

**READING MUNICIPAL LIGHT DEPARTMENT  
BOARD OF COMMISSIONERS MEETING  
230 Ash Street  
Reading, MA 01867  
May 9, 2018**

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

**End Time of Regular Session: 8:00 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:**

**Vivek Soni, Member**

**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, 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. Soni, and asked Mr. Talbot to serve as Board Secretary. There was no public comment.

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

Mr. Jaffari began with a review of projects completed or scheduled to be completed by June 30, the end of Fiscal Year 2018. Mr. Jaffari then listed the projects that will be continued in Fiscal Year 2019. These include two-year pole line upgrades on Woburn Street in Wilmington, 115 kV transmission line upgrades on the lines that feed Station 4, 35 kV underground cable upgrades on the lines that feed Station 5, and pad-mount switchgear upgrades as part of the six-year plan. Grid modernization will have cost approximately \$8.5 million. Of that, \$381,000 was budgeted for Fiscal Year 2018 and \$676,000 is being budgeted for Fiscal Year 2019. \$267,000 was budgeted in Fiscal Year 2018 for land for the new Wilmington substation in the Ballardvale area. \$151,000 has been budgeted for Fiscal Year 2019 for engineering. Miscellaneous continuing projects in Fiscal Year 2019 include LED lighting at 230 Ash Street, a parking lot upgrade at 230 Ash Street, electric vehicle charging stations, and battery storage. Mr. Jaffari then discussed new projects for Fiscal Year 2019, including Ballardvale Street pole line upgrades and 4W5, 4W6, and 4W16 Wilmington getaway replacements. These will bring up the ratings of the station feeder cable, which will help reliability during switching. New projects also include a Massachusetts Department of Transportation project on Main and Hopkins in Reading, for which RMLD will be reimbursed by the state, and new equipment purchase, including electric phasing meters. Mr. Jaffari then reviewed the annually budgeted recurring projects.

Mr. Jaffari then summarized: Fiscal Year 2018 was budgeted for \$7,686,000. Spending is estimated to come to \$8,009,000, resulting in a \$323,000 variance. Fiscal Year 2019 estimated spending is \$7,570,000.

Mr. Pacino asked what redoing the parking lot will entail. Ms. O'Brien answered that the parking lot currently pools with water and ice. It needs to be resurfaced and there is wasted space. The amount of parking spaces will be doubled. The lot will extend to Station 1. The curb cuts will be reused and the public electric vehicle charger will be relocated to the upgraded parking lot.

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

Mr. Pacino asked for details about the Mass D.O.T. project. Mr. Jaffari replied that the state is widening the area. The poles are being relocated as part of the intersection upgrade.

Chair Hennessy announced the CAB voted to approve the Capital Budget: 3:0:2 on April 30, 2018.

Mr. Stempeck made a motion, seconded by Mr. Pacino, that the RMLD Board of Commissioners approve the Fiscal Year 2019 Capital Budget dated March 29, 2018, in the amount of \$7,570,489 as presented, on the recommendation of the General Manager.

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

**RMLD's Fiscal Year 2019 Operating Budget**

Mr. Stempeck made a motion, seconded by Mr. Pacino, that the RMLD Board of Commissioners approve the Fiscal Year 2019 Operating Budget dated March 29, 2018, with a Net Income of \$4,053,233 as presented, on the recommendation of the General Manager.

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

**Proposed Rate Adjustment**

Chair Hennessy verified that the Commission is voting to implement Scenario 3. Ms. Parenteau affirmed.

Chair Pacino asked Mr. Soni about the two CAB members who voted against the rate adjustment and confirmed that they were opposed to any rate increase. Mr. Soni explained that the two members of the CAB were concerned about the rate increase and wondered if something else could be done.

Mr. Pacino stated he would abstain from the vote, citing his concern over the CAB objections, since the CAB represents the community of ratepayers. However, Mr. Pacino stated he does not want to vote against the motion: therefore, he abstains.

Mr. Stempeck stated that it is not unusual for the CAB to have reservations about rate changes.

