

**Reading Municipal Light Board of Commissioners**  
**Executive Session**  
**230 Ash Street**  
**Reading, MA 01867**  
**April 20, 2005**

**Start Time of Executive Session: 9:25 p.m.**  
**End Time of Executive Session: 10:14 p.m.**

**Attendees:**

**Commissioners: Pacino, Soli, Herlihy and Hahn**  
**RMLD Staff: Mr. Cameron and Ms. Antonio**

**Executive Minutes**

**January 19**

Mr. Pacino made a motion seconded by Mr. Soli to approve the Executive Session meeting minutes of January 19, 2005, as presented.

**Motion carried 3:0:1.**

**February 16**

Mr. Pacino made a motion seconded by Mr. Soli to approve the Executive Session meeting minutes of February 16, 2005, as presented.

**Motion carried 3:0:1.**

**Arbitration Update**

Mr. Cameron informed the Board that the Department won the day after Christmas arbitration with the Line Meter Station unit. In order to educate Commissioner Hahn, Mr. Cameron explained the Christmas 2003, arbitration. Mr. Cameron asked his management staff in March 2003, to check if the employees would like to have an extended weekend by having the day after Christmas 2003, off, which was a Friday. Mr. Cameron offered to extend a vacation day from 2004 to use if an employee did not have any time left to take off for the day after Christmas. In late September, he reminded the employees of the situation that was agreed to and at this time the union reps came to him. Within ten days of taking the day off, the Line Meter Station unit filed a grievance. Arbitration took place this year. The arbiter ruled that the contract was probably broken, however, there was no way to remedy the situation since the union knew about the day off, were asked to come to see the General Manager, however, after the day off was given they filed the grievance. Mr. Cameron commented the expense of paying off the employees who grieved this was \$10,000 to \$12,000, and the arbitration cost was \$10,000.

**LMS Union Issues**

Mr. Cameron updated the Board on a grievance presented by the Line Department who are in the Line Meter Station bargaining unit. This grievance went to Step 2, which involves another bargaining unit, Clerical Technical, who work in the warehouse. The issue evolved around the fact that the warehouse staff loaded transformers using line trucks and the Line Department maintains that they had always done this, thus constituting a past practice. The warehouse staff also does not have hoisting licenses, however, the line staff does. It was decided by the General Manager that the Line Department would continue to do perform this task.

Ms. Antonio did note that hoisting training would be offered to the warehouse staff as well because they need it for hoisting equipment with the forklifts.

**Management Union (IBEW Local 103) Vehicle Issue**

Mr. Cameron explained this involves four Engineers and the General Line Foreman regarding the RMLD vehicles they take home, in which there has been a change in their taxability. In early 2004, their respective RMLD vehicles became a tax fringe benefit. The lease value calculation is how these vehicles are currently taxed. There is also a provision within the Internal Revenue Code for the commuting calculation. The Management Union filed an Unfair Labor Practice in the Commonwealth of Massachusetts against the Town of Reading and the RMLD. Mr. Cameron explained the Town's respondent was Ms. Klepeis. Mr. Cameron explained that in January, he spoke with the Town Manager about this issue. The Town looked at the commuting rule, which has mechanism for ascertaining whether such vehicles are required to be taken home. Mr. Cameron noted that taking home a vehicle it is not a requirement of the management positions. Mr. Cameron informed the Board that the Management Union's accountant, Vitale, Caturano and Company came up with the same findings. Unless it is part of an employee's position description and they are required to take vehicles home the commuting rule applies. Mr. Cameron is trying to minimize costs in its response to the Department. The IBEW may negotiate a settlement to make its members whole relative to the commuting rule. In 2004, it became a fringe benefit.

### **Management Union (IBEW Local 103) Vehicle Issue**

Mr. Hahn inquired why do employees take the vehicles home?

Mr. Cameron replied because they report to system outages and emergencies without reporting to the RMLD.

Ms. Antonio pointed out that this change is being deemed as a change in working conditions by the Management Union.

Mr. Cameron stressed this is however, being viewed as a change in working conditions.

Mr. Soli explained this was a result of Citizen's Advisory Board member Fred Van Magness bringing this forward to the Town of Reading.

Ms. Antonio stated that the Town of Reading will be preparing its own defense separately. The change is from not a fringe benefit to fringe benefit. The vehicles these employees are taking home have the RMLD logo, blue Commonwealth of Massachusetts plates and emergency lights.

