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AGENDA

READING MUNICIPAL LIGHT DEPARTMENT CITIZENS' ADVISORY BOARD (CAB) MEETING

WEDNESDAY, FEBRUARY 28, 2018

6:30 PM

at

230 Ash Street, Winfred Spurr/Audio Visual Room
Reading, MA 01867

1. Call Meeting to Order – G. Hooper, Chair
2. Approval of Minutes – G. Hooper, Chair
Suggested Motion: Move that the Citizens' Advisory Board approve the Minutes of the November 15, 2017, meeting and January 17, 2018, meeting both Regular and Executive Session, as written.
3. General Manager's Update – C. O'Brien, General Manager
 - LED Street Light Program
4. Financial Report – FY18 Q2 – W. Markiewicz, Director of Business, Finance & Technology
5. Update on North Reading Substation Energy Storage Project – T. Ollila, Integrated Resources Engineer
6. Payments to the Towns & Town of Reading Request – C. O'Brien, General Manager
7. Next Meeting – G. Hooper, Chair
8. Adjournment – G. Hooper Chair

This Agenda has been prepared in advance and does not necessarily include all matters which may be taken up at this meeting.



Town of Reading Meeting Minutes

2018 07 23 140

Board - Committee - Commission - Council:

RMLD Citizens Advisory Board

Date: 2017-11-15

Time: 6:30 PM

Building: Reading Municipal Light Building

Location: Winfred Spurr Audio Visual Room

Address: 230 Ash Street

Session: Open Session

Purpose: General Business

Version: Draft

Attendees: **Members - Present:**

Mr. George Hooper, Chair (Wilmington); Mr. Jason Small, Vice Chair (North Reading); Mr. Dennis Kelley, Secretary (Wilmington); Mr. Neil Cohen (Reading); Mr. Vivek Soni (Lynnfield)

Members - Not Present:

Others Present:

Ms. Coleen O'Brien, Ms. Wendy Markewicz, Ms. Kathleen Rybak

Minutes Respectfully Submitted By: Mr. Dennis Kelley, Secretary

Topics of Discussion:

1. Call Meeting to Order – G. Hooper, Chair
Chair Hooper called the meeting of the Citizens' Advisory Board to order at 6:30 PM and noted that the meeting was being audio recorded.
2. General Manager's Update – C. O'Brien, General Manager
Ms. O'Brien updated the CAB on RMLD's response to the recent storm. Staff will be having a post-storm meeting with representatives from the Town of Reading to review communications. The Technology Roadmap includes an outage management system (OMS), which will enable RMLD to more easily communicate outage information. RMLD is currently updating the mesh network to support the smart meters and an OMS.
3. Presentation of FY17 Audited Financial Statements – W. Markewicz, Director of Business Finance

Materials: Draft Town of Reading, Massachusetts, Reading Municipal Light Department, Annual Financial Statements, for the Year ended June 30, 2017

Handout: Statement of Revenues, Expenses and Changes in Fund Net Assets (for period ending 9/30/17)

Ms. Markewicz, Director of Business Finance, reported that Melanson Heath presented the FY17 Audited Financial Statements at both the Audit Committee and the Board of Commissioners meetings on November 9th. The audit presentation was delayed pending the actuarial report (done with the Town of Reading) that specifically talks to OPEB (other post-employment benefits) and the new GASB 74 requirements. The final actuarial report was received November 2nd. Melanson Heath gave RMLD an unqualified opinion, which says that the financial statements are presented fairly in all material respects.

There were changes to GASB 68 (related to the Pension Trust), which impacts how unfunded pension liability is reported. In the past, RMLD was only required to report on the balance sheet the unfunded portion of the Pension Trust liability. However, GASB changed to require the entire pension liability, as well as the asset, be shown on the books. Therefore, the auditors needed to go back and restate the numbers for FY16. This means the final net position for FY16 (as stated in the Audited Statements for FY16) does not match what is reported in the FY17 Audited Statements. Notes on page 37 explain this change. Internally, this required some adjustments to get the books in order.

Ms. Markiewicz reviewed the Statement of Net Position (page 7). Unrestricted Cash is up about \$2m, however, if you look at accounts payable, we are also up about \$2m. This reflects the timing of when bills are paid and the accruals. Receivables is consistent from FY16. Restricted Cash is where you will see a difference from last year's audit book (as noted above). This includes the \$5.7 of our pension cash in that number. Capital assets has gone up, which is a reflection of our capital projects. Net pension liability is \$13m; we have cash of \$5.7, therefore, the unfunded portion is \$7.4m.

Net OPEB obligation is a new category. The actuarial report tells us what we should put into OPEB in order to fund this obligation. The report told us that we were supposed to fund \$138k less than we needed, so this was underfunded by \$138k. Therefore, there is a new line item on the financials for "Net OPEB Obligation" of \$138K. Next year the entire OPEB obligation will be put on the books (per GASB 75). The OPEB liability is approximately \$10m, and we have cash of \$2.8m. You will see \$7.2m of OPEB liability next year. Net Position – Restricted for Pension Trust: this is new and reflects the cash portion (in a Pension Trust) that we have put on the books this year.

Ms. Markiewicz reviewed some of the highlights of remaining financial statements:

- Statements of Revenues, Expenses, and Changes in Net Position (page 8): Electric Sales were up 3.93%, but kilowatt hour sales were down about 0.09%. This is reflective of flat sales. However, due to the increase in rates, sales came in higher so we could recover our costs, which went up about 3.8%.
- Statement of Fiduciary Net Position (page 10): Shows the cash for the OPEB Trust Fund, which can be used toward the liability.
- Restricted Cash and Investments (page 18) – the Pension Trust is new on the books this year.
- Capital Assets (page 20) – reflects the major increases in infrastructure.
- Schedule of OPEB Funding Progress (page 40) – shows assets of \$2.8m, a liability of \$10m, and the unfunded liability of \$7.1m, which will be shown on the books next year. Page 41 goes into a little more detail of the same information, and page 42 speaks to the portion of deficiency.

Ms. Markiewicz then provided Draft FY18 Q1 Statement of Revenues, Expenses and Changes in Fund Net Asset, noting that we are on target for most items. Chair Hooper asked about Street Lighting (585 and 596) which shows 100% of budget remaining. Ms. Markiewicz noted that these are new FERC numbers being used this year and expenses may not be hitting properly, or the work may not have been completed at this point in the year. Ms. O'Brien noted that this budget was developed and formatted using FERC accounting numbers, which is new for FY18. Staff will look into these accounts, as well as Maintenance of Line Transformers (595), and follow-up.

4. Review of CAB Policies – G. Hooper, Chair

Chair Hooper opened discussion on review of CAB Policy 1 and 2, noting that the policies are written to be consistent with the 20-year Agreement. Mr. Small asked about the term for Vice Chair, as he was recently appointed Vice Chair. Chair Hooper clarified that officer terms are staggered, and that Mr. Small's term would run for two years from his date of appointment. It was noted that on Policy 1, under Section III C. there was no language relative to the term for the Secretary. The group agreed terms for all officers should be two years.

