

**READING MUNICIPAL  
LIGHT DEPARTMENT**

**BOARD OF COMMISSIONERS**

**REGULAR SESSION**

**TUESDAY, FEBRUARY 27, 2020**

PAYMENT TO THE TOWN OF READING  
E-MAIL & ATTACHMENT FROM THE  
READING SELECT BOARD  
ATTCHMENT 1

**From:** [Coleen O'Brien](#)  
**To:** [Tracy Schultz](#)  
**Subject:** FW: Select Board ideas on below the line payment for your consideration  
**Date:** Wednesday, February 19, 2020 9:08:51 AM  
**Attachments:** [Select Board ideas for below the line payment adjustment options 2-18-20.docx](#)

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**From:** Coleen O'Brien <cobrien@RMLD.com>  
**Sent:** Tuesday, February 18, 2020 8:17 PM  
**To:** CAB Group <CAB@RMLD.com>  
**Cc:** Kathleen Rybak <krybak@RMLD.com>; Mark Dockser <mark\_dockser@verizon.net>  
**Subject:** Fw: Select Board ideas on below the line payment for your consideration

Good evening: In an effort to keep everyone on the same page, I wanted to share the Town of Reading proposals on the Town Payment.

This is not for deliberation.

Enjoy the evening.

Coleen

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**From:** Mark Dockser <[mark\\_dockser@verizon.net](mailto:mark_dockser@verizon.net)>  
**Sent:** Tuesday, February 18, 2020 12:19 PM  
**To:** Coleen O'Brien <[cobrien@RMLD.com](mailto:cobrien@RMLD.com)>; David Talbot <[talbot.david@gmail.com](mailto:talbot.david@gmail.com)>; John Stempeck <[john.stempeck@gmail.com](mailto:john.stempeck@gmail.com)>; Dave Hennessy <[davidhennessy@gmail.com](mailto:davidhennessy@gmail.com)>; Phil Pacino <[philpacino@grmp.net](mailto:philpacino@grmp.net)>; Tom O'Rourke <[tborourke@comcast.net](mailto:tborourke@comcast.net)>  
**Cc:** Vanessa Alvarado <[alvaradoselectboard@gmail.com](mailto:alvaradoselectboard@gmail.com)>; Bob LeLacheur <[blelacheur@ci.reading.ma.us](mailto:blelacheur@ci.reading.ma.us)>; [karenherrick@remax.net](mailto:karenherrick@remax.net) <[karen.herrick@verizon.net](mailto:karen.herrick@verizon.net)>  
**Subject:** Select Board ideas on below the line payment for your consideration

**CAUTION:** [EXTERNAL] Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Colleen and Commissioners,

At the January 2020 Board of Commissioners meeting, you discussed proposals for revising the below the line payment to the Town of Reading. Vanessa Alvarado and I, as liaisons from the Reading Select Board and as residents, spoke about our concerns about major changes to the formula, particularly in options 1 and 3 from your list.

At that time, we discussed getting either some members or our entire boards together to discuss working more closely together in general as well as for the payment discussions. We believe this is a good idea and one that we want to follow through on very soon. The commissioners also requested that the Select Board offer a proposal to consider as part of your discussions about the payment going forward.

Vanessa and I returned to the Select Board and were given authority to develop at least 3 proposals to bring back to our full board. We did that and at our meeting on February 4<sup>th</sup> the board reviewed, commented and then asked that I share the proposals with you.

The feedback from the Select Board was that Revenue might be a better measure than kWh and that is reflected in most of the ideas offered with this memo. Revenue is suggested because it is a better measure of financial health that encompasses service, efficiency, good management and competitiveness. We face a somewhat similar situation with water. Conservation efforts may lower consumption but the costs to maintain the system continue to grow while good management (maintenance, capital, management) ensures the best use of resources and value for ratepayers.

Demand alone does not measure how the resource is managed.

Just as the costs of running the schools and town go up each year (by about 3%), revenues (rate x consumption) reflect the increasing costs of running the utility as well as how it is managed. The town payment is below the line so it does not impact rates...you as a board set rates based on your assessment of needs to manage the system. The 8% limit on return is driven by net assets which will be increasing with capital spending.

Attached are four potential ideas for consideration. Idea #1 is very similar to your Option 2 which adjusts the formula annually based on revenues (rather than kWh) as noted above. We would like to suggest establishing a floor on the payment at its current level, an amount that the payment would not go below. This idea of a floor or minimum payment is very helpful in meeting the budget planning needs of the town for each years' operating budget and in understanding how important the payment is to the school and town budgets.

Our ideas 2 and 3 suggest a defined max and min range for annual adjustments, using revenues in idea 2 and a combination of revenue and kWh consumption in idea 3. It suggests/requires a regular review (3 years?) to adjust the top and bottom. Idea 4 is a simple 1.98% increase per year using the current base, which was based on the average annual increase in net plant in the last several years. Please let me know if you have any questions about any of these. We ask that you consider some of these options as part of your deliberations.

Colleen, what would be the protocol for sharing this with the CAB?

Please note that I put Town Manager Bob Lelacheur in copy as well as Karen Herrick as the liaison from FinComm to the RMLD Commissioners. Neither Karen nor FinComm have reviewed or discussed these ideas.

Thank you,

Mark

## RMLD Payment Adjustment Calculations Ideas –Draft Shared with RMLD Board of Commissioners

**Option 1:** Earnings Distribution will be calculated with a base minimum payment of \$2,480,506 plus an adjustment. The adjustment will have a 0 floor and will be calculated on revenue increase over the previous year times the base minimum payment. If there is a decrease in revenue the adjustment portion of the earnings distribution payment will be 0. This is similar to the RMLD Commissioners proposal 2 except that it institutes a floor on the payment and suggests using revenue instead of kWh as the adjustment mechanism.

**Below the Line Formula = Base Payment + (Base payment x Revenue % change)**

**Option 2:** Earnings Distribution based on kWh change with a minimum distribution of \$2,380,506 and maximum distribution of \$2,580,506 during the initial period. The below the line payment will be calculated with a base line \$2,480,506 plus an adjustment amount increasing or decreasing the distribution with a \$100K limit. The adjustment amount will be calculated by multiplying the % change of revenue from the prior year times the base line. There will be a review period every 3 years to monitor the actual payment inside this range and to consider adjusting it.

**Below the Line Formula = Base Payment + (Base payment x Revenue % change)\***

**\*(max change +/- 100K)**

**Option 3:** Earnings Distribution will be calculated based on kWh and revenue change from the prior year with a minimum and a maximum limit. The minimum payment will be \$2,380,506 and a maximum payment will be \$2,580,506. The adjustment will be calculated on the percent difference between revenue and kWh change over the previous year with a maximum adjustment of \$100K. This will allow for a balanced calculation where the relationship of Revenue and Demand will be linked together. There will be a review period every 3 years to monitor the actual payment inside this range and to consider adjusting it.

**Below the Line Formula = Base Payment + [Base payment x (Revenue % Change + kWh % change)\*]**

**\*(max change +/- 100K)**

**Option 4:** Earnings Distribution will be calculated with a base minimum payment of \$2,480,506 plus an adjustment. The adjustment will be a flat +1.98% per year (based on average net plant increase per year).

**Below the Line Formula = Base Payment + (Base payment x 1.98%)**

**Option 1**

Year	Revenue		Adjustment based on				Above the line Town		
	RMLD Revenue	Assumption	Base line (minimum)	floor	Revenue % + or -, \$0.00	Below the Line Town	Net Plant*	20.93% of 2% Net	Total Town or
						of Reading Payment		Plant	Reading Payment
<b>CY18</b>	\$ 97,542,627		\$ 2,480,506				\$ 78,483,312		
<b>CY19</b>	\$ 101,190,721	3.74%	\$ 2,480,506	\$	92,771	\$ 2,573,277	\$ 80,037,282	\$ 335,036	\$ 2,908,313
<b>CY20</b>	\$ 97,463,750	-3.68%	\$ 2,480,506	\$	-	\$ 2,480,506	\$ 81,622,020	\$ 341,670	\$ 2,822,176
<b>CY21</b>	\$ 96,489,112	-1.00%	\$ 2,480,506	\$		\$ 2,480,506	\$ 83,238,136	\$ 348,435	\$ 2,828,941
<b>CY22</b>	\$ 94,559,330	-2.00%	\$ 2,480,506	\$	-	\$ 2,480,506	\$ 84,886,251	\$ 355,334	\$ 2,835,840
<b>CY23</b>	\$ 97,396,110	3.00%	\$ 2,480,506	\$	74,415	\$ 2,554,921	\$ 86,566,999	\$ 362,369	\$ 2,917,291
<b>CY24</b>	\$ 97,336,282	-0.06%	\$ 2,480,506	\$	-	\$ 2,480,506	\$ 88,281,025	\$ 369,544	\$ 2,850,050
<b>CY25</b>	\$ 99,283,008	2.00%	\$ 2,480,506	\$	49,610	\$ 2,530,116	\$ 90,028,989	\$ 376,861	\$ 2,906,977
<b>CY26</b>	\$ 102,658,630	3.40%	\$ 2,480,506	\$	84,337	\$ 2,564,843	\$ 91,811,563	\$ 384,323	\$ 2,949,166
<b>CY27</b>	\$ 106,457,000	3.70%	\$ 2,480,506	\$	91,779	\$ 2,572,285	\$ 93,629,432	\$ 391,933	\$ 2,964,218

\* net plant increase at 1.98% based on average of past 6 years of Net Plant DPU Data

Option 2 - Assumption: Revenue declines every year								
Year	RMLD Revenue	Revenue Assumption	Base line	Adjustment based on Revenue % change. Max and Min limit \$100K	Below the Line Town of Reading Payment	Net Plant*	Above the line Town of Reading Payment - 20.93% of 2% Net Plant	Total Town or Reading Payment
CY18	\$ 97,542,627		\$ 2,480,506			\$ 78,483,312		
CY19	\$ 96,567,201	-1.00%	\$ 2,480,506	\$ (24,805)	\$ 2,455,701	\$ 80,037,282	\$ 335,036	\$ 2,790,737
CY20	\$ 94,635,857	-2.00%	\$ 2,480,506	\$ (49,610)	\$ 2,430,896	\$ 81,622,020	\$ 341,670	\$ 2,772,566
CY21	\$ 91,796,781	-3.00%	\$ 2,480,506	\$ (74,415)	\$ 2,406,091	\$ 83,238,136	\$ 348,435	\$ 2,754,526
CY22	\$ 88,124,910	-4.00%	\$ 2,480,506	\$ (99,220)	\$ 2,381,286	\$ 84,886,251	\$ 355,334	\$ 2,736,620
CY23	\$ 83,718,664	-5.00%	\$ 2,480,506	\$ (100,000)	\$ 2,380,506	\$ 86,566,999	\$ 362,369	\$ 2,742,875
CY24	\$ 78,695,544	-6.00%	\$ 2,480,506	\$ (100,000)	\$ 2,380,506	\$ 88,281,025	\$ 369,544	\$ 2,750,050
CY25	\$ 73,186,856	-7.00%	\$ 2,480,506	\$ (100,000)	\$ 2,380,506	\$ 90,028,989	\$ 376,861	\$ 2,757,367
CY26	\$ 67,331,908	-8.00%	\$ 2,480,506	\$ (100,000)	\$ 2,380,506	\$ 91,811,563	\$ 384,323	\$ 2,764,829
CY27	\$ 61,272,036	-9.00%	\$ 2,480,506	\$ (100,000)	\$ 2,380,506	\$ 93,629,432	\$ 391,933	\$ 2,772,439

Option 2 - Assumption: Revenue increases every year								
Year	RMLD Revenue	Revenue Assumption	Base line	Adjustment based on Revenue % change. Max and Min limit \$100K	Below the Line Town of Reading Payment	Net Plant*	Above the line Town of Reading Payment - 20.93% of 2% Net Plant	Total Town or Reading Payment
CY18	\$ 97,542,627		\$ 2,480,506			\$ 78,483,312		
CY19	\$ 98,518,053	1.00%	\$ 2,480,506	\$ 24,805	\$ 2,505,311	\$ 80,037,282	\$ 335,036	\$ 2,840,347
CY20	\$ 100,488,414	2.00%	\$ 2,480,506	\$ 49,610	\$ 2,530,116	\$ 81,622,020	\$ 341,670	\$ 2,871,786
CY21	\$ 103,503,067	3.00%	\$ 2,480,506	\$ 74,415	\$ 2,554,921	\$ 83,238,136	\$ 348,435	\$ 2,903,356
CY22	\$ 107,643,189	4.00%	\$ 2,480,506	\$ 99,220	\$ 2,579,726	\$ 84,886,251	\$ 355,334	\$ 2,935,060
CY23	\$ 113,025,349	5.00%	\$ 2,480,506	\$ 100,000	\$ 2,580,506	\$ 86,566,999	\$ 362,369	\$ 2,942,875
CY24	\$ 119,806,870	6.00%	\$ 2,480,506	\$ 100,000	\$ 2,580,506	\$ 88,281,025	\$ 369,544	\$ 2,950,050
CY25	\$ 128,193,351	7.00%	\$ 2,480,506	\$ 100,000	\$ 2,580,506	\$ 90,028,989	\$ 376,861	\$ 2,957,367
CY26	\$ 138,448,819	8.00%	\$ 2,480,506	\$ 100,000	\$ 2,580,506	\$ 91,811,563	\$ 384,323	\$ 2,964,829
CY27	\$ 150,909,212	9.00%	\$ 2,480,506	\$ 100,000	\$ 2,580,506	\$ 93,629,432	\$ 391,933	\$ 2,972,439

**Option 3 - Assumption Revenue increases at 1%; kWh increases at 1% every year**

Year	Revenue				Base line	Below the Line Town of Reading Payment	Net Plant*	Above the line Town of Reading Payment - 20.93% of 2% Net Plant		Total Town or Reading Payment
	RMLD Revenue	Assumption	RMLD kWh	kWh Assumption				Town of Reading Payment	Town of Reading Payment	
CY18	\$ 97,542,627		\$ 679,293,226				\$ 78,483,312			
CY19	\$ 98,518,053	1.00%	\$ 686,086,158	1.00%	\$ 2,480,506	\$ 2,530,116	\$ 80,037,282	\$ 335,036	\$ 2,865,152	
CY20	\$ 100,488,414	2.00%	\$ 699,807,881	2.00%	\$ 2,480,506	\$ 2,579,726	\$ 81,622,020	\$ 341,670	\$ 2,921,396	
CY21	\$ 103,503,067	3.00%	\$ 720,802,118	3.00%	\$ 2,480,506	\$ 2,580,506	\$ 83,238,136	\$ 348,435	\$ 2,928,941	
CY22	\$ 107,643,189	4.00%	\$ 749,634,203	4.00%	\$ 2,480,506	\$ 2,580,506	\$ 84,886,251	\$ 355,334	\$ 2,935,840	
CY23	\$ 113,025,349	5.00%	\$ 787,115,913	5.00%	\$ 2,480,506	\$ 2,580,506	\$ 86,566,999	\$ 362,369	\$ 2,942,875	
CY24	\$ 119,806,870	6.00%	\$ 834,342,867	6.00%	\$ 2,480,506	\$ 2,580,506	\$ 88,281,025	\$ 369,544	\$ 2,950,050	
CY25	\$ 128,193,351	7.00%	\$ 892,746,868	7.00%	\$ 2,480,506	\$ 2,580,506	\$ 90,028,989	\$ 376,861	\$ 2,957,367	
CY26	\$ 138,448,819	8.00%	\$ 964,166,618	8.00%	\$ 2,480,506	\$ 2,580,506	\$ 91,811,563	\$ 384,323	\$ 2,964,829	
CY27	\$ 150,909,212	9.00%	\$ 1,050,941,613	9.00%	\$ 2,480,506	\$ 2,580,506	\$ 93,629,432	\$ 391,933	\$ 2,972,439	