Ms. O'Brien stated that there was no system planning or maintenance for two decades. These nominal increases, along with RMLD doing as much as possible in-house allow the upgrades to be done at minimal cost.

Mr. Stempeck made a motion, seconded by Mr. Pacino, that the RMLD Board of Commissioners approve the adoption of rates MDPU numbers 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, and 290, dated to be effective July 1, 2018, on the recommendation of the General Manager.

**Motion Carried: 4:0:1.**

**General Manager's Report – Ms. O'Brien**

Ms. O'Brien announced the overall winner of the high school art contest, whose art will appear on the cover of RMLD's annual report. The winner had received the Environmental Inspiration award during the awards ceremony: Megan Coram, from Reading Memorial High School. Ms. Coram's piece is titled 'Growing a Sustainable Future.' Ms. O'Brien then read Ms. Coram's description of her artwork:

"I chose to focus on the Community Solar Program for my art because I think it's an excellent project. I'm very impressed by the accessibility, efficiency, and sustainability of the program. In my artwork, I chose to draw the Community Solar Program as a tree to represent that it is good for the environment. The symbol of the tree also shows that the program and its members depend on each other, just like the roots and the leaves are both indispensable parts of the tree. The bright colors convey the hopefulness and promise of the program."

Mr. Pacino stated that he attended the awards ceremony the previous week and all the entries were very creative. Everybody who had a piece on display was a winner.

### **General Manager's Report – Ms. O'Brien**

Ms. O'Brien asked the Board's permission to attend the annual NEPPA conference.

Mr. Pacino made a motion, seconded by Mr. Talbot, that the RMLD Board of Commissioners approve Ms. O'Brien's travel to, and attendance at, the NEPPA conference to take place from August 19 to August 22, in North Falmouth, MA.

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

All the Commissioners confirmed that they would be attending the conference as well. Ms. O'Brien stated that the CAB is being invited to attend this year.

### **Engineering and Operations Report – March 2018 - Mr. Jaffari (Attachment 5)**

Mr. Jaffari presented next, since he was already at the microphone due to his Capital Budget presentation. \$152,939 was spent on routine capital construction in the month of March, bringing the year-to-date total to \$1,131,537. The total capital spending in March, for all divisions, was \$659,288, bringing the year-to-date total to \$4,595,933. \$3,089,588 remains in the budgeted \$7,685,521. Good progress is being made on routine maintenance. Mr. Jaffari then reviewed the NJUNS report. Lynnfield has seven pending pole transfers. North Reading has 10 pending pole transfers and 35 pull poles. Reading has 26 pending pole transfers and 54 pull poles. Wilmington has 34 pending pole transfers and four pull poles. Reliability indices show that RMLD's outages are well below regional and national averages. Mr. Jaffari explained that the annual average of tree-caused outages from 2013-2017 was 57. Year-to date, there have been four outages caused by trees: the tree trimming program is effective.

Mr. Stempeck and Mr. O'Rourke remarked on the dramatic change.

### **Financial Report- March 2018 - Ms. Markiewicz - (Attachment 4)**

Ms. Markiewicz stated that she would be reporting on the first nine months of Fiscal Year 2018. The unrestricted cash, totaling \$14.6 million at the end of March, covers less than two months of operating expenses. Accounts receivable remains 97 percent current (up to 90 days). Net plant increased by \$3.8 million as compared to March 31, 2017. Base revenue increased by one percent compared to the previous year with a decrease of kWh sales of 2.6 percent. Purchase power fuel expense exceeds purchased power fuel revenue by \$2.3 million. Purchase power, capacity, and transmission (PPCT) expenses exceed PPCT revenue by \$146,000. Operating and maintenance expenses remain under budget by one percent as of March 31, 2018. This may change due to invoices related to the March storms still being received.

Ms. Markiewicz then discussed cash and investments as of March 30, 2018. 67 percent of cash is restricted and cannot be touched. 33 percent (one-third) is being used as a checkbook to fund operating expenses-RMLD can cover less than two months of the operating fund with the current balance.

