



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2022-02-24

Time: 7:30 PM

Building:

Location:

Address:

Session: Open Session

Purpose:

Version: Final

Attendees: **Members - Present:**

Mr. Robert Coulter, Chair; Mr. Philip Pacino, Vice Chair; Mr. David Talbot, Commissioner; Ms. Marlena Bitá, Commissioner.

Members - Not Present:

Mr. John Stempeck, Commissioner.

Others Present:

RMLD Staff: Ms. Coleen O'Brien, General Manager; Mr. Greg Phipps, Director of Integrated Resources; Ms. Wendy Markiewicz, Director of Business Finance; Mr. Hamid Jaffari, Director of Engineering and Operations; Mr. Brian Hatch, Director of IT; Ms. Paula O'Leary, Materials Manager; Ms. Erica Morse, Executive Assistant.

RMLD Finance Committee Liaisons: Jackie McCarthy, Reading

Citizens' Advisory Board: Mr. Dennis Kelley, CAB, Reading.

Minutes Respectfully Submitted By: Philip Pacino, Secretary Pro Tem

Topics of Discussion:

1. Call Meeting to Order

Chair Coulter called the Board of Commissioner's meeting to order at 7:30 PM and announced that the meeting would be held on Zoom and live on RCTV and YouTube.

Opening Remarks

Chair Coulter read RMLD's code of conduct.

Vice Chair Pacino served as Secretary at the meeting.

Introductions

Chair Coulter welcomed everyone to the meeting of the RMLD Board of Commissioners and asked all attendees to identify themselves.

2. Public Comment

Citizens' Advisory Board

Mr. Kelley reported that at the last meeting, the CAB voted to recommend the upcoming solar array and hydro projects.

Chair Coulter noted that himself as well as Vice Chair Pacino attended the CAB meeting; the meeting was brief and went well.

Liaisons to RMLD Board

Ms. McCarthy thanked Ms. O'Brien and Ms. Morse for their collaboration in scheduling a visit and presentation to the Finance Committee on March 23, 2022.

Public Comment

There was no comment from the public during this meeting.

3. Approval of Board Minutes

Materials: Board Packet, Attachment 1 (PDF)

The December 21, 2021, regular session meeting minutes were approved by the Board as presented.

Vice Chair Pacino made a **motion**, seconded by Mr. Talbot, that the Board of Commissioners approve the meeting minutes of the December 20, 2021, meeting on the recommendation of the General Manager.

Motion Carried: 4:0:1 (4 in favor, 1 absent) Roll call: Vice Chair Pacino, Aye; Mr. Talbot, Aye; Ms. Bitá, Aye; Chair Coulter, Aye. Mr. Stempeck was not present at the meeting.

4. General Manager's Report

Ms. O'Brien provided a General Manager's report as follows:

ENE Board of Directors

Ms. Bitá asked for Ms. O'Brien to further explain what it means to be appointed.

Ms. O'Brien noted that the RMLD is an 8% owner, as well as a member, of Energy New England (ENE). This motion allows for Ms. O'Brien to continue as a Director on the Board representing the RMLD as an owner.

Mr. Talbot asked a question regarding the structure of ENE meetings and Ms. O'Brien's role. It was confirmed that as a director who sits on the ENE Board, Ms. O'Brien attends Board meetings, and weighs in on ENE policy. Some Board meetings are public while Executive Sessions are closed. Mr. Talbot noted that ENE policies loop back to the RMLD since ENE does a lot of work for the department.

Mr. Talbot asked if Ms. O'Brien could provide the ENE agenda topics at the BOC meeting prior to each ENE Board meeting. This would provide the Board with the opportunity to weigh in on topics before the next ENE meeting.

Ms. O'Brien agreed to Mr. Talbot's request and stated that she would send the Board the most recent ENE meeting agendas and provide an update at the next meeting.

Mr. Talbot asked if the ENE meetings were on zoom or in person? Ms. O'Brien stated that the meetings are hybrid at this time and noted that she has been attending on zoom due to COVID precautions.

Ms. O'Brien noted that the ENE Board is comprised of owners, GMs, and private entities. As a director, Ms. O'Brien solely represents the RMLD, along with its mission statements, visions, and policies.

Ms. O'Brien commented on the timeframe of which the ENE agendas are usually circulated prior to a meeting; days prior.

Mr. Talbot cited a concern around the Board understanding what ENE is doing.

Vice Chair Pacino proposed that the RMLD provide a quarterly update on ENE to the Board, to which all agreed.

Ms. Bitá noted that Ms. Morse shares the MEAM meetings for Board attendance, and the ENE meetings could follow a similar process.

Vice Chair Pacino made a **motion**, seconded by Ms. Bitá, move that pursuant to Section 3.2 of the Operating Agreement of the Energy New England, LLC, the Reading Municipal Light Department Board of Commissioners hereby re-appoint Coleen O'Brien as a Class B Director of the Energy New England, LLC Board of Directors for a term of three years.

Motion Carried: 4:0:1 (4 in favor, 1 absent) Roll call: Vice Chair Pacino, Aye; Ms. Bitá, Aye; Mr. Talbot, Aye; Chair Coulter, Aye. Mr. Stempeck was not present at the meeting.

Community Update

Storm Update

RMLD has storm crews coming in at 1:00 AM, including control authorities. Ms. Mulvaney sent out a memo stating that the department is activating the liaison phone at 1:00 AM. The liaison phone is mainly used for Town Managers, who are not calling police and fire, to get ahold of RMLD.

RMLD's service area is expected to receive around 12 inches. As of now, the building will remain open, and a final decision will be made tomorrow. Some staff are working remote, and a skeleton crew will remain in the office. Operations will be fully staffed.

Supply Chain

Ms. O'Brien stated that the RMLD has taken steps to ensure that spare parts are available and trying to stay ahead of supply chain issues. However, the impact of the supply chain on the department is inevitable.

Mr. Jaffari will be presenting the transformer bid at the next meeting. The department is being told that this will be a two year wait and the Department will further examine the impact of this delay.

RMLD has been focusing on transformer inspection and replacement for equipment that has reached the end of its useful life. The department will continue with inspections and replace any equipment that shows signs of leaking or degrading. However, other projects may be pushed off to ensure stock remains intact and/or in the case of an emergency.

Supply chain issues will affect most equipment. Transformer inspection and replacement is one of the main projects that will be largely impacted. This will influence how the department will shift workload that is presently scheduled.

RMLD Electric Vehicle Charging Strategies Webinar

The EV charging strategies webinar was held on February 1, 2022, with approximately 80 live attendees. Ms. O'Brien commended Mr. Talbot for serving as a panelist. The recording was shared in last newsletter and is available on website and YouTube.

Elementary Art Contest Awards Nights

The Elementary Art Contest will be held virtually on March 3rd and March 10th at 7 PM.

High School Art Contest artwork is due March 25, 2022

The High School Art Contest has kicked off; a press release was sent out last week. The artwork is due on March 25, 2022, and the winner is usually featured on the front page of the annual report. The theme of the contest is versatility, which dovetails into the 2021 annual report theme.

Ms. O'Brien noted that the art contest is fun to participate and vote on; the artwork is usually very inspirational.

The carpet and paint in the AV room are complete; and the department is working to finalize specifications for the AV equipment with a goal to hold hybrid meetings in the spring.

The annual report will be published in the spring after the financial audit is complete. The report will have a different format lending to a more holistic feel and expand on the RMLD's versatility. Instead of separate lists, the department accomplishments will be integrated and organized by topic.

Economic Development Meeting

Ms. O'Brien stated that the RMLD master plan for the 230 Ash Street Campus was put on hold in 2014 due to town economic-development plans; the department would like to get back to working on this master plan. There are several visions for the development of the Ash Street Campus on the town's website. To gain a better understanding of what is happening with the Ash Street Campus, Ms. O'Brien is working to facilitate a conversation between the Select Board and BOC in a joint meeting,

The first step was to invite the BOC, Select Board, and town planning on a tour of the Ash Street Campus to see the overall layout and buildings. The tour included the Barbas Building that the department rents; Station 1, the old generating station; and the operations area where the lineman and trucks operate from. The intention was to provide attendees with the lay of the land, and the volume of space required by the RMLD for operations.

It was agreed that Ms. Morse would reach out to Ms. Herrick for evening availability and send out a doodle poll for said joint meeting.

Finance Committee Update

Ms. Markiewicz and Ms. O'Brien will be presenting at the Finance Committee meeting on March 23, 2022. Currently, the agenda is the FERC training provided by Ms. Markiewicz as well as the PILOT (Payment in Lieu of Tax) calculation.

Cultural Survey

The RMLD hired Cultural Solutions to complete the last effort under the 2014 reliability study, which called for both a customer and employee survey. The scope for the employee survey was finalized this week and the department is anticipating a signed contract Monday.

Cultural Solutions will give a kickoff presentation to the Board on how they do employee surveys all the way through to training, including leadership training. This meeting is tentatively scheduled for March. Once there is an understanding on how the survey is run, the Board can provide input to questions and move forward from there.

GM Evaluation / Annual Report

The topic "GM Evaluation / Annual Report" under agenda item 4: "General Manager's Report" was not discussed at this meeting.

5. Policy Review

Materials: Policies Board Packet (PDF).

Discussion ensued regarding holding off on certain policies until the next meeting

Ms. O'Brien reported on the following policies:

Policy 2: Surplus Material

Ms. O'Brien outline the following changes to Policy 2:

- Section 3: Assigning Value:
The current language states "Fair Market Value" which is difficult to adhere to. This verbiage was modified to reflect inspector general language and process.
- Section 4: Categorization of Surplus Property:
Values were modified to increased cost of equipment.
 - Moderate Value changed from more than \$500 to more than \$1000
 - Nominal Value changed from \$500 or less to \$1000 or less.
- Section 6: Disposal Procedures:
Removed *Section C: First Right Of Refusal, Vehicles, and Other Property* as this practice has not been occurring. Prior to this, RMLD would implement a first right of refusal for surplus material on a rotating basis to the Towns. Recently, no Towns have taken the RMLD up on any offers. Moreover, with the new DOER fuel policies, the RMLD is getting rid of most items or placing them on Munibid, which the towns have access to and can utilize.
- Section 9: Administrative Review and Reporting: Changed to quarterly reporting to the Board (substantial value) Ms. O'Brien noted that the Board Packer currently contain monthly updates and this practice will continue.

Vice Chair Pacino made a **motion**, seconded by Ms. Bitz, move that the Board of Commissioners approve Policy 2: Surplus Material, as presented, on the recommendation of the General Manager.

Motion Carried: 4:0:1 (4 in favor, 1 absent) Roll Call: Vice Chair Pacino, Aye; Ms. Bitz, Aye; Mr. Talbot, Aye; and Chair Coulter, Aye. Mr. Stempeck was absent.

Policy 9: Procurement

Policy 9: Procurement was postponed to a future meeting. The motion as tabled and no vote was taken.

Policy 10: Anti – Fraud

The Department has been using the long-term memo from former GM, Vinnie Cameron, titled: *Definition, Reporting, and Investigation of Fraud* as Fraud guidelines.

Ms. O'Brien, along with the Auditor, recommended transforming the Fraud Memo into a more formal policy format.

The proposed Policy 10 (policy number assigned from a previously dissolved policy) is a standard anti-fraud template that aligns with the former memo and law.

Chair Coulter asked what the difference is between the former memo and the current policy; Ms. O'Brien responded that the policy gets more into the details of the law whereas the memo is broad stroked.

Ms. Markiewicz stated that each year the Auditors ask if the Department is making the employees aware of anything relating to Fraud that outlines the RMLD's expectations from employees. The proposed Fraud policy will go a long way with the audit. Ms. O'Brien noted that the department took the general description of that Fraud from the memo and put the information into a formal policy format with responsibilities, required trainings, etc.

Chair Coulter asked a question on whether employees will have to take an online class yearly or something similar?

Ms. O'Brien responded that the proposed policy would follow the same process as all Board Governing Policies. Once the policy is approved, the Director of Human Resources

sends the policy to all employees to review and sign. Certain policies go beyond this and have trainings; this policy will likely fall into that category.

Vice Chair Pacino asked a question regarding a Whistleblower provision. Ms. O'Brien responded that provisions would be clarified.

Chair Coulter noted the statement regarding employee misconduct (III C), does not seem to correspond with the definition of Fraud in the financial sense. Chair Coulter stated that the scope of Fraud in this policy is too broad and relates more to Human Resources.

Ms. O'Brien responded that in the eyes of the auditor and the law, everything outlined in the policy comes under the definition of fraud. This expansion on the definition of fraud was recommended when the RMLD sent the memo through legal.

Mr. Talbot asked if the policy specifies the role of the Board.

Discussion ensued on the role of the Board in the proposed fraud policy in comparison with potentially related policies, such as, anonymous communications.

Ms. Markiewicz stated that she would send the proposed policy to the auditor for review and ask for feedback on the following: addition of a whistleblower provision, the scope and definition of fraud, as well as the Board's role and involvement.

Vice Chair Pacino suggested inserting simple verbiage under III C, such as, "all whistleblower laws or procedures will be respected".

The Board agreed to postpone and re-review Policy 10.

Policy 14: Use of Voluntary Sick Banks

Ms. O'Brien stated that no changes were made to Policy 14 aside from the following: In accordance with the current RMLD Organizational Chart, Human Resources Manager was changed to Director of Human Resources throughout.

Chair Coulter commended the RMLD for offering such a great policy to its employees.

Mr. Pacino made a **motion**, seconded Ms. Bitá, move that the Board of Commissioners approve Policy 14: Use of Voluntary Sick Banks, as presented, on the recommendation of the General Manager.

Motion Carried: 4:0:1 (4 in favor, 1 absent) Roll Call: Vice Chair Pacino, Aye; Ms. Bitá, Aye; Mr. Talbot, Aye; Chair Coulter, Aye. Mr. Stempeck was absent from the meeting.

Policy 21: Non-Union Management Compensation and Benefits

Ms. O'Brien outlined the following changes to Policy 21:

- General: In accordance with the current RMLD Organizational Chart, Human Resources Manager was changed to Director of Human Resources throughout.
- General: ICMA was changed to IRC 457 throughout.
- Section 1 C: General Eligibility: A 30-hour min requirement for Tuition Reimbursement was added.
- Section 4: Overtime and Comp A: General: FSLA law was clarified.
- Section 4: B Non- exempt - 2: Rate and Accrual: Non-exempt rate and accrual was clarified.

- Section 5: Longevity Pay B Annual Payment: The monetary value associated with years of service was removed as these numbers change annually. Verbiage was added referencing the IBEW contracts.

Chair Coulter asked if any changes were made to comp time and how many employees this policy effects in total. Ms. O'Brien responded that there are grade levels exempt and non-exempt; the Director of IT and Director of HR were added and are not entitled to these benefits. Ms. O'Brien confirmed that four employees total are excluded from comp time.

Vice Chair Pacino made a **motion**, seconded by Ms. Bitz, move that the Board of Commissioners approve Policy 21: Non-Union Management Compensation and Benefits, as presented, on the recommendation of the General Manager.

Motion Carried: 4-0-1 (4 in favor, 1 absent) Roll call: Vice Chair Pacino, Aye; Ms. Bitz, Aye; Chair Coulter, Aye; Mr. Talbot, Aye. Mr. Stempeck was absent.

6. Integrated Resources Report (Taken out of order)
Materials: Board Packet, Attachment 3, *Integrated Resources Report* (PDF)

Mr. Phipps provided the integrated Resources Report as follows:

Solar Addition to Power Supply

PV – Milan Road (slide 3)

The new solar array is located at Milan, New Hampshire, north of Mount Washington. Borrego Energy, who has experience with solar programs, is building the project. The panels are single axis tilt. In the morning the panels tilt towards the east and in the evening towards the west, to maximize the irradiance of the sun.

The benefit of this project is that it allows for increased output. It is in the best interest of developers and operators, to ensure that the single axis tracker works all the time, since RMLD pays only for the actual output. This in turn benefits the RMLD, who wants the maximum output.

Energy New England (ENE) is proposing this utility scale project (109 MW AC). The total output will be shared among ENE members; the RMLD will secure a portion of the output, 35,000 MWh/yr, which represents 5% of the current RMLD portfolio.

The contract length is twenty-five years and will be a decreasing piece of the portfolio, as load increases. The project is anticipated to be commissioned in the early part of 2025. However, due to supply chain issues, ENE is realistically anticipating power output in the fourth quarter of 2025.