### **FERC Issues, RMLD Response, Duncan & Allen Salem Harbor**

Mr. Cameron explained that US Gen owned Salem Harbor then declared bankruptcy. Mr. Cameron noted that Salem Harbor is considered one of the five dirty sisters. The Department of Environmental Resources has deemed that this plant needs to be cleaned up and it appears the ratepayers are the ones who will bear the clean up costs. This plant is in the NEMA zone and has subsequently been sold to Dominion. Mr. Cameron pointed out the current status on this issue is to come to settlement because Mr. Coyle, RMLD's Washington counsel has indicated that Dominion may come close to a number that will be amenable to the RMLD and other parties. Initially, the expense to be borne by the utilities in the NEMA load zone was \$85 million over three years however, due to the negotiations it is now \$6.0 to \$7.5 million over a two year period. The RMLD's allocated share is \$146,870.60, if settled, based on a \$6.75 million figure. Mr. Cameron noted this represents a mil per kilowatt-hour cost to each ratepayer over a two-year period.

Mr. Cameron explained the RMLD's proposed terms for the settlement.

Mr. Hahn commented that the cost is \$85 million for all four units and counsel has explored other scenarios.

Mr. Cameron pointed out that the \$6.75 million total is for all four units over two years instead of the \$85 million.

Mr. Hahn hypothesized the scenario if the Department did nothing on this issue then lost on appeal the cost would be \$85 million.

Mr. Cameron replied this would represent a cost to the Department of \$3.5 million annually. Mr. Cameron also stressed the need for reliability on the transmission side.

Mr. Hahn noted that NEES and NSTAR upgrades might alleviate this issue in the future.

Mr. Cameron commented that in NEMA after the transmission upgrades it may alleviate the congestion within the load zone or create a new load zone, which may or may not be congested.

Discussion ensued relative to others utilities benefiting from the Department's work on this issue.

Mr. Soli made a motion seconded by Mr. Pacino to authorize the General Manager to settle the Salem Harbor issue not to exceed a \$7.0 million settlement amount.

**Motion carried 4:0:0.**

### **Virtual Traders**

Mr. Cameron updated the Board by informing them that Mr. Coyle handled this issue pro bono basis for Reading, Taunton and Braintree. Mr. Cameron explained the result was to allow virtual traders to play in the day-ahead market but only pay 10% of the cost that every other member NEPOOL member pays. At this point, the FERC has sent it back for voluntary remand.

Mr. Soli wanted to thank Mr. Coyle for his efforts on the Virtual Trading issue.

**FERC Issues, RMLD Response, Duncan & Allen  
LICAP**

Mr. Cameron pointed out this is a contentious issue, Locational Installed Capability (LICAP). Mr. Cameron explained that the legal cost of this case is apportioned as follows: Wellesley, 37.5%, Concord, 25% and RMLD 37.5%.

Mr. Cameron noted the LICAP issue has to do with the generators within NEPOOL wanting to get paid a capacity payment each month. In essence, the generators are saying that they cannot survive in the NEPOOL market on the energy market alone. The Department has spent \$175,000 in legal costs on this matter over the last twelve months. The original assessment of cost to the Department if we lost this case was in the \$8.5 to \$9 million range, escalating annually, after seeing how the case progressed the reality is more like \$1 million, escalating annually.

Mr. Hahn questioned how much load the Department has in this?

Mr. Cameron replied 70 megawatts a month. Mr. Cameron then explained the ramifications of the Pool Planned Units and the Purchase Power contracts with respect to this issue.

Discussion ensued relative to the RMLD's power supply strategy.

**Release of 2003 and 2004 Executive Session Meeting Minutes**

This will be deferred until the next RMLD Board of Commissioners meeting.

**Motion to Adjourn**

At 10:14 p.m. Mr. Soli made a motion seconded by Mr. Pacino to return to Regular Session.

**Motion carried 4:0:0.**

**Mr. Herlihy called for a poll of the vote:**

Mr. Hahn, Aye; Mr. Soli, Aye; Mr. Herlihy, Aye; and Mr. Pacino, Aye.

A true copy of the RMLD Board of Commissioners minutes as approved by  
a majority of the Commission.

Philip B. Pacino  
Secretary, Pro Tem