

Reading Municipal Light Department

230 Ash St., Reading, MA 01867-0250
ph: 781-944-1340 or 781-942-6598
fx: 781-942-2409

Minutes 02/25/2009

Reading Municipal Light Board of Commissioners
Regular Session
230 Ash Street
Reading, MA 01867
February 25, 2009

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

Attendees:

Commissioners:

Richard Hahn, Chair	Mary Ellen O'Neill, Vice Chair
Robert Soli, Secretary	Ellen Kearns, Commissioner

Staff:

Vinnie Cameron, General Manager	Beth Ellen Antonio, Human Resources Manager
Patricia Mellino, Operational Assistant	Robert Fournier, Accounting/Business Manager
William Seldon, Energy Services Analyst	Kevin Sullivan, Engineering and Operations Manager
Joseph Donahoe, Facilities Manager	

Citizens' Advisory Board:

Arthur Carakatsane, Member

Introductions

Citizens' Advisory Board Member

Mr. Carakatsane stated that the CAB did have a meeting since their reorganization. Mr. Carakatsane commented that the recent meeting was an update on budgets, financials, and Gaw.

Mr. Carakatsane stated he is now the Chairman of the CAB. The CAB welcomed George Hooper as its new CAB member who replaced Roger Lessard in his position in Wilmington. Mr. Carakatsane stated that Mr. Hooper is familiar with a lot of issues.

Selectmen and Customer Comments

None.

Reports from RMLD Board Committees

General Manager Committee

Ms. Kearns commented that the Committee met in January to review a proposed draft of the General Manager's general evaluation form. Ms. Kearns noted that the Committee has another meeting scheduled for early March and hopefully by that time it will be able to have something to bring to the Board for its approval.

Chair Hahn noted that the next General Manager Committee meeting will be held Tuesday, March 3.

Operating and Capital Budget Pension/Legal Services Committee

Ms. Kearns stated that the Committee voted to recommend that the RMLD deposit \$360,000 into the pension trust fund for the FY 2009 year.

Ms. Kearns made a motion seconded by Ms. O'Neill to recommend that the RMLD deposit \$360,000 into the pension trust fund for FY 2009.

Motion carried 4:0:0.

Discussion followed.

Power Contracts, Rate Setting, Green Power Committee

Ms. O'Neill stated that the Committee, CAB liaison Quincy Vale, the General Manager, and Mr. Seldon met on February 17. The Committee received an update on the Green Choice Program. This program has about 260 customers and since its inception in September 2006 the RMLD has purchased \$41,000 worth of RECS.

Ms. O'Neill noted that the Committee reviewed the fiscal year 2009 Conservation and Energy Efficiency Program, which will be discussed later on this evening.

Ms. O'Neill commented that the Committee also had a discussion about what will be next in the area of conservation and energy efficiency. An area that is challenging to the members is how to contribute to the reduction in our entire carbon footprint. Ms. O'Neill noted it was agreed that the RMLD will explore what the implications of the Global Warming Solutions Act are for municipal light plants. The question of where we are regarding carbon reductions as results of implementing aspects of last year's technical potential study, the GDS study, will also be explored.

Ms. O'Neill stated that the Committee also reviewed the opinion letter provided by Melanson Heath about how the RMLD handles the PASNY credit on the monthly billing. A copy of this letter is in the Board book. The Committee voted to recommend to the Board that this letter and its recommendations be accepted by the Board.

Ms. O'Neill made a motion seconded by Chair Hahn that the Power Contracts, Rate Setting, Green Power Committee recommend that the Melanson Heath & Company report on the Reading Municipal Light Department Agreed-Upon Procedures for the Calculation and Recording of the PASNY Credits dated January 20, 2009 be accepted by the RMLD Board.

Motion carried 4:0:0.

Discussion followed.

Mr. Soli pointed out that page four of the report states "A legitimate argument could be made for calculating the PASNY credit by either alternative". Mr. Soli commented that enabling legislation and also the FERC (Federal Energy Regulatory Commission) Order regarding this said the power shall be made available at the lowest rates reasonably possible.

Following further discussion, it was agreed to request that staff prepare a comparison of the two methodologies for a twelve-month period. Chair Hahn asked for this to be distributed before the next Board meeting if it is possible.

