



Town of Reading Meeting Minutes

RECEIVED
TOWN CLERK
READING, MA.
2023 NOV 27 PM 4:12

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2023-06-15

Time: 7:30 PM

Building: Reading Municipal Light Building

Location: Winfred Spurr Audio Visual Room

Address: 230 Ash Street

Session: Open Session

Purpose: General Business

Version: Final

Attendees: **Members - Present:**

Board of Commissioners: Philip B. Pacino, Chair; David Talbot, Vice Chair; Robert Coulter, Commissioner; Marlena Bitá, Commissioner

Citizens' Advisory Board: Vivek Soni, Chair (Reading); Ken Welter, Vice Chair; Geroge Hooper (Wilmington); Dennis Kelley (Wilmington); Jason Small (North Reading).

Members - Not Present:

Others Present:

RMLD Staff: Gregory Phipps, General Manager; Erica Morse, Executive Assistant; Benjamin Bloomenthal, Director of Finance & Accounting; Bill Bullock, Director of Integrated Resources

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

Topics of Discussion:

The minute attachments can be found on the RMLD website in the joint meeting packet.

Call Meeting to Order

Chair Pacino called the RMLD Board of Commissioner's (BoC) meeting to order at 7:30 PM and announced that the meeting would be held in person, remotely on zoom, and streamed live on RCTV and YouTube.

Chair Soni called the Citizens' Advisory Board meeting to order at 7:30 PM.

Opening Remarks and Introductions

- Chair Pacino read the RMLD BoC Code of Conduct.
- All Board members attended in person.
- Chair Pacino served as Secretary at the meeting.
- Mr. McDonagh attended the meeting remotely.

Public Comment

There was no comment from the public at the meeting.

Commissioner Vacancy – Interim Appointment Update

- The BoC voted to have a joint meeting on July 18 with the Reading Select Board to select a replacement for Mr. Stempeck.

- The interim appointment will serve through the next election in Spring 2024.
- Chair Pacino encouraged anyone who is interested to apply with the Reading Town Clerk.

Presentation of the 2022 Financial Audit Findings

Materials: Annual Financial Statements Draft Dated June 8, 2023 (attachment 1)

Zackary Fentross, MARCUM LLP, presented the 2022 Audit findings to the RMLD boards.

Introduction

- Mr. Fentross is the Audit Director in charge of RMLD's audit for the year ending December 31, 2022.
- Discussed the financial statements in detail; emphasized certain balances and trends.
- RMLD's financial statements are usually presented on a comparative basis.
 - An exception was made this year due to the implementation of Accounting Standard GASB 87 (Governmental Accounting Standards Board Statement) related to leases.
 - This year's financial statements will show only one year of financial information.
 - The comparative basis presentation will resume next year.
- Key takeaways and conclusions:
 - RMLD is in a sound financial position.
 - Positive results were recorded from the Department's operations.
 - RMLD boasts a well-funded OPEB (Other Post-Employment Benefits) trust fund.
 - No management letter was issued, indicating RMLD's stable financial standing.

Auditors Report (page 1-3)

- Discussed the outcomes of the Independent Auditor's Report.
- RMLD received a clean opinion from the independent auditing firm.
 - The absence of any exceptions indicates an optimal audit result, which is the most favorable opinion that can be received from an independent auditing entity.
 - RMLD has consistently received this same most favorable opinion in prior years.

Management Discussion and Analysis (page 4 - 8)

- This section is a narrative summary that highlights the results of the operation.
- The content delves into key financial areas, offering insights and detailed examinations.

Statement of Net Position (page 9)

- GASB 87 pertaining to leases is new to the financial statements this year.
 - Implementation mandated for all municipalities for year endings, starting from December 31st, 2022.
- GASB 87 additions on the Statement of Net Position
 - Current Assets; Lease Receivable
 - Non-Current Assets; Lease Receivable
 - Deferred inflows; Related leases
 - The two receivables are offset by the deferred inflow.
 - This ensures no impact on the income statement or net position.
- GASB 87 removed previous distinctions between capital and operating leases.
 - Capital and operating leases are now classified as "leases" henceforth.
- An internal review determined situations where RMLD was the lessee or the lessor.
 - RMLD as lessee: deemed immaterial and excluded from financial statements.
 - RMLD as lessor: considered material and included.
 - Material leases: 11 agreements for fiber optic cable leases (Crown Castle).
 - Projected receivables amount to ~\$2.6m, which the department expects to receive between 2023 and 2031.
- The adoption of GASB 87 and its resulting changes marked a significant shift in the financial statements compared to the previous year.
- RMLD conducted thorough due diligence to ensure accurate implementation of GASB 87.

