



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2020-09-16

Time: 07:30 PM

Building: Reading Municipal Light Building

Location: Winfred Spurr Audio Visual Room

Address: 230 Ash Street

Session: Open Session

Purpose: General Business

Version: Final

Attendees: **Members - Present:**

Due to the pandemic and the March 12, 2020 Governor's Executive Order Suspending Certain Provisions of the Open Meeting Law, all participants attended remotely.

John Stempeck, Chair; David Hennessy, Vice Chair; David Talbot, Commissioner; Robert Coulter, Commissioner; Philip B. Pacino, Commissioner

Members - Not Present:

Others Present:

RMLD Staff: Coleen O'Brien, General Manager; Charles Underhill, Director of Integrated Resources; Wendy Markiewicz, Director of Business, Finance, and Utility Technology; Tracy Schultz, Executive Assistant

Mark Zarrow, Financial Committee

Gail Page, Green Sanctuaries
Lynn Champion, 8 Franklin Avenue, Wilmington
James Satterthwaite, 8 Hunt Street, Reading
John Rogers, 39 Tower Hill Road, North Reading
Thomas O'Rourke, 47 Chequessett Road, Reading

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

Topics of Discussion:

Call Meeting to Order

Chair Stempeck called the meeting to order and read RMLD's Code of Conduct. Chair Stempeck announced that the meeting is being recorded via Zoom for distribution to the community television stations in North Reading, Lynnfield, and Wilmington.

Chair Stempeck asked Mr. Pacino to serve as Board Secretary.

Public Comment

Ms. Page commended the RMLD for its heat pump rebate program.

Presentation of Meter Lamp to Retired Commissioner Thomas O'Rourke

Chair Stempeck thanked Mr. O'Rourke for his six years of service and stated that Mr. O'Rourke was a valuable contributor in helping to reshape and promote the RMLD, including excellent suggestions regarding town payment methods and general manager evaluation methodology.

Mr. O'Rourke's clear and calm views on all proposals were lauded. In honor of Mr. O'Rourke's service to the RMLD, an engraved meter lamp was presented. The other Commissioners and Ms. O'Brien thanked Mr. O'Rourke. Mr. O'Rourke expressed his gratitude and thanked his fellow commissioners and the staff of RMLD.

General Manager's Report

RMLD Response to COVID-19

Ms. O'Brien reported that the remaining five employees who were working remotely have returned to the office. Per the Board of Health, the RMLD building remains closed to the public. A health check-in station has been established at the back of the cafeteria. RMLD employees are practicing social distancing and wearing masks in accordance with the Governor's order. All offices and cubicles have had barriers installed.

Small Cell Attachment

The Master Agreement is substantially completed. Discussions with the Towns are happening regarding aesthetic policies.

OPEB Declaration of Trust

Ms. O'Brien explained that the Commission signed the OPEB Declaration of Trust in February. The Town Treasurer has been serving as trustee of RMLD's OPEB funds. The Treasurer indicated that the Town of Reading would be investing in the State Retiree Benefit Trust Fund (SRBFT) and provided historical return data at approximately seven percent over a ten-year average. This required a declaration of trust be adopted by the RMLD Commissioners. The Treasurer is disputing the signed document and asking for the addition of for-cause language for removal of the trust, eliminating the ability of the Board of Commissioners to provide input to the Treasurer on investment strategy, and asking for language that reiterates that there is compliance required for reporting and auditing. Ms. O'Brien explained that 'for-cause' means that the Treasurer requested mirrored language with the Town's trust document on removal for cause. Ms. O'Brien stated that she asked for the requested language in writing. The Treasurer then stated that there is no language in the existing Town document about the removal of the trustee. Ms. O'Brien stated that she interprets that to mean that the Town can remove the trustee without cause. It's also worth noting that the Select Board has indirect oversight of the Trustee through the Town Manager. Ms. O'Brien said that the RMLD should maintain its statutory options by having the right to change trustees as it seems fit. Regarding Board of Commissioner input, the Trustee is asking to remove the language that allows the Board to provide any input regarding investment strategy. The law does allow the Trustee to have full investment strategy rights. However, the Board should be able to give input. If the trustee decided not to heed the Board's recommendations, the Board would be within its right to change trustees. The third issue is regarding specific language about complying with audits and reporting. The trust document must follow the law and therefore it is irrelevant to redraft it to contain law that is already applicable. Ms. O'Brien then explained RMLD's options: the law gives RMLD the right to change its trustee due to a variety of reasons that have nothing to do with the trustee doing a good job. It is highly unusual for a trust document to have for-cause language. An option is to direct the General Manager to provide feedback from the Board of Commissioners this evening and ask the Treasurer to reconsider and sign the document. If he still refuses to sign, RMLD can go to the Reading Retirement Board, who can also invest into PRIT with a document of trust. The retirement board can invest OPEB funds directly. RMLD can explore establishing a special Board of Trustees, which has been done by other municipal light plants. The Board would be comprised of five to thirteen members. Massachusetts General Law Chapter 32b Section 20 spells out the parameters. The benefit of the special trustee board is that it provides employees and retirees with representation on matters that directly affect them.

