

Reading Municipal Light Board of Commissioners

Regular Session

230 Ash Street

Reading, MA 01867

November 6, 2014

Start Time of Regular Session: 7:42 p.m.

End Time of Regular Session: 9:15 p.m.

Commissioners:

David Talbot, Chairman

John Stempeck, Commissioner

Philip B. Pacino, Vice Chair- Secretary Pro Tem

Thomas O'Rourke, Commissioner

Staff:

Coleen O'Brien, General Manager

Jeanne Foti, Executive Assistant

Jane Parenteau, Integrated Resources Manager

Beth Ellen Antonio, Human Resources Manager

Hamid Jaffari, Director of Engineering and Operations

William Seldon, Senior Energy Analyst

Guest:

Patricia Cruz, Senior Project Manager, Leidos

Steve Rupp, Vice President Energy Consulting, Leidos

Ken McNeill, Vice President, Booth & Associates

Town of Reading Board of Selectmen Liaison:

Marsie West

Call Meeting to Order

Chairman Talbot called the meeting to order and stated that the meeting was being videotaped; it is live in Reading only.

Opening Remarks

Chairman Talbot read the RMLD Board of Commissioners Code of Conduct.

Introductions

Chairman Talbot acknowledged Town of Reading Board of Selectwoman, Marsie West. The Citizens' Advisory Board representative slated to attend this meeting had a family emergency that came up, therefore was unable to attend. Chairman Talbot welcomed Patricia Cruz, Senior Project Manager and Steve Rupp, Vice President Energy Consulting from Leidos presenting the organizational study as well as Ken McNeill, Vice President, Booth & Associates presenting the reliability study.

Vice Chair Pacino will be the Secretary this evening.

Public Comment

There was no public comment.

Presentation

Kick Off Presentation for Organizational and Reliability Study (Attachment 1)

Patty Cruz, Senior Project Manager, Leidos – Organizational Study and Steve Rupp, Vice President Energy Consulting

Ms. Cruz stated she will serve as the project manager for the organizational assessment and Mr. Rupp will be the project liaison for the project. The presentation included the scope of work, how it will be accomplished and the payment schedule. They look forward to working with the team. Ms. Cruz reported that interviews with RMLD staff begin tomorrow. Ms. Cruz anticipates that the report will be ready in February.

Mr. Stempeck asked Ms. Cruz if she would be looking at other municipals, as opposed to investor owned businesses, because the data base must have different comparisons of scales with such factors as the number of customers, revenue, generation and the fact that RMLD does not generate. Ms. Cruz responded, yes. Ms. Cruz noted that it is one of the key components and there are ratios that they will have for the best practices of benchmarking; which is different for generating utility or if it is for non generating utility. Ms. Cruz stated that the other aspect is that we have the industry standards, for instance, we receive data for the American Public Power Association there is that level. Then we talk about what the other utilities are doing, making it more regional because it is different than having a utility here than when talking about a utility in Texas.

Mr. Stempeck commend that he assumes some of Leidos' data is not from external sources, but done with others so there is an internal data base. Ms. Cruz responded, yes, they have an internal data base.

Mr. Stempeck asked if Ms. Cruz plans on interviewing the RMLD Board. Ms. Cruz answered, it is a good question, currently it is not in the scope at the moment. Since it has been brought up it is something that has been done before in several instances in order to get that guidance and insight as to how the Board sees the utility and where the Board sees where the utility going.

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Mr. Stempeck asked if the Board would be agreeable to be interviewed. The RMLD Board members were all in agreement.

Mr. Stempeck stated that he did not see the finding recommendations relative what needs to be changed and the potential cost associated with that. Ms. Cruz stated that as part of the finding recommendations throughout the organizational study recommendations will be initial draft recommendations. In the final report, after the draft has already been looked at, her team will be able to finalize the findings and recommendations. The findings are the background, i.e., why we think it is important, then the recommendations are based on that and what is clarified.

Ms. Cruz stated that she would suggest interviewing the Board members individually. However, asked if there was a preference, whether the Board would prefer a collective interview. Mr. Stempeck suggested individual interviews, all Board members were in agreement.

Chairman Talbot stated that in terms of strategic direction, he understands that the utility industry is under significant pressures by distributive generation and that local distributive generation is becoming a lot more economical. Therefore, when RMLD is in the business of buying and selling electricity, we are going to be hurting in the coming decades with new technologies coming in with the rise in cost of transmission. Chairman Talbot asked will Leidos suggest whether RMLD should go into generation, if so, you will suggest whether the RMLD has the organizational capacity to build and operate generation. Ms. Cruz responded that ever since she started working in the utility industry there has always been unprecedented and the continuous change that never stops. Ms. Cruz stated that when Leidos looked at the organizational assessment they have to consider that these are the trends and the aspects that are impacting the industry. During conversations Ms. Cruz had today, there is a strategic plan that was defined in 2008, but she does not believe that one captures where the utility is now so Leidos will look at what the utility has in place at that strategic destination and if distribution generation is totally not in the picture that will be one thing recommended that must be kept in mind.

Chairman Talbot asked if RMLD will have to work off this six year old strategic plan. Mr. Cruz responded, no. This is where we start. We have had this conversation and highlighted in four different aspects, one of them is Customer Service. The Customer Service Satisfactory Survey tends to be something that utilities and municipal utilities focus. That is one aspect but when we start getting into where you are building this utility, it is centered upon the Reliability Study, as well. What will this twenty year plan look like, is there something that is missing from what we know is an industry practice from an industry trend we will bring that to the table. Chairman Talbot stated that is a good general answer, but he was wondering about generation specifically, the economics of it and when the organization is prepared to go into generation. Chairman Talbot commented that he would assume since Leidos has studied many other utilities, including municipals, they might know who successfully did this after not having been in this business for fifty to eighty years. What RMLD has not done in ninety years is generated electricity because it didn't make sense economically, but that is changing, stating that is what he most concerned about.

Mr. Stempeck stated that RMLD also has to balance the charge for being the low cost provider for all of the towns that surround RMLD. It is easy to do with NStar who raises their rates by 37%, but it must be followed with general market trends because of the cost of electricity, it may not be so easy. These current trends that are difficult that RMLD is trying to wrestle with. Mr. Rupp stated that we would like to be all things to all people all the time, when we go through these exercises there are a million questions that need to be answered and we probably cannot get to all of them. The issue of whether this organization is prepared to go into distributive generation or deal with increase distributive generation. It will be looked at a high level, this requires an integrated resource plan, and a strategic plan in order to really get into those answers. You need to understand your strategy, what your position is and how you'll be prepared to do that. We can tell you whether your organization is ready to address those issues, but we are not going to do an IRP and we are not going to do a strategic plan in this study. Ms. Cruz stated that, defining whether you get into generation that is a different analysis. Mr. Stempeck asked whether Leidos have teams that can do that. Ms. Cruz answered, absolutely.

