

**READING MUNICIPAL LIGHT DEPARTMENT
BOARD OF COMMISSIONERS MEETING
230 Ash Street
Reading, MA 01867
March 15, 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
Dave Talbot, 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**

**Joyce Mulvaney, Communications Manager
Tracy Schultz, Executive Assistant**

Citizens Advisory Board:

Jason Small, Vice Chair

Reading Board of Selectmen:

**John Arena, Chair
Barry Berman, Vice Chair
Dan Ensminger, Secretary**

Reading Finance Committee:

**Peter Lydecker, Chair
Vanessa Alvarado, Member
Mark Dockser, Member**

Call Meeting to Order

Chair Pacino called the 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 North Reading, Lynnfield, and Wilmington. Live in Reading.

Chair Pacino read the RMLD's Code of Conduct.

Public Comment

Mr. Cohen did not have any comment.

Mr. Berman stated that, as a ratepayer, he wants to thank the RMLD for its tireless and tremendous work to restore power through three storms. Mr. Berman stated that he has friends outside the service territory who still do not have electricity and thanked the RMLD for a job well done.

Approval of Board Minutes (Attachment 1)

Mr. O'Rourke made a motion, seconded by Vice Chair Hennessy, to approve the January 25, 2018 minutes.

Motion Carried.

5:0:0.

RMLD Board Member Attendance at Citizens' Advisory Board Meeting Report – Chair Pacino

Chair Pacino reported on the February 28th CAB meeting. The CAB approved minutes, received an update from Ms. O'Brien about the LED streetlight program. Ms. Markiewicz presented the financial report and Mr. Ollila made a presentation on the North Reading energy storage project. There was general discussion regarding the payment to the Town. Chair Pacino stated that the members of the CAB requested that the Board of Commissioners schedule their meetings from now until December.

Report of the Chair - Chair Pacino

Meeting of the Sub-Committee on the Payment to the Town of Reading

Chair Pacino remarked that all the Board members attended that meeting. A presentation was made of what is being referred to as a 'trial balloon.' Mr. Talbot clarified that there was no vote taken by the Sub-Committee or the Board of Commissioners.

Mr. Dockser asked what the next steps are. Chair Pacino replied that the Sub-Committee will meet on Wednesday, March 21 at 5:30 and the members will exchange ideas and get input from all the different parties and go from there.

Mr. Ensminger explained that the Board of Selectmen wanted to follow up and answer Mr. O'Rourke's question about the defined need for the money.

Mr. O'Rourke if there isn't an obligation to pay, which the White Paper dealt with, is there something driving the request for more money?

Mr. Ensminger stated that there is a real financial need and then read the Instructional Motion that was passed at the Town Meeting in April. Mr. Ensminger stated that the intent was a more predictable stream of money. State aid has been cut and the CPI has been low. Mr. Ensminger thanked the RMLD for its storm response.

General Manager's Report – Ms. O'Brien

RMLD Response to March 2, 2018, March 7-8, 2018, and March 13, 2018 Storms

Mr. Jaffari stated that 3,000 customers lost service during the first storm. Most of them had power restored within three hours. Because of the second storm, approximately 6,000 customers lost power between Wednesday night and Thursday. Most of the service was restored by Saturday. Mutual aid was activated on Thursday. Mr. Jaffari stated that RMLD is grateful for the help and that thanked the crews, staff, and customers for being patient.

Mr. Jaffari explained that on a typical day RMLD receives about 321 calls. The first storm resulted in 2,167 calls; the second storm in 5,388 calls, and the third storm in 317 calls.

Mr. Jaffari announced that a new outage management system will be operational by April 16. Currently, RMLD receives calls and runners go out and investigate each call. They then report back if a crew needs to be dispatched. The outages are prioritized according to safety concerns and then restoring the main lines, followed by the secondaries.

Mr. O'Rourke thanked Ms. Mulvaney for doing a great job communicating storm updates.

Report on APPA Legislative Rally

Ms. O'Brien thanked the Board for letting her attend the APPA Legislative Rally in Washington D.C. Ms. Parenteau also attended this year. It which provides an opportunity for municipals to appeal to their state representatives. This year's appeal addressed short and long-term planning for capacity, transmission, and fuel in this area. It's important to speak on behalf of public power; a lot of the time investor-owned utilities can drown out municipals.

Quarterly Updates: Organizational & Reliability Reports – Ms. O'Brien and Mr. Jaffari (Attachment 2)

Ms. O'Brien explained that the organizational study is down to a handful of things; the majority are ongoing or completed. RMLD will be assessing employee culture in the fall of this year. Ms. Mulvaney will be distributing internal and external surveys to measure customer satisfaction. The other item on the list is an asset management/work order system. A few vendors have come in. Ms. Markiewicz has it in the budget for next year. It will make RMLD more efficient.

Mr. O'Rourke stated that he and Vice Chair Hennessy both have survey experience and offered up their collective expertise if assistance is needed. Mr. O'Rourke then asked what the headcount of the RMLD is, and what it should be. Ms. Markiewicz answered that RMLD currently has 73 employees. Ms. O'Brien explained that she's hesitant to give a target number. As each Department is looked at and as employees retire, they may not be replaced with the exact job description. Currently, there are seven or eight vacancies. There are three more divisions to look at.

