



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2021-04-22

Time: 7:30 PM

Building:

Location:

Address:

Session: Open Session

Purpose: General Business

Version: Final

Attendees: **Members - Present:**

Mr. Robert Coulter, Chair; Mr. Philip B. Pacino, Vice Chair; Mr. John Stempeck, Commissioner; Mr. David Talbot, Commissioner; Marlena Bitá, Commissioner

Members - Not Present:

None

Others Present:

RMLD Staff: Ms. Coleen O'Brien, General Manager; Mr. Hamid Jaffari, Director of Engineering and Operations; Mr. Charles Underhill, Director of Special Projects, Mr. Greg Phipps, Director of Integrated Resources; Ms. Wendy Markiewicz, Director of Business and Finance; Ms. Janet Walsh, Director of Human Resources; Ms. Kathleen Rybak, Operational Assistant Engineering and Operations

Citizens' Advisory Board: Mr. George Hooper, Secretary, Wilmington

Others: Ms. Gail Paige, Reading; Mr. David Zeke, Reading

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

Topics of Discussion:

PER GOVERNOR BAKER'S MARCH 10, 2020, ORDER SUSPENDING CERTAIN PROVISIONS OF THE OPEN MEETING LAW, G.L. c. 30A, §20, THIS MEETING WAS HELD REMOTELY VIA ZOOM.

1. Call Meeting to Order

Chair Stempeck called the meeting to order and he welcomed the new RMLD Board Commissioner Marlena Bitá.

Opening Remarks

Chair Stempeck announced that the meeting is being videotaped via Zoom for distribution to the community television stations in North Reading, Lynnfield, and Wilmington.

Chair Stempeck noted that Mr. Pacino will be the Board Secretary.

Chair Stempeck stated that he understands that there are requirements for remote meetings that need to be followed, such as naming the member or members who are participating.

2. Public Comment – Chair Stempeck

a. Citizens' Advisory Board/RMLD BOC Report from CAB Meeting

Mr. Hooper, CAB Secretary, welcomed Commissioner Bitá. Mr. Hooper had nothing to report at this time.

b. Liaisons to the Board

Chair Stempeck commented there has been no reappointment of the liaisons to the RMLD Board from the Select Board.

c. Public Comment

Chair Stempeck stated that Mr. David Zeke and Ms. Gail Paige would like to speak.

Mr. Zeke said that relative to the Palmer biomass plant on April 2, the Department of Environmental Protection revoked the permit for the Palmer biomass plant. Secretary Theoharides commented that if they were to reapply for the permit, they would find the bar raised considerably, partly in light of the recently passed Climate Bill, setting new requirements for environmental justice communities. According to *CommonWealth Magazine* a source in the Baker administration claimed that the plant was no longer compatible with the governor's current focus on climate change, symbolized by his signing of climate change legislation. Mr. Zeke stated that DOER has recently proposed changes to the RPS that would disallow any RPS credits for biomass plants within five miles of an environmental justice community. Mr. Zeke asked does RMLD plan to formally withdraw from the contract it is committed to? Will the power sourced from the Palmer plant be removed from the RMLD monthly forecast?

Mr. Pacino said that this was also discussed at the CAB meeting he attended, in which Ms. O'Brien and Mr. Phipps provided feedback.

Mr. Phipps responded to Mr. Zeke that in terms of Palmer being in RMLD's portfolio the plant is not slated to be formally commissioned until mid-next year 2022. RMLD has it in its forecast portfolio, but if the RMLD were to exit the contract, it would be removed.

Chair Stempeck explained that the Commission and the RMLD have been very aggressive and exploring all alternatives. RMLD does not want to breach an existing contract, because that has major implications for everybody, not just Reading. The RMLD is being very careful about that and staying within all the legal guidelines. There is potential that the plant will not be able to meet its contractual obligations from what the RMLD has seen and heard.

Ms. Paige stated that she also asked a question in the CAB meeting in which Mr. Phipps and Ms. O'Brien did a great job of answering. She had one concern in the customer survey; it was clear that a majority of customers are willing to pay for a rate increase to reduce greenhouse gas emissions. The green clean energy policy, states that customers want to reduce greenhouse gas emissions, but with little or no price increase. In the mission statement, it talks about keeping low costs and Ms. Paige gets that. But she is requesting that the clean energy policy be amended so that it is not misstating where the source of keeping the prices low is. It is not coming from the customer because the majority are willing to pay more. It is really coming from the RMLD mission statement. She would be more comfortable if the wording was changed to say that the RMLD will, however, follow our mission statement at this point, which is to keep prices low. Ms. Paige stated that she is uncomfortable with having a statement that does not accurately reflect what the customer said in the customer survey.