Mr. Cameron said the data was available, but it might take a while to put it together.

Approval of Minutes Board Meeting January 28, 2009

Ms. O'Neill made a motion seconded by Chair Hahn to approve the Regular Session meeting minutes of January 28, 2009 as presented.

Motion carried 4:0:0.

General Manager's Report

Mr. Cameron stated that he had just returned from the APPA Legislative Rally in Washington, D. C. The CAB Chairman Mr. Carakatsane and approximately 20 New England Public Power Association (NEPPA) representatives also attended.

Mr. Cameron noted the meeting topics included, oversight of the ISO by the FERC, joint ownership of transmission by municipals and transmission owners that have IOUs, the new federal stimulus package and the money available for energy conservation and renewable energy projects, and climate change.

Mr. Cameron commented that they brought many letters to Washington from the recent letter campaign and explained how the ISO is trying to change the rules on the credit that they receive from NYPA in the Forward Capacity Market. Mr. Cameron noted that they would have to litigate this and will have more information for the Board at the next meeting.

Mr. Cameron reported the following:

- Melanson Heath is working on the draft of the MMWEC Audit. A meeting to discuss this is anticipated to take place in March.
- George Hooper will be taking retired member Roger Lessard's spot on the Citizens' Advisory Board. Mr. Hooper will be starting his orientation at the RMLD on Friday. A press release will be going out to the four towns reintroducing the Citizens'

Advisory Board.

- Mr. Cameron noted he was a panelist at the quarterly Chamber meeting that was held at the RMLD on February 5 discussing "Small business survival strategies during a down market."

- The Cities for Climate Protection's third annual Earth Day Fair at the RMLD will be held on Saturday, April 4 and the RMLD is cosponsoring this event.

Mr. Cameron stated that the RMLD's Customer Service Manager Laurie Cavagnaro was selected as the Reading, North Reading Chamber of Commerce 2009 Person of the Year. There will be a dinner honoring her on April 29. Mr. Cameron noted that this is a well-deserved honor.

Mr. Cameron reported that he had met with staff and prepared a Budget Re-forecast based on six months of actual expenditures and six months of budgeted expenditures. It was determined that a decrease of \$542,000 can be achieved in Operating and Maintenance Expenses by reductions in Outside Services, Education, Facilities, Travel, Supplies, and Miscellaneous.

Financial Report January 2009

Mr. Fournier stated that due to late bills received from MMWEC he did not have the budgeted numbers together for a complete monthly report at this time. He hopes to have the full report, which will include the re-forecasted numbers, out by the weekend.

Mr. Fournier distributed copies of page one, the Balance Sheet; page three, Profit and Loss; and page five, Kilowatt Hours Sold.

Mr. Fournier reported that year to date net income was \$3.4 million; the Deferred Fuel Cash Reserve is up to \$2.5 million; operating and maintenance expenses were lower compared to last year's; and the unrestricted cash balance is a little low due to the self-funding the RMLD has undertaken for the Gaw project. Mr. Fournier noted that customers are taking a little more time to pay and that the customer service department continues to receive comments that bills are too high.

Ms. Kearns asked the Board to reflect on the comment that Mr. Fournier made that our customers are continuing to believe that our rates too high. Ms. Kearns asked if it would be helpful to the customers to have a meet the Commissioners or meet the staff day and talk about the rates?

Chair Hahn noted that our rates are much lower than those of NSTAR, Wakefield and Stoneham, for example. The message that Reading's power supply costs for the last five years have been among the best in the state needs to be communicated to our customers.

Ms. Kearns concurred.

Power Supply Report for January 2009

Mr. Seldon commented that he was providing a very abbreviated Purchase Power report and that the complete report will be available by Friday.

RMLD's metered load for January was 62,448,271 kilowatt hours, .62% less than January 2008. Total energy costs for January was \$4,291,375, which equates to 6.87¢ per kilowatt hour. The RMLD has been taking advantage of the heat rate portion of the Constellation contract and locking in at lower amounts. The RMLD hit a capacity demand of 110 megawatts on January 15 at 7:00 p.m. The UCAP requirement for the month was 223,538 kilowatts at a cost of \$1.809 million, which equates to \$8.10 kilowatt month. Transmission costs were up at \$553,816 for the month compared to \$424,000 for December and compared to \$353,096 last year. Total cost was \$6.655 million for the month.