Mr. Cohen made a motion that CAB Policy No. 1, Section III, C., be amended to include the following: The Secretary will serve a two-year term and will be eligible for re-election as Secretary for two consecutive terms. Upon completion of such terms, one two-year term must pass prior to being eligible for re-election as Secretary, seconded by Mr. Small. Hearing no further discussion, motion **carried 5:0:0** (5 in favor, 0 opposed, 0 absent).

Ms. O'Brien stated that Policy 1 would be updated, and both policies scheduled for review on a three-year cycle.

5. Next Meeting – G. Hooper, Chair

Ms. O'Brien asked if there were any questions in follow-up to the recent Board of Commissioners meeting. Ms. O'Brien reported that (at a recent Board meeting) there was a customer inquiry regarding the tree trimming program, and a suggestion that some type of contribution be made to the Town for trees that are removed by the RMLD. This issue will be reviewed by staff and any recommendation will be made to the Board and instituted fairly across all four towns

The next meeting of the CAB will be December 13, 2017.

Mr. Kelley made a motion to adjourn the Citizens' Advisory Board meeting, seconded by Mr. Small. Hearing no further discussion, **motion carried 5:0:0** (5 in favor, 0 opposed, 0 absent).

The Citizens' Advisory Board Meeting adjourned at 7:21 PM.

As approved on _____.

Town of Reading, Massachusetts
Municipal Light Department
Business Type Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
9/30/2017

Handout for November 15, 2017, CAB Meeting

	Actual Year to Date	Budget Full Year	Remaining Budget	Remaining Budget %
Operating Revenues				
Base Revenue	\$7,319,135.19	\$26,337,621.00	\$19,018,485.81	72.2%
Fuel Revenue	8,147,517.46	32,491,810.00	24,344,292.54	74.9%
Purchased Power Capacity	10,555,785.25	38,088,978.00	27,533,192.75	72.3%
Forfeited Discounts	226,229.36	800,000.00	573,770.64	71.7%
Energy Conservation Revenue	184,533.10	675,000.00	490,466.90	72.7%
NYPA Credit	(214,885.13)	(1,200,000.00)	(985,114.87)	82.1%
Total Operating Revenues	26,218,315.23	97,193,409.00	70,975,093.77	73.0%
Expenses				
Power Expenses:				
547 Purchased Power Fuel Expense	7,242,952.02	31,291,810.00	24,048,857.98	76.9%
555 Purchased Power Capacity	6,314,859.25	24,476,161.00	18,161,301.75	74.2%
565 Purchased Power Transmission	4,311,499.76	13,612,817.00	9,301,317.24	68.3%
Total Purchased Power	17,869,311.03	69,380,788.00	51,511,476.97	74.2%
Operations and Maintenance Expenses:				
580 Supervision and Engineering	112,766.41	829,705.00	716,938.59	86.4%
581 Station Supervisor	36,571.87	130,662.00	94,090.13	72.0%
581 Line General	160,134.95	638,107.00	477,972.05	74.9%
582 Control Room	96,420.49	473,878.00	377,457.51	79.7%
585 Street Lighting	(240.10)	119,398.00	119,638.10	100.2%
586 Meter General	57,968.11	222,280.00	164,311.89	73.9%
588 Materials Management	116,141.31	450,828.00	334,686.69	74.2%
590 Maintenance of Structures and Equipment	91,772.54	495,731.00	403,958.46	81.5%
593 Maintenance of Lines - Overhead	307,232.49	2,036,277.00	1,729,044.51	84.9%
594 Maintenance of Lines - Underground	27,806.16	198,592.00	170,785.84	86.0%
595 Maintenance of Line Transformers	0.00	300,000.00	300,000.00	100.0%
596 Maintenance of Street Lights	(40.67)	46,242.00	46,282.67	100.1%
Total Operations and Maintenance Expenses	1,006,533.56	5,941,700.00	4,935,166.44	83.1%
General & Administration Expenses:				
902 Meter Reading	9,020.24	39,847.00	30,826.76	77.4%
903 Customer Collection	407,065.52	1,986,508.00	1,579,442.48	79.5%
904 Uncollectible Accounts	37,500.00	150,000.00	112,500.00	75.0%
916 Energy Audit	105,164.70	537,898.00	432,733.30	80.4%
916 Energy Conservation	105,278.54	952,565.00	847,286.46	88.9%
920 Administrative and General Salaries	261,846.39	1,017,151.00	755,304.61	74.3%
921 Office Supplies and Expense	63,261.24	350,000.00	286,738.76	81.9%
923 Outside Services	110,955.41	471,900.00	360,944.59	76.5%
924 Property Insurance	84,446.97	427,200.00	342,753.03	80.2%
925 Injuries and Damages	13,185.19	52,613.00	39,427.81	74.9%
926 Employee Pensions and Benefits	671,575.23	3,000,437.00	2,328,861.77	77.6%
930 Miscellaneous General Expense	26,829.97	207,205.00	180,375.03	87.1%
931 Rent Expense	54,801.65	212,000.00	157,198.35	74.2%
935 Maintenance of General Plant	58,615.78	281,880.00	223,264.22	79.2%
935 Maintenance of Building & Garage	92,948.29	674,157.00	581,208.71	86.2%
Total General & Administration Expenses	2,102,495.12	10,361,361.00	8,258,865.88	79.7%
Other Operating Expenses:				
403 Depreciation	1,076,497.26	4,362,000.00	3,285,502.74	75.3%
408 Voluntary Payments to Towns	380,555.01	1,500,000.00	1,119,444.99	74.6%
Total Other Expenses	1,457,052.27	5,862,000.00	4,404,947.73	75.1%
Operating Income	3,782,923.25	5,647,560.00	1,864,636.75	
Non Operating Revenues (Expenses):				
419 Interest Income	38,721.52	150,000.00	111,278.48	74.2%
419 Other Income	257,406.28	890,000.00	632,593.72	71.1%
426 Return on Investment to Reading/Loss on Disposal	(604,942.50)	(2,570,438.00)	(1,965,495.50)	76.5%
431 Interest Expense	(1,306.29)	(2,500.00)	(1,193.71)	47.7%
Total Non Operating Revenues (Expenses)	(310,120.99)	(1,532,938.00)	(1,222,817.01)	79.8%
Net Income	\$3,472,802.26	\$4,114,622.00	\$641,819.74	



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Citizens Advisory Board

Date: 2018-01-17

Time: 6:30 PM

Building: Reading Municipal Light Building

Location: Winfred Spurr Audio Visual Room

Address: 230 Ash Street

Session: Open Session

Purpose: General Business

Version: Draft

Attendees: **Members - Present:**

Mr. George Hooper, Chair (Wilmington); Mr. Jason Small, Vice Chair (North Reading); Mr. Vivek Soni (Lynnfield)

Members - Not Present:

Mr. Dennis Kelley, Secretary (Wilmington); Mr. Neil Cohen (Reading)

Others Present:

Mr. Thomas O'Rourke, Board of Commissioners
Ms. Coleen O'Brien, Mr. Hamid Jaffari, Ms. Joyce Mulvaney, Ms. Jane Parenteau, Ms. Kathleen Rybak

Minutes Respectfully Submitted By: Mr. George Hooper, Chair

Topics of Discussion:

1. Call Meeting to Order – G. Hooper, Chair
Chair Hooper called the meeting of the Citizens' Advisory Board to order at 6:30 PM and noted that the meeting was being audio recorded.