- Discussed non-current assets, land and construction in progress.
 - Increased ~\$4.4m from the previous year.
 - The increase is mainly due to a land purchase in Wilmington.
 - RMLD procured land for the New Wilmington Station for ~\$4m.
- Discussed non-current assets, capital assets net of accumulated depreciation
 - Increased ~\$1.3m from the previous year.
 - RMLD made capital additions amounting to ~ \$6.4m during CY2022.
 - There was a depreciation expense of ~\$5.1m.
 - Increased balance due to the capital additions was later reduced by the depreciation expense, resulting in a net increment of ~\$1.3m.
- Discussed major capital expenditures for CY2022
 - ~\$1.3m was allocated for new poles and fixtures.
 - An investment of ~\$2.4m was made in overhead conductors.
 - Underground conductors and devices received an allocation of ~\$1.2m.
- Discussed non-current liability, net pension liability.
 - Decreased ~\$6.6m from the previous year.
 - Represents RMLD's proportional share of the total unfunded liability.
 - Linked with the Reading Contributory Retirement System.
 - This liability is presented through December 31st, 2021.
 - Unique in the financial statements.
 - All other values are presented as of December 31st, 2022.
 - The one-year arrear is allowed by Accounting Standards and raises no concerns.
 - Net pension liability funding percentages.
 - As of December 31st, 2021, the Reading retirement system was 91% funded.
 - Average funding levels across the Commonwealth ranged between 75% to 80%.
 - A funding level of 91% indicates a favorable financial stance for RMLD.
 - Discussed the ~\$6.6m net pension liability reduction.
 - Result of the contributory retirement system's investments in CY2021.
 - The investment outcomes for the Reading retirement system surpassed expectations by ~\$21.5m.
 - RMLD's share of these over-performing investment outcomes totals ~ \$5.7m.
 - This favorable deviation in outcomes exceeded the actuarial anticipations, and largely contributed to reducing the net pension liability.
- Discussed non-current liability, net OPEB liability.
 - OPEB (Other Post-Employment Benefits), represents the projected health insurance costs for both current employees and retirees spanning into the future.
 - The net OPEB liability is determined through an actuarial calculation.
 - Increased ~\$110K from the previous year.
- Discussed OPEB liability details (page 46)
 - Supplementary information for the OPEB liability and associated trust fund.
 - The schedule of the net OPEB liability.
- Discussed two figures in the 2022 column (page 46).
 - The total OPEB Liability, as determined by the actuary, stands at ~\$9m.
 - RMLD allocated ~\$4m to a dedicated trust to offset this liability in future years.
 - Per those figures, the liability is ~53% funded.
 - This funding level is noteworthy compared to typical benchmarks.
 - Most cities and towns have a funding rate ranging from 0% -10% for this liability.
 - Light departments within MA usually fund this liability at a rate of 30% to 40%.
 - This proactive approach indicates strong financial health and is anticipated to be viewed positively by those who rely on and interpret the financial statements.

Statement of Revenues, Expenses, and Change in Net Position (page 10)

- Discussed operating revenues, total operating revenues.
 - Increased by ~ \$13.8m from the previous year.
 - The rate increase implemented in 2022 accounted for a large portion of this increase.
 - This is the first base rate increase RMLD has implemented since 2018.
 - The rate increase averaged around 6%.
 - The global volatility in the purchase power market also contributed to the increase as the pass through (no markup) fuel adjustment charge.
- Discussed operating expenses, purchase power.
 - Increased by ~ \$4.4m from the previous year.
 - Increased purchase power contributed to the increase in the operating revenues.
 - Purchase power is a pass-through expense,
 - A corresponding increase was passed through to the ratepayers.
- Discussed change in net position.
 - Indicates a positive result of operation during the calendar year.

Statement of Cash Flows (page 11)

- Discussed cash flows from operating activities: Net cash provided by operating activities and cash flows from capital and related financing activities.
 - Primarily using cash provided by operating activities to make capital improvements to RMLD's infrastructure.

Chair Soni posed a list of questions summarized follows:

1) What causes the total OPEB liability to change year to year?

- Referenced Page 36 which details the changes in net OPEB liability and its determinants.
 - The balance (total OPEB column) is determined by an actuary hired by RMLD.
- This number undergoes an audit process to ensure its accuracy.
- Certain components such as service and interest costs can increase this liability.
- Any alteration in benefit terms or assumptions about factors like the retirement age can influence this liability, either increasing or decreasing it.
- Chair Soni asked about the cause of fluctuations and noted a decrease from ~\$11m ~\$9.9m.
 - Changes in assumptions or variance between the expected and actual experiences.
 - Chair Soni asked if a reduction in headcount could cause the liability change.
 - Mr. Fentross committed to further investigating the specifics.
- Discussed common drivers behind changes in total OPEB liability
 - Altered assumptions or discrepancies between expected and actual experiences.
 - Adjustments in the expected retirement age versus average actual retirement age.
 - Changes incorporated into calculation formulas.
- Chair Soni asked about the OPEB liability's decrease from 55% to 53%.
 - The decrease is due to a loss in net investment income for the calendar year 2022.
 - RMLD incurred a loss on their OPEB trust fund investments causing a decrease.

