



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2023-01-18

Time: 6:00 PM

Building: Reading Municipal Light Building

Location: Winfred Spurr Audio Visual Room

Address: 230 Ash Street

Session: Open Session

Purpose: Joint meeting with CAB

Version: Final

Attendees: **Members - Present:**

BoC: Marlena Bitá, Chair; Philip Pacino, Vice Chair; John Stempeck, Commissioner; David Talbot, Commissioner; Robert Coulter, Commissioner.
CAB: Vivek Soni, Chair (Reading); Ken Welter, Vice Chair (Lynnfield); George Hooper (Wilmington); Dennis Kelley (Wilmington); Jason Small (North Reading).

Members - Not Present:

RMLD Staff: Gregory Phipps, General Manager; Erica Morse, Executive Assistant; Benjamin Bloomenthal, Director of Finance and Accounting; Hamid Jaffari, Director of Engineering and Operations.

Others Present:

Minutes Respectfully Submitted By: Philip B. Pacino, Secretary Pro Tem

Topics of Discussion:

Call Meeting to Order

Chair Soni called the RMLD Citizens' Advisory Board (CAB) meeting to order at 6:05 PM.

Chair Bitá called the Board of Commissioner's (BoC) meeting to order at 6:05 PM and announced that the meeting would be held in person, remotely on Zoom, and streamed live on RCTV and YouTube.

Opening Remarks and Introductions

Chair Bitá read the RMLD BoC Code of Conduct and asked all remote attendees to identify themselves. Vice Chair Pacino served as Secretary at the meeting.

Public Comment

- Liaisons to the RMLD BoC and CAB
There were no liaisons to the RMLD BoC or CAB present at this meeting.
- Public Comment
There was no comment from the public at this meeting.

2023 Rates

Materials: Proposed Rates Effective March 2023 dated 2023-01-18 (attachment 1).

Gregory Phipps presented the proposed 2023 rates to the BoC and CAB.

Rate Revision Update

- Mr. Phipps summarized the previous two discussions on the proposed rate revisions.
- In December 2022, the same rates were presented to the CAB and BoC with an average monthly bill increase of around 14%. The outcome of the previous discussions was for the RMLD to explore methods to reduce the proposed monthly bill increase to a lower number.
- In the first CY22 budget proposal, the implied rate increase was approximately 10%. This would have left RMLD's net income contribution to the cash position relatively low, with forecasted 2023 net income at under a million dollars.
- A higher rate was then proposed (around 14% for average residential monthly bill increase) to increase net income (closer to \$3m-\$4m), which is the normal range. This increase was recommended to manage a significant capital budget for CY23 and CY24 due to substation costs and other expensive equipment.
- At the earlier meeting, the CAB discussed alternatives to this higher rate, but ultimately decided to recommend the 14% increase to the BoC.
- Also at an earlier meeting, the BoC requested that RMLD investigate options that could reduce the 14% rate increase for the ratepayers.
- The current (January 2023) proposal reflects the alternatives explored to reduce the increase for the ratepayers (all four towns and all rate classes).
- Mr. Phipps emphasized that a key variable is energy, which accounts for roughly 30% of expenses and customer bills. The current (January 2023) market position for 2023 is about 27% less expensive than it was forecasted to be in September 2022, which is significant.
- An average residential customer in the RMLD territory uses about 800 kilowatt hours a month. In 2022, the average monthly bill was around \$138.
- For 2023, the current forecast for energy (fuel) cost, which is a pass-through cost, results in a monthly bill increase by approximately 9%, resulting in an average monthly bill of \$151.
- Mr. Phipps stated that the rate stabilization fund is still approximately \$6.9 million and recommended not touching this money due to market volatility.

Forecasting for 2023

- The expectation for 2023 is an increase of about 9% in the average monthly bill compared to 2022.
- The rate increase is set to start in March, rather than January, to avoid customers experiencing a bill influenced by a high usage winter months and a rate increase at the same time.
- Mr. Phipps proposed further monitoring of energy prices and adjustments as necessary, along with continued focus on efficient cash management.
- It was suggested that customers consider converting to Time-of-Use (TOU) rates to potentially save on their monthly bills.