Chair Stempeck stated that he has multiple trusts and has never seen a document with a 'for-cause' clause plus the Board of Commissioners should have input. If the Town doesn't wish to cooperate then he believes RMLD will have to find its own path. Vice Chair Hennessy agreed. Mr. Coulter expressed his surprise, given the Treasurer's request to RMLD, that the Town's trust doesn't have similar language regarding 'for-cause.' It was agreed that a dialogue would be opened with the Select Board and look into the investing through the Retirement Board.

Integrated Resources Division

Update on Customer Programs and Activity

Mr. Underhill stated that the fourth-grade art contest is voluntary and virtual this year due to COVID. National Drive Electric week will feature video showing what it is like to drive an electric vehicle. Public Power Week will feature virtual events.

Electrification

Mr. Underhill explained RMLD launched a heat pump program and has contracted with Abode Energy Management to help customers understand their options.

Power Supply Report

Mr. Underhill stated that through August, RMLD is running just about three percent below what was forecasted by ENE for this year but is ahead of 2019's results. The upcoming winter is predicted to be warmer than average. The power supply portfolio has been performing well. Energy costs have been tracking what was budgeted. Capacity costs are coming in below budget. Most of these costs are set at the previous year's peak. Sub-transmission accounts with National Grid and Eversource are charging less than anticipated. Transmission costs are below budget due to RMLD's peak-management programs. Since RMLD's loads were down, RMLD sold back to the market until May. In June sales were higher than anticipated so RMLD had to buy from the market.

Roadmap 2050 Compliance

Mr. Underhill explained that a piece of legislation is in conference committee to be resolved between the Massachusetts House and Senate. That will provide a Clean Energy Standard update and will dictate performance objectives for Massachusetts municipal light plants. The name of this legislation is Roadmap 2050. It requires 100 percent clean energy by 2050. Previous statutes had annual incremental targets. Roadmap 2050 has a target every ten years: 50 percent non-carbon portfolio by 2030, 75 percent by 2040, and 100 percent by 2050. Non-carbon will be defined as retiring certificates associated with energy production. The targets are more aggressive than those spelled out in the Golden Bill. Mr. Underhill then discussed the power supply outlook with the Roadmap 2050 standard. RMLD power supply has a very good start on compliance with the Roadmap 2050 standards. RMLD will be working with the Board to put a policy in place that meets the Roadmap 2050 requirements. Mr. Underhill then discussed the impacts on retail rates of Roadmap 2050. Without making other adjustments, it would lead to higher rate increases than would have been necessary. However, there are ways to mitigate some of those rate impacts. Next steps were discussed, including identifying issues that need to be addressed in order to change RMLD's Sustainability Policy into a Clean Energy Policy. Chair Stempeck mentioned that the Commissioners have concerns about biomass. Mr. Talbot concurred, stating he has sent out articles to the Commission regarding concerns raised by environmental scientists. Vice Chair Hennessy asked if biomass was less expensive than other renewable sources of energy. Mr. Underhill replied that there are two sources of biomass: one is methane, and one is green material. The Palmer project takes tree trimming waste. It is a dispatchable fuel resource so it can offset capacity and transmission and can run at night, unlike solar. Mr. Talbot asked that no biomass contracts be signed until the Board sets the policy. The Commission deferred Mr. Talbot's request at present. Ms. O'Brien explained that the Palmer project is on a landfill and burning out methane. The Palmer project also is taking tree trimming wood waste. RMLD contributes a lot of wood waste due to its tree trimming program. Chair Stempeck suggested getting more facts.

Engineering and Operations Report

Mr. Jaffari stated that an underground cable just outside of Station 4 faulted on August 19, 2020. 160 customers were affected by a 40-minute outage. RMLD immediately performed switching to restore service and relaced the cable.

Mr. Jaffari discussed ongoing projects such as area upgrades, underground facilities upgrades, and transformer replacements. The Marion Street line extension in Wilmington is 60 percent completed and should be finished by October. Electric vehicle chargers at Analog devices should be fully operational by October. Power factor optimization software, solar capacity study, and the meter replacement project were reviewed.