2) Absence of management letter and recommendations to RMLD (page 12)

- Discussed the purpose and nature of a management letter.
- Discussed the audit process.
 - Firm verifies the accuracy of figures in the financial statements through audit tests.
 - Evaluates the financial reporting processes and internal controls of the department.
 - If areas for improvement are identified, these would typically be conveyed through a formal management letter.
- Recommendations to RMLD
 - The firm presented recommendations to RMLD verbally.
 - None were deemed severe enough to require a formal management letter.
 - Primary recommendation was centered around the line item *due from proprietary funds* (page 12).

- At the end of the year RMLD contributed to the OPEB trust fund.
- The outgoing contribution was recorded but not reflected in the general ledger for the OPEB Trust.
- The omission resulted in the contribution not being recorded in the general ledger or bank promptly.
- A small audit adjustment was necessary to account for the \$274K contribution from RMLD to the OPEB trust.
- RMLD provided the calculations for the contribution and outlined proactive measures taken to prevent such oversights in 2023 and the future.

3) **What are the major risks RMLD faces?**

- Mr. Fentross responded that a risk assessment was carried out to evaluate the internal controls.
- The financial stability of RMLD was robust and did not pose any imminent concerns.
- Then Mr. Phipps discussed contextual risks and grouped industry specific risks into external risks and operational risks.
- Discussed the external risks.
 - The regional electric network (ISO New England) is transitioning from traditional fossil fuel-based generation to non-carbon, primarily solar and hydro.
 - This poses a challenge due to the intermittent nature of these resources.
 - Industry estimates forecast a significant increase in load over the next 20-25 years due to electrification from the mandate for decarbonization.
 - More transmission assets are needed to accommodate load/distributed generation.
 - Potential load reduction requests by ISO New England during cold winter months may result in power cuts for all customers.
 - RMLD wants to avoid cutting customer power within the territory during requests.
 - RMLD is aggressively working on in-territory generation and storage, to ensure the supply of reliable, low-cost, non-carbon energy.
- Discussed the operational risks as follows:
 - Load presents a challenge in not only predicting kWhs consumed by customers, but the shape of the load curve annually, daily, and seasonally.
 - RMLD needs to match the varying load profile with an increasingly intermittent supply.
 - RMLD has strategic plans in place to address the regional risks, but it is essential to understand the load forecast and its potential implications.
 - Noted recent changes in senior leadership and two vacant senior-level positions.
 - Expressed confidence in the current management team's dedication.
 - Retaining talent is always a potential risk.
 - Chair Soni concurred about the inherent risks posed by potential personnel changes.
- Chair Soni asked if there were any potential concerns from the Auditor's viewpoint.
 - Mr. Fentross affirmed he did not harbor any concerns or identify any financial or audit risks that warranted attention.
 - Mr. Fentross observed no difference in the administrative quality or preparedness.
 - Both administrations maintained well-organized financial records and exhibited promptness in addressing any audit queries.

Chair Pacino discussed specific concerns from Town of Reading Audit Committee.

- A transposition error (page 10), under header "capacity and transmission adjustment".
- This error will be addressed in the final version of the report.
- Chair Pacino raised a query regarding the calculation method for the leases.
 - Standard procedure dictates the use of the incremental borrowing rate when determining leases.
 - It was questioned if this was adequately factored into "lease receivable accounting."

- Mr. Fentross will investigate this prior to finalizing the report.
- The Town Audit Committee recommended that the BoC approve the audit with the following stipulations:
 - The transposition error on page 10 would be rectified.
 - Further investigation would be undertaken regarding the lease accounting, with potential adjustments made based on the findings.

