

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

**MINUTES
Regular Session**

Time: 6:30 p.m.

Date: Wednesday, November 19, 2014

Place: RMLD, 230 Ash Street, Reading, MA, Winfred Spurr/Audio Visual Room

CAB Members Present:

Mr. George Hooper, Chair (Wilmington); Mr. David Nelson, Vice Chair (Lynnfield); Mr. Dennis Kelley (Wilmington)

CAB Members Absent:

Mr. David Mancuso, Secretary (Reading)

RMLD Commissioner(s) Present:

Mr. Philip Pacino

RMLD Staff Present:

Ms. Coleen O'Brien, Mr. Robert Fournier, Ms. Jane Parenteau, Ms. Kathleen Rybak, Mr. Bill Seldon

Public and Invited Guests Present:

None

1. Call Meeting to Order – G. Hooper, Chair

Chair Hooper called the meeting of the Citizens' Advisory Board to order at 6:30 p.m. and noted that the meeting was being audio recorded.

2. Organizational and Reliability Studies – C. O'Brien, General Manager

Materials: Organizational (Leidos) and Reliability (Booth & Associates) Studies Presentation Slides

Ms. O'Brien reported that the organization study has been awarded to Leidos and the reliability study to Booth & Associates. Each organization made a presentation at the November 6th Board of Commissioners meeting and their presentations were included with the CAB Agenda. The organizational study is a long-term study that focuses on direct impact to the overall efficiency of RMLD within the context of trends and best practices identified in the industry. Ms. O'Brien noted that Leidos will be interviewing a number of people inside RMLD as well as the Commissioners. Any CAB member interested in participating in the interviews can be added to the schedule.

CAB members asked about the selection process. Ms. O'Brien stated that it was an RFP and we put together an RFP committee. Selection was based on their qualifications and ability to meet the scope of the RFP. Seven to eight proposals were received (some were late). Four were evaluated. The RFP was written so that the same company could do both studies, or we could split it. These two companies had a specialty in both of these areas.

Mr. Nelson asked to be included in the interviews.

Ms. O'Brien went on to do an overview of the Booth & Associates presentation. Booth will conduct a condition assessment, which includes various elements as outlined in the presentation. Ms. O'Brien noted that Mr. Ken McNeil, in his presentation, made it quite clear that if there are National Electric Safety Code violations or anything else out there, he will bring them to our attention before the report is completed. Ms. O'Brien agreed that that makes sense - we want to know that and make corrections with necessary appropriate diligence.

Ms. O'Brien noted that both presentations include a timeline and proposed payment schedule. Ms. O'Brien acknowledged that more questions might come up after CAB members review the materials or after the (upcoming) selectmen meetings and noted that we are trying to get as much input as possible.

Mr. Kelley asked if Ms. O'Brien has expectations or thoughts about where this will end as far as what she has already evaluated to compare against what they come out with. Ms. O'Brien responded, in some respects. As mentioned previously, the GIS is not accurate - that is the foundation of analysis to the system and future planning as well as the ability to perform transformer load management; you can look at your long-term capacity to determine if we need a substation in Wilmington; how your lines will be configured in one year to five years. Ms. O'Brien noted that she has restructured the Line department and created Tech Services. There are other areas where we are waiting to see what Leidos has to say concerning how things are structured. As far as the system is concerned, we are looking for modernization that meets the standard, and there is a lot of maintenance to catch up on. We want a solid system that meets standards and criteria - modernization that the State is enforcing, FERC, NERC, relays at the substations have to become solid state with electronics so they talk to the other ones - there are certain things that need to be upgraded. Ms. O'Brien is looking forward to seeing how they lay it out and the cost structure. Booth will go out and collect the main backbone for the GIS, which will not be everything, but they will be able to run a basic system analysis to give us an indication of the overall capacity deficiencies. For what we have, we should be able to get a good report. Depreciation had been elevated and we ramped it back down to 3% - we want to stay within the 3%. If we have to build a big substation or something, we will probably be looking at bonding or some other means. We are trying to keep the rates stable and get back on track within our means.