**Option 3 - Assumption Revenue decreases at 1%; kWh decreases at at 2% every year**

Year	Revenue				Base line	Below the Line Town of Reading Payment	Net Plant*	Above the line Town of Reading Payment - 20.93% of 2% Net Plant		Total Town or Reading Payment
	RMLD Revenue	Assumption	RMLD kWh	kWh Assumption				Town of Reading Payment	Town of Reading Payment	
CY18	\$ 97,542,627		\$ 679,293,226				\$ 78,483,312			
CY19	\$ 96,567,201	-1.00%	\$ 665,707,361	-2.00%	\$ 2,480,506	\$ 2,406,091	\$ 80,037,282	\$ 335,036	\$ 2,741,127	
CY20	\$ 94,635,857	-2.00%	\$ 652,393,214	-2.00%	\$ 2,480,506	\$ 2,381,286	\$ 81,622,020	\$ 341,670	\$ 2,722,956	
CY21	\$ 91,796,781	-3.00%	\$ 639,345,350	-2.00%	\$ 2,480,506	\$ 2,380,506	\$ 83,238,136	\$ 348,435	\$ 2,728,941	
CY22	\$ 88,124,910	-4.00%	\$ 626,558,443	-2.00%	\$ 2,480,506	\$ 2,380,506	\$ 84,886,251	\$ 355,334	\$ 2,735,840	
CY23	\$ 83,718,664	-5.00%	\$ 614,027,274	-2.00%	\$ 2,480,506	\$ 2,380,506	\$ 86,566,999	\$ 362,369	\$ 2,742,875	
CY24	\$ 78,695,544	-6.00%	\$ 601,746,729	-2.00%	\$ 2,480,506	\$ 2,380,506	\$ 88,281,025	\$ 369,544	\$ 2,750,050	
CY25	\$ 73,186,856	-7.00%	\$ 589,711,794	-2.00%	\$ 2,480,506	\$ 2,380,506	\$ 90,028,989	\$ 376,861	\$ 2,757,367	
CY26	\$ 67,331,908	-8.00%	\$ 577,917,558	-2.00%	\$ 2,480,506	\$ 2,380,506	\$ 91,811,563	\$ 384,323	\$ 2,764,829	
CY27	\$ 61,272,036	-9.00%	\$ 566,359,207	-2.00%	\$ 2,480,506	\$ 2,380,506	\$ 93,629,432	\$ 391,933	\$ 2,772,439	



**Option 3 - Assumption Revenue increase at 2%; kWh decreases at at 0.50% every year**

Year	Revenue				Base line	Below the	Above the line	
	RMLD Revenue	Assumption	RMLD kWh	kWh Assumption		Line Town of	Town of Reading	Total Town or
						Reading	Payment - 20.93%	Reading
						Payment	of 2% Net Plant	Payment
							Net Plant*	
CY18	\$ 97,542,627		\$ 679,293,226				\$ 78,483,312	
CY19	\$ 98,518,053	1.00%	\$ 675,896,760	-0.50%	\$ 2,480,506	\$ 2,492,909	\$ 80,037,282	\$ 335,036 \$ 2,827,945
CY20	\$ 101,473,595	3.00%	\$ 669,137,792	-1.00%	\$ 2,480,506	\$ 2,530,116	\$ 81,622,020	\$ 341,670 \$ 2,871,786
CY21	\$ 106,547,275	5.00%	\$ 659,100,725	-1.50%	\$ 2,480,506	\$ 2,567,324	\$ 83,238,136	\$ 348,435 \$ 2,915,759
CY22	\$ 114,005,584	7.00%	\$ 645,918,711	-2.00%	\$ 2,480,506	\$ 2,580,506	\$ 84,886,251	\$ 355,334 \$ 2,935,840
CY23	\$ 124,266,086	9.00%	\$ 629,770,743	-2.50%	\$ 2,480,506	\$ 2,580,506	\$ 86,566,999	\$ 362,369 \$ 2,942,875
CY24	\$ 137,935,356	11.00%	\$ 610,877,621	-3.00%	\$ 2,480,506	\$ 2,580,506	\$ 88,281,025	\$ 369,544 \$ 2,950,050
CY25	\$ 155,866,952	13.00%	\$ 589,496,904	-3.50%	\$ 2,480,506	\$ 2,580,506	\$ 90,028,989	\$ 376,861 \$ 2,957,367
CY26	\$ 179,246,995	15.00%	\$ 565,917,028	-4.00%	\$ 2,480,506	\$ 2,580,506	\$ 91,811,563	\$ 384,323 \$ 2,964,829
CY27	\$ 209,718,984	17.00%	\$ 540,450,762	-4.50%	\$ 2,480,506	\$ 2,580,506	\$ 93,629,432	\$ 391,933 \$ 2,972,439

**Option 3 - Assumption Revenue decrease at 0.5%; kWh increases at at 1.5% every year**

Year	Revenue				Base line	Below the	Above the line	
	RMLD Revenue	Assumption	RMLD kWh	kWh Assumption		Line Town of	Town of Reading	Total Town or
						Reading	Payment - 20.93%	Reading
					(minimum)	Payment	of 2% Net Plant	Payment
							Net Plant*	
CY18	\$ 97,542,627		\$ 679,293,226				\$ 78,483,312	
CY19	\$ 97,054,914	-0.50%	\$ 686,086,158	1.00%	\$ 2,480,506	\$ 2,492,909	\$ 80,037,282	\$ 335,036 \$ 2,827,945
CY20	\$ 96,084,365	-1.00%	\$ 703,238,312	2.50%	\$ 2,480,506	\$ 2,517,714	\$ 81,622,020	\$ 341,670 \$ 2,859,383
CY21	\$ 94,643,099	-1.50%	\$ 731,367,845	4.00%	\$ 2,480,506	\$ 2,542,519	\$ 83,238,136	\$ 348,435 \$ 2,890,953
CY22	\$ 92,750,237	-2.00%	\$ 771,593,076	5.50%	\$ 2,480,506	\$ 2,567,324	\$ 84,886,251	\$ 355,334 \$ 2,922,658
CY23	\$ 90,431,481	-2.50%	\$ 825,604,591	7.00%	\$ 2,480,506	\$ 2,580,506	\$ 86,566,999	\$ 362,369 \$ 2,942,875
CY24	\$ 87,718,537	-3.00%	\$ 895,780,982	8.50%	\$ 2,480,506	\$ 2,580,506	\$ 88,281,025	\$ 369,544 \$ 2,950,050
CY25	\$ 84,648,388	-3.50%	\$ 985,359,080	10.00%	\$ 2,480,506	\$ 2,580,506	\$ 90,028,989	\$ 376,861 \$ 2,957,367
CY26	\$ 81,262,453	-4.00%	\$ 1,098,675,374	11.50%	\$ 2,480,506	\$ 2,580,506	\$ 91,811,563	\$ 384,323 \$ 2,964,829
CY27	\$ 77,605,642	-4.50%	\$ 1,241,503,173	13.00%	\$ 2,480,506	\$ 2,580,506	\$ 93,629,432	\$ 391,933 \$ 2,972,439

**Option 4**

Year	Base line (minimum)	Adjustment based on 1.98% increase	Below the Line Town of Reading Payment	Net Plant*	Above the line Town of Reading Payment - 20.93% of 2% Net Plant	Total Town or Reading Payment
CY18	\$ 2,480,506			\$ 78,483,312		
CY19	\$ 2,480,506	\$ 49,114	\$ 2,529,620	\$ 80,037,282	\$ 335,036	\$ 2,864,656
CY20	\$ 2,529,620	\$ 50,086	\$ 2,579,706	\$ 81,622,020	\$ 341,670	\$ 2,921,376
CY21	\$ 2,579,706	\$ 51,078	\$ 2,630,785	\$ 83,238,136	\$ 348,435	\$ 2,979,220
CY22	\$ 2,630,785	\$ 52,090	\$ 2,682,874	\$ 84,886,251	\$ 355,334	\$ 3,038,208
CY23	\$ 2,682,874	\$ 53,121	\$ 2,735,995	\$ 86,566,999	\$ 362,369	\$ 3,098,365
CY24	\$ 2,735,995	\$ 54,173	\$ 2,790,168	\$ 88,281,025	\$ 369,544	\$ 3,159,712
CY25	\$ 2,790,168	\$ 55,245	\$ 2,845,413	\$ 90,028,989	\$ 376,861	\$ 3,222,275
CY26	\$ 2,845,413	\$ 56,339	\$ 2,901,752	\$ 91,811,563	\$ 384,323	\$ 3,286,076
CY27	\$ 2,901,752	\$ 57,455	\$ 2,959,207	\$ 93,629,432	\$ 391,933	\$ 3,351,140

\* net plant increase at 1.98% based on average of past 6 years of Net Plant DPU Data

APPROVAL OF BOARD MINUTES  
OCTOBER 17, 2019 & NOVEMBER 21, 2019  
ATTACHMENT 2



## Town of Reading Meeting Minutes

### Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2019-10-17

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 Talbot, Chair; John Stempeck, Vice Chair; David Hennessy, Commissioner; Thomas 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 Utility Technology; John McDonagh, Assistant Director of Engineering and Operations; Tracy Schultz, Executive Assistant

George Hooper, Citizens' Advisory Board

Karen Herrick, Financial Committee Liaison

Scott James, Eagle Rivet Roof Services

**Minutes Respectfully Submitted By:** David Hennessy, Secretary Pro Tem

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### **Topics of Discussion:**

#### **Call Meeting to Order**

Chair Talbot called the meeting to order and read RMLD's Code of Conduct. Chair Talbot 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. Chair Talbot asked Mr. Hennessy to serve as Board Secretary. Chair Talbot announced that there will be a meeting the following Wednesday at the Reading Library regarding redevelopment of the area surrounding the RMLD building. Mr. Hooper announced that the Citizens' Advisory Board (CAB) would be reviewing RMLD's budget the following week. Mr. O'Rourke praised RMLD's storm response. Ms. O'Brien introduced Mr. McDonagh to the Board.

#### **Public Comment**

There was no public comment.

#### **General Manager's Report**

##### **a. Payment to the Town of Reading report and meeting schedule**

Ms. O'Brien explained Energy New England (ENE) will be making a presentation in December. Draft budget financials have been sent over to ENE. Ms. O'Brien explained that New England

## **General Manager's Report**

### **a. Payment to the Town of Reading report and meeting schedule**

electric utilities are particularly vulnerable to declining sales due to the cost of energy in the region. Mr. Hooper mentioned energy efficiency upgrades the Town of Wilmington has recently undertaken.

### **b. Calendar Year 2020 Budget schedule**

Ms. O'Brien stated the budget will be presented to the Board in November.

### **c. Wilmington Substation update**

Ms. O'Brien explained that an assessment was done in 2013 and it was determined that the Wilmington substation was nearing the end of its useful life. The existing site is not large enough for a new substation so RMLD began looking for land in the Ballardvale area. RMLD has been negotiating over a parcel of land with National Grid. However, right before the signing of a Purchase and Sales agreement, a title search revealed that the Town of Wilmington is the landowner. Ms. O'Brien stated that she and Mr. Jaffari met with the Wilmington Select Board on Monday night and RMLD is looking to use three acres of the land. One-and-a-half is needed for the substation but three would enable RMLD to build a microgrid or battery storage in the future. The entire lot of land is Article 97 and its use is restricted by the Wetlands Protection Act. Ms. O'Brien stated that she would be reaching out to Senator Tarr with a letter asking for assistance in securing a public hardship exemption for Article 97, as discussed in the meeting. Mr. Jaffari added that it will take three years to complete construction and time is of the essence. Mr. Jaffari explained that if the current substation goes down it would be impossible to use a temporary mobile substation: they're configured differently.

### **d. Upcoming Financial Committee meeting**

Ms. O'Brien stated that she was asked to a part of the Financial Committee forum on November 6 and will be presenting information about RMLD programs and answering questions from the Town. Ms. Herrick stated that the Financial Committee is in the process of gathering questions to submit to Ms. O'Brien before the meeting. Ms. Herrick also remarked that RMLD minutes are not up to date on the RMLD website.

### **e. Ms. O'Brien's evaluation**

Ms. O'Brien stated she would be sending her self-assessment and annual accomplishments to the Board.

Mr. Pacino asked about the status of the Twenty-Year Agreement. Ms. O'Brien explained that letters will be sent to each Town Manager/Administrator, 180 days prior to July 2020.

## **Integrated Resources Division**

### **a. Power Supply Report – August 2019**

Mr. Underhill commended the Customer Service Department for staying late to answer storm-related phone calls. Mr. Underhill stated that actuals are tracking with the budget. The market is stable. Mr. Underhill announced that RMLD just signed a contract for purchases under the TFA that will result in an estimated \$1.2 to 1.3 million reduction in purchase power: that will be passed through to the customer. Energy costs are 75 percent of the budget and are tracking closely: gas prices are currently stable. The capacity rate is set the previous summer so there is no volatility. Transmission costs are weather dependent but are a smaller component. In August RMLD's load was high enough that it purchased from the market. kWh in May and June were below budgeted: July and August made up for some of that. RMLD is tracking a percent or two below what was budgeted.