This proposed power supply addition has associated Class 1 certificates; is renewable and non-carbon; and is very well priced. Typically, solar renewables are 70% – 80% higher than average, prior to discounts from certificate sales. This project is priced lower due to the single axis tracker configuration.

Relative to RMLD's traditional power supply portfolio, large portions of supply will be shifted to non-carbon, resulting in upward price pressure over time.

Mr. Phipps stated that he will present a graph at the next meeting that demonstrates pricing over time, based on the locational marginal pricing forecast (LMP) as well as, individual contracts with and without certificates.

From a purchase power perspective, RMLD has a significant amount of power coming in from southern New England, whereas this project is in northern New England. The geographic location of this solar array works to mitigate risk associated with issues that may affect a certain geographical territory. If an issue does occur, keeping the

geography spread out reduces the negative impact on the overall reliability of our supply network.

Ms. Bitá asked a question; is there an alternative to the single access tilt? Mr. Phipps responded that there are fixed (most common), and dual axis. In this case, the single axis tilt is relative to the sun (east to west rotation). for maximization sun on the panels. Typically, the RMLD tries to avoid axis rotation. However, the developer is motivated to maintain those mechanisms all the time, to ensure more energy early and late in the day.

Mr. Talbot asked a question regarding geographical risk mitigation. Mr. Phipps cited examples of potential issues that effect a certain location: clouds, thunderstorms, transmission lines down, etc. If that supply is down, then the RMLD would have to buy on the market, likely at a higher cost. Spreading risk type and geography reduces this risk.

Vice Chair Pacino asked a question, which was also raised by the CAB, regarding the 45% higher than the RMLD portfolio average. Mr. Phipps responded that currently the RMLD Power Supply Portfolio is comprised of roughly 50% mixed (natural gas) and 50% non-carbon resources. Currently, the cost of non-carbon resources (including retiring certificates verses selling) is higher than natural gas resources. Typically, in this context, solar is about 80% higher than the overall portfolio average. For this project, partly due to the single axis, the pricing is 45% higher on a dollar per megawatt basis than the 2021 RMLD portfolio average.

Mr. Phipps discussed the implications of the 2021 Climate Law and Policy 30 on cost; noting that the RMLD is migrating the portfolio to non-carbon by 2050. Moving forward it is likely that a large portion of natural gas generation will be retired, and the remaining portion will be in standby mode, for reliability; Mr. Phipps cited the example of a windless, cloudy, rainy day in August.

Now, some natural gas facilities run 5000 hours a year and this will likely drop in the future to 700 hours a year. As the capital and operating costs of these facilities will need to be paid, what is inexpensive natural gas now will become expensive natural gas, more expensive than renewable resources by 2040-2050. This highlights the benefit to filling out the portfolio with long term contracts to lock in pricing.

Vice Chair Pacino made a **motion**, seconded by Ms. Bitá, move that the Board of Commissioners, on the recommendation of the Citizens' Advisory Board, vote to accept the General Manager's recommendation to contract with Borrego Solar for energy and Class 1 certificates, from a to-be-built 109-megawatt solar project near Berlin, New Hampshire, known as Milan Road, pending environmental justice review.

Motion Carried: 4:0:1 (4 in favor, 1 absent). Roll Call: Vice Chair Pacino, Aye; Mr. Talbot, Aye; Ms. Bitá, Aye; Chair Coulter, Aye. Mr. Stempeck was absent.

Hydro Addition to Power Supply

Hydro First Light Extension (slide 4)

The RMLD has existing hydro contracts in southern Connecticut, with several contracts set to expire in 2024. The RMLD is looking for approval of a six-year extension on the existing First Light hydro agreement through 2030 with the additional opportunity to take a higher percentage of project output. This project is organized by ENE, hence, RMLD only takes a percentage of it. Although the RMLD would like to extend this agreement longer, First Light is only willing to do a six-year extension for the entire group.

Mr. Phipps reported on the volume, term, certificates, and pricing, as outlined on slide 4. Mr. Phipps noted the various benefits such as the fact that First Light is a strong entity, the cost is good, and the output complements solar in the portfolio.

Mr. Phipps discussed the concept of "ponding", which adds additional value for entitlement holders (RMLD). "Ponding" allows the facility to shift the output by hours, giving them the flexibility to let water levels rise and fall. This is particularly beneficial when output can increase during peak hours.

Even though this is an existing contract, the RMLD will conduct an environmental justice review.

Vice Chair Pacino made a **motion**, seconded by Ms. Bitá, move that the Board of Commissioners, on the recommendation of the Citizens' Advisory Board, vote to accept the General Manager's recommendation to contract with First Light for energy and Class 2 certificates, from existing hydro facilities known as Shepaug and Stevenson, pending environmental justice review.

Motion Passed: 4:0:1 (4 in favor, 1 absent) Roll Call: Vice Chair Pacino, Aye; Ms. Bitá, Aye; Chair Coulter, Aye; Mr. Talbot, Aye. Mr. Stempeck was absent from the vote.

3Q2021 Quarterly Non-Carbon Certificate Update (slide 5)

Mr. Phipps provided a reminder that one certificate is equal to one megawatt hour that comes from a non-carbon source. There is a transaction window for transacting Q3 2021 certificates (January 15 – May 15).

- Opening balance: 3,600 (from Q2 2021)
- Acquired: ~ 59,000
- Retiring: ~ 43,000 (23%)
- Sell ~ 14,800 (Normally 80%; Q3 70%)
- Ending Balance: ~ 4,800 (Normally 20%; Q3 30%)

The acquired balance for each quarter remains consistent because the amount is tied into long term contracts that are in place. A rise or fall in the balance occurs based on seasonal output and the opening and closing of contracts.

In Q3 2021 70% of certificates were sold and 30% were held compared to the usual 80% sold and 20% held. This is to allow for flexibility in Q4 if more certificates are needed for retirement, as Seabrook was going through a refueling period in October of 2021. Hence, no power was provided, and therefore no associated EFECs.

Five-Megawatt Additional Storage Battery at Station 3 Update (slide 6)

In addition to the current minute man battery storage system, RMLD is looking to add more battery storage to the portfolio.

Mr. Phipps discussed the reduction of peak loads; transmission and capacity costs; the function of time shifting; and the removal of the FERC reconstitution constraint.

The chart on the bottom left of slide 6 demonstrates the load from last August at Station 3; the purple line represents the load; the blue and yellow lines represent running the battery and generator during peak hours.

Battery storage systems are an important part of the cost management system. Capacity and transmission costs are calculated on what the load was during the annual capacity peak and the monthly transmission.

Mr. Phipps discussed the forecasted financials and noted that the RMLD's intention is not to buy the asset, but to utilize an Energy Storage Agreement.

Five-Megawatt New Battery Storage at Solar Choice 2 (slide 7)

Mr. Phipps reported on the battery storage tied to an existing solar array located at Fordham Road, Wilmington, as outlined on slide 7.

The developer, Kearsarge energy (Boston based) is proposing to add a 5MW/10MWH storage system to this site.

Mr. Phipps reported on the structure of the agreement, and the proposed forecasts. Most MLPs are accelerating their adoption of battery systems; RMLD is looking to add 25-30 megawatts by 2024. Mr. Phipps noted that the RMLD is looking at issues relating to safety.

Commercial Solar Incentive (slide 8)

Mr. Phipps discussed the RMLD goal of increasing non-carbon generation within RMLD territory.

This initiative is part of the Electrification Efficiency Charge (EEC), which was recently increased from one tenth of a cent to three tenths of a cent. Funds are allocated to both residential programs and commercial programs.

In the past commercial programs have accounted for most EEC funds. However, last year the lighting incentive program was discontinued as all lights are already LED. Most RMLD efficiency programs are custom, and the RMLD wanted to provide additional funds for a C&I incentive to encourage solar participation within that customer base.

Mr. Phipps discussed the current course of action to increase the system rebate limit; matching the rebate amount (\$1,200 / kW) to the residential incentive; the benefit payback; and the overall action plan.

7. FERC Accounting Training

Materials: Board Packet "FERC Accounting" Attachment 4 (PDF)

RMLD Financial Reporting Compliance (slide 2)

Ms. Markiewicz presented on the financial reporting compliance that the RMLD adheres to, as outlined on slide 2.

- GAAP (Generally Accepted Accounting Principles) is the foundation for approved accounting methods and standards (training and accounting degree)
- GASB (Governmental Accounting Standards Board) is the accounting reporting standards for state and local governments and is now being taught in colleges.
- FERC (Federal Energy Regulatory Commission) is a uniform system of accounts for public utilities. FERC guidance can be found in a standard instruction book (rarely updated) and is self-taught and peer trained in municipalities.

FERC Chart of Accounts (slide 3)

The specific FERC chart of accounts is dictated by the type of organization; RMLD is mainly a distribution company. A portion of the chart of accounts does not fall in line with corporate accounting as outlined on slide 3.

FERC Chart of Accounts (slide 4)

Ms. Markiewicz reported on the common FERC plant accounts, as outlined on slide 4.

Ms. Markiewicz referenced the annual capital budget presentation by Mr. Jaffari, which outlines all capital projects. Every capital project at RMLD must be properly reported in accordance with FERC compliance, so when the department files the Department of Public Utilities Return, the entire plant is captured appropriately. The FERC chart of accounts provides comparative information for all municipalities to use throughout the year for a variety of purposes.

Ms. Markiewicz stated that transformers and meters are the only assets that are capitalized immediately when they hit RMLD grounds. Regardless of whether these assets are placed in service or not, they are depreciated immediately.

General Plant

With the continuing advances in technology, and lack of updates to the FERC guidelines, the RMLD has separated out (382) computer hardware and (383) software, inside of (391) Office Furniture and Equipment. The intention of this is to understand and keep track of hardware and software expenses individually.

Capital Project Example (slide 5)

Ms. Markiewicz provided a capital project example, as outlined on slide 5. There are a variety of different accounts within each capital project. Ms. Markiewicz noted that even when employees are recording their time, they need to understand the proper FERC allocation. The RMLD captures the best categories as feasibly possible, as the categories are not all inclusive. Ms. Markiewicz reviews every invoice and ensures that expenses are charged appropriately.

Ms. Markiewicz discussed the examples of the new Wilmington Substation, Grid Modernization & Optimization, Outage Management System, and AMI mesh network. These examples provide a broad overview; within each FERC account there may be additional accounts relative to the project.

FERC Operations and Maintenance Expenses (slide 6)

Ms. Markiewicz presented the FERC operations and maintenance expenses as outlined on slide 6 and highlighted the relation to the profit and loss statement. Understanding FERC accounting translates to understanding how expenses are related.

FERC General & Administration Expenses (slide 8)

Ms. Markiewicz presented on FERC general and administration expenses as outlined on slide 8. Expenses allocated to this category demonstrate the actual expenses for handling customers, their accounts, bills etc.

FERC 930 Miscellaneous General Expenses (slide 9)

Ms. Markiewicz presented on FERC 930 miscellaneous expenses as outlined on slide 9. This chart of accounts is specific to FERC and encompasses anything that doesn't belong somewhere else. RMLD is constantly researching to identify where everything belongs.

It is important to ensure that reporting is consistent; and the profit and loss is consistent year to year as to where funds are allocated. Any expenses that are moved are identified and noted accordingly.

8. Scheduling

The next board meeting will be held on March 24, 2022.

CAB: Meeting Coverage: Mr. Stempeck

AP: Ms. Bitá

Payroll: Mr. Talbot

9. Executive Session

At 9:02 PM, Vice Chair Pacino made a **motion**, seconded by Mr. Talbot, move that the Board of Commissioners go into Executive Session pursuant to Massachusetts G.L. c.164 section 47D, exemption from public records and open meeting requirements in certain instances, to discuss the deployment of security personnel or devices, or strategies with respect thereto and return to regular session, for the sole purpose of adjournment.

Motion Carried: 4:0:1 (4 in favor, 1 absent) Roll Call: Mr. Talbot, Aye; Ms. Bitá, Aye; Vice Chair Pacino, Aye; Chair Coulter, Aye.

10. Adjournment

At 9:32 PM Vice Chair Pacino made a motion, seconded by Mr. Talbot, to adjourn

Motion Carried: 4:0:1 (4 in favor, 1 absent) Roll Call: Mr. Talbot, Aye; Ms. Bitá, Aye; Vice Chair Pacino, Aye; Chair Coulter, Aye.

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


Philip B Pacino (May 27, 2022 11:03 EDT)

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



**READING MUNICIPAL
LIGHT DEPARTMENT**

BOARD OF COMMISSIONERS MEETING

REGULAR SESSION

Thursday, February 24, 2022

APPROVAL OF BOARD MINUTES

ATTACHMENT 1



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2021-12-20

Time: 7:00 PM

Building:

Location:

Address:

Session: Open Session

Purpose:

Version: Draft

Attendees: **Members - Present:**

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

Members - Not Present:

Others Present:

RMLD Staff: Ms. Coleen O'Brien, General Manager; Mr. Greg Phipps, Director of Integrated Resources; Ms. Wendy Markiewicz, Director of Business Finance; Mr. Hamid Jaffari, Director of Engineering and Operations; Mr. Brian Hatch, Director of IT; Ms. Janet Walsh, Director of Human Resources; Ms. Erica Morse, Executive Assistant.

RMLD Board Liaisons: Karen Herrick, Select Board, Reading
RMLD Finance Committee Liaisons: Jackie McCarthy, Reading

Citizens' Advisory Board: Mr. Jason Small, CAB, North Reading.

Minutes Respectfully Submitted By: Philip Pacino, Secretary Pro Tem

Topics of Discussion:

1. Call Meeting to Order

Chair Coulter called the Board of Commissioner's meeting to order at 7:00 PM and announced that the meeting would be held on Zoom and live on RCTV and YouTube

Opening Remarks

Chair Coulter read RMLD's code of conduct. Vice Chair Pacino served as the Secretary for the meeting.

Introductions

Chair Coulter welcomed everyone to the meeting of the RMLD Board of Commissioners and asked all attendees to identify themselves.

2. Public Comment

Citizens' Advisory Board

Mr. Small stated that there was no update from the CAB meeting.

Liaisons to RMLD Board

There was no comment from the RMLD Board Liaisons during this meeting.

Public Comment

There was no comment from the public during this meeting.

3. Approval of Board Minutes

Materials: Attachment 1, Board Packet (PDF)

Meeting minutes were approved by the Board as presented.

Vice Chair Pacino, made a **motion**, seconded by Mr. Stempeck, that the Board of Commissioners approve the meeting minutes of the September 23, 2021, meeting on the recommendation of the General Manager.

Motion Passed: 5:0:0 (5 in favor) Roll Call: Mr. Stempeck, Aye; Ms. Bitz, Aye; Vice Chair Pacino, Aye; Mr. Talbot, Aye; and Chair Coulter, Aye.

4. Report on Citizens' Advisory Board Meeting

Vice Chair Pacino reported on the CAB meeting in the place of Mr. Talbot. Vice Chair Pacino stated that the meeting agenda items and materials presented to the CAB are the same as the Board agenda. There was discussion regarding removing the 40% cap on the nuclear motion; it was ultimately decided to keep the 40% in place.

5. General Manager's Report

Ms. O'Brien provided a General Manager's report inclusive of the following:

RMLD's 2022 Historical Calendar

RMLD's historical calendars are available; the RMLD will mail a copy of the calendar to the Board or CAB upon request.

Electric Vehicle Charging Strategies Webinar

The Electric Vehicle Charging webinar will take place on February 1, 2022, at 7pm. The purpose is to provide education on electric vehicles and RMLD rebates to promote electrification in RMLD's service area. A press release will go out after the New Year.

Renewable Choice Program Launch

Mr. Phipps will be speaking to the renewable choice program launch.

High School Art Contest Kickoff

The High School Art Contest Kick off will occur after the first of the year.

Elementary Art Contest Awards (February - TBD as to in person or virtual)

The Elementary Art Contest Awards have historically taken place in February. The RMLD is still determining if this event will be held in person or virtually. Once the renovations to the Audio-Visual Room have been completed (including technology upgrades) the space will be utilized for both in person and virtual events.

Vineyard Wind

An update was shared with the CAB and Board this morning relative to the Vineyard Wind announcement for the 25 megawatts awarded to ENE (who is the administrator for this project and negotiated on behalf of their member municipal light plants). The intent is for this project be a part of RMLD's power supply portfolio once negotiations are finalized (anticipated April 2022).

