

**READING MUNICIPAL
LIGHT DEPARTMENT**

BOARD OF COMMISSIONERS

REGULAR SESSION

THURSDAY, JANUARY 24, 2019

APPROVAL OF BOARD MINUTES
OCTOBER 18, 2018 AND
NOVEMBER 29, 2018
ATTACHMENT 1



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2018-10-18

Time: 06:30 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:**

David Hennessy, Chair; David Talbot, Vice Chair; Tom O'Rourke, Commissioner; Philip B. Pacino, Commissioner; John Stempeck, Commissioner

Members - Not Present:

Others Present:

RMLD Staff: Coleen O'Brien, General Manager; Hamid Jaffari, Director of Engineering and Operations; Jane Parenteau, Director of Integrated Resources; Wendy Markiewicz, Director of Business, Finance, and Technology; Tracy Schultz, Executive Assistant

Citizens' Advisory Board:
Jason Small, Vice Chair

Minutes Respectfully Submitted By: David Talbot, Secretary Pro Tem

Topics of Discussion:

Call Meeting to Order

Chair Hennessy called the meeting to order and Chair Hennessy read RMLD's Code of Conduct. Chair Hennessy announced that the meeting is being videotaped at the RMLD office at 230 Ash Street, for distribution to the community television stations in North Reading, Lynnfield, and Wilmington.

Public Comment

Chair Hennessy welcomed Mr. Small. There was no public comment. Chair Hennessy noted that Ms. Parenteau would be leaving the RMLD and wished her well in her new position. The Board applauded and echoed Chair Hennessy's sentiments.

Chair Hennessy noted that Mr. Pacino would be arriving late.

Approval of Board Minutes (Attachment 1)

Mr. Stempeck made a motion, seconded by Mr. O'Rourke, to approve the July 19, 2018 and September 20, 2018 minutes, on the recommendation of the General Manager.

Motion Carried: 4:0:0.

Report on Citizens' Advisory Board Meeting on October 9, 2018 – Mr. Stempeck

Mr. Stempeck stated that the CAB meeting was a great meeting with excellent questions. The CAB approved the capital and operating budgets. There was a discussion on the best way to present the budgets. Mr. Small had nothing to add.

Verizon and AT&T 5G – Mr. Stempeck

Mr. Stempeck explained that he read a newspaper article regarding cell carriers wanting to put miniature 5G cell towers on pole tops and stated that RMLD could charge a fee.

Ms. O'Brien explained that if wireless is ultimately classified as a utility then a set fee will be state-mandated. The fee will be split with Verizon because they own half of each pole. There's also the question of who works on the cell equipment: that high up near electrical lines requires a rated worker. There's the issue of multiple carriers. Mr. Talbot asked for a report on carrier requests at the next meeting. Ms. O'Brien answered that there have been no carrier requests. Mr. Jaffari added that there are concerns with operational radio safety.

The discussion on the payment to the Town of Reading was tabled until Mr. Pacino's arrival.

CY 2019 Capital Budget – Mr. Jaffari – (Attachment 2)

Mr. Jaffari explained that he would be presenting highlights of the Calendar Year 2019 Capital Budget. Mr. Jaffari reviewed projects including LED upgrades, the parking lot upgrade at 230 Ash Street, building upgrades, and the installation of electric vehicle chargers. Mr. Jaffari also reviewed the battery storage unit at Station 3, grid optimization and software integration, and the outage management system and IVR. Mr. Stempeck, referring to gas explosions that recently occurred in another town, asked if RMLD can shut off power in specific locations. Mr. Jaffari explained that RMLD currently cannot but will be able to once Interruption switches are installed. It's a 15-year project due to the equipment cost. The switches are being installed in key locations.

Mr. Jaffari discussed costs associated with the new Wilmington substation and stated that RMLD is in negotiations with National Grid for land and should have letter of intent by October 31. Mr. Jaffari explained that RMLD will be reimbursed by the state for the Massachusetts Department of Transportation Main Street widening. The next three projects are new and are an underground line extension on Marion Street, a 5W5 Andover Street upgrade in Wilmington, and fiber line extensions to Substation 4. National Grid is trying to connect their SCADA and RMLD is in the middle. It is cheaper than what National Grid had quoted. This is per NERC and is ISO mandated so RMLD is obligated to do this. It will increase overall area reliability. Mr. Jaffari stated that the next three projects involve the getaways for Station 4. The conduits are filled with cables and the heat builds up. RMLD engineers are moving two lines from underground to overhead. This will increase distribution capacity by 20 megawatts and is a great savings. Mr. Jaffari reviewed the AMI mesh network expansion, meter replacements, and equipment upgrades.

Mr. Stempeck asked if RMLD could offer the service of testing poles for Verizon. Ms. O'Brien stated the RMLD can test poles in Verizon's custodial area but cannot charge Verizon for maintenance that they should be doing as it's a Verizon union issue.

Mr. Talbot asked whether the parking lot upgrade is necessary. Mr. Stempeck stated that it had been previously discussed. Ms. O'Brien stated that more spaces and another EV charger are being added. Mr. Talbot stated that he wants to see the building plans.

Mr. Stempeck made a motion, seconded by Mr. O'Rourke, that the RMLD Board of Commissioners approve the Calendar Year 2019 Capital Budget in the amount of \$7,804,373 as presented, on the recommendation of the General Manager.

Motion Carried: 4:0:0.

CY 2019 Operating Budget – Ms. Markiewicz – (Attachment 3)

Ms. Markiewicz explained that fixed costs comprise 80.7 percent of the CY19 Operating Budget. 71.44 percent is power supply. Fixed cost decreased by about 4.2 percent from FY19 to CY19

CY 2019 Operating Budget – Ms. Markiewicz – (Attachment 3)

due mainly to a reduction in fuel costs. Semi-variable costs represent about 19.3 percent of the overall operating budget, which is a 2.6 percent increase. The overall operating budget is projected to decrease by 2.94 percent from FY19 to CY19. Fixed costs are comprised of power supply which is 77.44 percent of budget, depreciation expense at a rate of three percent which is \$4,524,000 and 4.83 percent of the budget, the payment to the Town of Reading at \$2.48 million and 2.65 percent of the budget, payments to the other towns which are based on two percent of net plant which are \$1.6 million and 1.68 percent of budget, and disposal of losses on equipment which is about \$100,000. Semi-variable costs are comprised of labor which is 7.12 percent of budget, employee benefits and pension which are 3.83 percent of budget, operating and maintenance expenses which are 2.76 percent of the budget, conservation expenses which are 1.05 percent of budget, overtime which is 1.06 percent, and tree trimming which is almost one percent. All other expenses are less than one percent of the budget. Chair Hennessy asked if the percentage of employee benefits and pension was continually going up. Ms. Markiewicz explained health insurance has been going up and pension costs are going up about \$400,000 per year.* Based on actuarial reports, the Town of Reading is targeting a specific time to be fully funded. Ms. Markiewicz stated that the actuarial reports show a greater rate of return on investment than what the Town has been receiving. RMLD has spoken with the Town about how to better invest funds. Ms. Markiewicz discussed the budgeted net income compared to the budgeted rate of return for the Six-Year Plan and explained that RMLD is staying close to eight percent to fund capital projects. As projects are completed the rate of return will be brought down to six percent. Ms. Markiewicz then reviewed the budgeted kWh sold compared to the budgeted rate of return and stated that RMLD is projecting that sales will drop one percent each year. As sales decrease the rate of return decreases. Ms. Markiewicz then explained the sources of capital funds from CY19 through CY24.

Ms. Markiewicz then reviewed the FY18 financials and explained that there hasn't been a presentation on FY18 yet because RMLD and the auditors are waiting for the actuarial report based on the new GASB OPEB. However, the FY18 actual numbers should not change. FY18 actual came in at \$5.2 million. Real net income was \$4.5 million but because of OPEB there was a \$700,000 decrease in expenses. The rate of return came in under eight percent and RMLD came in under budget.

Returning to the CY19 budget, Ms. Markiewicz stated that it has total operating revenues of \$96 million reduced by \$3 million from FY19. Purchase power, capacity, transmission, fuel and fuel are \$66.8 million. The bottom line number is anticipated to come in at \$3.5 million, which is what the Commission is being asked to vote on. Ms. Markiewicz stated that RMLD will not be raising rates to make net income.

Mr. O'Rourke expressed concerns regarding declining sales.

Mr. Pacino arrived at the meeting.

Mr. Talbot asked about the increase in pension. Ms. Markiewicz explained that was due to OPEB being underfunded. Mr. Talbot asked about the change in labor costs. Ms. Markiewicz explained that a portion of labor comes from capital and a portion comes from operating. The FY19 Budget had anticipated a higher cost of capital projects. Mr. Talbot asked about legal fees and suggested that the Board should set policies as an oversight for legal expenses. Mr. Stempeck pointed out that legal had written a white paper for RMLD's benefit. Mr. Talbot asked what the Town of Reading spends. Mr. Pacino replied that RMLD can't be compared to the Town and Mr. Stempeck stated that he is all for hiring competent attorneys. Ms. O'Brien stated that RMLD doesn't have anyone on retainer: RMLD needs specialists in labor, power supply, FERC counsel, and counsel for insurance claims, purchasing, and policies. Mr. O'Rourke suggested a spreadsheet showing what has been spent on legal over the last five years. Ms. O'Brien stated that RMLD used to pay \$780 an hour for labor and now pays less than half of that. Ms. O'Brien indicated that a spreadsheet would be generated.

CY 2019 Operating Budget – Ms. Markiewicz – (Attachment 3)

Mr. O'Rourke suggested, in the future, approving the budgets after both presentations were complete.

Mr. Stempeck made a motion, seconded by Mr. O'Rourke, that the RMLD Board of Commissioners approve the Calendar Year 2019 Operating Budget with a Net Income of \$3,529,582 as presented, on the recommendation of the General Manager.

Motion Carried: 4:0:1.

Mr. Pacino abstained due to his missing the budget presentation.

*Pension costs are going up \$100,000 a year with the intent of increasing assets and lessening liability. \$400,000 included OPEB.

