

**READING MUNICIPAL LIGHT DEPARTMENT
BOARD OF COMMISSIONERS MEETING
230 Ash Street
Reading, MA 01867
July 20, 2017
7:30 p.m.**

Start Time of Regular Session: 7:31 p.m.
End Time of Regular Session: 8:46 p.m.

Commissioners:

Philip B. Pacino, Chairman	Dave Talbot, Commissioner
Dave Hennessy, Vice Chairman, Secretary Pro Tem	John Stempeck, Commissioner
Thomas O'Rourke, Commissioner	

Staff:

Hamid Jaffari, Director of Engineering & Operations	Tracy Schultz, Executive Assistant
Jane Parenteau, Director of Integrated Resources	

Citizens Advisory Board (CAB):

Neil Cohen, Member

Call Meeting to Order

Chairman 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

Chairman Pacino read the RMLD Board of Commissioners' Code of Conduct and welcomed Mr. Cohen from the Citizens' Advisory Board.

Public Comment

There were no Board Liaisons present.

Mr. Talbot commented that April, 2018 presents a deadline for certain solar renewable energy credits. The Board would like to encourage the submission of development proposals for solar generation, both public and private. The deadline is real and these credits might be drying up. Chairman Pacino verified that the Board agrees.

Vice Chairman Hennessy asked what must be completed by April? Ms. Parenteau answered that her group is in the process of looking that up.

Mr. O'Rourke asked if there is anything RMLD needs from the Board. Ms. Parenteau replied that the Board has been very receptive in terms of giving direction, meeting with the Towns, and the amount of solar they are interested in achieving.

Mr. Talbot clarified that there's been discussions regarding solar between RMLD and the Towns. Ms. Parenteau answered that she had met with representatives from Lynnfield and Wilmington, and would be meeting with Reading representatives tomorrow.

Chairman Pacino announced that Ms. O'Brien and Ms. Markiewicz would not be in attendance this evening.

Approval of Board Minutes (Attachment 1)

Mr. Hennessy made a motion, seconded by Mr. O'Rourke, that the Board approve the minutes of September 29, 2016, October 20, 2016, December 15, 2016, January 31, 2017, February 23, 2017, March 23, 2017, and April 20, 2017.

Motion Carried: 5:0:0.

Report of the Chair

Discussion of Reporting on Fiscal Year end versus Calendar Year end as required by State Regulators

Chairman Pacino stated that he is looking for information from the Department. Currently, RMLD's financial statement is based on the fiscal year, ending of June. The Department of Public Utilities (DPU) uses the calendar year. The report that goes to the DPU is therefore due at the end of the calendar year. It's a burden on the Department to produce reports for two deadlines. Chairman Pacino stated that he is looking for an idea of how much extra it costs having two different year ends. RMLD has had a calendar year end; it makes more sense to have one cut off rather than two.

Mr. O'Rourke suggested getting the Town Manager's perspective and considering the impact on the other Towns. Chair Pacino replied that, currently, he just wants data gathered-when RMLD had a calendar year, audit costs were less. The information that goes to the DPU should be final.

Mr. O'Rourke then made a request that the Board receive a more up-to-date set of financials every month. It is hard to be nimble when given older information-couldn't implement anything. scorecard with an idea of what the financials look like.

Power Supply Report – May 2017- Ms. Parenteau (Attachment 2)

Ms. Parenteau reported on upcoming community events. On August 7, at 10 a.m. RMLD will be participating at Touch a Truck Day at 15 Central Street in North Reading. There will be another Touch a Truck Day on August 15 at 7:30 am at the Reading Library. RMLD will have a booth at the Reading Town Fair on September 10. RMLD is about to kick off an art contest for high school students. There will be an information session on August 1. So far, 19 students in grades nine through twelve have registered. RMLD's Public Power Week Open House will be on Thursday, October 5th.

Ms. Parenteau then presented the Power Supply Report. In May 2016 RMLD's portfolio was comprised of 15 percent renewables, which include hydro, wind and solar. Nuclear accounted for 14 percent and the spot market was 15 percent.