Discussions on Rate Adjustments and Financial Implications

- Mr. Phipps described the changes in the proposed rates and emphasized the implications on the different customer classes.
- Chair Soni clarified that the energy rates had increased from 10.5% to 14.3% and have now been reduced to 9%. The reduction was due to the lower energy costs.
- Mr. Phipps emphasized that the \$3M net income intended to be met when the rates increased from 10.5% to 14.3% remains intact. RMLD is anticipating a net income of just under \$4M for 2023, despite originally budgeted at \$990,000.
- Mr. Phipps emphasized the importance of this financial planning for a smoother CY24, with the goal of securing grants to avoid external funding and debt.
- Mr. Phipps mentioned upcoming projects to be presented over the next few months.

Observations on Energy Costs and Rate Stabilization

- Mr. Kelley referred to a BoC meeting where the importance of keeping rates below 10% was discussed.
- Mr. Phipps confirmed that while RMLD did not initially believe it was possible to go below 9% ,falling energy costs and a review of current energy market trends facilitated this.
- Mr. Phipps pointed out the impacts of higher reserves of energy in Europe, mild winter forecasts, and Europe's efforts to reduce dependence on Russian oil and natural gas, which put downward price pressure on wholesale energy prices.
- Mr. Kelley raised the point of the "illusion" of reduced bills in January/February, which could lead to customers not noticing rate increases. Mr. Phipps agreed and noted that moving the rate change to March to avoid high bills in January/February was an intentional, to reduce monthly volatility. Mr. Phipps also discussed how RMLD's operations are comparatively leaner than the Department's competitors.
- Mr. Welter asked if the increase in distribution charges remained the same as the previous proposal. Mr. Phipps confirmed that only fuel charges were revised, and no changes were made to other components. Mr. Phipps stressed the importance of this, due to fuel being a significant portion of the overall cost structure.

Concerns about Profitability and Conservative Approach

- Mr. Coulter questioned the need for significant rate increases, given RMLD's profitability and conservative approach. Mr. Coulter suggested possibly reducing the projected profit by \$2M, which could lead to a further reduction in rates.
- Mr. Phipps noted that the conservative projection was due to the unpredictability of the energy market and the need to invest in the business continually. Maintaining a rate of return in the 5-6% range allows for flexibility in building out the network for the expected load growth and for continued investment in business growth.
- Mr. Phipps recommended against further rate reductions for the sake of business prudence and emphasized that the costs would need to be recovered now or later.

Discussions on Rate Presentation and Adjustments

- Mr. Coulter proposed representing rate changes in whole numbers for simplicity.
- Mr. Phipps clarified that the rate changes are based on a detailed analysis of different components and are required to be consistent across rate classes for compliance

reasons. The 9.3% change is an aggregate of adjustments made to seven key numbers for each rate class, rounded to 9% for simplicity.

Factors Influencing Rate Reductions

- Mr. Kelley pointed out that the reduction from 14% to 9% was mainly due to a fortunate drop in energy costs, rather than specific efforts to cut costs.
- Mr. Phipps confirmed this and added that the original budget was created with minimal excess, resulting in a lower-than-anticipated return rate. This approach was taken in an attempt to cut costs while still maintaining profitability.
- Mr. Small pointed out that no changes were made to any increases in the bill to fund the budget, and the only difference is the forecasted pass-through.
- Mr. Phipps stated that the company is trying to manage its finances carefully in the context of what is happening in the market. Kilowatt hour sales (customer usage) is one variable that RMLD is not able to manage, but The Department is being aggressive in encouraging new customers and load to come into the territory.
- Mr. Stempeck added that volatility in the market is a major factor that needs to be considered, and being somewhat conservative is advisable.
- Mr. Welter provided a point of reference regarding Peabody Light's rate increase, which is higher than RMLD's increase. Mr. Phipps noted that RMLD is on the low end, partially good power supply portfolio.