Report of the RMLD Board of Commissioners Audit Sub-Committee

- Commissioner Coulter reported on the RMLD BoC Audit Sub-Committee Meeting.
- Commissioner Coulter and Commissioner Bitá are on the BoC Audit Sub-Committee and Chair Pacino is part of the Town Audit Committee.
- The Town of Reading Audit Committee raised insightful questions and the inquiry process was comprehensive.
- Commissioners Coulter and Bitá concurred with the recommendation to approve the report, given the amendments outlined by Chair Pacino.
- The modifications were reflected in the motion.
- Chair Pacino asked if the report would be associated with Melanson or Marcum.
 - Mr. Fentross explained that Melanson was acquired by Marcum in January.
 - The core audit team and strategy remain; the only change is in the letterhead.
 - This is the last year reports will be under the Melanson; reports post-June 30th will have the Marcum title.
- Chair Soni asked if the audit cost will increase.
 - Mr. Fentross responded that Marcum chose not to modify the pricing.
- Chair Pacino outlined modifications to the suggested motion.
 - The revised suggested motion was accepted by the BoC.
- Commissioner Coulter made a **motion**, seconded by Commissioner Bitá, that the RMLD Board of Commissioners accept the 2022 Audit Report from Melanson, fiscal year ended December 31, 2022, as presented, subject to the correction of the capacity and transmission adjustment amount on page 10 and further research on the lease accounting with possible correction thereon, on the recommendation of the RMLD Board of Commissioner Sub-Audit Committee. **Motion Carried: 4:0:0** (4 in favor, 0 against, 0 abstained). *Roll Call: Chair Pacino, Aye; Vice Chair Talbot, Aye; Commissioner Coulter, Aye; Commissioner Bitá, Aye.*

Approval of Board of Commissioners Meeting Minutes

Materials: Draft BoC meeting minutes (attachment 2)

- The November 9, November 30; and December 15, 2022, minutes were approved.
- Commissioner Coulter made a **motion**, seconded by Commissioner Bitá, that the RMLD Board of Commissioners approve the open session meeting minutes of the November 9, 2022; November 30th, 2022; December 15, 2022, meetings on the recommendation of the General Manager and the Board Secretary. **Motion Carried: 4:0:0** (4 in favor, 0 against, 0 abstained). *Roll Call: Chair Pacino, Aye; Vice Chair Talbot, Aye; Commissioner Coulter, Aye; Commissioner Bitá, Aye.*

Approval of Citizens' Advisory Board Minutes

Materials: Draft CAB meeting minutes (attachment 3)

- Chair Soni noted various spelling and context errors.
- It was decided that the CAB would vote on the revised minutes at the next meeting.
- No vote was taken at this meeting.

2023 Northeast Public Power Association Annual Conference

Materials: NEPPA Conference Agenda Draft (attachment 4)

- Chair Soni requested that Mr. Phipps present a summary of the NEPPA presentations.
- Chair Pacino noted that Commissioners with over ten years' experience on Boards are often recognized at the Annual NEPPA conference.
- Commissioner Coulter made a **motion**, seconded by Commissioner Bitá, that the RMLD Board of Commissioners approve Gregory Phipps' travel to, and attendance at, the Northeast Public Power Association (NEPPA) Annual Conference to take place August 20-23, 2023, at the Mystic Marriott Hotel in Groton, Connecticut. **Motion Carried: 4:0:0** (4 in favor, 0 against, 0 abstained). *Roll Call: Chair Pacino, Aye; Vice Chair Talbot, Aye; Commissioner Coulter, Aye; Commissioner Bitá, Aye.*
- Commissioner Coulter made a **motion**, seconded by Vice Chair Talbot, that the RMLD Board of Commissioners approve for all commissioners that are interested in attending, travel to, and attendance at, the Northeast Public Power Association (NEPPA) Annual Conference to take place August 20-23, 2023, at the Mystic Marriott Hotel in Groton, Connecticut. **Motion Carried: 4:0:0** (4 in favor, 0 against, 0 abstained). *Roll Call: Chair Pacino, Aye; Vice Chair Talbot, Aye; Commissioner Coulter, Aye; Commissioner Bitá, Aye.*
- Mr. Hooper made a **motion**, seconded by Vice Chair Welter, that the RMLD Citizens' Advisory Board approve for all members that are interested in attending, travel to, and attendance at, the Northeast Public Power Association (NEPPA) Annual Conference to take place August 20-23, 2023, at the Mystic Marriott Hotel in Groton, Connecticut. **Motion Carried: 5:0:0** (5 in favor, 0 against, 0 abstained). *Roll Call: Chair Soni, Aye; Vice Chair Welter, Aye; Mr. Hooper, Aye; Mr. Kelley, Aye; Mr. Small, Aye.*

Integrated Resources Report - Coincident Peak and Economic Development Rates

Materials: IRD Report (attachment 5)

Bill Bullock presented an IRD report to the RMLD boards.