Mr. O'Rourke had a question about the benchmarking stating, is it a combination of quantitative and qualitative reporting. On the benchmarking, with respect to some matrix that you have on the database is it industry average, best in class and does it cut that way and then sharp against RMLD's position. Ms. Cruz answered, yes. Leidos has the operating ratio, labor products productivity, retail customer per circuit file and those are the type of benchmarks that we trial and we go out for. Also, there are industry publications where we obtain that information from their annual reports and budgets. Other times we request assistance from the utilities, a connection is made in whatever utility we are trying to benchmark against to get the data. Ms. Cruz added that for an incentive, the benchmarking is set up the utility will receive a copy of the report, but it is much more high level as well as always confidential.

Ms. Cruz explained that utilities are named Utility A, Utility B, Utility C. Leidos informs Reading which of the utilities they comprise in this, but name specific for industry average. The information is displayed in a bar graph with an industry average with a commentary from Leidos.

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Patty Cruz, Senior Project Manager, Leidos – Organizational Study and Steve Rupp, Vice President Energy Consulting

Mr. O'Rourke stated that sounds like Leidos actually goes out and does real time benchmarking as opposed to drawing into your database. Ms. Cruz agreed. Ms. Cruz explained that it also depends on what they are going to benchmark and the parameters that are of interest to Reading. What impacts that availability is also the region, for the Northeast do we have what you need, if not we do have to go back to get those numbers.

Mr. O'Rourke asked relative to the benchmarking is the scope numbers-wise fifteen or fifty utilities. Ms. Cruz stated that for benchmarking they use six to eight utilities for comparison because of the level of effort in designing the survey, sending it to them, and getting information back.

Mr. O'Rourke clarified besides that how many do you utilities do you have in your company database. Mr. Rupp answered that the company's experience is that for this assessment, an organizational assessment, the first time through the statistical quantitative benchmarking that Mr. O'Rourke is alluding to is not very valuable to your managers in terms of identifying areas of high performance and areas where performance needs attention. Leidos tries to narrow it down to six to eight utilities to provide you with more insight of how your performance compares in order that we can help you really understand what is similar between you and these six utilities, what differs and how to get information out of that comparison that your managers can use to understand where they stand. Mr. Rupp commented that as you put benchmarking to work as a management tool over time and you begin to track key performance indicators that are benchmarked and for our sampling can more valuable to you, we wouldn't recommend that at this outset and that is not how we propose to work.

Mr. O'Rourke stated that it just strikes him as being small universe of companies to look at. Mr. Rupp stated that you do get the benefit of a larger sampling out of the American Public Power Association (APPA) indices that we do include in the benchmarking therefore you do get a taste of a broader sampling. Mr. O'Rourke then stated that out of the six to eight are pretty well matched to RMLD. Mr. Rupp stated that those utilities will be picked together with RMLD.

Mr. O'Rourke asked, at the recommendations and findings stage, is it often primarily the strategic consultants, or do you do perform much of implementation. When you have the report is it a hand-off to Ms. O'Brien and the team to say, here is what we recommend and go implement or is it likely that you engage with clients, how does that work. Ms. Cruz responded that she likes the implementation part. It has been her experience that we can put together a really good plan and work with the utility, but the utility has a full time job. When we run in to support with implementation we define the process in order that the implementation happens. Ms. Cruz explained that it has been her experience that to make implementation happen, they put together a core planning team. This team works together to provide the recommendation, and how do we move forward with that. There is a strategy that is defined to make sure implementation happens. We usually are invited to tell us what is wrong and define our findings and recommendations. Frequently, we are told that we will handle it the implementation and it is less of the time when the utility invites us back to make sure we get it implemented, but it does happen.

Mr. Rupp stated that just to make sure you understand where we come from we are utility engineers, utility financial experts and utility generation experts with management consultant capabilities. We are not management consultants that have some knowledge of your business; our subject matter experts have worked for the utilities and have been in business for a long time so we have come at it thinking in a way the utility does and really trying to affect positive changes.

Chairman Talbot stated that he likes Mr. Rupp thoughts about physical space and how physical layout can impact how teams work and don't interact it is that is really interesting that you are going to include that. Ms. Cruz stated that it has been her experience that it is not only how the organizational is structured, but also the physical structure that determines behavior. Many times she hears well you know my team is working with other employees that are too far away it starts impacting communications, even with all the virtual communications like e-mail and chats it still impacts so we will be looking at all that.

Mr. O'Rourke stated that as a follow up to his comment does Leidos implement, do you ever experiment with gain sharing concepts is that from a company's utility point of view they may be interested in getting help in implementing because that is always hard to run the organization with new changes. Companies sometimes may want more of a guarantee that if we bring in the experts that we will get some defined return on investments so kind of a gain sharing concept.

Ms. Cruz responded that stated she has never done that. Mr. Rupp stated, that just does not happen in this industry, he pointed out that in thirty years, the idea of public/private power partnerships work in some models. He has never seen it applied in the context of organizational improvement and the challenge is that if we were to be involved intimately throughout implementation and this was an engagement that went out throughout a period of time and we had some influence, you could reasonably expect that we should be closely associated with the end result, but we are not.

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Mr. Rupp stated that we analyze, we take our experience based on working with your people and working with other utilities then we provide really good actual recommendations that we've develop with your management team to effect the change that you want. Then they are responsible for the end result. We are certainly happy to help, but we are not in control of it enough to even entertain the idea that somehow trying to share the end results. The best motivator that we have, as Mr. Rupp stated, is that we have to be effective for you, we don't want to do this project then leave. We would like to have a relationship with you, we would like to become a trusted advisor, we would like to be involved and engaged during the implementation, that is our incentive, to do a good job, maintain our reputation and have you think of us first.

Mr. O'Rourke asked Ms. O'Brien if RMLD has the presentation and the project schedule. Ms. O'Brien stated that the project schedule can be e-mail to the commissioners.

Ken McNeill, Vice President, Booth & Associates – Reliability Study (Attachment 2)

Mr. McNeill presented the scope of the Reliability Study for the RMLD.

Mr. McNeill stated that he is the Project Manager at Booth & Associates and has been charged with the electrical system reliability report. Booth has extensive project work with rural electric coops and municipal electric systems. The presentation included the scope of work, how it will be accomplished and the payment schedule. The project approach with one of the most important functions is to complete the system condition assessment. Each member of the team has in excess of twenty years of experience in the industry. Staff and management will be interviewed.

