



**READING MUNICIPAL
LIGHT DEPARTMENT**

**BOARD OF COMMISSIONERS &
CITIZENS' ADVISORY BOARD**

**JOINT MEETING
REGULAR SESSION**

June 15, 2023



Town of Reading Meeting Posting with Agenda

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2023-06-15

Time: 7:30 PM

Building: Reading Municipal Light Building

Location: Winfred Spurr Audio Visual Room

Address: 230 Ash Street

Agenda:

Purpose: General Business

Meeting Called By: Philip B. Pacino, Chair

Notices and agendas are to be posted 48 hours in advance of the meetings excluding Saturdays, Sundays and Legal Holidays. Please keep in mind the Town Clerk's hours of operation and make necessary arrangements to be sure your posting is made in an adequate amount of time. A listing of topics that the chair reasonably anticipates will be discussed at the meeting must be on the agenda.

All Meeting Postings must be submitted in typed format; handwritten notices will not be accepted.

Topics of Discussion:

ON MARCH 29, 2023, GOVERNOR HEALEY SIGNED INTO LAW A SUPPLEMENTAL BUDGET BILL WHICH, AMONG OTHER THINGS, EXTENDS THE TEMPORARY PROVISIONS PERTAINING TO THE OPEN MEETING LAW TO MARCH 31, 2025.

THIS MEETING WILL HELD IN PERSON, REMOTELY, AND STREAMED LIVE ON RCTV AND YOUTUBE: <https://www.youtube.com/c/RCTVStudios/videos?view=57>.

FOR REMOTE AND/OR PUBLIC PARTICIPATION

Please email emorse@RMLD.com. Please include your full name, address, and phone number. Comments and questions will be monitored during the meeting.

JOINT MEETING OF THE RMLD BOARD OF COMMISSIONERS AND CITIZENS' ADVISORY BOARD.

1. Call Meeting to Order – P. Pacino, Chair (Board of Commissioners) and V. Soni, Chair (Citizens' Advisory Board).

Code of Conduct: The RMLD Board of Commissioners recognizes the importance of hearing public comment, at the discretion of the Chair, on items on the official agenda. Once recognized by the Chair, all persons addressing the Board shall state their name and address prior to speaking. It the role of the Chair to maintain order in all public comment or ensuing discussion.

2. Public Comment - P. Pacino, Chair
3. Commissioner Vacancy – Interim Appointment Update – P. Pacino, Chair; G. Phipps, General Manager

This Agenda has been prepared in advance and represents a listing of topics that the chair reasonably anticipates will be discussed at the meeting. However the agenda does not necessarily include all matters which may be taken up at this meeting.



Town of Reading Meeting Posting with Agenda

4. Presentation of the 2022 Financial Audit Findings (*attachment 1*) – Zackary Fentross, Director, MARCUM, LLP.
5. Report of the RMLD Board of Commissioners Audit Sub-Committee **ACTION ITEM**–B. Coulter, Commissioner; M. Bitá, Commissioner

Suggested Motion: Move that the RMLD Board of Commissioners accept the 2022 Audit Report from Melanson, fiscal year ended December 31, 2022, as presented, on the recommendation of the RMLD Board of Commissioner Sub-Audit Committee.

6. Approval of Board of Commissioners Meeting Minutes **ACTION ITEM** (*attachment 2*) – P. Pacino, Chair

Suggested Motion: Move that the RMLD Board of Commissioners approve the open session meeting minutes of the November 9, 2022; November 30th, 2022; December 15, 2022, meetings on the recommendation of the General Manager and the Board Secretary.

7. Approval of Citizens’ Advisory Board Minutes **ACTION ITEM** (*attachment 3*)- V. Soni, Chair

Suggested Motion: Move that the RMLD Citizens’ Advisory Board approve the open session meeting minutes of the September 15, 2022, meeting on the recommendation of the General Manager and the Citizens’ Advisory Board Secretary.

8. 2023 Northeast Public Power Association Annual Conference **ACTION ITEM** (*attachment 4*) – G. Phipps, General Manager.

Suggested Motion: Move that the RMLD Board of Commissioners approve Gregory Phipps’ travel to, and attendance at, the Northeast Public Power Association (NEPPA) Annual Conference to take place August 20-23, 2023, at the Mystic Marriott Hotel in Groton, Connecticut.

Suggested Motion: Move that the RMLD Board of Commissioners approve for all commissioners that are interested in attending, travel to, and attendance at, the Northeast Public Power Association (NEPPA) Annual Conference to take place August 20-23, 2023, at the Mystic Marriott Hotel in Groton, Connecticut.