Economic Development Rate (slide 2)

- Mr. Bullock introduced two proposed rates that are under development.
- Discussed the objectives, focus, and community benefits outlined on slide 2.
- One of RMLD's strengths as an MLP is the ability to keep rates relatively low, making it appealing to commercial and industrial businesses.
- Discussed the mutual benefits of attracting large commercial and industrial customers.
 - Contribute to purchasing power around the clock at more affordable prices.
 - This results in an overall rate reduction for all customers.
- Offer introductory discounts for the short term to attract businesses.
- Discussed the potential benefits of expanded time-of-use rates.
- Vice Chair Welter asked how increasing the base load would benefit the rate payers.
 - Around-the-clock power typically comes at a lower cost than during peak times.
 - This reduces the overall cost of energy.
 - Mr. Phipps added that the primary objective is to create incremental load, distributing the fixed costs more broadly, hence lowering the cost on a per kilowatt-hour basis.
- Vice Chair Welter expressed concern about the potential impacts on existing rate payers.
 - Any immediate impact on rates would be seen as an investment in attracting larger customers, with the long-term aim of maintaining lower rates.
- Chair Soni pointed out the significance of 'time to power,' which is crucial for large industrial customers.
 - The proposed rate would give RMLD the necessary timeframe to accommodate this.
- Chair Soni said that providing power promptly might allow RMLD to charge a premium.

Economic Development Rate (slide 3)

- Discussed the two areas of focus relative to the proposed economic development rates.
 - Fixed components represent the company's fixed costs.
 - Focus on the fixed components of energy costs rather than the energy itself.
 - By increasing the denominator of megawatt hours sold, fixed costs can be spread over more megawatt hours.
 - This ultimately will help drive down the cost for other customers.
 - Focus on the demand PPCT charges and targeting a bill reduction of ~10%-20%.
- Commissioner Coulter expressed reservations about entering into long-term contractual agreements when there is uncertainty in load materialization.
- Commissioner Coulter highlighted potential risks associated with building capacity and then not fully utilizing it.
- Mr. Phipps said that the rate will have a minimum level, a set period, and any capital investments needed will be billed to the customer.
- Discussed the goals and intention.
 - Attract new customers.
 - Incentivize existing ones to expand within the territory.
 - Increase network capacity utilization, which currently stands at 48%.
- Feedback from the commissioners is valuable for further rate development and analysis.
- Vice Chair Welter questioned the necessity of the initiative, given RMLD's existing low rates, compared to investor-owned utilities.
 - Mr. Bullock emphasized the need to engage with key commercial customers to gather insights on expansion plans and factors that would influence decisions.
- Vice Chair Talbot inquired about the historical context, trying to recall if any company had previously approached the board with similar discount proposals.
 - Mr. Phipps confirmed that such discussions occur at the staff level and emphasized the legal requirements for MLPs to set consistent rates.
- Mr. Phipps highlighted the importance of ensuring that the initiative does not adversely impact other customers and expressed confidence in its potential value.

Industrial Coincident Peak Rate (slide 4)

- Discussed the Industrial Coincident Peak Rate as outlined on slide 4.
- Highlighted the status of RMLD's peak demand reduction credit program.
- The program has seen some success, but participation is lagging.
- Discussed various issues and proposed solutions.
 - Time lag between when customers take peak reducing steps and when they receive the associated rewards.
 - Customers reap rewards in the next calendar year for actions taken in the prior year.
 - Proposed real-time rate would immediately price customer behavior in each month.
 - Help demonstrate a direct connection between customers' actions and rewards.
- The rate would charge customers based on their usage during coincident peaks.
- If customers use less power during peak periods, any system-wide savings would be passed directly to these customers.
- There are no additional costs to other rate payers with this rate.
- Discussed the advantages of this rate.
 - Customers directly benefit from peak reducing behaviors.
 - Potential for RMLD's existing infrastructure to handle more loads.
- Customers would be informed in advance of when these peaks might occur.
- Peaks are becoming harder to predict so RMLD will signal more peaks for customers.
- Discussed the primary goals and objectives.
 - Change customer behaviors by providing them with the tools to realize savings.
 - These savings would be a direct result of the customers' efforts and behaviors.

- Involve customers in the process of controlling their peak use and equipping them with information to make decisions about load usage.
- Commissioner Bitz asked about communications methods with commercial clients.
 - Continuous discussions with key accounts.
 - Access to a specific portal which allows them to monitor their load usage.
 - Clients receive notifications about expected peak events.
 - Ensuring messages are received by the appropriate individuals and assessing the best communication methods will be crucial in moving forward.

General Manager's Report

Mr. Phipps provided a GM report to the Boards.

Internship & CO-OP Programs

- Highlighted the success of the summer internship program.
 - A group of interns are slated to join RMLD this summer/fall, including one intern from last summer.
- Discussed the current internship and revived co-op program.
 - Scheduled to run through the end of the year.
 - Programs are comprised of six members (three interns and three co-ops)
 - Represent institutions such as Endicott, Colby College, WPI, and Mass Maritime.
- Discussed the primary objectives of the program: learning and application, contribution to RMLD, and promoting the Electric Utility industry.
 - Applying classroom knowledge and skills in a real-world setting enhances learning.
 - RMLD offers a genuine professional environment.
 - Members contribute value to RMLD through various tasks (research, analysis, ..)
 - Channel RMLD's passion and enthusiasm for the current developments in the industry and bring this back to their respective educational institutions.
 - More students might consider pursuing careers in the electric utility industry, with a particular interest in joining RMLD.