Review of Rate Stabilization Fund (RSF)

- Mr. Phipps provided an overview of the RSF, which was created in 2003 with a target of \$6.5m. The intention was to use it in unusual circumstances where customers may face significant rate shock due to highly volatile pass through fuel costs.
- The anticipated future use of the fund could be in cases such as a large solar array or turbine offline due to unusual reasons. At some point, RMLD may look to increase the fund to around 10% of the forecasted power supply cost, at approximately \$7.5m.
- Vice Chair Pacino noted that the original recommendation for the fund was \$6.5 million, with the aim to keep the rates level and prevent large spikes. In the past, it was thought to be used for emergencies, although that was not the original intention.
- Chair Soni noted that the RSF was used recently. Mr. Phipps explained that the fund was used a year and a half ago when it had grown to \$8.8m. The amount of \$1.6m was withdrawn to bring it back to the mid \$6m range. The use of funds was part of an earlier commitment to keep the rate increase below 3.2% for the four towns budgeting purposes.

Potential Adjustment of the Fund to Residential Rates

- Mr. Kelley suggested the possibility of taking the excess \$400K from the RSF and applying that to the residential rates to reduce the rate increase.
- Mr. Phipps explained that while this could be done, the impact would be minor, and as the funds were sourced from all ratepayers, it would need to be applied across all rate classes and not individual groups.

- Mr. Coulter and Mr. Phipps agreed that any reduction should be significant enough to be noticed. Any move on the fund should be an amount that is meaningful.
- Mr. Coulter suggested the need for insurance on power suppliers. Mr. Phipps agreed to investigate this and consider potential restructuring of the fund.
- Mr. Phipps suggested that the RSF could be recast to better cater to intermittent resources and to dampen the ups and downs of rates.
- The possibility of encouraging customers to opt for level billing was also discussed.
- The idea of considering insurance for intermittent resources was also noted.

Financial Discussion

- Mr. Welter voiced concern over the average annual interest rates, suggesting an opportunity to increase them with the current rising rates. Mr. Phipps agreed and mentioned potential restructuring with the town to determine who benefits from the increased revenue. Mr. Phipps noted that more work needs to be done on this front.
- Mr. Stempeck discussed the most likely financial instrument to achieve this goal, which is a bond ladder. Mr. Stempeck outlined the advantages of a bond ladder, which include reliability, predictability, and a lack of risk due to its structure.

Rates and Pricing Model

- Mr. Talbot raised the issue of rate increases and the potential to shift towards time-based rates, which would reflect the actual cost of electricity supply.
- Mr. Phipps agreed and discussed a few strategies, including three-tier time of use and moving towards a unity load curve (flat curve) for optimal distribution network use.
- Mr. Phipps revealed plans to introduce a coincident peak program to manage peak demand more effectively and enable better participation from industrial, commercial, and potential customers.
- The conversation led to the topic of RMLD's current infrastructure and the limitations it imposes on the time-based rate plans. Mr. Phipps indicated that currently, only 10% of RMLD's meters are structured for time of use. However, the implementation of an MDM system will enable the analysis of the other 90%, commonly referred to as "dumb meters".
- Mr. Talbot expressed concern that the average person doesn't understand the cost implications of peak vs off-peak usage due to the current flat-rate structure. Mr. Coulter agreed, noting that people's lives are structured around daylight hours and should not be punished for this.
- Mr. Phipps emphasized that the increasing cost of energy would drive more attention to this issue and motivate behavior change. Mr. Phipps also mentioned the trend towards electrification, (EVs and air source heat pumps), would further increase energy bills, prompting more people to pay more attention and possible change usage behaviors.
- Mr. Stempeck added that moving to heat pumps would be beneficial for customers but would lead to power surges, emphasizing the need for a robust infrastructure.