The success, albeit small (25 MW split) (current amount based on estimated excess), is to have the opportunity as an MLP to purchase more offshore wind off the coast of Massachusetts as well as the east coast once those opportunities present themselves.

Legislative Update and Green Communities

Ms. O'Brien provided an update on the two omnibus bills relative to Green Communities. Ms. O'Brien met with Senator Barrett, who indicated that he recognized the issue and is in favor of the legislation pertaining to the Green Communities, potentially permitting each of the four towns RMLD serves to join individually. Also the provision that all participants who joins are required to provide funding to the Trust.

The RMLD is aware that the Town of Reading would like to go forward with their Green Communities application. Ms. O'Brien has been communicating with Ms. Herrick, Chair, Reading Board of Selectmen on the legislative meeting and any updates. This proposed legislation should be finalized by the summer.

Currently, Jenn Crawford and Vin Ragucci are redrafting the language that will be submitted to Senator Barrett stating that the towns in RMLD's service territory can join individually but pay into the trust. If a town wants to join Green Communities, then the municipal light plant, in accordance with the existing legislation, will be the billing agency, and will be billing all towns in the service area. With the proposed revised language, if one town wants to join than only that town will be billed.

Ms. O'Brien explained that hypothetically, if the Town of Reading solely joins the Green Communities, the RMLD Board would currently have to vote to bill the Renewable Trust Charge for all customers in all towns.

Chair Coulter asked to clarify that the RMLD could bill by town. Ms. O'Brien responded yes, RMLD has the capabilities, and the billings will reflect that the Green Communities charge is not a charge from the RMLD.

EV Charger Construction

The EV charger construction bid will be sent out to bid shortly by the RMLD. This bid is for the construction of three charging stations in Reading and two in Wilmington, resulting from the MASSEVIP grant. Currently, Wilmington's construction is alternative bid pricing as the town has not signed the EV license Agreement.

InnovateMass Massachusetts Clean Energy Center's (CEC) Grant

There is an InnovateMass (CEC) grant for approximately \$250K. RMLD is working with the Wilmington Housing Authority to determine feasibility for grant funding to install a stash packetized thermal storage heat pump system, for its twenty units.

Ms. O'Brien noted that the Taunton Housing Authority was awarded the grant.

American Rescue Plan Act (ARPA) Bill

The ARPA Bill focuses on health and economy stimulus resulting from COVID 19 and provides support for electrification. The RMLD will provide further updates on this once it is determined what the Department may be qualified to receive from ARPA.

6. Release of Executive Session Meeting Minutes 2017-2020

Vice Chair Pacino stated that the review to release the Executive Session meeting minutes of 2017-2020 has been performed. No Executive Session meeting minutes will be released at this time based on this review.

7. Update on Employee Survey

Materials: Attachment 2, Board Packet (PDF)

Ms. O'Brien and Ms. Walsh provided an update regarding the RMLD Culture Assessment (to be conducted in 2022) in reference to the preliminary draft Scope of Work provided by Cultural Solutions Group as outlined in Attachment 2. Ms. O'Brien stated that this company specializes in non-for profits and MLPs.

Ms. Walsh stated that currently, culture solutions group is participating in the RMLD procurement process. Next steps are to finalize scope, create the contract, and set up a schedule. Cultural Solutions Group will make a kickoff presentation to the Board at an upcoming meeting so the Board can learn more about the process, as well as a presentation on recommendations at the conclusion.

Discussion ensued regarding a separate meeting with Cultural Solutions, and it was decided that a separate meeting would be scheduled.

Vice Chair Pacino asked why some of the language in the scope was redacted. Ms. O'Brien responded that the redacted lines are pricing and were redacted for competitive bidding purposes. Vice Chair Pacino asked a follow up question on pricing. Ms. O'Brien responded that as soon as the contract is signed the RMLD will share pricing with the Board, however, the cost is under \$50K.

8. Integrated Resources Report

Materials: Attachment 3, Board Packet (PDF Presentation)

2021 YTD Power Supply Costs (slide 3)

Mr. Phipps reported on RMLD power supply costs year to date (2021), summarized on slide 3. The graph titled; "total purchase power" (left) represents the total year to date 2021 power supply costs and shows the RMLD budget (annual budget/12; purple line), actual costs through October (red line), the ENE forecast (an input into the planning process, the blue line), and the cumulative difference relative to the RMLD budget (green line). Mr. Phipps noted that the three main components sum to equal the total purchase power; charts titled "energy", "capacity" and "transmission". Fuel and PPCT charges pass through to individual monthly bills with consideration to timing changes in terms of billing as well as, actual usage.

Unit costs are well known; most of the variability is driven by usage (energy), capacity peaks (capacity), and transmission peaks (transmission). Year to date energy came in over budget, as it is driven by usage, and has the largest amount of variability. In contrast, transmission and capacity came in under budget due to lower peaks and the number of resettlements in CY21. Mr. Phipps noted that being on the lower end as opposed to over budget is a positive outcome.

Between CY20 and CY21, energy usage came in higher than anticipated. In 2020, the total annual MWh came in at 650,000; in 2021, the total annual MWh is likely to total 659,000.

Mr. Phipps stated that the RMLD is anticipating that the 2021 actuals will be below budget for power supply.

Power Supply

Decarbonization Context and Implications (slide 4)

Mr. Phipps reported on decarbonization as outlined on slide 3.

Mr. Phipps discussed the 2021 Climate Law, which is a driver of electrification and will result in increased load and supply demand. Relative to 2022, load will increase 60-70% by 2050 (conservative estimate). The resulting load increase is between 1.3-1.8% per year and is driven by the adoption of EVs for transportation, heat pumps to heat and cool building.

Currently, natural gas generation on a seasonal average amounts to roughly 50% of the total generation. The 2021 Climate Law will phase out natural gas generation in the next few decades, resulting in a supply reduction from natural gas.

Mr. Phipps reported on sources to replace natural gas: wind, solar, hydro, and nuclear.

The RMLD is actively pursuing hydro projects, however, the growth will not be significant as there are no new major hydro projects being built in our region. The RMLD works to secure extensions on existing hydro projects and quickly capture projects that are not being renewed by others.

Mr. Phipps discussed Hydro Quebec, which yields a large capacity but presents the challenge of limited availability due to lack of transmission.

Most of RMLD's source growth will come from solar and wind, with limitations. Offshore wind construction delays are expected. A large magnitude of offshore wind is predicted to come into place from CY27 – CY29; but may be restricted by tower construction and transmission facilities getting power back into the New England space.

These factors reinforce the prudent need to contract a larger portion of the forecasted purchases now.

Characterization of Non- Carbon Gen Assets (slide 5)

Mr. Phipps reported on the characterization of Non – Carbon Gen assets as outlined on slide 5, focusing particularly on seasonal, intermittent sources (solar, hydro and wind). The chart titled "2020 ISO NE non-carbon monthly generation" overlays the RMLD load shape over the actual output shape of hydro, wind, and solar. The chart underscores the significance of seasonality.

The chart titled "2020 ISO NE average daily solar generation" overlays the RMLD average daily load shape (blue line) and the 2020 average daily output solar PV in the ISO NE area (orange line). The RMLD needs to fill the entire power supply portfolio 24 hours a day. The RMLD wants to secure solar, hydro, and wind but needs to consider that from a performance perspective, these sources do not always generate electricity.

RMLD Decarbonization Transition (slide 6)

Mr. Phipps reported on the RMLD decarbonization assets as outlined on slide 6. Mr. Phipps highlighted the data demonstrated on the chart. There is a significant increase in load growth (65% or 1.6% cagr) from CY22-CY49. The dark line on the chart represents the annualized target of retired certificates per Policy 30, complying to the Climate Law. This will continue to drive the need to fill power supply resources with wind, hydro, and solar. Mr. Phipps discussed the strategy to increase non-carbon sources in the power supply portfolio. Adding sources within the territory decreases capacity and transmission costs.

The RMLD's strategy is to build the portfolio so that 30% - 40% consists of a stable base (e.g., nuclear) that generates power 24/7. This works to mitigate risk by providing coverage during nighttime, cloudy weather, dry spells, etc. Currently there are only three nuclear reactors in place, and it is unlikely that any new nuclear reactors will be built in the region. These factors create a race to secure limited assets.

Mr. Stempeck asked a question regarding Quebec Hydro. The question is there a chance for Quebec Hydro to bypass Maine to reach other states. Mr. Phipps responded yes, but there is no immediate solution. The RMLD's strategy is to focus on assets that can be locked in now.

Chair Coulter commented that there is a new wave of lawsuits against Cape Wind.

Discussion ensued regarding transmission lines coming down from Quebec Hydro.

Chair Coulter noted that there is discussion around the inability to meet the climate goals with the sources currently in play. Discussion followed regarding the Climate Bill and non-carbon sources.

Power Supply – Nuclear (slide 7)

Mr. Phipps reported on the new nuclear power supply opportunity for Board approval. During the Citizens' Advisory Board meeting, a question was asked regarding the 40% limit in the motion. The RMLD gets power from two reactors: one of the two Millstone reactors and the Seabrook reactor. The RMLD is working to balance power between the two facilities to avoid being overly dependent on either one.

Currently, the RMLD is working to secure a Dominion nuclear project (direct or via a ENE consortium) and has secured an LOI with Seabrook through NextEra. Thus, the current motion is tied to those proposals specifically; both projects are encompassed in one motion.

Mr. Phipps reported on the structure for both proposals, and the pricing in relation to the Seabrook proposal.

Mr. Talbot noted that he is in full agreement with the strategy and asked a question regarding the percent of nuclear in the power portfolio. Mr. Phipps responded that it would peak around 36% depending upon the year. Mr. Phipps clarified that this is from two nuclear reactors, one from Millstone and one from Seabrook. However, the Millstone plant has two reactors. RMLD's goal is to have power from all three regional reactors.

Mr. Talbot asked another question regarding what would happen if one of the nuclear plants shut down. Mr. Phipps responded that the RMLD is working to split power between the three reactors, where there would be a small risk for each individual reactor. There is a trade off in the balance of managing availability, risk, the need for 24/7 power, and to avoid dependence on a single facility.

Mr. Talbot asked a follow up question regarding rates during a nuclear plant shut down. Mr. Phipps cited the case of the Seabrook contract where some of the risk remains with Seabrook as it is a guaranteed supply with limits in terms of pricing range.

Vice Chair Pacino made a **motion**, seconded by Mr. Talbot, that the Board of Commissioners vote, on the recommendation of the Citizen's' Advisory Board, to accept the General Manager's recommendation to add additional power supply contracts from Seabrook and/or Millstone nuclear facilities such that the total nuclear supply portfolio does not exceed 40% of the RMLD's annual power supply portfolio. Roll Call Vote: Vice Chair Pacino, Aye; Mr. Talbot, Aye; Mr. Stempeck, Aye; Ms. Bitz, Aye; Chair Coulter, Aye.

Motion Passed 5:0:0 (5 in favor, 0 absent, 0 against)

Battery Storage (slide 8)

Mr. Phipps reported on battery storage systems, as outlined on slide 8. Battery storage systems are not generators but shift time. Mr. Phipps cited the examples of shifting afternoon solar to evening use or shifting overnight wind to daytime. Mr. Phipps noted that the image in the upper right corner of slide 8 is RMLD's existing BESS Minuteman storage system, located at station 3. The chart on the lower left of slide 8 represents actual data of RMLD installation; the yellow curve shows the battery is discharged to reduce peak loads. Mr. Phipps reported on the benefits of battery storage; and stated that the system is a good match to solar and wind.

The RMLD is currently looking to add additional battery systems to the RMLD network; 25-30 MW (90 MWH total) in 5-10 MW blocks. Mr. Phipps identified the four areas of potential battery storage system installations and the associated timelines. To mitigate risk associated with technological advancements and pricing changes, the RMLD plans to lease the system near-term with the intent to own thereafter.

Chair Coulter asked if any of the battery storage systems go through ISO NE network. Mr. Phipps responded no; the systems are internal to the RMLD distribution network.

9. Quarterly Financial Update Through September 30, 2021
Materials: Attachment 4, Board Packet (PDF Presentation)

Ms. Markiewicz provided the RMLD Financial Review through September 30, 2021.

Business, Finance Highlights (slide 1)

Ms. Markiewicz reported on the business and financial highlights as outlined on slide 1.

Significant highlights included the following: the filing of the 2020 DPU Return; the distribution and presentation of the CY2022 Budget to the Board and CAB; the scheduling of the Pension Obligation transfer to MMDT (actuarial obligation); the issuing and breakout of the four town payments; and the issuing of the Town of Reading payment at the current calculation, whereas next year's payment will reflect a new calculation at approximately 3.875 mils per kWh.

Ms. Markiewicz stated that the CAB accepted the budget and made a recommendation to the Board. The Board was presented the budget on November 21 (the budget was approved).

Cash Balances (slide 2)

Ms. Markiewicz presented the RMLD cash balances as outlined on slide 2. Currently, RMLD has a total cash balance of \$53,936,377 (restricted and unrestricted). There is approximately \$24m in the operating fund; this is slightly over 2.5 months of operating expenses and is within the RMLD's target of 2.5-3 months of cash.

Accounts Receivable Aging by Month (slide 3)

Ms. Markiewicz addressed the accounts receivable aging as outlined on slide 3. Ms. Markiewicz noted the impact of COVID19 on RMLD's accounts receivable and stated that the heaviest impact was in June 2020. Although there is improvement, receivables remain below the five-year curve (2017-2021). Due to the efforts of Credits and Collection as well as the Customer Service group, the RMLD has made significant strides with its customers. In 2021, the receivables have shown a positive improvement at 30 days. The RMLD is working with customers on payment plans and ensuring healthy cash flow.

Sick Leave Buy back (slide 4)

Ms. Markiewicz reported on the Sick Leave Buy-Back as outlined on slide 4. In June 2017, RMLD had a liability balance of approximately \$3.1m. Currently, the RMLD's sick leave buy-back liability balance is \$2m. This decrease is largely due to the 30-day limitation on sick leave buy-back opportunities resulting from annual negotiation and contract review.

Depreciation Reserve as Compared to Capital Spending (slide 5)

Ms. Markiewicz reported on the depreciation reserve in relation to capital spending as outlined in slide 5. Ms. Markiewicz stated that the depreciation reserve must be held in reserve for capital spending. RMLD has made a commitment to continue to invest in infrastructure up to \$8m annually, based on the recommendation for a utility of its size. This investment in infrastructure is required to maintain the safety and reliability of the system. Ms. Markiewicz noted that meeting these targets impacts the rate of return.

Operating and Maintenance Expenses (slide 6)

Ms. Markiewicz reported on the operating and maintenance expenses through September as outlined in slide 6. Due to challenges and constraints presented by COVID 19, the RMLD is currently under budget. Ms. Markiewicz cited the example of COVID19 impacting the on and off construction cycle. RMLD has come in under budget monthly

and will come in significantly under budget for the year, despite working towards getting back on target.

10. Procurement Requests Requiring Board Approval

Materials: Attachment 5, Board Packet (PDF)

RFP 2021-02 Air-Source Heat Pump Rebate Program Support Services

Mr. Phipps reported that there were two proposals received and both were strong technologically. However, Adobe supports RMLD's heat pump source initiative. RMLD relative to other municipal light plants has a higher participation per capita and meter basis. Mr. Phipps added that Adobe, educates both RMLD customers and contractors on the process.

Vice Chair Pacino made a **motion** seconded by Mr. Talbot, that bid RFP 2021-02 for Air-Source Heat Pump Rebate Program Support Services be awarded to Abode Energy Management LLC as the responsive and responsible proposer offering the most advantageous proposal, on the recommendation of the General Manager. This is a three-year contract.

Motion Passed: 5:0:0 (5 in favor) Roll Call: Mr. Talbot, Aye; Mr. Stempeck, Aye; Vice Chair Pacino, Aye; Ms. Bitá, Aye; and Chair Coulter, Aye.

IFB 2021-06 On-Call Electrical Maintenance and Repair Services

There was no discussion on this bid.

Vice Chair Pacino made a **motion**, seconded by Ms. Bitá, that bid 2021-06 for On-Call Electrical Maintenance and Repair Services be awarded to Dagle Electrical Construction Corp. for \$87,778.00, pursuant to M.G.L., c. 30 § 39M, as the lowest responsible and eligible bidder, on the recommendation of the General Manager. This is a three-year contract.