2. Approval of Minutes – G. Hooper, Chair

Chair Hooper noted that Mr. Cohen was not present at the May 24th meeting, however, was noted as seconding the motion to adjourn. Mr. Small had seconded the motion.

Mr. Small made a motion that the Citizens' Advisory Board approve the minutes of the May 24, 2017, meeting (as corrected), August 16, 2017, and October 25, 2017, meetings as written, seconded by Mr. Soni. Hearing no further discussion, **motion carried 3:0:2** (3 in favor, 0 opposed, 2 absent).

3. General Manager's Update – C. O'Brien, General Manager

Storm Report: Ms. O'Brien noted that there were no significant outages during the recent snow storm.

General: Following up on questions raised at the January Commissioners meeting, Ms. O'Brien noted that RMLD is in strict compliance with NERC (North American Electric Reliability Corporation) standards for Cyber Security. In reference to storm/outage communication, RMLD currently uses Twitter for outage updates and utilizes a liaison phone (unpublished number) for town officials to call for outage updates. This number will be forwarded to CAB members. Mr. Jaffari will now give a brief update on customer information/communication.

Mr. Jaffari reported that RMLD is putting an Outage Management System (OMS) in place which will manage the outage operation. OMS will work with the SCADA system through integration with the customer information system and AMI mesh network, to report when a customer's power has gone out. We will see on the area map how many customers are out, where the outage is, and then issue a trouble ticket to dispatch crews to exactly where the trouble is located. Additional modules will be added to the OMS to improve communication to the public during outages. The Customer Portal module allows the public access to the area map on their personal devices to see which areas are out. The Dashboard module shows us how many customers are out, records the reliability indices (SAIDI, CAIDI, and SAIFI), and allows RMLD to estimate restoration time, determine the cause of an outage, and enable customer messaging. The system will integrate with IVR to accommodate direct messaging to individuals or groups of customers regarding outages at their location. This system will provide the capability to better manage outages, restoration activities, and communication.

4. Proposed Rate for Solar Choice Program – J. Parenteau, Director of Integrated Resources.

Handout: Solar Choice Rate Filing for MDPU#278

Ms. Parenteau noted that the Solar Choice Program was developed for community shared solar projects. RMLD currently has two projects on line (one at 326 Ballardvale in Wilmington; and the second is at 40-50 Fordham Road, Wilmington). For the Solar Choice Program, we initially estimated a \$5 monthly fee (for the first twelve months) as the difference between the fuel charge and the PPA associated with solar project. IRD tracks any value for the annual peak and monthly transmission peaks, and based on the actual production, Solar Choice is achieving more savings than we had forecasted. Therefore, we have the opportunity to adjust that initial \$5 rate down to \$1 for enrolled customers. The \$5 cost per month per share, was imbedded into the Solar Choice rate, but we have allowed some flexibility in terms of truing up with actual production.

RMLD would like to open Solar Choice to commercial customers. Solar Choice Business (SCB) and SCB Plus will allow commercial customers to purchase commercial shares (equivalent to five times one Solar Choice share), or multiple commercial shares with SCB Plus. SCB Plus customers will be limited to purchasing shares equivalent to no more than 25% of any project (as available), and the combination of all commercial customers cannot exceed 50% of any one project.

Mr. Soni made a motion that the Citizens' Advisory Board recommend to the RMLD Board of Commissioners the adoption of the Solar Choice Rate, MDPU #278, dated to be effective February 1, 2018, on the recommendation of the General Manager, seconded by Mr. Small. Hearing no further discussion, **motion carried 3:0:2** (3 in favor, 0 opposed, 2 absent).

5. Reliability Study Update – H. Jaffari, Director of Engineering & Operations
Materials: Booth and Associates – 2015 Reliability Study - Recommendations Summary Spreadsheet

Mr. Jaffari reported since the last CAB presentation on the Reliability Report that items 29, 35, 53, 54, 55, and 56 have been completed. These items include improvements made at Station 3, as well as automation improvements at Station 3 and 4.

6. Organizational Study Update – C. O'Brien, General Manager
Materials: Leidos – 2015 Organization Study Summary Spreadsheet

Ms. O'Brien noted that most items are either completed, in progress, or are continuing initiatives, and suggested that moving forward, rather than reporting on all items, the report include only those items that have not yet been completed. Ms. O'Brien asked

Chair Hooper if this abbreviated update would be sufficient moving forward; consolidating the report to include only the items that we are working on or that are not yet completed, and provide updates on those items. Chair Hooper agreed that that would be fine.

Updates were provided as follows:

Item 2.5 – Hire additional HR personnel: Ms. O'Brien reported that the Executive Assistant will be trained to cover some of the functions in Human Resources, as the succession plan for the HR Manager is evaluated and developed to accommodate both HR process and talent management.

Item 11.1 Conduct customer satisfaction surveys: This item is pending completion of the Strategic Vision Roadmaps for each division, which are being addressed now. Once they are completed and implemented, and OMS and IVR are completed, we will be in a better position to communicate our vision to customers. We can then plan a survey for later next year. Mr. O'Rourke noted that the frequency of customer surveys should also be considered. The group discussed industry standard surveys, the frequency of surveying, the content, and the timing of surveys. Ms. O'Brien noted that employee surveys have been delayed while staff adjust to changes implemented around job descriptions and responsibilities.

7. Next Meeting – G. Hooper, Chair

Future CAB meetings were scheduled for February 28, March 21, and April 11 and April 18 (for Budget review).

8. Executive Session – G. Hooper, Chair

Mr. Small made a motion that the Citizens' Advisory Board go into Executive Session based on Chapter 164, Section 47D exemption from public records and open meeting requirements in certain instances, to discuss competitively sensitive issues, and return to regular session for the sole purpose of adjournment, seconded by Mr. Soni. Hearing no further discussion, **motion carried 3:0:2** (3 in favor 0 opposed, 2 absent) by poll of members present: Mr. Small, aye, Chair Hooper aye, Mr. Soni, aye. Mr. Kelley and Mr. Cohen were not present.

9. Adjournment – C. Hooper, Chair

Mr. Small made a motion to adjourn the Citizens' Advisory Board meeting, seconded by Mr. Soni. Hearing no further discussion **motion carried 3:0:2** (3 in favor, 0 opposed, 2 absent).

