



Town of Reading Meeting Minutes

2016-09-22 LAG

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2020-06-18

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 Talbot, Commissioner; Robert Coulter, Commissioner; Philip B. Pacino, Commissioner

Members - Not Present:

David Hennessy, Vice Chair

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

Jason Small, Citizens' Advisory Board

Karen Herrick, Select Board

Gail Page, Green Sanctuaries

Lynn Champion

James Satterthwaite

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.

Public Comment

Gail Page, a Woburn resident, introduced herself and explained that she is representing Green Sanctuaries, a church group. Ms. Page stated that many members of Green Sanctuaries and the Unitarian Universalist Church are residents in RMLD's service territory.

Monthly Meeting of RMLD Commissioner with Reading Select Board

Chair Stempeck proposed that a member of the Board attend the meeting of the Select Board each month and report on what is going on at the RMLD. Chair Stempeck explained that the intention is to foster a good working relationship between the two bodies.

Discussion on Renewable Energy

Mr. Talbot stated that he researched the carbon consequences of the power plants that are only activated at peak usage times. The plant in Ludlow burns Number Two heating oil, which has a carbon emission that is about 50 percent more per megawatt hour than natural gas. This means it is necessary to drive home the importance of the peak warnings that RMLD issues. Ms. Page expressed her enthusiasm for this idea. In terms of renewable energy, Mr. Talbot stated he would like to better what the definitions are of green, renewable, sustainable, and non-carbon, and to set a percentage goal and to understand the consequences in terms of cost of different options. This would include the impact on rates. Mr. Talbot stated he would like the public to tell the Commission what to do. Ms. O'Brien stated the chair of the Climate Action Committee met with her and Mr. Underhill and it was a very informative exchange. The meeting led to RMLD offering a rebate on electrical panel upgrades. Ms. O'Brien stated the meetings happen once a quarter and asked Ms. Page if she would be interested in attending. Ms. Page answered in the affirmative.

Approval of Board Minutes

Mr. Pacino made a motion, seconded by Mr. Coulter, that the Board approve the meeting minutes of December 2, 2019, January 7, 2020, February 27, 2020 on the recommendation of the General Manager.

Roll Call Vote: Mr. Talbot: Aye; Mr. Pacino: Aye; Chair Stempeck: Aye; Mr. Coulter: Aye.

Motion Carried: 4:0:0 (one absent).

General Manager's Report

Ms. O'Brien stated the sealing of the roof has been completed. The customer parking lot upgrade has provided more spaces and will allow RMLD to lock the back gate to comply with NERC. When RMLD had an OSHA audit done in February, it was determined that the wooden deck in the back of the building needed to be replaced. To save money, it has been converted into a patio. The stairs need to be poured and then that project will be completed.

RMLD Response to COVID-19

Ms. O'Brien stated the RMLD building is still closed to the public. Plexiglass shields have been installed around cubicles. There are red dot stickers on the floor to ensure proper social distancing.

Twenty-Year Agreement

Ms. O'Brien stated that Ms. Rybak has done a great job and that three of the four Towns have voted to extend the agreement. Lynnfield's next Town Meeting will be in the fall and the agreement will be voted on then.

Quarterly Goal Review

Chair Stempeck asked Ms. Schultz to coordinate a meeting time with the Commissioners to discuss Ms. O'Brien's goals.

Integrated Resources Division

Green Communities

Ms. O'Brien stated that towns that are interested in Green Communities can apply for the program. To qualify, the town served by the municipal light plant (MLP) must have one investor-owned utility (IOU) metered customer. However, all four towns served by RMLD would have to join and all four towns would need to have an IOU meter, or all four towns must pay into the trust. Each town would need to work with the state. The towns can request that RMLD help facilitate the location of an IOU meter. Typically, the MLP should know if there is an IOU meter in its territory. Because the RMLD falls under home rule of deregulation, IOU service of MLP customers should have been brought to the attention of the MLP by the customer or the IOU. RMLD asked National Grid and Eversource to run a billing inquiry. Eversource didn't show anything. National Grid hasn't responded yet. Ms. O'Brien stated she and Chair Stempeck have a phone call with the

Integrated Resources Division

Green Communities

Department of Energy Resources scheduled for June 23rd. Mr. Underhill provided an update on RMLD's new rebate programs, including adding electric panel upgrades to the heat pump program (at the Climate Action Committee's request), and the cordless yard equipment program.

