

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

TIME: 6:30 P.M.
DATE: Wednesday, December 8, 2010
PLACE: Reading Municipal Light Department, AV/Spurr Room
PRESENT: CAB: A. Carakatsane, Chairman, (Lynnfield), J. Norton, Secretary, (North Reading),
G. Hooper (Wilmington), T. Ollila (Wilmington)
RMLD Board: R. Soli,
RMLD Staff: V. Cameron, P. O'Leary, R. Fournier, J. Carpenter
CAB Vacancy (Reading)

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

Chairman Carakatsane called the meeting to order at 6:35 P.M. and announced the meeting is being recorded.

2. Presentation to A. Quincy Vale and Tracy Sopchak – V. Cameron

Mr. Cameron presented Mr. Vale and Ms. Sopchak meter lamps and thanked them for their years of service on the Citizens' Advisory Board. The CAB members thanked them for their volunteerism and being a part of the CAB.

3. Wilmington CAB Vacancy and New Appointment – V. Cameron

- a. Disclosure letter and e-mail dated September 8, 2010 from Q. Vale to Chairman M.E. O'Neill
- b. Letter from Wilmington town Manager dated September 17, 2010 to Q. Vale in response to disclosure letter.
- c. New CAB Member – Thomas A. Ollila

Mr. Cameron discussed the letters and Mr. Vale's involvement with a power supplier that could have posed a problem with the State Ethics Commission rules.

Chairman Carakatsane welcomed Tom Ollila, the new CAB Member from Wilmington, to the CAB.

4. Reading CAB Vacancy – V. Cameron

E-mail from T. Sopchak dated September 22, 2010 to P. Hechenbleikner, V. Cameron, M.E. O'Neill, and A. Carakatsane regarding Ms. Sopchak's resignation from the CAB.

Mr. Cameron has not yet heard from the Town of Reading regarding a CAB appointment to replace Ms. Sopchak.

5. Minutes of Meeting – July 12, 2010 – A. Carakatsane

Mr. Norton made a motion seconded by Mr. Hooper to approve the minutes of the July 12, 2010 meeting.

Motion carried unanimously 4:0:0.

6. Energy Efficiency Update – J. Carpenter

Mr. Carpenter presented the RMLD's Energy Conservation Program, November 2010 Update. He gave a general overview of existing programs, new programs, Smart Grid programs, and upcoming 2011 programs and ideas. (See Power Point Presentation attached.) He stated that residential programs include two new solar projects making a total of eight in the four towns with two more in the works. The current eight all include net metering. Mr. Carpenter explained that one of the upcoming projects is co-generation that runs on recycled vegetable oil.

Discussion ensued.

7. FY10 Year End Financials and FY11 1st Quarter and October 2010 Reports – Fournier

Mr. Fournier stated that the auditors, Melanson, Heath and Company, presented the audit in September. The following are FY2010 highlights:

- a. 2% depreciation rate versus a 3%, which helped the operating cash flow and bottom line.
- b. Gaw Soil remediation expense cost was about \$1.1 million.
- c. No pay increases in Calendar Year 2010, which effected the last six months of FY10 and the first six-months of FY11.
- d. Post Employment Benefit and Pension Trust Contributions were approved in FY10, and paid in August of 2010.
- e. Six employee retirements in FY10.
- f. Net Income was \$2.8M.
- g. Contribution in Aid and Construction was up about \$750,000.
- h. Interest income was down about \$200,000.
- i. Fuel costs to the ratepayers is down about \$10 million compared to last year.
- j. Rate of Return where the Department is allowed to make 8%; it made 4.9%.
- k. KWh sold – down about 11.6 million kWhs.
- l. Cash: Operating Funds – \$8.1 million; Rate Stabilization Fund - \$4 million; Deferred Fuel Fund - \$2.3 million; and Energy Conservation - \$352,382.
- m. No year-end transfers.
- n. No debt. Last bond was paid off last September.
- o. Accounts Receivable – 93% that were 60 days or less current.
- p. Bad debt – budgeted \$160,00 and came in at \$186,00. Last year \$232,000 was written off.
- q. On the budget/actual expense report, the five divisions came in less than ½ of 1% over budget due to the soil remediation at Gaw substation and the pension contribution was increased from budgeted \$100,000 to \$200,000.
- r. An evaluation on the Pension Trust was done, and it is under funded, because the investments have not been performing well. This is why the contribution was increased, and the Department hopes to add more to it this fiscal year if it is a good year.
- s. Overall even with the purchase power base, the purchase power fuel, and the five divisions, the Department came in 2/10 of 1% under budget.