Ms. Markiewicz then compared base revenue to operating expenses (without power) using Actual Fiscal Year 2017 and projections for Fiscal Years 2018 through 2023. Operating and maintenance expenses only. Base revenue is projected to increase 20.37 percent and operating expenses are projected to increase 21.27 percent over the seven-year span. This results in a .90 percent difference between revenue and operating expenses. As revenue increases, spending increases. All money is being reinvested into RMLD's infrastructure and the operations of the business. Ms. Markiewicz concluded her presentation with a comparison of operating and maintenance expenses in the first nine months of Fiscal Year 2017 and Fiscal Year 2018 and the Fiscal Year 2018 Budget.

### **Integrated Resources Division - Ms. Parenteau (Attachment 3)**

Ms. Parenteau began by announcing that RMLD will be at North Reading Town Day on Sunday, June 3 and Reading Friends and Family Day on Saturday, June 16. RMLD's new website is close to being complete, with a potential launch at the end of the month. The redesigned site will be mobile friendly. RMLD will be beginning its promotion of the Shred the Peak campaign in the upcoming months.

### **Integrated Resources Division - Ms. Parenteau (Attachment 3)**

Ms. Parenteau then discussed Fiscal Year 2018 Quarter 3 kWh sales, January through March, from 2016 through 2018. January 2018 was colder than previous years, which resulted in higher sales. February 2018 was consistent and flat, and March 2018 sales were slightly below that of the previous two years. Overall, quarter sales were flat as compared to 2017 and higher than 2016. However, sales are down two percent overall. Quarters 1 and 2 were significantly lower. This is due to the impact from sales from July to December.

Ms. Parenteau then discussed Quarter 3 purchase power, capacity and transmission revenue. It has increased steadily. From 2016 to 2017 there was a \$446,000 increase that was primarily due to transmission increases. 2017 to 2018 the increase in Quarter 3 was about \$1.68 million. The main reason for that increase was the NEMA capacity zone increase.

Ms. Parenteau concluded with capacity, transmission, and fuel costs from January through March, from 2016 through 2018. There was a capacity revenue increase from 2016 to 2017 of \$291,000. From 2017 to 2018 there was a \$1.5 million capacity cost increase. Transmission costs rose by \$250,000 from 2016 to 2017, and then by \$353,000 from 2017 to 2018. Fuel costs decreased by \$372,000 from 2016 to 2017, then increased by \$1.4 million from 2017 to 2018 primarily due to a higher load in January. The cold spell had significant cost impacts.

Mr. Soni asked, when making the budget how do you prevent surprises and factor in what's happening in the market? Ms. Parenteau replied New England's fuel source is gas-based. During winter time, New England is at the end of the pipeline which makes it a constrained zone. As a result, the energy markets are more volatile from December to February. RMLD's strategy is to secure more contracts to cover load so as to not be subject to this price volatility. RMLD's power needs are 95 percent covered during the volatile winter months.

### **RMLD Procurement Request Requiring Board Approval - Ms. Parenteau (Attachment 6)**

#### **IFB-44 Electrician Services for the Removal of Load Control Modules (LCM) and Associated Parts**

Ms. Parenteau explained that the RMLD had installed approximately 300 hot water heater load control modules that are now at the end of their useful life. They were installed by an electrician and now must be removed by an electrician. The bid request was sent to 20 companies, and six responded. Removal of load control module, installation of a splice box, part of electrical code if cannot see control panel disconnect switch needs to be installed. equipment returned to RMLD. RMLD will be contacting customers to schedule appointments. The electrician will be responsible for getting the electrical permit and the removal will take approximately one hour to complete.

Mr. Pacino verified that no one is currently providing this service. Ms. Parenteau affirmed. Mr. Talbot asked why the equipment can't be left where it is. Ms. Parenteau explained that the old equipment is a liability issue for RMLD.

