

# Reading Municipal Light Department

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## Minutes 01/28/2009

**Reading Municipal Light Board of Commissioners**  
**Regular Session**  
**230 Ash Street**  
**Reading, MA 01867**  
**January 28, 2009**

**Start Time of Regular Session: 7:31 p.m.**  
**End Time of Regular Session: 9:20 p.m.**

**Attendees:**  
**Commissioners:**

<b>Richard Hahn, Chair</b>	<b>Mary Ellen O'Neill, Vice Chair</b>
<b>Robert Soli, Secretary</b>	<b>Philip Pacino, Commissioner</b>
<b>Ellen Kearns, Commissioner</b>	

**Staff:**

<b>Vinnie Cameron, General Manager</b>	<b>Beth Ellen Antonio, Human Resources Manager</b>
<b>Jeanne Foti, Executive Assistant</b>	<b>Robert Fournier, Accounting/Business Manager</b>
<b>Jane Parenteau, Energy Services Manager</b>	<b>Kevin Sullivan, Engineering and Operations Manager</b>

**Citizens' Advisory Board:**  
**John Norton, Member**

**Selectmen, and Customer Comments**  
None.

**Reports from RMLD Board Committees**  
**General Manager Committee**

Ms. Kearns stated that the General Manager Committee met on December 18 and discussed what the form would look like to evaluate the General Manager. The form should incorporate some of the policies such as the strategic plan; include leadership skills, broad policy issues and initiatives. Ms. Kearns said that she was instructed by the members of the General Manager Committee meeting to draft something for review at their next meeting.

Ms. O'Neill requested that a Power, Rate, Green Power Committee meeting be held before the next RMLD Board meeting in February.

**Approval of Minutes Board December 17, 2008**

Ms. Kearns wanted to ascertain whether Secretary Soli's concern about the hearsay comments mentioned in the December 17, 2008 minutes was addressed.

Chair Hahn responded that Secretary Soli's concern about the hearsay comments had been addressed.

Mr. Soli made a motion seconded by Ms. Kearns to approve the Regular Session meeting minutes of November 25, 2008 as presented.

**Motion carried 4:0:1. Ms. O'Neill abstained.**

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

Mr. Cameron reported the following:

- The Reading Municipal Light Department received letters thanking the RMLD for its mutual aid assistance by allowing RMLD crews to go out to the towns of Groton and Sterling to assist them in restoring power lost due to the ice storms.
- Good Neighbor Energy Fund envelopes will be in the January billings.
- Huckleberry Hill School Grade 4 students were in for a tour of the RMLD in January.
- At the quarterly Chamber Meeting, Thursday, February 5 the General Manager will participate in a forum "Small business survival strategies during a down market."

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

- Bob Soli and volunteers will be doing TCE volunteer tax preparation at the RMLD on February 7, 28 and March 14 from 9 a.m. to 1 p.m.
- Climate Change Solutions National Teach-In, February 5, 2009, 6:30 to 8:30 p.m. Reading Senior Center

Ms. Kearns asked what were the findings from the Other Post Employment Benefits (OPEB) meeting that was held on January 20 by the Town of Reading Selectmen?

Mr. Cameron replied that Board members were in attendance at this meeting and The Segal Group, Inc. gave the OPEB presentation. Mr. Cameron stated that the OPEB has to be recognized by the municipalities, however there is nothing that mandates the RMLD fund this. If the Board seeks not to fund this and continues the pay -as -you -go funding method, the liability becomes quite exorbitant on the books. The RMLD's liability is \$8 million out of the \$60,000,000 for the entire Town of Reading.

Discussion followed.

### **Financial Report December 2008**

Mr. Fournier reported on the first six months ending December 31, 2008 for the fiscal year 2009.