In his discussions in the past couple of days with RMLD staff, he found there was a lack of an arc hazard assessment study and based on National Electric Safety Code, it mandates that those studies be in place by January 1, 2009. There is a compliance issue there, but to create a valid flash arc assessment for all available fault currents on all ports on the system. To get those calculated you need a system model this roles back to the GIS system, it needs to be complete and accurate. All the elements are related. The GIS has to be fully functional and operating. This initial analysis, the GIS will be an important cog of the operation of the system. An evaluation of the GIS system will be in the report as well as what elements are required and collected at one time. It relates to an outage management system even relates back to pole attachment agreements, transformer loading management system (provides information on age and condition of facilities) to generate reports and work orders. This enables you to be proactive in the area of aged and deteriorating equipment.

Mr. Stempeck stated that the system model sounds great. He then asked if this was something that gets left behind or something that can be used here by employees and be trained, or is this something that you do and use then it becomes proprietary. Mr. McNeill stated that the staff here has WindMil Switch Analysis Software, his firm uses and 99% of their clients use WindMil. This is the first pass through just to get an initial analysis we won't have to create that from old school way. We have been working with Mr. Jaffari's staff to get the basic information we need to get a baseline model that we can analyze each line station, each circuit, with a circuit loading and again our first recommendations are likely going to be to get the GIS System updated. That way we can get all the detail in down to the transformers on each phase and once that is established have that uploaded directly into WindMil in a real time model and at that point we will make recommendations about training the staff and making sure RMLD will have that on-site as long as the GIS System is kept up-to-date. The GIS System is going to be the simple focus for all this; as long as that is kept updated RMLD will always have the ability to roll that GIS right into a brand new window model and RMLD will always have it as long as you need.

Chairman Talbot asked how thorough the GIS System is right now, how complete is it right now. Mr. McNeill answered that Booth just prepared the data request several weeks ago and it is part of that data request, we requested the GIS shape files that RMLD has right now and the distribution team has already uploaded that and are going through that right now so when they get here they will have an idea exactly where it stands at this point and be able to make some type of recommendations after they discuss it with the RMLD staff or whether to recommend an update to the existing system or whether it will be just start back to get all the data fields you want to collect and go out and do a wholesale collection of data so RMLD will have 100% confidence in the data.

Mr. McNeill can understand if there is not 100% confidence left in the data that is in the existing GIS at this point and it will be the determination whether that could be effectively updated to get RMLD to that 100% confidence level whether it be just a start at point one and gather all the fields of data you collect while you are out there.

Mr. McNeill's understanding is not all pole attachments may have been collected. That has always been a big issue with pole rentals, pole attachments, pole ownership as he has learned in the past few days is a concern that there is mixed ownership of poles in the area. A lot of that data can be generated, calculated down to the age of the transformer, the age of the poles, you can do queries on every pole that is over sixty years old so you can go out and test those to see if they are in need of replacement and those are safety issues and that type of thing.

Ken McNeill, Vice President, Booth & Associates – Reliability Study (Attachment 2)

Mr. McNeill presented the scope of the Reliability Study for the RMLD.

Chairman Talbot stated that on a high level, this sort of data has not been collected and double checked at the Department in the past, is that a fair statement. Ms. O'Brien answered, it is a fair statement to say that we are probably going to start from scratch.

Chairman Talbot stated that historically the organization has not been run in a way that we had good data on our system, our assets are aged; the assets and things are accurate and things are there that people need, we don't have that now. There is a lot of work to do and it is interesting that this did not make good before.

Mr. McNeill said that with this GIS System as we start putting the plan together as far as implementation around various elements of the company you will find the GIS System will touch engineering and touch the financials because if you have a good record of facilities with age and depreciation to get accurate plant values of your system. Chairman Talbot stated that he totally understands why it is important, he is just trying to get a sense of how bad it is now and the major thing is that as you go forward we would love to hear from you about, maybe it isn't that bad, but it sounds like it is bad because it has been derelict for a number of years, if not decades.

Mr. Jaffari said that there has been information missing on the GIS database, the transformer information its phasing, the size of the wires is basically in need for modeling of the system as well as the age of the equipment and what is up there we need to do a complete survey pole by pole the entire system to capture exactly what we have to determine the current situation for model.

Chairman Talbot stated that this is obviously foundational to what this Department is supposed to be doing, how we can run better and save money to avoid problems, so he can just say for myself he is happy we have some professionalized problem in another direction at this moment. Going forward we will be having a locked down understanding of our system he is very glad this is underway.

Mr. McNeill stated that he won't make rash statements since he has only been here for two days, but that is one of those things that will be the crux, very important to have meetings internally, again, to see what data could be effective for different areas of the company. If there is an initial data collection from the start that whoever is out in the field collecting this data has every piece of information and every view, every attribute that has been collected at that time for efficiency purposes.

Chairman Talbot stated that he does not have any big expectations, but his hope is that in the next several years we can start look at the fiber question in a possible revenue of modernization of opportunities done in a careful way. Does Booth have experience with actual business models in this area or at least saying, here is your capacity and here is what other munis have done. Mr. McNeill responded Booth has an extensive amount of experience installing fiber and designing fiber loops in Maryland. Mr. McNeill explained that we do have experience in fiber, in our financial services group that is one thing they will bring to the table is many opportunities/options that they are aware of, can be explored as well as programs, because we do have clients that do have fiber loops.

Chairman Talbot asked, when you explained options, are you talking about data services. Mr. McNeill responded, yes, they have some experience in those areas. In our report we would say, this may be an area you want to explore or this may be an area you want to stay away from because in our experience they have not worked, etc. Chairman Talbot stated there are a number in Massachusetts that have fiber has worked and it is all a question of doing it in a targeted and careful ways. Mr. McNeill then stated, it will be more of a 10,000 foot look and the primary focus will be having the capacity to have bring back the data.

Chairman Talbot stated that the data piece is only going to be more important. He knows that Ms. O'Brien has mentioned in the past regardless of any notions of going into the data business is that intelligent meters could be on every house and down the road that you would have a fine grain demand response that goes maybe even beyond what we are originating today. Maybe this is decades in the future. It would be good to know that we would have enough capacity to handle any kind of scenario for grid management down the road. Mr. McNeill suggested putting together essentially a road map, a long range road map that goes out twenty years in five year increments. Down the road we may have some of those things in the plan for future consideration because some of these programs would be long term implementation.

Chairman Talbot added that some people are buying the nest thermostats and in the past they didn't have that internet control technology before now, hundreds of thousands of customers may have these kinds of gadgets. Chairman Talbot stated that it is the future to have this kind of data driven optimization and it would be great to know that we have that ability.

Mr. O'Rourke stated that the Board appreciates the work that is going to be done from both groups. Mr. O'Rourke has a logistics/implementation question these kinds of initiatives typically can be a little invasive because there are interviews with the need for staff to go in and out of the organization with you. Mr. O'Rourke commented that it sounds like both groups are doing some sharing of information which is helpful to that end, but what expectations might be in the next several months around how invasive it will be in terms of the day-to-day operation of RMLD. It is obviously something that has to happen, but because we are doing two of these studies in parallel it makes it a sort of a multiple-cave affect, it is not easy to access.