Motion Passed: 5:0:0 (5 in favor) Roll Call: Vice Chair Pacino, Aye; Ms. Bitá, Aye; Mr. Talbot, Aye; Mr. Stempeck, Aye; and Chair Coulter, Aye.

IFP 2021-33 500 MCM CU 15kV EPR Underground Primary Cable

There was no discussion on this bid.

Vice Chair Pacino disclosed to the Chair that he will abstain on voting on this bid whereas Arthur J. Hurley is a client of his client.

Vice Chair Pacino made a **motion** seconded by Ms. Bitá, that IFP 2021-33 for 500 MCM CU 15kV EPR Underground Primary Cable be awarded to: Arthur J. Hurley Company, Inc., for \$78,507.00, pursuant to M.G.L. Chapter 164 § 56D on the recommendation of the General Manager.

Motion Passed: 4:0:1 (4 in favor, 1 abstention) Roll Call: Vice Chair Pacino, Abstain; Ms. Bitá, Aye; Mr. Talbot, Aye; Mr. Stempeck, Aye; and Chair Coulter, Aye.

11. Determination of Uniqueness for Property

Materials: Attachment 6, Board Packet (PDF)

Mr. Jaffari explained that this is being brought to the Board to waive the advertising requirement. The "uniqueness" applies to purchase of the land for the proposed new substation in Wilmington. The substation must be built near the 115KV lines and at the load center found in that region. Over the past five years, the RMLD has attempted to purchase land in Wilmington. The owners of the property at 251 Ballardvale Street are willing to sell a piece of land that meets RMLD's requirements to build a substation. This motion is to solely waive the advertisement requirements.

Mr. Jaffari reported that RMLD must submit a purchase and sale to the owners by January 31. Advertising for land at this point is not necessary where this land meets all for RMLD's requirements.

Chair Coulter asked is it necessary to vote on this. Mr. Jaffari responded that it was and cited a past example.

Vice Chair Pacino made a **motion**, seconded by Mr. Stempeck, that the RMLD Board of Commissioners approve the Determination of Uniqueness of property and waive the publication requirements of M.G.L. Chapter 30B § 16, with respect to the acquisition of land located at 251 Ballardvale Street, Wilmington, MA 01887.

Mr. Jaffari added that the determination of uniqueness needs to be signed by all Board members.

Motion Passed: 5:0:0 (5 in favor) Roll Call: Vice Chair Pacino, Aye; Mr. Stempeck, Aye; Ms. Bitá, Aye; Mr. Talbot, Aye; and Chair Coulter, Aye.

12. Scheduling

Subsequent RMLD Board Meetings: January Doodle Poll

Chair Coulter said that Ms. Morse will sent out a doodle poll for the next meeting.

The next RMLD Board meeting will be held on January 19. Chair Small noted that he will get back to the Department on if this works for the CAB as well.

CAB Meeting Coverage: (January) Mr. Pacino
AP: Mr. Stempeck; Payroll: Mr. Coulter
Proposed Warrant Schedule for 2021

Mr. Talbot stated that at the last meeting he had asked about buying renewable choice certificates. Mr. Phipps responded that the only mechanism that RMLD offers is a regular gift certificate, not a renewable gift certificate.

Ms. O'Brien said that there is a problem with that. By law there is nothing that says we cannot have gift cards, but there are many parameters around gift cards, when they expire and tracking logistics. There was no way to dovetail it into the billing system for the renewable choice, there is not sufficient staff to track that.

13. Executive Session

At 8:15 pm Vice Chair Pacino made a motion seconded by Mr. Stempeck that the Board of Commissioners go into Executive Session pursuant to Massachusetts G.L. c.164 section 47D, exemption from public records and open meeting requirements in certain instances, to discuss competitively sensitive issues regarding union negotiations and to consider the purchase, exchange, lease, or value of real property and return to regular session, for the sole purpose of adjournment.

Motion Passed: 5:0:0 (5 in favor) Roll Call: Vice Chair Pacino, Aye; Ms. Bitá, Aye; Mr. Stempeck, Aye; Mr. Talbot, Aye; and Chair Coulter, Aye.

14. Adjournment

At 8:54PM Vice Chair Pacino made a **motion**, seconded by Ms. Bitá, that the Board of Commissioners adjourn regular session.

Motion Passed: 5:0:0 (5 in favor) Roll Call: Vice Chair Pacino, Aye; Mr. Stempeck, Aye; Ms. Bitá, Aye; Mr. Talbot, Aye; and Chair Coulter, Aye

BOARD MATERIALS AVAILABLE BUT NOT DISCUSSED

- Accounts Payable / Payroll Questions through pay date 12/13/2021

- Financial Update through September and October 2021
- Surplus and Scrap Material Report November 2021
- Legal Expenses and Outside Services through October 202

DRAFT

POLICY REVIEW

ATTACHMENT 2

**(REFER TO SEPARATE ATTACHMENT FOR MARKED AND
CLEAN POLICIY DRAFTS)**

INTEGRATED RESOURCES REPORT

ATTACHMENT 3



Integrated Resources Report

Solar, Certs, Batteries, & Commercial Solar

*Presented to the
Board of Commissioners and
Citizens Advisory Board*

24 February 2022

Outline



Solar Addition to Power Supply *(motion)*

Hydro Addition to Power Supply *(motion)*

3Q 2021 Non-Carbon Certificates

Battery Storage (Station 3)

Battery Storage (Solar Choice 2)

Commercial Solar Incentive



Solar PV – Milan Road



New array in Northern New Hampshire (109 MW AC), to be built by Borrego Energy

Single axis tilt for longer generation hours

Volume - ~35,000 MWh/yr for RMLD (~5% RMLD total annual purchases (2022 purchase reference))

Term - 25 year, planned commissioning Q4 2025

Certificates - Class I certificates (renewable and non-carbon)

Pricing - 45% higher than RMLD portfolio average

Hydro

First Light Extension



Existing First Light contract for Shepaug and Stevenson output expires in 2024 (energy and certificates)

Shepaug (42.6 MW) in Southbury CT and Stevenson (28.9 MW) in Monroe CT

“Ponding” capability that allows for shifting hourly output (valuable)

Volume - ~25,000 MWh/yr for RMLD (~4% RMLD total annual purchases (2022 purchase reference))

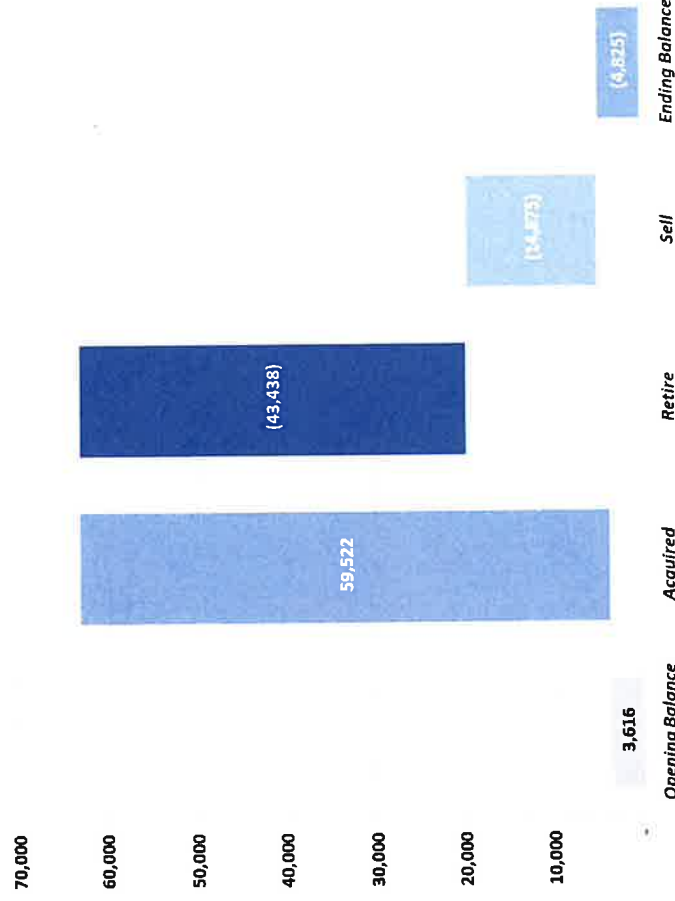
Term - 6 year extension with first right of refusal for additional extensions

Certificates – Maine Class II certificates (renewable and non-carbon)

Pricing - 50% higher than RMLD portfolio average (but lower than average hydro cost in RMLD portfolio)

3Q 2021 Certificates – quarterly report

3Q21 Certificates



59,000 certificates acquired in 3Q21

- volume stability because certificates are contracted with non-carbon generation
- minted Jan 15, 2022, transacted by Mar 15, 2022

Retiring 23% of quarterly retail sales

- all EFECs plus several Maine Class 2's
- Seabrook refueling in Oct, hence less EFEC's

Selling 70% of certificates above 23%

- lower % sold now to leave higher bank to ensure year-end compliance (sell later if not retired)
- ~\$370,000 from 3Q21 certificate sales

Banking higher % in NEPOOL GIS account

- flexibility to ensure year end compliance

Battery Storage – Station 3



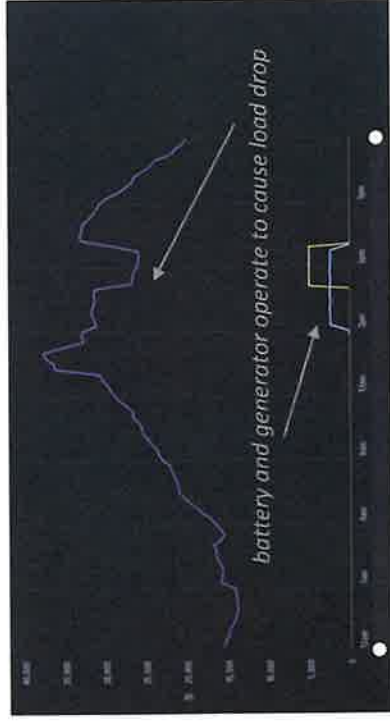
Storage systems can **reduce peak** loads (discharge during peak hours)

Transmission and capacity comprise 40% of total RMLD costs

Storage systems can **time shift** energy (afternoon solar to evening use)

Storage systems are not generators

Reconstitution (5 MW per circuit) no longer a constraint



Existing 5 MW / 10 MWH system at Station 3 (profitable for RMLD)

Site can accommodate a second 5 MW / 10 MWH system

No residences w/in 1,000 ft

Energy Storage Agreement for **storage services** (not asset ownership)

Financials forecasted to yield a net of ~\$150,000 annually for 15 years

Final package to be presented at next CAB/BoC meeting for approval

Battery Storage Solar Choice 2 add to existing Fordham PV



Existing 2.16 MW DC solar array, Fordham Road, Wilmington; array owned and operated by Kearsarge Energy

Site can accommodate a new 5 MW / 10 MWH storage system

Industrial site but safety provisions to be confirmed

ESA for **storage services** with shared savings provision; instead of asset ownership (risk management)

Proposal forecasts a net to RMLD of ~\$300,000 annually across 20 years (capacity and transmission savings)

Final package to be presented at next CAB/BoC meeting for approval

Solar incentive for commercial & industrial

Goal - increase within RMLD territory non-carbon energy generation (supports compliance, reduces transmission and capacity costs)

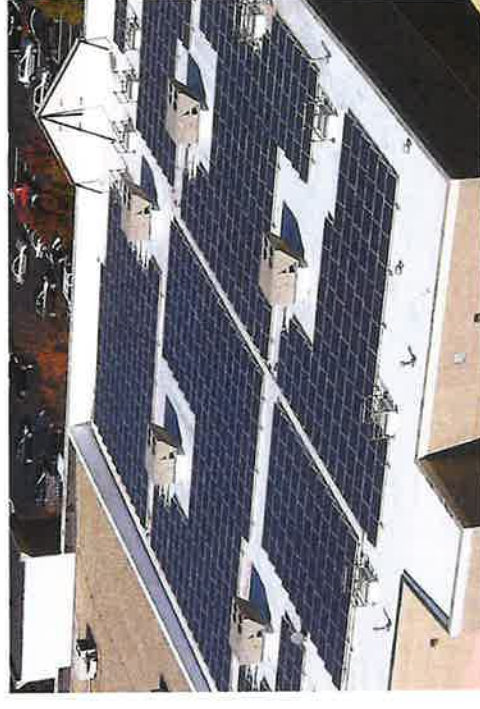
More solar at commercial & industrial is another lever to pull

Recent C&I additions minimal, only 2 small C&I added in 2021

Action - Increase system rebate limit from \$50,000 to \$120,000

\$1,200 / kW incentive could enable RMLD ratepayers 8-10 year payback on a typical 25-year system

Storage encouraged via net PPA rate accepted and/or shared savings



Action Plan:

- a) Increase RMLD incentive from \$600 / kW to \$1,200 / kW DC (of nameplate rating)
- b) Limit 50% of total project cost up to \$120,000 / system
- c) Limit total CY 2022 RMLD C&I solar incentives to \$960,000 (within budget, with 2021 carryover & addition)
- d) Make effective immediately

Thank You
from the IRD Team



MATERIALS AVAILABLE BUT NOT DISCUSSED

From: [Erica Morse](#)
To: [Erica Morse](#)
Subject: AP and Payroll Questions for the 22-2-24 Board of Commissioners Book
Date: Friday, February 18, 2022 9:11:29 AM

AP

From January 7, 2022, through February 11, 2022, there were no Commissioner questions.

Payroll:

From January 10, 2022, through February 14, 2022 there were no Commissioner questions.

Erica Morse
Executive Assistant
Reading Municipal Light Department
781-942-6489

From: [Maureen Sullivan](#)
To: [Erica Morse](#)
Cc: [Paula O'Leary](#)
Subject: Surplus Update - January 2022
Date: Monday, January 31, 2022 10:48:40 AM

Good morning Erica,

I am sending this email to inform you that there were NO Surplus Items of Substantial Value that were disposed of in January 2022.

Thank you,
Maureen

Maureen Sullivan
Assistant Materials Manager
Reading Municipal Light Department (RMLD)
230 Ash Street
Reading, MA 01867

Tel. No. 781-942-6441
Email: msullivan@rmlld.com



**READING MUNICIPAL
LIGHT DEPARTMENT**

BOARD OF COMMISSIONERS MEETING

REGULAR SESSION

Thursday, February 24, 2022

POLICY 2: SURPLUS

RMLD Policy No. 2 SURPLUS MATERIAL

Revision No. 7

Commission Vote Date _____

General Manager/Date

Next Review Date _____

I. PURPOSE

The purpose of this Policy No. 2 SURPLUS MATERIAL is to provide administrative controls and procedures ~~for use by the RMLD in disposing of surplus property~~ to maximize the value of the disposal of ~~such surplus property to RMLD and its ratepayers~~. This policy does not apply to the disposal of real estate.

II. DETERMINATION OF SURPLUS PROPERTY

Surplus property is personal property in the custody and control of RMLD ~~which~~ that is either:

- (a) In excess of RMLD's needs due to changes in operations, ~~or personnel~~ or other changes in circumstances;
- (b) Replaced by new or substitute property;
- (c) Damaged and non-repairable or uneconomic due to costs of repairs;
- (d) In poor or hazardous condition; or
- (e) Obsolete and no longer suits RMLD's needs.

Each RMLD ~~d~~Department shall identify property that it deems to be surplus. The General Manager or his/her designee shall make the determination whether any such property constitutes surplus to RMLD's needs and shall be designated for disposal. Such determination shall be made in writing identifying the reasons for declaring the property surplus.

III. ASSIGNING VALUE

Upon declaring property as surplus, the estimated value of the property shall be determined. RMLD will conduct a reasonable investigation utilizing the best available sources to locate similar supplies being offered for resale or salvage in order to develop an estimated ~~determine the~~ fair market value ("FMV") of such property. To the extent available the FMV will determined ~~based on a minimum of two (2) relevant and comparable industry sources to extent available. To the extent two suitable sources are not available due to the unique nature of the item(s), RMLD will utilize the best available sources~~. For consumer motor vehicles, FMV shall be estimated based on Kelley Blue Book, Edmunds, NADA Guides or any other nationally recognized service that values vehicles like those being disposed. For other property, including commercial or service vehicles not listed in Kelley Blue Book, Edmunds, NADA Guides or a similar source, FMV shall be estimated based on quotes, trade-in offers, available sales data, appraisal or industry sources for similar property or vehicles, as may be adjusted for specific make and model, year, condition, and special equipment and features, and other factors

deemed relevant. If FMV cannot reasonably be estimated for a particular property, then RMLD will estimate the value of such property based on its salvage value. Salvage value is the estimated residual value of an asset at the end of its useful life or the proceeds from the disposal of the asset when it can no longer be used in a productive manner. Net salvage value ~~takes into account~~ accounts for the costs of disposal to more accurately reflect the residual value of a depreciable asset.