Maintenance programs are all going well, including infrared scans. Primary metering testing was delayed due to COVID but will be starting up again shortly. RMLD has 1,800 transformers that are older than twenty years and are scheduled to be replaced. Capital spending through July was approximately \$4.3 million. \$11.5 million has been budgeted, leaving \$7.3 million remaining. Double poles were presented, with Wilmington and Lynnfield having the most poles awaiting transfer due to equipment upgrades. Reliability is great despite several storms. RMLD recently purchased a new underground utility truck and four SUVs and one pickup truck.

RMLD Procurement Requests Requiring Board Approval

RMLD IFB 2020-1 - Removal, Transportation, Disposal and Remediation of Hazardous Materials including Emergency Response Services

Mr. Jaffari explained that two sample jobs were given to 22 bidders: five responded. This is for oil and hazardous material spills on soil. It's a three-year contract and is cheaper than the last time this service went out to bid.

Mr. Pacino made a motion, seconded by Vice Chair Hennessy, that bid IFB 2020-11 for: Removal, Transportation, Disposal, and Remediation of Hazardous Materials including Emergency Response Services be awarded to: **ACV Environmental Services, Inc. for a not to exceed amount of \$50,000 per year (without written approval)** pursuant to M.G.L Chapter 30 Section 39M, as the lowest responsible and eligible bidder on the recommendation of the General Manager.

Roll call vote: Mr. Coulter: Aye; Vice Chair Hennessy: Aye; Mr. Pacino: Aye; Chair Stempeck: Aye; Mr. Talbot: Aye.

Motion Carried: 5:0:0.

General Discussion

Meeting dates were discussed.

Presentation from Greater Reading Alliance for Clean Energy

Mr. Rogers thanked the Board and acknowledged that cost is important and referenced GRACE's July 23 request that RMLD update its renewable energy policy and stated that GRACE recognizes that RMLD is not an IOU but RMLD can adopt a policy of parity and follow the same standards of compliance. Mr. Rogers stated that Massachusetts IOUs have been meeting the Renewable Portfolio Standard for decades and reviewed the legislative history. Technology considerations, annual targets, standards for complying were reviewed. Mr. Rogers then discussed Renewable Energy Certificates ("RECs"), stating that they are the tool for establishing and validating renewable energy claims. Massachusetts launched the first state-wide Renewable Energy Portfolio Standard ("RPS") and stated that renewable energy generators that qualified were broken into two products. The two products are the electricity production that is consumed on-site and delivered to the grid and the positive environmental associated with the energy production. Governmental views on RECs were then presented by Mr. Rogers. Mr. Rogers stated that RECs are how you prove that you have renewable energy. In summary, Mr. Rogers stated that GRACE requests that the RMLD commit to voluntarily meeting the annual targets of the RPS and Clean Energy Standard ("CES"), using the same technologies, same targets, and same reporting standards.

Chair Stempeck stated that he looked at IOU annual reports. The total revenue of National Grid is \$12.8 billion and the total revenue of Eversource is \$8.5 billion. Electrical revenue is \$6.5 billion and \$6.2 billion, respectively. From a revenue perspective, they are about 70 times larger than RMLD. They have millions of customers whereas RMLD has 70,000. Their return on equity is 11.5 percent. RMLD's eight percent ROA is regulated. National Grid can access \$3 billion of working capital. Chair Stempeck stated that outside of Massachusetts, both are investing heavily in wind and hydro. RMLD is investing in community solar, grid efficiency, rebate programs, and industrial and commercial programs. Chair Stempeck suggested a brainstorming approach to move RMLD to green power faster. The question is how to achieve this without negatively impacting customers by dramatically increasing rates. There needs to be compromise. Ideas being considered include a buddy system and using the rate stabilization fund.

Adjournment

At 9:29 p.m., Mr. Pacino made a motion, seconded by Vice Chair Hennessy, that the Board go into executive session to consider the purchase of real property and to return to regular session for the sole purpose of adjournment.

Roll call vote: Mr. Coulter: Aye; Mr. Pacino: Aye; Vice Chair Hennessy: Aye; Chair Stempeck: Aye; Mr. Talbot: Aye.

Motion Carried: 5:0:0.

At 9:35 p.m. the Board returned to regular session whereupon, Mr. Pacino made a motion, seconded by Mr. Coulter, that the Board adjourn.

Roll call vote: Mr. Coulter: Aye; Mr. Pacino: Aye; Chair Stempeck: Aye; Vice Chair Hennessy: Aye; Mr. Talbot: Aye.

Motion Carried: 5:0:0.

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

Philip B Pacino

Philip B Pacino (Feb 1, 2021 13:29 EST)

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