Mr. Coulter said that he understands what was said. RMLD's mission statement - rates, reliability and revenue are extremely important to everybody. There is a subset of customers willing to pay more, he is hesitant to say the majority are willing to pay more. Chair Stempeck said that the survey showed there were different categories of how much more people were willing to pay. The Commission and the RMLD are going to try to implement something that reflects that and allows people to pay in different categories. The Commission and the RMLD have not formally talked about how to accomplish that yet. The survey said 67% would like RMLD to be aggressive with respect to setting goals, to reduce greenhouse gas emissions. The RMLD is on that path by trying to react faster and go further than what we are being mandated by the state. We have to balance those out.

Mr. Pacino commented that he is going to request the Board review how we allow the ratepayers to speak at these meetings. He is starting his 35th year on the Commission and has always served with the idea of transparency and listening to the ratepayers. He is a little bit uneasy with the policy that we have in place for the way we are allowing the rate payers to give us input. Prior to this meeting at the earlier Citizens' Advisory Board meeting, there were citizens in the middle of the meeting who asked questions and brought up their ideas. The only thing he requires is for the public to be respectful.

Chair Stempeck stated that he completely agrees with Mr. Pacino. As Chair he adopted the public comment policy put in place by the Reading Select Board. Mr. Pacino commented that the Commission should be setting its own rules to address this. He requested that the leadership for the next meeting review how the Commission allows public input. Chair Stempeck said that the Commission is always looking for best practices; we can always discuss this, and we will address this in future meetings.

3. Report of the Citizens' Advisory Board on April 22nd – Mr. Pacino

Mr. Pacino reported that at the CAB meeting, Mr. Phipps made an outstanding presentation on his report; Mr. Jaffari provided a report that included awards and Ms. Markiewicz had an outstanding presentation on the billing, receivable, and invoice processes.

4. Approval of Board Minutes

Mr. Pacino made a motion, seconded by Mr. Coulter, that the Board of Commissioners approve the meeting minutes of the January 20, 2021, meeting on the recommendation of the General Manager.

Roll call vote: Chair Stempeck, Aye; Mr. Pacino, Aye; Mr. Talbot, Aye; Mr. Coulter, Aye; Ms. Bitá abstained.

Motion carried 4:0:1. Ms. Bitá was not present at the meeting.

14. Reorganization of the RMLD Board of Commissioners – Taken Out of Order

Chair Stempeck requested that Item 14 be moved out of order on the agenda for the election of Chair and Vice Chair. The Board concurred.

Mr. Talbot noted that there was a rotation process in the past. He added that Messrs. Coulter and Pacino are due and overdue. The only tweak, which would apply to him as well, is that when a Commissioner is heading into a re-election year, it would be a good practice to think about not having that Commissioner be seated as the Chair in the period before the re-election year. Other Reading Boards have adopted this practice. Chair Stempeck agreed. Mr. Talbot suggested that language should be to put in the Board policy to affect this tweak.

Chair Stempeck made a motion seconded by Mr. Talbot to nominate Mr. Coulter for Chair with the voted Chair to take the position immediately after the vote. There were no further nominations.

Chair Stempeck made a motion, seconded by Mr. Talbot, to close the nominations

Roll call vote: Ms. Bitá, Aye; Mr. Coulter, Aye; Mr. Pacino, Aye; Mr. Talbot, Aye; Chair Stempeck, Aye.

Motion carried 5:0:0.

The Commission then proceeded to the election of the Chair.

Roll call vote: Ms. Bitá, Aye; Mr. Coulter, Aye; Mr. Pacino, Aye; Mr. Talbot, Aye; Chair Stempeck, Aye.

Motion carried 5:0:0.

At this point in the meeting newly elected Chair Coulter presided as Chair.

Chair Coulter made a motion seconded by Mr. Stempeck to nominate Mr. Pacino for Vice Chair.

There were no further nominations.

The Commission then proceeded to the election of the Vice Chair.

Roll call vote: Ms. Bitz, Aye; Chair Coulter, Aye; Mr. Pacino, Aye; Mr. Talbot, Aye; Mr. Stempeck, Aye.

Motion carried 5:0:0.

Mr. Pacino added that he will continue as the Secretary if it is amenable by the Chair. Chair Coulter said that Mr. Pacino could continue in this capacity.

5. General Manager's Report – Ms. O'Brien, General Manager

Community Update

EV Workshop

Ms. O'Brien stated that there will be a virtual EV workshop on April 27 at 7:00 pm with 124 registrations as of April 20. Some of the community television stations will be broadcasting this live.

High School Art Contest – 2020 Annual Report

Ms. O'Brien thanked the Board for voting on the high school art. The artwork is spectacular along with their respective narratives. Since she has been at RMLD, the Annual Report costs have been scaled down using the high school student's artwork. The first-place recipient's artwork is on the cover of RMLD's Annual Report. The awards are as follows: \$100 first prize, \$75 second prize, \$50 third prize and fourth prize \$25 for art and school supplies. The presentation of the awards will take place the first week of May with a minimum of one RMLD Board member and one CAB member.

The Town of Reading Audit Committee and the Commissioner's Audit Subcommittee are tentatively scheduled to meet in May, which means that the Annual Report will come out in June.

