



## Town of Reading Meeting Minutes

2016-09-22 LAG

### Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2020-07-23

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

Jason Small, Citizens' Advisory Board

Karen Herrick, Select Board

Zackary Fentross, CPA, Melanson

Gail Page, 55 Montvale Avenue, Woburn, Chair of Green Sanctuary and Coordinator of the Greater Reading Alliance for Clean Energy (GRACE)

Lynn Champion, 8 Franklin Avenue, Wilmington, GRACE

James Satterthwaite, 8 Hunt Street, Reading

Geoffrey Coram, 31 Ridge Road, Reading

Jeremy Wahlman-Krogh, 175 Lowell Street, Reading

Tom Mottl, 93 Oak Street, Reading

Ann Mottl, 93 Oak Street, Reading

Tay Evans Rhoads, 59 Howard Street, Reading, GRACE

David Zeke, 163 Pearl Street, Reading

Martha Moore, 102 Sanborn Lane, Reading, Conservation Commission

Bruce MacKenzie, 102 Sanborn Lane, Reading

Caroline Whiting, 17 Chestnut Road, Reading

David Kay, 54 Pratt Street, Reading

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

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### **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 stated that Mr. Pacino would serve as Board Secretary and explained that public comment would open following the report of the audit committee.

### **Presentation of the Calendar Year 2019 Audit**

Mr. Fentross introduced himself and explained that the financial statements are not presented on a comparative basis because the prior audit was for a six-month period. This was due to RMLD moving from a fiscal year ending June 30 to a calendar year ending December 31. Comparative financials will be presented starting with the December 31, 2020 audit.

Mr. Fentross stated that the RMLD had positive operating results for calendar year 2019, a well-funded OPEB trust fund, and no management letter. RMLD received a clean opinion, which is the best opinion that can be received from an independent audit and is the same opinion that the has been received in prior years.

While Ms. Schultz pulled up Mr. Fentross' presentation, Chair Stempeck had all meeting participants introduce themselves.

Mr. Fentross continued with his presentation and discussed the Statement of Net Position. The capital assets net of accumulated depreciation has a balance of about \$79,084,000, which is approximately a \$1.8 million increase from the previous year. The increase is primarily due to improvements in infrastructure. The Department spent \$6.5 million in total capital asset additions, but that was softened by \$4.5 million in depreciation expense, which leaves, which results in the \$1.9 million increase. Major capital asset additions that took place in calendar year 2019 included \$1.1 million for new poles and fixtures, \$2 million on overhead conductors, and \$1.3 million on underground conduit and devices. Mr. Fentross then discussed non-current liabilities. The net pension liability has a balance of about \$14,610,000 and represents the Department's portion (28 percent) of the total unfunded liability for the Reading Contributory Retirement System. The system as a total is at 72 percent funded. The average in the Commonwealth is 65 to 70 percent. This is a \$3.8 million increase from the prior year, which is due to the retirement system's investments coming in at \$13.4 million less than what was anticipated. The net OPEB liability has a balance of about \$7,094,000, which is a decrease of about \$280,000 compared to the prior year. RMLD has set aside funds to fund about 36 percent of that liability. This is a strong position for RMLD: most towns in the Commonwealth have only funded one to ten percent. Other light departments in Massachusetts have funded between 20 to 40 percent of that liability. Mr. Fentross then discussed purchase power expenses, which has a balance of about \$61,027,000. This is a decrease of about \$9 million from the prior year. Electric sales under operating revenues has a balance of roughly \$89,475,000. RMLD had savings on the cost of power that it purchased and passed those savings on to the customers. Mr. Fentross explained that the change in net position has a balance of approximately \$4,319,000. This is essentially RMLD's net income. RMLD had strong operating results.

### **Report of the Audit Committee**

Mr. Pacino stated that the Audit Committee met the prior week and Mr. Fentross made a more detailed presentation. Some questions were raised, and Mr. Fentross wrote a memorandum answering those inquiries. The Committee recommended that the report be accepted by the Commissioners. Mr. Pacino made a motion, seconded by Vice Chair Hennessy, that the Board of Commissioners accept the Audit Report from Melanson, Calendar Year ended December 31, 2019 as presented and as amended by the Audit Committee, on the recommendation of the General Manager.

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

**Motion Carried: 5:0:0**

Mr. Fentross thanked RMLD staff and left the meeting.