Integrated Resources Division – Ms. Parenteau

Power Supply Report – August 2018 (Attachment 4)

Ms. Parenteau thanked the Board for their support. Ms. Parenteau discussed the ISO coincident peak with RMLD's load from 2016 through 2018. ISO system peak coincident with RMLD's load. In 2016 the ISO's peak was 25,596 megawatts. It was higher this year: preliminary reporting shows that ISO peaked at 25,763 megawatts on August 29 at 6 p.m. RMLD's load 159.643 compared to 163.058 in 2016. In 2018 RMLD's generator was online so there was a 2.3-megawatt reduction. Regarding Mr. Talbot's question of how much Shred the Peak gets involved, when ratios from 2016 and 2018 (with the 2.3 subtracted) are compared, there is a significant decrease in RMLD's peak. Customers have taken an active interest and are working with RMLD to reduce use. Ms. Parenteau stated that her group did a great job in educating customers. Ms. Parenteau then discussed day ahead and real time pricing on August 12, 2016, June 17, 2017, and August 29, 2018 (ISO peak days).

Engineering and Operations Report – July and August 2018 – Mr. Jaffari (Attachment 5)

Mr. Jaffari stated that year-to date routine capital construction totals \$310,295. Year-to-date capital spending is \$910,325 with \$6,660,164 remaining. Mr. Jaffari reviewed the progress being made on routine maintenance programs. Mr. Jaffari stated that Lynnfield has 19 transfers North Reading nine transfers 44 poles to remove Reading 27 transfers 18 poles to remove Wilmington 28 transfers four poles to be removed. Reliability is well under the national and regional averages. SAIDI is a little higher this year due to falling trees. Overall outages are going down which shows that RMLD is on the right track with its maintenance programs.

RMLD Procurement Requests Requiring Board Approval – Mr. Jaffari (Attachment 6)

IFP 2019.03 Cooper Power Systems Meters and Equipment for the AMI Mesh Network System Expansion and Migration

Mr. Jaffari explained that this will strengthen the mesh network. Mr. Pacino asked how much was budgeted for this project. Mr. Jaffari checked the budget and replied \$300,000. Mr. Pacino requested that the budgeted amount always be included with the bid requests.

Mr. Stempeck made a motion, seconded by Mr. Mr. O'Rourke, that IFP 2019.03 for Cooper Power Systems Meters and Equipment for the AMI Mesh Network System Expansion and Migration be awarded to: Cannon Technologies, Inc., an affiliate of Eaton Corporation plc dba Eaton for \$274,380.00, pursuant to M.G.L. Chapter 164 § 56D, on the recommendation of the General Manager.

Motion Carried: 5:0:0.

Sub-Committee on the Payment to the Town of Reading – Mr. Pacino

Mr. Stempeck stated that he has some comments and explained that Ms. O'Brien did a study analyzing the payment to the Town of Reading that included different metrics and variables to be considered along with RMLD's charter. The study is tied to six-year strategic plan and found a convergence due to decreasing kilowatt hour sales and the increasing payment to the Town. The worst case would lead to a shortage of net income and no way to build up capital reserves. Ms. Markiewicz, Ms. O'Brien, and Mr. Jaffari have put together two to three scenarios with projections for the future. The study also contains financial analysis on revenue, costs,

Sub-Committee on the Payment to the Town of Reading – Mr. Pacino

repercussions and assumptions. Mr. Stempeck stated he would like to propose that the study and scenarios be submitted to the Sub-Committee so that the Sub-Committee has a chance to get grounded in what the financials really mean and can understand the background of the study. There is a Sub-Committee meeting on Tuesday, October 23 and the financial implications can be discussed and then Mr. Stempeck and Mr. Pacino can return to the Board. Mr. Stempeck stated that it has to be made sure that RMLD has enough capital for the maintenance of the system and that a consensus will hopefully develop among members of the Sub-Committee. Mr. Pacino pointed out some corrections to the study that Mr. O'Rourke brought to his attention and stated that he agrees with everything Mr. Stempeck said except that he would like to see the payment to the Town stay the same for two years to give the Town time for economic development. That will be worked out by the Sub-Committee.

Mr. O'Rourke reminded everyone that the payments to date were based on a number picked in 1997, which was the CPI, that goes up regardless of the performance of the utility. That's why it's unsustainable: it keeps going up even when revenues are flat. Mr. O'Rourke explained that the RMLD began this process because the Town wanted the payment to increase. Mr. Pacino stated that even though the result is opposite of what was intended it is something that should have been being looked at. Mr. O'Rourke recognized Ms. O'Brien for her work on the study. Mr. Pacino stated that he thought the payment should be reviewed every three years: five years is too long. Mr. Talbot pointed out that, as has been previously discussed and as he understands it, among municipal electrics, RMLD is making the largest PILOT payment in the state.

General Discussion

Meeting dates were discussed.

Adjournment

At 8:52 p.m., Mr. Pacino made a motion, seconded by Mr. O'Rourke, that the Board go into Executive Session to consider the purchase of real property and return to Regular Session for the sole purpose of adjournment.

A true copy of the RMLD Board of Commissioners minutes
as approved by a majority of the Commission.

David Talbot, Secretary Pro Tem
RMLD Board of Commissioners



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2018-11-29

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:**

David Hennessy, Chair; David Talbot, Vice Chair; John Stempeck, Commissioner; Tom O'Rourke, Commissioner; Philip B. Pacino, Commissioner

Members - Not Present:

Others Present:

RMLD Staff: Coleen O'Brien, General Manager; Hamid Jaffari, Director of Engineering and Operations; Charles Underhill, Director of Integrated Resources; Wendy Markiewicz, Director of Business, Finance, and Technology; Tracy Schultz, Executive Assistant

Citizens' Advisory Board: Neil Cohen, Member

KP Law: Christopher Pollart, Attorney

Melanson & Heath: Zackary Fentross

Town of Reading: Vanessa Alvarado, Select Board Member and RMLD Liaison and Andrew Friedmann, Chair

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

Topics of Discussion:

Call Meeting to Order

Chair Hennessy called the meeting to order and read RMLD's Code of Conduct. Chair Hennessy announced that the meeting is being videotaped at the RMLD office at 230 Ash Street, for distribution to the community television stations in North Reading, Lynnfield, and Wilmington.

Public Comment

Chair Hennessy welcomed Mr. Cohen, Ms. Alvarado and Mr. Friedmann, who had no comments. Mr. Pacino agreed to serve as secretary. There was no public comment.

Presentation of Fiscal Year 2018 Audit

Melanson Heath & P.C. – Zackary Fentross

Mr. Fentross explained that he was the Audit Manager in charge of the June 30, 2018 RMLD audit. Mr. Fentross explained that the financial statements are not being presented on a comparative basis this year per a recommendation from the AICPA due to the implementation of Governmental Accounting Standards Board (GASB) Statement Number 75. The Department

**Presentation of Fiscal Year 2018 Audit
Melanson Heath & P.C. – Zackary Fentross**

received a clean opinion with no exceptions, which is the best opinion that can be received from an independent audit firm. Mr. Fentross directed the Commission's attention to the Statement of Net Position. Under Non-Current Assets, Capital Assets Net of Accumulated Depreciation has a balance of \$76,988,531. This is a \$2.1 million increase from prior year. The major capital project item that the Department worked on was the completion of the LED streetlight project, which increased that line item by \$750,000. The Non-Current Liabilities Net Pension Liability is \$10,781,819 and represents RMLD's portion of the total unfunded liability for the Reading Contributory Retirement System. The Department's portion of that liability is about 29 percent. The Reading Contributory Retirement System is approximately 79 percent funded. The average in the Commonwealth is between 65 and 70 percent. Net Other Post-Employment Benefit (OPEB) Liability has a balance of \$7,158,353. This is a big change due to GASB 75 which supersedes GASB 45. This was previously recognized over a 30-year period. This pulls liability that was in the back of financial statements to the front and the liability is now recognized in full. Every municipal in the United States has to implement this reporting method. RMLD has put aside almost \$2.9 million to begin to fund the 28.5 percent portion of the Retirement System. The Department has positive operating results, a well-funded OPEB trust fund, and no management letter. There has been no management letter in previous years which shows that the management of the Department takes internal controls very seriously.

Report of the Audit Committee – Mr. Pacino

Mr. Pacino explained that the Audit Committee for the Town of Reading and the RMLD Audit Committee met before this meeting to review the RMLD audit in more depth. Mr. Pacino stated that Mr. Fentross did a back of the envelope calculation that showed that the Department has enough operating cash for 2.3 months. The industry standard is three months. There was a lot of discussion about the actuarial assumptions and the rate of return. The Audit Committee had three requests: why is the investment rate being used in the actuarial computation is 7.5 percent, whether there is any benchmark data available for the asset mix, and what is the percentage of fees. There was concern that the actuarial report states 7.5 percent and the Town is only earning two percent. Mr. Pacino added that there was no management letter and that Mr. Fentross was complimentary regarding the job done by Ms. O'Brien and Ms. Markiewicz and her staff.

Mr. Pacino made a motion, seconded by Mr. O'Rourke, that the Board of Commissioners accept the Audit Report from Melanson Heath, Fiscal Year ended June 30, 2018 as presented.

Motion Carried: 5:0:0.

Ms. O'Brien clarified that she was assigned the three action items, which will involve contacting the Town. Mr. Fentross offered to assist Ms. O'Brien. Mr. Pacino clarified that the action items were to determine the fees on investments, the reasoning behind the 7.5 percent, and whether there's a benchmark available for the asset mix and what the return on investment is for each major class. Mr. Talbot added there was the question of whether RMLD can lend money. Ms. O'Brien stated that she has already assigned that question to Attorney Pollart.

Report of the Citizens' Advisory Board Meeting on November 14, 2018

Mr. Pacino reported that Mr. Underhill, the new Director of Integrated Resources, was introduced. Mr. Pacino explained that the Sub-Committee meeting was discussed, which segue ways into the next agenda item.

Sub-Committee on the Payment to the Town of Reading and Town Meeting on November 15, 2018 – Mr. Pacino and Mr. Stempeck

Mr. Pacino explained that when the Sub-Committee met a Select Board member was concerned about what was presented in the study done by Ms. O'Brien and asked that the CAB consider bringing in a mediator. The meeting broke up after that. Mr. Pacino stated that when he attended the CAB meeting on November 14th they discussed using a mediator. The CAB Chair was concerned about the mediator being an additional cost to the ratepayers. There was also confusion about what the mediator would be doing since only Mr. Pacino and Mr.

Sub-Committee on the Payment to the Town of Reading and Town Meeting on November 15, 2018 – Mr. Pacino and Mr. Stempeck

Stempeck have given their opinions about what should be done; there has been no presentation or proposal from the Select Board and the discussion needs to be moved along. Mr. Stempeck stated that in the notes from 1990 it states that a vote of the Sub-Committee is needed to hire a mediator and that the mediator can be hired at a maximum of \$5,000. That number is from 20 years ago and is not realistic now. Mr. Pacino explained that after the meeting there was a request that the Sub-Committee members consult with their respective groups and return with suggestions. Mr. Pacino said that he was hoping for more discussion at the Sub-Committee meeting.