Integrated Resources

Power Supply

Mr. Underhill stated that all power supply costs are coming in below the budgeted amount due to the warmer-than-average winter. COVID-19 reductions have resulted in a 1.5 percent reduction in load: this is lower than the eight percent that was initially speculated. February capacity costs came in significantly lower than what was budgeted. Mr. Underhill stated that this is because RMLD makes a lump sum payment to Braintree for the Watson unit in February, and Energy New England put it in the budget-Mr. Underhill stated the issue with the relationship between budget and actual will be squared away. Mr. Underhill stated that because the loads have been down, peaks have been down, resulting in lower transmission expenses. Mr. Underhill reviewed the resource portfolio and explained that because the loads have been down, RMLD has been selling back to the market. Mr. Underhill then discussed RMLD's power supply: RMLD has engaged resources that fall under the Renewable Portfolio Standard or the Clean Energy Standard. The latter deals with carbon-free generation rather than renewable. Mr. Underhill explained fifteen percent of power supply is kept open as risk mitigation for market and price volatility. Mr. Underhill stated that the graph shows what the delivered price of energy would be if RMLD were to sell its RECs or retire its RECs. Currently, RMLD is able to keep its energy costs by selling the RECs at under \$40 a megawatt hour. This directly translates out to the retail price. If RMLD were to retire the RECs, the price goes to just under \$50 a megawatt hour, or five cents a kilowatt hour. That's a one penny increase to the retail rate, which would result in a 7.5 percent rate increase. That is the high and low end. This can change based on how many and which RECs are retired to meet the terms of the Golden Bill (once it is passed by the legislature). Mr. Underhill discussed the portfolio requirements of the Renewable Energy Standard, the Clean Energy Standard, and the Golden bill. The Golden Bill starts out with lower requirements but then has an accelerated slope that then catches up to the Clean Energy Standard. Mr., Underhill explained that selling RECs keeps costs down, which has allowed RMLD to be more aggressive about securing contracts going forward. This gives RMLD flexibility to meet and exceed the Golden Bill requirements. Mr. Underhill then discussed COVID-19 impacts on retail revenue. Base revenues for 2019 came in at \$26,766,465. 2020's projected retail revenues are \$25,975,909, which is a difference that is just shy of \$800,000. This is a net impact of a three percent erosion of revenue. The budget for 2020 was just over \$29 million. That's a difference of \$3 million and a ten percent impact. However, this is offset by a reduction of kilowatt hours purchased. Chair Stempeck remarked that the weather had a much larger impact than COVID.

Financial Update

Ms. Markiewicz explained that the financial audit is ongoing due to COVID. It has taken longer than usual but should be in draft form soon. Ms. Markiewicz included highlights of Calendar Year 2019, stating that RMLD finished the year with a 9.33 percent rate of return. This was 1.33 percent over the allowed eight percent. There are multiple factors that caused this: RMLD was under-budget, the weather was unusually mild which resulted in reduced costs, there are multiple job vacancies, the timing of energy conservation resources, the closing of construction jobs, and interest income all contributed to RMLD ending up under-budget. Ms. Markiewicz explained that RMLD looked at the Strategic Plan to determine what to do with those funds. It was decided to aid customers and transfer the \$1,077,737 to the Rate Stabilization fund. The Strategic Plan involves the balancing of multiple pieces, including the base revenue impact, the rate of return, funding the below-the-line Town of Reading obligation, funding capital projects, maintaining the Operating Fund at two to three months-worth of available cash, and maintaining the Rate Stabilization Fund balance. It was decided that RMLD will supplement any rate increase for Calendar Year 2021 by taking \$2 million out of the Rate Stabilization Fund. RMLD will continue to supplement a portion of the rate increase for CY 2022 and 2023 (approximately \$550,000 each year). RMLD will continue to stay on target for all capital projects. Ms. Markiewicz then discussed operating cash in relation to operating expenses: RMLD ended the year with almost three

Financial Update

months of operating cash. Ms. Markiewicz explained the Rate Stabilization fund started with \$7 million. RMLD added the \$1,077,000. There will be no change in CY 2020. Ms. Markiewicz emphasized that nothing is set in stone: the strategic planning can change. The Capital Fund balances were then reviewed. Mr. Satterthwaite asked if the 7.5 increase is on the total residential bill. Mr. Underhill affirmed.

Engineering and Operations Report

Mr. Jaffari began by discussing step-down upgrades in the North Main Street and Lowell Street area in Lynnfield. It is a large conversion project that involves 55 poles. So far 27 poles have been replaced and Verizon has been very cooperative. Mr. Jaffari then discussed pad-mount switchgear upgrades at industrial parks. Nine units have been replaced: 20 more remain. Five units will be arriving in the summer. These provide power to commercial and industrial customers. Maintenance programs, including equipment inspections, were reviewed. Due to COVID, the only transformers that are currently being replaced are ones that don't require an outage. Systemwide, 38 percent of the transformers are over 25 years old. This doesn't mean the transformers will fail, but they are up for replacement. The new transformers are more efficient than the older equipment. Primary metering inspection and testing was reviewed. There are 85 installations systemwide: ten installations have been completed. A contractor will inspect the remaining installations. Through April, capital spending was \$2,047,259, with a total of \$11.5 million budgeted: \$9.5 million remains. \$2 million of that is for meter replacement and \$600,000 is for substation land. Double poles were discussed. RMLD's reliability was well below the regional and national averages (that is a good thing). The main cause of outages in May were storms and trees. Equipment failures are decreasing because the maintenance programs are working.

General Discussion

Meeting dates were discussed.

Adjournment

At 9:08 p.m., Mr. Pacino made a motion, seconded by Mr. Coulter, 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; Chair Stempeck: Aye; Mr. Talbot: Aye.

Motion Carried: 4:0:0 (one absent)

At 9:18 p.m., 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; Mr. Talbot: Aye.

Motion Carried: 4:0:0 (one absent).

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


Philip B Pacino (Feb 1, 2021 13:25 EST)

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