Rate Stabilization Fund Revisited

- Chair Soni asked about the impact of the rate stabilization fund, asking what amount would be significant enough to 'move the needle'. Mr. Phipps estimated that withdrawing \$1.5 million from the fund would reduce monthly bills by about 1.1% to 1.2%.
- Mr. Stempeck stressed the importance of financial conservatism and preparation for potential emergencies. He likened the rate stabilization fund to a self-insurance mechanism, emphasizing the necessity of such a reserve in case of a substation failure, which could cost millions and disrupt service.
- Mr. Stempeck further cautioned against using the fund for minor gains of 1%, particularly amid ongoing inflation.
- Chair Soni proposed an alternative approach of using an insurance product as a hedge against a significant catastrophic shock, suggesting that this might be a more effective use of the rate stabilization fund.
- Mr. Kelley suggested that substation failure should be an insurance matter and not come out of the ratepayers.
- Mr. Coulter agreed with Mr. Stempeck's point, but emphasized the need to use the fund, considering other cash reserves available.
- Chair Bitz commented on the intentional use of the term "unusual circumstances" in the policy.
- Mr. Phipps strongly recommended not taking money from the rate stabilization fund and offered to explore insurance options for preventing catastrophic events.
- Mr. Phipps encouraged the approval of the presented rates, citing conservatism and prudence.
- Mr. Hooper concurred with Mr. Phipps, asserting the current state of the fund is as it should be.
- Chair Soni acknowledged the discussion and questioned the CAB's comfort with the current motion as presented.
- Mr. Welter clarified that the motion on the table is to approve the rates as presented.
- Mr. Small made a **motion**, seconded by Mr. Hooper, that the Citizens' Advisory Board recommend that the Board of Commissioners vote to accept the General Manager's recommendation to replace the following MDPU rates effective for billings on or after March 1, 2023.
 - Replace 277 EV Equipment Schedule with 306
 - Replace 296 Residential Schedule A with 301
 - Replace 299 Residential Time of Use Schedule A2 with 302
 - Replace 297 Commercial Schedule C with 303
 - Replace 298 Industrial Time of Use Schedule I with 304
 - Replace 300 School Schedule SCH with 305

Motion Carried: 5:0:0 (5 in favor, 0 against, 0 abstention) *Roll Call: Chair Soni, Aye; Vice Chair Welter, Aye; Mr. Hooper, Aye; Mr. Kelley, Aye; Mr. Small, Aye.*

- Vice Chair Pacino made a **motion**, seconded by Mr. Talbot, that the RMLD Board of Commissioners, on the recommendation of the Citizens' Advisory Board, vote to

accept the General Manager's recommendation to replace the following MDPU rates effective on billings on or after March 1, 2023.

- Replace 277 EV Equipment Schedule with 306
- Replace 296 Residential Schedule A with 301
- Replace 299 Residential Time of Use Schedule A2 with 302
- Replace 297 Commercial Schedule C with 303
- Replace 298 Industrial Time of Use Schedule I with 304
- Replace 300 School Schedule SCH with 305

Motion Carried: 5:0:0 (5 in favor, 0 against, 0 abstention): *Roll Call Vote: Chair Bita, Aye; Vice Chair Pacino, Aye; Mr. Stempeck, Aye; Mr. Talbot, Aye; Mr. Coulter, Aye.*

Finance & Accounting Division Report

Materials: Financial Update Through 11/30/2022 dated 2023-01-18 (attachment 2)

Benjamin Bloomenthal presented a Finance and Accounting Report to the Boards.

Key Updates

- Mr. Bloomenthal shared the milestones RMLD has achieved since he joined the company in late October. Key updates include:
- The CY23 budget is now active and implemented across RMLD's systems.
- RMLD has instituted a new organizational structure within the Finance and Accounting group. The Purchasing and Accounting Groups have been brought under one umbrella, promoting better efficiency and synergy. This consolidation marks a departure from the previous setup where Purchasing was under Operations.
- RMLD has begun splitting batches for both CY22 and CY23, aiming for a strong close-out of CY22.
- A new accountant with over 15 years of experience was hired in December, enhancing the skills and experience of the team.
- RMLD made 2% net plant payments to four towns in December, totaling \$860,322.

Snapshot of Cash Balances as of 11/30/2022

- RMLD's cash balances are divided into restricted cash, restricted investments, and unrestricted cash, with the majority lying in restricted cash. Most of RMLD's cash is in restricted cash, these funds have certain conditions attached for their usage.
- The restricted cash includes funds for the rate stabilization fund and the energy conservation charge fund. The remaining amount is divided between the operating fund and the petty cash fund, categorized under unrestricted cash.

Comparison of Operating Budget versus Actuals

- The budget is straight-lined over 12 months, forming a benchmark against actual operational costs.
- The October financials, amounting to \$20.9 million, cover general and administrative costs, operating and maintenance costs, and other expenses, including depreciation and town payments. As of November, costs were still being projected, given the company operates a month behind. Additional billings were expected to come in and be processed through January and February.

Capital expenditures through November 30th, 2022

- The capital budget is \$12.54 million, with \$9.1 million already spent, including a significant material amount totaling \$4 million for the new Wilmington Substation land.