Battery Walkthrough

There will be a possible battery walkthrough with some of our state delegates at our five-megawatt battery facility. We received a million-dollar ACEs grant and are seeking additional potential battery grants in the future for smart grids.

Virtual Electrification Presentation

The virtual electrification presentation is scheduled for June 7 at 2:30 pm. This event is in partnership with the Wilmington Public Library to coincide with their earth year theme.

EV Grants

The RMLD has applied for EV grants from the state. RMLD applied for level two and three chargers. The Towns of Wilmington and Reading are both submitted. As of today, there is no further status update.

Outdoor Bike Event

An outdoor bike event is being held at the RMLD (April 30 - bike drop-off, May 1 - bike selection) which Reading Cares manages. This bike event is now sponsored by the Reading Climate Action Committee with Reading Cares. In order to permit this a secure command incident approval and a COVID plan were obtained. There will be required face masks and social distancing. All COVID plans were authorized by the Board of Health.

Electrical Safety

On May 11, the Reading YMCA is sponsoring a Healthy Kids Day. RMLD will teach electrical safety and education.

The GM regularly looks at all rebates and programs RMLD performs. For example, when RMLD provided rebates for window air conditioning, the result was an increase in the SEER ratings. Then the RMLD went from windows to whole house air conditioning. The RMLD is in the process of reassessing the best way to spend the customer's money to give a benefit

back to the RMLD and its customers. The RMLD may have some rebate changes and additions that will come as part of the Class Cost of Service Study that is being performed.

6. Review of Policies – Ms. O'Brien, General Manager

Ms. O'Brien stated that the policies did not have review dates when she came onboard, however, the RMLD has implemented a three-year review cycle date to ensure the language stays in compliance with laws and updates.

Policy 3: Safety Committee

Ms. O'Brien reported that RMLD has a tight safety review team consisting of two committees, the electrical and the general. There are no changes in the industry that would warrant any legal or best utility practices changes. The RMLD meets all the Policy 3 criterion therefore no recommended changes.

Mr. Pacino made a motion, seconded by Mr. Stempeck, that Policy 3: Safety Committee be scheduled for the next periodic review without change.

Roll call vote: Mr. Stempeck, Aye; Mr. Pacino, Aye; Mr. Talbot, Aye; Ms. Bitz, Aye; and Chair Coulter, Aye.

Motion carried 5:0:0.

Policy 6: Drug Free Workplace

Ms. O'Brien explained that Policy 6 is RMLD's Drug and Alcohol Free Workplace policy, which she has been working diligently over the last six years to get in all union contracts to have a drug and alcohol free workplace. CDL testing, and the drug and alcohol has been put into collective bargaining agreements. There are no suggested updates to Policy 6.

Mr. Pacino made a motion, seconded by Mr. Stempeck, that Policy 6: Drug Free Workplace be scheduled for the next periodic review without change.

Roll call vote: Mr. Stempeck, Aye; Mr. Pacino, Aye; Mr. Talbot, Aye; Ms. Bitz, Aye; and Chair Coulter, Aye.

Motion carried 5:0:0.

Policy 13: Facility Use

Chair Coulter said that relative to Policy 13, the RMLD facility is a great facility with a great room for use, but it is not available for outside use. Being a resident, he has tried to secure space for sport organizations to use. It is very limited where these and other organizations can go to meet publicly in Reading. A definition of NERC and not allowing people in the building are completely different in his point of view. He put forth a request to allow that room access and limitations with waivers be permitted.

Ms. O'Brien reported that when she first started, the building was open to the public. There was a knitting club, an old-fashioned vintage car group and others that met in the meeting space. The building did sustain some vandalism and misuse. The RMLD is not set up like a public open building like the library. The RMLD does not have custodians. The RMLD has two maintenance staff who if used for outside group meetings would incur overtime costs. This is not solely a NERC compliance issue. The RMLD made the decision in 2016 to limit the facility use to all towns in our service territory and to any committee that is covered under their liability to protect the RMLD and its facilities.

Chair Coulter said that with today's technology and cameras the facility can be protected, and any issues could easily be corrected. Anybody who goes into an inappropriate area could be identified. Chair Coulter requested the policy for space use for a community organization be reviewed.

Mr. Talbot echoes that it is worth taking another look at the policy. He understands that Ms. O'Brien has concerns, but agrees, there should be a way to allow the building to be more open perhaps there is an energy education piece that the RMLD can be doing.

Chair Coulter suggested that once COVID ends that this policy can be revisited.

Mr. Pacino said that there were problems in the building as Ms. O'Brien mentioned. In addition, people parked illegally in the parking lot. We are in the wires business and that drove the decision with the Board at that time. He has no problem revisiting the policy, but his concern is how the facility is used, whether it would be a detriment.

Ms. O'Brien added the building is used by the Reading Police Department for the RAD self-defense program which qualifies under the policy. The RMLD also sponsors training for technical engineering in which other MLPs come in to use the building and, in most cases, RMLD employees are in attendance.

Ms. O'Brien stated that she would like to have the bike event with the red line changes and after COVID can revisit the policy again.