Integrated Resources Division - Ms. Parenteau
Power Supply Report – January 2018 (Attachment 3)

Ms. Parenteau reported on January 2018 Purchase Power. The first week and a half of January was extremely cold. ISO had a lack of Liquid Natural Gas (LNG), which caused some of our oil units to run, including the Stonybrook Plant. To compare, last year the fuel cost for that unit was less than \$10,000. This year, our fuel cost for the same plant was over \$975,000. 2018 was colder than 2017 and 2016. kWh sales in January 2016 were 48.8 million. 56.8 million in January 2017, and 58.2 million in January 2018. When it's significantly colder, people use more electricity, hence their electric bills being higher. Our deferred fuel cash reserve allowed us to flatten the curve for our customers so that they don't see price spikes. We had anticipated taking \$600,000 out of the deferred fuel cash reserve. In January we took out about \$1.3 million. We will replenish that. Mr. Stempeck clarified that the fund works as a buffer, which Ms. Parenteau verified.

Ms. Parenteau then presented a snapshot of ISO markets, day ahead and real time. 2017 was relatively uneventful. 2018 was more volatile and consistently higher than 2017. The real time prices were just below \$300 a megawatt hour during the cold snap and remained relatively high the rest of the month.

Vice Chair Hennessy asked what percentage of RMLD customers have electric heat? Ms. Parenteau answered: less than 10 percent. Mr. Hennessy asked why then, was there such a spike in kWh? Ms. Parenteau explained that furnaces are running, more people are utilizing electricity via motors and fans, and space heaters are being used.

Financial Report- January 2018 - Ms. Markiewicz - (Attachment 4)

Ms. Markiewicz reported on the financials through January 31, 2018, which covers the first seven months of FY 2018. Unrestricted cash is \$250,000. The restricted cash is up about \$6 million but that's mostly due to the pension trust that has been added onto the books. Receivables are up \$1.6 million from last year and are 94 percent current. Capital assets have increased \$3.7 million from the prior year.

Ms. Markiewicz reviewed the twelve restricted cash funds. To determine the operating cash in relation to monthly expenses, Ms. Markiewicz took the total operating expense for the year, and divided it by 12. Using that formula, RMLD generally has two months to one-and-a-half months reserved. RMLD is not the same as a regular business. Mr. Stempeck stated that RMLD has been here for over one hundred years because it's a conservative organization. It is an excellent way to handle the volatility of the business.

Ms. Markiewicz then looked at net income and the rate of return. Net income has consistently been reinvested in capital infrastructure for the past five years.

\$8.6 million was allocated for capital projects; \$3.5 million has been spent. There is a little over \$5 million left in capital funds. We're \$510,000 under budget for collecting on base revenue, which is almost two percent down, currently. We have under-collected approximately \$1.8 million in power expenses. RMLD should have 41.6 percent remaining as of January 31, 2018. We are currently under budget.

Engineering and Operations Report – January 2018 - Mr. Jaffari (Attachment 5)

Mr. Jaffari stated that \$132,888 was spent on capital construction in January, bringing the YTD total to \$805,795. Total capital spending in January was \$756,962, bringing the YTD total to \$3,493,520. There is \$4,192,001 remaining. When this is spent the total will be \$7,685,521.

Mr. Jaffari stated that great progress is on routine maintenance. 71 tree spans in January for a total of 128 through December. Mr. Jaffari listed the underground subdivision upgrades that are completed or are in progress.

Mr. Stempeck asked if RMLD uses its own crews for underground work. Mr. Jaffari answered yes, the crews have been trained in underground splicing. However, RMLD has limited crews so they need to be augmented with contractors for the next 10 to 15 years.

Mr. Jaffari then reviewed the double poles: Lynnfield has seven transfers and two pole butts to remove; North Reading has 12 transfers and 35 pull poles; Reading has 24 pole transfers and 59 pull poles; Wilmington has 32 pending transfers and four pull poles. The large number of poles shows that RMLD is upgrading; it's a good thing.

Engineering and Operations Report – January 2018 - Mr. Jaffari (Attachment 5)

Mr. Jaffari explained that outages caused by major storms are not included in the reliability indices; they are taken out of the calculations because it skews the numbers. It is unfair to compare the reliability of a system that suffered massive storm damage and one that did not. Every other outage is included. Mr. Jaffari explained that the graph showing outage causes is for the month of January, so recent storms aren't reflected in the numbers.

RMLD Procurement Requests Requiring Board Approval - Mr. Jaffari (Attachment 6)

IFP 2018-37 Pole Mounted Transformers

Mr. Jaffari stated that the Invitation for Proposals was sent to 14 vendors. Four responses were received. Overhead transformers are heavily used during system upgrades.

Mr. Stempeck made a motion, seconded by Mr. O'Rourke, that proposal 2018-37 for Pole Mounted Transformers be awarded to:

WESCO Distribution, Inc. for **\$91,628.00** and **Graybar Electric** for **\$9,040.00**, for a total of **\$100,668.00**, pursuant to M.G.L. c. 164 Section 56D on the recommendation of the General Manager.

IFP 2018-39 Capacitor Banks

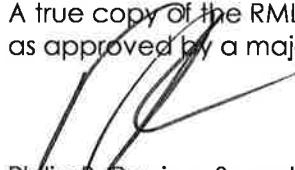
Mr. Jaffari explained that the Invitation for Proposals was sent to 16 vendors. Two responded. The next lowest was WESCO. Capacitor banks are used to regulate voltage and minimize system losses.

Mr. Stempeck made a motion, seconded by Mr. O' Rourke, that proposal 2018-39 for Capacitor Banks be awarded to: **Graybar Electric** for **\$24,314.60**, pursuant to M.G.L. c. 164 Section 56D on the recommendation of the General Manager.

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