Mr. Underhill stated that of the \$250,000 DOER incentive for solar development, to date, \$30,000 has been committed to projects. Several applications are pending, totaling around \$20,000. This leaves about \$200,000 uncommitted. Chair Talbot stated asked if these funds are use or lose. Mr. Underhill stated that at the end of a year, whatever is not expended will revert to the state. Ms. O'Brien stated that RMLD will still have an incentive program, but it is not as generous as the state program. Chair Talbot stated there is also a 30 percent tax credit. Ms. Herrick shared that she has to cut trees down before the panels can be installed and for 7.5 watts the cost for solar is about \$12,000. This is a significant investment and due to RMLD's low rates and net metering policy she will not recoup the cost for 20 years. Mr. Underhill explained that regarding net

## **Integrated Resources Division**

### **a. Power Supply Report – August 2019**

metering: over the course of the year, customers only use 35 to 40 percent of what a solar system produces. In order to use more, customers either need a storage device or they need a transactional mechanism that pushes the power out on the grid for others to use. RMLD needs to recover a facility charge to be able to do that. RMLD has been looking at alternative pricing strategies and other approaches to overcome the significant initial cost and spread it out over time. Chair Talbot asked what RMLD is paying per kWh for what is going back to the grid. Mr. Underhill replied about 4.5 cents. Ms. O'Brien explained that RMLD reimburses for the energy that customers are producing but still must collect for distribution.

## **Financial Report**

### **a. August 2019**

Ms. Markiewicz reported that as of August 31, RMLD is under one percent on base revenue and is 15 percent under on operating and maintenance expenses compared to budget. kWh sales are down 2.3 percent as compared to the first eight months of 2018.

### **b. RMLD Trust Document**

Ms. Markiewicz stated that there were a lot of questions regarding the OPEB Trust at the last meeting. Ms. Markiewicz stated the first question was: what are the total OPEB investments that the treasurer will be investing for both the Town and RMLD? RMLD started investing in FY2011 and the Town started investing in FY2012. Through September 2019, RMLD has invested \$3.6 million and the Town has invested \$5.2 million. The OPEB contributions vary each year and are based on actuarial reports. The second question was whether there are any benefits to combining the investments, such as reduced fees? Ms. Markiewicz stated that she spoke with Ms. Angstrom and Mr. Kume from the Town. There is no reduced fee. Ms. Markiewicz stated that RMLD currently invests in CDs, money markets, and that RMLD has a cash portfolio at the Massachusetts Municipal Depository Trust. RMLD is currently only gaining 2.5 percent on its investments. With the Pension Reserves Investment Trust (PRIT) and the State Retiree Benefit Trust (SRBT) RMLD could be getting more. Since inception on January 31, 1985 through December 31, 2017, those have an annualized return of 9.6 percent. The Town is waiting on RMLD to invest in PRIT. It takes about 90 to 120 days to go through the whole enrollment process. The steps are to reaccept, adopt the OPEB funding plan, approve and sign the Declaration of Trust, sign the investment agreement and submit to counsel and the SRBT so that they can present it to their Board, and then the balances are transferred. Mr. O'Rourke asked about risk. Ms. Markiewicz explained that RMLD is meeting its obligations but is trying to become fully funded.

## **Engineering and Operations Report**

Mr. Jaffari reviewed major construction projects, including replacing getaway cables at Station 4, phase one of the Marion Street extension, grid modernization, and area upgrades on Deborah Drive and Gerry Road. The maintenance programs, including the aged transformer replacement program were reviewed. There are 84 pending pole transfers in Lynnfield, 34 pending pole transfers and nine pull poles in Reading, one transfer and four pending pull poles in North Reading, and ten transfers and two pull poles in Wilmington. RMLD is doing well in reliability and is below national and regional averages. Outage causes were reviewed, including weather. There were sixteen outages in September, caused by animals, equipment failure, trees, and motor vehicle accidents.

Mr. Pacino stated that Vice Chair Stempeck had asked about the amount that Pension Reserves Investment Management Board (PRIM) handles. Mr. Pacino stated that according to his phone research, the amount is \$72.8 billion.

## **Procurement Requests Requiring Board Approval**

### **IFB 2019-21 Deck and Patio Renovation**

Mr. Jaffari explained that the existing deck failed to meet OSHA standards. The existing deck will be demolished, and a concrete deck will be installed. Ms. O'Brien added that the current deck was deemed condemned. The handicap ramp is the incorrect slope and width. There will be a concrete pad, an egress, and a set of stairs. It will be a flat patio. There will be jersey barriers.

## **Procurement Requests Requiring Board Approval IFB 2019-21 Deck and Patio Renovation**

Chair Talbot expressed his concerns regarding the permanence of the RMLD site. Ms. O'Brien stated that RMLD is being prudent and cannot operate with a condemned deck. Ms. O'Brien stated the most expensive bids came in at \$275,000. Mr. Hooper stated that construction is at a premium and that he is familiar with bidder.

Mr. Pacino made a motion, seconded by Mr. Hennessy, that IFB 2019-21 for Deck and Patio Renovation be awarded to: **Kneeland Construction Corp. for \$171,000.00**, pursuant to M.G.L., Chapter 149/Chapter 30 Section 39M, as the lowest responsible and eligible bidder, on the recommendation of the General Manager.

**Motion Carried: 5:0:0**

## **IFB 2019-22 Remedial Coating System for Application Over an Existing Aged EPDM Roof Membrane**

Mr. Jaffari explained that the roof is leaking and that there are barrels throughout the building collecting rain. The roof either needs to be replaced, at a cost of over \$500,000, or a sealant can be used. This material has a 20-year warranty for labor and the materials. Vice Chair Stempeck asked about the application process of the coating material. Mr. Jaffari explained that the contractors are certified by the factory. Chair Talbot asked what the material is comprised of. Mr. Hooper expressed concern about the inability of the sealant to prevent leaks. Mr. James explained that he put the bid together. There was an infrared analysis done and there are provisions in the bid to change out wet insulation down to the metal decking. The material is silicone. Vice Chair Stempeck asked for references from other customers who have used the product and process. Mr. James stated that it is becoming more popular due to the cost analysis. The technology has come tremendously far and has been used by many public buildings, such as school systems. Mr. James explained recommendations were provided in the bid package.

Mr. Pacino made a motion, seconded by Mr. O'Rourke, that IFB 2019-22 for Remedial Coating System for Application Over an Existing Aged EPDM Roof Membrane be awarded to: **Eagle Rivet Roof Services Corp. for \$272,845.00**, pursuant to M.G.L., Chapter 149/Chapter 30 Section 39M, as the lowest responsible and eligible bidder, on the recommendation of the General Manager.

**Motion Carried: 5:0:0.**

Mr. Jaffari provided an update on the storm that started the previous evening. Initially, 1,500 customers were affected, mostly in Lynnfield and Reading. Most have been restored. Five two-man RMLD crews and three Powerline contractors were dispatched. There were blown fuses and tree limbs on primaries. Mr. Jaffari presented photos of the storm damage.

## **General Discussion**

Meeting dates were discussed.

## **Adjournment**

At 9:35 p.m., Mr. Pacino made a motion, seconded by Mr. Stempeck, that the Board go into Executive Session to consider the purchase of real property, to discuss confidential, competitively-sensitive and proprietary information in relation to making, selling, or distributing electric power and energy, and to discuss strategy with respect to collective bargaining and return to Regular Session for the sole purpose of adjournment.

At 9:53 p.m. the Commission returned to regular session for the sole purpose of adjournment. Upon taking no further action, a motion was made by Mr. Pacino and seconded by Mr. Stempeck that the Commission adjourn the regular session.

**Motion Carried 5:0:0.**

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

David Hennessy, Secretary Pro Tem  
RMLD Board of Commissioners





## Town of Reading Meeting Minutes

### Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2019-11-21

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 Talbot, Chair; John Stempeck, Vice Chair; David Hennessy, Commissioner; Thomas 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 Utility Technology; Janet Walsh, Director of Human Resources; Zachary Borton, Senior Power Supply Analyst; Tracy Schultz, Executive Assistant

Jason Small, Citizens' Advisory Board

Karen Herrick, Financial Committee Liaison

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

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### **Topics of Discussion:**

#### **Call Meeting to Order**

Chair Talbot called the meeting to order and read RMLD's Code of Conduct. Chair Talbot 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. Chair Talbot asked Mr. O'Rourke to serve as Board Secretary.\* Chair Talbot welcomed new RMLD employee Ms. Walsh to the meeting.

#### **Public Comment**

There was no public comment.

#### **General Manager's Report**

##### **Update on Town Payment study and Dec. 2 presentation**

Ms. O'Brien stated that the Board will meet on December 2 and will have Energy New England present the results of the study on the payment to the Town of Reading. The May 2018 authored previously by Ms. O'Brien had been previously posted on RMLD website on the Board of Commissioners webpage. The Energy New England study will be posted on the RMLD website and will be marked "Draft."

## **Approval of Board Minutes**

Chair Talbot asked that Ms. Schultz add additional detail to the June 20<sup>th</sup> minutes regarding a portion of the solar presentation.

Mr. Pacino made a motion, seconded by Mr. Hennessy that the Board approve the meeting minutes of May 7, 2019, May 23, 2019, and June 20, 2019 as corrected, on the recommendation of the General Manger.

**Motion Carried: 5:0:0.**

Mr. Pacino emphasized that the purpose of the minutes is to summarize, not to quote. The minutes are not supposed to be a transcript.

## **CY 2020 Capital Budget**

Mr. Jaffari began by discussing variances between the actual CY2019 budget and the estimated CY2019 budget, including building upgrades for the deck and the failure of the backup generator. Three padmount switchgears and transformers carried over from FY2018 due to delays in manufacturing and delivery. Routine construction was higher than anticipated due to pole hits. Insurance companies will reimburse RMLD, but the funds go into "Other Income." Overhead and underground maintenance was more expensive due to unexpected failures. Getaway improvements cost more because asbestos was found in the manholes during construction. Mr. Jaffari then discussed the big-ticket items on the CY2020 budget. This included a security upgrade for \$300,000 for high definition cameras, facial recognition software, and finger scanning capabilities. Rolling stock replacement includes \$75,000 for a forklift, \$25,000 for a new pole trailer, \$75,000 for a hybrid SUV, \$275,000 heavy-duty vehicle with trade-in. and \$200,000 for an underground utility truck. The budget includes \$70,000 for four public electric vehicle chargers and \$129,000 for seven chargers at Analog. Mr. Jaffari then discussed software and licensing, which includes the cost of transferring servers to the Cloud. \$570,000 is being allocated to purchase land in Wilmington for a new substation. Software is needed to integrate two metering systems and will cost \$150,000. \$2.78 million is needed for the AMI mesh network expansion. \$173,000 is allocated for meters for new construction, \$602,000 for transformers (maintenance and new construction) and \$165,000 for underground maintenance at Deborah Drive. 54 padmount and 96 overhead transformers are scheduled to be replaced as part of the maintenance program. Mr. Jaffari then reviewed the cost of unexpected maintenance. Chair Talbot mentioned the RMLD Ash Street site, and whether moving the headquarters would be feasible. Mr. Pacino stated that the Town has no current plan: everything is a concept. Mr. O'Rourke asked if RMLD owns the property. Ms. Markiewicz replied that it appears RMLD owns the building, but the land ownership is unclear but can be further researched. Mr. Pacino stated that the Board would have to vote to release the property before the Town could do anything.

Vice Chair Stempeck made a motion, seconded by Mr. Hennessy, that the RMLD Board of Commissioners approve the Calendar Year 2020 Capital Budget in the amount of \$11,513,482 as presented, on the recommendation of the General Manager.

Mr. Pacino noted that on October 23, 2019 the CAB voted to recommend the budget 3:0:1 (3 in favor, 0 opposed, 1 absent).

**Motion Carried: 5:0:0.**

## **CY 2020 Operating Budget**

Ms. Markiewicz discussed the actual and projected fixed and semi-variable costs. Fixed costs are contracts that are already locked in, such as purchase power (70.31 percent of the total fixed cost), depreciation expense (\$4.7 million and 5.15 percent of the budget), the voluntary payment to the Town of Reading (\$2.4 million and 2.7 percent of the budget), the Town payments (\$1.6 million and 1.76 percent of the budget), and loss on disposal of assets (\$100,000). Ms. Markiewicz then discussed the semi-variable costs, including total labor (\$8.7 million and 8.2 percent of the budget with a capital portion of almost \$2 million), overtime (\$1 million with a capital portion of \$176,000 and less than one percent of the budget), employee benefits and pension (\$4.4 million and 3.99 percent of the budget), other operating and maintenance expenses (\$1.6 million and 1.8 percent of the total budget), conservation expenses (\$958,000

## **CY 2020 Operating Budget**

and about one percent), tree trimming costs (\$899,000 and less than one percent), outside contract services (\$361,000 and 0.39 percent), legal expenses (\$498,000 and half a percent), property insurance (\$437,000), software and hardware maintenance (\$394,000), transformers and hazardous material (\$210,000), training and tuition (\$266,000), vehicle expenses (\$333,000 with \$225,000 of that going to capital projects), rent expense (\$212,000), bad debt (\$105,000 is reserved), injuries and damages insurance (\$70,000), RMLB and CAB (\$30,000) and office supplies (\$20,000). Overall the budget decreased 1.8 percent mainly due to the \$2.2 million decrease in power supply. RMLD is not asking for a rate increase. Chair Talbot asked for an explanation regarding the power supply savings. Mr. Underhill stated that power supply portfolio contracts are being replaced as they expire. The price has dropped, and the market is stable, and cost is low. A significant portion of the portfolio (70 percent) will be expiring within three years. RMLD will have flexibility and opportunities to expand the non-carbon component of its portfolio. RMLD is waiting for direction from the legislature for targets, responsibilities, and obligations. Ms. O'Brien stated she will have Mr. Underhill give a presentation at a future meeting regarding the Clean Energy Standards Act. Mr. Underhill stated that power costs are a pass through. Ms. O'Brien stated while there is no rate increase there will be rate adjustments as residential rates are phased in over three years. The allocation of responsibility for costs for different rate classes is being adjusted. The 2017 Cost of Service Study determined that there needed to be a realignment of costs. An updated study will be done in 2020.

Mr. Stempeck made a motion, seconded by Mr. Hennessy, that the RMLD Board of Commissioners approve the Calendar Year 2020 Operating Budget with a Net Income of \$4,479,987 as presented, on the recommendation of the General Manager.

**Motion Carried: 5:0:0.**

Mr. Pacino noted that on October 23, 2019 the CAB voted to recommend 3:0:1 (3 in favor, 0 opposed, 1 absent).

## **General Manager Committee**

Chair Talbot stated that the General Manager Committee met and made its recommendation on the 7<sup>th</sup> of November regarding Ms. O'Brien's performance from July of 2018 to the end of June 2019.