Suggested Motion: Move that the RMLD Citizens’ Advisory Board approve for all members that are interested in attending, travel to, and attendance at, the Northeast Public Power Association (NEPPA) Annual Conference to take place August 20-23, 2023, at the Mystic Marriott Hotel in Groton, Connecticut.

9. Integrated Resources Report - Coincident Peak and Economic Development Rates (*attachment 5*) – B. Bullock, Director of IRD

10. General Manager’s Report – G. Phipps, General Manager

11. Report on Burbank Ice Arena Solar (*attachment 6*) - G. Phipps, General Manager; M. Bitá, Commissioner



Town of Reading Meeting Posting with Agenda

12. Scheduling

Subsequent BoC Meetings

Tuesday July 18, 2023, 6:00 PM Joint SB Interim Vacancy Appointment

Thursday July 20, 2023, 7:30 PM

Thursday September 14, 2023, 7:30 PM

Thursday October 19, 2023, 7:30 PM

Thursday November 16, 2023, 7:30 PM

Thursday December 14, 2023, 7:30 PM

Subsequent CAB Meetings

Thursday July 20, 2023, 5:30 PM

Thursday September 14, 2023, 5:30 PM

Wednesday October 18, 2023, 5:30 PM

Thursday November 16, 2023, 5:30 PM

Thursday December 14, 2023, 5:30 PM

Future MEAM meetings

Wednesday September 20, 2023 (Open)

Wednesday November 15, 2023 (Open)

13. Adjournment – Citizens’ Advisory Board **ACTION ITEM**

Suggested Motion: Move that the RMLD Citizens’ Advisory Board adjourn regular session. Note: Roll call vote required.

14. RMLD Procurement Requests for Board Approval **ACTION ITEM** (*attachment 7*) G. Phipps, General Manager

IFB 2023-27 Station 3 Pole Yard Paving

Suggested Motion: Move that bid 2023-27 Station 3 Pole Yard Paving be awarded to: Cassidy Corp., for \$59,595.00, pursuant to M.G.L. c. 30 § 39M, as the lowest responsible and eligible bidder, on the recommendation of the General Manager.

15. Policy Review **ACTION ITEM** (*attachment 8*) - G. Phipps, General Manager

Policy 5: Training and Travel

Suggested Motion: Move that the RMLD Board of Commissioners approve Policy 5: Training and Travel (Revision 10), as presented, on the recommendation of the General Manager.

16. Adjournment - **ACTION ITEM**

Suggested Motion: Move that the Board of Commissioners adjourn regular session.
Note: Roll call vote required.

BOARD MATERIALS AVAILABLE BUT NOT DISCUSSED

Accounts Payable / Payroll Questions through June 9, 2023

Surplus and Scrap Material Report April and May 2023

Financials January – March 2023

ATTACHMENT 1
PRESENTATION OF THE 2022
FINANCIAL AUDIT FINDINGS

DRAFT 6.8.2023

RMLD



Reading Municipal Light Department
RELIABLE POWER

**TOWN OF READING, MASSACHUSETTS
READING MUNICIPAL LIGHT DEPARTMENT**

Annual Financial Statements
For the Year Ended December 31, 2022

(With Independent Auditor's Report Thereon)

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
Proprietary Fund:	
Statement of Net Position	9
Statement of Revenues, Expenses, and Change in Net Position	10
Statement of Cash Flows	11
Fiduciary Fund:	
Statement of Fiduciary Net Position	12
Statement of Change in Fiduciary Net Position	13
Notes to Financial Statements	14
REQUIRED SUPPLEMENTARY INFORMATION	
Pension:	
Schedule of Proportionate Share of the Net Pension Liability	43
Schedule of Pension Contributions	44
OPEB:	
Schedule of Changes in the Net OPEB Liability	45
Schedules of Net OPEB Liability, Contributions, and Investment Returns	46

INDEPENDENT AUDITOR'S REPORT

To the Municipal Light Board
Town of Reading Municipal Light Department

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Town of Reading Municipal Light Department (the Department) (an enterprise fund of the Town of Reading, Massachusetts), and its Other Post-Employment Benefits fiduciary fund, as of and for the year ended December 31, 2022, and the related notes to the financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Town of Reading Municipal Light Department and the fiduciary fund information as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Department's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Department are intended to present the financial position, and the changes in financial position and cash flows, where applicable, of only that portion of the Town of Reading, Massachusetts that is attributable to the transactions of the Reading Municipal Light Department. They do not purport to, and do not, present fairly the financial position the Town of Reading, Massachusetts as of December 31, 2022, and the changes in its financial position and its cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and certain pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Andover, Massachusetts
_____, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Town of Reading Municipal Light Department's (the Department) annual financial report, management provides a narrative discussion and analysis of the Department's financial activities for the year ended December 31, 2022. The Department's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Overview of the Financial Statements

The basic financial statements include (1) the Proprietary Fund Statement of Net Position, (2) the Proprietary Fund Statement of Revenues, Expenses and Change in Net Position, (3) the Proprietary Fund Statement of Cash Flows, (4) the Fiduciary Funds Statement of Fiduciary Net Position, (5) the Fiduciary Fund Statement of Change in Fiduciary Net Position, and (6) Notes to Financial Statements.