3. Financial Report: September 2014 – R. Fournier, Accounting/Business Manager

Materials: September 30, 2014, Report

Mr. Fournier reviewed the financial report for the period ending September 30, 2014, which represents the first quarter of Fiscal Year 2015. The budget variance for the five divisions was under budget, and we are in good shape for the first quarter.

4. Integrated Resources Report: September 2014 – J. Parenteau, Director of Integrated Resources

Materials: Purchase Power Summary – September 2014

Ms. Parenteau reviewed the Purchase Power Summary for September 2014. Energy Costs were equivalent to \$0.04 per kilowatt-hour. The fuel charge for September was set at \$0.045 and sales totaled \$61.1m. As a result, RMLD over collected by about \$317,000 resulting in a deferred fuel reserve of \$5.975 - a little higher than normal. In December/January (with gas constraints in New England), we anticipate that we will go through almost \$3m within a two-month period. Rather than decrease the fuel charge and then have to increase it, we kept it on the higher side in

anticipation of using those funds December-February. Overall, customers will be happy because it is still at \$0.045, but the average cost will be around \$0.13. Ms. Parenteau noted that National Grid went up to \$0.24 in November and NStar is going up to \$0.24 or higher January 1. From a competitive standpoint, we are very attractive in that perspective. We will probably increase the fuel charge to \$0.05 on December 1. Ms. Parenteau noted that in the spot market RMLD purchased about 17% of our energy requirement at an average cost of \$38.00 per megawatt hour.

Ms. Parenteau reviewed Capacity noting that last year's September peak was about 156 megawatts - there was a significant temperature change - 95 degrees last September and only 87 degrees this September. Temperature drives our peak demand so that accounts for the differential. Our capacity requirement was set at 208 megawatts based on last year's peak. The average cost for capacity and energy came in a little over \$0.06 per kilowatt-hour for the month of September. Ms. Parenteau then reviewed the Renewable Energy Certifications (RECs), noting that revenue (from the sale of RECs) is banked - there's a six-month lag in terms of when they bank it and when we receive the revenue. That goes against the fuel so all our customers benefit from that additional revenue. Ms. Parenteau reviewed Transmission and then the Energy Efficiency programs. RMLD processed one commercial lighting rebate, totaling about \$9,500 and the calculated capacity savings of about 10 kilowatts. Energy savings were about 30 megawatt hours. On the residential side, we processed 156 residential appliance rebates totaling just under \$8,000. Nineteen residential customers received energy audits at a cost of \$3,800. The projected reduction in savings for the residential side was 40 kilowatts and 27 megawatt hours.

5. LED Street Lights – B. Seldon, Senior Energy Analyst

Materials: Memo from Meybaw Seavey at PLM Electric Power Engineering dated November 14, 2014

Mr. Seldon presented information relative to the proposed rates for LED street lights, which RMLD would like to file for a December 1 effective date. Costs were based on a per fixture basis and PLM review the information that we provided to them to come up with the rates for the four fixtures that we are offering. Based on our review of their recommendations, billing under this service would decrease the expenses to the towns by approximately 40% (replacing high-pressure sodium fixtures with LED lights). Ms. Parenteau noted that during the pilot, we are keeping track of the lights that were replaced and will be issuing a credit to the towns. We are billing the old rate (for those fixtures installed) and will apply the new rate and give a credit.

Mr. Hooper asked what an estimated savings might be per town. Ms. Parenteau agreed to provide that information and noted that she has looked at that for each of the four towns, and based on the existing lighting fixtures, estimates a 30-40% savings. In order to achieve that, the Light Department will not earn a return on the municipal streetlights, and adjusted the depreciation (the life of the fixture is 25 years); we typically depreciate that over 3%, which is 33 years. We compared the existing formula rate with the fixtures and the current purchase power pass-through with the proposed rate. Maintenance expense is estimated at about \$60,000 annually; life expectancy is longer so we will not have to go out as often to change them.