- Year to date net income was \$3 million with budgeted amount of \$1.2 million.
- Fuel Expense versus Fuel Revenue is \$1.4 million with revenues exceeding expenses.
- Base Revenues were under budget by \$1.3 million or 6.2%. Base Revenues were at \$19.9 million compared to the budgeted amount of \$21.2 million. All sectors were under budget except for the new school rate that was not known when the budget was prepared. The Six Year Plan will reforecast the numbers.
- Purchased Power base expense was \$625,000 over budget due to the increases in transmission and capacity costs. Purchase Power base costs were \$12.4 million compared to the budgeted amount of \$11.8 million.
- Operating and Maintenance (O&M) expenses combined were under budget by \$300,000 or 5.5%. Actual O&M expenses combined were under budget by \$5.1 million compared to the budgeted amount of \$5.4 million.
- Depreciation expense and voluntary payments to the Towns were on budget.
- Operating Fund \$8.1 million, Capital Fund balance \$4.9 million, Rate Stabilization Fund \$6.2 million and Deferred Fuel Fund \$2.3 million.
- All five divisions were under budget cumulatively by \$320,000 or 3.7%.
- The fuel cost is trending downward.

Ms. O'Neill wanted to know if the Energy Efficiency Manager has been hired?

Mr. Cameron replied that there was an offer to a potential employee after the first of the year for the Energy Efficiency Manager position, but the person declined the offer because they had another job. This position has been advertised online and with NEPPA.

Ms. O'Neill also mentioned that residential energy audits are under budget and she feels strongly that the RMLD should have been advertising this fall and winter for these audits. There is money in the budget and the residential energy audits should be number one all the time.

#### **Financial Report December 2008**

Mr. Fournier commented that he keeps track of the residential energy audits and more have been performed this year than at the same time last year. Mr. Fournier pointed out that when customers call in with complaints about a high bill after going through certain criteria, the Customer Specialists offer energy audits.

Chair Hahn asked if the Unbilled Account Receivables were up slightly from last year?

Mr. Fournier replied that according to GASB 34, fiscal year 2004 was RMLD's last calendar year. Recording needs to be done on twelve months, twelve bills but according to GASB the partial months of June had to be recorded and adjusted.

On another matter, Mr. Fournier pointed out that the Receivables are over \$5 million that is 94% current. This is great based on the economy and is due the hard work of the Credit and Collections staff.

Ms. O'Neill asked about the status of the PASNY credit opinion from Melanson Heath?

Mr. Cameron replied that the RMLD has received a draft report on the PASNY credit and there are some comments they have sent back to Melanson Heath.

Mr. Cameron updated the Board by stating that he, Mr. Seldon and Ms. Parenteau met to discuss the first five months and they will reforecast the sales for this fiscal year downward about 5%. The Base Revenues are down \$2 million; the Purchase Power Adjustment charge has recouped some of the Base Power costs, but it has not been put into the Operating Budget. Mr. Cameron said that the Operating Budget has to be readdressed to see what will not be spent for the rest of the fiscal year. Mr. Cameron will report on the cost cutting measures at the next Board meeting. Mr. Cameron said that there is money for energy audits and if the money is not going to be spent that it will be saved.

#### **Power Supply Report for the month of December 2008**

Ms. Parenteau reported on the Power Supply Report for December:

- RMLD's load for December 2008 was 3.25% lower compared to December 2007. On a calendar year basis, RMLD experienced a reduction of 1.2% versus 2007.
- Energy costs were \$4.5 million, equivalent to \$.074 per kWh.
- December Fuel Charge Adjustment was \$.079 per kWh, RMLD under collected by \$272,000 resulting in a Deferred Fuel Cash Reserve balance of \$2.29 million.
- RMLD lowered the Fuel Charge Adjustment for January to \$.074 and anticipates to further reducing the Fuel Charge Adjustment in February to \$.069 per kWh.
- RMLD hit a demand of 108.5 megawatts on December 19, 2008 at 6:00 p.m. This compares to a demand of 117 that occurred on December 13, 2007 at 6:00 p.m. RMLD's monthly requirement for December 2008 was 227.32 megawatts. Overall cost of capacity is equivalent to \$6.38 kilowatt month.
- RMLD paid \$488,000 for transmission for December 2008.

