



Town of Reading Meeting Minutes

2016-09-22 LAG

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2022-11-09

Time: 6:00 PM

Building: Reading Municipal Light Building

Location: Winfred Spurr Audio Visual Room

Address: 230 Ash Street

Session: Open Session

Purpose: General Business

Version: Final

Attendees: **Members - Present:**

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

Members - Not Present:

Others Present:

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

RMLD Liasons: Ed Ross (Finance Committee)

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

Topics of Discussion:

Chair Bitá called the RMLD Board of Commissioner's (BoC) meeting to order at 6:00 PM and announced that the meeting would be held in person, remotely on Zoom, and will be streamed live on RCTV and YouTube.

Opening Remarks and Introductions

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

There were no remote attendees at the meeting.

Public Comment

Citizens' Advisory Board

There was no representative to the Citizens' Advisory Board at this meeting.

Liaisons to the RMLD Board

There was no comment from RMLD Liaisons.

Public Comment

- Mr. Talbot shared a public comment from Sam Kofeai, owner of Gulf Station at Reading Square, who experienced equipment damage during a recent power outage.
- Mr. Jaffari clarified that, per RMLD's terms and conditions, equipment protection is the owner's responsibility, and any damage from power surges or outages should be addressed through the owner's insurance.
- Mr. Talbot noted that Mr. Kofeai had not experienced an outage in 25 years and experienced significant business loss during the incident.
- Mr. Jaffari revealed the outage was caused by a loss of neutral; although transformers were intact, a corroded neutral connection was repaired by RMLD.
- Mr. Jaffari emphasized that RMLD maintains a robust maintenance program to ensure reliability.

2023 Budget Presentation

Capital Budget

Hamid Jaffari, Director of Engineering and Operations presented the Capital Budget to the BoC. The presentation can be found in the BoC packet on the RMLD website.

Security Upgrades (Project 119 Line 5 Page 25)

- Mr. Jaffari explained that the annual two-year project starts in 2023, addressing North American Electric Reliability Corporation (NERC) physical security requirements and following best practices.
- Mr. Jaffari reported that Burns and McDonald consultants completed a risk assessment and recommended security system upgrades. An RFP will be issued in December 2022, with work completion anticipated in Q1 2023. Challenges include supply chain disruption, structural technology integration, and data security.

Rolling Stock Replacement (Project 118 Line 6 Page 27)

- Mr. Jaffari discussed the annual program that RMLD typically replaces RMLD fleet vehicles every 10 years, acknowledging supply chain disruptions and uncertain delivery dates.

Electric Vehicle Supply Equipment (EVSE) (Project 099 Line 7 Page 31)

- Mr. Jaffari outlined plans to install 80 units (16 level 3 charges and 64 level 2 charges) by 2028, gradually ramping up as technology advances. The cost includes nine level two charges and four level three charges, with a CY23 carryover from CY22 for a level 3 charger yet to be received.

New Wilmington Substation Construction (Project 105 Line 21 Page 63)

- Mr. Jaffari explained that this three-year project from 2023 to 2025 has a budget of \$15,575,000, excluding the \$4 million land purchase in October 2022. The project includes civil construction in CY23, Requests for proposals (RFPs) in Q1 2023 for electrical equipment, and commissioning in CY24 if materials are received by 2024.
- Mr. Jaffari noted that a system impact study is in progress, with a signed contract and expected completion in six months. Challenges include supply chain disruptions, zoning, and permitting issues.

Grid Automation, Modernization, & Optimization (Project 103 Line 24 Page 65)

- Mr. Jaffari discussed the annual project aimed at system automation for better reliability. The project includes intelligent electronic devices, reclosers, cap banks, communication devices, and power factor correction. The technology roadmap created in 2015 outlines a 15–20-year automation plan.
- Mr. Jaffari emphasized that the goal is to achieve good maintenance and automation for system reliability.