### **a. Updated GM Performance Review Process**

Mr. Hennessey explained that Ms. O'Brien's review has been performed annually and involves a quantitative approach with a 100-point scale. Present trends in Human Resources have shifted to a more qualitative approach with more frequent feedback. Mr. Hennessy recommended moving away from the number system and having quarterly feedback sessions. Performance goals on the current evaluation form will be retained as part of the process. The Board would have qualitative performance discussions with the GM in Executive Session in April, July, October, and January of each year. The January performance discussion would be for the fourth quarter as well as a roll up summary of the previous year. Key annual priorities will be put forth by the Commissioners after consultation with the GM each December. Under the new procedures the annual compensation discussion will be delinked with performance guidance conversations. The annual compensation discussion and decision would be based on four factors: (1) comparison to statewide GM salary benchmarks, (2) the financial health of the RMLD, (3) the results of the GM performance evaluation process, and (4) other economic factors determined by the Commission. Mr. Pacino asked that the sheet Mr. Hennessy distributed to the Board be included as a part of the minutes. Mr. O'Rourke added that the goal is to move away from a once-a-year meeting where the employee is told what the employee did or did not do and to be forward thinking and focus on capabilities, results, and development. Mr. Stempeck agreed with changing the process going forward but stated the need to be cognizant of General Manager's contract. Ms. O'Brien stated she still has a review for the end of the year covering the six-month period from July to January. Mr. Hennessy stated the new system would start in January 2020. Chair Talbot asked for feedback and an action item for the late December meeting. Mr. Stempeck reiterated that the old evaluation process will be used through the period ending December 31, 2019.

**b. Preliminary Discussion of CY 2020 goals**

Chair Talbot asked the Commissioners to assemble a list of three or four priorities for the year starting January 1, 2020.

**c. Committee's Nov. 7 Recommendation: Review of General Manager for the period July 1, 2018 to June 30, 2019**

Mr. Stempeck made a motion, seconded by Mr. Hennessy, that the Board approve the General Manager Review Sub-Committee's recommendation that effective July 1, 2019, the General Manager, Ms. O'Brien, receive a salary increase of four percent, in addition to a \$4,000 bonus, paid out as Ms. O'Brien chooses as ICMA, cash, or a combination of the two.

**Motion Carried: 5:0:0.**

**d. Committee's Recommendation to Disband Committee**

Mr. Pacino made a motion, seconded by Mr. Stempeck, that the Commission accept the recommendation of the General Manager's Review Sub-Committee to disband that committee from this day forward.

**Motion Carried: 5:0:0.**

**Procurement Requests Requiring Board Approval**

**IFP 2019-24 Three Phase Pad Mounted Transformers**

Mr. Jaffari explained this equipment is for the transformer replacement program. Invitations for proposals were sent to 12 vendors and only one responded correctly.

Mr. Pacino made a motion, seconded by Mr. Stempeck, that proposal IFP 2019-24 for Three Phase Pad Mounted Transformers be awarded to: **WESCO Distribution, Inc.**, for **\$174,625.00**, pursuant to M.G.L. c. 164 Section 56D, on the recommendation of the General Manager.

**Motion Carried: 5:0:0.**

**IFB 2019-26 Construction and Installation of New Stand-by Generator with ATS**

Mr. Jaffari explained that this is construction to put the generator on the pad and installing the automatic transfer switch. The invitation to bid was sent to 19 vendors and three responded without exceptions.

Mr. Pacino made a motion, seconded by Mr. Hennessy, that IFB 2019-26 for Construction and Installation of New Stand-by Generator with ATS be awarded to: **Sparks Company, Inc.**, for **\$130,687.00**, pursuant to M.G.L., Chapter 149/Chapter 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.

Mr. Pacino stated with the Commission's permission that he will serve as Board Secretary for this meeting and all subsequent meetings thru the next Town Election.

**Adjournment**

At 9:01 p.m., Mr. Pacino made a motion, seconded by Mr. Stempeck, that the Commission go into Executive Session to discuss confidential, competitively-sensitive or proprietary information in relation to making, selling, or distributing electric power and energy; consider complaints brought against a public officer, employee, staff member or individual; discuss purchase of real property; and discuss strategy with respect to collective bargaining and return to Regular Session for the sole purpose of adjournment.

At 10:22 p.m. the Commission returned to regular session for the sole purpose of adjournment. Upon taking no further action, a motion was made by Mr. Pacino and seconded by Mr. Stempeck that the Commission adjourn the regular session.

**Motion Carried 5:0:0**

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

2020 BOARD &  
GENERAL MANAGER GOALS  
ATTACHMENT 3

## **RMLD Goals for 2020**

The list below highlights several specific goals for 2020 that fit within the larger mission and objective of RMLD to provide reliable power at low cost, work toward a cleaner energy supply, work closely with the Towns we serve, capture potential revenue opportunities, and anticipate technological changes. The language reflects a consensus between the General Manager and the Board of Commissioners.

### **2020 Goals for RMLD General Manager**

- 1: WILMINGTON SUBSTATION: Determine alternative Wilmington substation land and proceed towards securing all necessary permits, regulations, transmission interconnections, easements, etc.
- 2: ASH STREET CAMPUS EVALUATION: Conduct a baseline study on the RMLD Ash Street Campus, including identifying land ownership, land and building values, and potential costs to relocate.
- 3: SOLAR/BATTERY SYSTEM IMPACT STUDY: Conduct an impact study of generation (including solar) saturation feeder limits that may affect installation of future generation within the electric system.
- 4: MASTER CELL ATTACHMENT AGREEMENT: Generate and complete Small Cell Attachment standards, internal cost analysis and Master Agreement(s); and coordinate with all town aesthetic cell policies, in light of recent FCC order.
- 5: HOLD ELECTRIFICATION WORKSHOP: Hold electrification workshop for all four towns.

### **2020 Goals for RMLD Board of Commissioners**

- 1: DEFINE RENEWABLE ENERGY POLICY: With GM input, determine and vote on renewable energy policy, definitions, and percentage goals; and vote a position on relevant elements of proposed state laws/policies.
- 2: REVIEW MISSION STATEMENT: With GM input, review, update and vote on mission statement.

ENERGY POSITION & RESOURCE UPDATE  
ATTACHMENT 4



# Energy Position & Resource Update

Board of Commissioners Meeting  
February 27, 2020

RMLD uses a portfolio of power supply resources to meet the needs of our customers. The RMLD portfolio includes a combination of external and internal generation assets as well as short-term and long-term energy contracts for seasonal or spot market needs.

## RMLD Power Portfolio Strategy

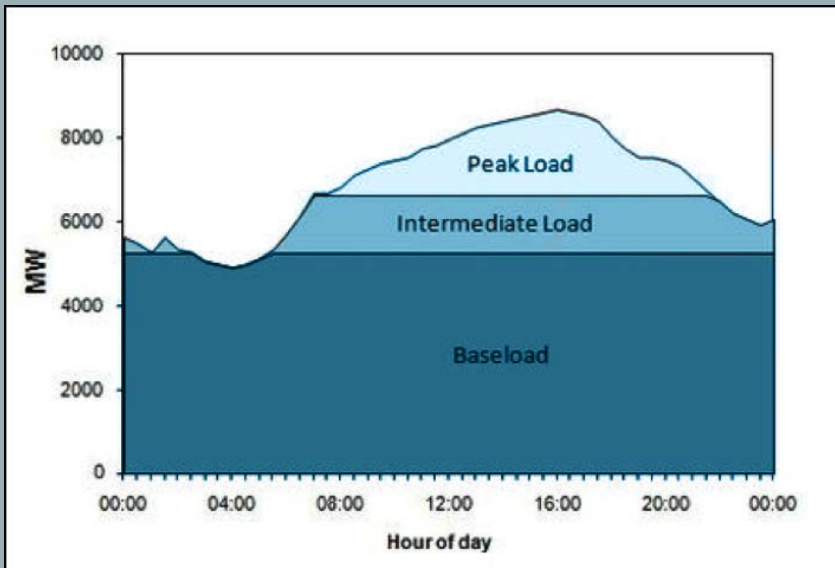
1. Provide rate stability to customers

2. Diversify portfolio in order to deliver sustainable energy goals and mitigate fuel type risks

3. Balance long and short-term purchases

Short-term purchases allows RMLD to take advantage of lower market prices while long-term purchases help achieve portfolio objectives

4. Balance peaking, intermediate and baseload needs

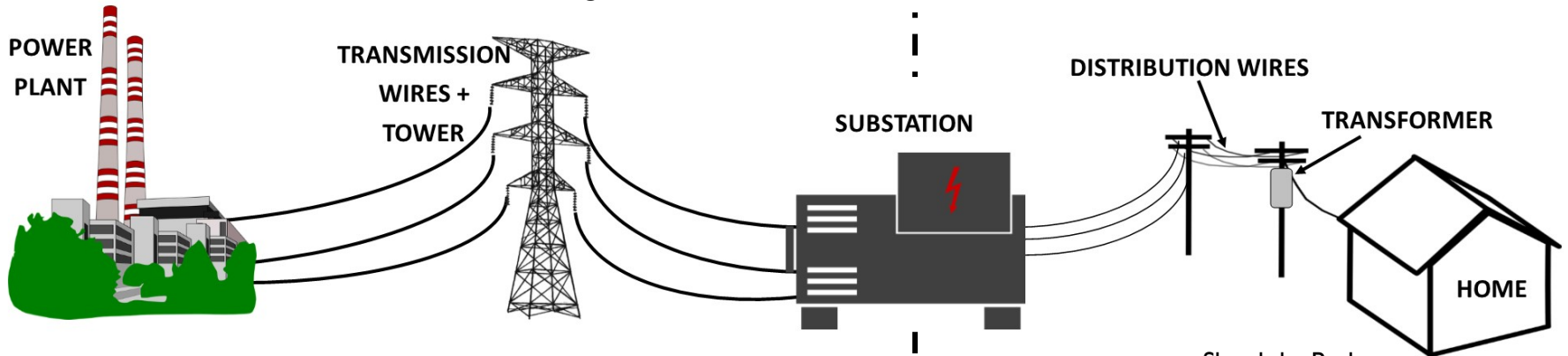


# TYPES OF RESOURCES

## External Resources

Large, Grid-Scale Generation

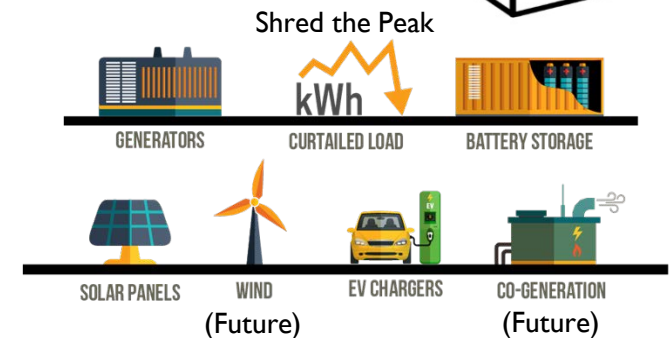
- Nuclear
- Hydro
- Wind
- Solar
- ISO-NE Spot Market (Day-ahead / Real-Time)
- Bilateral Block Purchases (TFA)
- Peaking Gas Generation



## Internal Resources

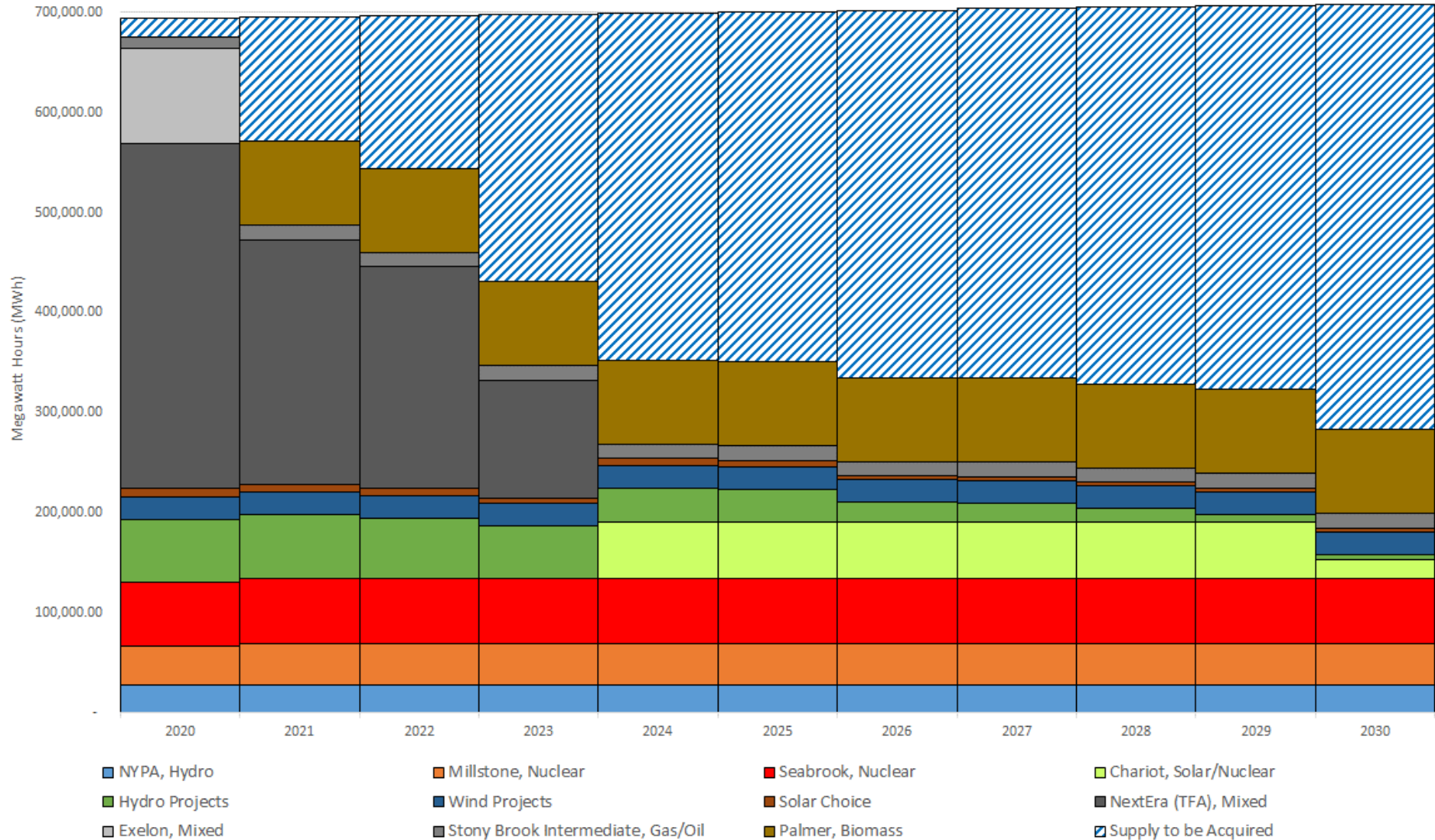
Smaller, Utility-scale Distributed Assets

- Community Solar
- Rooftop Solar
- Battery Energy Storage System
- Peaking Gas Generator