Mr. Pacino made a motion, seconded by Mr. Stempeck, that the RMLD Board of Commissioners propose a recommendation (stress on the word recommendation) to the Sub-Committee on the Payment to the Town of Reading that the RMLD make a constant below-the-line payment to the Town of Reading for two years, 2019 and 2020, at the existing payment made for year 2018 which is approximately \$2.48 million. The payment may be subject to any emergency issues such as severe weather damage or other catastrophic events faced by the RMLD. The payments are to be effective for periods after July 2, 2019 (does not affect any current payments). In addition, move to commission an independent consultant in 2019 to review the RMLD strategic study of May 2018 prepared by the RMLD General Manager and to propose a transition plan for the year 2021 that provides an algorithm for calculating the below-the-line payment to the Town of Reading that is based on kilowatt sales which is actual energy usage or some other applicable formula.

Mr. Pacino reiterated that the idea of the motion is to stimulate discussion in the Sub-Committee. Mr. Stempeck stated that a fixed payment gives the Town a known amount for fiscal planning purposes for two years. The Town has continuously stressed that they want to know how much they're going to receive on a yearly basis. Mr. Stempeck stated that RMLD's revenue* is decreasing and that this proposal won't cripple RMLD's capital investment program and allows RMLD to remain within its charter to the four towns. This isn't just about Reading; there are four towns that RMLD serves. It gives the Town of Reading a head on economic development.

Mr. O'Rourke stated that RMLD needs to be clear on the timing of the four payments, should collaborate with the Town on economic development, and should give the Town notice about the amount in advance once the two years is over. Ms. Markiewicz stated that the payment for next month is already committed. After that it must be decided whether to make three or five more payments to stay in sync with the calendar year. Mr. Pacino stated that's something that the Sub-Committee can decide. Mr. Talbot expressed concerns that the proposed motion wasn't included on the agenda. Mr. Stempeck suggested calling it a resolution. Mr. Talbot stated that there should be a posting and opportunity for comment. Mr. Pacino answered that the motion is not changing anything and there is concern with any delay because the Select Board representative on the Sub-Committee is not running for reelection.

Mr. Talbot asked Mr. Pacino to read the motion again. Mr. O'Rourke suggested making a chart of scheduled payments, which Ms. Markiewicz offered to prepare. Mr. Talbot expressed his concerns about taking a vote and reiterated that he thought the motion should have been on the agenda. Mr. O'Rourke stated that there can be public comment after the Sub-Committee meets. Mr. Cohen stated that there were only three members at the last CAB meeting. Mr. Cohen added that the last Sub-Committee meeting was brief, and it has been difficult to get the five members to meet. There is a CAB meeting on December 17.

Ms. Alvarado asked for clarification on what happens at the two-year mark of the proposal. Chair Hennessy replied that the motion provides that a formula would be determined over the next few months. Ms. O'Brien clarified that it's not RMLD's revenues that are decreasing; it's sales.* Revenue could remain the same, but that would mean raising rates. The mission is to stay competitive. Mr. Pacino pointed out that raising the rates makes economic development less attractive.

Sub-Committee on the Payment to the Town of Reading and Town Meeting on November 15, 2018 – Mr. Pacino and Mr. Stempeck

Mr. Talbot stated that hearing from a member of the CAB and Select Board had lessened his concerns. Chair Hennessy invited Mr. Friedmann to comment. Mr. Friedmann stated that he would be speaking as a resident and that the same people who elect the Board of Commissioners elect the Select Board and that he knows that both groups want to do right by the residents. Mr. Friedmann stated that it's unfortunate that there has been a delay but that he is looking forward to working together for what is best for the Town and the ratepayers.

Mr. Pacino added an amendment to his motion that the RMLD Board of Commissioners "adopt a resolution" to propose. The Commissioners agreed to the change.

Motion Carried: 5:0:0.

General Manager's Report – Ms. O'Brien

a. Review of Board Policies

This item was tabled for a subsequent meeting.

b. AP Process Review

Ms. O'Brien explained that there would be a new AP form for the Commissioners. There is a section to request clarification without the need to pull an invoice, and a section in which an invoice would be pulled should insufficient clarification be provided. If, in the unlikely event an invoice must be pulled, the warrant (without that invoice) still must be signed. In either case, staff works diligently to provide clarification to any question. Ms. O'Brien stated that some Commissioners have been asking about signing online. Ms. Markiewicz stated that only a copy of the invoices are sent to the Town; none of the back-up information is scanned. To sign online, Accounting would have to scan in everything which would be quite time-consuming. Mr. Talbot stated that it would be better to have an iPad rather than a piece of paper: then the actual question that was asked could get relayed to all the Commissioners via direct email. Ms. O'Brien stated that RMLD would look into that. Ms. Markiewicz reiterated that the Town needs the warrant to be signed otherwise they will not cut a check.

c. Introduction of Mr. Underhill

Ms. O'Brien introduced the new Director of Integrated Resources, Charles Underhill.

Integrated Resources Division – Mr. Underhill

Mr. Underhill explained that about a year ago the Commissioners received a presentation on a NextEra program that was being implemented to help reduce power supply costs. It was called a Transaction Facilitation Agreement (TFA) and its objective was to mitigate risk, stabilize rates, and to secure lower pricing. The program defined and executed price triggers. In 2018 roughly ten triggers resulted in purchases of blocks of energy and the net reduction in power supply cost was \$1.9 million. RMLD has received a follow up proposal from NextEra to do physical load following. There are two types of risk in the wholesale market: forecasting errors that differ from actual results and market volatility. NextEra's proposal looks at eliminating load forecast. By load following they guarantee to meet the exact load and eliminates volatility with a fixed price. It maintains RMLD's renewable resource portfolio and allows RMLD to meet its strategic objectives, whether renewable or non-carbon. NextEra picks up the balance. Mr. Stempeck verified that NextEra reduces their risk by buying large blocks of energy. Mr. Underhill affirmed, and explained that NextEra is serving as an aggregator to RMLD and other entities and taking the market out of play. Mr. Underhill stated that RMLD looked at its 2019 energy budget, which was projected to be \$28.9 million. With all of NextEra's fees the cost will be \$27.7 million, for an expected net savings of \$1.2 million. There is one risk: RMLD is part of NEMA and NextEra transacts at the Massachusetts hub: there may be slight differences in energy pricing during the first year. 2019 is a pilot and a quarterly review has been negotiated. There will be tweaking to the program as needed and at the end of 2019 RMLD will examine both programs that NextEra has provided and evaluate whether one or the other (or both) can provide savings and how they will work going forward.

Ms. O'Brien added that when she started at RMLD five years ago, RMLD was essentially purchasing power once a year. The NextEra pilot changed that, and it was a success and now

Integrated Resources Division – Mr. Underhill

Mr. Underhill will lead RMLD into the second pilot. The TFA will be continued to lock in beyond 2019. The market keeps changing so programs need to be annually reviewed. Chair Hennessy asked how Mr. Underhill figures out how much RMLD saved with the TFA. Mr. Underhill answered that the contract provides for marks, which are points of comparison with the market. NextEra provides the data and it's a cumulative savings for the purchased power tranches since they have been in effect. Chair Hennessy verified that the Board would be asked to vote on the second NextEra program during the next Board meeting. Mr. Underhill affirmed and stated that he would be doing a more formal presentation at that time.

Mr. O'Rourke asked for a synopsis of Mr. Underhill's background. Mr. Underhill summarized his education and professional experience.

Engineering and Operations Report – September 2018 – Mr. Jaffari

Mr. Jaffari stated that the total spending on routine capital construction for the month of September was \$143,130, bringing the year-to-date total to \$453,426. Total capital spending in the month of September was \$302,913, bringing the year-to-date total to \$1,213,238, leaving \$6.4 million remaining in the approximately \$7.6 million budget. Mr. Jaffari reviewed the progress being made on routine maintenance, including transformer replacements, pole and feeder inspections, and tree trimming. There were no hot spots found during infrared scanning. Mr. Jaffari reviewed the ongoing subdivision upgrades including Turner Drive. Regarding the latter, Mr. Jaffari thanked the Select Board and Town Administrator in North Reading for allowing RMLD to set a pole that avoided having to dig on Route 62. Mr. Jaffari stated that Lynnfield has 16 pending pole transfers and one dispute. North Reading has eight pending pole transfers and nine pending pull poles. Reading has 16 pending pole transfers and nine pull poles. Wilmington has 27 pending pole transfers and four pull poles. RMLD is below the national and regional averages for outages but tree-caused outages have been increasing due to the high water table causing uprooting.

RMLD Procurement Requests Requiring Board Approval – Mr. Jaffari

RFP 2019-02: 750 MCM 15kV Power Cable

Mr. Jaffari explained that MCM stands for thousands of circular mils, which is the cable size. The cables for the underground getaways out of Stations 4 and Station 3 are being upgraded per the recommendation of Booth & Associates. \$97,403 of the \$124,488 belongs to capital improvement projects and the balance of \$27,085 is what the Commission is voting on.

Mr. Pacino made a motion, seconded by Mr. O'Rourke, that proposal **2019-02 for 750 MCM 15kV Power Cable** be awarded to: **Arthur J. Hurley Company, Inc.** for **\$124,488.00**, pursuant to M.G.L. Chapter 164 Section 56D on the recommendation of the General Manager.

Motion Carried: 4:0:1. Mr. Pacino abstained due to a conflict of interest (client).

IFB 2019-06: Electrical Utility Excavation including Emergency Excavation and Construction Services

Mr. Jaffari explained that this is to hire a contractor for emergency excavation work for anything under \$50,000. If the job is over \$50,000 it will need to be formally bid.

Mr. Pacino made a motion, seconded by Mr. O'Rourke, that bid **2019-06 for Electrical Utility Excavation including Emergency Excavation and Construction Services** be awarded to: **Tim Zanelli Excavating, LLC**, for a **not to exceed amount of \$100,000 per year** (without written approval) pursuant to M.G.L c. 30 Section 39M, as the lowest responsible and eligible bidder on the recommendation of the General Manager.

Motion Carried: 5:0:0.

General Discussion

Meeting dates were discussed.