Mr. Pacino made a motion, seconded by Mr. Stempeck, that the Board of Commissioners approve Policy 13, Facility Use, as presented on the recommendation of the General Manager with the provision that the policy to be reviewed when the Board of Health allows the building to be reopened.

Roll call vote: Mr. Stempeck, Aye; Mr. Pacino, Aye; Mr. Talbot, Aye; Ms. Bitz, Aye; and Chair Coulter, Aye.

Motion carried 5:0:0.

Ms. O'Brien stated that the next review date will be "When the Building Opens to Public."

Policy 19: Board of Commissioners

Ms. O'Brien stated that there will be changes presented at the next meeting addressing the chair vote and committees.

7. Power Supply Update – Mr. Underhill, Director of Special Projects

Mr. Underhill reported that RMLD finished the quarter 2.4% below the ENE budget numbers; however, the results are 2.3% above last year. This represents an increase in load but not as projected in the power supply budget. This is weather driven for January, February, and March.

RMLD is off to a good start this year. In January and February actual power supply costs came in below the budgeted amounts. This result translates into a good cumulative differential. This is the sum of the energy capacity and transmission expenses.

Half of RMLD's power supply costs is for energy in January and February, the results came in better than budgeted showing a positive cumulative differential.

Capacity costs came in a little bit higher than anticipated with a \$70 to \$75 million budget, this reflects a \$50,000 to \$75,000 cumulative variance; this is not a concern.

Transmission came in higher than projected. In February, the RMLD received a credit from National Grid for sub transmission expense (formula rate) and every month their values fluctuate. It is not a consistent amount which the RMLD can expect.

In January, RMLD's loads were slightly under budget whereas in February they were slightly above the budget amounts. NextEra is the largest component of RMLD's power supply budget. The nuclear units performed well, and our market share was within the tolerances for risk mitigation that are built into the budget.

8. Power Portfolio Addition/Policy 30 - Mr. Phipps, Director of Integrated Resources

Mr. Phipps reported that he will be presenting another power supply contract. In addition, he will be providing an update on the Climate Bill and a Policy 30 update and discussion on the retail side and renewables.

RMLD's power supply portfolio is designed from a risk mitigation and stability perspective to have a significant portion in long-term contracts. In the context of the Climate Bill, once called Roadmap 2050, this design has been discussed extensively. Non-carbon is the new

metric based on the new bill and the RMLD is pursuing power supply to align with this new metric.

There are not many hydro facilities in New England. This hydro opportunity is located in eastern New York, near Saratoga Springs across from the Hudson. It is a rural recreation at the confluence of the Hudson and the Batten Kill River. This project is under the control of Gravity Renewables, whose focus is hydro facilities.

It is not a facility likely to have environmental issues given geography and longevity. It is not a facility that will require any sort of a fish ladder since no natural fish migration is part of the river system section. The facility was established back in 1925. Gravity acquired this facility in 2019, and completed, a multi-year upgrade which is typical when they acquire new facilities. It was licensed back in the early 90s under a FERC license. All publicly filed documents indicate a very clean facility from an environmental perspective.

From a reliability perspective, this would be a 25-year term for RMLD. The RMLD would start taking power from it this summer. It is a seasonal river. This hydro contract represents about 5.5% of RMLD's portfolio and has, Connecticut class one certificates. This is critically important in terms of RMLD's requirement to start reporting non-compliance on an annual basis. Its pricing is close to the average hydro costs in our portfolio.

Mr. Stempeck said that he wants to ensure that we have researched this facility extensively so there are no environmental impacts that could come back to haunt us. Have we done any survey of, for example, the local newspapers for the past two years to make sure no one has filed anything? He realizes there are filed public documents, but are there any kind of community concerns that we should be aware of?

Mr. Phipps replied that the RMLD was just starting a due diligence process. The environmental review in the context of everything the RMLD has been through in the past six months is a critical issue. RMLD will do its due diligence, but the FERC process is also extremely stringent hence a comprehensive review. For this facility which Gravity will be starting next year, another FERC relicensing process will be required.

Chair Coulter asked do you pay regardless of a drought or is it just if it flows. Mr. Phipps responded that the RMLD will, be paying on what gets delivered and made sure that it matches our requirements for on and off-peak needs, as well as seasonally.

Mr. Pacino added to address Mr. Stempeck's point, should we be adding language in the motion, "that after proper due diligence".

Mr. Pacino made a motion, seconded by Mr. Stempeck, that the Board of Commissioners vote to accept the General Manager's recommendation to execute a contract after proper due diligence with Gravity Renewables for energy, including associated certificates, from a hydro facility in New York, on the recommendation of the Citizens' Advisory Board and the General Manager.

Roll call vote: Mr. Stempeck, Aye; Mr. Pacino, Aye; Mr. Talbot, Aye; Ms. Bitz, Aye; and Chair Coulter, Aye.

Motion carried 5:0:0.