Grants

- Mr. Bloomenthal shared his prior experience with handling grants at MBTA and introduced a focus on grants submittals at RMLD. Three concept papers have been submitted since the beginning of December:
 - MDM AMI Grid Optimization System: \$20 million project proposed to the Department of Energy
 - Flywheel Demonstration (to dampen load surges and bridge the gap during outages)
 - Maple Meadows: A project for capital infrastructure needs.
- The MDM grid program is included within the Capital Budget, while the Maple Meadows and Flywheel Demonstration projects are not.
- These grant proposals aim to leverage federal funding, reducing RMLD's risk related to bonding or other financial instruments, ultimately shielding ratepayers from financial burdens.
- Mr. Coulter asked if the projects are 100% funded. Mr. Bloomenthal explained that grant projects require a shared cost, with the local share varying based on the specifics of the Notice of Award. If awarded, RMLD will match with available cash to reduce capital budget exposure.
- Mr. Phipps further elaborated on the Maple Meadows project, estimating the cost at around \$25 million. The grant could potentially cover nearly half of the cost, although the project is still feasible without the grant, it becomes significantly more beneficial for ratepayers with the grant.
- Chair Bitz asked about the Flywheel Demonstration project. Mr. Bloomenthal explained it as a mechanism to dampen any surges in the load, thereby ensuring a reduction of surges experienced by RMLD's customers. It helps bridge the gap in case of a circuit failure until battery reserves come online or a gas-powered generator kicks in.
- Mr. Phipps mentioned the potential partnership with another company in Massachusetts for the Flywheel Demonstration project, which could increase the probability of getting the grant approved.
- Mr. Bloomenthal added that RMLD is submitting comments to the Mass CEC and Executive Office of Environmental Affairs (EEA) regarding the Commonwealth's application for the for the Section 40101(d)GRIP Program, related to upgrading to 13.8 kV. Mr. Bloomenthal also is reaching out to the Department of Homeland Security for funding to address security concerns.
- Mr. Welter asked about the timeline for response on the grant submissions. Mr. Bloomenthal responded that the timeline for the 4107 program and 4101 is the February-March timeframe.
- Mr. Bloomenthal stated that he is meeting with the liaison to municipalities for the Metropolitan Area Planning Commission (MAPC), in Massachusetts, to seek access to Department of Homeland Security funding for security upgrades to RMLD facilities.

Pool Transmission Facilities (PTF) Reclassification

- The Finance team is examining the possibility of reclassifying Capital expenditures over the past seven years for pool transmission facilities (PTF) to recover costs.
- RMLD is applying the FERC 7 Factor test, with the help of an outside consultant, to qualify these facilities as PTF expenses. The goal is to recast depreciation and potentially generate an additional half a million dollars annually from PTF reimbursements.
- Chair Bitz sought a simplified explanation of the plan, and Mr. Bloomenthal clarified that RMLD was essentially charging for PTF costs but not classifying them properly as transmission expenses and also had not been requesting reimbursement for the transmission operators.
- Mr. Phipps reinforced that the goal is to get reimbursed for ongoing expenses related to maintaining PTF connections. By doing proper historical paperwork, RMLD can access additional funds of around half a million dollars annually via ISO New England.
- Chair Soni asked for clarification on who would be reimbursing the costs, and Mr. Coulter inquired about who would be approving the reclassification of assets. Mr. Phipps explained that ISO New England would be the authority providing approval and reimbursing the costs.
- Vice Chair Pacino questioned whether restating financial statements from the past seven years would be necessary. Mr. Phipps and Mr. Small refuted this, explaining that while capital expenditures would now be classified as PTF expenses, RMLD will not receive any reimbursement for past expenses, just for future ones.
- Chair Soni asked if it was necessary to go back all seven years for reclassification. Mr. Phipps affirmed that RMLD needed to follow the proper process, including working with consultants and teams to ensure everything is set up correctly for future reimbursements.
- Mr. Bloomenthal reiterated that they are using the seven-factor test to show the validity of these claims.
- Vice Chair Pacino raised a concern about the audit implications of this reclassification. Mr. Phipps agreed to take this concern as an action item and clarified that they were partway through the process.
- Mr. Kelley asked how this initiative came about, and Mr. Phipps attributed it to team effort. This initiative started a year ago with the encouragement of a consultant who pointed out the potential for additional funds.
- Mr. Small added that the classification of PTF and non-PTF often changes depending on the state of the transmission system. It was clarified that no one had made a mistake; the classification process is complex and continuously evolving.