Adjournment

At 9:00 p.m., Mr. Pacino made a motion, seconded by Mr. O'Rourke, that the Board go into Executive Session to consider the purchase of real property and to discuss confidential, competitively-sensitive and proprietary information in relation to making, selling, or distributing electric power and energy, and return to Regular Session for the sole purpose of adjournment.

A true copy of the RMLD Board of Commissioners minutes
as approved by a majority of the Commission.

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

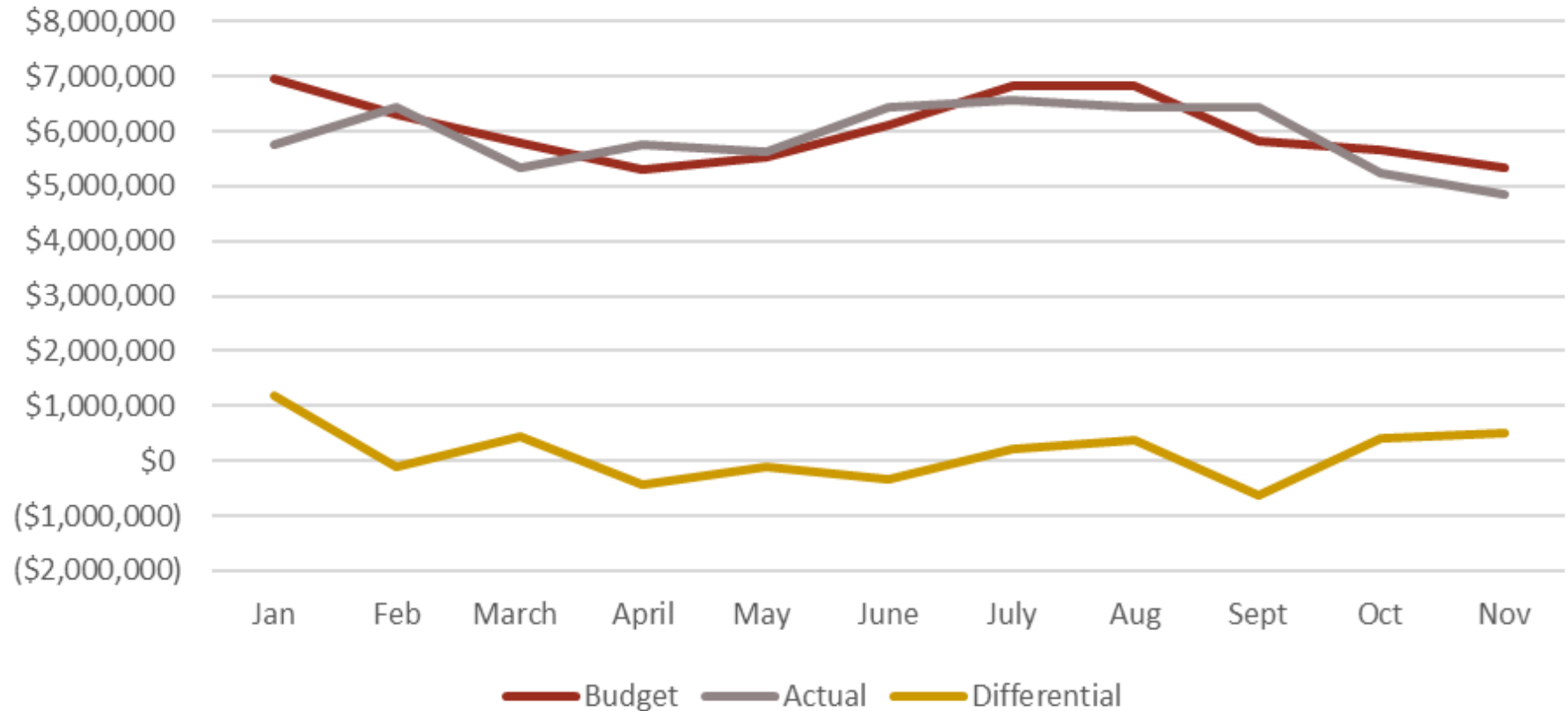
POWER SUPPLY REPORT
NOVEMBER 2018
ATTACHMENT 2



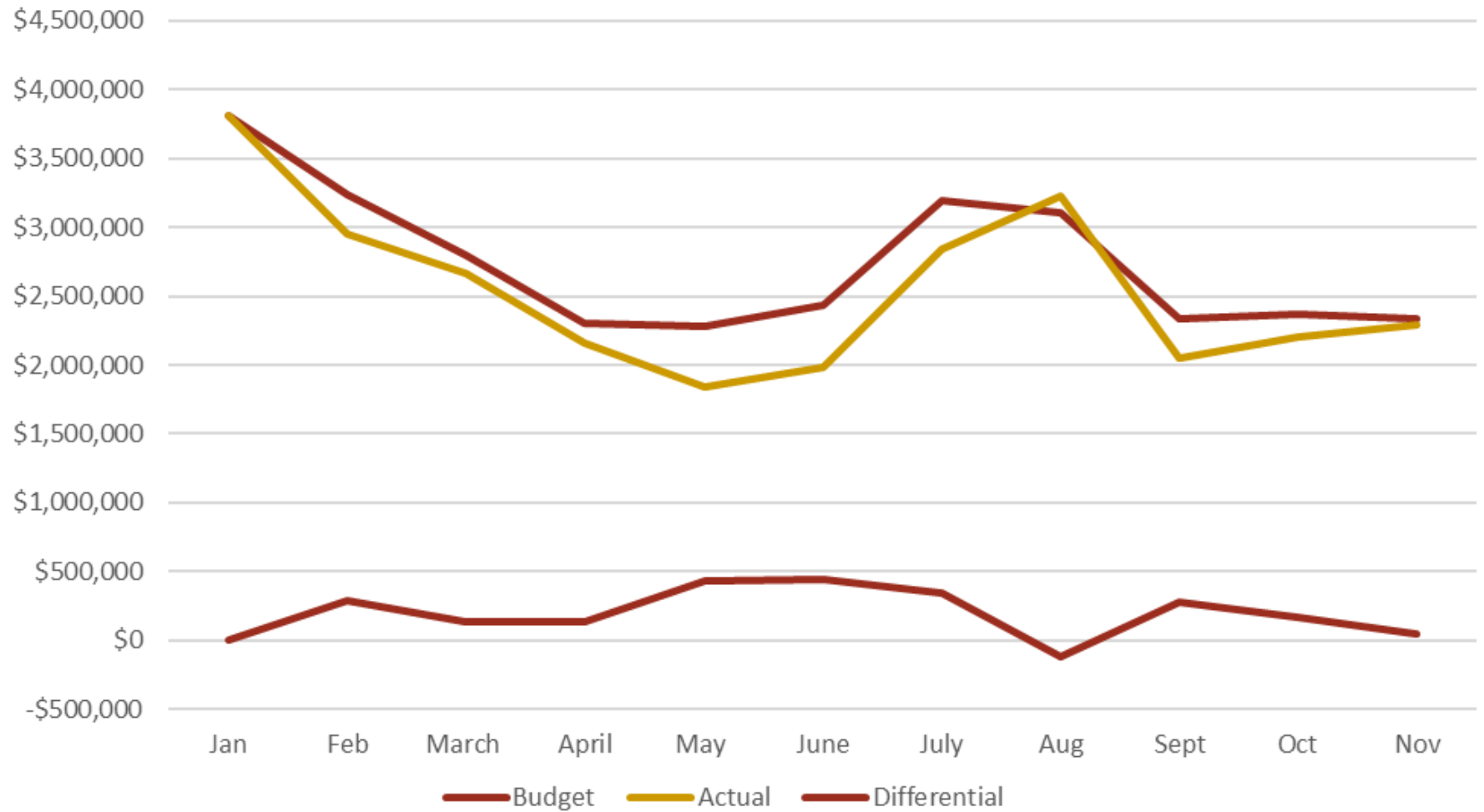
Board of Commissioners Meeting January 24, 2019

*Charles Underhill, Director of Integrated Resources
Reporting for November, 2018*

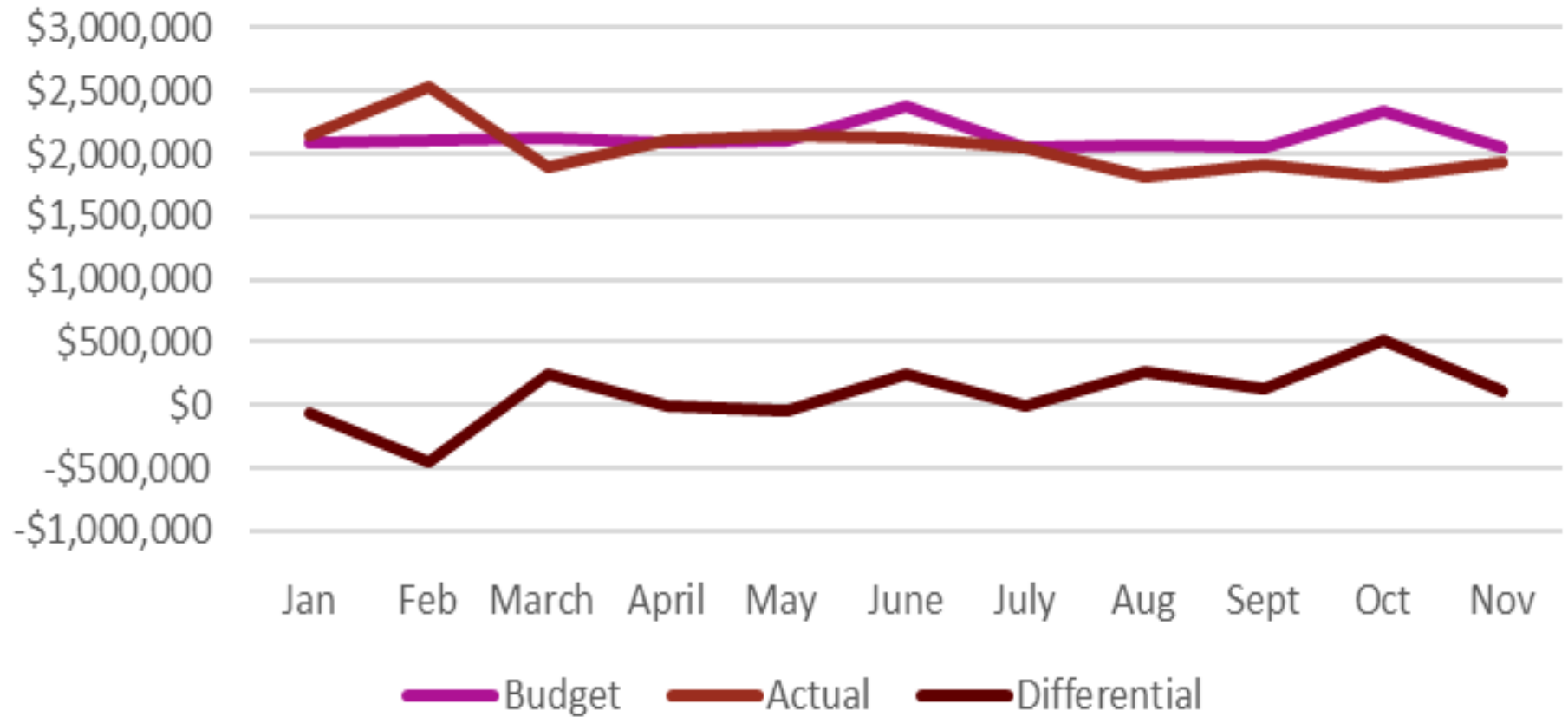
Total Purchase Power Expenses Budget vs Actual thru November 2018