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise funds.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users.

Fiduciary Fund

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

Other Information

In calendar year 2020, the Department implemented ASC 980, *Accounting for the Effects of Certain Types of Regulation*, which essentially adjusts for differences between how revenue/rates are budgeted and how they are accounted for in accordance with Generally Accepted Accounting Principles (GAAP). In the Department's case, contributions in aid of construction (CIAC) are set aside (deferred) and are recognized equal to the annual depreciation expense on the related assets.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

Financial Highlights

The Proprietary Fund Statement of Net Position is designed to indicate our financial position at a specific point in time. At December 31, 2022, it shows our net worth of \$131,929,309 which comprises \$91,985,048 invested in capital assets, \$6,741,031 restricted for depreciation fund, and \$33,203,230 unrestricted.

The Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position summarizes our operating results and reveals how much, if any, of a profit was earned for the year. As discussed in more detail below, our net profit for the year ended December 31, 2022 was \$9,896,503.

The Proprietary Fund Statement of Cash Flows provide information about cash receipts, cash payments, investing, and financing activities during the accounting period. A review of our Proprietary Fund Statement of Cash Flows indicates that cash receipts from operating activities adequately covered our operating expenses in the year ended December 31, 2022.

The following is a summary of the Department's financial data for the year ended December 31, 2022 (in thousands).

Summary of Net Position

	<u>2022</u>	<u>2021</u>
Assets:		
Current and other assets	\$ 70,836	\$ 63,765
Capital assets	<u>91,985</u>	<u>86,306</u>
Total assets	162,821	150,071
Deferred outflows of resources	6,113	6,754
Liabilities:		
Long-term liabilities	11,029	18,068
Other liabilities	<u>15,550</u>	<u>12,396</u>
Total liabilities	26,579	30,464
Deferred inflows of resources	10,426	4,328
Net position:		
Net investment in capital assets	91,985	86,032
Restricted for depreciation fund	6,741	8,268
Restricted for pension trust	-	6,809
Unrestricted	<u>33,203</u>	<u>20,924</u>
Total net position	<u>\$ 131,929</u>	<u>\$ 122,033</u>

Summary of Change in Net Position

	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 100,202	\$ 86,404
Operating expenses	<u>(88,864)</u>	<u>(82,255)</u>
Operating income	11,338	4,149
Nonoperating revenues, net	<u>1,062</u>	<u>1,036</u>
Income Before Transfers	12,400	5,185
Return on investment to Town of Reading	<u>(2,504)</u>	<u>(2,487)</u>
Change in net position	9,896	2,698
Beginning net position	<u>122,033</u>	<u>119,335</u>
Ending net position	<u>\$ 131,929</u>	<u>\$ 122,033</u>

For the year ended December 31, 2022 electric sales (net of discounts) were \$100,350,663, an increase of 14.12% from the prior year. During calendar year 2022, cost increases for purchased electricity were primarily the result of both supply and price volatility within the global energy market. The increase in costs was passed along to the customers of the Department. For the year ended December 31, 2022, kilowatt hours sold were 655,858,726, a decrease of 0.38% from the prior year.

Operating expenses totaled \$88,864,067 for the year ended December 31, 2022, an increase of 8.04%. The largest portion of this total, \$64,682,635, was for purchase power costs. Other operating expenses included \$17,403,804 for general operating and maintenance costs, \$1,720,644 for voluntary payments to Towns, and depreciation expense of \$5,056,984. For the year ended December 31, 2022 the depreciation rate was 3.0%. Change in net position of \$9,896,503 results primarily from rates and charges set at a level to fund future capital improvements.

In the year ended December 31, 2022, the Department contributed \$2,352,753 to the Town of Reading Contributory Retirement System on behalf of the Department's employees.

For the year ended December 31, 2022, the Department contributed \$274,087 to the Other Post-Employment Benefits Trust ("OPEB Trust"). Additional information on the Department's OPEB Trust Fund can be found in corresponding note on page 33 of this report.