The Citizens' Advisory Board Meeting adjourned at 7:20 pm.

As approved on _____.

**Town of Reading, Massachusetts
Municipal Light Department**

**MDPU # 278 supersedes
and cancels MDPU #264**

Solar Choice

Available in:

Reading, Lynnfield Center, North Reading, and Wilmington

Applicable to:

The Solar Choice Program is RMLD's implementation of the Community Shared Solar model which meets Mass DOER eligibility criteria to qualify as a Community Shared Solar Generation Unit as defined under 225 CMR 14.02.

The Solar Choice (SC) Rate is available to all customers of good credit standing receiving service under any rate schedule of the Department, subject to availability of the Solar Choice Program capacity.

This rate will be an additional charge to the existing RMLD rate.

The Solar Choice Business (SCB) Rate and Solar Choice Business Plus is available to all commercial, industrial and municipal customers of good credit standing, subject to availability of Solar Choice Program capacity.

SCB will be equal to 5 times the amount of Solar Choice.

SCB Plus will be equal to multiples of SCB not to exceed 25% of project capacity, subject to availability.

The initial SC Rate shall be \$5.00/month and the initial SCB Rate shall be \$25.00/month. The SC/SCB Rate will be adjusted every six months based on actual project performance. The SC/SCB Rate will be the net total of SC/SCB Component Charges and Credits calculated prior to each six-month period based on budgeted expenses/savings from the SC/SCB Programs and will be trued up to actual expenses/savings, with any adjustment being carried forward to the next six-month period using the formulas defined below.

SC/SCB Energy Component Charge:

SC/SCB Energy Component, in \$/kWh/Month = (SC/SCB Project PPA Rate) —
(Fuel Charge Rate)

Monthly SC/SCB Project Solar Production per SC/SCB share = (The total monthly solar production, in kWh, produced by the SC/SCB Project) / (Total number of SC/SCB shares for that SC/SCB Project)

SC/SCB Energy Component Charge, in \$/Month = (SC/SCB Energy Component) x (Monthly SC/SCB Project Solar Production per SC/SCB share)

Rate Filed: TBD

Effective: On Billings on or After February 1, 2018

Filed By: Coleen M. O'Brien, General Manager

**Town of Reading, Massachusetts
Municipal Light Department**

**MDPU # 278 supersedes
and cancels MDPU #264**

Note: For any month where the Fuel Charge Rate is greater than or equal to the SC/SCB Project PPA Rate, the SC/SCB Energy Component Charge will be a Credit for that month.

SC/SCB Capacity Component Credit:

For each six-month period, the SC/SCB Capacity Component Credit will be calculated based on the actual solar production output of the SC/SCB Project for that period and any Capacity Payment savings earned as a result of the SC/SCB Project output will be paid out as credits during the following six-month period.

The SC/SCB Capacity Component Credit will be calculated as follows:

SC/SCB Capacity Component Credit per SC/SCB share, in \$ = (The total Capacity Payment or other Program savings, in \$, earned for that period as a result of the solar power produced by the SC/SCB Project during the Capacity Peak Hour) / (Total number of SC/SCB shares for that SC/SCB Project)

SC/SCB Transmission Component Credit:

For each six-month period, the SC/SCB Transmission Component Credit will be calculated based on the actual solar production output of the SC/SCB Project for the completed six-month period and any Transmission Payment savings earned for that period as a result of the SC/SCB Project output will be paid out as credits during the following six-month period.

The SC/SCB Transmission Component Credit will be calculated as follows:

SC/SCB Transmission Component Credit per SC/SCB share, in \$ = (The total Transmission Payment savings, in \$, earned for that period as a result of the solar power produced by the SC/SCB Project during Transmission Peak Hours) / (Total number of SC/SCB shares for that SC/SCB Project)

SC/SCB Rate:

The SC/SCB Rate will be the total SC/SCB Charge/Credit, calculated as shown below. This Charge or Credit will be added to each participating customer's monthly bill.

SC/SCB Rate = (SC/SCB Energy Component Charge, in \$) — (SC/SCB Capacity Component Credit, in \$) — (SC/SCB Transmission Component Credit, in \$)

Note: For any specific month, this total bill adjustment may be positive (cost to the customer) or negative (savings to the customer).

Rate Filed: TBD

Effective: On Billings on or After February 1, 2018

Filed By: Coleen M. O'Brien, General Manager

**Town of Reading, Massachusetts
Municipal Light Department**

**MDPU # 278 supersedes
and cancels MDPU #264**

Terms:

A customer electing to be billed under this rate must be of good credit standing and shall remain on this rate for a minimum of ten years. After ten years on this rate a customer may elect to remain on this rate or discontinue it. If the RMLD does not receive an SC/SCB Rate termination request from the customer, it will be assumed that the customer elects to continue to be billed under this rate.

A thirty-day notice is required from customers who will no longer be able to participate in the SC/SCB Rate.

Since the number of participants/SC/SCB shares are limited for each SC/SCB Project, shares will be issued on a "first come/first served" basis and/or through a "lottery" system at the discretion of the RMLD. The RMLD will maintain a "waiting list" which will be used to replace any customers who must leave the program and/or for new SC/SCB Projects as they become available.

Any customers signing up for the SC/SCB Rate after the initial twelve months are subject to a one-time enrollment fee equal to the total first year payments made by the initial participants. After that enrollment fee has been paid, they will then begin receiving the current monthly SC/SCB Rate program billing adjustment.

This rate will be subject to termination in the event that the RMLD is unable to procure power from the SC/SCB Project, or costs become prohibitive.

General Terms and Conditions:

Service hereunder is subject to the General Terms and Conditions which are incorporated herein and are a part of this rate schedule.