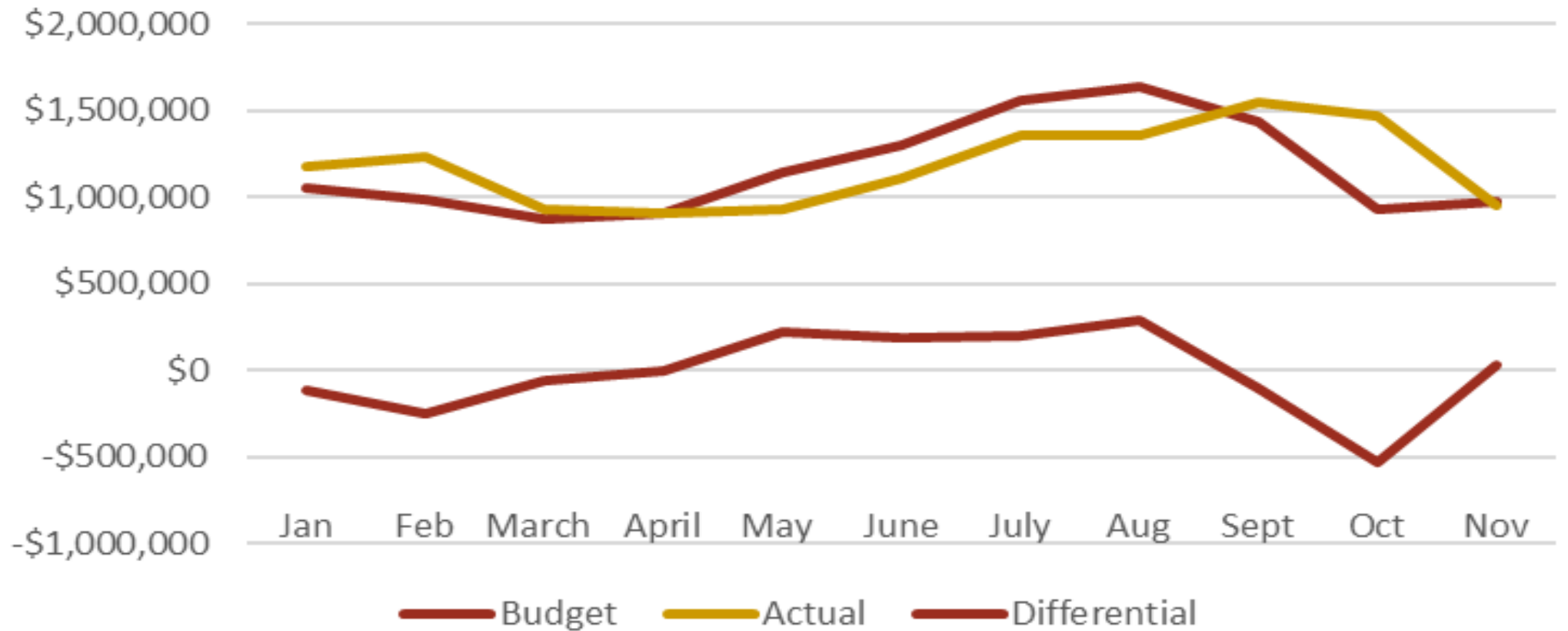
Energy Costs Budget vs. Actual through November 2018



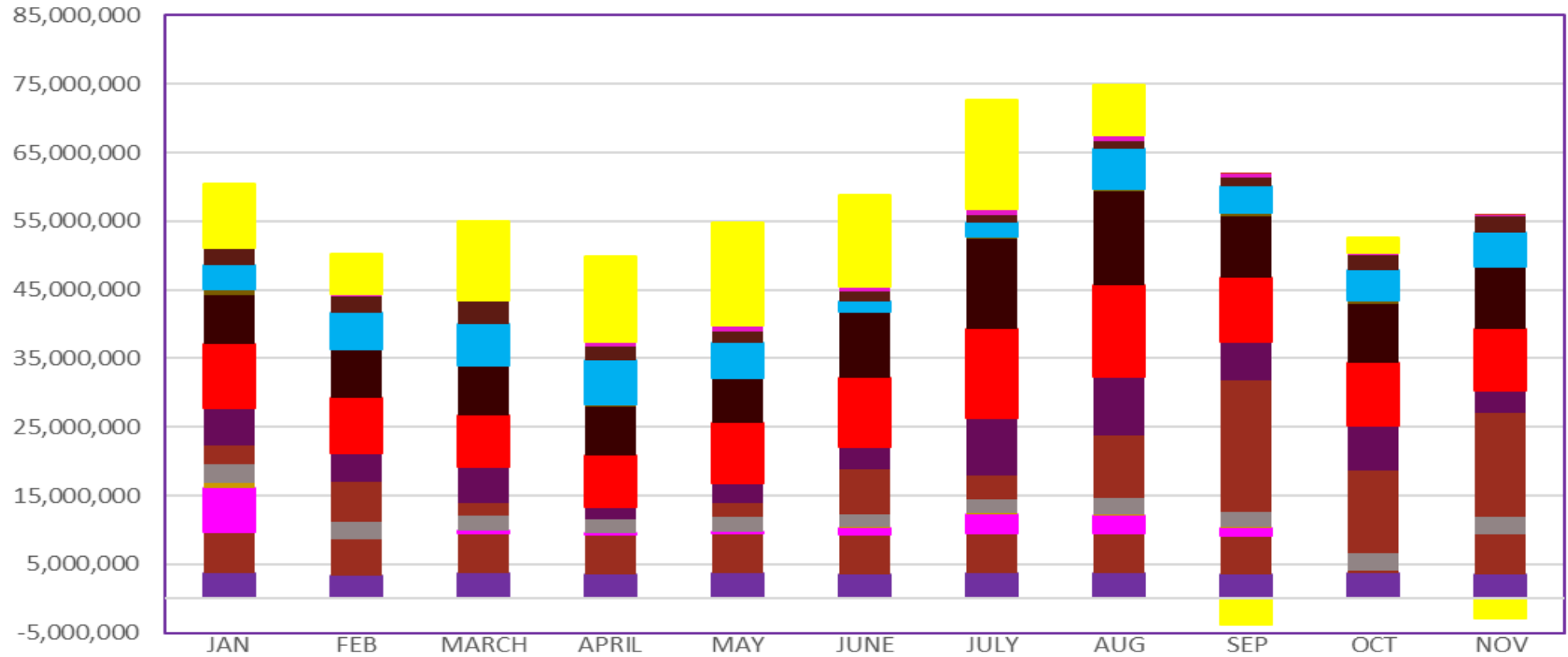
Capacity Costs
Budget vs. Actual
through November, 2018



Transmission Cost Budget vs. Actual through November, 2018



Actual kWh Purchases by Resource 2018



- MILLSTONE
- SEABROOK
- STONY BROOK C/C
- STONY BROOK PEAKING
- NYPA
- NEXTERA
- EDF TRADING
- SHELL
- EXELON
- BELD
- HYDRO PROJECTS
- WIND PROJECTS
- COMMUNITY SOLAR
- COOP RESALES
- ISO-NE Spot Market

To: Coleen O'Brien

From: Maureen McHugh, Charles Underhill *CJD*

Date: January 7, 2019

Subject: Purchase Power Summary –November 2018

Energy Services Division (ESD) has completed the Purchase Power Summary for the month of November, 2018.

ENERGY

The RMLD's total metered load for the month of November was 52,681,851, which is a 2.31% increase from the November 2017 figures. The system distribution losses are 3.6%.

Table 1 is a breakdown by source of the energy purchases.

Resource	Amount of Energy (kWh)	Cost of Energy (\$/Mwh)	% of Total Energy	Total \$ Costs	\$ as a %
Millstone #3	3,574,406	\$6.38	6.74%	\$22,799	1.00%
Seabrook	5,709,510	\$5.27	10.76%	\$30,102	1.32%
Stonybrook Intermediate	0	\$0.00	0.00%	\$28	0.00%
Shell Energy	8,952,300	\$57.64	16.87%	\$516,013	22.57%
NYPA	2,631,930	\$5.23	4.96%	\$13,771	0.60%
Nextera	15,067,000	\$34.41	28.40%	\$518,449	22.68%
ISO Interchange	(2,821,881)	-\$5.26	-5.32%	\$14,846	0.65%
Nema Congestion	-	\$0.00	0.00%	\$40,574	1.77%
Coop Resales	4,158	\$192.82	0.01%	\$802	0.04%
EDF	3,350,900	\$31.97	6.32%	\$107,142	4.69%
Hydro Projects*	4,992,882	\$74.37	9.41%	\$371,344	16.24%
Braintree Watson Unit	134,772	\$344.71	0.25%	\$46,457	2.03%
Saddleback/Jericho Wind	2,241,154	\$93.80	4.22%	\$210,213	9.19%
Community Solar	228,078	\$75.01	0.43%	\$17,107	0.75%
Exelon	8,990,800	\$41.90	16.95%	\$376,696	16.48%
Stonybrook Peaking	0	\$0.00	0.00%	\$0	0.00%
Monthly Total	53,056,009	\$43.09	100.00%	\$2,286,344	100.00%