AMI Mesh Network, Meter Replacement, MDM (Project 112 Line 25 Page 73)

- Mr. Jaffari explained the four-year, \$9 million project involving AMI mesh networks and MDM, managed by a consulting company, PSE.
- AMI MDM RFPs will be issued in November 2022, with procurement in November–December 2022 and bid awards expected in January–February 2023.
- Supply chain disruptions may cause waiting times, so meters will be changed in batches while keeping the existing metering system running.
- Mr. Jaffari highlighted that the MDM system is a useful tool for meter data management, processing and data analytics, load forecasting, and transformer load management.
- Mr. Phipps noted that the project is foundational to the infrastructure and supports billing, rebates, feedback, and power purchases. The project will also provide information for the outage management system and improve power quality.
- Mr. Jaffari responded to Mr. Coulter’s question relative to meter sockets, explaining that meter replacement professionals will be hired to ensure a smooth transition, and customers will cooperate in replacing meter sockets as necessary.
- Mr. Phipps responded to Mr. Stempeck’s question relative to using two meters, confirming that both systems can be used at the same time where load is split such as house load separate from EV charging load.
- Mr. Stempeck asked a follow-up question relative to the mesh network and replacing sockets. Mr. Jaffari responded that the cost of socket replacement can range from \$1,000 to \$3,000.
- Mr. Phipps added that homeowners are responsible for maintaining meter sockets attached to their houses, but only a small number of customers would likely need replacing during the project rollout.

Transformers & Capacitors (Project 116 Line 30 Page 81)

- Mr. Jaffari emphasized that the annual budget amount for transformers and capacitors is around three times higher than previous years, with challenges including rising raw material costs and potential further increases.
- RMLD is considering a five-year bid to increase purchasing power and inventory. Mr. Coulter noted that this would be easier for RMLD, who would become a small-scale purchaser.

Reliability Projects (Projects 458, 107, 106, 742, and 668 Line 31-35 Pages 83-91)

- Mr. Jaffari explained that the reliability projects aim to minimize losses, increase plant value, and improve reliability indices.
- Key projects include overhead upgrades, step down conversions, underground facilities upgrades, and aged overloaded Transformer replacement programs.
- Mr. Jaffari emphasized that step-down conversions minimize losses and save money for customers.
- Mr. Coulter inquired about project engineering. Mr. Jaffari confirmed that projects are assigned to engineers annually and designed once the budget is approved
- Mr. Jaffari added that transformer upgrades are prioritized based on age, load, and physical conditions.

Other 2023 Budget Items (IT Lines 8 – 12; Facilities Lines 1-6; Force Account Lines 27-29; Routine Construction: Line 40)

- Mr. Jaffari emphasized that facilities upgrades will only include necessary projects, with budget funds allocated for office upgrades and rearrangements.
- Mr. Jaffari discussed force account (state projects), which generate credit with the state. Compensation has been received for Hopkins Street and Main Street upgrades, with additional compensation for bridge upgrades in Wilmington.
- Routine construction line items cover unexpected events such as pole hits and unforeseen construction.
- Mr. Jaffari acknowledged that these budget items face supply chain disruptions and technology integration challenges.
- Construction is conducted with future expansion and upgrades in mind to avoid unnecessary work and expenses.

Budget Summary CY23 - CY28

- Mr. Jaffari discussed the budget summary, highlighting the bulk allocation towards the New Wilmington Substation and AMI mesh expansions and MDM.
- Mr. Jaffari acknowledged transformer upgrades have almost tripled compared to previous years.
- Due to COVID-19 issues and supply chain disruptions, some equipment is pending, but projects are on target and will be completed once the equipment arrives.

Discussion and Questions

- Mr. Coulter asked about the Inflation Reduction Act, spending above the budget, and shelf-ready projects.
- Mr. Phipps responded that many projects have "not to exceed" budgets, and RMLD will work aggressively to secure grant funding, but the budget does not assume guaranteed funding.
- The CY23 budget is nearly double the previous year's, with challenges in project execution and material limitations.