Mr. Phipps stated that IRD has responsibility for the retail side of the business. The Climate Bill focuses on both electrification and non-carbon sources. Both factors will have a significant impact in terms of how the RMLD manages the business, both the retail side and the wholesale side.

RMLD is updating its forecast models in the context of electrification; in terms of the load filling that with purchase power. Regarding load growth, the rebate program has undergone many changes this past year. The air source heat pump is focused on the HVAC for residential and small applications. It is a component of both the electrification and the drive

toward non-carbon. In addition, the Climate Bill mandates electrification of transportation as well. All these factors impact RMLD's retail load with upward pressure.

In our forecast model, RMLD is looking at a 1% increase per year over the next 10 years, through 2030. After a decade of flat load growth, we anticipate the load growth to increase. The HVAC - air source heat pumps applications have already started to increase in the past few months, from ten to thirty monthly.

RMLD needs to address its incentive and rebate program to support state mandated electrification. The operating costs continue to increase on a regular basis, with an average of about 3% annually.

RMLD is examining the energy conservation and electrification fund where the rebates are paid. RMLD is at \$0.001/kilowatt hour, which is below the average of other MLPs, and local IOUs. RMLD tends to collect and spend more money than other MLP's. Our rebate program is comprehensive, the largest of all the MLPs. To support the ongoing growth, the RMLD is looking for a possible recommendation rate increase from \$0.001 to \$0.003 /kwh.

RMLD's transition to start retiring an increasing portion of our certificates that includes RECs will have an impact on how we handle the energy costs.

Part of this rate study will include looking at our solar net metering policies and procedures - how that impacts the rates, as well as the engineering side. In addition, the rate study will look at rates during off-peak evening hours, how that can help drive EV growth.

RMLD's current rebate program is focused on EV chargers, but we are exploring opportunities for rates that will be a stronger motivator in terms of a net cost to operate on an EV vehicle.

Components in RMLD's cost of energy, include energy, capacity, and transmission. RMLD's historical practice of selling certificates has reduced energy costs, now the RMLD will start retiring them. As a result, the cost offset to energy costs will taper down. RMLD needs to meet state mandated compliance targets set in the updated Policy 30. There will be quarterly updates on these transactions in the interest of transparency.

There is a six-month lag approximately 15,400 certificates purchased by RMLD as part of our purchase agreements from the fourth quarter of 2020. RMLD is in the process of selling them by June 15, otherwise they will be forfeited. These certificates are primarily Maine, Vermont, Connecticut and Massachusetts class two and class one certificates. The sale of the certificates is expected to net \$460,000 to RMLD.

Mr. Phipps then addressed, an update on renewable choice Commissioner Bitra requested. Renewable choice is addressed in the latest revision of Policy 30. Originally, RMLD's goal was to offer a 100% non-carbon option to the rate payers. Right now, given the way that the RMLD is retiring RECs on an annualized basis, all the rate payers will be participating up to that annualized line.

The way the policy is structured, everybody participates. What we intended to do for the renewable choice is to allow rate payers to participate incrementally above that annualized line, and the goal would be a hundred percent non-carbon option. At some point we might offer 75%.

RMLD is also structuring a 100% non-carbon option for rate payers. This would be incremental above the existing annualized line. An appropriate name will be non-carbon choice. The RMLD has had discussions since last summer with two of our larger industrial customers under a label called green tariff. The intention was to provide them a mechanism to report to their supply chain and corporate management the amount of their consumed power that is green. There is a wind project that the RMLD is finalizing.

The two likely “choice” mechanisms are retiring more and buying more. The retire option, for example, 40% of 2021 RMLD’s portfolio has certificates, and we will retire 23% based on our Policy 30 then retire more certificates based on the monies collected from the choice program.

The buy more option would have RMLD buy additional certificates above what we are securing as associated certificates. The process, for the commercials, this relates to the green tariff to use those funds to buy more certificates. A mixture of both of those will support commercial, industrial, or residential customers. It will be another two months before we finalize these ideas.

Mr. Pacino clarified that he must sign up as he understands this, similar to the solar choice one and two. What would be the additional cost be to the rate payers? Mr. Phipps explained that modeling and analysis is what they are working on. That cost depends heavily in terms of which certificates associated with the 100% non-carbon.

Chair Coulter asked for more clarification on the rebate programs in the presentations. Mr. Phipps explained that this can presented in either the monthly or the quarterly updates in terms of what those programs are because they will become a larger piece of the budget.