### **Public Comment**

Mr. Coram stated that he had slides to convey his points, which he sent to Ms. Schultz that morning. Mr. Coram stated Ms. Schultz told him she needed meeting materials 48 hours in advance. Ms. Schultz affirmed. Mr. Coram stated that he was shocked to see the suggestion on RMLD's Twitter to raise the temperature on air conditioning from 70 degrees to 73 degrees. Mr. Coram stated the RMLD webpage suggests a temperature of 68 degrees. Mr. Coram stated EnergyStar recommends a temperature of 78 degrees. Mr. Coram stated that he emailed Ms. Mulvaney at the end of June and she did make a change to the Twitter graphic. Mr. Coram asked that the video on the RMLD website also be updated. The Commissioners agreed that this was a reasonable request.

Mr. Satterthwaite stated that GRACE would like to make a request regarding RMLD's Clean Energy Policy but would hold off on comment until item 9 (discussion of clean energy policy setting) on the agenda.

Mr. Kay asked how the United Unitarian Church in Reading could add solar to its roof. Mr. Underhill explained that information regarding solar rebate opportunities is available on the RMLD website. The issue with the Church being a non-profit is that many of the incentives are provided through tax offsets. However, the Integrated Resources Department would be glad to discuss the filing process and available incentives. Mr. Underhill added that the video that Mr. Coram referenced earlier is in the process of being rerecorded.

### **RMLD's Response to COVID-19**

Ms. O'Brien explained that she has been keeping the Board and RMLD employees up to date on RMLD's Emergency Operating Procedure. RMLD has been ahead of any potential safety issues. The management team meets every day. There are four areas of the Governor's Order: staffing, hygiene, cleaning, and operating. RMLD is well within the limit of ten people per 1000 feet of accessible space. Plexiglass has been added to cubicles. Most of the administrative staff is working remotely.

### **Integrated Resources Division**

#### **Monthly power supply report**

Mr. Underhill began by stating loads are being tracked against the budget. For the first three months of the year, actuals ran below budgeted loads. These were pre-COVID 19 impacts. April and May also ran low; these months include COVID as a factor. June's actual load was higher than the forecasted load. Mr. Underhill explained that RMLD was not as adversely impacted by COVID as had been initially projected. Purchase power expense is well below expected projections. Energy costs are holding slightly below what was budgeted. Capacity costs are usually fixed and have been running slightly below where they were projected to be. That is one of the larger contributors to the power supply market savings. Transmission costs are also below what was projected. This is because loads during peak time are down significantly. Mr. Underhill reviewed kilowatt hour purchases by resources. RMLD has been selling small quantities of power back to the market each month. Mr. Underhill discussed the projected outlook of the power supply through 2040, including non-carbon resources. The Commonwealth's original Renewable Portfolio Standard, the Clean Energy Standard, and the proposed Golden Bill. In the coming years, RMLD is ahead of the curve in terms of its potential to meet any of these standards. RMLD is looking at having seventy percent of its portfolio being non-carbon in four years. RMLD has made aggressive efforts to obtain a non-carbon portfolio going forward.

#### **RECs report**

Mr. Underhill explained a valuation study for the Renewable Energy Certificates (RECs) that RMLD has in its portfolio was done. The RECs fall into three categories: Class I Class II and 'Other.' The 'Other' are projects in Connecticut and Maine that don't meet the Massachusetts threshold. Class I RECs are currently valued at about four and a half cents a kilowatt hour and Class II RECs are currently valued at about two cents per kilowatt hour.

### **Detailed breakdown of portfolio by RECs classification**

Mr. Underhill discussed the RECS that RMLD currently has control of in its portfolio.

### **Integrated Resources Division**

#### **Potential rate impacts of options for complying with RPS and Golden Bill**

Mr. Underhill presented a slide showing the estimated impacts of various portfolio options and legislative compliance on RMLD retail rates, including the impact of acquiring and retiring all RECs in the portfolio.

### **Update on RMLD programs**

Mr. Underhill presented slides showing the amount spent on the RMLD/Department of Energy Resources (DOER) solar rebate program. There are still \$85,000 of funds available. The program has been extended from June 2020 to the end of the year. So far there have been 28 participants receiving an average payout of \$5,875. Mr. Underhill stated there are an estimated 15 project slots remaining.

Mr. Underhill then provided an update on RMLD's rebate programs, including the cordless yard equipment program, an electric panel upgrade program, and a heat pump program.

### **Report on the Select Board Meeting**

Mr. Talbot stated the Select Board discussed coordinating a response when RMLD issues Shred the Peak alerts. Green Communities was also mentioned at the meeting.