Capital Asset and Debt Administration

Capital Assets

Total investment in land and construction in progress at year end amounted to \$5,929,927, an increase of \$4,389,875 from the prior year. The increase is primarily due to land purchased for the purpose of a new substation. Total investment in depreciable capital assets at year-end amounted to \$86,055,122 (net of accumulated depreciation), an increase of \$1,288,732 from the prior year. This investment in depreciable capital assets includes structures and improvements, equipment and furnishings, and infrastructure assets.

Debt and Other Long-Term Obligations

At the end of the current fiscal year, the Department had no outstanding bonded debt.

Additional information on capital assets and other long-term obligations can be found in the Notes to Financial Statements.

Requests for Information

This financial report is designed to provide a general overview of the Reading Municipal Light Department's finances for all those with an interest in the Department's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Director of Business & Finance
Reading Municipal Light Department
230 Ash Street
Reading, Massachusetts 01867

**TOWN OF READING, MASSACHUSETTS
READING MUNICIPAL LIGHT DEPARTMENT**

Statement of Net Position
December 31, 2022

	2022
Assets	
Current:	
Unrestricted cash and short-term investments	\$ 23,411,566
Receivables, net of allowance for uncollectable	9,287,089
Prepaid expenses	2,345,121
Inventory	2,295,222
Lease receivable	<u>295,384</u>
Total current assets	37,634,382
Noncurrent:	
Restricted cash and short-term investments	29,109,300
Restricted investments	793,916
Investment in associated companies	976,518
Lease receivable	2,321,554
Land and construction in progress	5,929,927
Capital assets, net of accumulated depreciation	<u>86,055,122</u>
Total noncurrent assets	<u>125,186,337</u>
Total Assets	162,820,719
Deferred Outflows of Resources	
Related to pension	4,967,090
Related to OPEB	<u>1,146,297</u>
Total Deferred Outflows of Resources	6,113,387
Liabilities	
Current:	
Accounts payable	9,763,660
Accrued liabilities	719,274
Customer deposits	1,681,059
Contributions in aid of construction	2,911,725
Other liabilities	200,000
Due to fiduciary fund	274,087
Current portion of long-term liabilities:	
Compensated absences	<u>116,269</u>
Total current liabilities	15,666,074
Noncurrent:	
Net pension liability	5,358,701
Net OPEB liability	4,269,089
Compensated absences	<u>1,284,676</u>
Total noncurrent liabilities	<u>10,912,466</u>
Total Liabilities	26,578,540
Deferred Inflows of Resources	
Related to pension	6,952,933
Related to OPEB	856,386
Related to leases	<u>2,616,938</u>
Total Deferred Inflows of Resources	10,426,257
Net Position	
Net investment in capital assets	91,985,048
Restricted for:	
Depreciation fund	6,741,031
Unrestricted	<u>33,203,230</u>
Total Net Position	\$ <u>131,929,309</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF READING, MASSACHUSETTS
 READING MUNICIPAL LIGHT DEPARTMENT

Statement Of Revenues, Expenses, And Change In Net Position
 For the Year Ended December 31, 2022

	<u>2022</u>
Operating Revenues	
Electric sales, net of discounts of \$4,444,142	\$ 100,350,663
Purchase power adjustments:	
Fuel charge adjustment	2,039,616
Capacity and transmission adjustment	<u>(2,187,920)</u>
Total Operating Revenues	100,202,359
Operating Expenses	
Purchase power	64,682,635
Operating	15,082,436
Maintenance	2,321,368
Voluntary payments to towns	1,720,644
Depreciation	<u>5,056,984</u>
Total Operating Expenses	<u>88,864,067</u>
Operating Income	11,338,292
Nonoperating Revenues (Expenses)	
Investment income	300,617
Intergovernmental grants	105,000
Loss on disposal of assets	(50,596)
Other revenues	768,248
Other expenses	<u>(61,084)</u>
Total Nonoperating Revenues, net	<u>1,062,185</u>
Income Before Transfers	12,400,477
Return on investment transfer to Town of Reading	<u>(2,503,974)</u>
Change in Net Position	9,896,503
Net Position at Beginning of Year	<u>122,032,806</u>
Net Position at End of Year	<u>\$ 131,929,309</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF READING, MASSACHUSETTS
READING MUNICIPAL LIGHT DEPARTMENT**