Ken McNeill, Vice President, Booth & Associates – Reliability Study (Attachment 2)

Mr. McNeill presented the scope of the Reliability Study for the RMLD.

Mr. O'Rourke commented it is more a question around should we expect some productivity issues because if everybody is being interviewed or being escorted around the substations, there are fewer resources.

Mr. McNeill responded that the members of the Booth team will be less invasive as possible and they have contacts for escorts from the substation group and for the distribution group, they are charged to the schedule with their contact point and time. Again, with substation we will have to have escorts to go through the stations and with the distributions as long as we have maps that are relatively geographic in nature he does not anticipate needing escorts full time for the whole week they are here. Mr. McNeill explained that David Huffstetler who is head of the T&D group at Booth, would be expected to have some questions and spend at last one or one and a half days in-house with the GIS. Mr. O'Rourke commented that it is a necessary process, but wanted to hear about Ms. Cruz' process.

Ms. Cruz stated that her group has identified RMLD staff they want to interview and there is a list. Then there are touch points with staff comes if we need additional information. She has observed that whenever there is an organizational assessment it tends to create friction, nervousness within the utility therefore there is an impact on the cultural level. The communication being very clear as to why we are doing this has to be said up front, has to be continuously reinforced. Mr. O'Rourke commented that he was in agreement. Mr. O'Rourke stated that, the Board fully supports this but again, because there are two studies it adds to the complexity and the timing of November, December and people take vacation during that time. Mr. Rupp stated that since RMLD is flexible with their expectations in terms of scheduling, Leidos can also be flexible especially given the priorities that get in the way, such as storm restoration and bad weather. It is better for us to stay away and let the schedule slide because that is the reality of the world we work in and if RMLD is flexible in that regard, we are flexible in that regard. Otherwise, we are trying to get in and get out and minimize the duration and destruction.

Report of the Committees

Town of Reading – Charter Review – Vice Chair Pacino

An update will be provided on the status of where the Charter Review Committee is in the process.

Mr. Pacino reported that the Charter Review Committee is winding down. There have been some changes, but the wrong version was on the town's website which has been corrected. The deleted paragraph that was covered by state law and the paragraph that the Board defines the manager terms and employment are the only changes made at this point. The RMLD legal counsel suggested that we have a contrary legal opinion from the Town of Reading legal counsel. Mr. Pacino stated that he has shared this with Chairman Talbot and Ms. O'Brien to be reviewed by RMLD legal counsel. Mr. Pacino suggested that the Board could meet with the Town of Reading Board of Selectmen this could be discussed, to find middle ground between the two legal counsels. There is a conflict between the two legal counsels. Chairman Talbot added that a joint meeting on a number of topics is a great idea.

Mr. O'Rourke clarified as it stands now this is being reviewed by counsel and we have up to date the changes, but are there more changes being contemplated. Mr. Pacino reported that there will be no more changes contemplated that will affect the RMLD. Mr. Pacino said that the timetable that this will be going to a Town Meeting in January. The next meeting is scheduled for November 24 with the background material being written and a couple of meetings in late December. Mr. O'Rourke asked that Mr. Pacino circulate the latest version. Mr. O'Rourke asked if each of the respective counsels are looking at the same piece of information. Mr. Pacino said that he shared the RMLD's legal information with the Town of Reading legal counsel which they have a different interpretation which has been passed to the Department. Mr. Pacino stated that it would be helpful to for the Board to meet with the Board of Selectmen because there is a disconnect. Mr. O'Rourke asked if there is a next step. Chairman Talbot asked Ms. West how a joint meeting of the RMLD Board and Board of Selectmen can take place. Ms. West suggested that Chairman Talbot work through Bob LaLecheur to set a joint meeting. Chairman Talbot asked Ms. West if she had anything to add. Ms. West stated that she is the liaison for the Board of Selectmen to the RMLD Board of Commissioners.

General Manager Review Committee – Commissioner Stempeck

Mr. Stempeck reported that the General Manager Review Committee met before this meeting. The intent of the meeting was to review the criteria which historically evaluated the performance of the General Manager at the RMLD.

Mr. Stempeck noted that some of the criteria was updated and changed. The full Board was in attendance at this meeting. Each commission member will fill out the evaluation form and the results will be tallied then make a recommendation on the General Manager compensation. Mr. Stempeck commented that we are out of date, per the General Manager's contract and the compensation will be retro back to the contract date.

Mr. Stempeck said that many items were accomplished in a year's time. When you add up the cost savings associated with the changes and accomplishments it is a savings in excess of \$300,000. The level of change that needed to happen and the significant amount of that being legal. It is reflective of what has been accomplished. The recommendation is that the changes to the review document be incorporated and bring those changes to the next meeting.

Report of the Committees

General Manager Review Committee – Commissioner Stempeck

Chairman Talbot added that Ms. O'Brien has been focused on granular things. So much of the basic data collection and maintenance to the grid has not been done. Chairman Talbot commented that Ms. O'Brien is an engineer and are lucky to have her. It is simple to put into a simple sound bite the things she has been doing. Chairman Talbot said that he would come in to sign the account payable warrant with the labor legal bills have declining immensely.

Ms. O'Brien stated that the labor legal fees were looked at and going to another legal counsel that had similar credentials at a little less than half the cost, and working groups were created in all the unions to mitigate grievances. When she started there were eight union grievances and four arbitrations, which represents an \$80,000 cost savings and another \$90,000 with the elimination of grievances. Every single arbitration and grievance was eliminated. The costs were alleviated by having the working group meetings. Ms. O'Brien explained that the Career Development Plans were created and have been used in NEPPA and APPA, by doing this in house saved \$60,000. Restructuring the line operations to two man crews and developing an apprentice program saved \$30,000 to \$50,000. Every single request for proposals that is written in-house saves approximately \$50,000 to \$100,000 apiece. Ms. O'Brien explained that since Mr. Jaffari has come on board we have written the tree trimming, reliability and the organizational study documents. There have been seven or eight RFP's that have been done over the last year. Ms. O'Brien noted that ninety percent of RMLD employees have been added to drug and alcohol testing including management. Ms. O'Brien noted that the testing will result in a slight increase in cost because we have to pay them, however, from a safety standpoint that is priceless. Chairman Talbot asked what was nonexistent in terms of mandatory. Ms. O'Brien responded there was CDL Alcohol and Drug Testing which is mandated by the Department of Transportation. Typically in a utility there is a lot of more employees that have safety sensitive positions that do not drive CDL's with a gross vehicle weight over a certain number of pounds. Ms. O'Brien noted that it is the technicians and engineers are also subjected to high voltage and safety sensitive equipment, the majority are now part of the testing program, accomplished by the working group discussions. Chairman Talbot wanted to thank Ms. O'Brien and the employees for those changes. It goes back to the good granular management in order that these changes can be made. Ms. O'Brien added other cost savings measures included a system road map integration linking the GIS with outage management to develop a roadmap, Mr. McNeill of Booth & Associates will be creating another road map for an independent review. The master site facilities plan garnered savings. Ms. O'Brien pointed out that she and Mr. Jaffari by creating the Technical Services group, to implement a preventive maintenance program group that saved \$200,000. This new group involves existing RMLD employees with the development of a journeymen tech program. Each substation will have three year cyclic testing performed in house. The point of the consultants is that we have roadmaps of what has to be done. From a safety or core business aspect for maintenance had to be put place in immediately with a lot of change. Chairman Talbot asked if the \$300,000 is accurate. Ms. O'Brien commented that the \$300,000 is reflective of the maintenance program savings. Chairman Talbot said that the truck vehicle handled by middle management, the RMLD has been taken care, the trucks are back and the policy has been corrected.