Mr. Cameron noted that there was no management letter from the auditors for the third year in a row. This means the Department is performing well and controls are in place.

FY11 Quarter One

- a. Net income - \$1.3 million bringing the year-to-date net income to \$775,000.
- b. Fuel expenses exceeded fuel revenues by \$1.1 million.
- c. Energy conservation revenues exceeded energy conservation expenses by \$80,000.
- d. Year-to-date GAW soil remediation expenses totaled \$528,000, bringing the total cost to date for the remediation to \$1.6 million.
- e. Base revenues are over budget by \$1.1 million. Actual base revenues were \$12.4 million compared to the budget amount of \$11.3 million. This was due to the hot summer.
- f. Purchased power base expense was \$63,000 or .9% over budget. Actual purchased power base costs were \$7.4 million.
- g. O&M expenses combined were under budget by \$267,000.
- h. Cash: Operating Fund balance - \$4.8 million; Rate Stabilization Fund - \$5.4 million; Deferred Fuel Fund - \$1.2 million; and Energy Conservation - \$389,000.
- i. KWh sales were 9.1% or 17.5 million kWh.
- j. Five divisions were under budget by 5.6%.
- k. Rate increase began in September, which is helping the numbers.
- l. Created a new charge to re-coup the Gaw soil expense over a three-year period.

October 2011

- a. Net income - \$1.4 million
- b. Base revenues - \$16.1 million; over budget by \$1.6 million.
- c. Purchased Power Base - \$298,000 or 3.12% over budget.

- d. Cash: Operating Fund balance - \$6.9 million; Capital Funds - \$4.9 million; Rate Stabilization Fund - \$5.4 million; Deferred Fuel Fund - \$2.2 million; and Energy Conservation - \$404,000.
- e. KWh sales were 8.3% or 20.3 million kWh.
- f. Five divisions were under budget by 2.6%

8. FY11 (Updated) Capital Budget – V. Cameron, P. O'Leary

Mr. Cameron explained that five projects were carried over from the previous year, and the cost of what it will take to finish the projects in FY11 was deducted from Routine Construction. The difference is \$389,254, which means that Routine Construction may run over budget. Ms. O'Leary distributed corrected sheets.

9. Engineering and Operations Reliability Update and Gaw Substation Update – V. Cameron

Mr. Cameron stated that the Gaw Project is almost complete. Work left includes switchgear, RMLD personnel labor, and feeder re-assignments. Mr. Cameron stated that the soil remediation is complete and the tier level report has been filed with the DEP. Mr. Cameron and Mr. Sullivan have met with the neighbors and discussed landscaping and planting of arborvitae by the RMLD fence that abuts residents' yards. The town will do the road over, and the cost will be spread among the residents.

10. Power Supply Update – V. Cameron

Mr. Cameron reported that the Concord Steam project is on-going; a project in Lowell does not appear to be a good deal at the moment; the Department is speaking to a company called First Wind that are interested in developing wind project around New England; Swift River Energy has several hydro projects and are interested in signing a long-term deal with an entity.

Discussion ensued.