Rate Filed: TBD

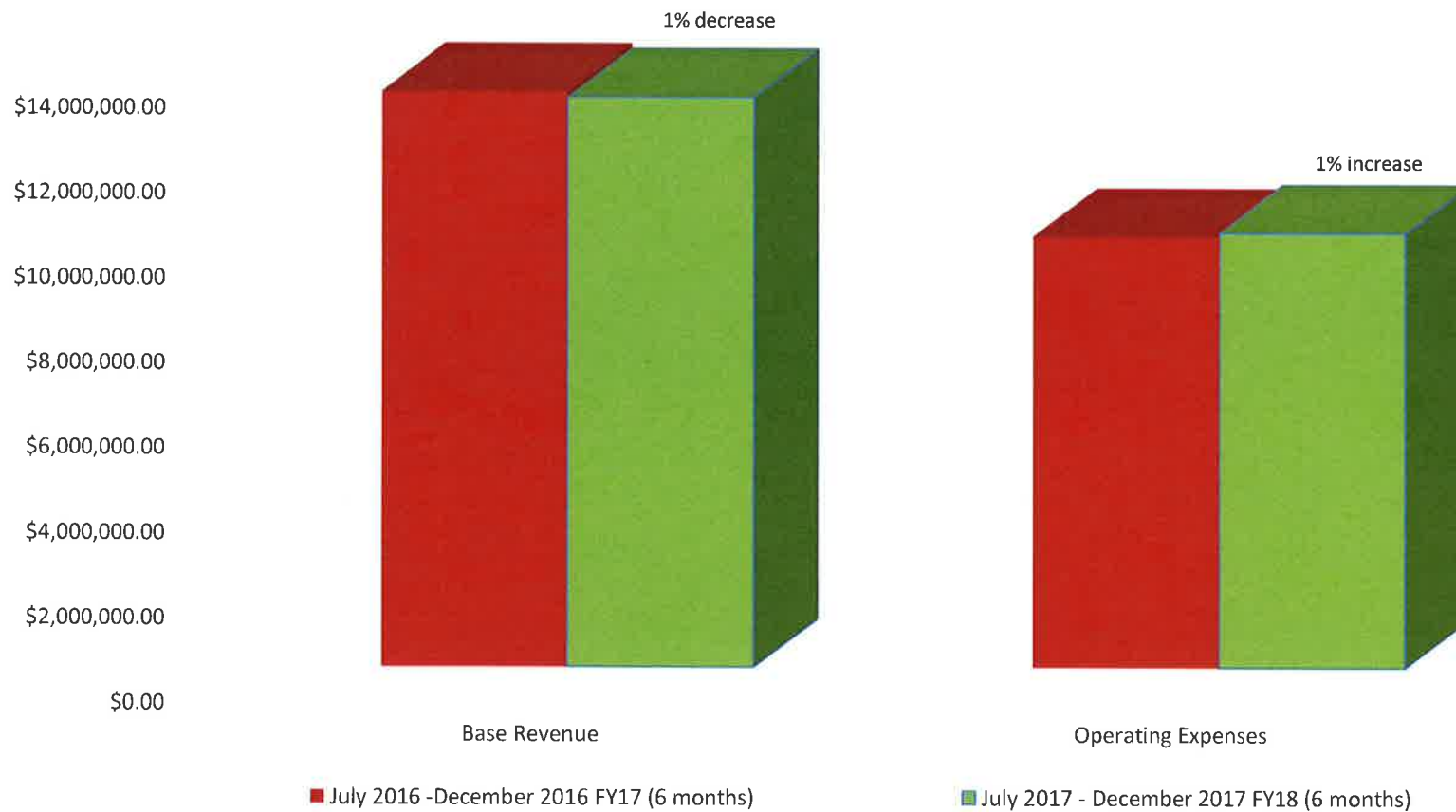
Effective: On Billings on or After February 1, 2018

Filed By: Coleen M. O'Brien, General Manager

FINANCIAL REPORT

DECEMBER, 2017

Base Revenue & Operating Expenses Comparison
July 2016 – December 2016 (6 months FY17) and July 2017 - December 2017 (6 months FY18)



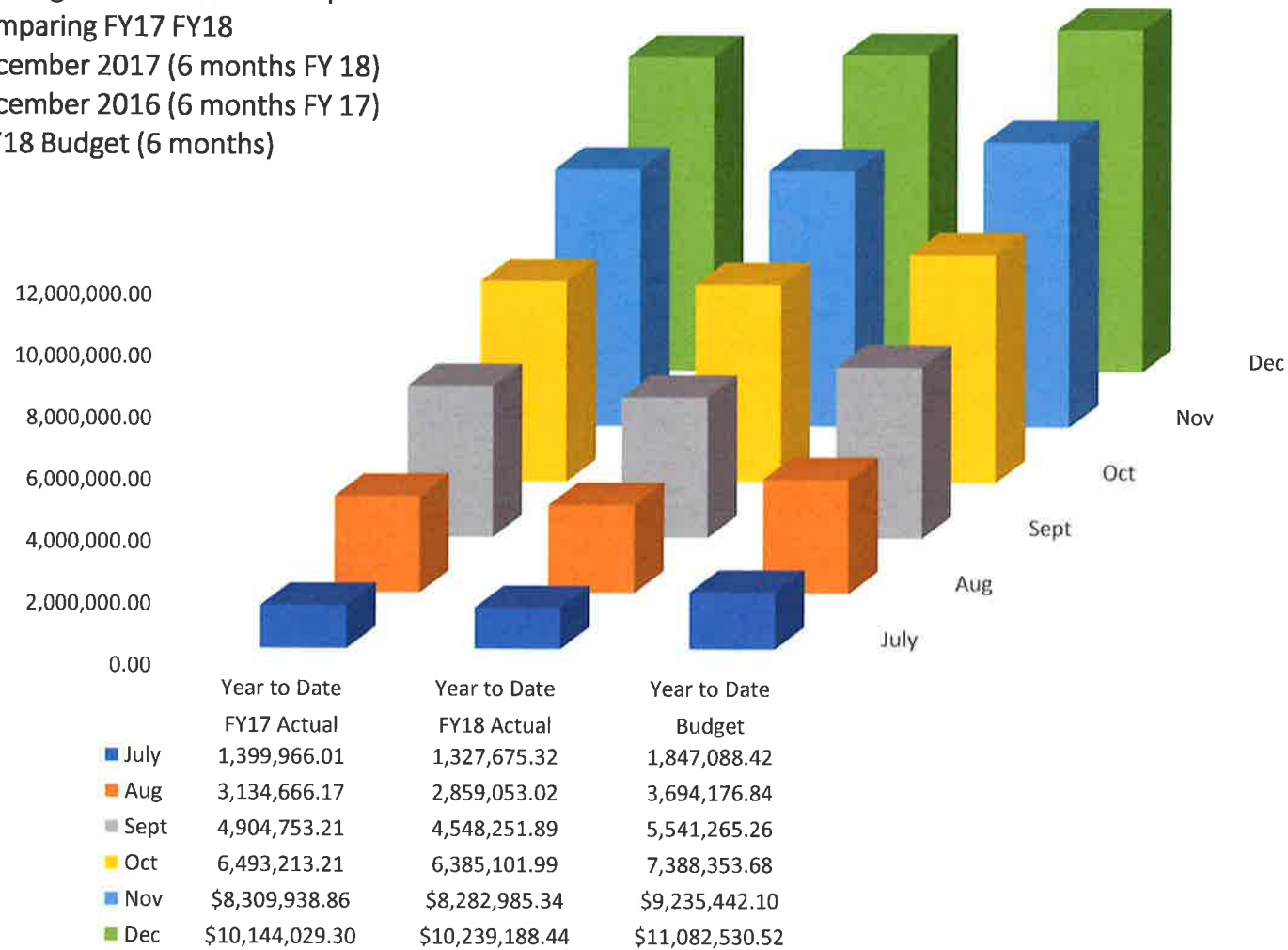
Year to Date Operating and Maintenance Expenses

Comparing FY17 FY18

July 2017 – December 2017 (6 months FY 18)