Mr. Pacino stated that he is excited the direction is going from reactive to proactive. Mr. Stempeck added that we could be the role model for the rest of the community in terms of being proactive. Mr. Stempeck said that what happened at the RMLD was addressed and others should address them as well.

Ms. O'Brien added that she has had senior staff meetings, division meetings and companywide meeting to discuss the organizational and reliability study. The RMLD wants to have the appropriate amount of employees, skilled to do the job and meet the future especially with sales being flat. It is very important that the RMLD has the right organizational structure. Ms. O'Brien said that the wages need to be accurate in order that we maintain the third lowest rate in the state. Staff will be guided on this. Mr. O'Rourke said that is good to have communications it is an effort to improve not an effort for cost reductions.

General Manager's Report – Ms. O'Brien – General Manager Preliminary Budget Projection for Fiscal Year 2016

Ms. O'Brien informed the Board that this time of the year, commercial and municipals ask for power costs for fiscal year 2016 budgets. Ms. O'Brien commented that she met with Integrated Resources to make sure the six year financial budget plan and the forecasted projections for power supply were in line. Ms. O'Brien stated that an e-mail was sent to Bob LaLecheur and this was discussed in a Town of Reading staff meeting this morning, there is a three to five percent increase in power supply. Ms. O'Brien mentioned at this time we are not projecting any base rate increase for fiscal year 2016, however, Ms. O'Brien pointed out that the RMLD was down three percent in sales most likely weather related because the summer was not hot, this is being continuously monitored.

Ms. O'Brien said that as she will be doing a presentation to each of the respective Board of Selectmen and will inform them of the three to five percent power supply increase which is a pass through. There is some volatility which will be analyzed monthly and if there is any change they will be notified as soon as possible. The transmission and capacity costs will be increasing significantly in 2017 and 2018. They all have copies of the six year plan. Mr. Stempeck added that NSTAR announced that they will be having a 37% increase in which he is a customer in another location.

**General Manager's Report – Ms. O'Brien – General Manager
Preliminary Budget Projection for Fiscal Year 2016**

Chairman Talbot asked why NSTAR's increase is so significant. Ms. O'Brien responded that NSTAR does not procure long term contracts because they are deregulated and secure new contracts every six months. They project ahead then reconcile for any losses. It could be that they under collected over the past six months. Also, they have to pay their share of transmission and capacity.

General Discussion

Mr. Pacino asked if the open vacancy has been addressed and would like the Department to look into this. Ms. O'Brien said that she will look into this.

On another matter, in the absence of CAB member Dave Mancuso, Ms. O'Brien reported that the CAB at their last meeting gave her policies, these have been included in the legal scrubbing. Ms. O'Brien said that she would like a Policy Committee meeting for RMLD Policies 9 and 19. The Board will try to have a Policy Committee meeting before the next Board meeting if possible.

RMLD Board Meetings

Wednesday, November 12, 2014

Thursday, December 11, 2014

Citizens' Advisory Board Meeting

Wednesday, November 19, 2014

Mr. Pacino will cover this meeting.

Executive Session

Although, Executive Session was posted there was none.

Adjournment

At 9:15 p.m. Mr. Pacino made a motion seconded by Mr. O'Rourke to adjourn the Regular Session.

Motion carried 4:0:0.

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



Organizational Assessment

Reading Municipal Light Department

Presented by: Patricia Cruz & Steve Rupp

November 6, 2014



leidos.com/engineering



Agenda

- > Introduction
- > Project Team
- > Relevant Qualifications
- > Scope of Work
- > Q&A

The Leidos Engineering Legacy

leidos.com/engineering



Who We Are

SAIC

R.W. BECK

**PATRICK
ENERGY SERVICES**

1969

Founded in 1969, SAIC has a history of transforming science to solutions with systems integration, energy, and environmental expertise.

2009

SAIC acquired R.W. Beck Group, Inc., a 67-year-old engineering, energy, and infrastructure consultancy, comprised of 550 technical and business consultants.

2011

SAIC acquired Patrick Energy Services, a 45-year-old leader in power system solutions, comprised of 200 transmission and distribution specialists.

2007

SAIC acquired Benham Investment Holdings, LLC., a 98-year-old architecture, engineering, and DesignBuildSM firm, comprised of 900 technical professionals.

BENHAM

2010

SAIC Energy, Environment & Infrastructure, LLC was established.