Integrated Resources Division Report

Power Supply Discussion

- Mr. Phipps outlined the key aspects of the power supply.
- Mr. Phipps emphasized the organization's aggressive pursuit in reorienting their power supply to align with RMLD's charter of reliable, low-cost, non-carbon, and

aiming to be compliant with the 2021 climate bill which mandates electrification.

- Targets for the organization are to be 50% non-carbon by 2030, 75% by 2040, and Net Zero by 2050.
- Mr. Phipps described the current portfolio which includes nuclear, hydro, wind, and solar.
- Mr. Phipps detailed challenges with the solar supply, due to lack of panels and federal government policies. However, RMLD has continuing interest in solar projects, as well as expanding wind projects, despite delays and cancellations on some.
- Mr. Phipps shared plans on two wind projects, emphasizing the importance of risk management and geographical diversity of generation assets. Current assets are spread across three states to avoid overconcentration in any specific area.

Avangrid – Existing Wind IRD Power Supply

- Mr. Phipps introduced the Avangrid Wind Project, consisting of one facility in Western Massachusetts and one in New Hampshire, amounting to about 75 megawatts.
- The organization plans to purchase 16% of the project starting in 2025.
- Mr. Stempeck raised concerns about the age of the wind turbines and the difficulty of procuring replacement parts. Mr. Phipps acknowledged the concerns and assured the Boards that due diligence will be performed.
- Mr. Phipps emphasized that the projects are competitively priced and will help reduce the average portfolio wind price.
- Approval was sought to proceed with due diligence and contract creation. Final contracts are not expected to be signed until April-May.
- Vice Chair Pacino questioned Avangrid's financial stability in light of their withdrawal from offshore projects. Mr. Phipps clarified that Avangrid remains financially sound, attributing their withdrawal to supply chain issues causing a potential increase in project costs.
- There was a correction noted in the motion, it should reference Massachusetts and New Hampshire instead of Connecticut.
- The main motion was modified, replacing "existing facility in Connecticut" with "existing facility in Massachusetts".
- Mr. Welter made a **motion**, seconded by Mr. Hooper, that the Citizens' Advisory Board recommend that the Board of Commissioners vote to accept the General Manager's recommendation to execute a contract with Avangrid Renewables for energy, including associated certificates, from an existing wind facility in Massachusetts and an existing wind facility in New Hampshire, contingent on appropriate environmental due diligence. **Motion Carried: 5:0:0** (5 in favor, 0 against, 0 abstention) *Roll Call: Chair Soni, Aye; Vice Chair Welter, Aye; Mr. Hooper, Aye; Mr. Kelley, Aye; Mr. Small, Aye.*
- Vice Chair Pacino made a **motion**, seconded by Commissioner Stempeck, that the Board of Commissioners, on the recommendation of the Citizens' Advisory Board, vote to accept the General Manager's recommendation to execute a contract with Avangrid Renewables for energy, including associated certificates, from an existing wind facility in Massachusetts and existing wind facility in New Hampshire,

contingent on appropriate environmental due diligence. **Motion Carried: 5:0:0** (5 in favor, 0 against, 0 abstention): *Roll Call Vote: Chair Bitz, Aye; Vice Chair Pacino, Aye; Mr. Stempeck, Aye; Mr. Talbot, Aye; Mr. Coulter, Aye.*

Patriot Renewables – New Wind in IRD Power Supply

- Mr. Phipps presented an onshore wind project yet to be constructed in Maine.
- Mr. Phipps emphasized the importance of the project's good transmission connection, which will be continuously prioritized before contracting.
- Patriot, a Quincy-based and experienced wind developer, is associated with the project. Mr. Phipps noted that the wind turbines are new.
- The project will have a 40% output, potentially producing 60,000 to 70,000 megawatt-hours a year. This equates to roughly 10% of current purchases, which would decrease to 7-8% considering expected load growth, particularly on the industrial side.
- The project is expected to start in 2025, with site control already being established.
- Mr. Phipps highlighted that several MLPs will take the project, MA Class One certificates are available, and the project is well-priced.
- Mr. Welter asked about potential hurdles to project execution. Mr. Phipps confirmed that due diligence will be carried out on environmental matters. There are no major issues anticipated.