Engineering and Operations Update for January 2009

Mr. Sullivan stated that he would like to make a correction to the minutes to the Section in the General Manager's Report where he stated out of the \$2.3 million there is under \$652,000 worth of labor and that this figure should be \$632,000.

Mr. Sullivan reported that the following areas had activity in January: The 14kV retirement project in Reading, the Reading Center project, the Gaw project, residential service installations, routine construction, porcelain cutout replacements, and the forced accounts.

On the reliability side, the Customer Average Interruption Duration Index (CAIDI) was 56.14 minutes in January. RMLD's restoration time is 1.44 minutes sooner than the industry average and two minutes over our December number. The System Average Interruption Frequency (SAIFI) was at 1.07 outages per year, better than the December number of 1.3 and 50 percent below or better than industry standards. The Months Between Interruptions (MBTI) was 11.2 months, which was the same for November and better than December, which was at 10.62.

With regard to the Gaw Substation Project, Mr. Sullivan reported that Senior Techs and the Station Manager continue to rewire the relays and controls in the substation during the month of February.

Mr. Sullivan noted that on February 18 there was a pre-bid meeting for the Construction Spec, which was well attended. Fifteen contractors from four different states were present. The bid is due March 11.

Mr. Sullivan noted that on March 15 Waukesha Technical Service, along with the rigger, will be there to assemble the transformers and fill them in expectation of the moves.

Mr. Sullivan stated that he would like to expand on his explanation of the three separate things that have had an impact on the schedule for the Gaw Substation Project.

While the original plan called for the three substation transformers to be replaced in FY2009, the current schedule indicates that one transformer will be replaced in FY09 and two will be replaced in FY2010, after August 30 when the summer peak has passed.

Mr. Sullivan noted that table one in the packet indicates the major differences in the original schedule compared to the new. The three primary reasons for the change in schedule are:

- The Testing Spec was rescinded and it was amended for inclusion in the Construction Spec which is now out for bid;
- The Structure Specification was rescinded because the bids received were either non-responsive or non-responsible and it was re-bid and came back on January 13;
- The Construction Specification itself was held back in order to include language for reduction of exposure to the RMLD, avoid delaying the General Contractor (GC) through the project, provide for the transfer of liability for the movement and disassembly to the GC and maintain safety throughout the project.

Mr. Sullivan reported on project's budget. Approximately 250 man/weeks, \$2.3 million, are being shifted to FY10. Table two indicates that and has additional details.

Mr. Sullivan commented that there are no liability issues at this time. Dissolved gas analysis testing was done on the existing transformers in anticipation of their sale and they all have come back with normal wear for their near 40 years of life.

In response to a question from Ms. O'Neill, Mr. Sullivan said that the recent legal notice in the Reading Chronicle for transformers was for replacement of inventory.

Ms. O'Neill stated that she would like to see the RMLD purchase a couple of transformers, be it pole or pad mount ones, that use the soybean oil.

Mr. Sullivan replied he would take it up with the General Manager.

M. G. L. c. 30B Bids

IFB 2009-19

Groundskeeping/Landscaping Services

Mr. Donahoe reported that back in November the bid for a new three-year contract was advertised in the paper and a packet was sent out to 16 landscapers. Only five people attended the pre-bid conference, therefore a second pre-bid conference was held and was attended by one person. However the RMLD did receive three bids and he is recommending a bid that is \$23,000 less over three years than the previous contract, which basically comes out to one free year.

Mr. Soli made a motion seconded by Ms. Kearns that bid 2009-19 for Groundskeeping/Landscaping Services be awarded to MFB Inc. for \$64,343.02 as the lowest qualified bidder on the recommendation of the General Manager. This is a three-year contract.

Motion carried 4:0:0.

IFB 2009-33

Material Handler Truck

Ms. Kearns commented that this was the highest bid.

Mr. Donahoe agreed but noted that the other bidders did not meet the specs. Mr. Donahoe reported this was the hardest bid that he has ever done, going back and forth between two bids.

Mr. Soli made a motion seconded by Chair Hahn that bid 2009-33 for one Material Handler be awarded to James A. Kiley Co. for \$186,823.00 as the only qualified bidder that meets the needs of the RMLD on the recommendation of the General Manager.

