lower in FY 18 than they were in FY 17.

Mr. Stempeck and Mr. O'Rourke asked if there should be concern about the decrease in sales. Ms. Markiewicz stated that sales were flat; the decrease could be weather-related. Ms. Parenteau added that a cold winter will increase sales. Last summer was milder.

Financial Report- October 2017-Ms. Markiewicz- (Attachment 4)

Ms. O'Brien stated that there is economic growth in the area around the proposed Wilmington substation. RMLD is targeting offset any decline in sales with demand reduction techniques and economic growth incentives.

Mr. Soti asked if the weather has a significant impact on sales and whether degree temperature days are looked at. Ms. Parenteau answered in the affirmative.

a. Report on any potential cost savings of changing the Department's fiscal year end to a calendar year.

Ms. Markiewicz stated that the Board asked her to do a cost analysis of changing the financial reporting from fiscal year to calendar year. There would be a one-time \$36,000 six-month audit fee.

Chair Pacino explained that RMLD is on a Fiscal Year and the Department of Public Utilities is on a Calendar Year. Therefore, RMLD has two closings a year.

Ms. Markiewicz explained that Accounting needs to take six months of one fiscal year and six months of the following fiscal year and combine them to get a DPU report that's accurate. Power supply must do more calculations and power supply costs are typically not published until March. Due to the staff time needed to combine half of two fiscal years into one report, Ms. Markiewicz estimated \$15,000 in avoided costs by switching to a calendar year. Additionally, the Town of Reading and RMLD finalize their year-end reports at the same time, which can delay RMLD finishing its reporting. Changing to a calendar year will end double warrant concerns: For three or four weeks, there are two sets of warrants, one for each fiscal year. This causes extra work for the Town and for RMLD. Ms. Markiewicz concluded, stating summer vacation time and the fact that vendors aren't quick to finalize their books and get us invoices complicates matters further. However, most companies clean up their books at the end of the calendar year for tax purposes.

Mr. Stempeck asked Ms. Markiewicz if she would recommend moving to a calendar year. Ms. Markiewicz replied in the affirmative.

Ms. O'Brien stated her previous place of employment changed to a calendar year. It created efficiency and was consistent with the Department of Public Utilities' filing. RMLD works hard to evaluate rates fiscally, without all the data, so that we can provide some input to the Towns' fiscal year budget processes. Having a calendar year budget would allow us to complete our analysis before providing premature data.

Chair Pacino stated that it would be up to the Board to vote when all five members are present. Ms. Markiewicz announced that the auditors are on board.

Engineering and Operations Report-July, August, and September 2017-Mr. Jaffari (Attachment 5)

Mr. Jaffari explained that most of the heavy construction projects will be done in the spring. In the month of October, \$131,812 was spent on Routine Capital Construction, bringing the YTD total to \$411,263. This is for FY 18. Mr. Jaffari stated he expects that number to reach \$1 million.

All divisions spent a total of \$322,741 in October, bringing the YTD to \$1,651,984. \$7,685,521 has been budgeted. Routine Maintenance test 10 percent of poles. First time tested 37 percent failed. last report down to 5 percent. making progress. tree trimming program is working. 3-year cycling program will end in 2018, then go to 5-years. RMLD has five double poles to be transferred in Lynnfield. Reading has 70 pull poles and 29 transfers pending, for a total of 99. North Reading has 31 pull poles and 13 transfers for a total of 44. Wilmington has 31 pending transfers and four pull poles. Mr. Jaffari stated that this is a good sign. RMLD is making progress upgrading the system.

Mr. Jaffari explained that the reliability indices include the October storm numbers, where the outages were all tree-related.

**RMLD Procurement Requests Requiring Board Approval (Attachment 6)
IFB 2018-13 Janitorial Services**

Ms. O'Brien explained that the square footage in the bid specification was reduced and the contract re-bid. Large areas that only require sweeping will be done in-house.

RMLD Procurement Requests Requiring Board Approval (Attachment 6)

IFB 2018-13 Janitorial Services

Mr. Stempeck made a motion, seconded by Mr. O'Rourke, that bid IFB 2018-13 for: Janitorial Services be awarded to: Transcend Maintenance Services, Inc. for \$67,325.40, pursuant to M.G.L., Chapter 30B, as the lowest responsive and responsible bidder on the recommendation of the General Manager. This is a three-year contract.

Motion Carried.

3:0:0.

IFP 2018-17 Cooper Power System or Compatible Meters and Equipment for the AMI Mesh Network Expansion and Migration

Mr. Jaffari stated that the Invitation for Proposals went out to 15 companies. Two replied.

Mr. Stempeck made a motion, seconded by Mr. O'Rourke, that proposal IFP 2018-17 for Cooper Power System or Compatible Meters and Equipment for the AMI Mesh Network Expansion and Migration be awarded to: Eaton for \$83,199.36, pursuant to M.G.L Chapter 164 Section 56D on the recommendation of the General Manager.

Motion Carried.

3:0:0.

IFB 2018-19 Line Truck Chassis and Trailer Inspection, Preventative Maintenance, and Repair Services

Mr. Jaffari stated that the Invitation for Bids was sent to seven companies; one responded.

Mr. Stempeck made a motion, seconded by Mr. O'Rourke, that bid IFB 2018-19 Line Truck Chassis and Trailer inspection, Preventative Maintenance, and Repair Service be awarded to: Taylor & Lloyd, Inc. for \$151,462.31, pursuant to M.G.L. Chapter 30B, as the lowest responsive and responsible bidder on the recommendation of the General Manager. This is a three-year contract.

Motion Carried.

3:0:0.

IFB 2018-20 Line Truck Lift Equipment Inspection, Preventative Maintenance, and Repair Service

Mr. Jaffari stated that the Invitation for Bids went to four companies; one responded.

Mr. Stempeck made a motion, seconded by Mr. O'Rourke, that bid IFB 2018-20 Line Truck Lift Equipment Inspection, Preventative Maintenance, and Repair Service be awarded to: James A. Kiley Co. for \$111,495.00, pursuant to M.G.L. Chapter 30B, as the lowest responsive and responsible bidder on the recommendation of the General Manager. This is a three-year contract.

Motion Carried.

3:0:0.

General Discussion

Chair Pacino stated that the Art Awards are coming up. The next Board meeting is January 25th and the next CAB meeting is January 17th. Chair Pacino asked Ms. Schultz to coordinate another meeting of the Payment to the Town of Reading Sub-Committee.

Executive Session

At 8:52 p.m. Mr. Stempeck made a motion, seconded by Mr. O'Rourke, that the Board go into Executive Session to consider the purchase of real property and discussion thereon and to return to regular session for the sole purpose of adjournment.

Chair Pacino called for a poll of the vote: Mr. O'Rourke: Aye; Chair Pacino: Aye; Mr. Stempeck: Aye.

Motion Carried 3:0:0.

Adjournment

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

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



Philip B. Pacino, Secretary Pro Tem
RMLD Board of Commissioners