There was an inadvertent credit in the Capacity Section for Purchased Power for December for \$98,491.71 that was booked when in fact the RMLD received only a portion of this or \$377.68 should have been credited. An adjustment will be made.

Discussion followed.

#### **Engineering and Operations Update for the month of December 2008**

Mr. Sullivan reported on the Engineering and Operations Report for December:

**Project 1 4 kV Retirement – Stepdown Areas**

Framing has begun on this project with a cost of \$3,531.

**Project 11 Gaw Expenditures**

Part 1 – Contractual Labor - No financial activity for contract; however, there was engineering activity.

Part 2 – Procured Equipment - \$56,561.

Part 3- RMLD Labor - \$6,522.

Mr. Sullivan addressed a question by Ms. O'Neill on the RMLD labor. The total of Part 3 - RMLD Labor is approximately \$13,300. Much of the labor built into Part 3 will be done further in the project.

**Project 14 Routine Construction**

Expenditures were down \$80,000 and factors attributable to this were twenty-two days in the month, the eight days that employees were assisting with the mutual aid, and it is a month of holidays and vacations. For the replacement cutout project \$4,000 was spent. During the fiscal year to date 320 cutouts have been replaced.

Ms. Kearns asked about Project 14 Routine Construction in which \$1.5 million is budgeted and \$1.1 million has been spent. This will go over budget.

Mr. Sullivan replied that is correct, he anticipates this will go over budget.

**Reliability**

Customer Average Interruption Duration Index (CAIDI) is 54.20 minutes in which the RMLD's restoration is twelve minutes sooner than the industry standard.

System Average Interruption Frequency (SAIFI) is at 1.13 outages per year and is 42 percent below industry standards.

Months Between Interruptions (MBTI) 10.62 months.

**Gaw Update**

Mr. Sullivan reported that all three transformers are on site. On December 24 the last transformer was received. The Structures and Equipment bid is on this evening's agenda for Board approval. The Senior Techs have been working on the 115KV relays and wiring for the station. He and the Station Manager have been working on the construction specs. It has been received by the engineering firm, reviewed, sent back with comments to them and they anticipate seeing this back with changes by Friday.

Mr. Sullivan stated that construction is behind schedule with an anticipated start the first week of April. There are three reasons for this: 1. Testing Spec was sent out with only one bidder responding, but there was a conflict of interest.

The bid was rescinded and it was decided to put the Testing Spec back in the Gaw construction project. This added to the delay on the construction specification. 2. The Structures and Equipment specification was put out to bid on October 29 and the bidders were deemed non responsive or non responsible. That bid was pulled back and restructured. The changes in the drawings and the specifications were made. The responses came back for the bid on January 13 and are on this evening's agenda. 3. Construction specifications in which a decision was made to input the logistics of the transformer movements for their outages and ownership transferal on the two transformers within the construction specification document. Mr. Sullivan said that this translates into a better specification.

Ms. O'Neill asked in terms of schedule how behind is the RMLD on the Gaw substation project?

Mr. Sullivan replied three months.

Chair Hahn asked that Mr. Sullivan could provide a timeline when each transformer is energized.

**Engineering and Operations Update for the month of December 2008****Gaw Update**

Mr. Sullivan said that the first transformer will be energized in mid June. The RMLD wants to mitigate its exposure due to its peak load in the summer. The project will finish in November.

Ms. O'Neill noted that in the capital plan contractual labor is one of the key items for the Gaw project and asked if a general contractor had been chosen?

Mr. Sullivan replied that is the construction spec that will be going out to bid.

Ms. O'Neill asked what is the turnaround time on this, would it be April 1?