Clarification on Transmission Situation

- Chair Soni questioned the quality of the transmission, to which Mr. Phipps affirmed the quality is good, and will continue to be a focus. The new transmission lines are uncongested, an advantage compared to past projects.

Portfolio Discussion: Wind vs. Solar Ratio

- Chair Soni noticed a higher wind to solar ratio, prompting Mr. Phipps to explain that the portfolio currently requires more wind. Mr. Phipps highlighted the annual distribution of wind (green bar) as depicted on slide three.
- Chair Soni noted that going forward, solar is expected to dominate. Mr. Phipps agreed and provided insights into the planned energy mix: 35-36% nuclear, 20-25% hydro, lower 20% for solar, and mid 20% for wind.
- The discussion expanded to include other energy types and the complexity of managing different portfolios across the day and seasons.

Risk Mitigation and Modeling

- Chair Soni raised the issue of risk mitigation during poor wind days. Mr. Phipps confirmed the team is in the early stages of detailed risk modeling.
- Mr. Phipps noted that while the Maine wind project could initially make up 10% of the supply, it will likely reduce to 9% once operational due to growing total energy purchases.
- Mr. Welter made a **motion**, seconded by Mr. Hooper, that the Citizens' Advisory Board recommend that the RMLD Board of Commissioners vote to accept the General Manager's recommendation to execute a contract with Patriot Renewables for energy, including associated certificates, from a "to be built" wind facility in Maine,

contingent on appropriate environmental due diligence. **Motion Carried: 5:0:0** (5 in favor, 0 against, 0 abstention) *Roll Call: Chair Soni, Aye; Vice Chair Welter, Aye; Mr. Hooper, Aye; Mr. Kelley, Aye; Mr. Small, Aye.*

- Vice Chair Pacino made a **motion**, seconded by Mr. Talbot, that the RMLD Board of Commissioners, on the recommendation of the Citizens' Advisory Board, vote to accept the General Manager's recommendation to execute a contract with Patriot Renewables for energy, including associated certificates, from a "to be built" wind facility in Maine, contingent on appropriate environmental due diligence. **Motion Carried: 5:0:0** (5 in favor, 0 against, 0 abstention): *Roll Call Vote: Chair Bitz, Aye; Vice Chair Pacino, Aye; Mr. Stempeck, Aye; Mr. Talbot, Aye; Mr. Coulter, Aye.*

Scheduling

- The next BoC meeting will take place on Wednesday, February 15, 2023 at 7:30pm.
- Chair Soni mentioned that the CAB will report their upcoming schedule to the BoC.

CAB Adjournment

At 8:12 PM, Mr. Welter made a **motion**, seconded by Mr. Hooper, that the RMLD Citizens' Advisory Board adjourn regular session. **Motion Carried: 5:0:0** (5 in favor, 0 against, 0 abstention) *Roll Call: Chair Soni, Aye; Vice Chair Welter, Aye; Mr. Hooper, Aye; Mr. Kelley, Aye; Mr. Small, Aye.*

Mr. Small remained in the meeting as the CAB representative.

Procurement Requests for Board Approval

Materials: Board letters (attachment 2)

Mr. Jaffari presented the IFP for the special automation scheme switches to the BoC.

IFP 2022-38 Pad mounted Switches

- Mr. Jaffari discussed the two switches with a special automation scheme. This is the second time that the Invitation for Proposal (IFP) is being released.
- The initial IFP was sent out in February 2022 to 11 companies, of which three companies responded.
- Mr. Jaffari noted that none of the three bids received met the technical specifications due to the complexity of the automation scheme.
- Mr. Jaffari explained that the bidding companies raised various issues, such as the lack of synchronization between their control and the controls on the poles, and the need to dismantle the existing scheme entirely to implement a new one. This second point was flagged as potentially leading to increased costs.
- In the second round of bidding, Mr. Jaffari stated that RMLD chose the S&C model because of its ability to synchronize with the existing automation scheme. Another advantage of the S&C units is their potential to be used as spare units for Analog Devices on Concord Street.
- Mr. Jaffari explained that the S&C units fit seamlessly into the overall automation scheme for fault detection, isolation, and restoration (FDIR). They facilitate automated communication between switches to isolate faults and manage open points.

