

**CITIZENS' ADVISORY BOARD
MEETING MINUTES
Regular Session**

TIME: 6:30 P.M.
DATE: Wednesday, April 7, 2010
PLACE: Reading Municipal Light Department, Spurr/AV Room, 230 Ash Street, Reading.
PRESENT: CAB: A. Carakatsane, Chairman, (Lynnfield), T. Sopchak, (Reading), G. Hooper (Wilmington), Q. Vale (Wilmington)
RMLD Board: Mary Ellen O'Neill, Chairman, R. Soli
RMLD Staff: V. Cameron, P. O'Leary, B. Antonio, J. Parenteau, R. Fournier, J. Carpenter
Absent: J. Norton (North Reading),

1. Call Meeting to Order – A. Carakatsane, Chairman

Chairman Carakatsane called the meeting to order at 6:31 P.M.

2. Operating Budget – V. Cameron, R. Fournier

Mr. Cameron stated that the budget has been cut down to a level that is similar to last year, and commended the staff for its work on either leveling or decreasing their budgets, other than power supply.

Mr. Fournier reiterated that the Operating Budget is not a line item budget and listed the following highlights:

- During calendar year 2010, there were no raises.
- On January 1, 2011, a 3% raise has been added.
- Demolition of the old control center - \$40,000.
- Adding an extra tree-trimming crew for one-half year - \$113,000.
- Gaw Substation – Most hazardous waste costs covered in FY10.
- Health Insurance – Premiums went up 10%
- Head count – No change – 79 employees, which includes 4 or 5 part timers.
- Meter Project – Replace all existing meters - \$118,000 in Meter Overtime Expense for the change-outs. Note: Bulk of this project will be capitalized.
- A change in Capital Budget – Labor on the operating side will be decreased by \$60,000, and added to the Capital Budget.
- There will be Draft 2 Capital and Operating Budgets this year.

Mr. Fournier then referred to the summary sheet he distributed dated 4/2/2010 (see attached), and outlined how the RMLD is mainly a fixed cost operation with only 3.86% of the \$85M being variable costs.

He noted the major increase in the budget is transmission cost, and the RMLD has been able to balance the budget in FY10 using the Purchase Power Adjustment (PPA). However, a rate increase is needed in FY2011, because the Department cannot keep increasing the PPA. Mr. Cameron is trying to hold the Capital Budget to \$4,000,000 in future years, however, in FY2011 a meter project has been proposed, which will put the budget over \$4,000,000. In 2012/2014 he does have an increased Capital Budget projected for possibly doing some expansion in the northern part of the system.

Ms. Sopchak asked why the transmission costs are increasing each year?

Mr. Cameron explained that there is transmission in New England that needs to be upgraded, and new transmission is necessary so the transmission owners, NSTAR, National Grid, Northeast Utilities, Central Maine Power, and Western Mass Electric are either building or upgrading their transmission. When these upgrades are done, the companies get paid back through assessments to other utilities on the transmission lines.

Review of the operating budget began with the Business Division and the three-year comparison sheets in the back of the budget.

Ms. Sopchak asked about the difference between supplies and office supplies.

Mr. Fournier explained how he sets up the account numbers using a combination of FERC numbers and his own to clarify which department is spending what. He also referred to the detail pages that list some of the items in each account.

The CAB proceeded to review each department's budget with staff noting anything significant and responding to any questions:

Business Division

Accounting – There is an increase in postage and the town hall services.

Customer Service – Labor costs are down because two employees are retiring, and new employees will be paid at a lower rate.

Ms. Sopchak asked if the entire budget includes the 5% rate increase, because she wondered if the estimates could be lower to possibly avoid a rate increase.

Mr. Fournier replied that the revenues include the rate increase, and Mr. Cameron stated that the budget has been cut down to a level close to the previous year's budget not including power supply.

Management Information Systems (MIS) – Account 935-Maintenance of General Plant, Page 10 – Contracts for hardware and software.

Ms. Sopchak asked about the reduction in labor.

Mr. Fournier stated that it is the capital/operating split.

Miscellaneous Deductions – Includes the depreciation expense, 2% payment to the four towns, Payment to the Town of Reading, and Mr. Fournier's labor.

Energy Services Division

Ms. Parenteau noted that this year's Energy Services budget is \$1.23 million as opposed to last year's budget of \$1.25 million.

Ms. Sopchak asked about the Employee Education that has increased. Ms. Parenteau explained that the Energy Services Efficiency Engineer is pursuing an advanced degree in Energy Engineering.

Mr. Carakatsane noted the reduction in Outside Services. Ms. Parenteau stated that there are not a lot of FERC items coming up, and felt comfortable with the reduction.

Ms. Sopchak asked about the "Miscellaneous General" category in the overall budget, noting that "miscellaneous" makes it difficult to review.

Mr. Fournier explained that all the "930" accounts are FERC "miscellaneous" accounts, and noted that the 930 accounts are only in the senior management accounts.