Mr. Sullivan replied that he would like the general contractor on site the first week of April.

Ms. O'Neill asked would the general contractor be approved at the March meeting?

Mr. Sullivan stated that the starting time will be stipulated at the pre bid meeting on February 18. Mr. Sullivan stated that it will be a better product for the RMLD. Mr. Sullivan commented that no one is happy that this project is behind the original schedule.

#### **M. G. L. c. 30B Bids**

##### **Three Phase Pad Mounted Transformers 2009-18**

Mr. Sullivan explained that this is a replacement unit for a unit given to Wakefield Municipal Gas & Light Department and they will pay for this. Mr. Sullivan reported there were three responses.

Mr. Soli made a motion seconded by Ms. Kearns that bid 2009-18 for Three Phase Pad Mounted Transformers be awarded to WESCO for a total cost of \$32,050.00 as the lowest qualified bidder on the recommendation of the General Manager.

**Motion carried 5:0:0.**

##### **15 Kv C-style, Polymer Cutouts 2009-20**

Mr. Sullivan reported that the Department has used these cutouts in the past in the cutout replacement project. Mr. Sullivan said that six bids were sent out with three bids received back.

Ms. O'Neill wanted to know why the Department is buying so many cutouts when we are over budget in routine construction?

Mr. Sullivan replied that it may be lower pricing based on volume.

Ms. O'Neill asked how many does the RMLD have in stock now?

Mr. Sullivan replied two hundred.

Ms. O'Neill commented that the schedule was to change out 500 each year.

Mr. Sullivan said that Ms. O'Neill is correct. Mr. Sullivan stated that fiscal year to date 320 have been put in.

Ms. O'Neill wanted to know how the Department is doing with the schedule?

Mr. Sullivan replied that the Department is right on target. This fiscal year 562 have been slated to be changed out and 320 have been replaced.

Mr. Soli made a motion seconded by Ms. O'Neill that bid 2009-20 15 Kv C-style, Polymer Cutouts be awarded to Utility Solutions, Inc. for a total cost of \$104,400.00 as the lowest qualified bidder on the recommendation of the General Manager.

**Motion carried 5:0:0.**

#### **M. G. L. c. 30B Bids**

##### **Substation Structures and Equipment 2009-21**

Mr. Sullivan reported that this bid was sent out last year and all the bidders were non responsive or non responsible. There were five respondents.

Ms. O'Neill commented on the capital budget procured equipment from a lay person's point of view, she does not understand what they are getting from this bid, it is not clear to her. The total allocation is \$359,800 and \$77,830 has already been spent, but for what she does not know. Based on the capital budget item for this she is unsure what the Department is procuring and how it ties into the capital budget.

Mr. Sullivan explained that the Department is procuring 115KV high side structures, 13.8 kV low side structures that are stanchions that will be holding the cable tray from the transformer into the control house on the left side. Also there are taps that connect to the switches for transformer 110C.

Ms. O'Neill is unsure of the tie in to the capital budget for this item?

Mr. Sullivan said that the items that are contained in the budget that the Department has received are the transformer disconnects, protective relays, devices and switches. Mr. Sullivan explained that the substation structures are the next piece.

Mr. Sullivan said that the items are not spelled out exactly the same in the capital budget. The total expenditures will be \$193,415 with \$359,800 budgeted. Wire is also built into this for \$184,000.

Ms. O'Neill asked if the Department would be over budget once the other items are purchased?

Mr. Sullivan replied it will be very close as to whether we go over budget.

Ms. O'Neill reiterated the tie in to the capital budget: the wording is different than how it is presented in this bid; it makes it difficult to tie such expenditures such as this bid into the capital budget.

Mr. Cameron said that this expenditure is found in the capital budget and it is a matter of form because it is not worded exactly in the same fashion.

Discussion followed.

Ms. Kearns asked if the primary cable and breakers have to go out to bid?