Motion carried 3:1:0. Ms. O'Neill voted against the motion.

SCHEDULE FOR UPCOMING MEETINGS

Committee Meetings

Tuesday, March 3 – General Manager Committee Meeting

RMLD Board Meetings

Wednesday, March 25

Wednesday, April 22

Wednesday, May 27

Board Rotation at Citizens' Advisory Board Meetings

February, Secretary Soli, March, Chair Hahn

April, Commissioner Kearns; May, Commissioner Pacino

General Discussion

Ms. O'Neill stated that all the Commissioners, the Citizens' Advisory Board members, Town Manager and the Assistant Town Manager received a letter from the president of a quilting group that has been using the cafeteria facilities at the RMLD for quite sometime for their meetings. The letter expressed deep concern and dismay that this policy was going to change and they would not be allowed to use the RMLD cafeteria. The group has asked the Board to consider their concerns. Ms. O'Neill has a statement that Commissioner Pacino asked her to read into the record.

Mr. Cameron stated that his opinion that this is an operational issue. He has serious concerns about building security, conservation of energy with respect to those who use the building after hours, people following the rules, the condition of the room, groups not bringing their fob and having to be let in the side door by the Station Operator. Mr. Cameron noted that this practice started in the 90's.

Mr. Cameron stated that he directed Facilities to write a letter to everyone who uses that room to say that they have fourteen months to find another place. He does not feel compelled to let groups who are not directly related to the operations of the town continue to use the cafeteria.

Discussion followed.

Ms. O'Neill read the letter from Commissioner Pacino:

"I read the letter from the president of the group that uses the RMLD facility for their meeting. I am disappointed in the department decision to not allow use of the facility. When the RMLD office building was built, it was stated at the Town Meeting and many other forums that the building would be available to be used by non-RMLD town groups and outside groups. My feeling is that changing that policy goes against what was promised to the town when the building was built. I am willing to listen to reason if the circumstances of the use of the building have changed dramatically, but as of now I stand by my above stance."

Mr. Soli stated that the Policy Committee should have a look if indeed there is a credible record from Town Meeting that Commissioner Pacino has noted in his letter.

Ms. O'Neill noted that the RMLD has a policy governing use of its conference rooms. It was agreed to refer this matter to the Policy Committee.

Ms. O'Neill expressed her concern about our approach to community groups and raised an issue concerning the recent increase to the rent charged to RCTV. Several people had spoken to her over the weekend and told her that RCTV had had a nominal rent that was increased to \$1600 even though RCTV had notified the RMLD that it had found a new site and would be moving in late spring.

Mr. Cameron commented that they were paying \$1,000 a month.

Mr. Cameron stated that he was concerned about this misinformation.

Ms. O'Neill agreed and commented that she will look into it.

Status on RMLD energy efficiency programs

Chair Hahn asked if they wanted to go over the energy efficiency programs or do you have a memo on that?

Mr. Cameron replied they had gone over that at the last committee meeting and went over it with the CAB.

Ms. Kearns asked if the person was hired yet?

Mr. Cameron replied that they have had conversations with that person, but have not made a decision yet.

Chair Hahn stated that an offer was made, but it was refused.

Mr. Cameron commented that he did not want to go into the details, but it is ongoing.

Ms. Kearns noted that with all the information and the new legislation in this area that it is imperative that this position be filled.

Chair Hahn commented to Ms. Kearns if she had any qualified suggestions to the General Manger that he would be most appreciative. Chair Hahn stated that there is a lot of activity in the industry and it is going to be a difficult position to fill.

Mr. Carakatsane stated that this is an issue that came up in Washington. This area is exploding and no one is being trained for it in college so where do you find the people, what do you do, what training do they have, it is a tough issue.

Executive Session

At 9:45 p.m. Mr. Soli made a motion seconded by Mr. Hahn that the Board go into Executive Session to discuss power supply issues based on Chapter 164 Section 47D exemption from public records and open meeting requirements, to discuss the consideration of the purchase of real property and to discuss collective bargaining strategy 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; Mr. Hahn, Aye; and Ms. O'Neill, Aye.

Motion to Adjourn

At 10:10 p.m. Mr. Soli made a motion seconded by Mr. Hahn to adjourn the meeting.

Motion carried 4:0:0.

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