- Mr. Jaffari stated that RMLD might not complete all projects due to supply chain issues.
- Mr. Phipps mentioned that RMLD will minimize concurrent system operation and try to pull in projects where possible.
- Mr. Stempeck inquired about the pace of infrastructure funding.
- Mr. Coulter believes funding will flow faster and RMLD should have shovel-ready projects prepared.
- Mr. Phipps emphasized the importance of the operating budget and personnel in preparing for the influx of projects supporting load growth and decarbonization.

Vice Chair Pacino made a **motion**, seconded by Commissioner Coulter, move that the Board of Commissioners, on the recommendation of the Citizens' Advisory Board, approve the Calendar Year 2023 Capital Budget in the amount of \$22,849,979 as presented, on the recommendation of the General Manager. Any significant changes are to be submitted to the CAB for review and recommendation. **Motion Carried: 5:0:0** (5 in favor, 0 against, 0 abstained) Roll Call: Vice Chair Pacino, Aye; Commissioner Stempeck, Aye; Commissioner Talbot, Aye; Commissioner Coulter, Aye; Chair Bitá, Aye.

Operating Budget

Gregory Phipps, General Manager, and Benjamin Bloomenthal, Director of Finance and Accounting presented the 2023 Operating budget to the BoC.

- Mr. Phipps presented the operating budget, focusing on key goals: reliability, low-cost, and non-carbon.
- Mr. Phipps explained that power supply, including energy transmission costs, capacity costs, and certificate retirements, accounts for nearly 70% of the total operating budget. Operating costs, such as labor, expenses, and building costs, comprise the remaining 25-30%.
- Mr. Phipps emphasized the energy market's volatility, expected to continue for at least two more years.
- Mr. Phipps said that RMLD has secured numerous non-carbon power supply contracts and is 85% hedged in 2023 to manage market volatility.
- Mr. Phipps reviewed the 2023 power supply budget, noting that forecasted kilowatt-hour sales are a critical assumption and actual sales drive the revenue line.
- RMLD assumes a conservative 0.6% annual sales growth to manage revenue line volatility.
- Total operating revenue is forecasted at nearly \$110 million in 2023, with a 10% rate increase starting March 1, 2023.
- Net dollars per kilowatt-hour are projected to rise from under 15 cents in 2022 to at least 16.5 cents in 2023, with an average bill increase of about 10%.

- RMLD is pursuing opportunities to minimize market volatility and has hedged 85% of non-carbon power supply projects.
- Significant load growth is expected in 2024 and 2025, driven by new customers entering the territory.
- The revenue line reflects a conservative scenario, with confidence in load growth for 2023 and beyond.
- Mr. Coulter and Mr. Phipps discussed the fuel pass-through policy and an expected 10-12.5% increase in kilowatt-hour charges.
- Mr. Coulter inquired about deferring part of the 10% increase to the following year, but Mr. Phipps advised against it due to new union contracts and the need for new hires.
- Mr. Phipps presented the budget as a conservative case and emphasized the importance of personnel for infrastructure projects.
- Mr. Phipps presented the budget as a conservative case and emphasized the importance of getting the people in place to secure infrastructure dollars.
- RMLD will present rate recommendations to the Citizens Advisory Board on December 7th, with some flexibility around the 10% range.
- The current budget assumes low kilowatt-hour sales and a 10% increase in the average monthly bill, resulting in a \$12 increase from \$123 to \$135. Two other options for increasing the bill to \$139 or \$141 will be presented.
- Mr. Phipps emphasized that rate increases are low in the context of the worldwide energy market and when compared to IOUs' 64% rate increases. Mr. Stempeck noted a 10% increase is much better than 60% or even 30%.
- Mr. Coulter suggested a softer increase, but Mr. Phipps emphasized the importance of being a first mover in the energy transition, which drives the 10% number.
- Mr. Phipps highlighted the importance of acting now for non-carbon goals, as indicated by storage experts.
- Mr. Phipps emphasized that RMLD understands that the 10% increase is not trivial for many customers.
- Mr. Coulter asked about the rate stabilization fund.
- Mr. Phipps confirmed a fund balance of \$6.4 million, with \$1.6 million used a year ago. Opportunities to use the funds may arise in November and December of the following year. Mr. Phipps will inform the Board if the fund is utilized due to excessive fuel price increases.
- Mr. Phipps believes the 10% rate increase is reasonable in the current energy market and that the budget is set up properly.