The estimated value of the property, including the designation as scrap, and the sources consulted shall be documented and kept on file. The final determination of the property's estimated value shall be subject to review and approval by the General Manager or his/her designee.

IV. CATEGORIZATION OF SURPLUS PROPERTY

Once values are determined pursuant to Article III, property shall be categorized as follows:

- (1) Scrap - property which may or may not have a tangible resale or salvage value.
- (2) Substantial Value - property having a FMV of \$10,000 or greater;
- (3) Moderate Value - property having a FMV more than ~~\$500~~ \$1,000 but less than \$10,000; and
- (4) Nominal Value - property having a FMV of ~~\$500~~ 1,000 or less.

V. ELECTRIC UTILITY-SPECIFIC AND ELECTRIC UTILITY RATED COMMERCIAL VEHICLE PROPERTY

RMLD will identify any property that it considers to be electric utility-specific. Electric utility-specific property is property that typically only an electric utility or a company or person in the electric utility trade is likely to have an interest in acquiring. For electric utility-specific and electric utility rated commercial vehicle property of Substantial Value, RMLD will determine whether an established market exists for purposes of disposal. An "established market" is one in which commodities are regularly sold in wholesale lots and prices are set by open competition as interpreted or as otherwise defined by the Massachusetts Inspector General or agency of the Commonwealth or a court having jurisdiction over the disposal of property by federal, state, and local governmental entities. A list of trade journals and other trade publications, online advertising sources and other industry or market resources for the advertisement and sale of electric utility-specific, including electric utility rated commercial vehicles, regardless of value shall be identified and documented. This list shall be reviewed and updated, as necessary.

VI. DISPOSAL PROCEDURES.

- A. Scrap having tangible or resale value. Scrap having tangible or resale value shall be placed in the appropriate category based on the value of the property. If the surplus property will be sold separately as individual units, the property shall be categorized based on the value of each individual unit. For property to be sold as a set or collection, the property shall be categorized based on the estimated value of the set or collection. Items customarily sold as a set shall not be treated as individual units to evade or bypass applicable disposal procedures. However, RMLD, in its discretion may determine whether to dispose of property on an individual unit basis or as part of a set or collection to maximize revenue. In such instances, the reasons shall be

documented and kept on file. The final decision whether to utilize a single solicitation or separate solicitations for multiple items shall be subject to the review and approval of the General Manager or his/her designee.

B. Scrap having no tangible resale or salvage value. Scrap having no tangible resale or salvage value may be destroyed, recycled, or disposed of via an approved scrap bid or other method as determined by RMLD in its discretion based on the particular circumstances and costs of disposal. RMLD will endeavor to minimize the cost of disposal of scrap to the extent reasonably possible.

~~C. Right of First Refusal. RMLD will offer surplus property, with the exception of electric utility rated commercial vehicles, electric utility specific property, and scrap having no tangible resale or salvage value, to the Towns of Reading, North Reading, Wilmington, and Lynnfield (collectively "Towns") at FMV before offering the property to the general public.~~

~~Vehicles. With the exception of electric utility rated commercial vehicles and electric utility specific rolling stock, vehicles will be offered to the Towns at FMV on a rotational basis. The rotational sequence is Reading, North Reading, Wilmington, and Lynnfield. RMLD will notify the Towns in writing. The Towns will have 10 business days from the date of RMLD's notice to submit a notice of intent to purchase the property before RMLD offers the property to the general public. Notice of intent to purchase shall be made in writing and signed by an officer with authority to approve the purchase. If more than one town provides RMLD with a notice of intent to purchase the property at the same time, preference will be given based on the rotational sequence. If no town has provided RMLD with a written notice of intent within the 10-day period, RMLD may proceed to offer the property to the general public pursuant to applicable procedures.~~

~~Other Property. RMLD will offer other surplus property to the Towns at FMV on a first come, first served basis. RMLD will notify the Towns in writing. The Towns will have ten (10) business days from the date of RMLD's notice to submit a notice of intent to purchase the property before RMLD offers the property to the general public. Notice of intent to purchase shall be made in writing and signed by an officer with authority to approve the purchase. If more than one town provides RMLD with a notice of intent to purchase the property at the same time, preference will be given based on the rotational sequence. If no town has provided RMLD with a written notice of intent within the 10-business day period, RMLD may proceed to offer the property to the general public pursuant to applicable procedures.~~

D.C. Substantial Value. Property determined to have Substantial Value ~~only~~ shall be disposed of in ~~compliance~~ accordance with G.L. c. 30B ~~requirements-procedures~~ and ~~such supplemental~~ any additional requirements and procedures set forth in this policy and/or as determined by the General Manager—in his/her—discretion. The General Manager shall have authority to impose additional requirements if he/she determines that it is in the best interests of RMLD to do so.

Where an established market exists for the property, RMLD may dispose of the property through the established market or by trade-in if RMLD determines that it is ~~advantageous to~~ in its best interests to do so. The reasons shall be documented, and

the decision shall be subject to the approval of the General Manager or his/her designee.

For all other property, a competitive solicitation process ~~shall~~ will be used. RMLD ~~shall~~ will evaluate whether a written competitive bid process or auction, including an online auction (i.e.g., Municibid, GovDeals.com, or similar web-based listing), presents the most advantageous approach ~~given the property to be sold under the circumstances.~~ The process, including all notices, shall conform to G.L. c. 30B requirements.

RMLD shall consider whether to impose a minimum bid reserve price or other terms and conditions of the sale. At a minimum, RMLD shall reserve the right to reject any and all bids if it is in RMLD's best interest to do so.

In addition to complying with G.L. c. 30B notice requirements, RMLD shall post a notice on its website for at least two weeks and advertise the solicitation in appropriate print and online sources intended to reach potentially interested buyers. Electric utility rated commercial vehicles and electric utility-specific equipment shall be advertised in at least two sources identified on the list as set forth in Article V.

RMLD shall award the bid to the highest bidder who meets the requirements of the solicitation, unless RMLD determines that it is in its best interest to reject the bids. If RMLD rejects the bids, RMLD may solicit new bids or negotiate the sale at a higher price than the highest bid price as permitted by G.L. c. 30B.

All bidders, including participants in an auction, shall submit a non-~~collusion~~ certificate as required by G.L. c. 30B.

The sources of advertising, the specific method of disposal, and the award process, shall be documented and subject to the approval of the General Manager or his/her designee.

E.D. Moderate Value. Property of Moderate Value shall be sold through the best available means to obtain the highest price for RMLD. In determining the specific disposal and advertising methods to be used, the costs of disposal shall be weighed against the expected yield to RMLD. Among other options, as determined by RMLD under the circumstances, disposals may be made through a competitive bid or auction process to the highest bidder as provided in Article VI.C or sold for FMV or "best offer" after advertisement. When offering to sell surplus property to the general public, to the extent practical, RMLD shall advertise the sale in the local newspaper, on its website for at least two weeks and in appropriate print and online sources intended to reach potentially interested buyers. Commercial and electric utility-specific vehicles and equipment should be advertised in at least two sources identified on the list as set forth in Article V. RMLD also may negotiate the sale of the property or dispose of the property through less formal means after receiving three quotations or as RMLD deems appropriate under the circumstances. If RMLD solicits quotations, RMLD shall not be required to sell the property to the person providing the highest quotation, but the highest quotation shall be used as the benchmark for negotiating and approving the sale.

The purchaser of property having Moderate Value shall be required to sign and submit a non-collusion certificate.

The reasons and sources for the method of disposal and the award process shall be documented and subject to the approval of the General Manager or his/her designee.

~~F.E.~~ Nominal Value. Property of Nominal Value may be disposed of using sound business practices. The process and sale shall be documented and kept on file.

VII. ADDITIONAL TERMS AND REQUIREMENTS.

- A. All property shall be sold or disposed of "as is" without any warranties of any kind.
- B. The purchaser shall release RMLD, in writing, from all liabilities concerning the property. The Purchaser must provide for removal, transportation, storage, etc. at no cost to the RMLD.
- C. The purchaser shall have the responsibility to provide for the removal, storage, and transportation of the property at its sole expense. The purchaser shall remove the property at a time and location designated by RMLD.

VIII. PROHIBITION ON SALES TO EMPLOYEES, BOARD OF COMMISSIONER MEMBERS AND BOTH OF THEIR IMMEDIATE FAMILIES.

Consistent with G.L. c. 268A, § 20, RMLD employees and RMLD Board of Commissioner members and ~~both of~~ their immediate families shall not be eligible to purchase or otherwise receive RMLD surplus property regardless of price or method of disposal used. This prohibition also applies to competitive solicitation processes.

IX. ADMINISTRATIVE REVIEW AND REPORTING.

All disposals other than scrap material having no tangible resale or salvage value shall require the administrative review of the General Manager. The General Manager may require any additional reviews and approvals as the General Manager deems necessary, in his or her discretion. On a quarterly basis, the RMLD Board of Commissioners shall be provided with a report. ~~The General Manager shall make reports monthly quarterly, if applicable, identifying~~ the disposal of surplus having Substantial Value. ~~to the RMLD Board of Commissioners.~~

RMLD Policy No. 2 SURPLUS MATERIAL

Revision No. 7

Commission Vote Date February 24, 2022

General Manager/Date

Next Review Date February 24, 2025

I. PURPOSE

The purpose of this Policy No. 2 SURPLUS MATERIAL is to provide administrative controls and procedures to maximize the value of the disposal of surplus property. This policy does not apply to the disposal of real estate.

II. DETERMINATION OF SURPLUS PROPERTY

Surplus property is personal property in the custody and control of RMLD that is either:

- (a) In excess of RMLD's needs due to changes in operations, personnel, or other circumstances;
- (b) Replaced by new or substitute property;
- (c) Damaged and non-repairable or uneconomic due to costs of repairs;
- (d) In poor or hazardous condition; or
- (e) Obsolete and no longer suits RMLD's needs.

Each RMLD department shall identify property that it deems to be surplus. The General Manager or his/her designee shall make the determination whether any such property constitutes surplus to RMLD's needs and shall be designated for disposal. Such determination shall be made in writing identifying the reasons for declaring the property surplus.

III. ASSIGNING VALUE

Upon declaring property as surplus, the estimated value of the property shall be determined. RMLD will conduct a reasonable investigation utilizing the best available sources to locate similar supplies being offered for resale or salvage in order to develop an estimated fair market value ("FMV") of such property. To the extent available, the FMV will be determined based on a minimum of two (2) relevant and comparable industry sources. For consumer motor vehicles, FMV shall be estimated based on Kelley Blue Book, Edmunds, NADA Guides or any other nationally recognized service that values vehicles like those being disposed. For other property, including commercial or service vehicles not listed in Kelley Blue Book, Edmunds, NADA Guides or a similar source, FMV shall be estimated based on quotes, trade-in offers, available sales data, appraisal or industry sources for similar property or vehicles, as may be adjusted for specific make and model, year, condition, and special equipment and features, and other factors deemed relevant. If FMV cannot reasonably be estimated for a particular property, then RMLD will estimate the value of such property based on its salvage value. Salvage value is the estimated residual value of an asset at the end of its useful life or the proceeds from the disposal of the asset when it can no longer be used in a productive manner.

Net salvage value accounts for the costs of disposal to more accurately reflect the residual value of a depreciable asset.

The estimated value of the property, including the designation as scrap, and the sources consulted shall be documented and kept on file. The final determination of the property's estimated value shall be subject to review and approval by the General Manager or his/her designee.

IV. CATEGORIZATION OF SURPLUS PROPERTY

Once values are determined pursuant to Article III, property shall be categorized as follows:

- (1) Scrap - property which may or may not have a tangible resale or salvage value.
- (2) Substantial Value - property having a FMV of \$10,000 or greater;
- (3) Moderate Value - property having a FMV more than \$1,000 but less than \$10,000; and
- (4) Nominal Value - property having a FMV of \$1,000 or less.

V. ELECTRIC UTILITY-SPECIFIC AND ELECTRIC UTILITY RATED COMMERCIAL VEHICLE PROPERTY

RMLD will identify any property that it considers to be electric utility-specific. Electric utility-specific property is property that typically only an electric utility or a company or person in the electric utility trade is likely to have an interest in acquiring. For electric utility-specific and electric utility rated commercial vehicle property of Substantial Value, RMLD will determine whether an established market exists for purposes of disposal. An "established market" is one in which commodities are regularly sold in wholesale lots and prices are set by open competition as interpreted or as otherwise defined by the Massachusetts Inspector General or agency of the Commonwealth or a court having jurisdiction over the disposal of property by federal, state, and local governmental entities. A list of trade journals and other trade publications, online advertising sources and other industry or market resources for the advertisement and sale of electric utility-specific, including electric utility rated commercial vehicles, regardless of value shall be identified and documented. This list shall be reviewed and updated, as necessary.

VI. DISPOSAL PROCEDURES.

- A. Scrap having tangible or resale value. Scrap having tangible or resale value shall be placed in the appropriate category based on the value of the property. If the surplus property will be sold separately as individual units, the property shall be categorized based on the value of each individual unit. For property to be sold as a set or collection, the property shall be categorized based on the estimated value of the set or collection. Items customarily sold as a set shall not be treated as individual units to evade or bypass applicable disposal procedures. However, RMLD, in its discretion may determine whether to dispose of property on an individual unit basis or as part of a set or collection to maximize revenue. In such instances, the reasons shall be documented and kept on file. The final decision whether to utilize a single solicitation or separate solicitations for multiple items shall be subject to the review and approval of the General Manager or his/her designee.

- B. Scrap having no tangible resale or salvage value. Scrap having no tangible resale

or salvage value may be destroyed, recycled, or disposed of via an approved scrap bid or other method as determined by RMLD in its discretion based on the particular circumstances and costs of disposal. RMLD will endeavor to minimize the cost of disposal of scrap to the extent reasonably possible.

- C. Substantial Value. Property determined to have Substantial Value shall be disposed of in accordance with G.L. c. 30B procedures and any additional requirements and procedures set forth in this policy and/or as determined by the General Manager in his/her discretion. The General Manager shall have authority to impose additional requirements if he/she determines that it is in the best interests of RMLD to do so.

Where an established market exists for the property, RMLD may dispose of the property through the established market or by trade-in if RMLD determines that it is in its best interests to do so. The reasons shall be documented, and the decision shall be subject to the approval of the General Manager or his/her designee.

For all other property, a competitive solicitation process will be used. RMLD will evaluate whether a written competitive bid process or auction, including an online auction (e.g., Municibid, GovDeals.com, or similar web-based listing), presents the most advantageous approach under the circumstances. The process, including all notices, shall conform to G.L. c. 30B requirements.

RMLD shall consider whether to impose a minimum bid reserve price or other terms and conditions of the sale. At a minimum, RMLD shall reserve the right to reject any and all bids if it is in RMLD's best interest to do so.

In addition to complying with G.L. c. 30B notice requirements, RMLD shall post a notice on its website for at least two weeks and advertise the solicitation in appropriate print and online sources intended to reach potentially interested buyers. Electric utility rated commercial vehicles and electric utility-specific equipment shall be advertised in at least two sources identified on the list as set forth in Article V.

RMLD shall award the bid to the highest bidder who meets the requirements of the solicitation, unless RMLD determines that it is in its best interest to reject the bids. If RMLD rejects the bids, RMLD may solicit new bids or negotiate the sale at a higher price than the highest bid price as permitted by G.L. c. 30B.

All bidders, including participants in an auction, shall submit a non-collusion certificate as required by G.L. c. 30B.

The sources of advertising, the specific method of disposal, and the award process, shall be documented and subject to the approval of the General Manager or his/her designee.

