

**READING MUNICIPAL LIGHT DEPARTMENT  
BOARD OF COMMISSIONERS MEETING  
230 Ash Street  
Reading, MA 01867  
February 22, 2018**

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

**End Time of Regular Session: 9:30 p.m.**

**Commissioners:**

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

**John Stempeck, Commissioner-Remote Participant  
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/Finance**

**Joyce Mulvaney, Communications Manager  
Tracy Schultz, Executive Assistant  
Tyler Abregg, Systems Administrator  
Paul McGonagle, Facilities Manager**

**Citizens Advisory Board:**

**George Hooper, Chair**

**Reading Board of Selectmen:**

**John Arena, Chair  
Barry Berman, Vice Chair  
Dan Ensminger, Secretary  
Andrew Friedmann, Member**

**Reading Finance Committee:**

**Peter Lydecker, Chair  
Paula Perry, Vice Chair  
Vanessa Alvarado, Member  
Anne Landry, Member  
Mark Dockser, Member**

**Public:**

**John Halsey, 75 Beaver Road, Reading  
Bill Brown, 28 Martin Road, Reading  
Jack Devir, 38 Tamarack Road, Reading**

**Bob Holmes, 123 Gleason Road, Reading  
John Rogers, 39 Tower Hill Road, North Reading  
Karla Doukas, Rubin and Rudman**

**Call Meeting to Order**

Chair Pacino called the meeting to order.

Mr. Arena called the Board of Selectmen meeting to order.

Chair Pacino 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 explained Mr. Stempeck and Mr. Talbot were participating remotely via call-in. Chair Pacino announced that he would be reading a statement about the Sub-Committee, then would allow the Commissioners to comment, and then the floor would be open for public comment. Chair Pacino asked that the proceedings be orderly.

Chair Pacino read the April 2017 Town Meeting instructional motion. Chair Pacino stated that it took time to assemble the Sub-Committee. The Sub-Committee met on September 27, 2017 and discussed general ideas. The members were tasked with going back to their respective groups for input. No numbers were discussed. Chair Pacino stated he gave a presentation to the CAB on RMLD's financial structure on October 27, 2017. November was the Town Meeting. December was Christmas. The Sub-Committee attempted to meet in early January but a mutually agreed upon date couldn't be determined. The Sub-Committee met in February, where RMLD made a proposal, and the Board of Selectmen made a counter-proposal. That was the first-time numbers had been discussed.

## **Opening Remarks**

Chair Pacino asked that the parties work together to get this resolved. The Department has worked through numerous iterations of worksheets and analysis and arrived at what they feel is a good solution that will work for Reading and the ratepayers. However, there is no intent to debate or resolve the issue tonight. The Committee has been tasked with that and is meeting on March 12, at which time a refined and expanded version of RMLD's solution will be presented. It is believed that it will benefit both the ratepayers, Reading, and the other towns. If accepted by all parties, the Committee will recommend that the RMLD Board of Commissioners approve and implement this approach. Therefore, the RMLD Board of Commissioners will be meeting at 7:30 that same night. RMLD must vet the proposed approach and test it against the capital needs of the organization. RMLD has been working with a consultant to determine revenue erosion and its future impact. RMLD has OPEB and pension funding contributions. Ratepayers deserve a well-thought out and deliberated outcome, which the Committee will provide.

Vice Chair Hennessy echoed that as a citizen of Reading, and a Commissioner, it is important that they do whatever they can to help address the fiscal pressures on Reading, without impacting all four towns.

Mr. Stempeck thanked the Selectmen for their attendance. Mr. Stempeck explained that RMLD's partnership with all four towns is what enables its low rates. Agreements with the other towns necessitate a fair and equitable solution. RMLD wants to help the Town of Reading but also wants to preserve its charter and its constituency. RMLD cannot show favoritism to Reading. Mr. Stempeck stated that everyone needs to take a deep breath and let the Committee do its job.

Mr. O'Rourke stated that a number of the Commissioners are also Town Meeting members and thinks the solution can be a win/win.