### **Discussion of clean energy policy setting**

Mr. Satterthwaite referenced item 3d on the draft sustainable energy policy, which states that the RMLD would adapt to the Clean Energy Standard (CES) and the Renewable Portfolio Standard (RPS), if required by the state legislature to do so. Mr. Satterthwaite stated that Mr. Underhill's past presentations have shown that the RMLD has prepared for the contingency that municipalities may ultimately need to adhere to the RPS and CES. Ms. Satterthwaite stated that GRACE believes that catching up with the rest of the state, in terms of clean energy, is the right thing to do, and should be done regardless of whether it is required by the legislature. Mr. Satterthwaite stated that GRACE requests that the RMLD adopt a policy of parity with the investor-owned utilities, hitting the same annual targets for renewable and clean energy, and reporting progress under exactly the same rules. GRACE IS advocating this policy for the following reasons:

1. It's not only simple, but comprehensive. The policy phrased this way immediately defines what types of energy are counted and what types are not counted. It automatically prohibits the double counting of renewable energy certificates, which has been a controversial topic. It spells out incremental improvement from year-to-year. It entails that the RMLD will hit new targets, if such targets are mandated for the rest of the state.
2. As reasonable people, GRACE doesn't feel that they can ask for more. Cost is always a factor, and the RMLD has multiple constituencies to please.
3. GRACE was founded when two churches in town got together, and as people of conscience, don't see how they can ask for less. The rules imposed on the IOUs are the only transparent standard against which the fairness of burden-sharing can be measured, relative to the rest of the state. The four towns served by the RMLD are relatively affluent with median family incomes between \$114,000 and \$125,000. The corresponding number for neighboring Woburn is \$83,000, for the state as a whole, it's \$80,000, and for Lynn, which borders Lynnfield, it's only \$54,000. Mr. Satterthwaite stated that there should be moral clarity about this. It is not fair or just that less affluent neighbors should pull their weight in creating a cleaner energy supply, while we do less. Yes, municipal light plants have a different business model than investor-owned utilities, but there's a simple bottom line at the customer level as far as how much is being individually paid and how much pollution is being created. This means customers are taking advantage of a legislative loophole in order to pay less by polluting more.
4. A farsighted policy adopted by the RMLD now may have influence beyond the borders of the four towns. As the largest of the municipal light plants, and the only one serving four different towns, the RMLD is in a position to be a leader and to set an example.

### **Discussion of clean energy policy setting**

Chair Stempeck stated that the issue is one of cost. The IOUs rates are higher than RMLD's. Chair Stempeck explained that for people who are on fixed incomes, a rate increase isn't as easy to handle. RMLD's charter is to provide reliable power to its service territory at the lowest possible cost. Ms. O'Brien added that the money that is made by selling RECs gets reinvested in low-risk projects. Municipals are getting together to make green projects happen. Mr. Underhill then stated that when RMLD began its electrification program, a commitment was made to acquire sufficient resources from non-carbon production. If the Commission decides to retire RECs, they will need to decide whether to vote for supplemental funds to continue aggressive requisition of non-carbon resources. Or, that would need to be slowed in order to strike a balance with rate costs. Chair Stempeck also mentioned RMLD has a large industrial customer that accounts for 12 percent of RMLD's load. Mr. Underhill added that the commercial/industrial sector accounts for about 60 percent of RMLD's load. Chair Stempeck said that low electric rates attract and keep business to and in the area. Mr. Satterthwaite stated that in the short-term, GRACE is asking for reporting rather than action. Mr. Satterthwaite stated they would like to see how RMLD is doing compared to the IOUs. Ms. O'Brien explained that Mr. Underhill presents this information monthly. Mr. Satterthwaite stated sold RECs should be represented. Mr. Underhill states that he shows the potential for green based on the RECs that RMLD has. RMLD's resource portfolio is in compliance with what the IOUs follow. Mr. Talbot asked if RMLD can try to move away from peakers (if used). Mr. Coulter explained that is determined by ISO-the power companies have no say.

### **General Discussion**

Meeting dates were discussed.

### **Executive Session**

At 8:57 p.m., Mr. Pacino made a motion, seconded by Vice Chair Hennessy, that the Board move into Executive Session to consider the purchase of real property, and 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.

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

**Motion Carried: 5:0:0**

### **Adjournment**

At 9:52 p.m., Mr. Pacino made a motion, seconded by Vice Chair Stempeck, that the Board adjourn.

Roll call vote: Vice Chair Hennessy: Aye; Mr. Coulter: Aye; Mr. Pacino: Aye; Chair Stempeck: 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 \(Feb 1, 2021 13:26 EST\)](#)

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