Mr. Nelson made a motion that the Citizens' Advisory Board recommend to the RMLD Board of Commissioners approval of the proposed LED street light rates for the towns of Reading, North Reading, Wilmington and Lynnfield, seconded by Mr. Kelley. Hearing no further discussion, *Motion carried 3:0:1 (3 in favor, 0 opposed, 1 absent).*

Mr. Hooper asked if we have gotten any feedback in terms of the illumination. Ms. O'Brien noted that at one site in Reading they thought it was not as bright. We redirected them and

everyone is happy. Ms. Parenteau noted that a customer in Reading said the street light used to shine on his yard and he liked that. Now, because they are more directional, there is less pollution.

6. Engineering & Operations Report: September 2014 – C. O'Brien, General Manager

Materials: September 2014 Engineering and Operations Monthly Report

Ms. O'Brien presented the Engineering & Operations Report. Ms. O'Brien highlighted the new maintenance programs that we have implemented, which includes quite a list of accomplishments just over the last several months. Ms. O'Brien noted that as a result of the pole inspection program, there are some poles that have to be replaced. Additionally, we are going to be working with Verizon to implement a new program/ notification process for transfers on new pole installations to get the double poles removed quickly. Ms. O'Brien noted that inspection of the stations by UPG is actually 100% complete. System reliability is well under the regional and national average and we would like to remain there. Ms. O'Brien reviewed outage causes, noting that we are still targeting trees and equipment, and implementing the wildlife guards (making that go down significantly). Ms. O'Brien reported that we have put out a bid for a new tree-trimming program. The program will be a three to five year cycle, and will extend the five-foot radius to an eight-foot radius – most of the IOUs do ten. With the old program, they are bringing trucks back within the same year for the same area. This will be a more efficient program. The budget is \$640,000 and we want to get the entire service territory done for that. Staff have spoken with the tree wardens and DPW directors, and will be discussing the program at the selectmen meetings. We will use directional pruning - so branches grow away from the lines. This particular bid includes a master arborist instead of hiring a master arborist separately (the current practice). This will provide accountability – someone who is a liaison with the tree warden – a much more efficient process. Ms. O'Brien noted that RMLD would be putting the tree-trimming cycle map onto the RMLD website.

Mr. Nelson asked about the outage causes – the utility human error. What does that consist of? Is that inadvertent operations by the utility? Ms. O'Brien responded that it could be an inadvertent operation. Ms. O'Brien noted that "natural" will be changed to "weather and lightning," and we will be adding, "motor vehicle hits." Ms. O'Brien noted that APPA provides reporting categories so that utilities are able to report consistently throughout the region and the nation.

7. Review of CAB Policies – D. Nelson, Vice Chair

Materials: Draft CAB Policy No. 1 – Revision 3c and Draft CAB Policy No. 2 – Revision 3

Mr. Nelson stated that he thought that Rubin and Rudman did an excellent job reviewing the policies and thanked Ms. O'Brien for the opportunity for them to do that. Mr. Nelson asked about the cost of the review and if the CAB should reimburse RMLD for the review. Ms. O'Brien responded that the cost (a couple of thousand dollars) had been included with all of the others - we want to be consistent with all of the policies. Ms. O'Brien suggest including a review date every three years, which is what is being included with the other policies. The group agreed to add a review date on the final format for vote at the next CAB meeting.

8. **Next Meeting – G. Hooper, Chair**

The next CAB meeting was scheduled for December 17, 2014, at 6:30 p.m.

9. **Executive Session – G. Hooper, Chair**

Mr. Nelson 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. Kelley. **Motion carried 3:0:1 (3 in favor, 0 opposed, 1 absent) by poll of members present:** Mr. Nelson, aye, Chair Hooper aye, Mr. Kelley aye. Mr. Mancuso was not present.

10. **Motion to Adjourn – G. Hooper, Chair**

Mr. Nelson made a **Motion** to Adjourn the Citizens' Advisory Board meeting, seconded by Mr. Mancuso. Hearing no further discussion, **Motion carried 3:0:1 (3 in favor, 0 opposed, 1 absent).**

The Citizens' Advisory Board Meeting adjourned at 7:11 p.m.

Respectfully submitted,



Mr. George Hooper, Chair

Minutes approved on: 2/11/15