Organizational Morale

- Morale within the organization remains strong and robust.
- There's an overall positive atmosphere and encouragement throughout the organization

Flex-Time

- Discussed the continuation of the flex time schedule for employees.
- Non-line employees have a choice of working four ten-hour days, five eight-hour days, or four nine-hour days with a half day on Friday.
- The flexible approach to work hours has been positively received and is functioning efficiently for the organization.
- The recent introduction of flex time for the line team began about four weeks ago.
- There are some stipulations to this flexibility, several line crews are now working on the four ten-hour days or five eight-hour days.
- Ten-hour workdays during the summer period are advantageous; allows crews to accomplish more during extended daylight hours.
- The new flex schedule is in the pilot phase and has not been formalized in any contracts.
- Initial feedback has been positive.

Staffing Updates

- Discussed staffing updates.
- RMLD has successfully filled several open positions.
- The new Director of HR has been instrumental in streamlining the hiring process.
- There are currently six open positions and active efforts are underway to fill these roles.

Winter Reliability

- Discussed the importance of winter reliability for the organization.
- No immediate or imminent threat; RMLD is proactively preparing to address the issue.
- Concerns revolve around possible extended cold snaps during December to February

- natural gas might be prioritized for heating rather than for generation.
- Combined with diminishing oil reserves, could result in generation stations running out of fuel.
- The scenario is not immediate doom and gloom, but it does represent an increasing risk. ISO NE and various industry groups are working to address the concern.
- The reliability of power remains a top priority; RMLD is actively taking provisions to protect its customers and network.
 - BoC approved an additional 10MWs of storage capacity.
 - The contractual details are being finalized; storage installed in 2024.
 - This proactive measure is partly in response to the scheduled retirement of the Mystic power station (May 2024) and associated uncertainties around the Everett Marine Terminal, a neighboring natural gas facility.
- The risk of winter reliability might manifest around January 2025.
- To bolster the RMLD's preparedness, a Request for Proposal (RFP) has been issued for an additional 20 MWs of storage.
 - Set to be presented for approval in July or September.
 - All storage agreements will be under a Power Purchase Agreement (PPA) structure.
 - Conservative risk strategy given the dynamic nature of storage technology.
 - Opting for an Energy Services Agreement instead of asset ownership.
 - This contrasts with the approach taken for solar generation assets.
 - By the second half of 2024, a total of 30 MWs of storage (with three-hour duration) will be added to the existing 5 MWs.
- Discussed the benefits of energy storage systems.
 - Emphasized the savings in capacity and transmission costs.
 - Savings offset costs and generate additional margin for the utility.
 - Another benefit is the added layer of reliability these systems provide.

Maple Meadows

- Discussed the ongoing efforts around the Maple Meadows project.
- Maple Meadows is a landfill site located in the southwest part of Wilmington.
- Exploring the potential of this site to accommodate up to 10MWs of solar generation.
- Despite the challenges presented by the site, there has been substantial progress.
- This is in part thanks to the support from several meeting attendees and stakeholders.
- Plans are in motion to make a formal request to acquire the land.
- Discussed the objectives behind the Maple Meadows project.
 - Center around reliability, cost-efficiency, and sustainability.
 - Enhance reliability by facilitating within-territory generation.
 - Potential solar installation is projected to be more cost-effective than the prevailing wholesale energy costs.
 - The investment tax credit adds to the cost advantage.
 - Solar generation is non-carbon, and the energy generated will carry class one certificates, aligning with RMLD's non-carbon goals.

Load Forecast

- Discussed the importance of load forecast.
- New England has experienced milder temperatures since the beginning of the year.
- This change in weather directly affects energy consumption.
 - Energy bills are influenced by a combination of rates and usage.
 - Due to the mild climate, KWh sales have decreased ~ 3-4% from the previous year.
 - Observing potential load patterns for the upcoming months, specifically July and August.
- Mild weather has implications for RMLD's finances and cash flow.

- Energy costs are passed through to the customer; milder weather likely results in reduced energy bills.
- Discussed the significance of forecasting for 2024 and the longer term.
- Industry predicts the total load may double in the next two decades.
- The challenge is to predict the load over the intermediate period (three to ten years).
- Discussed the question of an appropriate pace for infrastructure investment.
- Given the long-term nature of such investments (spanning 20 to 30 years), determining timing, and sourcing the required cash are crucial aspects to consider.