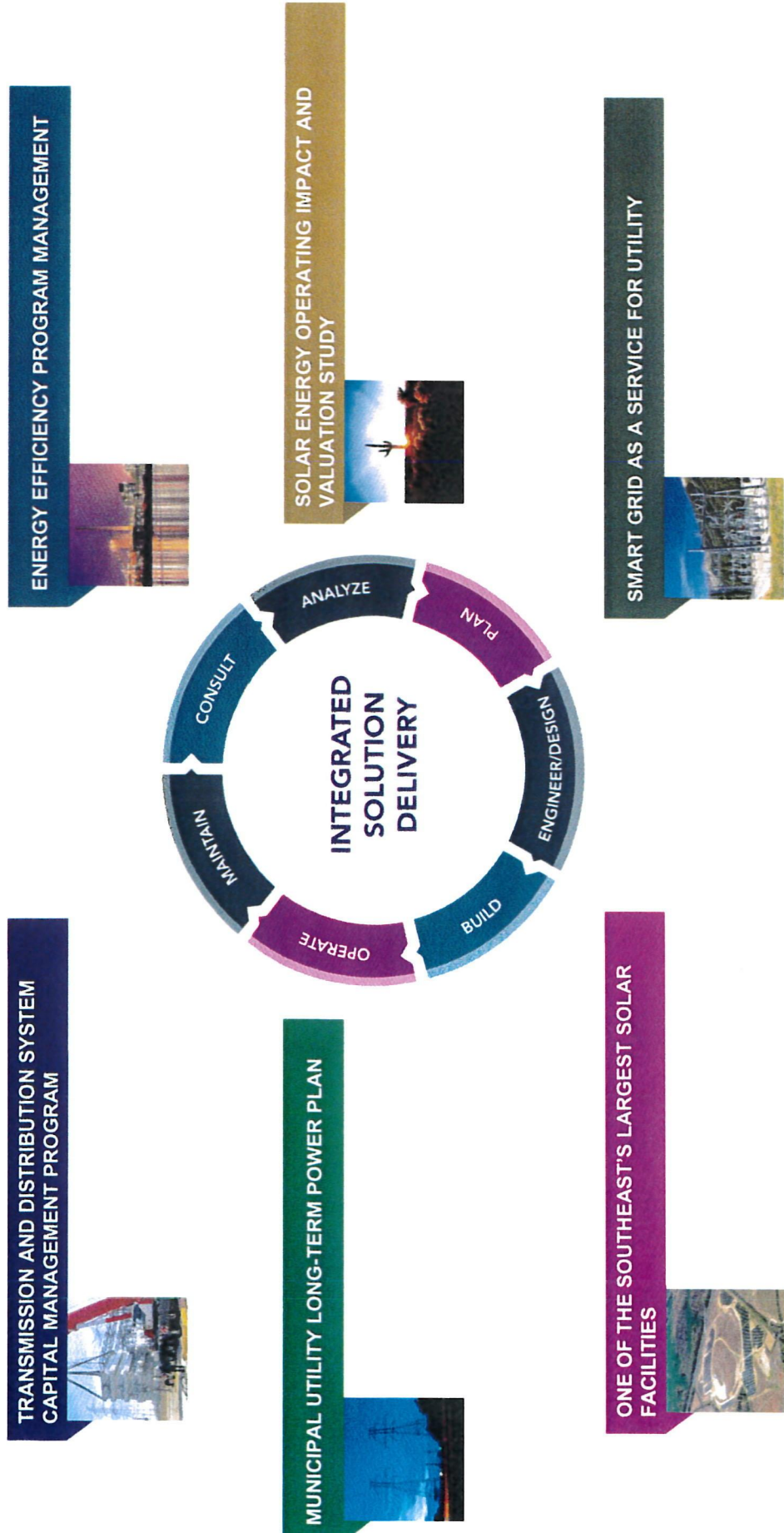
SAIC

2013

SAIC separates into two independent, publicly traded companies, launching Leidos. Leidos' engineering business focuses on making 'What If' possible for commercial and industrial, government, lenders and developers, oil and gas, and utility clients.

leidos

We Have Breadth Over Industry Issues



Leidos Engineering

-
- Seattle, WA ● Borlind, WA ● Portland, OR ● Sacramento, CA ● Oakland, CA ● Campbell, CA ● Salt Lake City, UT ● Golden, CO ● Denver, CO ● Albuquerque, NM ● Brea, CA ● Irvine, CA ● San Diego, CA ● Phoenix, AZ ● Ft. Worth, TX ● Plano, TX ● Houston, TX ● Austin, TX ● Baton Rouge, LA ● New Orleans, LA ● Tampa, FL ● Orlando, FL ● Lake Land, FL ● Raleigh, NC ● Charlotte, NC ● Little Rock, AR ● St. Louis, MO ● St. Paul, MN ● Madison, WI ● Walpole Lake, MI ● Chicago, IL ● Naperville, IL ● Columbus, OH ● Harrisburg, PA ● King of Prussia, PA ● Reston, VA ● McLean, VA ● Albany, NY ● Syracuse, NY ● Framingham, MA ● Fairfield, NJ ● New York, NY

Consulting Team



Team Members

Team Member	Role	Experience
Patricia Cruz	Project Manager	Senior Project Manager 18+ years of experience
Steve Rupp	Client Liaison	Vice President 30 years of experience
Lisa Vedder	Organizational Effectiveness	Senior Utility Consultant 28 years of experience
Matthew Eckhart	Organizational Effectiveness	Analyst Recent graduate
Rebecca Shiflea	Industry Best Practices	Senior Project Manager 25 years of experience

Capability Matrix

	Key Team Members				Supporting Subject Matter Expert
	Patricia Cruz	Rebecca Shiflea	Lisa M. Vedder, MPA, CIA	Matthew Eckhart	Daryl Pullin
	✓	✓	✓		✓
			✓		✓
	✓		✓		
			✓		✓

Organizational Studies

Operations Assessment and Budgets

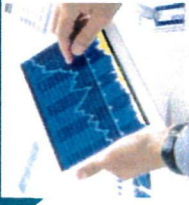
Safety Assessment

Outage Analysis and Reliability Studies

Capital Budgets and Planning Studies

Relevant Qualifications Organizational Assessments

Brownsville Public Utilities Board Organizational Assessment and Strategic Planning



Assessment of organizational structure, strategic and business planning, financial management, O&M, and overall effectiveness of multi-service utility

Issues

- > Board policies not defined or understood
- > Needed planning
- > Organizational structure was limiting
- > Needed resources in certain functional areas

Keys to Success

- > Provided actionable set of specific, prioritized recommendations and detailed activities to address governance issues, need for strategic planning, organizational structure, staffing, financial services, and rate design

Leidos successfully integrates business and financial acumen with technical expertise to facilitate strategic planning and improved organizational and operational performance of our utility clients.

Fortis Turks & Caicos Islands Organizational Assessment



Objective assessment of island utility aimed at improving organizational effectiveness and efficiency