July 2016 – December 2016 (6 months FY 17)

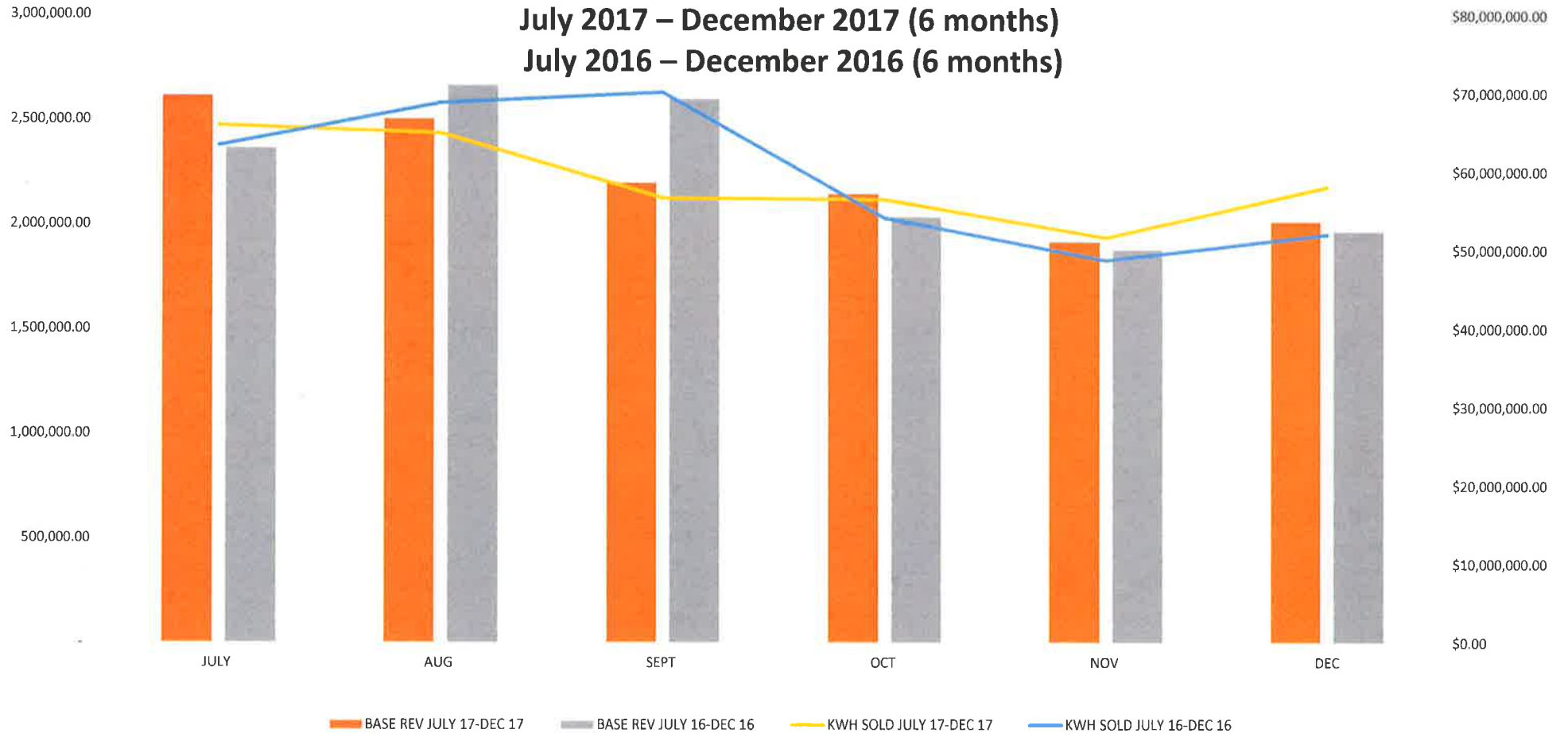
and FY18 Budget (6 months)



KWH sold

Base Revenue and KWH Sold by Month Comparison July 2017 – December 2017 (6 months) July 2016 – December 2016 (6 months)

Base Rev \$



Town of Reading, Massachusetts
Municipal Light Department
Statement of Net Assets
December 31, 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current:		
Unrestricted Cash	\$16,188,160.66	\$14,747,957.77
Restricted Cash	30,052,338.88	22,982,841.74
Restricted Investments	1,329,906.48	1,345,663.06
Receivables, Net	9,132,416.38	9,566,223.57
Prepaid Expenses	541,285.18	1,129,845.45
Inventory	1,523,679.31	1,580,914.76
Total Current Assets	<u>58,767,786.89</u>	<u>51,353,446.35</u>
Noncurrent:		
Investment in Associated Companies	212,427.92	26,993.75
Capital Assets, Net	76,694,501.74	72,977,009.04
Total Noncurrent Assets	<u>76,906,929.66</u>	<u>73,004,002.79</u>
Deferred Outflows - Pension Plan	<u>4,135,078.00</u>	<u>6,338,218.00</u>
TOTAL ASSETS	<u><u>139,809,794.55</u></u>	<u><u>130,695,667.14</u></u>
LIABILITIES		
Current		
Accounts Payable	8,086,088.84	6,993,293.51
Accrued Liabilities	560,581.03	653,144.48
Customer Deposits	1,151,612.67	1,024,765.67
Customer Advances for Construction	1,298,917.59	1,028,449.93
Total Current Liabilities	<u>11,097,200.13</u>	<u>9,699,653.59</u>
Non-current		
Accrued Employee Compensated Absences	3,150,134.05	3,257,809.00
Net OPEB Obligation	138,068.00	0.00
Net Pension Liability	13,076,538.00	8,833,549.00
Total Non-current Liabilities	<u>16,364,740.05</u>	<u>12,091,358.00</u>
Deferred Inflows - Pension Plan	714,888.00	883,172.00
TOTAL LIABILITIES	<u>28,176,828.18</u>	<u>22,674,183.59</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	76,694,501.74	72,977,009.04
Restricted for Depreciation Fund	4,353,133.17	5,631,360.93
Restricted for Pension Trust	5,683,014.26	0.00
Unrestricted	24,902,317.20	29,413,113.58
TOTAL NET POSITION	<u>111,632,966.37</u>	<u>108,021,483.55</u>
Total Liabilities and Net Assets	<u><u>139,809,794.55</u></u>	<u><u>130,695,667.14</u></u>

Town of Reading, Massachusetts
Municipal Light Department
Schedule of Cash and Investments
December 31, 2017