- D. Moderate Value. Property of Moderate Value shall be sold through the best available means to obtain the highest price for RMLD. In determining the specific disposal and advertising methods to be used, the costs of disposal shall be weighed against the expected yield to RMLD. Among other options, as determined by RMLD under the circumstances, disposals may be made through a competitive bid or auction process to the highest bidder as provided in Article VI.C or sold for FMV or "best offer" after advertisement. When offering to sell surplus property to the general public, to the

extent practical, RMLD shall advertise the sale in the local newspaper, on its website for at least two weeks and in appropriate print and online sources intended to reach potentially interested buyers. Commercial and electric utility-specific vehicles and equipment should be advertised in at least two sources identified on the list as set forth in Article V. RMLD also may negotiate the sale of the property or dispose of the property through less formal means after receiving three quotations or as RMLD deems appropriate under the circumstances. If RMLD solicits quotations, RMLD shall not be required to sell the property to the person providing the highest quotation, but the highest quotation shall be used as the benchmark for negotiating and approving the sale.

The purchaser of property having Moderate Value shall be required to sign and submit a non-collusion certificate.

The reasons and sources for the method of disposal and the award process shall be documented and subject to the approval of the General Manager or his/her designee.

- E. Nominal Value. Property of Nominal Value may be disposed of using sound business practices. The process and sale shall be documented and kept on file.

VII. ADDITIONAL TERMS AND REQUIREMENTS.

- A. All property shall be sold or disposed of "as is" without any warranties of any kind.
- B. The purchaser shall release RMLD, in writing, from all liabilities concerning the property. The Purchaser must provide for removal, transportation, storage, etc. at no cost to the RMLD.
- C. The purchaser shall have the responsibility to provide for the removal, storage, and transportation of the property at its sole expense. The purchaser shall remove the property at a time and location designated by RMLD.

VIII. PROHIBITION ON SALES TO EMPLOYEES, BOARD OF COMMISSIONER MEMBERS AND BOTH OF THEIR IMMEDIATE FAMILIES.

Consistent with G.L. c. 268A, § 20, RMLD employees and RMLD Board of Commissioner members and their immediate families shall not be eligible to purchase or otherwise receive RMLD surplus property regardless of price or method of disposal used. This prohibition also applies to competitive solicitation processes.

IX. ADMINISTRATIVE REVIEW AND REPORTING.

All disposals other than scrap material having no tangible resale or salvage value shall require the administrative review of the General Manager. The General Manager may require any additional reviews and approvals as the General Manager deems necessary, in his or her discretion. On a quarterly basis, the RMLD Board of Commissioners shall be provided with a report identifying the disposal of surplus having Substantial Value.

POLICY 9: PROCUREMENT

RMLD Policy No. 9 PROCUREMENT

Revision No. 74

Commission Vote/Effective Date _____

General Manager/Date _____

Next Review Date _____

I. **APPLICABILITY and PURPOSE**

~~A. This policy applies to the procurement of goods and services by the Reading Municipal Light Department ("RMLD"), except for power supplies and public construction materials and services subject to G.L. c. 30, § 39M or G.L. c. 149. This policy also does not apply to the hiring of labor relations representatives, lawyers, designers, certified public accountants or other professional services that are exempt under G.L. c. 30B. This policy applies to all RMLD employees and commissioners and Citizens Advisory Committee ("CAB") members.~~

B. The purpose of this policy is to implement good business practices to ensure that RMLD's procurements are cost efficient, timely, meet the needs of RMLD, and comply with applicable laws.

II. **INTERNAL REVIEW AND APPROVAL AUTHORITY**

A. The General Manager, or his/her designee, shall approve all pricing and terms and conditions of all RMLD procurement contracts. RMLD may develop and use standard terms and conditions that have been preapproved by the General Manager.

B. The RMLD Board of Commissioners shall be given the opportunity to review and comment on all procurements proposed to be conducted under this Policy No. 9 having an estimated value in excess of \$50,000 for electric equipment procured hereunder and in accordance with G.L. c. 164, § 56D and \$50,000 for other equipment and services. Provided, However, if the General Manager determines that an urgency for the goods or services emergency involving the health, safety or welfare of the people or their property exists, then the RMLD may proceed with an emergency the procurement hereunder without first affording the Board of Commissioners the opportunity to review and comment on such procurement and. The General Manager shall inform the report the circumstances of all such emergencies and the details of all such emergency procurements to the Board of Commissioners of such procurement and the circumstances as soon as reasonably practicable. Change orders to existing

projects having a value in excess of \$50,000 will be reported to the Board as soon as reasonably practical.

~~The General Manager, or her designee, shall approve all pricing and terms and conditions of all RMLD procurement contracts. RMLD may develop and use standard terms and conditions which have been preapproved by the General Manager.~~

III. VENDOR RELATIONS

A. Objective

~~It is recognized that vendors establish working relationships with RMLD employees and that these relationships are beneficial to both RMLD and the vendor. The RMLD must ensure that these relationships do not result in excessive costs to RMLD or in loss of a resource due to improper business practices.~~

B. Notice to Materials Manager

~~If an employee intends to meet with a vendor to discuss ongoing or future projects and the discussion may involve prices, terms or conditions, the employee shall notify the Materials Manager. The Materials Manager or designated representative will attend the meeting if necessary.~~

C. Code of Conduct

~~The RMLD has a zero tolerance policy. This means no RMLD employee, RMLD Board member or CAB member may accept gifts from vendors or prospective vendors, or as otherwise proscribed by G.L. c. 268A.~~

~~Massachusetts General Laws, Chapter 268A, is the primary law relating to conflict of interest for public employees. All employees need to be aware of the laws and regulations governing dealings with vendors and as they apply to conduct in other areas as well. It is the policy of the RMLD to maintain the highest level of integrity in dealings with vendors and the public on any level.~~

~~No RMLD employee, RMLD Board member or CAB member may solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan, or other item in violation of G.L. c. 268A. RMLD also prohibits the solicitation or acceptance of any gift or gratuity regardless of monetary value from a person, public agency, or private entity that:~~

~~1. Has had, has, or is seeking to obtain a contractual or other business or financial relationship with the RMLD.~~

~~2. Conducts or is seeking to conduct business or activities that are regulated or monitored by the RMLD; or~~

~~3. Has interests that are or may give the reasonable impression of being substantially affected by the performance or nonperformance of an individual's official duties.~~

~~IV. VENDOR LISTS~~

~~RMLD will prepare and maintain lists of responsible vendors to facilitate the procurement process. A responsible vendor is one who has the demonstrated ability, capacity, and integrity to provide the desired goods or services as determined by RMLD based on prior dealings with RMLD, references and/or other information obtained by RMLD.~~

~~A. Obtaining Responsible Vendor Status~~

~~1. Prior to adding a vendor to the RMLD vendor list, RMLD will obtain complete vendor company and contact information. Information may include business and client references as well as qualifications, licenses, and bonds, as applicable.~~

~~2. RMLD also will check the Commonwealth's debarred vendor lists to ensure that the vendor is in good standing.~~

~~3. Depending on the bid amount, a vendor may also be asked to submit the following certifications or affirmations:~~

~~a. A statement that no RMLD employee, RMLD Board member, or CAB member, is a participant in, owner of, or receives a benefit from business dealings with the RMLD.~~

~~b. A statement that the vendor will not furnish or provide any RMLD Board member, CAB Member, or employee directly or indirectly, any gift, gratuity, favor, entertainment, loan, or other item of monetary value.~~

~~c. Certifications regarding tax compliance, the Fair Labor Standards Act ("FLSA") and/or wage rates.~~

~~d. Certification of Non-Collusion in submission of quotations and bids.~~

~~e. Acknowledgement of understanding of the laws of the Commonwealth and RMLD Policies as they apply to the conduct of business with the RMLD and affirmation to comply with those laws and RMLD Policies.~~

~~B. Preparation and Review~~

~~The Materials Manager shall be responsible for preparing and maintaining the vendor lists. The vendor list shall be subject to the General Manager's review and approval.~~

~~V. PROCUREMENT PROCESS~~

~~A. Electric Equipment~~

~~A. RMLD shall use sound business practices to procure transmission and distribution equipment. The particular process utilized will depend on the required specifications for the equipment, availability of responsible vendors for specialized equipment, when such equipment is needed and lead time for delivery, among other factors. When the estimated cost of the purchase is \$50,000 or more, the purchase shall first be advertised in accordance with G.L. c. 164, § 56D unless an emergency involving the health, safety or welfare of the people or their property is deemed to exist in which case no advertisement shall be required. Such advertisement shall state the time and place for opening the proposals and shall reserve to RMLD the right to reject any or all such proposals. All such proposals shall be opened in public. No bill or contract shall be split or divided for the purpose of evading the advertising requirements set forth in G.L. c. 164, § 56D. In addition, RMLD may provide direct notice of the procurement to applicable vendors on RMLD's vendor list. RMLD shall follow the applicable statutory procurement process based on the nature of the procurement and estimated cost (e.g., G.L. c. 164, § 56D, G.L. c. 30, § 39M, G.L. c. 149, §§ 4-4A, et seq.)~~

~~For procurements involving general supplies or services that are not subject to a statutory procurement process, RMLD will follow the procedures in G.L. c. 30B, to the extent practicable. For the avoidance of doubt, the procurement of electric equipment, materials, and supplies, and power supplies shall not be subject to Chapter 30B procedures. If the procurement of the particular goods or services is subject to an exemption under G.L. c. 30B, RMLD shall use sound business practices to procure such goods or services regardless of their value. This policy shall not be construed as an acceptance of G.L. c. 30B, as set forth in G.L. c. 30B, § 1(b)(14). The following Guidelines shall be used when prices are being solicited from a vendor:~~

~~B.~~

~~Other Equipment and Services~~

~~To the extent practicable, RMLD will follow the procedures set forth G.L. c. 30B. This policy shall not be construed as an acceptance of G.L. c. 30B, as set forth in G.L. c. 30B, § 1(b)(14). The following Guidelines shall be used when prices are being solicited from a vendor:~~

- ~~1. Purchases under \$10,000.00 will be made using sound business practices.~~
- ~~2. Purchases between \$10,000.00 and \$50,000 shall be made either:
(a) from a statewide contract or (b) by soliciting written quotations using a written purchase description from no fewer than three (3) persons who customarily provide the supply or service, or (c)~~

cooperative contracts pursuant to G.L. c. 30B, § 22. The following information shall be recorded and retained by RMLD: the names and addresses of all persons from whom quotations were sought, the names of the persons submitting quotations and the date and amount of each quotation. The contract will be awarded to the responsible vendor who can provide the goods or services in a timely manner at the lowest cost.

3. ~~Purchases (other than electric equipment)~~ estimated to exceed \$50,000 ~~will~~ shall be made from a statewide contract, a cooperative contract or after a formal, competitive sealed bid or proposal procedure or a reverse auction. For competitive solicitations or reverse auctions, RMLD will follow substantially the same procedures set forth in G.L. c. 30B, §§ 5, 6, or 6A, as applicable. The competitive solicitation procedures may be waived or modified by the General Manager depending on the circumstances. The procurement of goods also will be advertised in accordance with G.L. c. 164, § 56D. ~~If a competitive solicitation or reverse auction is used, RMLD will follow the applicable procedures set forth in G.L. c. 30B, §§ 5, 6, or 6A, and for electric equipment \$50,000 and over, the advertising requirements set forth in G.L. c. 164, § 56D. The competitive solicitation procedures may be waived by the General Manager when an emergency involving the health, safety or welfare of the people or their property is deemed to exist.~~
4. ~~Vendors should be made aware that any purchase orders or contracts are subject to RMLD standard Terms and Conditions, and/or the Terms and Conditions set forth in the RMLD Goods and Services contract and are in effect unless otherwise agreed to by the General Manager.~~

VI. Records

~~Records of all solicitations shall be kept and must be furnished to the Materials Manager. Such information may be used for subsequent contracts or purchase orders. All contract information on all purchases of \$5,000.00 and over, or such other amount specified by G.L. 164 § 56C, will be maintained by the Materials Manager as per agreement with the Reading Town Manager and Town Accountant.~~

RMLD Policy No. 9 PROCUREMENT

Revision No. 7

Commission Vote/Effective Date February 24, 2022

General Manager/Date

February 24, 2025

Next Review Date

I. PURPOSE

The purpose of this policy is to implement good business practices to ensure that RMLD's procurements are cost efficient, timely, meet the needs of RMLD, and comply with applicable laws.

II. INTERNAL REVIEW AND APPROVAL

- A. The General Manager, or his/her designee, shall approve all pricing and terms and conditions of all RMLD procurement contracts. RMLD may develop and use standard terms and conditions that have been preapproved by the General Manager.
- B. The RMLD Board of Commissioners shall be given the opportunity to review and comment on procurements having an estimated value in excess of \$50,000. Provided, however, if the General Manager determines that an urgency for the goods or services exists, then the RMLD may proceed with the procurement and the General Manager shall inform the Board of Commissioners of such procurement and the circumstances as soon as reasonably practicable. Change orders to existing projects having a value in excess of \$50,000 will be reported to the Board as soon as reasonably practical.

III. PROCUREMENT PROCESS

- A. RMLD shall follow the applicable statutory procurement process based on the nature of the procurement and estimated cost (e.g., G.L. c. 164, § 56D, G.L. c. 30, § 39M, G.L. c. 149, §§ 44A, *et seq.*
- B. For procurements involving general supplies or services that are not subject to a statutory procurement process, RMLD will follow the procedures in G.L. c. 30B, to the extent practicable. For the avoidance of doubt, the procurement of electric equipment, materials, and supplies, and power supplies shall not be subject to Chapter 30B procedures. If the procurement of the particular goods or services is subject to an exemption under G.L. c. 30B, RMLD shall use sound business practices to procure such goods or services regardless of their value. This policy shall not be construed as an acceptance of G.L. c. 30B, as set forth

in G.L. c. 30B, § 1(b)(14). The following Guidelines shall be used when prices are being solicited from a vendor:

1. Purchases under \$10,000.00 will be made using sound business practices.
2. Purchases between \$10,000.00 and \$50,000 shall be made either: (a) from a statewide contract or (b) by soliciting written quotations using a written purchase description from no fewer than three (3) persons who customarily provide the supply or service, or (c) cooperative contracts pursuant to G.L. c. 30B, § 22. The following information shall be recorded and retained by RMLD: the names and addresses of all persons from whom quotations were sought, the names of the persons submitting quotations and the date and amount of each quotation. The contract will be awarded to the responsible vendor who can provide the goods or services in a timely manner at the lowest cost.
3. Purchases estimated to exceed \$50,000 will be made from a statewide contract, a cooperative contract or after a formal, competitive sealed bid or proposal procedure or a reverse auction. For competitive solicitations or reverse auctions, RMLD will follow substantially the same procedures set forth in G.L. c. 30B, §§ 5, 6, or 6A, as applicable. The competitive solicitation procedures may be waived or modified by the General Manager depending on the circumstances. The procurement of goods also will be advertised in accordance with G.L. c. 164, § 56D.

POLICY 10: ANTI-FRAUD

From: [Erica Morse](#)
To: [Erica Morse](#)
Subject: POLICY 10: FRAUD MEMO
Date: Tuesday, February 22, 2022 2:42:00 PM

Good morning,

The attached 2010 Fraud memo has served as an RMLD sanctioned policy since its inception. As part of the ongoing policy review, employee training, and by recommendation of the Auditors, the RMLD is presenting to the Board, a formalized version of this memo: Policy 10 Anti-Fraud.

Best,

Erica Morse
Executive Assistant
Reading Municipal Light Department
781-942-6489

READING MUNICIPAL LIGHT DEPARTMENT

To: All Employees

Date: January 27, 2010

From: Vinnie Cameron

Subject: Definition, Reporting and Investigation of Fraud

Background

As part of the RMLD's annual financial audit it is my responsibility to ensure that employees of the RMLD understand what constitutes fraud. This was also mentioned in the management letter from Melanson and Heath during the 2006 financial audit, as stated below.

"...we recommended the Department periodically discuss fraud prevention with all employees, including the steps that employees should take when fraud is detected or suspected. This would help maintain an ethical business environment, and assure that employees were aware of their responsibilities to report abuses to the appropriate parties."

The following outlines what I believe constitutes fraud at the RMLD. This memo is also based on the Town of Reading's policy on fraud.