11. Addendum to FY11 Cost of Service Study – V. Cameron

Mr. Cameron stated that the Addendum was presented to the Power and Rate Committee the evening before, and the committee wanted some items changed. Mr. Cameron gave an overview of the addendum. He said that the Industrial Time-of-Use rate and the Residential Time-of-Use rate were reviewed for the period of time for the on-peak and off-peak rates. Presently the on-peak hours are 10:00 A.M. to 8:00 P.M. weekdays and the off-peak hours are the remaining hours, weekends and holidays.

Discussion ensued.

12. Other Items

- a. *NEPPA Conference* – A. Carakatsane

Chairman Carakatsane gave a brief summary of the NEPPA Conference and encouraged CAB members to attend next year.

- b. *APPA Legislative Rally* – February 28-March 3, 2011 – V. Cameron

Chairman Carakatsane explained what the Rally is about, and said he was interested in attending again this year.

Mr. Norton made a motion seconded by Mr. Hooper that a representative from the CAB attend the APPA Legislative Rally from February 28 to March 3, 2011.

Motion carried unanimously: 4:0:0.

- c. *RMLD Meter Change Program* – V. Cameron

Mr. Cameron stated that the Department made the decision to change out all its residential and small commercial meters and replace them with meters that include high frequency ERT signaling modules. Mr. Cameron explained that the replacement would enable the RMLD to continue to remotely read the meters and in the future enable the RMLD to read the meter using a fixed network.

Discussion ensued.

- d. *Electronic Invoice and On-Line Payment Services* – V. Cameron

Mr. Fournier stated that the Department went out for a two-part bid proposal:

1. The DPU has approved the RMLD to send out electronic invoices, which means the invoices don't have to be printed, mailed, stuffed with a return envelope, toner, ink, etc.
2. The RMLD will hire a new vendor to process the credit card payments at a much lower rate. He thought the Department would save over \$100,000 a year in credit card fees.

Discussion ensued.

- e. *Rotation Schedule for RMLD Board Meetings* - Ms. O'Leary suggested that one member attend the RMLD Board meeting on January 5, and then at the next CAB meeting, set up the rotation for the year. Mr. Norton volunteered to cover the meeting on the 5th.

13. Schedule Next Meeting (Discuss a fixed schedule)

Wednesdays work best for the CAB members. Next meeting will be on January 12, 2011.

14. Executive Session – A. Carakatsane

Mr. Norton made a motion at 8:54 P.M. seconded by Mr. Hooper to go into Executive Session based on Chapter 30A §§18-25 and/or Chapter 164 §47D, exemption from public records and open meeting requirements in certain instances, to approve minutes, and to return to Regular Session.

Motion was approved by a poll of the CAB 4:0:0: Mr. Ollila – Aye; Mr. Hooper – Aye; Mr. Norton – Aye; and Mr. Carakatsane – Aye.

15. Release of Executive Session Minutes – A. Carakatsane

Mr. Norton made a motion seconded by Mr. Hooper to approve the release of Executive Session meeting minutes, as redacted, for September 8, 2003, October 15, 2003, August 11, 2004, December 8, 2004, June 15, 2005, and December 13, 2005.

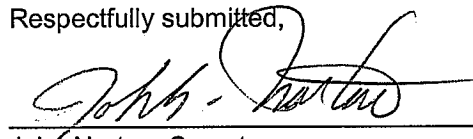
Motion carried unanimously 4:0:0.

16. Adjournment

Mr. Norton made a motion seconded by Mr. Hooper to adjourn Regular Session at 8:58 P.M.

Motion carried unanimously: 4:0:0.

Respectfully submitted,



John Norton, Secretary

/pmo

Minutes approved on: 4/14/11

List of Documents Discussed:

1. Disclosure letter and e-mail dated September 8, 2010 from Q. Vale to Chairman M.E. O'Neill
2. Letter from Wilmington town Manager dated September 17, 2010 to Q. Vale in response to disclosure letter.
3. Energy Conservation Program November 2010 Update
4. FY10 Year End Financials and FY11 1st Quarter and October 2010 Reports
5. Addendum to FY11 Cost of Service Study dated 12/1/2010