	<u>2018</u>	<u>2017</u>
Unrestricted Cash		
Cash - Operating Fund	\$16,184,660.66	\$14,744,957.77
Cash - Petty Cash	3,500.00	3,000.00
Total Unrestricted Cash	<u>16,188,160.66</u>	<u>14,747,957.77</u>
Restricted Cash		
Cash - Depreciation Fund	4,353,133.17	5,743,806.16
Cash - Construction Fund	1,200,000.00	(112,445.23)
Cash - Town Payment	1,970,995.02	1,900,333.98
Cash - Deferred Fuel Reserve	5,327,418.88	4,536,119.09
Cash - Rate Stabilization Fund	6,929,387.99	6,848,427.56
Cash - Pension Trust	5,683,014.26	0.00
Cash - Uncollectible Accounts Receivable	200,000.00	200,000.00
Cash - Sick Leave Benefits	1,852,597.56	1,940,334.17
Cash - Hazard Waste Reserve	750,000.00	150,000.00
Cash - Customer Deposits	1,151,612.67	1,024,765.67
Cash - Energy Conservation	634,179.33	751,500.34
Total Restricted Cash	<u>30,052,338.88</u>	<u>22,982,841.74</u>
Investments		
Sick Leave Buyback	1,329,906.48	1,345,663.06
Total	<u><u>47,570,406.02</u></u>	<u><u>39,076,462.57</u></u>

**TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT
RECONCILIATION OF CAPITAL FUNDS
12/31/2017**

SOURCE OF CAPITAL FUNDS:

DEPRECIATION FUND BALANCE 7/1/17	2,406,969.15
CONSTRUCTION FUND BALANCE 7/1/17	2,500,000.00
ADDITIONAL FUNDS ADDED TO CONSTRUCTION FUND BALANCE 12/31/17	1,200,000.00
INTEREST ON DEPRECIATION FUND FY 18	29,729.23
DEPRECIATION TRANSFER FY 18	<u>2,152,994.52</u>
TOTAL SOURCE OF CAPITAL FUNDS	8,289,692.90

USE OF CAPITAL FUNDS:

ADDITIONS TO PLANT THRU DECEMBER 2017	
TOTAL USE OF CAPITAL FUNDS	2,736,559.73
GENERAL LEDGER CAPITAL FUNDS BALANCE 12/31/17	<u><u>5,553,133.17</u></u>

Town of Reading, Massachusetts
Municipal Light Department
Statement of Revenues, Expenses and Changes in Fund Net Assets
December 31, 2017

	Month Current Year	Month Last Year	Year to Date Current Year	Year to Date Last Year	Percent Change
Operating Revenue					
Base Revenue	\$2,014,624.82	\$1,970,195.55	\$13,398,441.70	\$13,522,803.32	(0.9%)
Fuel Revenue	2,178,059.00	2,573,056.92	14,509,878.39	17,129,536.64	(15.3%)
Purchased Power Capacity	3,116,734.60	2,453,637.87	19,884,640.43	17,830,948.53	11.5%
Forfeited Discounts	71,196.55	66,416.22	434,644.57	456,872.78	(4.9%)
Energy Conservation Revenue	50,774.73	51,151.08	338,748.79	350,942.52	(3.5%)
NYPA Credit	(92,556.22)	(91,202.42)	(494,630.72)	(534,547.18)	(7.5%)
Total Operating Revenue	7,338,833.48	7,023,255.22	48,071,723.16	48,756,556.61	(1.4%)
Expenses					
Power Expenses:					
547 Purchased Power Fuel Expense	2,980,050.47	2,986,248.94	14,709,416.40	17,175,745.04	(14.4%)
555 Purchased Power Capacity	2,069,062.88	1,802,095.92	12,662,049.77	10,272,863.98	23.3%
565 Purchased Power Transmission	858,763.98	863,599.00	7,458,227.96	7,091,289.59	5.2%
Total Purchased Power	5,907,877.33	5,651,943.86	34,829,694.13	34,539,898.61	0.8%
Operations and Maintenance Expenses:					
580 Supervision and Engineering	58,301.63	35,240.67	283,028.38	238,100.41	18.9%
581 Station Supervision	12,526.89	8,343.42	74,291.30	68,665.36	8.2%
581 Line General	72,387.29	56,029.79	345,328.77	310,706.06	11.1%
582 Control Room	39,443.54	40,903.29	205,465.95	250,883.35	(18.1%)
585 Street Lighting	25,964.18	8,862.10	33,021.80	132,468.71	(75.1%)
586 Meter General	20,063.56	14,507.25	122,653.51	101,905.99	20.4%
588 Materials Management	51,669.94	49,957.46	253,420.38	213,764.07	18.6%
590 Maintenance of Structures and Equipment	43,252.70	23,661.36	225,510.22	237,090.12	(4.9%)
593 Maintenance of Lines - Overhead	139,705.86	134,041.87	792,414.01	899,160.99	(11.9%)
594 Maintenance of Lines - Underground	3,509.62	23,953.09	52,661.45	153,725.35	(65.7%)
595 Maintenance of Line Transformers	46,156.66	464.50	61,284.21	18,387.89	233.3%
Total Operations and Maintenance Expenses	512,981.87	395,964.80	2,449,079.98	2,624,858.30	(6.7%)
General & Administration Expenses:					
902 Meter Reading	5,384.43	1,857.31	17,223.40	13,035.48	32.1%
903 Customer Collections	147,598.57	152,509.46	812,542.44	861,985.96	(5.7%)
904 Uncollectible Accounts	12,500.00	12,500.00	75,000.00	75,000.00	0.0%
916 Energy Audit	43,436.12	33,480.54	238,245.60	242,801.94	(1.9%)
916 Energy Conservation	86,211.24	90,223.13	307,512.61	316,860.42	(3.0%)
920 Administrative and General Salaries	97,458.14	71,663.53	537,783.16	477,382.86	12.7%
921 Office Supplies and Expense	28,450.32	44,708.66	151,195.35	151,102.83	0.1%
923 Outside Services	150,654.56	140,654.41	424,063.31	337,474.60	25.7%
924 Property Insurance	28,148.98	27,650.70	168,893.93	166,286.30	1.6%
925 Injuries and Damages	1,200.88	3,562.53	25,521.25	26,762.30	(4.6%)
926 Employee Pensions and Benefits	248,346.21	273,781.81	1,549,162.71	1,520,499.13	1.9%
930 Miscellaneous General Expense	3,752.17	15,951.02	64,248.23	73,419.16	(12.5%)
931 Rent Expense	13,445.63	15,030.63	96,079.04	84,171.52	14.1%
933 Transportation Expense	37,102.36	0.00	151,704.06	0.00	(100.0%)
933 Transportation Expense Capital Clearing	(24,251.50)	0.00	(175,103.20)	0.00	100.0%
935 Maintenance of General Plant	34,491.07	64,322.49	198,454.02	168,935.86	17.5%
935 Maintenance of Building & Garage	43,607.96	35,081.75	233,478.01	249,426.62	(6.4%)
Total General & Administration Expenses	957,537.14	982,977.97	4,876,003.92	4,765,144.98	2.3%

Town of Reading, Massachusetts
Municipal Light Department
Statement of Revenues, Expenses and Changes in Fund Net Assets
December 31, 2017