9. Renewable Choice Program Concept – Mr. Phipps, Director of Integrated Resources
Opt-Out/Opt-In Discussion Commissioner Bitá

Ms. Bitá commented that in paying for renewable energy, the Commission and the RMLD should maximize as much revenue as we can. In the 2020 customer survey, 67% of residential and 61.8% commercial customers responded that they would like RMLD to be aggressive with respect to reducing greenhouse gas emissions. What is the appropriate rate policy when 58.3% are willing to pay more? Can RMLD capture this potential revenue stream and how can RMLD accelerate the transition to cleaner energy. A study in 2018 by the National Renewable Energy Lab Energy found that when utilities use opt-in rates only five to 20% of the customers participate, but when utilities use opt-out rates about 85% or more customers tend to stay in. Customers can opt-out and say no to the premium. The Director of the Wellesley Municipal Light Plant stated that they tried an opt-in program, but only 10% of their rate payers were participating. They have an opt-out program that starts on July 1, 2021. They expect 80% to 85% of their residents to remain enrolled. The Director believes there will be a 4% surcharge to help them generate their goal of \$500,000 per year for battery storage and solar arrays on municipal buildings. Should the RMLD Board consider an opt-out program? We can still protect those who are unwilling or more importantly, unable to pay more.

Mr. Talbot stated that in Westford who is under National Grid as an IOU, offers a 5% rate raise. If do not want it, you do not have to take it and if you want, you can volunteer for 10%. Customers can say no. The RMLD can present it as an opt-out which will get more participation and funds to capture all this revenue that people are willing to give. If the RMLD does just the opt-in, which is what the Policy 30 says, the data indicates that we will not get a large participation percent.

Mr. Stempeck suggested waiting to see what Wellesley does, and if they achieve their goals. On the opt-out process his concern is for people who do not have computers and do not realize what opt-out or opt-in means.

Ms. Bitá suggested in the absence of a computer, a customer can call in to opt-out. The RMLD can provide other means of allowing customers to opt-out.

Mr. Talbot commented for the time of use meters, RMLD does an opt-in and only a few hundred have enrolled after 10 years.

Chair Coulter commented that if you do an opt-in or opt-out program, it should be communicated with a prolonged, precise, and clear communication plan to RMLD’s customers.

Ms. O'Brien said that RMLD can perform analysis on this for opt-in or opt-out. She will speak to the WMLP Director as well as other MLPs. In addition, she will call the DPU to ensure compliance. This will be brought up at a future Board meeting.

10. Engineering & Operations Report – Mr. Jaffari, Director of Engineering & Operations

Mr. Jaffari reported on the Engineering and Operations report for the months of March and April. Mr. Jaffari stated that for the last five years the SAIDI, CAIDI, and SAIFI has been outperforming the national and regional averages. The outages for the five-year cycle, were primarily due to weather. Storms were bringing trees/poles down and damaging the equipment.

Mr. Jaffari stated that in 2020 RMLD received two prestigious awards from American Public Power Association (APPA). One is the Reliability Award, RMLD's reliability is one of the best in New England. The other award received was the Reliable Public Power Provider (RP₃). This process involved APPA evaluating RMLD's policies, operational procedures, business model planning and organizational management against best business practices nationwide.

It has been our goal at RMLD to make sure that the RMLD is among the top performing utilities. This is the fourth year in a row that we have received the Certificate of Excellence in Reliability.

This is the second RP₃ award in the history of the RMLD. The first award was received in 2006 and the second 2020. The RP₃ award that RMLD received is for a three-year duration (May 2021 through May 2024). RMLD received the platinum APPA designation on the four key disciplines that was evaluated, reliability, safety, workforce development, and the system improvements.

Mr. Jaffari stated that out of the 2,000 Public Power Utilities more than 270 of them hold the RP₃ designation. RMLD was evaluated on employee demographics, reliability, physical security, cyber security NERC requirements, safety, work force development and system improvements, which were done in 2016 with a Twenty Year Reliability Plan. There are three levels, diamond, platinum, and gold. RMLD received the platinum award.

Ms. Bitz stated that the RMLD is reliable. In 11 years, her power went out once for 30 minutes. She asked why the 22 or so municipal light plants in the state have not applied. Mr. Jaffari responded that it is voluntarily. The other utilities might not have the policies and procedures, and long-term plans such as RMLD's Twenty Year Reliability Plan.

Mr. Talbot asked what is different from 2006 to 2020 when RMLD received the RP₃ award. Mr. Jaffari reflected that when Ms. O'Brien and he came to RMLD in 2014, there was no long-term plan, maintenance, lack of reliability was overdue. They came up with a maintenance program and reliability plan, however, the requirements back then were not as stringent as they are today with NERC, cyber, and physical security.

11. Business & Finance Update through February 28, 2021- Ms. Markiewicz

Director of Business & Finance

Ms. Markiewicz reported that last week the financial audit was completed by Melanson who did an excellent job. They are preparing the draft audited financials which will be ready to be presented for a meeting with the Audit Committees in May, then subsequently presented to the CAB and the Board of Commissioners.

This week sales tax prepayment requirement was changed by the state of Massachusetts. Typically, 20 days after the end of the month you must get your sales tax payment in. Now you must pay on the 25th day in the current month for what you are expecting to be liable for in sales tax. When you are looking at the accounts payable, you will see the sales tax payment for this week, which was for March and next week for April. In 2021, we will have 13 payments.

The Department of Public Utilities return is the next item to be completed. It will need the Board of Commissioners signatures, as has been past precedent.