Grant Applications

- Provided an update on grant applications.
- Submitted a grant application focused on public EV chargers, amounting to ~ \$5m,
- A planned installation sequence of these EV chargers through 2028 was outlined.
- Predominantly level twos chargers, with a smaller number of level threes.
- If approved, this grant would fund almost all the installations.
- Since January, grant applications submitted total \$48m (several multi-year projects).
- Timing of investments, funding strategies, and staffing considerations as the key.
- Mr. Kelley noted frequent EV charger vacancies and asked about the current utilization/ return on investment of these charging stations.
 - Discussed the significance of charger location.
 - Certain charging stations were established with minimal costs through original grants.
 - May not have been placed in high traffic areas.
 - RMLD made initial investments in the installation.
 - State funds covered the cost of the equipment.
- RMLD is continually learning about the effectiveness of different types of equipment.
- Some chargers are highly utilized, and some are underutilized (Wilmington).
 - This has prompted a reevaluation of their placement.
- The broader aim is to minimize the rate payers' investment in these charging systems.
- Discussed 2028 estimated projections.
 - ~ 60-70 level two chargers
 - ~ 20 - 30 level 3 DC fast chargers.
 - Most EV charging is projected to be done at home.
- Chair Pacino stressed the importance of EV charger location.
 - Provided an example of two EV charging stations in Wakefield off the highway.
 - Emphasized the advantage of having charging stations close to major highways.
 - RMLD's has an advantageous position due to its proximity to highways 128 and 93.
 - The original grant required chargers to be on municipally owned properties.
 - The new grant application allows for more flexibility relative to charger locations.
- While EV chargers are crucial, they are not the organization's top priority.
 - Substations and infrastructure development are taking precedence.
- Vice Chair Welter asked if the chargers are listed on mobile apps.
 - Yes, there are several mobile applications that list these chargers, driving directions, availability, and rates.
- Commissioner Coulter made the following points:
 - Questioned whether RMLD had considered becoming a peak energy provider.
 - Suggested the possibility of generating power during peak load times by establishing a facility on RMLD property.
 - Traditional fuel sources like gas or oil-powered facilities for enhanced reliability, especially given the impending absence of facilities like Mystic.

- Noted that with growing demand, these kinds of generation points would become critical, particularly in proximity to substations in areas such as North Reading and Wilmington.
- Mr. Phipps noted the importance of within-territory generation for maintaining reliability.
- Highlighted the advantage of the existing natural gas pipelines in the territory.
- To address the carbon footprint of natural gas, RMLD is exploring carbon capture.
- The objective is to propose a non-carbon solution using natural gas.
- Ongoing land acquisition efforts and collaborations with towns to identify privately held lands are suitable for this purpose.
- RMLD will present concepts revolving around thermal storage, chemical storage, and natural gas combined with a carbon capture solution.
 - Carbon Capture may serve as an additional revenue stream through carbon sales.
 - A clearer strategy will be presented.
- Chair Soni pointed out that companies like Bloom are also working on similar initiatives.
- Commissioner Bitá requested an update on EV Charger usage at a future meeting.
 - RMLD provides quarterly reports on EV Charger usage to the Town.
 - Committed to sharing the reports in the subsequent meetings.

Report on Burbank Ice Arena Solar

- Mr. Phipps reported on the Burbank Ice Arena meeting.
- Mr. Phipps and Commissioner Bitá attended a joint meeting with the Select Board and the board who manages the Burbank Ice Rink on Simmons Way in Reading.
- The rink (25 years old), requires a new roof and the Select Board is inquiring about the feasibility of installing solar panels on it.
- Preliminary estimates suggest the rink could support a 380 KW array, which might offset 10-20% of their \$120K annual electric bill.
- RMLD is exploring programs and time-of-use strategies to further enhance savings.
- ITCs accessible to MLPs, could lead to a 20-30% tax credit on the array's installation.
- It may be more advantageous for RMLD to own and install the array.
- Evaluating heat pump technology and methods to balance energy use between the ice sheet and the stands.
- The rink's peak load is around 150 KW, and turning off the refrigeration system during peak hours could provide additional savings.
- Interns are investigating innovative approaches to using the ice sheet as part of an energy optimization system.
- Chair Soni proposed considering options like chilling during nighttime.
- Discussed the eligibility of the roof for a solar linked ITC as outlined on slide 2.
- The rink will continue with the roof replacement while RMLD evaluates energy options.

Scheduling

The next BoC meeting will be held on July 20, 2023, at 7:30 PM.

The next CAB meeting will be held on July 20, 2023, at 5:30 PM.