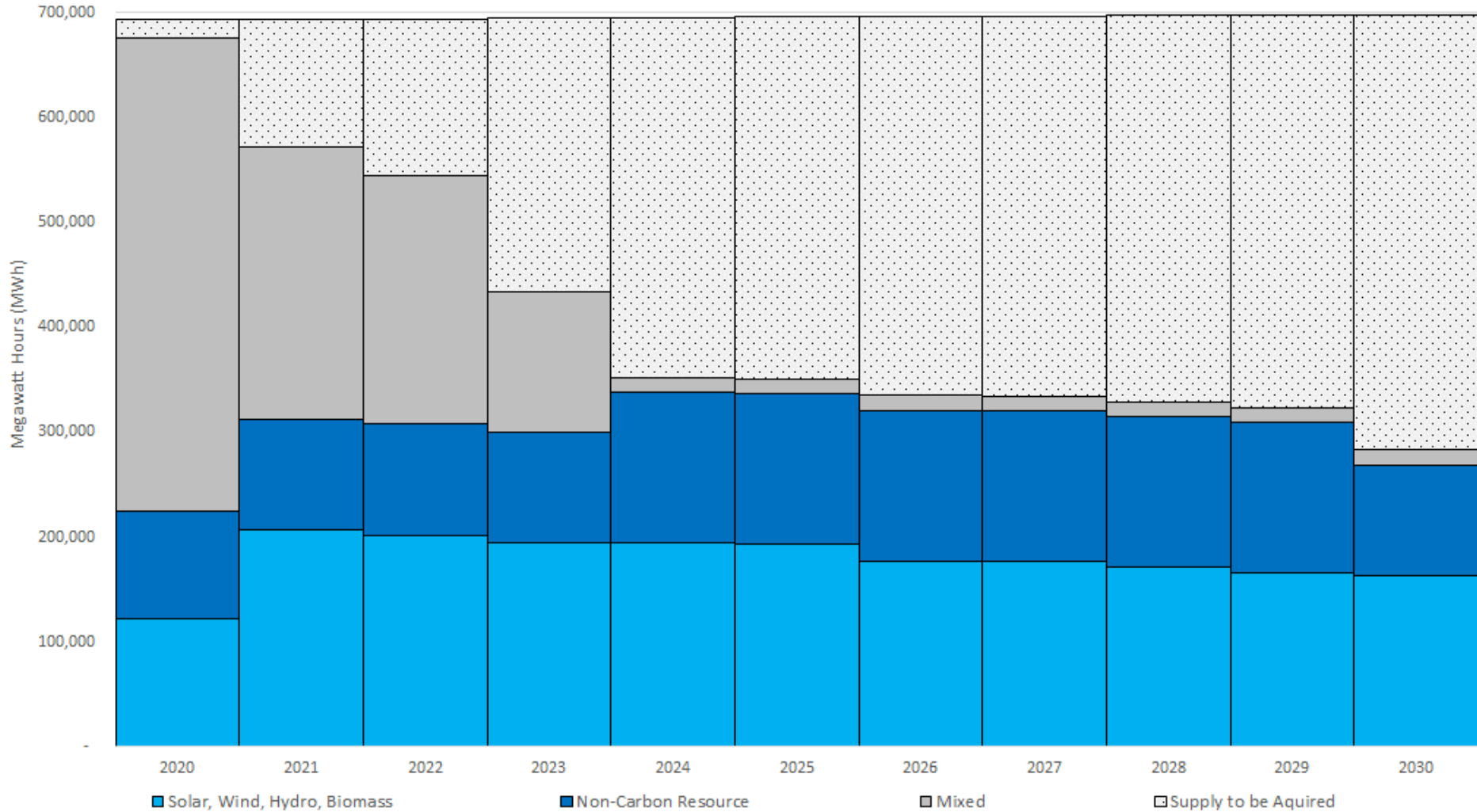
# CURRENT POSITION

## RMLD Power Supply: Outlook Through 2030



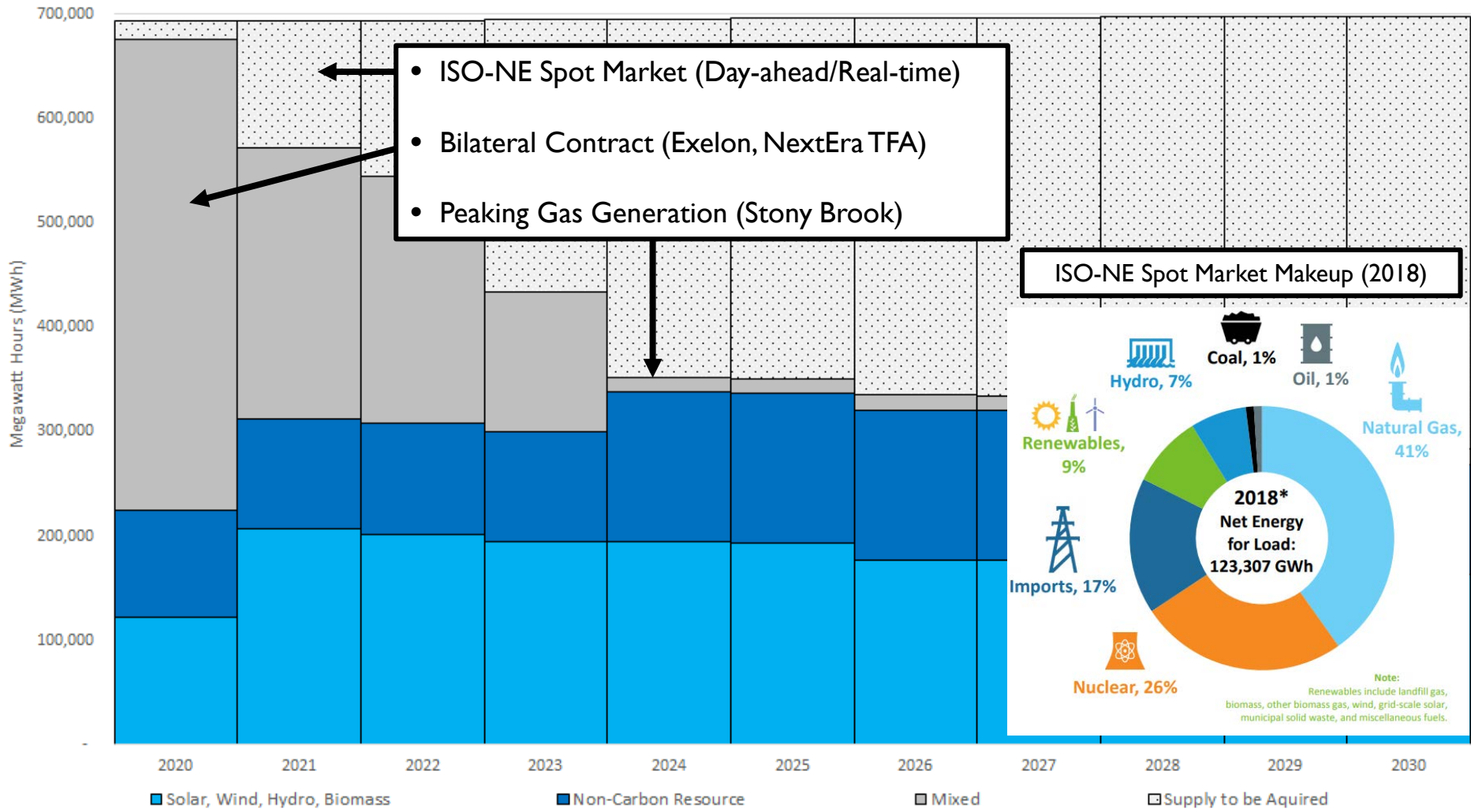
# CURRENT POSITION

## RMLD Power Supply: Outlook Through 2030



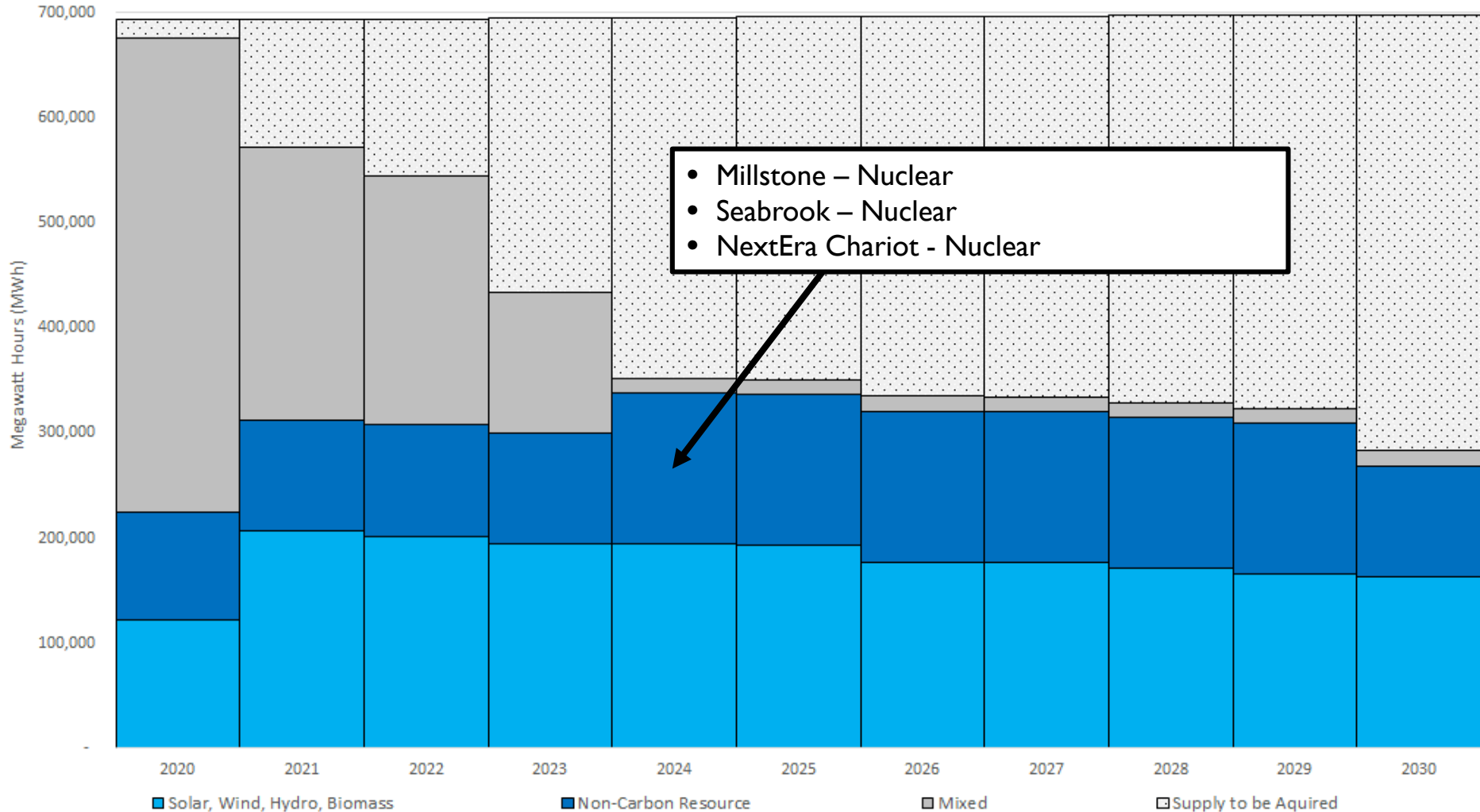
# CURRENT POSITION

## RMLD Power Supply: Outlook Through 2030



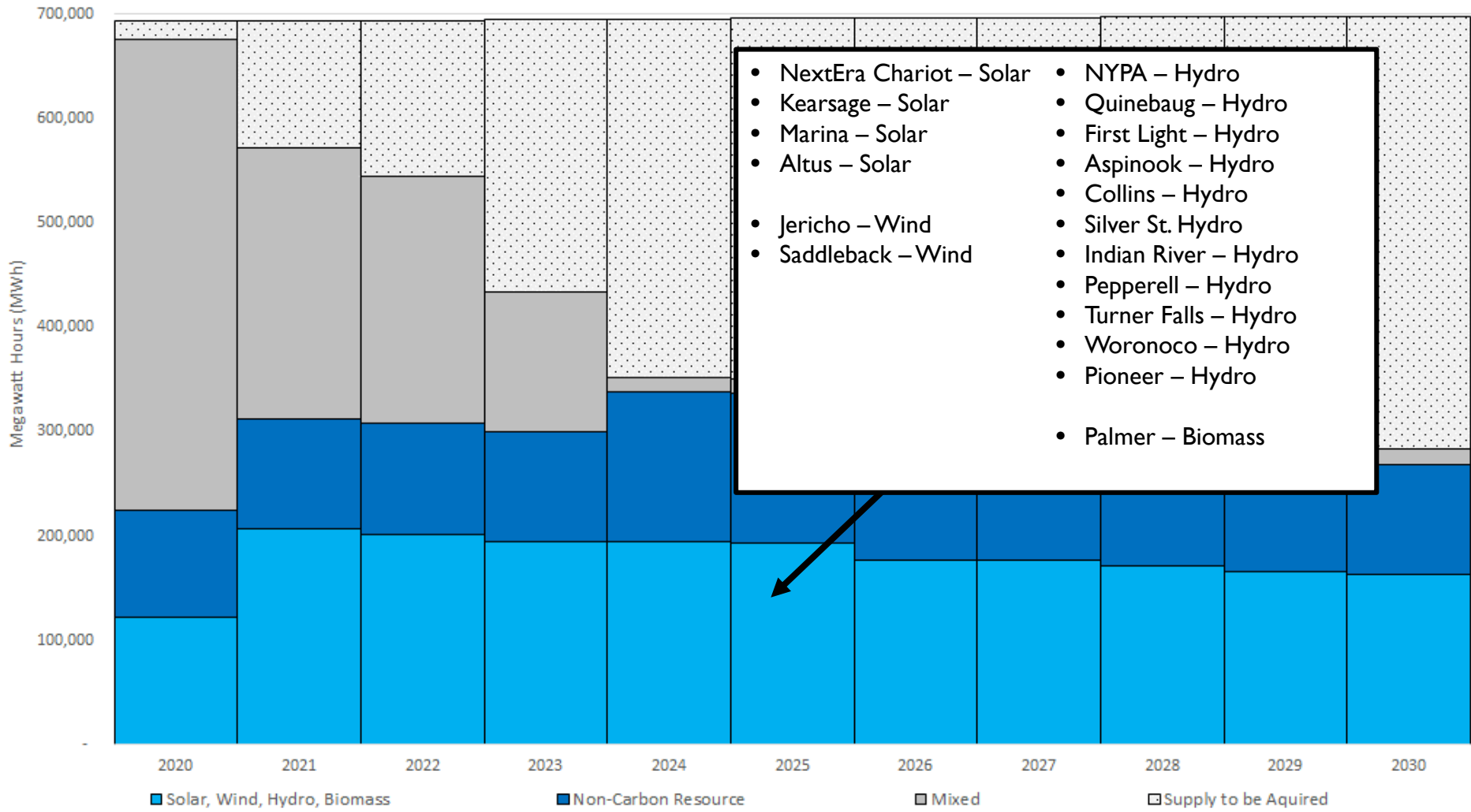
# CURRENT POSITION

## RMLD Power Supply: Outlook Through 2030



# CURRENT POSITION

## RMLD Power Supply: Outlook Through 2030



- NextEra Chariot – Solar
- Kearsage – Solar
- Marina – Solar
- Altus – Solar
- Jericho – Wind
- Saddleback – Wind
- NYPA – Hydro
- Quinebaug – Hydro
- First Light – Hydro
- Aspinook – Hydro
- Collins – Hydro
- Silver St. Hydro
- Indian River – Hydro
- Pepperell – Hydro
- Turner Falls – Hydro
- Woronoco – Hydro
- Pioneer – Hydro
- Palmer – Biomass

# RENEWABLE PORTFOLIO STANDARD

- Starting in 2020, the RPS Class I will grow by 2% a year until 2029, and it will continue to grow annually at 1% after that.
- Each year the Retail Suppliers (Muni Exempt) must show that they have purchased a sufficient amount of Renewable Energy Certificates (RECs) to meet the minimum standard.