The Town of Reading payment is set for June 30, \$1.2 million and estimated (right now), 2% net plant payments for June 30 at \$827,000 for all four towns.

Ms. Markiewicz reported on RMLD's cash, which is \$57.7 million, \$24.7 million is in the Operating Fund. There are subsets where the cash is allocated to construction, depreciation, rate stabilization, etc. The RMLD strives for three times operating expenses in the Operating Fund last year with almost \$2 million under budget. Cash is a little higher because of the timing. Last year we were a little bit over on the kilowatt sales as well. Currently, we are handling a timing issue with cash.

Ms. Markiewicz then addressed the Accounts Payable process. The RMLD does not have any control whatsoever of cash. The Town of Reading writes all our checks. Everything goes through the Town of Reading for final review and scrutiny. The RMLD receives invoices via email. However, some come in through the mail and we are trying to prevent that.

RMLD's accounting team manages this process. The accounting team receives the invoices and sends them to managers of each the division for approval of goods and services then they come back to us. The accounting team makes sure the proper signatures are secured, the invoice matches to a purchase order and the general ledger account is properly identified.

Following this, the accounting team sends it off to the Purchasing Manager where it undergoes another process of signatures and approvals through the requisition and purchase order process. The Purchasing Manager reviews all the purchases then sends them back to the accounting team. The accounting team prepares the batches and gets it ready to be paid. The applicable contract is scrutinized against the invoice. Accounting prepares everything that is ready to be processed for an actual check, puts the batches in and sends the batches off to the General Manager for final approval. The General Manager makes sure she is satisfied with what is to be paid, sends it back to the accounting team. The accounting team combines all the invoices packages together and prepares a check file for the Town of Reading who prepares the warrant.

Then the General Manager signs the warrant, and the processed invoices along with the warrant, go to a member of the Board of Commissioners for signature. At that point, the Commissioner can ask questions and accounting will answer. The member can only pull invoices if he/she thinks it is fraudulent or illegal.

After the approval of the warrant, then the Town of Reading cuts the check. Before they cut the checks RMLD receives phone calls from the Town with any questions. This is again to scrutinize and check invoices, ensuring a check and balance process. The Town of Reading cuts a check 11 days after the Friday end date, which is the warrant date. The whole process is quite complex, and it is very important for everybody to be aware of how it works.

The financial report represents February, and the sales are flat. We are a slightly under budget, and there is nothing significant to report.

Chair Coulter asked if there were any process improvements that you would suggest to streamlining the process or to improve it? Ms. Markiewicz responded that in 2020 the process went from paper to electronic. That was huge and took everybody's cooperation to make that happen. The RMLD is continuously looking to streamline the process to make it more simplistic, and the RMLD works with our vendors to avoid the stop and go. The RMLD is continuously improving and ensuring that the vendors understand what the contract says before they send us the invoices.

Mr. Pacino added that the process works much better now. It used to be three Commissioner signatures were required to approve the warrant.

12. RMLD Procurement Requests Requiring Board Approval –Mr. Jaffari
Director of Engineering & Operations

IFB 2021-13 Voltage and Current Transformers

Mr. Jaffari reported that last year, all the primary metering structures were tested (approximately 68 – 70) system wide for integrity and accuracy of the metering. The findings indicated that the equipment was outdated requiring upgrades.

This bid included the PT (potential transformers) and CT (current transformers), which step down the voltage from under from 13,800 to 120 volts and the current from thousands of amps to five amps so it could be measured in the electronics and control. The bid was sent to 14 distributors and vendors, four respondents. The lowest responsible, responsive bidders were Graybar \$124,970 and WESCO for \$28,224, the total award is \$153,194.

Mr. Pacino asked Ms. O'Brien to explain to Ms. Bitá the reason this comes before the Commission. Ms. O'Brien stated that the RMLD presents all the bids to the Board for their approval under Chapter 30B for values that exceed \$50,000 in accordance with Policy 9. The RMLD will also discuss whether there is any deviation from either expense budget or capital improvement plan that the Commission has approved when the bids are exceeding those amounts. Ms. O'Brien explained that Mr. Jaffari presents most of the bids.

Mr. Pacino made a motion, seconded by Mr. Stempeck, that IFB 2021-13 for Voltage and Current Transformers be awarded to Graybar Electric Company, Inc for \$124,970 and WESCO Distribution, Inc., for \$28,224 pursuant M.G.L. c. 164 § 56D, on the recommendation of the General Manager.

Roll call vote: Mr. Stempeck, Aye; Mr. Pacino, Aye; Mr. Talbot, Aye; Chair Coulter, Aye, Ms. Bitá; Aye.

Motion carried 5:0:0.

13. 2021 General Manager's Goals Discussion – Chair Coulter

Ms. O'Brien reported that in 2020, former RMLD Board Commissioners O'Rourke and Hennessy, who are both HR executives, gained Board approval to change her evaluation from a point system conducted annually to a quarterly check. This is envisioned to be a healthier environment with encouragement in any type of reprioritization discussion process. The RMLD has adopted that same concept internally with our senior managers going forward with the list of goals she reported on for 2020.

