

**Reading Municipal Light Department Board of Commissioners**  
**Budget Committee Minutes**  
**September 6, 2012**

**Start Time:** 7:30 p.m.

**End Time:** 8:10 p.m.

**Attendees:**

**Committee Members:**

**Philip Pacino, Committee Chair**

**Marsie West, Commissioner**

**Staff:**

**Vinnie Cameron, General Manager**

**Robert Fournier, Accounting/Business Manager**

Chair Pacino called the meeting to order at 7:30 p.m.

**Discuss Fiscal 2012 Year End Transfers**

**Transfer to the Rate Stabilization Fund**

Chair Pacino asked Mr. Cameron to explain the proposed transfers.

Mr. Cameron said that the memo dated August 31, 2012, sent to the Budget Committee had all the information about the transfers and that he would briefly explain the transfers and answer any questions.

Mr. Cameron said that the first transfer was for \$603,995, from the Operating Fund to the Rate Stabilization Fund (RSF). The transfer represented the RMLD's over-recovery of its allowable 8% return projected to occur in FY12.

Mr. Cameron explained that according to Massachusetts General Law Chapter 164, Section 58, and Massachusetts Department of Public Utilities (MDPU) Order 85-121, the RMLD is allowed to earn an annual Net Income of not more than 8% of its Net Plant in Service. The RMLD's Net Income for FY12 is projected to be \$5,486,846, which is calculated by adjusting the Change in Net Assets to account for Payment to the Town of Reading, Fuel Revenues and Expenses, Loss on Disposal of Assets, and Miscellaneous Credits.

The RMLD calculates its Allowable 8% Return to be \$4,882,851, which is 8% of its Net Plant in Service.

Ms. West made a motion seconded by Mr. Pacino to recommend to the RMLD Board of Commissioners to transfer \$603,995 from the Operating Fund to the RSF for FY12.

**Motion carried 2:0:0.**

**Construction Fund Transfer**

Mr. Cameron said that the second transfer was for \$2,000,000 from the Operating Fund to the Construction Fund. This will enable the RMLD to begin FY13 with a balance of \$4.6 million in the Construction Fund. The Capital Budget for FY13 is forecast to be \$6.9 million. Starting with \$4.6 million in the Construction Fund and adding the RMLD's Depreciation Expense will add another \$3.6 million to it during FY13 which will be adequate to fund the capital programs for FY13.

Ms. West made a motion seconded by Mr. Pacino to recommend to the RMLD Board of Commissioners to transfer \$2,000,000 from the Operating Fund to the Construction Fund for FY12.

**Motion carried 2:0:0.**

Chair Pacino said that he and Ms. West would like to make some changes to the present RMLD budget process. Mr. Pacino said that he didn't want to see any monthly budget figures. Ms. West agreed that monthly figures were not helpful to the Budget Committee or the RMLD Board in the budget process. Ms. West pointed out that the detail provided should be in the same format as the summary information. Additional changes were requested to eliminate the average 3 year figures and to include a % change column instead to compare the current budget to the current year actual and budgeted amounts.

**Discussion of Budget Process for the coming fiscal year**

Also noted was the need to have all budget updates documented and available to the committees at the time of the meeting with the amount of the change and the reason for the change. The committee noted their understanding that the development of a budget is a process and they expect that there will be changes as new information is available.

Ms. West said that she wants to see any changes to the Capital or Operating Budget prior to the meeting where the RMLD will be presenting the budgets. Mr. Pacino agreed and said that doing so will take away a lot of confusion during the presentation of the budgets.

Chair Pacino asked Mr. Fournier to produce a prototype of the FY13 budget with the proposed changes discussed tonight and send them to the RMLD Board. Mr. Fournier said that he would get it to them in the fall.

At 8:10 p.m. Ms. West made a motion seconded by Mr. Pacino to adjourn the meeting.

**Motion carried 2:0:0.**