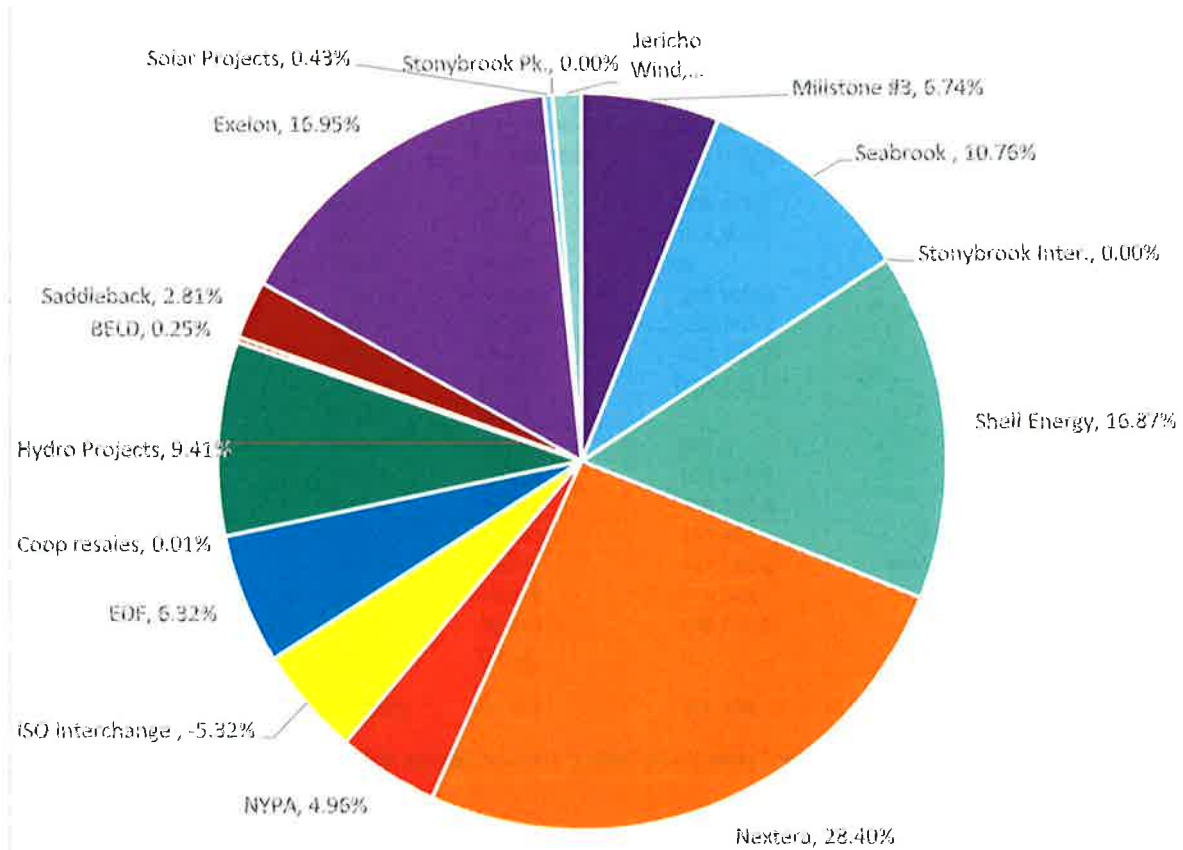
*Pepperell, Woronoco, Indian River, Turner Falls, Collins, Pioneer, Hosiery Mills, Aspinook Hydro

Table 2 breaks down the ISO interchange between the DA LMP Settlement and the RT Net Energy for the month of November 2018.

Resource	Table 2		
	Amount of Energy (kWh)	Cost of Energy (\$/Mwh)	% of Total Energy
ISO DA LMP * Settlement	2,350,860	\$111.50	4.43%
RT Net Energy ** Settlement	(5,172,741)	\$47.99	-9.75%
ISO Interchange (subtotal)	(2,821,881)	(\$5.26)	-5.32%

* Independent System Operator Day-Ahead Locational Marginal Price

NOVEMBER 2018 ENERGY BY RESOURCE



CAPACITY

The RMLD hit a demand of 92,669 kW, which occurred on November 27, at 4 pm. The RMLD's monthly UCAP requirement for November 2018, was 235,399 kW.

Table 3 shows the sources of capacity that the RMLD utilized to meet its requirements.

Source	Amount (kW)	Cost (\$/kW-month)	Total Cost \$	% of Total Cost
Millstone #3	4,950	21.98	\$108,810	5.61%
Seabrook	7,914	23.65	\$187,183	9.65%
Stonybrook Peaking	24,980	0.44	\$11,078	0.57%
Stonybrook CC	42,925	3.48	\$149,444	7.71%
NYPA	0	0.00	-\$15,114	-0.78%
Hydro Quebec	0	0	-\$30,628	-1.58%
Braintree Watson Unit	0	0.00	-\$2,748	-0.14%
ISO-NE Supply Auction	154,630	9.90	\$1,530,764	78.95%
Total	235,399	\$8.24	\$1,938,789	100.00%

Table 4 shows the dollar amounts for energy and capacity per source.

Resource	Energy	Capacity	Total cost	% of Total Cost	Amt of Energy (kWh)	Cost of Power (\$/kWh)
Millstone #3	\$22,799	\$108,810	\$131,609	3.13%	3,574,406	\$0.0368
Seabrook	\$30,102	\$187,183	\$217,285	5.16%	5,709,510	\$0.0381
Stonybrook Intermediate	\$28	\$149,444	\$149,471	3.55%	-	\$0.0000
Hydro Quebec	\$0	-\$30,628	-\$30,628	-0.73%	-	\$0.0000
Shell Energy	\$516,013	\$0	\$516,013	12.26%	8,952,300	\$0.0576
NextEra/EDF	\$518,449	\$0	\$518,449	12.31%	15,067,000	\$0.0344
* NYPA	\$13,771	\$0	-\$1,342	-0.03%	2,631,930	-\$0.0005
NYPA FCM Credit	\$0	-\$15,114	-\$15,114	-0.36%	-	\$0.0000
ISO Interchange	\$14,846	0	\$14,846	0.35%	(2,821,881)	-\$0.0053
ISO Capacity	\$0	\$1,530,764	\$1,530,764	36.36%	-	\$0.0000
Nema Congestion	\$40,574	\$0	\$40,574	0.96%	-	\$0.0000
EDF	\$107,142	\$0	\$107,142	2.54%	3,350,900	\$0.0320
* Hydro Projects	\$371,344	\$0	\$371,344	8.82%	4,992,882	\$0.0744
Braintree Watson Unit	\$46,457	-\$2,748	\$43,709	1.04%	134,772	\$0.3243
* Saddleback/Jericho	\$210,213	\$0	\$210,213	4.99%	2,241,154	\$0.0938
* Burlington & Community Solar	\$17,107	\$0	\$17,107	0.41%	228,078	\$0.0750
Coop Resales	\$802	\$0	\$802	0.02%	4,158	\$0.1928
Exelon Energy	\$376,696	\$0	\$376,696	8.95%	8,990,800	\$0.0419
Stonybrook Peaking	\$0	\$11,078	\$11,078	0.26%	-	\$0.0000
Monthly Total	\$2,286,344	\$1,938,789	\$4,210,019	100.00%	53,056,009	\$0.0794

*Renewable Resources; per RMLD Board Policy, any RECs are sold to offset energy costs for all customers.

RENEWABLE ENERGY CERTIFICATES (RECs)

Table 5 shows the amount of banked and projected RECs for the Swift River Hydro Projects through November, as well as their estimated market value.

REC Classification	RECs Projected	2018	BID Current	Revenue*	Revenue**
		RECs Sold		Potential	Received
CT 1	10,317	3,884	4.50	\$46,424	\$28,589
MA 1	2,520	1,033	4.50	\$11,338	\$7,649
MA/CT/RI/NH1	16,549	6,724	5.00	\$82,745	\$50,090
MA/RI/NH 1	9,100	3,654	5.00	\$45,500	\$27,222
MA 2	5,123	2,115	25.00	\$128,075	\$54,403
Totals	43,608	17,410		\$314,082	\$167,952

*RECs projected sold at current bid prices
 **Total dollars to date for RECs sold

TRANSMISSION

The RMLD's total transmission costs for the month of November, 2018, were \$948,803. This is a decrease of 35.34% from the October 2018 transmission cost of \$1,467,455. In November 2017, the transmission costs were \$1,018,655.

	Current Month	Last Month	Last Year
Peak Demand (kW)	104,573	102,394	103,397
Energy (kWh)	53,056,009	52,616,647	51,836,281
Energy (\$)	\$2,286,344	\$2,202,306	\$2,426,851
Capacity (\$)	\$1,938,789	\$1,816,419	\$2,151,979
Transmission(\$)	\$948,803	\$1,467,455	\$1,018,655
Total	\$5,173,935	\$5,486,181	\$5,597,485