Issues

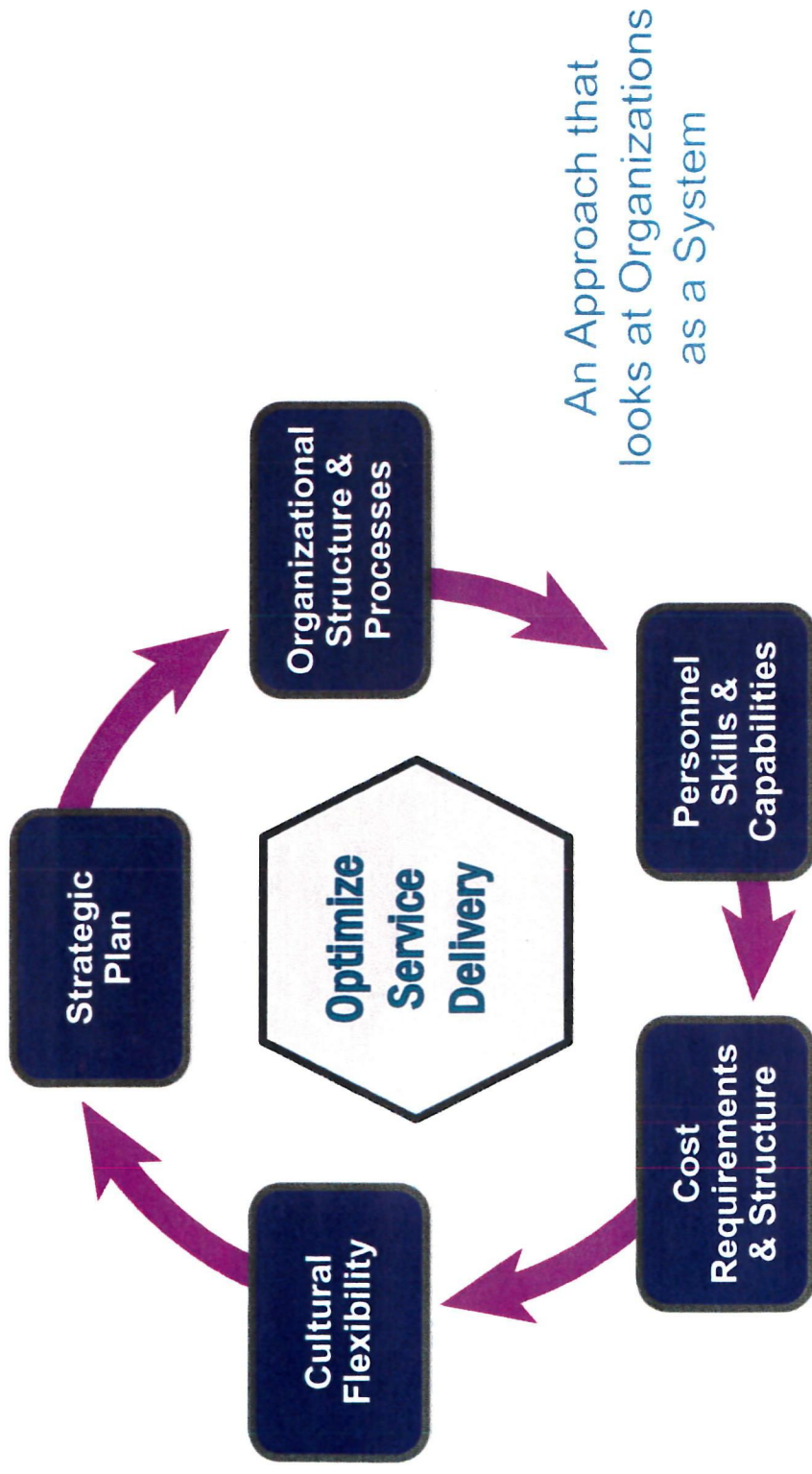
- > Needed organizational performance improvement
- > Corporate culture and organizational structure was limiting performance
- > Needed succession planning for key positions

Keys to Success

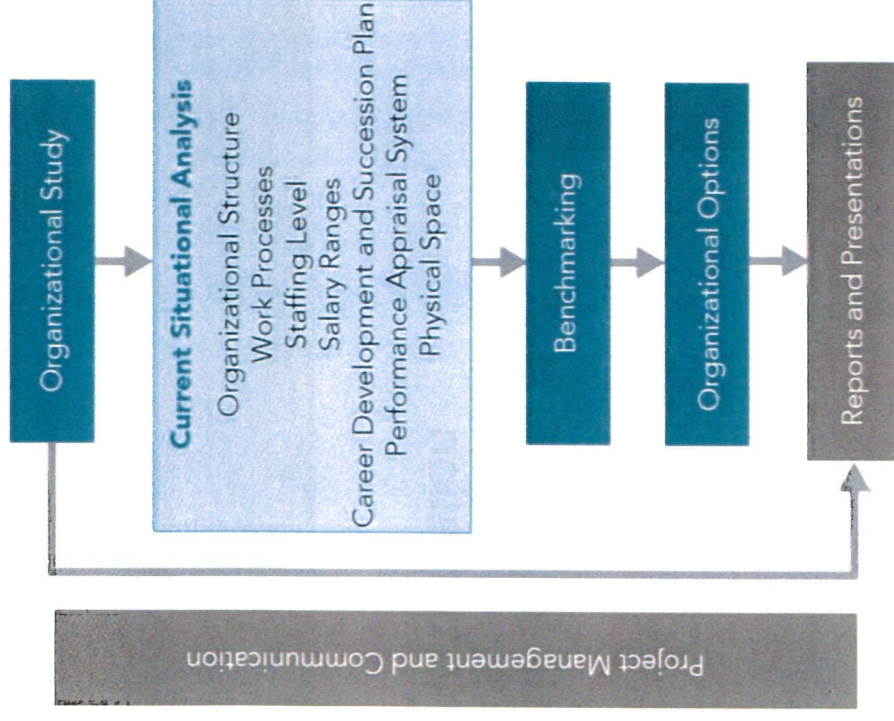
- > Provided actionable set of specific, prioritized recommendations on organizational structure, cultural transformation, leadership, career development, and process mapping

Approach & Scope of Work

Relevant Qualifications Organizational Assessments



Scope of Work



Project Scope Highlights – Project Kick-Off

- > Discuss and finalize:
 - > Project scope
 - > Schedule
 - > Fee
 - > Time commitments for RMLD staff
 - > Initial request for information

Activities:

- Kick-off meetings
- Presentation to Board
- Interviews
- Initial request for information

Task Duration: 2 weeks

Deliverables: Meeting notes & revisions agreed upon

Project Scope Highlights - CSA

- > Current Situational Analysis
 - > Organizational structure
 - > Key business processes
 - > Staffing
 - > Talent management initiatives
 - > Physical arrangement & space

Activities:

- Interviews
- Data collection
- Research
- Documentation review
- Employee meetings
- Physical space review

Task Duration: 6 – 7 weeks
Deliverables: CSA report

Project Scope Highlights – Industry Best Practices

- > Best practices comparison examples:
 - > Revenue per kWh
 - > Operating Ratio - ratio of operating income per revenue dollar
 - > Liquidity – ratio of current assets to current liabilities
 - > Labor Productivity - retail customer per employee & per circuit mile

Activities:

- List of utilities
- Parameters to compare
- Survey instrument

Task Duration: 4 to 6 weeks
Deliverables: Benchmarking report

Project Scope Highlights – Organizational Options

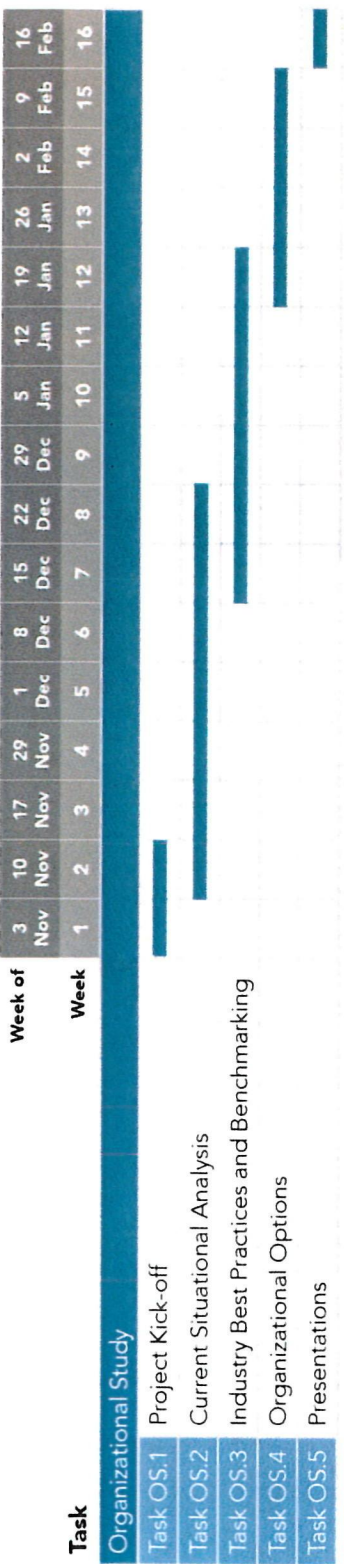
- > Findings and recommendations
 - > Organizational structure
 - > Key business processes
 - > Staffing
 - > Talent management initiatives
 - > Physical space arrangements
 - > Industry best practices

Activities:

- Draft report
- Feedback from RMLD
- Final report
- Presentation

Task Duration: 4 weeks for reports, 1 week for presentation
Deliverables: Draft /final reports , presentation

Project Schedule



Payment Schedule

Not-to-Exceed Estimate

Task	Cost	Payment per Deliverable
1: Project Kick-off	\$7,000	November 2014 <i>*Kick-off meetings & summary</i>
2. CSA	\$40,000	December 2014 <i>*CSA report</i>
3. Best Practices	\$12,000	January 2015 <i>*Benchmarking report</i>
4. Organizational Options	\$18,000	February 2015 <i>*Draft report</i>
5. Reports & Presentation	\$14,000	March 2015 <i>*Final report & presentation</i>
6. Project Management	\$8,200	Included in each Task

Q&A



Point of Contact

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ANALYST

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Visit us at leidos.com/engineering

RMLD



Reading Municipal Light Department
RELIABLE POWER FOR GENERATIONS

ELECTRICAL SYSTEM RELIABILITY PROJECT

Booth
& Associates
CONSULTING ENGINEERS

Attachment 2

October 2014

Booth & Associates, LLC

CONSULTING ENGINEERS

- Founded in 1960
- Providing Professional Engineering Services for over 50 Years
- Has Served over 400 Clients
- Licensed in 34 States
- 70 Employees

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Raleigh, NC 27612

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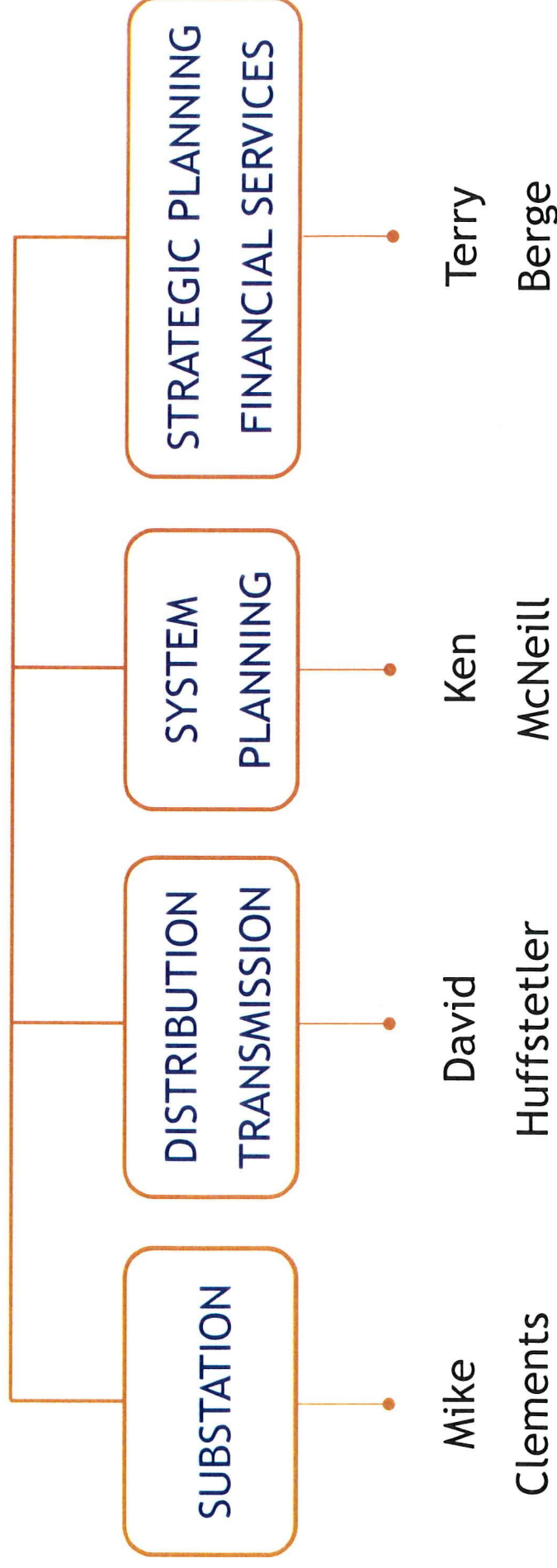
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PROJECT APPROACH

Project Approach

SYSTEM CONDITION ASSESSMENT



Project Approach

- Compile system data
- Interview Management, Engineering and Operations staff
- Gain understanding of system operations

Project Approach

- Review Maintenance Programs
- Review System Protection Setting
- Evaluate System Losses
- Technical and Operations Organization
- Reliability Indices
- Safety Practices and Programs
- System Reliability and Flexibility

Project Approach

- Engineering and Planning Functions
- System Design vs Good Utility Practice
- System Automation and Smart Grid
- GIS Functionality
- Existing Fiber Loop
- Historical Investment

Final Report

- Specifically address each line item
- Provide recommendations
 - Program Cost Estimate
 - Project Priority
 - Projected Timeline

Proposed Schedule

Condition Assessment	thru December 12, 2014
System Analysis	thru January 26, 2015
Report Preparation	thru February 12, 2015
Draft Report Delivered	February 13, 2015
RMLD Review	February 16 - March 1, 2015
Final Report Delivered	March 13, 2015

Proposed Payment Schedule

TASK	COST	PAYMENT PER DELIVERABLE
Condition Assessment	\$ 64,436	end December 2014
Draft Report	\$ 64,436	end February 2015
Final Report	\$ 32,218	end March 2015

Questions?

Adjourn

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