Adjournment – Citizens' Advisory Board

Vice Chair 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 abstained). *Roll Call: Chair Soni, Aye; Vice Chair Welter, Aye; Mr. Hooper, Aye; Mr. Kelley, Aye; Mr. Small, Aye.*

The CAB meeting adjourned at 9:08 PM.

Chair Soni remained in the meeting as the CAB representative.

RMLD Procurement Requests for Board Approval

Mr. Phipps presented procurement requests for approval.

IFB 2023-27 Station 3 Pole Yard Paving

- RMLD stores poles and transformers at Station 3 in North Reading.
- The southern section, (unoccupied) is composed of gravel and mud.
- Is not conducive for moving equipment in or out (deliveries or picking up items).
- Discussed initial bid:
 - pave the entire area where the trucks frequent.
 - projected budget of \$150K for 2023.
 - estimate included a binder coat, scratch coat, and topcoat.
- Discussed current bid details:
 - Decided to only apply the binder and scratch coats after consulting with several paving companies.
- Chair Pacino asked why only one bid was received.
 - Mr. Phipps hypothesized that the current surge in construction activities and the small size of the project could be reasons for the limited response.
- Commissioner Bitá inquired about the square footage of the area to be paved.
 - It is a considerable space roughly the equivalent to two house lots.
- Commissioner Coulter asked about the designated paving area.
 - The area remained the same; the difference was for a binder coat without a topcoat.
- Mr. Phipps showcased the area being paved using Google Maps.
- Chair Pacino expressed unfamiliarity with Cassidy Corp and questioned if due diligence had been conducted on the company.
 - RMLD has not worked with the company previously but will ensure due diligence.
 - Commissioner Bitá mentioned familiarity and expressed confidence in the company.
- Commissioner Coulter made a **motion**, seconded by Vice Chair Talbot, that bid 2023-27 Station 3 Pole Yard Paving be awarded to: Cassidy Corp., for \$59,595.00, pursuant to M.G.L. c. 30 § 39M, as the lowest responsible and eligible bidder, on the recommendation of the General Manager. **Motion Carried: 4:0:0** (4 in favor, 0 against, 0 abstained). *Roll Call: Chair Pacino, Aye; Vice Chair Talbot, Aye; Commissioner Coulter, Aye; Commissioner Bitá, Aye.*

Policy Review

Materials: Policy 5: Training and Travel R10 Review Documents (attachment 8)

- Mr. Phipps presented Policy 5: Training and Travel (Revision 10) to the BoC.
- Discussed the significant policy changes, as outlined in the summary & highlights memo.
 - Streamlining content
 - Responsibility shifts
 - \$2k threshold for the General Manager's reimbursable travel authorization.
- Vice Chair Talbot asked how the \$2K threshold was derived.
 - Mr. Bloomenthal noted that the threshold accounts for reasonable travel costs, and ensures that expenses are manageable without being exorbitant.
- Commissioner Coulter noted that the total cost for a three-day trip, including airfare, lodging, and meals, would total approximately \$2K.
- Vice Chair Talbot questioned the rationale behind the specific \$2K figure, suggesting a more conservative threshold (\$500).
- Commissioner Coulter countered that with costs like \$500 per day for meals, lodging, and travel, a 2–3-day trip could easily approach \$3K.

- Vice Chair Talbot expressed concerns about potential loopholes with the \$2K threshold, which could allow a future general manager to make multiple trips costing just under \$2K without board oversight.
- The BoC agreed to the revised threshold of \$1K regarding General Manager notification of reimbursable travel.
- Mr. Phipps supported this and emphasized the importance of having a defined amount.
- Mr. Talbot noted his appreciation for RMLD's and the GM's transparency and diligent updates.
- Commissioner Coulter made a **motion**, seconded by Commissioner Talbot, that the RMLD Board of Commissioners approve Policy 5: Training and Travel (Revision 10), as presented, with the change to section D, that two-thousand dollars be changed to one-thousand dollars, on the recommendation of the General Manager. **Motion Carried: 4:0:0** (4 in favor, 0 against, 0 abstained). *Roll Call: Chair Pacino, Aye; Vice Chair Talbot, Aye; Commissioner Coulter, Aye; Commissioner Bita, Aye.*

Adjournment

Commissioner Coulter made a **motion**, seconded by Vice Chair Talbot, that the RMLD Board of Commissioners adjourn regular session. **Motion Carried: 4:0:0** (4 in favor, 0 against, 0 abstained). *Roll Call: Chair Pacino, Aye; Vice Chair Talbot, Aye; Commissioner Coulter, Aye; Commissioner Bita, Aye.*

The RMLD BoC adjourned at 9:21 PM

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

Philip B Pacino
Philip B Pacino (Nov 16, 2023 12:19 EST)

Nov 16, 2023

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

As approved on November 15, 2023