Mr. Lydecker called the Finance Committee to order.

Mr. Talbot was not available. Mr. Stempeck explained Mr. Talbot was driving and may have lost reception.

Chair Pacino opened the floor for public comment.

## **Public Comment**

Mr. Arena, Reading Board of Selectmen, thanked the Commission for their comments. Mr. Arena then stated that it is February and the commitment to assemble the Sub-Committee was made in April. Mr. Arena then stated that the override question on the upcoming ballot has nothing to do with tonight and clarified that the events at RMLD will have no effect on the override vote. Mr. Arena then volunteered himself to serve on the Sub-Committee and stated that he wanted to have a status report by the annual Town Meeting and have the issue wrapped up no later than June.

Mr. Lydecker, Finance Committee, asked if a member of the Finance Committee can serve on the Sub-Committee. Chair Pacino replied that they can't be a member, but can be a non-voting liaison. Ms. Alverado volunteered to serve as such.

Mr. Berman, Reading Board of Selectmen, commented on the budget struggles that Reading is facing. The Commonwealth of Massachusetts used to fund 25 percent of the Town's revenue; now it's down to 15 percent. The Town is going to the tax payers again to support public safety and education. Mr. Berman stated that he wants to make sure it's not implied that RMLD is being stingy. The Town of Reading is grateful to have RMLD. Mr. Berman reaffirmed that the intention is to have the Sub-Committee meet on March 12 and asked if the Sub-Committee votes.

Chair Pacino explained that the Sub-Committee members make recommendations to their respective Boards for a vote (the CAB, the Board of Selectmen, and the RMLD Board of Commissioners). Mr. Berman stated that there is a Board of Selectmen meeting on the 13<sup>th</sup>. This issue could be resolved a month before the Town Meeting.

Mr. Arena requested that a second Sub-Committee date be scheduled in case there's a need for one. March 19 was decided on.

### **Public Comment**

Mr. Rogers stated that he would return on another night to discuss solar, but stated that RMLD should see new technologies as a potential boon.

The Board took a five-minute recess, at which point most attendees left.

### **Citizens' Advisory Board**

Mr. Hooper stated that he had nothing to add.

Chair Pacino explained that the remote participation of two Commissioners means that all votes must be roll call.

### **Approval of Board Minutes-December 14, 2017 (Attachment 1)**

Mr. O'Rourke made a motion, seconded by Vice Chair Hennessy, to approve the minutes of the December 14, 2017 Board meeting.

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

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

### **Financial Report- December 2017-Ms. Markiewicz- (Attachment 3)**

Ms. O'Brien requested that Ms. Markiewicz present first. Ms. Markiewicz stated that in December RMLD moved \$1.2 million to the Capital fund, which our rate of return allows us to do. Capital assets are up \$3.7 million from last year, which shows that we're continuing to build on our capital infrastructure. Accounts receivable are about the same as this time last year, running 93.8 percent current. Last year was 93.7 percent current. Accounts payable is up about \$1.1 million, which is due to timing. The cash operating fund is up \$1.4 million from last year. The depreciation fund and the construction fund together are down \$78,000. This is insignificant. There is \$33,000 earned interest on the depreciation fund. The depreciation is transferred from the operating fund monthly, so it doesn't skew the financials. The depreciation transfer was \$2.1 million. The total source of capital funds is \$8.3 million. \$2.7 million has been used, which leaves \$5.5 million. Base revenue has a one percent decrease, while there's a one percent increase in operating expenses. \$13.5 million revenue in 2016 is down to \$13.4 million in 2017. Operating expenses were \$10.1 million in 2016, currently \$10.2 million. Overall, Operating and Maintenance expenses are under budget is under budget. Base revenue and kwh sold by month in the first six months of the fiscal year 2017 and 2018 are both down. The spike in December 2017 was due to a 16 percent increase in heating degree days. The YTD financials compared to budget should be at 50 percent because we're half way through the year. RMLD is at 46.8 percent, which is slightly over budget, which is related to power costs.