General Manager Division

General Manager – No particular changes.

Human Resources – Ms. Antonio stated that the FY2011 proposed budget is a 10.2% decrease compared to the FY2010. She noted that most of the reduction is in Outside Services where legal services are down \$17,500 due to negotiations being resolved quickly this year.

Community Relations – Ms. Antonio stated that a 1% decrease from last year is proposed for FY2011, with the major change being in the "109 Miscellaneous General" section. This was reduced by cutting costs on

the calendars and annual reports. She noted one increase for a customer survey to be done this upcoming year.

Citizens' Advisory Board (CAB) – Level funded by state statute.

RMLD Board – Level funded.

Facilities Division

Building Maintenance – Mr. Cameron noted the demolition of the old control center at a cost of \$40,000. Mr. Cameron stated that re-paving would be done under the Capital Budget.

General Benefits – Property Insurance up \$20,000 and Employees Pension and Benefits is up about \$140,000.

Mr. Vale asked about the funding for Employees Pension and Benefits.

Mr. Fournier responded that the Pension Trust is having an evaluation done and reports should be coming to the Board in June

Transportation – Ms. Sopchak inquired about Page 12, the Miscellaneous General Category. Mr. Fournier explained that the vehicle maintenance expenses are re-allocated to each department that has vehicles with the Line Department being the largest. Mr. Sopchak asked to explain the increase over last year. Mr. Fournier explained that often the discrepancy comes from the capital/operating variance.

Materials Management – Mr. Cameron noted that this budget was leveled other than labor.

Engineering and Operations (E&O) Division

Line – Ms. Sopchak asked about the “Labor Miscellaneous” account. Mr. Fournier explained that this account includes “dead time”, i.e., vacation, personal, sick, rain days, etc.

Mr. Soli commented that the last time the tree-trimming bid went out, only one company responded, and he would like to see more competition. Mr. Cameron agreed.

E&O Manager – No discussion.

Engineering – Mr. Carakatsane noted a significant rise in labor. Mr. Fournier explained that the Gaw Project impacted the capital/operating split.

Meter – A significant increase in overtime labor was noted. Mr. Cameron stated that is due to the proposed meter project, which involves changing out all of the residential meters.

Discussion ensued.

Station – Mr. Carakatsane questioned the labor, and Mr. Fournier responded that the capital/labor split and particularly the Gaw Project impacts the station labor budget.

3. Twenty-Year Agreement Extension – V. Cameron

Mr. Cameron stated that he and Mr. Pacino gave a presentation to the Selectmen in Wilmington last month. Mr. Vale and Mr. Hooper were also present. The extension will go before Town Meeting on May 1, 2010 to authorize the Selectmen to sign the extension. Mr. Cameron will meet with the Lynnfield Selectmen next Monday evening, and Mr. Carakatsane said it is already on the warrant for Town Meeting on April 26, 2010.

Mr. Cameron stated that Reading and North Reading Selectmen have already voted, and as soon as all of the towns have approved the extension, the memorialization will be circulated for signature.

4. Other Items for Discussion

Ms. Sopchak stated she was surprised that the EPA had to be involved in the Gaw Sub Station soil remediation.

Mr. Cameron explained that the EPA is involved because there were samples of over 50 PPM (parts per million).

5. Schedule Next Meeting

Tuesday, April 13, 2010

6. Executive Session

Mr. Hooper made the following motion at 8:00 P.M. seconded by Ms. Sopchak:

MOVE that the CAB go into Executive Session based on Chapter 164, Section 47D, exemption from public records and open meeting requirements in certain instances, to discuss power supply, to approve minutes, and return to Regular Session.

Motion carried unanimously 4:0:0 by a poll of the CAB: Ms. Sopchak – Aye; Mr. Hooper – Aye; Mr. Vale – Aye; Mr. Carakatsane – Aye.

Note: The CAB re-convened Regular Session.

7. Power Supply – J. Parenteau

Integrysts/Macquarie Novation Agreement

MOVE that the CAB recommend to the Reading Municipal Light Department's Board of Commissioners to accept the Novation of Power Supply Agreement among Integrysts Energy Services Inc. ("Transferor") and Macquarie Energy LLC ("Transferee") and Reading Municipal Light Department ("Remaining Party") and to authorize the General Manager to sign an executable agreement.

Motion carried unanimously 4:0:0.

8. Adjournment

Mr. Hooper made a motion seconded by Ms. Sopchak to adjourn Regular Session at 8:10 P.M.

Motion carried unanimously: 4:0:0.

Respectfully submitted,

Arthur Carakatsane, Chairman
Minutes approved on: 7/12/2010

/pmo

List of Documents Used:

1. RMLD 2011 Operating Budget – Draft 1 Summary dated 4/2/10
2. FY2011 Operating Budget
3. Rubin and Rudman Memo dated March 26, 2010 including the revised Integrysts/Macquarie Novation Agreement