## RPS Class I: (\$15-30/MWh Value)

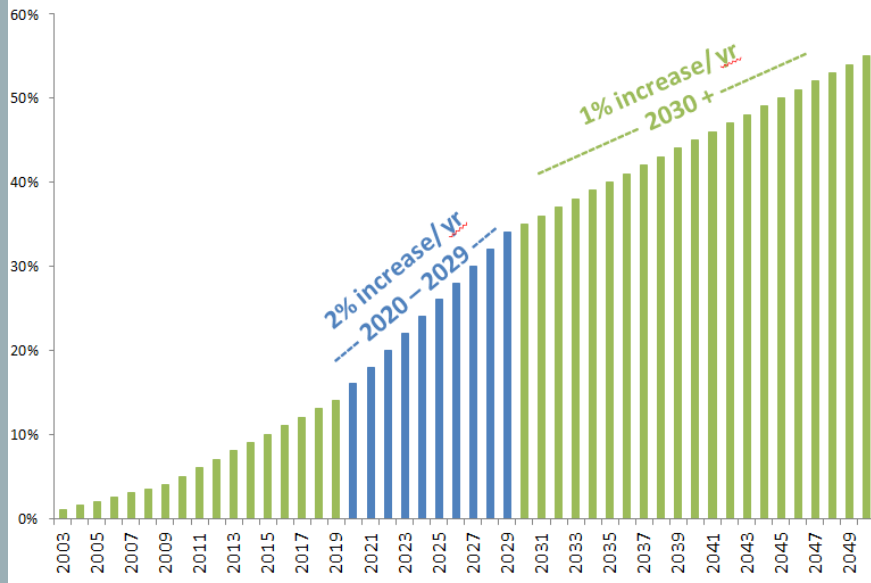
New renewable energy facilities are those that began commercial operation after 1997, generate electricity using any of the following technologies:

- Solar photovoltaic
- Solar thermal electric
- Wind energy
- Small hydropower
- Landfill methane and anaerobic digester gas
- Marine or hydrokinetic energy
- Geothermal energy
- Eligible biomass fuel

## RPS Class II: (\$25-\$40/MWh Value)

Similar to RPS Class I, this class pertains to generation units that use eligible renewable resources, but have an operation date prior to January 1, 1998. Therefore, RPS Class II provides financial incentives for the continued operation of qualified pre-1998 renewable generation units.

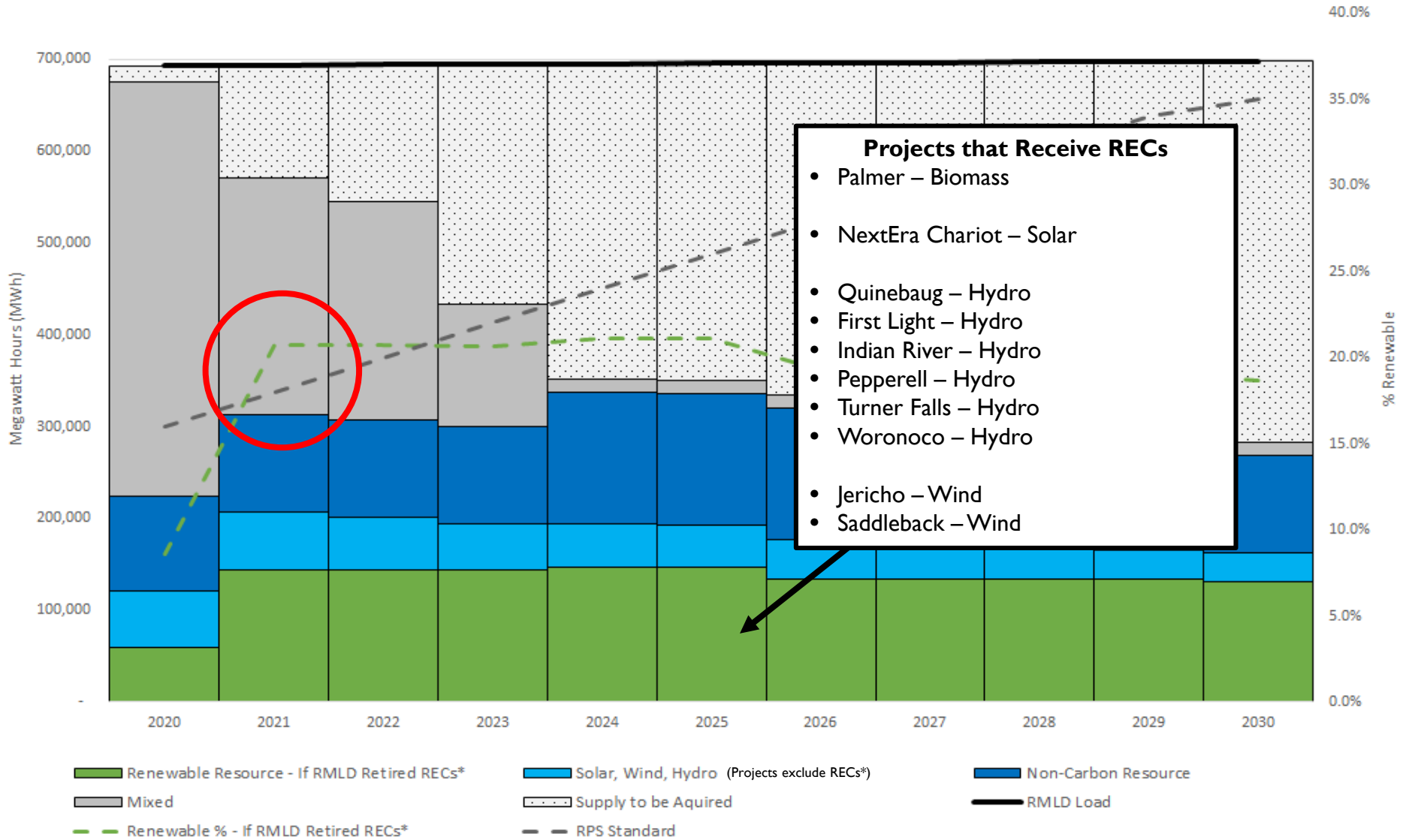
Massachusetts Renewable Portfolio Standard