Definition of Fraud

Fraud and related misconduct prohibited at the RMLD generally involves a willful or deliberate act or failure to act with the intention of obtaining an unauthorized benefit. The following are examples of activities that may be considered fraud:

- Making or altering documents or computer files with the intent to deceive
- Purposely inaccurate financial reporting
- Improper handling or reporting of money transactions
- Misappropriated, unauthorized or misuse of RMLD assets and resources for personal gain or for the advantage of another
- Altering or incorrectly reporting information for personal gain or for the advantage of another or the RMLD
- Authorizing or receiving remuneration for time not worked

- Authorizing or receiving compensation for goods not received or services not performed

Fraud includes a false representation of a matter of fact, whether by words or by conduct, by false or misleading statements, or by concealment of that which should have been disclosed, which deceives and is intended to deceive.

Reporting Suspicion of Fraud

Employees should report suspected instances of fraud to their immediate supervisor or their next appropriate Management level.

However, if the employee's supervisor has committed the fraud, it may be appropriate for employees to report suspected instances of fraud directly to the RMLD General Manager. It is the responsibility of a supervisor or relevant manager to ensure that the suspicion of fraud that is reported to them as soon as practical is reported to the RMLD General Manager.

A written or verbal report should be sufficiently detailed and inclusive to ensure a clear understanding of the issues raised. In the event that the RMLD General Manager is the subject of, or otherwise identified as involved in the acts underlying such report, the person making the report may notify and forward such report to the RMLD Accounting/Business Manager or to the RMLD Board, who will then lead the investigation.

RMLD employees are not to initiate investigations on their own. However, anyone may report suspected violations or concerns of this policy by letter to the RMLD General Manager and should indicate that he or she is an employee of the RMLD and it should be signed by the individual. The report should be sufficiently detailed and inclusive to ensure a clear understanding of the issues raised. Mark the envelope "Confidential and Private".

An employee may make an off site report of violations of this policy to the General Manager or other appropriate position if they feel uncomfortable making the report in the RMLD office. The employee should contact the person they would like to make the report to and together determine an off site time and place to make the report regardless of whether the off site reporting is done during the employee's regular work hours or during off hours.

There shall be no retaliation by the RMLD's employees against any employee who makes a report pursuant to this policy even if after investigation the RMLD

General Manager determines that there has not been a violation of any applicable RMLD policy, State or Federal laws and regulations or internal accounting controls. However, employees who make reports or provide evidence which they know to be false or, without a reasonable belief in the truth and accuracy of such information, may be subject to disciplinary action.

All reports of violations of this policy shall be kept strictly confidential and maintained by Human Resources.

Investigation

Following receipt of a report, the RMLD General Manager shall commence an investigation, as he/she, in reasonable judgment, deems appropriate. The RMLD General Manager shall be authorized to retain such other individuals, including outside legal and accounting experts, as the RMLD General Manager deems appropriate to assist in such investigation.

Appropriate RMLD Management, selected by the RMLD General Manager or another position selected to lead the investigation, will constitute the Investigation Team and will determine the necessary action depending upon the nature of the allegations or suspicions of violations of this policy. The individual being investigated shall be notified immediately of said investigation and shall have the right to an attorney and/or union representative, as applicable, during all stages of the investigation. All efforts shall be made to ensure due process in the investigative process. Law Enforcement agencies may be notified and included on the Investigation Team. In those instances where the investigation indicates the probability of criminal activity, the inquiry will be turned over to the appropriate law enforcement agency.

In an investigation, objectives include verifying the facts, maintaining objectivity and confidentiality, determining responsibility and recommending corrective action. Details of the report of the violation and/or the investigation will remain confidential.

If in the opinion of the Investigating Team fraud is probable, employees suspected of such irregularities and/or fraud may be suspended with or without pay pending the investigation. Appropriate Human Resource personnel will provide guidance to the Investigating Team related to action (disciplinary or otherwise) required as a result of any response to or investigation of fraud.

Any individual suspected of fraudulent activities should not be confronted prior to commencement of the investigation process. Records related to the activity may need to be seized before the suspected individual becomes aware of any investigation. All employees suspected of fraud are to be treated fairly and consistently and in compliance with the collective bargaining agreements and personnel policies. The details of the investigation of the report of a violation of this policy shall be kept strictly confidential. Employees suspected of fraudulent activities have legal rights that must be respected.

The Investigation Team shall make the final determination of whether a violation of the RMLD policy, State and Federal laws and regulations or internal accounting controls applicable to the RMLD has occurred.

Reporting Results

The RMLD General Manager will prepare a report of the results of any review of fraudulent activities and individuals named in the report will have access to the report. The report will include the disciplinary action taken, if any. It will also include, if applicable, details of the systems weaknesses that did not prevent or detect the fraudulent or irregular activities and provide recommendations for improving systems controls to prevent or detect similar events.

It is recognized that Management investigating the incident may share information with the RMLD Board, Senior Management, the RMLD's Audit Committee, RMLD General Counsel, and/or law enforcement agencies as deemed necessary.

This fraud procedure is outlined to explain what constitutes fraud, how fraud is reported, and what process should be followed to investigate the fraud allegations. If you have further questions on fraud please contact your manager or me.

RMLD Policy No. 10 ANTI-FRAUD POLICY

Revision No. 0

Commission Vote Date 2/24/2022

General Manager/Date

2/24/2025

Next Review Date

I. PURPOSE

It is the goal of the Reading Municipal Light Department (RMLD) to promote the utmost integrity and professionalism in the workplace in which all transactions and dealings are conducted in a manner that are free from corruption, undue influence, and the appearance of impropriety. RMLD officers and employees must have the highest standards of honesty, propriety and integrity in the exercise of their duties. RMLD is committed to preventing and addressing incidents of fraud and abuse involving its finances, property, and resources. As a municipal light plant entrusted with the custody and management of public property, resources, and ratepayer funds, RMLD will not tolerate any fraudulent, deceitful or other misconduct undertaken with the intention or expectation of benefitting oneself or others, maliciously harming others, or otherwise improperly receiving RMLD funds, benefits, property, or resources. Accordingly, this policy is intended to place RMLD employees, officers, and board members on notice that fraudulent conduct will not be tolerated and may result in discipline, including termination of employment, loss of pension or other benefits, restitution and/or prosecution.

II. APPLICABILITY AND SCOPE

As used in this policy, the term "fraud" involves wrongful or deceptive acts and omissions undertaken with the knowledge or intention of securing unauthorized or unwarranted benefits or privileges on behalf of oneself or others or causing damage or harm to others. Fraudulent conduct includes, but is not limited to acts involving dishonesty, deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, intentional or reckless misrepresentation, concealment of material facts, collusion, and similar conduct. This policy applies to all RMLD employees, the RMLD Board of Commissioners (RMLD Board), and Citizen Advisory Board (CAB) members.

III. RESPONSIBILITIES

- A. General Manager. The General Manager shall be responsible for the overall implementation and enforcement of this policy, overseeing

investigations and disciplinary matters, reporting suspected violations, issues or concerns to the Board of Commissioners, reviewing systems and procedures, and developing and implementing internal controls to prevent and detect fraud and abuse and ensure accountability, and taking appropriate action against contractors and vendors to redress violations, including but not limited to taking legal action for restitution and/or damages and reporting suspected violations to appropriate state and local agencies.

- B. Director of Business Finance. The Director of Business Finance shall have primary responsibility for overseeing and reviewing all RMLD financial accounts and documents, including customer accounts. The Director of Business Finance has a responsibility to recommend procedures for pertinent internal controls to ensure compliance of this policy and laws and standards applicable to RMLD's funds, financial accounts, and financial reporting. The Director of Business Finance shall assist in investigations involving suspected violations within the scope of his/her duties.
- C. Director of Human Resources. The Director of Human Resources shall be responsible for receiving complaints or reports of employee misconduct, assisting with investigations and disciplinary actions, maintaining personnel records and information, monitoring employee benefits to prevent abuse, and advising employees of their obligations under this policy.
- D. Staff Managers and Supervisors. Management and supervisory personnel shall be responsible for monitoring staff within their areas of responsibility, implementing procedures and controls to prevent the unauthorized use of RMLD time and resources, and reporting suspected occurrences of prohibited conduct. Managers and supervisors shall assist with all reviews, inquiries, or investigations of suspected violations upon request.

VI. REVIEW, INVESTIGATION, AND REFERRAL OF SUSPECTED VIOLATIONS

All reports will be taken seriously and will be reviewed by RMLD. Following receipt of a report or the detection or observance of suspected violations, the General Manager or his or her designee shall review the matter to determine an appropriate course of action based on the nature of the allegations and complexity of the issues. Depending on the circumstances, the General Manager may require further investigation, refer the matter to the proper authorities, or impose corrective or disciplinary action as warranted. If the employee received compensation or the payment or funds predicated on fraudulent or illegal claims, the employee shall make full restitution to RMLD.

I have received and read Policy #10 – Anti-Fraud Policy
and have received training on this topic.

Date

POLICY 14: USE OF VOLUNTARY SICK BANKS

RMLD Policy No. 14

USE OF VOLUNTARY SICK BANKS

Revision No. 3

Commission Vote Date _____

General Manager/Date

Next Review Date

I. PURPOSE

This policy allows the General Manager to implement and administer a voluntary sick bank program for Reading Municipal Light Department ("RMLD") employees requiring medical leave due to their own serious medical illness.

II. ELIGIBILITY

Any full-time or part-time RMLD employee may request additional paid leave through the implementation of a voluntary sick bank. To be eligible, the employee: (1) shall be in good standing, (2) shall establish that he/she has a serious health condition as defined by Family and Medical Leave Act ("FMLA"), and (3) the employee is not eligible for or has not accrued sufficient benefits to cover the full duration of the anticipated leave.

III. PROCEDURES AND REQUIREMENTS

- A. Employee Request. The employee (or a family member on the employee's behalf) shall be responsible for contacting the General Manager to request the implementation of a voluntary sick bank to receive additional paid time donated by co-workers. The General Manager may request any information or documentation regarding the employee's eligibility to support the request for additional paid leave. Unless waived by the employee, all information and documentation regarding the employee's medical illness shall remain confidential to the extent permitted by law.
- B. Exhaustion of Employee Benefits. The employee shall be required to exhaust all accrued benefits under then-current RMLD policies and collective bargaining agreements and apply for workers' compensation or disability benefits, as applicable.

- C. General Manager's Approval. After review of the specific circumstances, the General Manager, in his/her sole discretion, may initiate the establishment of a sick bank in an effort to provide the employee with additional paid leave to cover gaps in eligible benefits. The Reading Municipal Light Board's approval shall not be required.
- D. Process for Soliciting Contributions. The General Manager (or his/her designee) may solicit donations of paid time from RMLD employees by circulating a request form. Accrued sick leave, personal leave, compensation time, and vacation time may be contributed. The employee shall indicate the amount and type of time that the employee is willing to donate and shall return the signed form to the Human Resources Director.
- E. Sick Bank Program Requirements and Conditions. The following requirements and/or conditions shall apply:
1. Contributions shall be voluntary. No employee shall be coerced or pressured into donating paid time and no employee shall be harassed, penalized, or retaliated against for refusing to donate paid time
 2. All contributions shall be kept confidential by RMLD so as to avoid negative consequences or embarrassment of employees who chose not to contribute.
 3. The employee shall not be entitled to paid leave in excess of demonstrated need. Provided however, the sick bank program may include retention of up to five (5) days of donated leave to be used by the employee for purposes consistent with this policy within 30 calendar days after the employee's return to work. If such time is not used by the employee, the excess amount will be credited back to all contributing participants on a pro rata basis.
 4. RMLD shall keep accurate records documenting deductions of benefits from contributing employees' leave entitlements and crediting such leave to the benefitting employee. In crediting paid leave, RMLD may make adjustments to the amount of time provided based on salary differences between the receiving employee and contributing employee.

RMLD Policy No. 14

USE OF VOLUNTARY SICK BANKS

Revision No. 3

Commission Vote Date February 24, 2022

General Manager/Date

February 24, 2025

Next Review Date

I. PURPOSE

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- B. Exhaustion of Employee Benefits. The employee shall be required to exhaust all accrued benefits under then-current RMLD policies and collective bargaining agreements and apply for workers' compensation or disability benefits, as applicable.

- C. General Manager's Approval. After review of the specific circumstances, the General Manager, in his/her sole discretion, may initiate the establishment of a sick bank in an effort to provide the employee with additional paid leave to cover gaps in eligible benefits. The Reading Municipal Light Board's approval shall not be required.
- D. Process for Soliciting Contributions. The General Manager (or his/her designee) may solicit donations of paid time from RMLD employees by circulating a request form. Accrued sick leave, personal leave, compensation time, and vacation time may be contributed. The employee shall indicate the amount and type of time that the employee is willing to donate and shall return the signed form to the Human Resources Director.
- E. Sick Bank Program Requirements and Conditions. The following requirements and/or conditions shall apply:
1. Contributions shall be voluntary. No employee shall be coerced or pressured into donating paid time and no employee shall be harassed, penalized, or retaliated against for refusing to donate paid time
 2. All contributions shall be kept confidential by RMLD so as to avoid negative consequences or embarrassment of employees who chose not to contribute.
 3. The employee shall not be entitled to paid leave in excess of demonstrated need. Provided however, the sick bank program may include retention of up to five (5) days of donated leave to be used by the employee for purposes consistent with this policy within 30 calendar days after the employee's return to work. If such time is not used by the employee, the excess amount will be credited back to all contributing participants on a pro rata basis.
 4. RMLD shall keep accurate records documenting deductions of benefits from contributing employees' leave entitlements and crediting such leave to the benefitting employee. In crediting paid leave, RMLD may make adjustments to the amount of time provided based on salary differences between the receiving employee and contributing employee.

**POLICY 21: NON-UNION MANAGEMENT
COMPENSATION AND BENEFITS**

RMLD Policy No. 21
NON-UNION MANAGEMENT COMPENSATION AND BENEFITS

Revision No. **010**

Commission Vote Date _____

General Manager/Date

Next Review Date

I. SCOPE

A. Purpose

This purpose of this policy is to establish guidelines and overall administrative controls for periodic salary adjustments, overtime compensation consistent with the Fair Labor Standards Act ("FLSA"), and certain benefits. This policy does not apply to benefits governed by statute, such as pension and group insurance benefits. Benefits may be supplemented by separate vote of the Reading Municipal Light Department ("RMLD") Board of Commissioners ("Board").

B. Applicability

This policy applies to all non-union management personnel, and such other newly created or modified non-union management positions due to organizational changes. This policy does not apply to the General Manager or to any unionized personnel. The General Manager's compensation and benefits shall be governed by his/her employment agreement or as otherwise set by the RMLD Board of Commissioners. The compensation and benefits for union employees shall be governed by the applicable collective bargaining agreement.

C. General Eligibility Requirements for Part-time Employees

Permanent, part-time non-union management employees must work a minimum of twenty (20) hours per week to be entitled to benefits. Employees who work nineteen (19) hours per week or less shall not be entitled to any benefits. A thirty hour minimum is required for Tuition Reimbursement benefit.

Part-time, non-union management employees who work at least twenty (20) hours per week shall be entitled to group health and dental and IRC 457 ICMA deferred compensation benefits. All other RMLD benefits will be offered on a pro-rated basis based on average number of hours worked (i.e. vacation, personal leave, sick leave, tuition, holidays, longevity and disability insurance).

II. RESPONSIBILITIES

A. General Manager

1. Responsible for establishing salary ranges, as set forth in Section III.A. of this policy;
2. Providing salary adjustments, as provided in Section III.B.
3. Reviewing and recommending changes to this Policy the Board, as needed, or requested by the Board.
4. Periodically perform performance evaluations of personnel subject to this policy.
5. Provide an accounting of all salary adjustments made under this policy upon request by the Board of Commissioners.

B. Human Resources Director

1. The Human Resources ~~Director~~ **Manager** is responsible for the periodic review of exempt and non-exempt positions. Classifications will be adjusted to reflect organizational changes.
2. Responsible for the periodic review of this Policy and RMLD internal processes to ensure continuing compliance with the Policy's requirements.
3. Responsible for maintaining an updated Position Evaluation program for exempt and non-exempt personnel.
4. Responsible for tracking the accrual and use of overtime, compensation time, and vacation, sick, and personal leave benefits and preparing and retaining such documentation.

C. Payroll Department

1. Responsible for paying exempt and non-exempt overtime only after ensuring that the requirements set forth in Section IV of this policy are satisfied.

