



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2020-04-30

Time: 07:00 PM

Building: Reading Municipal Light Building

Location:

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; Daivid 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; Wendy Markiewicz, Director of Business, Finance, and Utility Technology; Tracy Schultz, Executive Assistant

George Hooper, Citizens' Advisory Board
Vivek Soni, Citizens' Advisory Board

Vanessa Alvarado, Select Board
Karen Kerrick, Select Board

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 videotaped 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 and had all attendees identify themselves.

Public Comment

Mr. Soni stated he is happy that the Board is moving forward with finalizing the Town payment. Ms. Alvarado thanked Chair Stempeck for attending the Select Board meeting the previous evening.

To review and discuss a proposed approach for Payment to the Town of Reading

Chair Stempeck announced that the intent of the meeting is to discuss the proposed Town Payment. Chair Stempeck explained that a formula using CPI has been being used and the Board felt that it was no longer appropriate. kWh consumption is declining and RMLD's fixed

To review and discuss a proposed approach for Payment to the Town of Reading

costs are increasing. Additionally, the electric system hadn't been maintained and required investment in infrastructure, including a new substation. Thus, declining revenue, increasing costs, and a formula that continually increased the payment to the Town of Reading (irrespective of external conditions) didn't make sense. The RMLD Board has been wrestling with how best to meet the needs of its various constituencies, including all of its customers in all four towns, the Citizens' Advisory Board, the Town of Reading, and the staff and employees of the RMLD. Chair Stempeck explained that the Board has examined and presented multiple approaches as to how to meet the diverse requests. The best approach requires compromise for the better good of the enterprise. Chair Stempeck explained that at present, the interim payments as voted on by the Board are scheduled to end on July 31, 2021. The proposal is to extend that to December 31, 2021. There was no discussion regarding that extension.

Chair Stempeck then explained that the proposed formula uses kilowatt hour consumption. Mr. Hooper asked why the formula was changed from 3.75 mils to 3.875 mils. Mr. Talbot explained that in March, formulas using 3.75 and 4.0 mils had been proposed: this is a compromise. Chair Stempeck stated that the suggested approach is to take a three-year weighted average of kilowatt hour consumption and multiply it by 3.875 mils per kilowatt hour. Chair Stempeck explained that the chart in the Board packet shows what could happen with payment amounts. Using 3.875 mils, the cumulative gain in five years (calendar years 2022 to 2026) to the Town would be \$298,587. Two 'what if' scenarios were then presented. The first assumes that kilowatt hour sales increase by one percent per year over five years: that would mean an increase to the Town payment of \$631,811. The second scenario assumes a one percent decrease over five years would lower the cumulative payment by \$127,242. Mr. Talbot added that it's projected that the above-the-line payment will be increasing due to capital investments. Returning to the below-the-line payment, Chair Stempeck then discussed the impacts of COVID and mild winters. If there was an eight percent drop in sales in calendar year 2020 (with sales returning to normal in calendar year 2021), the cumulative payment would decrease by \$11,868. If sales were to drop one percent following the initial hypothetical eight percent COVID decrease, the cumulative payment would decrease by \$209,803. Mr. Pacino asked that the Excel spreadsheet be sent to the Board members. Mr. Pacino expressed his concern over a catastrophic event occurring. Chair Stempeck stated his belief that the three-year rolling average would smooth that out and that the caveat to any of the formulas is that if there's an event that's large enough to compromise RMLD's ability to make the payment, then the payment to the Town would shrink.

Chair Stempeck then explained that the calculation for the above-the-line payment is two percent of net plant times the percentage of total kilowatt hours that each community uses. Chair Stempeck stated that RMLD's intent is to continue to put capital into the plant. Vice Chair Hennessy asked about the increase in plant due to the new substation. Ms. Markiewicz replied that it has been spread out over a few years because it's a lengthy project.

Mr. Pacino stated that there should be a discussion about having a ceiling and a floor to the payment. Chair Stempeck stated that having a ceiling would mean that sales would be increasing and expressed his feeling that a ceiling would not be needed. In terms of having a floor to the payment, if there was an emergency then RMLD would not be locked into the payment. All available funds would be needed to handle the catastrophe. Chair Stempeck stressed that the below-the-line payment is voluntary. Mr. Pacino said the payment motion should define what constitutes a major event and that he was leaning towards having a floor for the payment. Vice Chair Hennessy expressed his concern that a hard floor would be problematic if sales were to drop dramatically. Chair Stempeck added that, per statute, RMLD is not allowed to use the other Towns' rates to subsidize the below-the-line payment to Reading. Ms. Alvarado stated that if a floor was set and something happened and RMLD was concerned, the payment could be revisited.

Mr. Coulter asked where the numbers are coming from for net plant. Ms. Markiewicz explained it is part of RMLD's six-year plan and is on the website. Ms. Alvarado stated that a minimum payment would provide the Town with stability. Chair Stempeck asked Mr. Hooper and Mr. Soni to discuss the evening's discourse at the next CAB meeting. Mr. Hooper stated that he thinks the payment should be revisited every three years and asked if the Select Board has reviewed the spreadsheet.

To review and discuss a proposed approach for Payment to the Town of Reading

Ms. Alvarado replied that the Select Board reviewed it at their meeting the previous evening. Ms. Alvarado stated there was concern regarding the lack of a floor.

Adjournment

At 8:53 p.m., Mr. Pacino made a motion, seconded by Vice Chair Hennessy, that the Board adjourn.

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

Motion Carried: 5:0:0.

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

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