Mr. O'Rourke then stated that he has been receiving automated calls about electric rates effective on July 1. Mr. O'Rourke asked what the purpose of the telemarketing calls are. Ms. Parenteau explained that the robocalls are not from RMLD. The calls are intended for customers who are subject to deregulation and who can choose their power supplier. RMLD's rates are much lower than customers who can choose. Chairman Pacino encouraged customers to please call the Department with any questions.

Ms. Parenteau added, as a message to customers, RMLD only charges for what is used. Ms. Parenteau encouraged customers who are feeling the pinch to reach out to RMLD for ideas on how to conserve energy.

Mr. Talbot stated that if we can generate power in the district then we're not subject to increases in capacity and transmission charges.

Ms. Parenteau returned to the Power Supply Report and a comparison between May 2016 and May 2017. In the month of May 2016, the average cost of energy for RMLD's portfolio was 3 and a half cents. We paid a little under 10 cents for wind, solar was around 7 cents, and nuclear was less than a penny. The spot market was 22 cents and the system cost was 46 cents.

Vice Chairman Hennessy asked, why wouldn't we buy more nuclear if it's so cheap? Is the amount we can buy restricted? Ms. Parenteau answered that there's no more being built and Pilgrim is being decommissioned. Vice Chair Hennessy asked you're buying as much as you can?

Power Supply Report – May 2017- Ms. Parenteau (Attachment 2)

Ms. Parenteau stated that is correct, and added that the energy component is cheap, but the capital costs to construct plants are significant. The projects that RMLD is involved in-Millstone and Seabrook-next year that debt service will be paid off. All the capital investments that we've made for nuclear over the past thirty years have finally come to fruition-the mortgage has been paid off, in a sense. That will help our customers by reducing costs.

In May 2017, renewables increased to 22 percent. Nuclear increased to 17.56 percent. System power was 42.8 and spot market was around 15 percent. In May 2016, the average cost of energy was 3.5 cents. In May 2017, the average cost was 3 cents. These costs are a pass through to customers, and are passed through by the fuel charge adjustment. Overall, year to year, there has been a reduction in the cost that we charge our customers.

40-50 Fordham Road, Wilmington

Ms. Parenteau explained that RMLD has been working with a solar developer on a project at 40-50 Fordham Road in Wilmington. The size of the array is approximately 1.8 megawatts AC. It is a 20-year contract with Kearsarge Solar, LLC, a developer out of Watertown, MA. The project will be for 5,000 panels and generate 1,500 megawatt hours a year. This will be Phase 2 in RMLD's Solar Choice Program. RMLD has yet to begin a marketing campaign, but there are already 87 customers on the waiting list for community solar.

Chairman Pacino verified that this was approved by the CAB. Ms. Parenteau affirmed. Chairman Pacino then explained that the Board approved the project in Executive Session on June 15, 2017, but now needs to take a vote in open session.

Mr. Stempeck made a motion, seconded by Vice Chairman Hennessy, that the RMLD Board of Commissioners authorize the General Manager of Reading Municipal Light Department to finalize negotiations and execute a contract with Kearsarge Solar, LLC, for the output of a facility at 40-50 Fordham Road, Wilmington, Massachusetts.

Motion Carried: 5:0:0.

Engineering and Operations Report – May 2017 - Mr. Jaffari (Attachment 3)

Mr. Jaffari stated that total spending year-to-date for Capital Improvement Projects is \$588,355. in the budget that were approved by the Board. The FY 17 budget is \$9.4 million. As of May, year-to-date spending is \$6.4 million. In June, another \$2 million was paid for the generator. In the month of May, \$118,263 was spent on routine construction, bringing the fiscal year-to-date to \$1.724 million. We're making great progress routine maintenance. The substations are in good shape. The pole inspection program is going great. In North Reading we're removing 10 or 15 pole butts a week. There were no substation hot spots. The maintenance we've done is paying off; we're seeing vast improvements.