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

Ms. O'Brien reported back on the opportunity she had to attend the Public Power Summit that was a nationwide networking session put on by NextEra Energy and Florida Power and Light. Training sessions included the future of worldwide energy resources, gas pricing and energy pricing, operations of larger utilities, and Human Resources strategies for new generations. Ms. O'Brien had the opportunity to tour NextEra's solar energy lab and their wind operation center. RMLD is working with NextEra on risk management and our strategic plan, and it really put it into perspective how many people are involved. Ms. O'Brien thanked the Commissioners for allowing her to attend.

### **Integrated Resources Division**

#### **a. Community Engagement-Ms. Parenteau**

Ms. Parenteau stated that 21 students have signed up for the high school art contest, and will be submitting their entries by April 13. RMLD is working to make its website mobile friendly. In April RMLD will be hosting Save Energy and Money sessions at the town libraries. One was held at the RMLD in January and 50 people attended.

#### **b. Power Supply Report-December 2017-Ms. Parenteau (Attachment 2)**

Because it was the end of the year, Ms. Parenteau stated that she looked at CY 2016 versus 2017. The fuel charge adjustment averaged 4.9 cents/kwh in 2016. In 2017 that dropped about 5 percent to 4.6 cents/kwh.

### **Power Supply Report-December 2017-Ms. Parenteau (Attachment 2)**

The fuel charge is a pass through to the customer. The monthly purchase power capacity transmission charge is being driven up by capacity costs. Between 2018 and 2017 there is a \$5 million increase in capacity alone. The New York Power Authority credit that residential customers receive remained fairly flat. In 2016 it was 4.8 cents and in 2017 it increased 4.7 cents. The fuel charge plus the PPCT charge subtracting the NYPA credit in CY 2016 averaged 9.448 cents and in CY 2017 averaged 9.46.

### **Engineering and Operations Report-December 2017-Mr. Jaffari (Attachment 4)**

Mr. Jaffari announced that he would be reporting on the month of December. Routine capital construction non-project December spent \$126,093 bringing the YTD to \$672,906. Total capital spending, across all categories, was \$499,594, bringing YTD to \$2,736,558, with a remaining balance of \$4,948,963. There are two large projects getting started next week: Station 3 reactors and upgrading the infrastructure on Woburn Street in Wilmington. RMLD is making good progress on routine maintenance: 165 out of 180 pole transfers have been completed. Tree trimming is going well. Substation maintenance showed no hot spots. Underground subdivision upgrades are being done to address aging underground facilities. Mr. Jaffari then moved on to double poles: Lynnfield has 5 transfers pending; North Reading has 12 transfers pending and 17 pole butts; Reading has 23 transfers pending and 59 pole butts; Wilmington has 10 transfers pending. Mr. Jaffari announced that the reliability indices show that for the entire year of 2017, RMLD was below national and regional averages. All causes of outages are going down. Ms. O'Brien added that the new GIS System validates data that RMLD was unsure about. RMLD recently found out that there are 212 underground subdivisions that are over forty years old. It confirms what we thought about the aging infrastructure, and the costs of these replacements will be reflected in the capital budget.

### **RMLD Procurement Request Requiring Board Approval (Attachment 5)**

#### **2018-34 HVAC and Ice Machine Preventative Maintenance and Repair Service**

Mr. Jaffari explained that the request to bid was sent to 24 contractors. Four responded, with no exceptions. Last time this contract went out to bid it was awarded for \$71,368. The increase is due to labor costs.

Mr. Stempeck made a motion, seconded by Vice Chair Hennessy, that bid **2018-34** for **HVAC and Ice Machine Preventative Maintenance and Repair Service** be awarded to: **Ambient Temperature Corporation** for **\$89,808.00**, pursuant to M.G.L. c. 30, § 39M, as the lowest responsible and eligible bidder on the recommendation of the General Manager. This is a three-year contract.

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

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

### **General Discussion**

#### **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; Vice Chair Hennessy: Aye; Mr. Stempeck: Aye; Mr. Talbot: 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