Vice Chair Pacino Budget Questions

Vice Chair Pacino asked about the breakdown of 930 Miscellaneous General Expenses,

Account 923 Legal Services, and the 5-year history of the Board of Commissioners budget.

- Mr. Phipps identified key areas as integrated resources, legal expenses, and materials management.
- Integrated Resources legal expenses mainly consist of reviewing Purchase Power Agreements.
- Human Resources expenses are significant due to union negotiations.
- The materials management budget increased significantly from 2022 to 2023 due to contract renegotiations, setting up contracts for all purchases, and supply chain issues.
- General Manager legal expenses include fees related to land acquisition.
- General expenses increased slightly from about \$580K to \$601K, with accounting miscellaneous general expenses rising from \$190K to \$205K.
- Vice Chair Pacino inquired about the breakdown of accounting miscellaneous general expenses; Mr. Bloomenthal confirmed the amount is for auditing fees.
- A \$15K budget for Board of Commissioners expenses has not been fully spent; Vice Chair Pacino suggested reducing it by \$5K.
- Mr. Bloomenthal recommended maintaining the budget at its current level as a ceiling, and Mr. Phipps suggested reviewing spending in the 2024 budget
- Mr. Stempeck asked about calculations for payments to the towns
- Phipps explained that the below-the-line number tied to kilowatt-hour sales going to the town of Reading is approximately \$2.5 million. The new calculation is built into the budget, with revenue and kilowatt-hour sales likely to be higher.

Vice Chair Pacino made a **motion**, seconded by seconded by Commissioner Stempeck, that the Board of Commissioners, on the recommendation of the Citizens' Advisory Board, approve the Calendar Year 2023 Operating Budget with a net income of \$958,514 as presented, to include a tentative 10% rate increase, on the recommendation of the General Manager. **Motion Carried: 4:0:1** (4 in favor, 0 against, 1 abstained) Roll Call: Chair Bitá, Aye; Vice Chair Pacino, Aye; Commissioner Stempeck, Aye; Commissioner Talbot, Aye; Commissioner Coulter, Abstained.

Scheduling

The BoC discussed the upcoming meeting and warrant schedule. The next BoC meeting will be held on Wednesday November 30, 2022, at 6:00 PM.

Executive Session

At 7:22 PM Vice Chair Pacino made a **motion**, seconded by Commissioner Talbot, 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 conduct strategy sessions in preparation for negotiations with nonunion personnel or to conduct collective bargaining sessions or contract negotiations with nonunion personnel; and return to regular session, for the continuation of regular session for the sole purpose of adjournment. **Motion Carried: 5:0:0** (5 in favor, 0 against 0 abstained) Roll Call: Chair Bitá, Aye; Vice Chair Pacino, Aye; Commissioner Stempeck, Aye; Commissioner Talbot, Aye; Commissioner Coulter, Aye.

Adjournment

At 8:16 PM Vice Chair Pacino made a **motion**, seconded by Chair Bitá, that the Board of Commissioners adjourn regular session. **Motion Carried: 5:0:0** (5 in favor, 0 against, 0 abstained) Roll Call: Chair Bitá, Aye; Vice Chair Pacino, Aye; Commissioner Stempeck, Aye; Commissioner Talbot, Aye; Commissioner Coulter, Aye.

Materials

Meeting materials can be found on the RMLD website (www.rmlld.com) in the BoC meeting packet.

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


Philip B Pacino (Jun 20, 2023 11:04 EDT)

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

As approved on June 15, 2023