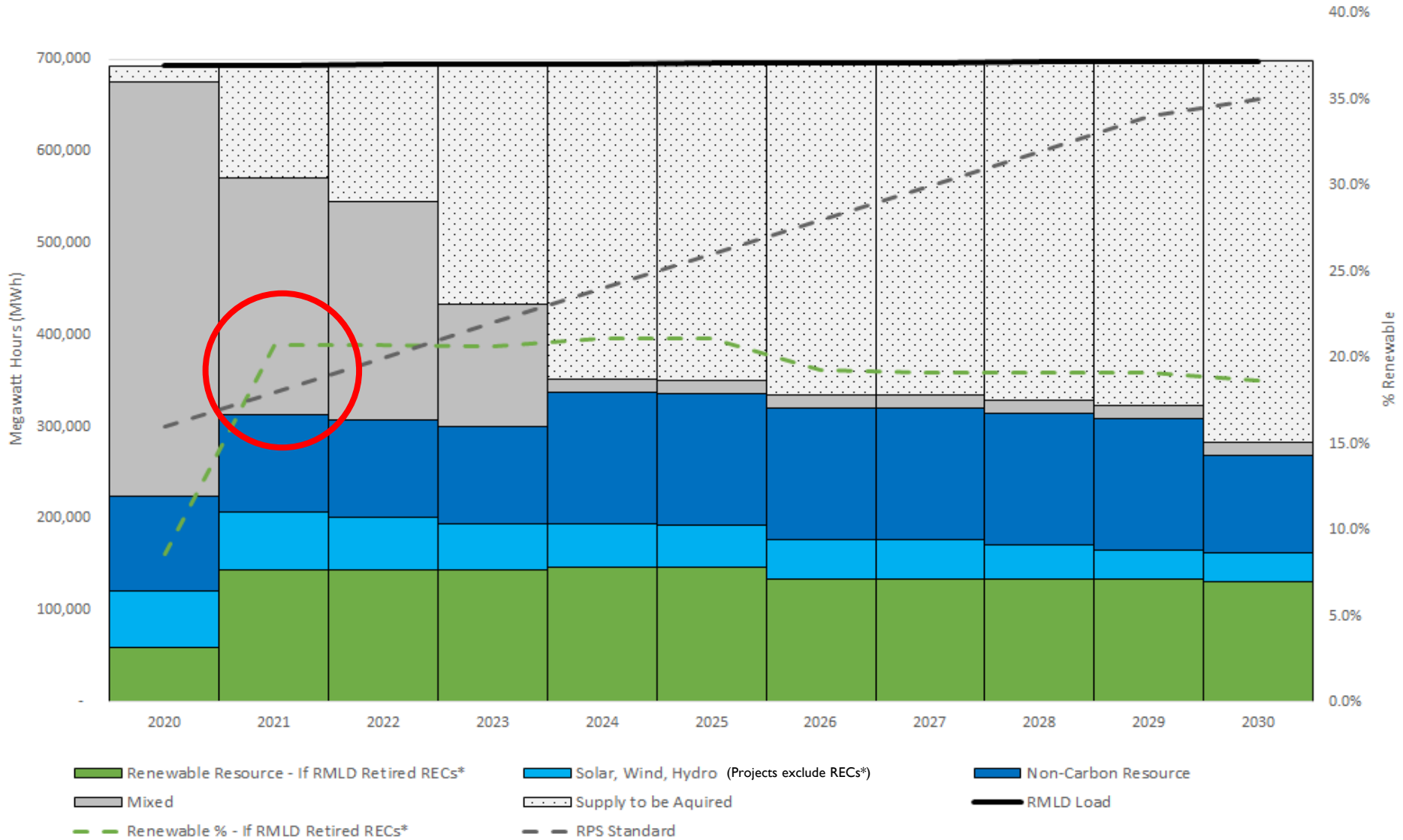
# RENEWABLE PORTFOLIO STANDARD

## RMLD Power Supply: Outlook Through 2030



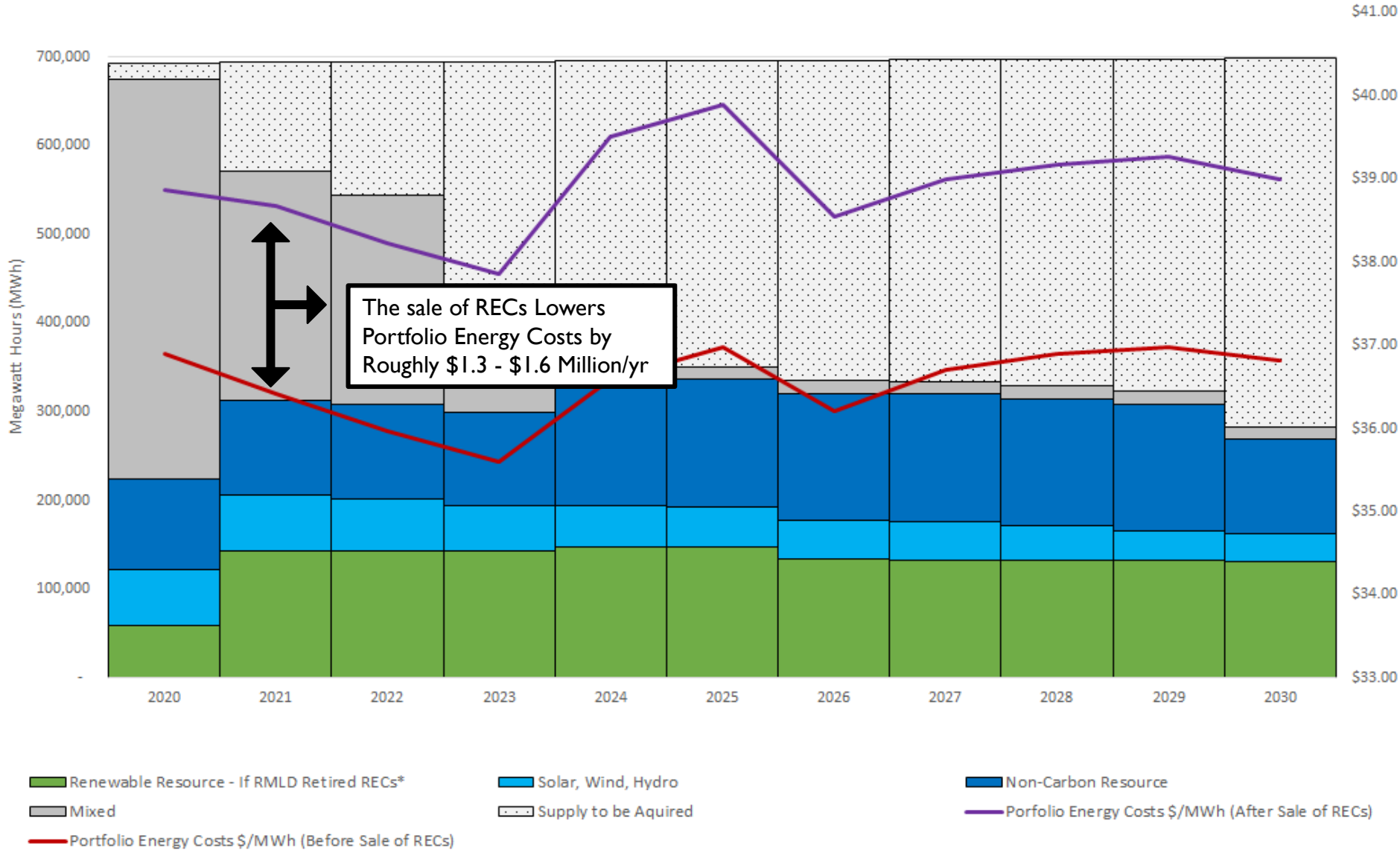
# RENEWABLE PORTFOLIO STANDARD

## RMLD Power Supply: Outlook Through 2030



# REC SALES

## RMLD Power Supply: Outlook Through 2030



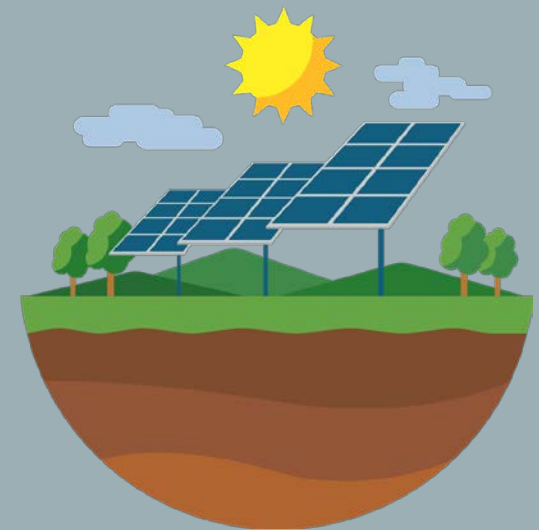
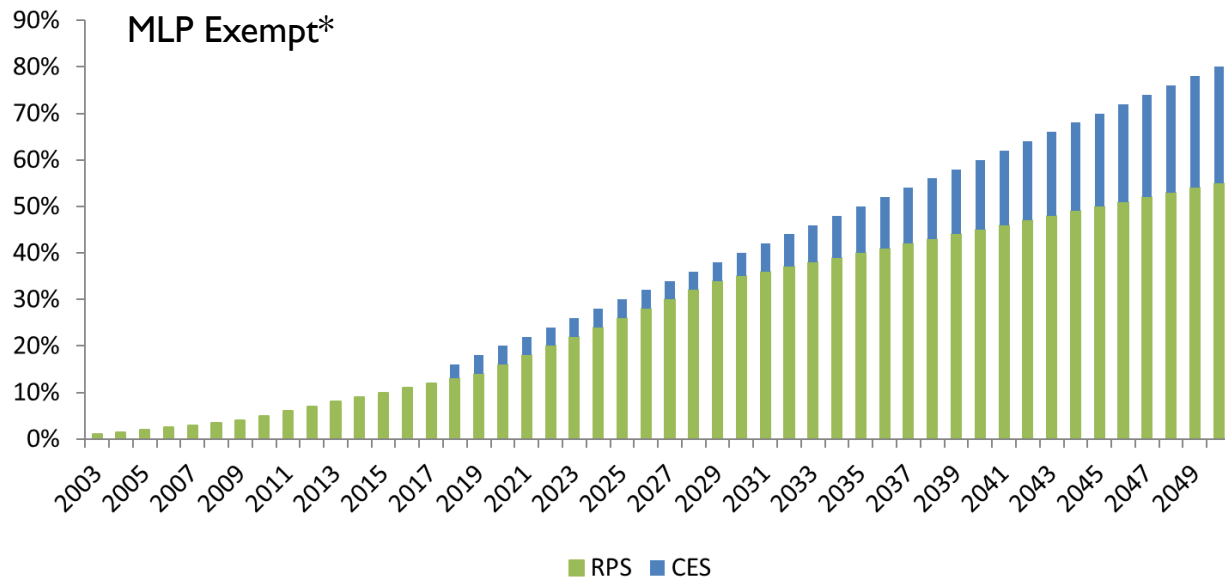
# CLEAN ENERGY STANDARD

The CES started at 16% of retail load in 2018 and it increases by 2% every year until reaching 80% in 2050. (Muni Exempt)

The Clean Energy Standard is not part of the Renewable Portfolio Standard. The CES sits on top of the RPS demanding more renewable energy as seen below.

The main difference from the RPS is that the CES includes Large-scale hydroelectricity and qualified nuclear.

## Massachusetts Clean Energy Standard



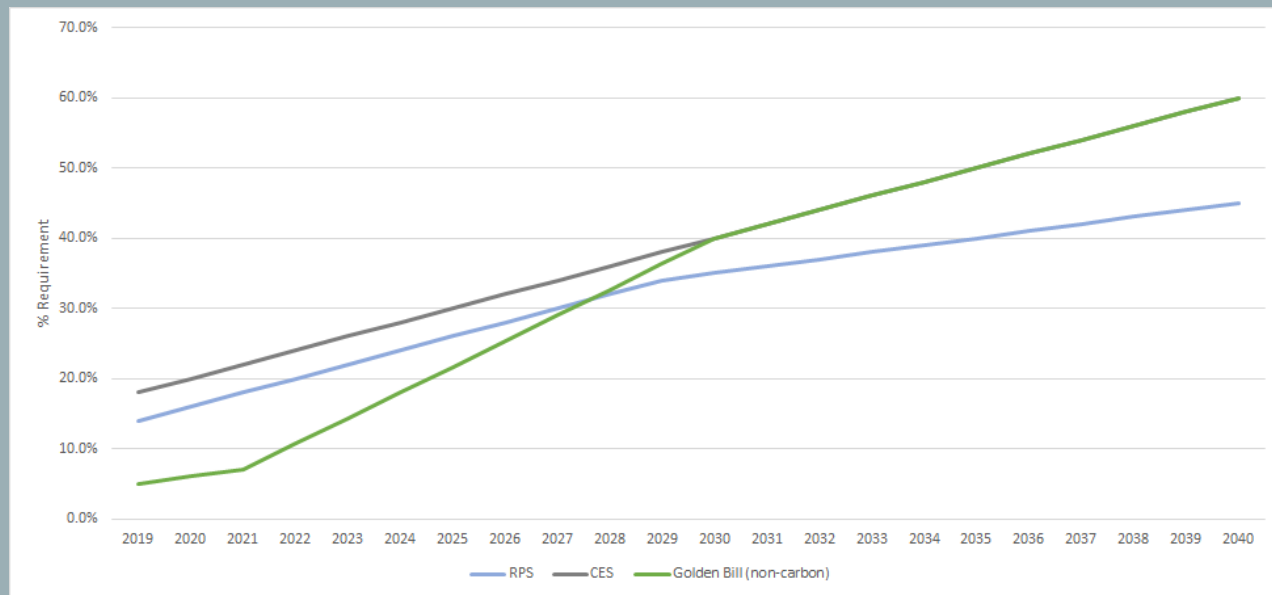
# GOLDEN BILL

## According to the Golden Bill (H.2863)

“non-carbon emitting” shall be defined as energy from facilities using the following generation technologies

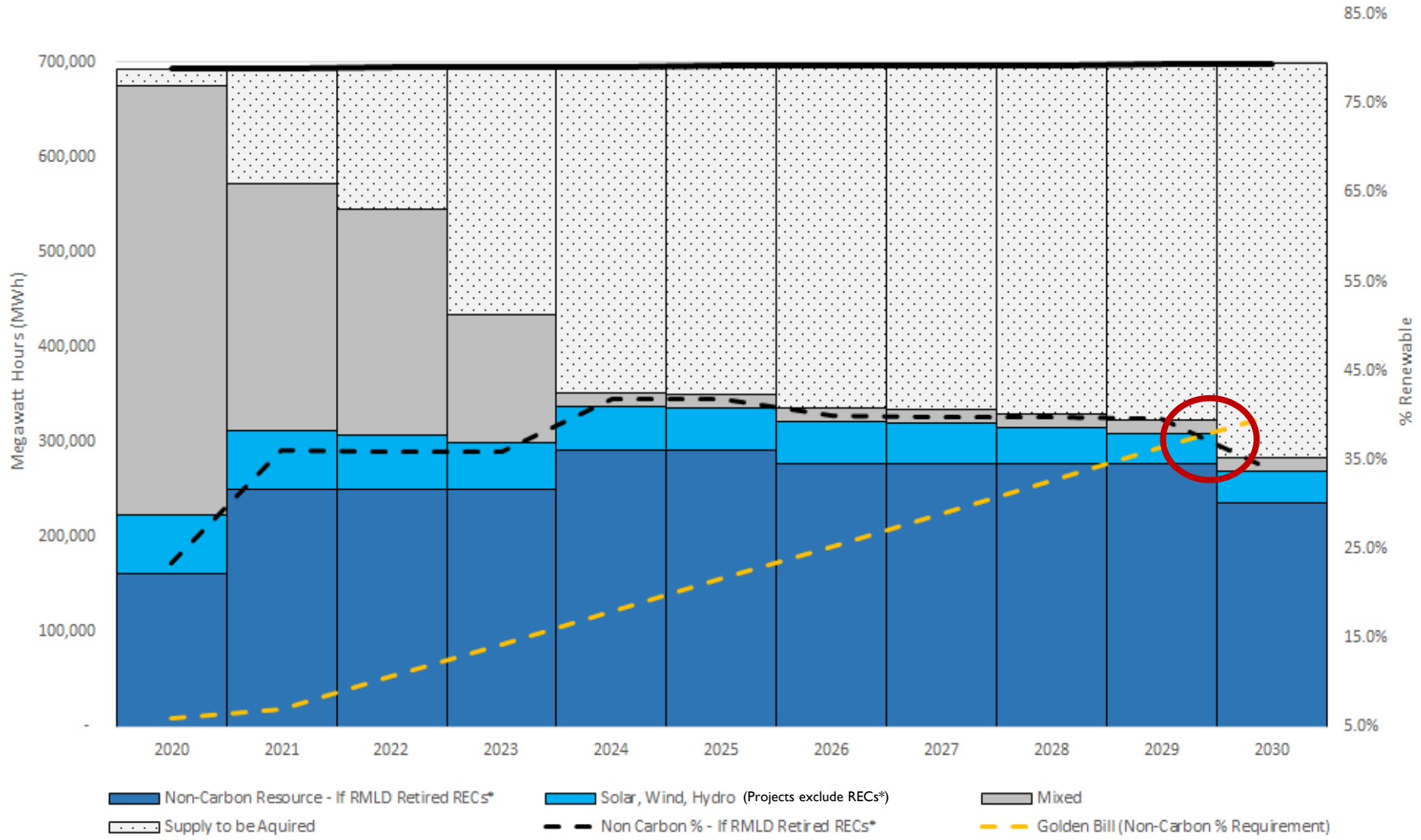
- Solar photovoltaic
- Solar thermal electric
- Wind energy
- Hydroelectric
- Nuclear
- Marine or hydrokinetic energy
- Geothermal energy
- Anaerobic digester gas
- Biomass fuel

\*(Unlike the RPS, the main difference is that the Golden Bill would include Large Hydro & Nuclear Power)



# GOLDEN BILL

## RMLD Power Supply: Outlook Through 2030



# GOLDEN BILL

FINANCIAL IMPACT: (BLACK DOTTED LINE IN PREVIOUS SLIDE)

	Total Financial Impact to Meet Golden Bill	% of Power Supply Budget	% of Operating Budget
<b>2020</b>	\$1,359,855.84	2.11%	1.52%
<b>2021</b>	\$3,332,473.77	5.30%	3.76%
<b>2022</b>	\$3,367,670.97	5.42%	3.79%
<b>2023</b>	\$3,403,706.33	5.45%	3.77%
<b>2024</b>	\$3,907,667.49	6.02%	4.17%
<b>2025</b>	\$3,944,546.53	6.02%	4.14%
<b>2026</b>	\$3,582,052.00	5.43%	3.76%
<b>2027</b>	\$3,592,936.40	5.44%	3.77%
<b>2028</b>	\$3,632,329.92	5.50%	3.82%
<b>2029</b>	\$3,672,561.60	5.56%	3.86%

# ENGINEERING REPORT ATTACHMENT 5



# **ENGINEERING & OPERATIONS REPORT**

Hamid Jaffari, Director of Engineering & Operations

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**RMLD Board of Commissioners Meeting**  
**February 27, 2020**

# Major Construction Projects

## Currently Underway or Recently Completed

### ❖ 3W15 Getaway Improvements (Capital Project)

This project entails both overhead and underground construction to replace the existing 3W15 getaway and relocate it to a separate duct bank and new riser pole. The underground crews have pulled in the new cable from the substation to the new riser pole. The overhead crews have been working on the associated overhead construction and have almost completed that portion of the project. A cutover to the newly installed construction is anticipated in the coming weeks. *Status: Expected completion by the end of February.*



# Major Construction Projects

## Currently Underway or Recently Completed

### ❖ First Light Third Party Attachment Project

First Light has requested attachment to utility poles in Reading and Wilmington in order to install their own fiber optic cable on the poles. In order to accommodate these attachments, a number of poles need to be replaced and RMLD needs to raise the electric distribution facilities on some existing poles. This is a paid-for job, and First Light will pay an attachment fee to the RMLD and Verizon.

#### *Reading: Status: Complete*

- 90 Attachments
- Replace 15 Poles (Verizon set)
- Raise electric distribution facilities on 17 poles

#### *Wilmington: Status: In Progress – pending Verizon set*

- 301 Attachments
- Replace 33 Poles (31 Verizon set and two RMLD set)
- Raise electric distribution facilities on 10 poles.