	Month Current Year	Month Last Year	Year to Date Current Year	Year to Date Last Year	Percent Change
Other Operating Expenses:					
403 Depreciation	358,832.42	341,775.67	2,152,994.52	2,050,654.02	5.0%
408 Voluntary Payments to Towns	126,851.67	113,372.00	761,110.02	703,372.00	8.2%
Total Other Expenses	485,684.09	455,147.67	2,914,104.54	2,754,026.02	5.8%
Operating Income	(525,246.95)	(462,779.08)	3,002,840.59	4,072,628.70	(26.3%)
Non Operating Revenue (Expenses):					
419 Interest Income	23,123.95	15,485.65	115,182.36	73,472.79	56.8%
419 Other	53,731.57	(1,457.07)	359,411.17	256,154.73	40.3%
426 Return on Investment to Reading	(201,647.50)	(198,722.35)	(1,209,885.00)	(1,192,334.00)	1.5%
431 Interest Expense	(479.05)	(1,960.60)	(2,642.19)	(2,925.91)	(9.7%)
Total Non Operating Revenue (Expenses)	(125,271.03)	(186,654.37)	(737,933.66)	(865,632.39)	(14.8%)
Change in Net Assets	(650,517.98)	(649,433.45)	2,264,906.93	3,206,996.31	(29.4%)
Net Assets at Beginning of Year	109,368,059.44	104,814,487.24	109,368,059.44	104,814,487.24	4.3%
Ending Net Assets	108,717,541.46	104,165,053.79	111,632,966.37	108,021,483.55	3.3%

Town of Reading, Massachusetts
Municipal Light Department
Statement of Budgeted Revenues, Expenses and Changes in Fund Net Assets
December 31, 2017

	Actual Year to Date	Budget Full Year	Remaining Budget	Remaining Budget %
Operating Revenue				
Base Revenue	\$13,398,441.70	\$26,337,621.00	\$12,939,179.30	49.1%
Fuel Revenue	14,509,878.39	32,491,810.00	17,981,931.61	55.3%
Purchased Power Capacity	19,884,640.43	38,088,978.00	18,204,337.57	47.8%
Forfeited Discounts	434,644.57	800,000.00	365,355.43	45.7%
Energy Conservation Revenue	338,748.79	675,000.00	336,251.21	49.8%
NYPA Credit	(494,630.72)	(1,200,000.00)	(705,369.28)	58.8%
Total Operating Revenue	48,071,723.16	97,193,409.00	49,121,685.84	50.5%
Expenses				
Power Expenses:				
547 Purchased Power Fuel Expense	14,709,416.40	31,291,810.00	16,582,393.60	53.0%
555 Purchased Power Capacity	12,662,049.77	24,476,161.00	11,814,111.23	48.3%
565 Purchased Power Transmission	7,458,227.96	13,612,817.00	6,154,589.04	45.2%
Total Purchased Power	34,829,694.13	69,380,788.00	34,551,093.87	49.8%
Operations and Maintenance Expenses:				
580 Supervision and Engineering	283,028.38	764,615.00	481,586.62	63.0%
581 Station Supervisor	74,291.30	130,662.00	56,370.70	43.1%
581 Line General	345,328.77	596,007.00	250,678.23	42.1%
582 Control Room	205,465.95	466,783.00	261,317.05	56.0%
585 Street Lighting	33,021.80	156,893.00	123,871.20	79.0%
586 Meter General	122,653.51	212,909.00	90,255.49	42.4%
588 Materials Management	253,420.38	458,328.00	204,907.62	44.7%
590 Maintenance of Structures and Equipment	225,510.22	494,936.00	269,425.78	54.4%
593 Maintenance of Lines - Overhead	792,414.01	1,980,611.00	1,188,196.99	60.0%
594 Maintenance of Lines - Underground	52,661.45	197,002.00	144,340.55	73.3%
595 Maintenance of Line Transformers	61,284.21	300,000.00	238,715.79	79.6%
Total Operations and Maintenance Expenses	2,449,079.98	5,758,746.00	3,309,666.02	57.5%
General & Administration Expenses:				
902 Meter Reading	17,223.40	37,461.00	20,237.60	54.0%
903 Customer Collection	812,542.44	1,869,393.00	1,056,850.56	56.5%
904 Uncollectible Accounts	75,000.00	150,000.00	75,000.00	50.0%
916 Energy Audit	238,245.60	509,232.00	270,986.40	53.2%
916 Energy Conservation	307,512.61	952,565.00	645,052.39	67.7%
920 Administrative and General Salaries	537,783.16	1,017,151.00	479,367.84	47.1%
921 Office Supplies and Expense	151,195.35	350,000.00	198,804.65	56.8%
923 Outside Services	424,063.31	759,191.00	335,127.69	44.1%
924 Property Insurance	168,893.93	427,200.00	258,306.07	60.5%
925 Injuries and Damages	25,521.25	52,613.00	27,091.75	51.5%
926 Employee Pensions and Benefits	1,549,162.71	3,000,437.00	1,451,274.29	48.4%
930 Miscellaneous General Expense	64,248.23	179,215.00	114,966.77	64.2%
931 Rent Expense	96,079.04	212,000.00	115,920.96	54.7%
933 Transportation Expense	151,704.06	381,116.00	229,411.94	60.2%
933 Transportation Expense Capital Clearing	(175,103.20)	(301,596.00)	(126,492.80)	41.9%
935 Maintenance of General Plant	198,454.02	281,880.00	83,425.98	29.6%
935 Maintenance of Building & Garage	233,478.01	666,457.00	432,978.99	65.0%
Total General & Administration Expenses	4,876,003.92	10,544,315.00	5,668,311.08	53.8%

Town of Reading, Massachusetts
Municipal Light Department
Statement of Budgeted Revenues, Expenses and Changes in Fund Net Assets
December 31, 2017

	Actual Year to Date	Budget Full Year	Remaining Budget	Remaining Budget %
Other Operating Expenses:				
403 Depreciation	2,152,994.52	4,362,000.00	2,209,005.48	50.6%
408 Voluntary Payments to Towns	761,110.02	1,500,000.00	738,889.98	49.3%
Total Other Expenses	2,914,104.54	5,862,000.00	2,947,895.46	50.3%
Operating Income	3,002,840.59	5,647,560.00	2,644,719.41	46.8%
Non Operating Revenue (Expenses):				
419 Interest Income	115,182.36	150,000.00	34,817.64	23.2%
419 Other Income	359,411.17	890,000.00	530,588.83	59.6%
426 Return on Investment to Reading/Loss on Disposal	(1,209,885.00)	(2,570,438.00)	(1,360,553.00)	52.9%
431 Interest Expense	(2,642.19)	(2,500.00)	142.19	(5.7%)
Total Non Operating Revenue (Expenses)	(737,933.66)	(1,532,938.00)	(795,004.34)	51.9%
Net Income	2,264,906.93	4,114,622.00	1,849,715.07	45.0%