III. **SALARIES**

A. Salary Ranges

The General Manager shall establish salary ranges for all positions subject to this policy, including new non-union management positions created. The General Manager shall review salary ranges on an annual basis and make any adjustments as needed to reflect, among other things, changes in cost of living, conditions or terms of employment, and prevailing salaries in the area for comparable positions. In establishing and adjusting salary ranges, the General Manager will use economic indicators representative of the Boston and North Shore area, appropriate local objectives and subjective factors, and other considerations as may be considered appropriate by the General Manager.

Such adjustments to salary ranges will not necessarily result in an adjustment of the actual salary of any non-union management employee, except as may be necessary to bring the salary of a non-union management employee within the new minimum of the salary grade

range.

B. Individual Salary Adjustments

Individual salary adjustments will be made periodically by the General Manager using written performance reviews and other objective or subjective criteria, as deemed appropriate by the General Manager. As a guideline, the General Manager may use compensation information for comparable positions of electric utilities or reasonably similar organizations serving the Northeast, although the General Manager shall have the discretion and authority to adjust management salaries to any level within the employees' assigned salary range provided that the new salaries do not exceed the overall Annual Operations and Capital Budgets approved annually by the Board.

IV. **OVERTIME AND COMPENSATION TIME**

A. General

~~To comply with the FLSA Overtime Pay Exemption laws,~~ Non-union management employees have been classified as either exempt or non-exempt. For purposes of this policy, exempt employees do not include the General Manager, Director of Business Finance, Director of Integrated Resources, ~~and~~ Director of Engineering and Operations, Director of Human Resources, and Director of IT.

In general, only compensation (or "comp") time will be available for exempt employees who work overtime. However, in certain circumstances as set forth in Section IV, C.3., exempt employees may be paid overtime in recognition of the unique demands inherent in maintaining a reliable 24-hour per day electric operation.

B. Non-exempt Non-Union Employees (Grade level 49, 50, 51)

1. Classification

Non-exempt employees are those employees that are classified on their job descriptions as Grade Level 51 or below. The classification is subject to change or expansion by the General Manager or by the Human Resources ~~Director~~ Manager to reflect organizational changes.

~~2. Rate and Accrual~~

~~Non-exempt employees will accrue compensation time or be paid overtime, when permitted, at a rate of time and one-half (1 ½) for each overtime hour worked. Per the FLSA, employees will be allowed to accrue a maximum of 240 hours of compensation time during their employment with RMLD.~~

2. Use of Compensation Time

Employees may use their compensation time at such times as approved by their respective managers.

C. Exempt Non-Union Employees (Grade Level 52, 53, 54)

1. Classification

Exempt employees are those employees that are classified on their job descriptions as Grade Level 52, 53, or 54, as may be changed by the General Manager or the Human Resources Director to reflect organizational changes.

2. Eligibility and Requirements

Exempt employees can earn and accrue compensation time for overtime hours worked as follows:

- a. With the authorization of the employee's direct manager, exempt employees are eligible to accrue a maximum of 120 hours, or 15 "comp" days, within a calendar year. Example: if you have 120 hours of "comp" time accumulated you must use some of your compensation time to keep your balance under 120 hours before you may accrue more time.
- b. Before an exempt employee can start to accrue compensation time, he or she must work a minimum of one full hour of overtime in the workday.
- c. Except as provided in Section IV.C.3. below, the ratio for exempt employee overtime to compensation time is 1 to 1. Thus, exempt employees who work one hour of overtime will accrue one hour of "comp" time.
- d. Exempt employees shall indicate their accrued and expended "comp" hours on their time sheet with a brief description of overtime worked on the reverse side. The corresponding "comp" time balance will be shown on the payroll stub.
- e. Employees may use their compensation time at such times as approved by their respective managers.
- f. Up to 120 hours or 15 days of "comp" time may be carried over into the next year, provided that the total amount of "comp" time in any given year shall not exceed the 120-hour or 15 "comp" day annual limitation. (Example: you could carry over 120 hours or 15 days of "comp" time but you may not accrue additional "comp" until some existing "comp" time is used. Example: you could carry over 60 hours of "comp" time and you would be eligible to earn up to 60 hours of additional "comp" time in the current year until "comp" time is used.)

3. Exceptions for Exempt Non-Union Employees (Grade Level 52, 53, 54)

When the General Manager or designee requires exempt management employees to work after hours as needed to restore electric service, overtime will be paid or compensation time will accrue at the election of the employee at a rate of time and one-half (1 ½). Some or all non-union management employees may be required to work overtime in such emergency situations. The decision of which management employees are required to work overtime in emergency situations will be determined by the General Manager or designee.

Any compensation time accrued due to these instances will not count towards the 120 ~~maximum~~ as stated in Article IV, Section C, paragraph 2. a.

D. Payment of Accrued Overtime Upon Separation from Employment

Upon leaving the employment of the RMLD, exempt and non-exempt non-union management personnel, with the exception of the Director of Business Finance, Director of Integrated Resources, and Director of Engineering Operations, will be paid for any unused compensation time at their hourly rate of pay at the time of their departure. Exempt employees shall not be paid in excess of the 15-day or 120 hours cap. Non-exempt employees shall not be paid in excess of the 240-hour cap.

V. **LONGEVITY PAY**

A. Eligibility

All non-union management employees may be eligible for longevity pay based on their years of continuous service. Service at RMLD or any Reading Town Department will be counted towards years of continuous service.

B. Annual Payment

All non-union management employees will receive each year, in addition to their regular pay, longevity pay in accordance with the following schedule. Longevity pay will be paid on the first payday in December of each year by separate check, mirrored of IBEW for the following service years.

Upon completion of 5 years of continuous service	\$375
Upon completion of 10 years of continuous service	\$475
Upon completion of 15 years of continuous service	\$575
Upon completion of 20 years of continuous service	\$675
Upon completion of 25 years of continuous service	\$775
Upon completion of 30 years of continuous service	\$875

C. Payment upon Separation from Employment

Employees who terminate their employment on a voluntary basis or are laid off by RMLD will be entitled to longevity pay upon their separation from employment prorated on a calendar basis. Pro-ration will be based on full months of service only.

VI. VACATION AND PERSONAL LEAVE

A. Vacation Benefits

1. Eligibility and Amount of Vacation Time

All non-union management employees will earn vacation time in accordance with the following schedule. This schedule refers to completed years of service. Permanent part-time employees (those working 20 hours per week or more) will receive prorated benefits based on either a 37 ½ or 40 hour work week. New employees who are hired during the calendar year will receive prorated vacation for full months of service only.

0-4 years of service	15 clays vacation*
5-9 years of service	20 clays vacation
10 years of service	21 clays vacation
11 years of service	22 days vacation
12 years of service	23 days vacation
13 years of service	24 days vacation
14 years of service	25 clays vacation

*Employees in Grades 49 through 51 will receive a maximum of ten (10) vacation days in their first calendar year of employment, prorated for full months of service.

2. Payment for Unused Vacation Time

Any employee may sell back, at base wage, in full day increments only, up to a maximum of five (5) days of vacation per calendar year provided the employee makes a request in writing and such request is received before the last pay check of the year is processed.

3. Use of Vacation Time and Carryover

The RMLD encourages its employees to take their vacation time. Vacation time shall be scheduled with the approval of the employee's manager. An employee may carry over up to a maximum of ten (10) days of accrued vacation into the following year, unless RMLD requests that the employee delays the use of vacation time due to operational needs. If RMLD requests the employee to delay the use of vacation time, the General Manager has discretion to allow additional carryover.

4. Reimbursement of Unearned Vacation Time

Although employees are advanced vacation days on January 1 for the calendar year, vacation days are earned and accrued monthly. Accordingly, an employee who separates from employment and has taken vacation in excess of time earned shall compensate RMLD for any used but unearned vacation time, either directly or by withholding such amounts from the employee's paycheck. This provision does not apply to employees who are laid off or retire as provided in paragraph 5 below.

5. Exception to Reimbursement of Unearned Vacation Time

Employees who separate from employment due to lay-offs, disability retirement,

retirement under the Commonwealth's retirement program shall not be required to reimburse RMLD for any used but unearned vacation time provided that any such retiring employee provides RMLD with 60 days' advanced notice of retirement, unless the amount of such notice is not feasible under the circumstances. In which case, such retiring employee must give as much advanced notice as feasible. All employees who are laid off or retiring employees who meet the above notice requirements shall receive compensation for any unused portion of their full advanced vacation entitlement for the year.

B. Personal Leave

1. Amount

Employees shall be entitled to two (2) personal days per calendar year with pay.

2. Bonus Day for Perfect Attendance

Employees who have perfect attendance (no sick days used) in a calendar year will receive an extra personal day in the following year.

3. Use of Personal Days

Personal days may be taken in full days or in hourly increments. Use of personal days shall be scheduled with the approval of the employee's manager.

4. No Carryover or Payment

Personal days cannot be carried over into the following year nor will they be paid out.

VII. IRC 457- DEFERRED COMPENSATION

Non-union management employees are eligible to receive up to 4% of their base salary in matching RMLD contributions to the Town of Reading's deferred compensation plan, IRC 457. In any year, the maximum amount that will be matched under this policy will not exceed 50% of the maximum deduction currently allowed under the law, up to a maximum RMLD contribution of \$7,000. The matching contribution will be paid at the beginning of each calendar year consistent with the employee's contribution schedule.

2. Providing salary adjustments, as provided in Section III.B.
3. Reviewing and recommending changes to this Policy the Board, as needed, or requested by the Board.
4. Periodically perform performance evaluations of personnel subject to this policy.
5. Provide an accounting of all salary adjustments made under this policy upon request by the Board of Commissioners.

B. Human Resources Director

1. The Human Resources Director is responsible for the periodic review of exempt and non-exempt positions. Classifications will be adjusted to reflect organizational changes.
2. Responsible for the periodic review of this Policy and RMLD internal processes to ensure continuing compliance with the Policy's requirements.
3. Responsible for maintaining an updated Position Evaluation program for exempt and non-exempt personnel.
4. Responsible for tracking the accrual and use of overtime, compensation time, and vacation, sick, and personal leave benefits and preparing and retaining such documentation.

C. Payroll Department

1. Responsible for paying exempt and non-exempt overtime only after ensuring that the requirements set forth in Section IV of this policy are satisfied.

III. SALARIES

A. Salary Ranges

The General Manager shall establish salary ranges for all positions subject to this policy, including new non-union management positions created. The General Manager shall review salary ranges on an annual basis and make any adjustments as needed to reflect, among other things, changes in cost of living, conditions or terms of employment, and prevailing salaries in the area for comparable positions. In establishing and adjusting salary ranges, the General Manager will use economic indicators representative of the Boston and North Shore area, appropriate local objectives and subjective factors, and other considerations as may be considered appropriate by the General Manager.

Such adjustments to salary ranges will not necessarily result in an adjustment of the actual salary of any non-union management employee, except as may be necessary to bring the salary of a non-union management employee within the new minimum of the salary grade range.

B. Individual Salary Adjustments

Individual salary adjustments will be made periodically by the General Manager using written performance reviews and other objective or subjective criteria, as deemed appropriate by the General Manager. As a guideline, the General Manager may use compensation information for comparable positions of electric utilities or reasonably similar organizations serving the Northeast, although the General Manager shall have the discretion and authority to adjust management salaries to any level within the employees' assigned salary range provided that the new salaries do not exceed the overall Annual Operations and Capital Budgets approved annually by the Board.

IV. **OVERTIME AND COMPENSATION TIME**

A. General

Non-union management employees have been classified as either exempt or non-exempt. For purposes of this policy, exempt employees do not include the General Manager, Director of Business Finance, Director of Integrated Resources, Director of Engineering and Operations, Director of Human Resources, and Director of IT.

In general, only compensation (or "comp") time will be available for exempt employees who work overtime. However, in certain circumstances as set forth in Section IV, C.3., exempt employees may be paid overtime in recognition of the unique demands inherent in maintaining a reliable 24-hour per day electric operation.

B. Non-exempt Non-Union Employees (Grade level 49, 50, 51)

1. Classification

Non-exempt employees are those employees that are classified on their job descriptions as Gracie Level 51 or below. The classification is subject to change or expansion by the General Manager or by the Human Resources Director to reflect organizational changes.

2. Use of Compensation Time

Employees may use their compensation time at such times as approved by their respective managers.

C. Exempt Non-Union Employees (Grade Level 52, 53, 54)

1. Classification

Exempt employees are those employees that are classified on their job descriptions as Grade Level 52, 53, or 54, as may be changed by the General Manager or the Human Resources Director to reflect organizational changes.

2. Eligibility and Requirements

Exempt employees can earn and accrue compensation time for overtime hours worked as follows:

- a. With the authorization of the employee's direct manager, exempt employees are eligible to accrue a maximum of 120 hours, or 15 "comp" days, within a calendar year. Example: if you have 120 hours of "comp" time accumulated you must use some of your compensation time to keep your balance under 120 hours before you may accrue more time.
- b. Before an exempt employee can start to accrue compensation time, he or she must work a minimum of one full hour of overtime in the workday.
- c. Except as provided in Section IV.C.3. below, the ratio for exempt employee overtime to compensation time is 1 to 1. Thus, exempt employees who work one hour of overtime will accrue one hour of "comp" time.
- d. Exempt employees shall indicate their accrued and expended "comp" hours on their time sheet with a brief description of overtime worked on the reverse side. The corresponding "comp" time balance will be shown on the payroll stub.
- e. Employees may use their compensation time at such times as approved by their respective managers.
- f. Up to 120 hours or 15 clays of "comp" time may be carried over into the next ear, provided that the total amount of "comp" time in any given year shall not exceed the 120-hour or 15 "comp" day annual limitation. (Example: you could carry over 120 hours or 15 days of "comp" time but you may not accrue additional "comp" until some existing "comp" time is used. Example: you could carry over 60 hours of "comp" time and you would be eligible to earn up to 60 hours of additional "comp" time in the current year until "comp" time is used.)

3. Exceptions for Exempt Non-Union Employees (Grade Level 52, 53, 54)

When the General Manager or designee requires exempt management employees to work after hours as needed to restore electric service, overtime will be paid or compensation time will accrue at the election of the employee at a rate of time and one-half (1 ½). Some or all non-union management employees may be required to work overtime in such emergency situations. The decision of which management employees are required to work overtime in emergency situations will be determined by the General Manager or designee.

Any compensation time accrued due to these instances will not count towards the 120 hour maximum as stated in Article IV, Section C, paragraph 2. a.

D. Payment of Accrued Overtime Upon Separation from Employment

Upon leaving the employment of the RMLD, exempt and non-exempt non-union management personnel, with the exception of the Director of Business Finance, Director of Integrated Resources, and Director of Engineering Operations, will be paid for any unused compensation time at their hourly rate of pay at the time of their departure. Exempt employees shall not be paid in excess of the 15-day or 120 hours cap. Non-exempt employees shall not be paid in excess of the 240-hour cap.

V. **LONGEVITY PAY**

A. Eligibility

All non-union management employees may be eligible for longevity pay based on their years of continuous service. Service at RMLD or any Reading Town Department will be counted towards years of continuous service.

B. Annual Payment

All non-union management employees will receive each year, in addition to their regular pay, longevity pay in accordance with the following schedule. Longevity pay will be paid on the first payday in December of each year by separate check, mirrored of IBEW for the following service years.

Upon completion of 5 years of continuous service
Upon completion of 10 years of continuous service
Upon completion of 15 years of continuous service
Upon completion of 20 years of continuous service
Upon completion of 25 years of continuous service
Upon completion of 30 years of continuous service

C. Payment upon Separation from Employment

Employees who terminate their employment on a voluntary basis or are laid off by RMLD will be entitled to longevity pay upon their separation from employment prorated on a calendar basis. Pro-ration will be based on full months of service only.

VI. VACATION AND PERSONAL LEAVE

A. Vacation Benefits

1. Eligibility and Amount of Vacation Time

All non-union management employees will earn vacation time in accordance with the following schedule. This schedule refers to completed years of service. Permanent part-time employees (those working 20 hours per week or more) will receive prorated benefits based on either a 37 ½ or 40 hour work week. New employees who are hired during the calendar year will receive prorated vacation for full months of service only.

0-4 years of service	15 days vacation*
5-9 years of service	20 days vacation
10 years of service	21 days vacation
11 years of service	22 days vacation
12 years of service	23 days vacation
13 years of service	24 days vacation
14 years of service	25 days vacation

*Employees in Grades 49 through 51 will receive a maximum of ten (10) vacation days in their first calendar year of employment, prorated for full months of service.

2. Payment for Unused Vacation Time