## Step-down Upgrade

- ❖ **Thomas Road Area, Lynnfield - Bancroft Street, Newhall Road, Roundy Road, Putney Lane, Atherton Circle, and Lander Road**

The Thomas Road Area was being fed from two stepdown transformers located at Pole 16 and Pole 18 on Thomas Road. The objective of this project was to remove the need for the step transformers and replace and/or upgrade all wearing RMLD facilities being serviced downstream of these step-down transformers. This project included the replacement of 40+ utility poles (Verizon set), eleven transformers, all new primary conductors, all new secondary conductors, and residential service feeds. As of February 20, 2020, this project is 90% complete. ***Status: Expected completion by the first week in March.***

# Maintenance Programs

- ❖ Tree Trimming – December: 0 spans      1,331 spans YTD through December
- ❖ Inspection of Feeders – **All Feeder Inspections Completed in 2019**  
*2020 Inspections To Date (thru 2/21/20):*
  - 3W5, 3W6, 3W7, 3W8, 3W13, 3W14, 3W15 and 3W18
  - 4W4, 4W5, 4W6, 4W7, 4W9, 4W10, 4W16, 4W17
- ❖ Pole Inspection/Replacement Program  
272 of 518 failed poles have been set      245 of 272 transfers completed
- ❖ Infrared Scans – Completed through January - No Hot Spots Found
- ❖ Manhole Inspection – on-going
- ❖ Porcelain Cutout Replacement – on-going

# Maintenance Programs (continued)

## Aged Transformer Replacement 2019

2019	Pad-mount		Pole-mount		Total
	single-phase	three-phase	single-phase	three-phase	
OCTOBER	0	0	8	0	8
NOVEMBER	0	0	3	0	3
DECEMBER	0	0	2	0	2
<b>YTD TOTAL:</b>	<b>19</b>	<b>5</b>	<b>54</b>	<b>5</b>	<b>83</b>

### TRANSFORMERS SYSTEM-WIDE

	# OF TRANSFORMERS	# 25-YEARS OR OLDER	% 25-YEARS OR OLDER
<i>As of February 19, 2019</i>	4,074	1,524	37.41%

# Double Poles Per NJUNS (as of 2/21/20)

## LYNNFIELD

"Next to Go"	# of Tickets
<b>RMLD</b>	<b>42</b>
Transfer Pull Pole	42
<b>VZNESEA - Verizon</b>	<b>11</b>
Transfer Pull Pole	7 4
<b>CMCTNR - Comcast</b>	<b>2</b>
Transfer	2
<b>LFLDFD - Lynnfield Fire Dept.</b>	<b>1</b>
Transfer	1
<b>GRAND TOTAL</b>	<b>56</b>

## NORTH READING

"Next to Go"	# of Tickets
<b>VZNEDR – Verizon</b>	<b>0</b>
Transfer	
<b>RMLD</b>	<b>5</b>
Transfer Pull Pole	1 4
<b>CMCTNR - Comcast</b>	<b>0</b>
Transfer	
<b>NRDGFDF - North Reading Fire Dept.</b>	<b>2</b>
Transfer	2
<b>LTFMA - Lighttower Fiber</b>	<b>0</b>
Transfer	
<b>GRAND TOTAL</b>	<b>7</b>

## READING

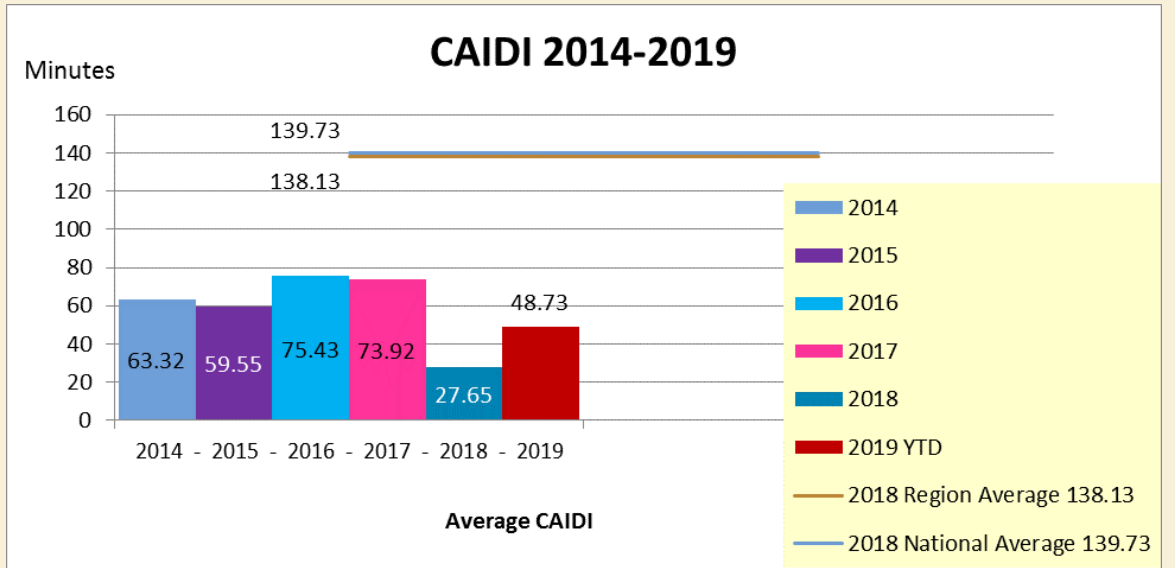
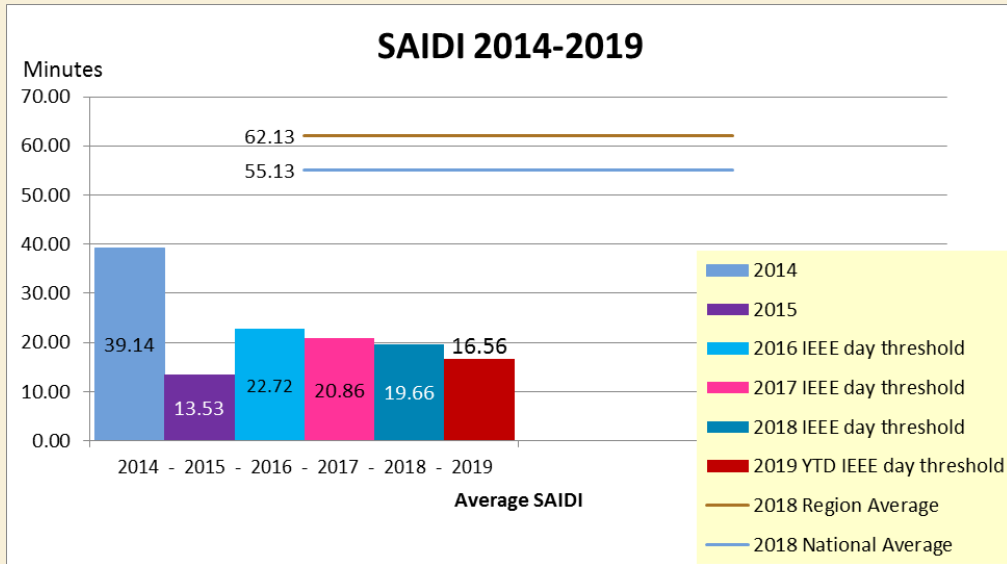
"Next to Go"	# of Tickets
<b>VZNESEA – Verizon</b>	<b>1</b>
Transfer Pull Pole	1
<b>RMLD</b>	<b>23</b>
Transfer Pull Pole	23
<b>CMCTNR - Comcast</b>	<b>11</b>
Transfer	11
<b>RDNGFD - Reading Fire Dept.</b>	<b>13</b>
Transfer	13
<b>LTFMA - Lighttower Fiber</b>	<b>0</b>
Transfer	
<b>NP3PMA - Non-Participating 3rd Party Attachee</b>	<b>4</b>
Transfer	4
<b>GRAND TOTAL</b>	<b>52</b>

## WILMINGTON

"Next to Go"	# of Tickets
<b>VZNEDR – Verizon</b>	<b>2</b>
Transfer Pull Pole Dispute	1
<b>RMLD</b>	<b>26</b>
Transfer Pull Pole	26
<b>CMCTNR - Comcast</b>	<b>4</b>
Transfer	4
<b>WMGNFD - Wilmington Fire Dept.</b>	<b>35</b>
Transfer	35
<b>WLMFIG - Wilmington Fiber</b>	<b>1</b>
Transfer	1
<b>NP3PMA - Non-Participating 3rd Party Attachee</b>	<b>0</b>
Transfer	
<b>LTFMA - Lighttower Fiber</b>	<b>0</b>
Transfer	0
<b>VZBMA - Verizon Business</b>	<b>6</b>
Transfer	6
<b>GRAND TOTAL</b>	<b>74</b>

# RMLD Reliability Indices

YTD Averages - January through December

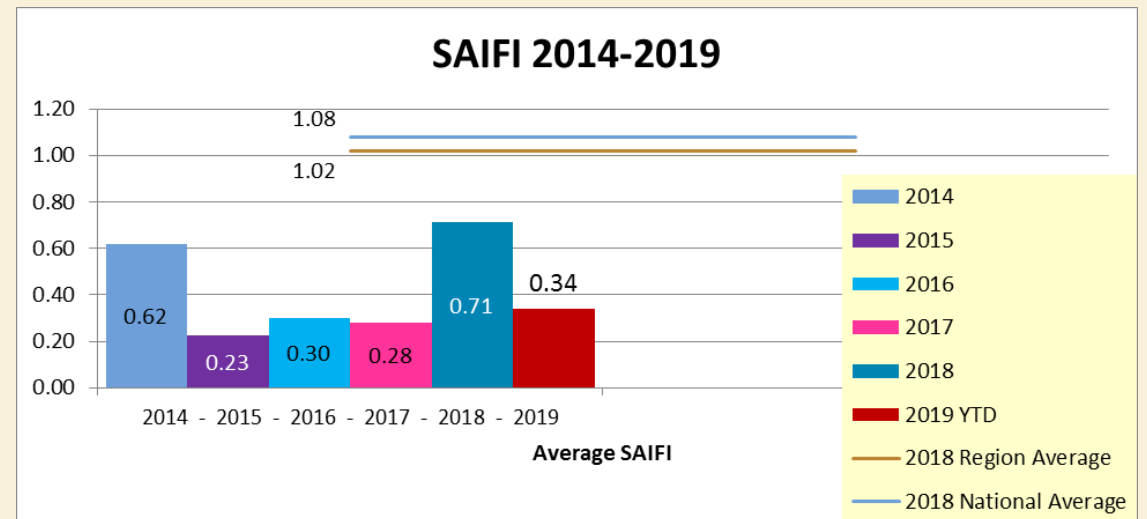


$$SAIDI \text{ (Minutes)} = \frac{\text{Total Duration of Customer Interruptions}}{\text{Total Number of Customers Served}}$$

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

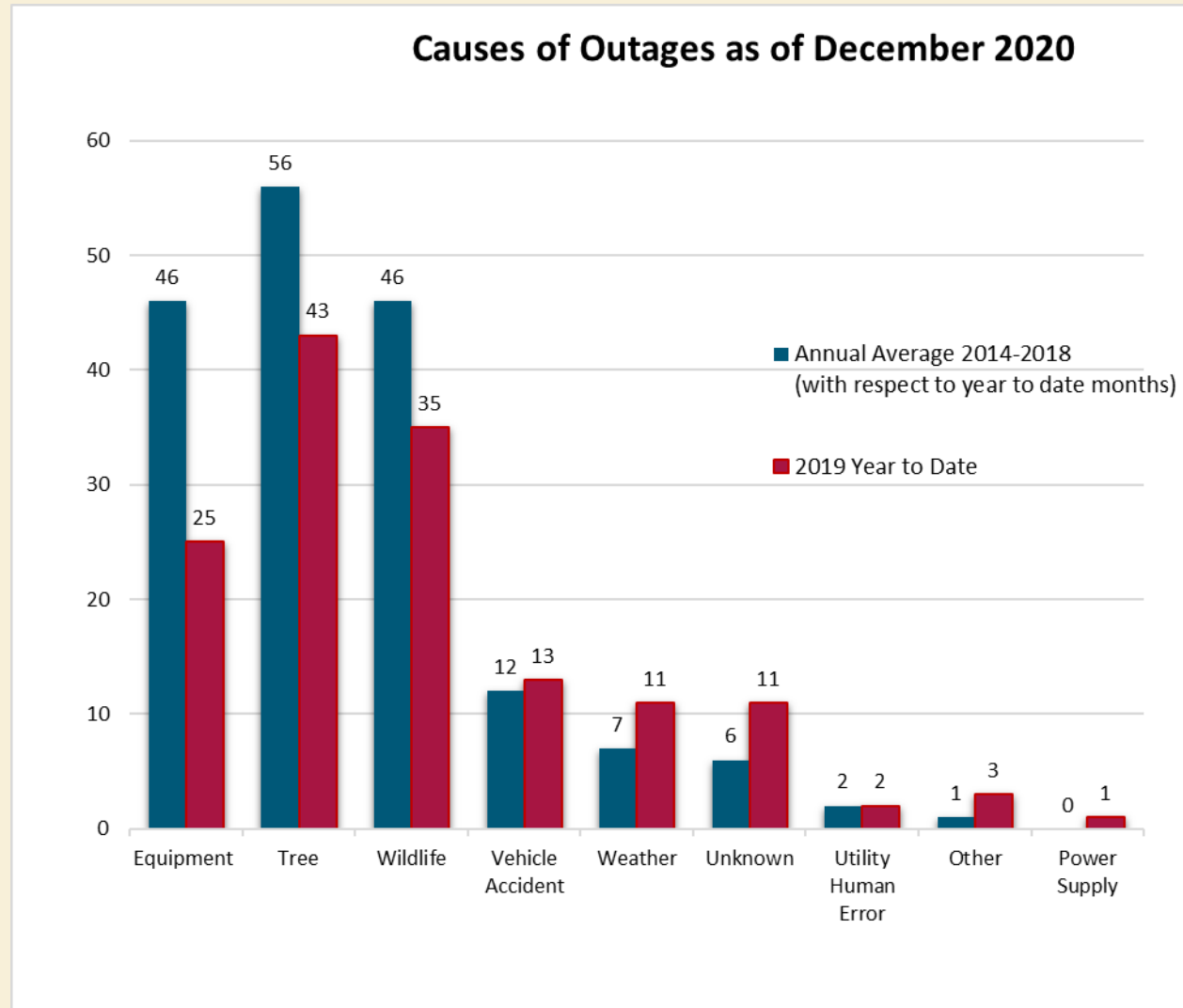
**Note:** The major event (ME) threshold allows a utility to remove outages that exceed the IEEE 2.5 beta threshold for events. These events could be severe weather, which can lead to unusually long outages in comparison to your distribution system's typical outage.

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





# Outages



# FACILITIES PROJECTS



**BACK-UP GENERATOR**



**PARKING  
LOT  
UPGRADE**



**DECK REPAIR**



**ROOF REPAIR**



BOARD MATERIAL AVAILABLE  
BUT NOT DISCUSSED

**From:** [Tracy Schultz](#)  
**To:** [RMLD Board Members Group](#)  
**Subject:** AP and Payroll Questions for 2-27-20 Board Book  
**Date:** Tuesday, February 25, 2020 6:49:00 AM

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Good morning:

AP:

On January 24<sup>th</sup> there were no Commissioner questions.

On January 31<sup>st</sup> there were no Commissioner questions.

On February 7<sup>th</sup> there were no Commissioner questions.

On February 14<sup>th</sup> there were no Commissioner questions.

On February 21<sup>st</sup> there were no Commissioner questions.

Payroll:

On January 20<sup>th</sup> there was a Commissioner question regarding an employee receiving different rates of pay for overtime. This is due to an FLSA calculation. The Commissioner also asked about an employee whose retro adjustment rate got entered as his regular previous rate-this mistake was rectified on the next paycheck. The adjustment was due to the new rates of pay for the union contract effective 1/1/20.

On February 3<sup>rd</sup> there were no Commissioner questions.

On February 17<sup>th</sup> there were no Commissioner questions.

This e-mail will be included in the 2-27-20 Board Book.

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