ENGINEERING & OPERATIONS REPORT
NOVEMBER 2018
ATTACHMENT 4

ENGINEERING & OPERATIONS REPORT

Hamid Jaffari, Director of Engineering & Operations

RMLD Board of Commissioners Meeting
January 24, 2019

Major Capital Construction Projects

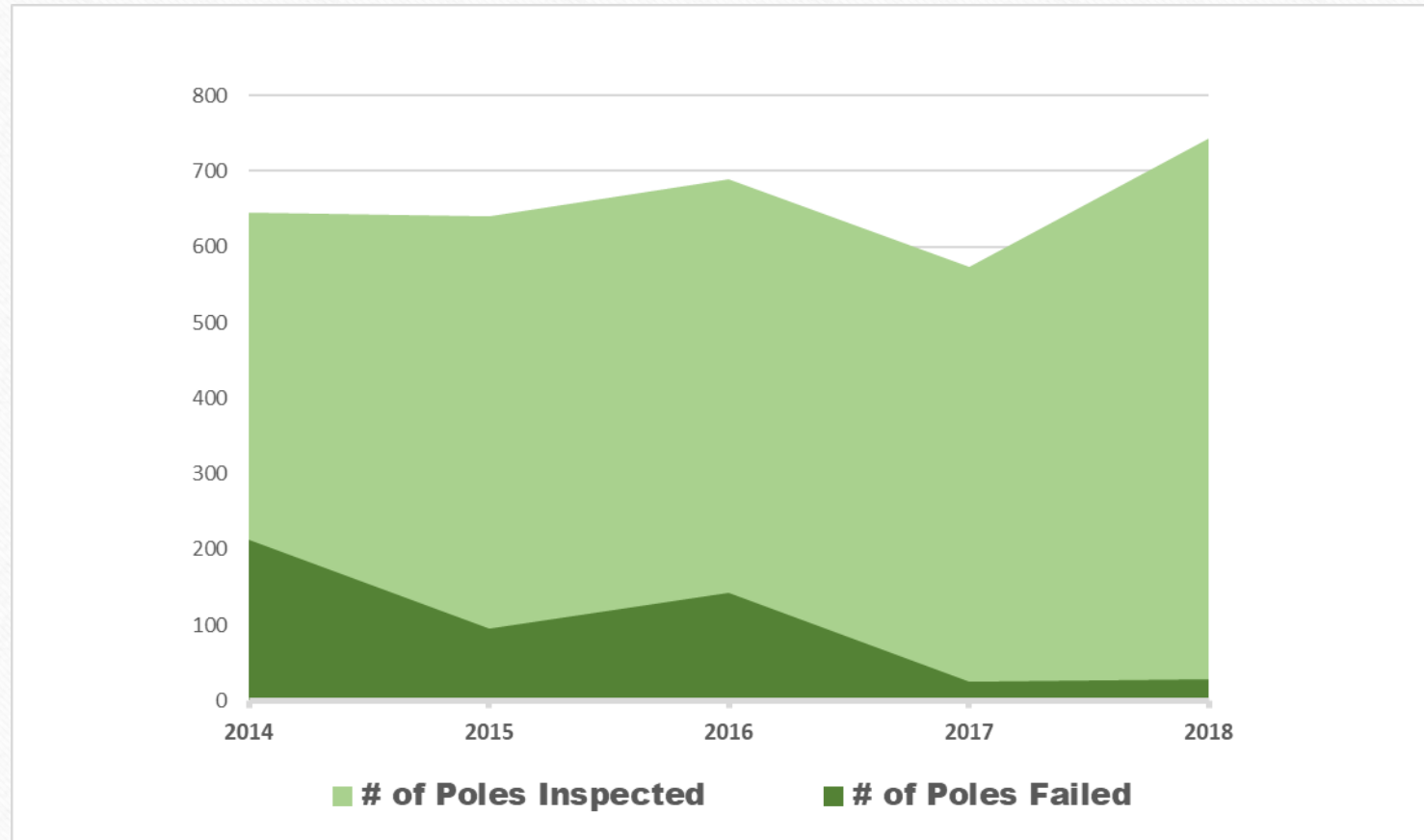
(Currently Underway or Recently Completed)

- **Pole Line Upgrade – Woburn Street, Wilmington** - *Project Completed*
- **Remote Racking Device Installed at Station 3** - *Project Completed*
- **Martins Landing, North Reading (450 Residential Condominiums)**
RMLD recently installed five new poles, built two risers, and delivered three transformers (energizing two). Work will continue as the development progresses over the next few years.
- **4W5/4W12 Getaway Improvements at Station 4**
The overhead portion of this project has continued into 2019 (completion expected within Q1 of 2019). Procurement for materials for the construction within Station 4 has begun. Construction within the station will commence in Q1 of 2019.
- **3W13 Repairs**
A motor vehicle accident caused a faulted riser on 3W13. Repairs are under way.

Maintenance Programs

- Aged Transformer Replacement – Pad-mount: 33.68% replaced Overhead: 23% replaced
(through November 2018)
- Pole Inspection/Replacement Program – 256 poles set 229 transfers completed
- Tree Trimming – 493 spans YTD through December (Nov: 84 spans Dec: 152 spans)
- 2019 Inspection of Feeders – 3W5, 3W6, 3W7, 3W8, 3WI3, 3WI4, 3WI5 and 3WI8 Inspected
- Infrared Scans – Completed through December - No Hot Spots Found
- Manhole Inspection – on-going
- Porcelain Cutout Replacement – on-going

POLE INSPECTION PROGRAM



Year	# of Poles Inspected	# of Poles Failed	% Failed
2014	645	213	33%
2015	640	95	15%
2016	689	142	21%
2017	573	24	4%
2018	744	28	4%
TOTAL	3,291	502	15%

CURRENT STATUS:

- 256 FAILED POLES HAVE BEEN REPLACE (OF THOSE POLES REPLACED)
- 229 TRANSFERS HAVE BEEN COMPLETED

Double Poles

Per NJUNS

(as of 1/16/18)

LYNNFIELD

"Next to Go"	# of Tickets
RMLD	21
Transfer	21
Pull Pole	
CMCTNR - Comcast	4
Transfer	4
LFLDFD - Lynnfield Fire Dept.	5
Transfer	5
GRAND TOTAL	30

READING

"Next to Go"	# of Tickets
VZNESEA - Verizon	8
Transfer	8
RMLD	45
Transfer	27
Pull Pole	18
CMCTNR - Comcast	8
Transfer	8
RDNGFD - Reading Fire Dept.	8
Transfer	8
LTFMA - Lighttower Fiber	1
Transfer	1
NP3PMA - Non-Participating 3rd Party Attachee	4
Transfer	4
GRAND TOTAL	74

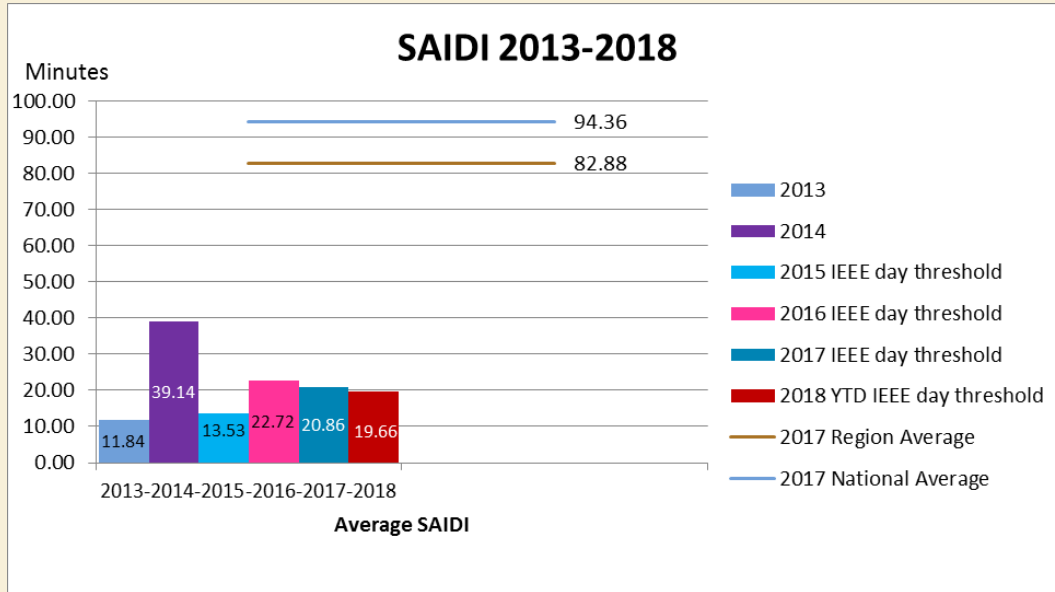
NORTH READING

"Next to Go"	# of Tickets
VZNEDR - Verizon	10
Transfer	10
RMLD	22
Transfer	8
Pull Pole	14
CMCTNR - Comcast	7
Transfer	7
NRDGF - North Reading Fire Dept.	1
Transfer	1
LTFMA - Lighttower Fiber	1
Transfer	1
GRAND TOTAL	41

WILMINGTON

"Next to Go"	# of Tickets
VZNEDR - Verizon	9
Transfer	7
Pull Pole	2
RMLD	32
Transfer	28
Pull Pole	4
CMCTNR - Comcast	17
Transfer	17
WMGNFD - Wilmington Fire Dept.	38
Transfer	38
LTFMA - Lighttower Fiber	1
Transfer	1
VZBMA - Verizon Business	1
Transfer	1
NP3PMA - Non-Participating 3rd	0
Transfer	
GRAND TOTAL	98

RMLD Reliability Indices



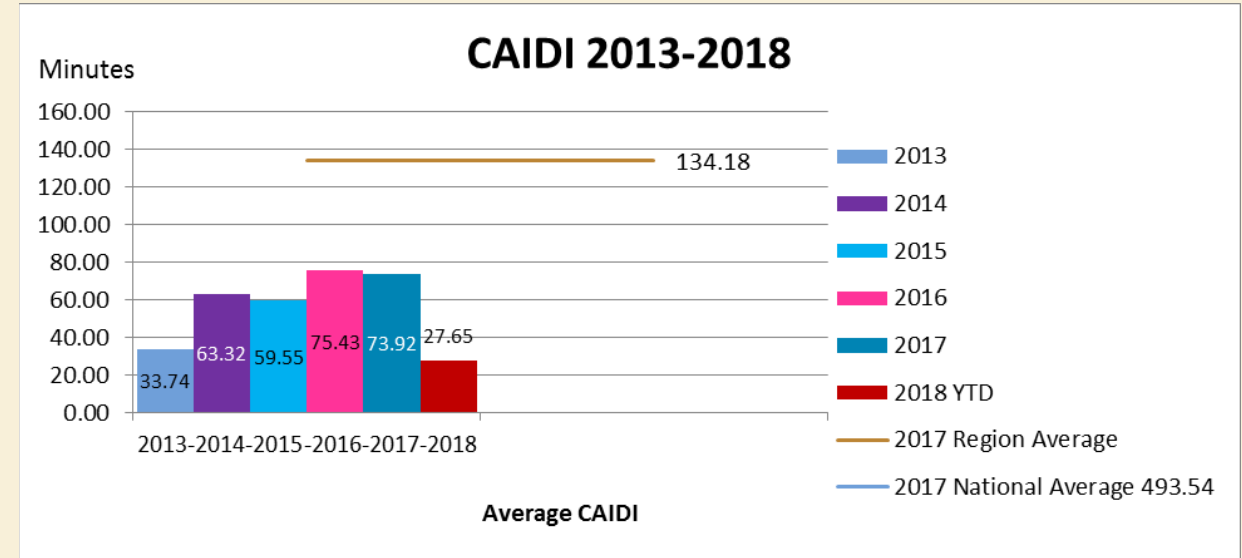
$$SAIDI \text{ (Minutes)} = \frac{\text{Total Duration of Customer Interruptions}}{\text{Total Number of Customers Served}}$$

Note: The major event (ME) threshold allows a utility to remove outages that exceed the IEEE 2.5 beta threshold for events. These events could be severe weather, which can lead to unusually long outages in comparison to your distribution system's typical outage.