- Only S&C responded to the second bid, offering a very good price. By repurposing the automation scheme present on the pole, it is possible to achieve approximately \$100,000 in savings.
- Chair Bitá asked for clarification about the motion and Wesco's involvement. Mr. Jaffari clarified that Wesco, acting as S&C's representative, was the one who responded to the bid.
- Vice Chair Pacino made a **motion**, seconded by Mr. Stempeck, that IFP 2022-45 for 15kV, 556 KCMIL Aerial Spacer Cable and .052 Covered Messenger be awarded to: Arthur J. Hurley Company, Inc. for a total of \$300,600, pursuant to M.G.L. c. 164 § 56D, on the recommendation of the General Manager. **Motion Carried: 5:0:0** (5 in favor, 0 against, 0 abstention): *Roll Call Vote: Chair Bitá, Aye; Vice Chair Pacino, Aye; Mr. Stempeck, Aye; Mr. Talbot, Aye; Mr. Coulter, Aye.*

Approval of Meeting Minutes

- The RMLD BoC July 21, 2022 open session meeting minutes were approved as presented.
- Vice Chair Pacino made a **motion**, seconded by Mr. Talbot, that the RMLD Board of Commissioners approve the minutes of the July 21, 2022, meeting on the recommendation of the General Manager and Board Secretary. **Motion Carried: 5:0:0** (5 in favor, 0 against, 0 abstention): *Roll Call Vote: Chair Bitá, Aye; Vice Chair Pacino, Aye; Mr. Stempeck, Aye; Mr. Talbot, Aye; Mr. Coulter, Aye.*

Release of Executive Session Minutes

- Vice Chair Pacino provided an update on the release of executive session minutes.
- Vice Chair Pacino advised that only a single set of executive session minutes should be disclosed. He elaborated that the discussions around an individual in certain sessions led to constraints that preclude the release of those specific minutes.
- Ms. Morse explained that the BoC will vote on the release of minutes at the next executive session.

Agenda Topics for the next meeting

- Chair Bitá highlighted the need to discuss the release of executive session minutes at the meeting scheduled for February 15th.
- Chair Bitá inquired from Mr. Phipps about the Palmer Biomass Plant's progress, given the fast-approaching end of March. Mr. Phipps agreed to provide an update in either the February or March meeting.
- Mr. Talbot raised the issue of the project's renewal status. Mr. Phipps stated that while developers had filed suit for extensions, the outcome would not impact RMLD. Necessary paperwork will be filed at the end of March.
- Mr. Coulter suggested discussing RMLD's move towards long-term vendor contracts rather than individual purchases.
- Mr. Jaffari confirmed RMLD's ongoing efforts to secure long-term contracts for several devices including pad mount switch gears, Scada-made items, and IntelliRupter switches, as part of the overall automation scheme.

- Despite supply chain disruptions and vendor escalation clauses, Mr. Jaffari shared that RMLD is attempting to secure a similar arrangement for Transformers.
- Mr. Jaffari further explained the challenges in procuring Transformers due to a limited number of core manufacturers in the U.S. contributing to delays. Despite these challenges, Mr. Jaffari expressed satisfaction with RMLD's current inventory.
- Mr. Coulter inquired about the status of cable supplies. Mr. Jaffari reassured him about the supply and forthcoming deliveries in March and June, with long-term contracts also pursued for cables and poles, and stated that RMLD is ahead of schedule.

Adjournment

At 8:20, Vice Chair Pacino made a **motion**, seconded by Mr. Stempeck, that the RMLD Board of Commissioners adjourn regular session. Note: Roll call vote required **Motion Carried: 5:0:0** (5 in favor, 0 against, 0 abstention): *Roll Call Vote: Chair Bitá, Aye; Vice Chair Pacino, Aye; Mr. Stempeck, Aye; Mr. Talbot, Aye; Mr. Coulter, Aye.*

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

Philip B Pacino
Philip B Pacino (Jul 26, 2023 16:47 EDT)

Jul 26, 2023

Philip B. Pacino, Secretary Pro Tem
RMLD Board of Commissioners

As approved on July 20, 2023