Ms. O'Brien stated that it is important to ensure that the vulnerability was in the entire IT infrastructure, which includes not only our IT business systems but our entire electric system. This ties into our smart grid system which is implemented under Mr. Jaffari's Twenty Year roadmap that reduces truck rolls, greenhouse gas emissions, and improves the efficiency of our response time. There is a lot of IT that goes across an entire utility system and it is a high priority. The Class Cost of Service Study and rate study is another component that needs to be completed which is a large undertaking and is performed every three years. This has been very complicated this year with all Policy 30 and new Climate Bill change this has an impact, when you factor that into the Class Cost of Service on a regular basis and add some of the new ideas that the RMLD is going to look at as well, that must be blended in that for the opt out type of programs.

With our process improvements, everything is getting better as the RMLD aligns with our reorganizational study and all the changes that the RMLD made five or six years ago. There is a lot of change with workforce management, new laws, vacancies, and change process of succession planning talent acquisition/management going forward. This is quite different from the electric utility industry where employees would remain for 30 years. There is more that goes into the entire process of making sure that we have quality and proficiency of skill sets working here because these are unique positions and safety is a priority. They are not just electrical engineers; it takes another seven years of career development to learn distribution and transmission engineering.

For the Board goals, Ms. O'Brien is looking at changing the mission statement, because that is RMLD's operational compass that the RMLD has right now.

Focusing on power supply is very important, but the RMLD is one of the largest electric municipal systems in the state. The RMLD needs to take a step back when the public is asking for analysis as well as the Board. She wants to ensure the quality is not compromised. The staff needs the proper time, and she is seeking the Board's understanding to help maintain a healthy environment on collaborative solutions.

Mr. Stempeck said that Ms. O'Brien has a great list of items to focus on and be reviewed by the Board on a quarterly basis. There is always room for change and additions. Mr. Stempeck proposed adding one more goal to the Board's responsibility - as a Board, the Commission makes sure that it is meeting the requirements of Policy 19. That was due to the fact we have been so focused on the payment to the Town of Reading, it consumed much of our time and effort. He suggested to the Board to go back to Policy 19 and review it with a fine-tooth comb, this way to ensure that the Commission follows what is required in it there and make any changes to reflect a more current era.

Mr. Talbot said that relative to Ms. O'Brien suggestions the Commission is looking at these goals for the first time. Mr. Talbot notes that the Commission may want more time to think about things that are more quantitative; how the RMLD can reduce expenses or how can the RMLD measure the reduction of the annual peak. How does the RMLD increase adoption of Time of Use and similar policies. Maybe there is a need for a committee or a separate meeting to review this.

Ms. O'Brien stated there is no motion to vote.

15. Scheduling – Chair Coulter

a. Accounts Payable, Payroll and CAB Meeting Coverage

Chair Coulter will cover May - Account Payable Warrant.

Mr. Stempeck will cover June - Payroll.

Ms. Bitz will cover June - Account Payable Warrant.

Mr. Pacino offered to assist Ms. Bitz on the Account Payable Warrant where she is new to the process.

b. Next RMLD Board Meeting: Thursday, May 27, 2021

The goals meeting will be June 3.

Ms. Markiewicz will work to coordinate the Audit Subcommittee meeting with the Town of Reading Audit Committee for the audit. Messrs. Pacino and Stempeck will be the members of the RMLD Board Audit Subcommittee.

c. CAB Meeting (May) Coverage: Mr. Pacino

Mr. Pacino will cover the May CAB meeting.

Mr. Pacino added that he came across an article in the *Boston Business Journal* on May 20 of a presentation on electrification. One of the speakers is the Technical Director of Automotive Business Units at Analog Devices, noon to 1:00 pm. He will share the link with Ms. O'Brien, then she will distribute the link.

16. Executive Session – Chair Coulter

At 10:00 PM Mr. Pacino made a motion, seconded by Mr. Talbot, that the Board of Commissioners, go into Executive Session pursuant to Massachusetts G.L. c.164 section 47 D exemption from public records and open meeting requirements in certain instances to discuss competitively sensitive issues regarding options for power supply and to consider the purchase exchange, lease or value of real estate and to return to Regular Session for the sole purpose of adjournment.

Roll call vote: Mr. Stempeck, Aye; Mr. Pacino, Aye; Ms. Bitá; Aye; Mr. Talbot, Aye; Chair Coulter, Aye.

Motion carried 5:0:0.

17. Adjournment – Chair Coulter

At 10:38 PM Mr. Pacino made a motion, seconded by Mr. Talbot, that the Board of Commissioners adjourn regular session.

Roll call vote: Mr. Stempeck, Aye; Mr. Pacino, Aye; Mr. Talbot, Aye; Ms. Bitá; Aye; Chair Coulter, Aye.

Motion carried 5:0:0.

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

Philip B Pacino

Philip B Pacino (Aug 13, 2021 09:27 EDT)

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