Mr. Sullivan replied "yes." The primary cable and breakers have to go out to bid.

Mr. Soli asked if the delivery of 16 weeks ARO would be the end of May and the first transformer is going online in mid June, is that compatible?

Mr. Sullivan replied "yes." All the equipment in the substation structure bid is mostly for transformer 110C.

Mr. Soli made a motion seconded by Ms. O'Neill that bid 2009-21 for Substation Structures and Equipment be awarded to Hamby Young for a total cost of \$99,263.00 as the lowest qualified bidder on the recommendation of the General Manager.

**Motion carried 4:0:1. Ms. O'Neill abstained.**

#### **SCHEDULE FOR UPCOMING BOARD MEETINGS**

**Tuesday, February 3, Ethics and Open Meeting Law**

#### **Committee Meetings**

**Wednesday, February 4, Operating and Capital Budget/Pension/Legal Services Committee Meeting**

**Thursday, February 5, General Manager Committee Meeting**

#### **RMLD Board Meetings**

**Wednesday, February 25, March 25, April 22**

#### **Board Rotation at Citizens' Advisory Board Meetings:**

January, Vice Chair O'Neill, February, Chair Hahn, March, Secretary Soli

#### **General Discussion**

Ms. O'Neill said that she would like the RMLD to consider making some donations to a fuel assistance weatherization program that would help low income people in RMLD's service territory. The RMLD has done this in the past.

Ms. Kearns pointed out that at one time the RMLD used to contribute to such programs.

Mr. Cameron explained that at one time the RMLD spent \$25,000 on such programs, this was reduced to \$3,000 and then was subsequently cut out of the budget. Mr. Cameron said as he has said in the past, he does not think this is the best use of the RMLD money. Mr. Cameron pointed out that if you are replacing a gas furnace why are RMLD funds being used to replace a gas furnace.

Ms. O'Neill stated that she would like a program looked into. The RMLD does not offer a low-income assistance, low-income rate, nothing to help the low income this time of the year.

Mr. Cameron commented that the RMLD could look into this. Mr. Cameron said that he is averse to using RMLD money to help conserve natural gas or oil. Mr. Cameron is a proponent of a program that will impact electric usage.

Mr. Cameron used an example of someone who wants to increase insulation in his or her home and have an oil-fired burner. What are the savings on the electric side? Mr. Cameron said the Board will be receiving a memo from him in

that over the last six months the RMLD has given out \$52,000 in commercial lighting rebates. The RMLD has gained a large benefit from that; the RMLD has saved 276 kilowatts.

Ms. Kearns said that she looks at the payables and large users and corporations are deriving this benefit. Ms. Kearns commented that Ms. O'Neill is saying that there is another group that is suffering during these economic times, what can the RMLD do for them? Ms. Kearns does not have the answer. Fedex received \$10,000 that is great, but what do smaller customers have afforded to them struggling in these times.

Ms. O'Neill asked about the programs that Ms. Gottwald had suggested such as the HEARTWAP program.

Mr. Cameron said that he can check with Ms. Gottwald.

Chair Hahn sensed that Ms. O'Neill's focus is to assist low-income people as opposed to an energy efficiency program. Chair Hahn said that he would like something to act on.

Mr. Cameron said that he would take care of this item.

#### **Executive Session**

At 8:47 p.m. Mr. Soli made a motion seconded by Ms. Kearns that the Board go into Executive Session to discuss strategy with respect to litigation, to consider the purchase of real property and return to regular session for the sole purpose of adjournment.

#### **Motion carried by a polling of the Board 4:0:0.**

Ms. Kearns, Aye; Mr. Soli, Aye, Chair Hahn, Aye; Mr. Pacino, Aye; and Ms. O'Neill, Aye.

#### **Motion to Adjourn**

At 9:20 p.m. Ms. Kearns made a motion seconded by Mr. Soli to adjourn the meeting.

#### **Motion carried 5:0:0.**

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