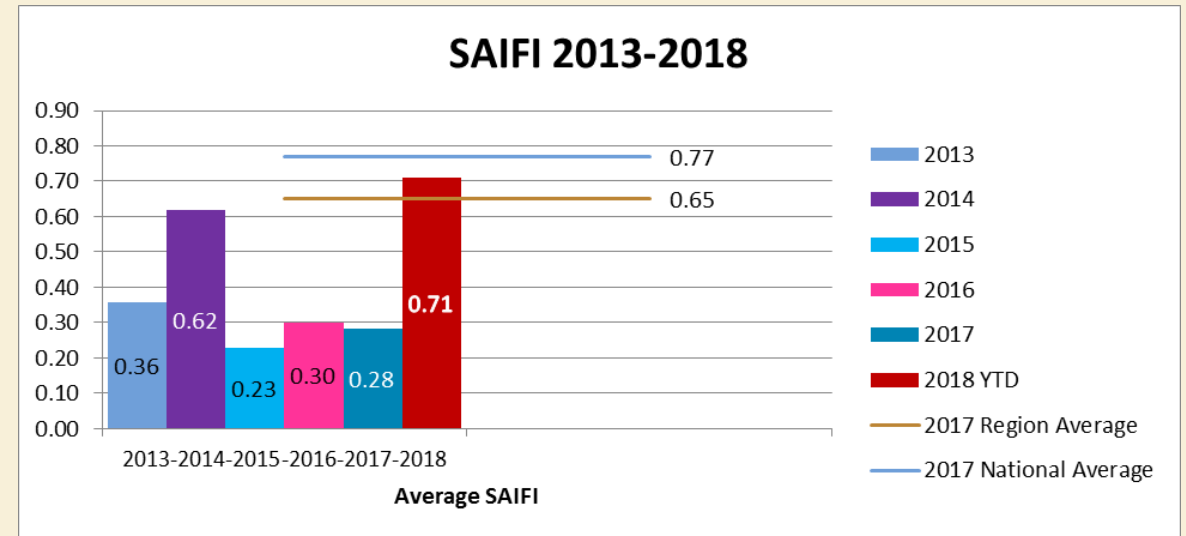
$$SAIFI = \frac{\text{Total Number of Customer Interruptions}}{\text{Total Number of Customers Served}}$$

Regional and national averages have been updated for 2017.

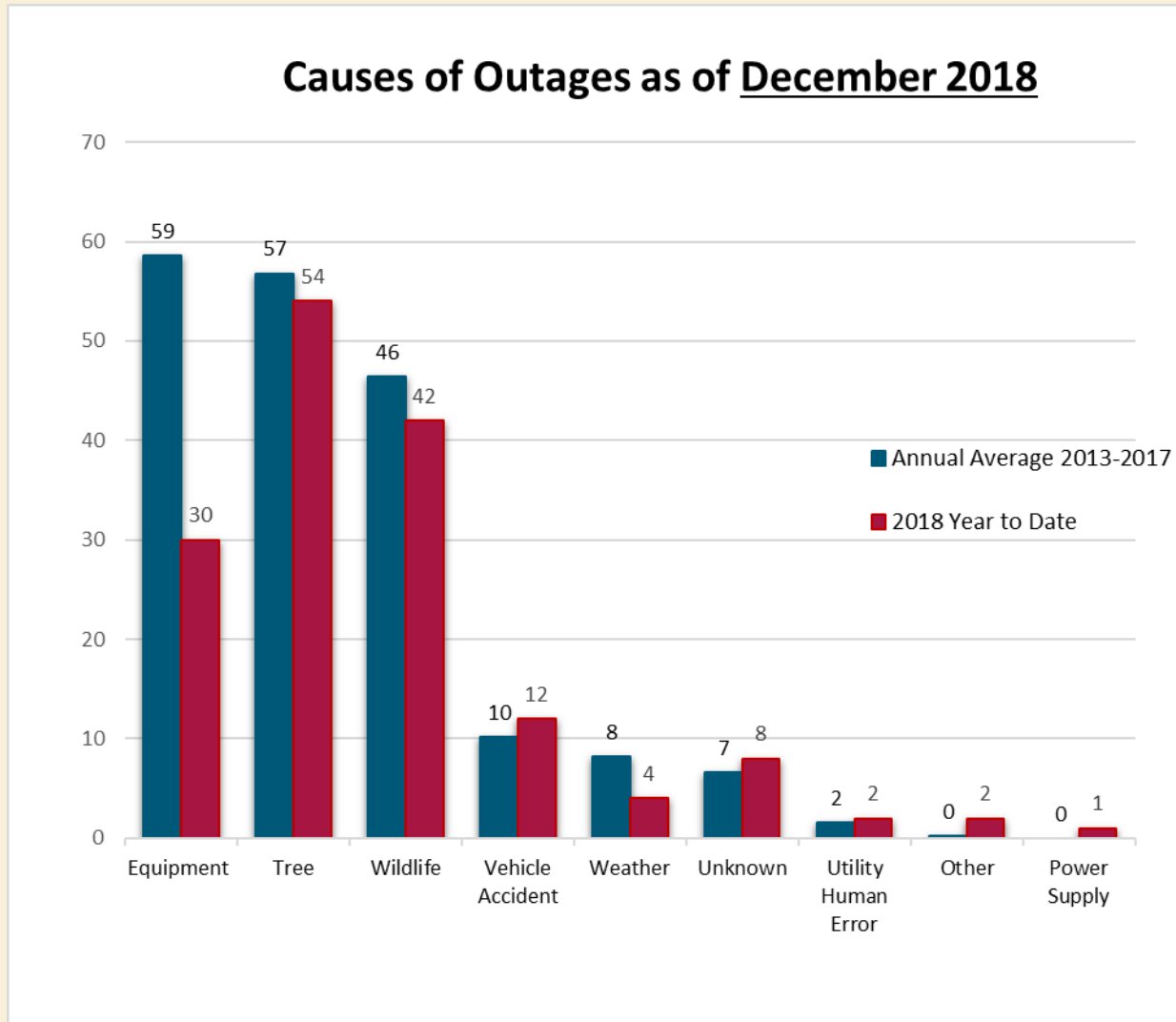
2018 data from January through December.



$$CAIDI \text{ (Minutes)} = \frac{\text{Total Duration of Customer Interruptions}}{\text{Total Number of Customers Interruptions}}$$



Outages



Recent Significant Outage Events: January 1, 2019 - motor vehicle accident on Elm Street at Pleasant in North Reading, 1,270 customers out.

BOARD MATERIAL AVAILABLE
BUT NOT DISCUSSED

TOWN OF READING MUNICIPAL LIGHT DEPARTMENT
 RATE COMPARISONS READING & SURROUNDING TOWNS

January-19

	RESIDENTIAL 750 kWh's	RESIDENTIAL-TOU 1500 kWh's 75/25 Split	RES. HOT WATER 1000 kWh's	COMMERCIAL 7,300 kWh's 25.000 kW Demand	SMALL COMMERCIAL 1,080 kWh's 10.000 kW Demand	SCHOOL RATE 35000 kWh's 130.5 kW Demand	INDUSTRIAL - TOU 109,500 kWh's 250.000 kW Demand 80/20 Split
READING MUNICIPAL LIGHT DEPT.							
TOTAL BILL	\$123.66	\$211.14	\$140.32	\$998.30	\$196.87	\$4,600.05	\$838,268.22
PER KWH CHARGE	\$0.16489	\$0.14076	\$0.14032	\$0.13675	\$0.18228	\$0.13143	\$0.12185
NATIONAL GRID							
TOTAL BILL	\$181.16	\$394.97	\$227.67	\$1,754.99	\$268.16	\$7,203.52	\$1,315,173.20
PER KWH CHARGE	\$0.24155	\$0.26331	\$0.22767	\$0.24041	\$0.24830	\$0.20581	\$0.19117
% DIFFERENCE	46.49%	87.06%	62.24%	75.80%	36.22%	56.60%	56.89%
EVERSOURCE(NSTAR)							
TOTAL BILL	\$189.19	\$340.17	\$249.92	\$1,503.70	\$268.90	\$7,920.86	\$1,440,886.49
PER KWH CHARGE	\$0.25225	\$0.22678	\$0.24992	\$0.20599	\$0.24899	\$0.22631	\$0.20944
% DIFFERENCE	52.99%	61.11%	78.10%	50.63%	36.59%	72.19%	71.89%
PEABODY MUNICIPAL LIGHT PLANT							
TOTAL BILL	\$87.10	\$169.47	\$114.56	\$913.84	\$145.38	\$4,524.78	\$602,030.97
PER KWH CHARGE	\$0.11614	\$0.11298	\$0.11456	\$0.12518	\$0.13461	\$0.12928	\$0.08751
% DIFFERENCE	-29.57%	-19.74%	-18.36%	-8.46%	-26.16%	-1.64%	-28.18%
MIDDLETON MUNICIPAL LIGHT DEPT.							
TOTAL BILL	\$98.74	\$201.66	\$132.75	\$959.51	\$168.44	\$4,762.93	\$807,171.40
PER KWH CHARGE	\$0.13165	\$0.13444	\$0.13275	\$0.13144	\$0.15596	\$0.13608	\$0.11733
% DIFFERENCE	-20.16%	-4.49%	-5.40%	-3.89%	-14.44%	3.54%	-3.71%
WAKEFIELD MUNICIPAL LIGHT DEPT.							
TOTAL BILL	\$130.49	\$243.42	\$164.38	\$1,239.29	\$197.08	\$5,823.08	\$990,357.30
PER KWH CHARGE	\$0.17398	\$0.16228	\$0.16438	\$0.16977	\$0.18249	\$0.16637	\$0.14396
% DIFFERENCE	5.52%	15.29%	17.14%	24.14%	0.11%	26.59%	18.14%

From: [Tracy Schultz](#)
To: [RMLD Board Members Group: "davidhennessy@gmail.com"](#)
Subject: AP and Payroll Questions for 1-24-19 Board Book
Date: Tuesday, January 22, 2019 8:28:00 AM

Good morning,

AP:

On December 21st there were no Commissioner questions.

On December 28th there was no AP due to the holiday.

On January 4th there were no Commissioner questions.

On January 11th there were no Commissioner questions.

On January 18th there were no Commissioner questions.

Payroll:

On December 24th there were no Commissioner questions.

On January 7th there were no Commissioner questions.

This e-mail will be included in the 1-24-19 Board Book.

Tracy Schultz
Executive Assistant
Reading Municipal Light Department
230 Ash Street. Reading. MA. 0186
Tel: 781.942.6489