The delay in transferring double poles is due to Verizon and Comcast. Mr. Jaffari thanked all four communities for their patience. There is a lot of maintenance going on and we get to the double poles in order of priority and safety.

Reliability is strong and getting better. Our numbers are well below the national and regional averages. Outages in May were caused by trees coming down during storms. RMLD is making progress on reducing outages caused by equipment and wildlife.

Mr. Talbot stated that Comcast is renegotiating its franchise with the Town and asked if it would be worth mentioning the double poles to the Towns. Ms. Parenteau replied that RMLD can remind the Town Manager.

There is still some final testing that needs to be done on the Distributed Gas Generator, but we anticipate going online next Thursday. Mr. Jaffari thanked the Town of North Reading and Town Administrator Gilleberto and his team for their help in overcoming challenges and moving the project along. This is a pilot; it is expected to meet

Engineering and Operations Report – May 2017 - Mr. Jaffari (Attachment 3)

challenges during the pilot. Vice Chairman Hennessy asked, how will it work? Will it coincide with peak demand?

Mr. Jaffari answered that a procedure has been set up with Integrated Resources. We know the forecast a day ahead of time. The generator is turned on 3 or 4 hours before the expected peak. Our peak is different than ISO's peak; we want to ensure the window before and after ISO's peak is covered. Final testing needs to be done to ensure the generator is in phase with our system. It is a great engine. It has been running perfectly with no load and the equipment has a seven-year warranty.

RMLD Procurement Request Requiring Board Approval – Mr. Jaffari (Attachment 4)

RFP 2018-02 Category 2 Flame Resistant (FR) Clothing and Allowance Based Managed Clothing Program.

Mr. Jaffari explained that RMLD is responsible for providing FR Category 2 clothing. The request for bid was advertised and sent out to 16 companies. Nonsubmittal responses were received from four companies: they aren't set up to provide management services or are out of stock.

RMLD received sealed proposals from four companies. Two were non-responsive. Of the other two proposals, Tyndale and Action Apparel, Inc., Action Apparel Inc. lacked a management program. Tyndale does the accounting and RMLD doesn't have to use its resources to manage the program.

Vice Chairman Hennessy made a motion, seconded by Mr. Stempeck, that proposal 2018-02 for Category 2 Flame Resistant (FR) Clothing and Allowance Based Managed Clothing Program be awarded to Tyndale Company, Inc. as the most responsible and eligible bidder, in the estimated amount of \$72,978.50, pursuant to M.G.L. c. 30B on the recommendation of the General Manager.

Motion Carried: 5:0:0

General Discussion

The next RMLD Board Meeting is tentatively set for Thursday, September 14, 2017. The date of the next CAB meeting has yet to be determined. The Board decided to hold the next Strategy Session in September. Ms. Schultz will circulate some dates.

Mr. O'Rourke asked Chairman Pacino to say a few words about the upcoming NEPPA conference. Chairman Pacino explained that it is the municipal utility trade association's annual conference. It is being held from August 20-23. There are industry themed speakers and it is a great opportunity to network and to see what other municipalities are doing.

Executive Session

At 8:17 p.m. Mr. Stempeck made a motion, seconded by Vice Chairman Hennessy, that the Board go into Executive Session to approve Executive Session minutes from October 20, 2016, December 15, 2016, January 31, 2017, February 23, 2017, March 23, 2017, and April 20, 2017, to discuss trade secrets or confidential, competitively-sensitive or other proprietary information in the course of activities conducted by a governmental body as an energy supplier under a license granted by the Department of Public Utilities, and to consider the purchase of real property and return to Regular Session for the sole purpose of adjournment.

Chairman Pacino called for a Poll of the Vote:

Mr. Talbot: Aye; Mr. O'Rourke: Aye; Vice Chairman Hennessy: Aye; Mr. Stempeck: Aye; Chairman Pacino: Aye.

Motion Carried: 5:0:0

At 8:46 p.m., Mr. Stempeck made a motion, seconded by Vice Chairman Hennessy, that the Board move to 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.

David Hennessy, Secretary Pro Tem
RMLD Board of Commissioners