Mr. Talbot asked if it would be possible to hand the customer an alternative at the time of removal, even a device that would be the customer's responsibility, or any other promotion. Ms. Parenteau answered that IRD is developing an RFP to look at other technologies and residential load control proposals that are not limited to water heaters. Ms. Parenteau explained that RMLD is restructuring its program; it is a challenge to have RMLD equipment in customer homes.

Mr. Talbot asked about giving customers an alternative at the time of the equipment removal, just as RMLD offers other devices and discounts to customers. Mr. Talbot noted that control of a few hundred water heaters with timers has the potential to produce perhaps a 1/2 megawatt load control, which is a lot considering we just spent millions on a gas generator for 2 megawatts of load control, so it's worth the effort while we are interacting with these customers. Ms. O'Brien explained that many customers have shut off the load control but are still receiving a discount on their bill. Installing equipment creates a liability.

Chair Hennessy asked how long it will take to complete all the removals. Ms. Parenteau replied that, assuming six removals are done per week, it will take about a year. It will depend on All Tech's manpower. Chair Hennessy remarked that there's time to implement Mr. Talbot's suggestion at a later date.

**RMLD Procurement Request Requiring Board Approval - Ms. Parenteau (Attachment 6)**

**IFB-44 Electrician Services for the Removal of Load Control Modules (LCM) and Associated Parts**

Mr. Talbot requested that the Board wait a month to vote on the bid to give time to consider alternatives. Ms. O'Brien replied that it's a liability issue.

Mr. Stempeck asked if there have been any issues with the equipment currently in customer homes. Ms. Parenteau answered in the affirmative.

Mr. Talbot stated he would like to offer customers an alternative at the time of removal. Ms. O'Brien stated that appliances are becoming smarter. RMLD would rather concentrate its efforts there. The RMLD is an overall smart appliance controller under its rebate program, i.e. Nest.

Mr. Stempeck stated that there's a liability and customers are receiving a rebate for equipment that is disconnected.

Ms. O'Brien explained that anything that is not in the bid cannot be added to the electrician's duties. Mr. Talbot stated he will be voting against the bid.

Mr. Stempeck asked if the cost of the equipment removal will be recouped by the removal of the customer rebate. Ms. Parenteau explained that it would; customers receive a credit per year of approximately \$220.

Mr. Pacino verified that RMLD has done its due diligence checking references. Ms. Parenteau replied in the affirmative.

Ms. O'Brien stated that she is not in favor of installing any equipment in homes.

Mr. Stempeck made a motion, seconded by Mr. O'Rourke, that **IFB-44 Electrician Services for the Removal of Load Control Modules (LCM) and Associated Parts** be awarded to **All Tech Electric** for **\$83,400.00** pursuant to M.G.L. Chapter 149/M.G.L. Chapter 30, Section 39M, as the lowest responsive and responsible bidder, on the recommendation of the General Manager.

**Motion Carried: 4:1:0.**

Chair Hennessy Board meetings on June 21 and July 19. NEPPA Conference in August. Board meeting September 21. Mr. Stempeck stated that he is unable to attend the May CAB meeting as scheduled. Mr. Pacino agreed to take the May meeting, Mr. Stempeck agreed to attend the June meeting, and Mr. O'Rourke stated that he would go to the July meeting.

Mr. O'Rourke expressed his wish for Mr. Talbot's concern about the water heater load control modules be addressed at a later meeting and stated that there is merit in examining options.

Ms. Markiewicz pointed out that there was supposed to be a vote on the change to a calendar year.

Mr. Pacino made a motion, seconded by Mr. Stempeck that the RMLD Board of Commissioners approve RMLD's change from a Fiscal Year to a Calendar Year, with the change becoming effective January 1, 2019, on the recommendation of the General Manager.

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

**Adjournment**

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 return to Regular Session for the sole purpose of adjournment.

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

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

A handwritten signature in black ink, appearing to read 'David Talbot', with a long horizontal flourish extending to the right.

David Talbot, Secretary Pro Tem  
RMLD Board of Commissioners