Statement of Cash Flows
For the Year Ended December 31, 2022

	<u>2022</u>
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 99,789,866
Payments to vendors and employees	(84,787,398)
Customer purchase power adjustments	<u>(148,304)</u>
Net Cash Provided By Operating Activities	14,854,164
Cash Flows From Noncapital Financing Activities	
Return on investment to Town of Reading	(2,503,974)
Other revenues	768,248
Other expenses	<u>(78,302)</u>
Net Cash (Used For) Noncapital Financing Activities	(1,814,028)
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(10,811,016)
Contributions in aid of construction	440,521
Intergovernmental revenues	<u>105,000</u>
Net Cash (Used For) Capital and Related Financing Activities	(10,265,495)
Cash Flows From Investing Activities	
Investment income	300,617
Increase in investments	<u>1,761,710</u>
Net Cash Provided By Investing Activities	<u>2,062,327</u>
Net Change in Cash and Short-Term Investments	4,836,968
Cash and Short-Term Investments, Beginning of Period	<u>47,683,898</u>
Cash and Short-Term Investments, End of Period	<u>\$ 52,520,866</u>
Reconciliation of Operating Income to Net Cash provided by Operating Activities	
Operating income	\$ 11,338,292
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation expense	5,056,984
Changes in assets, liabilities, and deferred outflows/inflows	
Accounts receivable	(694,156)
Prepaid and other assets	629,093
Inventory	(465,687)
Accounts payable and accrued liabilities	944,732
Customer deposits	133,359
Due to fiduciary fund	274,087
Net pension liability and related deferrals	(2,076,024)
Net OPEB liability and related deferrals	<u>(286,516)</u>
Net Cash Provided By Operating Activities	<u>\$ 14,854,164</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF READING, MASSACHUSETTS
 READING MUNICIPAL LIGHT DEPARTMENT

Statement of Fiduciary Net Position
 December 31, 2022

	Other Post Employment Benefits <u>Trust Fund</u> <u>2022</u>
Assets	
Investments:	
Pooled investments	\$ <u>4,502,991</u>
Total investments	4,502,991
Due from proprietary fund	<u>274,087</u>
Total Assets	<u>4,777,078</u>
Net Position	
Total net position held in trust	\$ <u><u>4,777,078</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF READING, MASSACHUSETTS
 READING MUNICIPAL LIGHT DEPARTMENT

Statement of Change In Fiduciary Net Position
 For the Year Ended December 31, 2022

	Other Post Employment Benefits <u>Trust Fund</u>
	<u>2022</u>
Additions	
Contributions:	
Employer	\$ 855,547
Investment Income (loss):	
Investment (loss)	<u>(581,293)</u>
Total additions	274,254
Deductions	
Benefit payments to plan members, beneficiaries and other systems	<u>581,460</u>
Net decrease	(307,206)
Net position restricted for OPEB purposes	
Beginning of year	<u>5,084,284</u>
End of year	\$ <u><u>4,777,078</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF READING, MASSACHUSETTS MUNICIPAL LIGHT DEPARTMENT

Notes to Financial Statements

1. **Summary of Significant Accounting Policies**

Reporting Entity

These financial statements present only the Town of Reading Municipal Light Department (the Department), an enterprise fund of the Town of Reading, Massachusetts (the Town). These financial statements are not intended to and do not present fairly the financial position of the Town of Reading, Massachusetts, and the changes in its financial position and its cash flows where applicable, in conformity with accounting principles generally accepted in the United States of America.

Business Activity

The Department purchases electricity for distribution to more than 70,000 residents within the towns of Reading, North Reading, Wilmington, and Lynnfield Center.

Regulation and Basis of Accounting

Under Massachusetts General Laws, the Department's electric rates are set by the Municipal Light Board. Electric rates, excluding the purchase power fuel charge and the purchase power capacity and transmission charge, cannot be changed more than once every three months. Rate schedules are filed with the Massachusetts Department of Public Utilities (DPU). While the DPU exercises general supervisory authority over the Department, the Department's rates are not subject to DPU approval. The Department's policy is to prepare its financial statements in conformity with Generally Accepted Accounting Principles.

The proprietary fund financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Department's proprietary fund are charges to customers for electric sales and services. Operating expenses for the Department's proprietary fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Concentrations

The Department operates within the electric utility industry. In 1998, the Commonwealth of Massachusetts (the Commonwealth) enacted energy deregulation legislation that restructured the Commonwealth's electricity industry to foster competition and promote reduced electric rates. Energy deregulation created a separation between the supply and delivery portions of electricity service and enabled consumers to purchase their energy from a retail supplier of their choice. Municipal utilities are not currently subject to this legislation.

Other Post-Employment Benefits Trust

The Other Post-Employment Benefits Trust Fund (the "OPEB Trust") was established by the Reading Municipal Light Board pursuant to Chapter 32B, Section 20 of the General Laws of the Commonwealth of Massachusetts.

The OPEB Trust constitutes the principal instrument of a plan established by the Municipal Light Board to fund the Department's annual actuarially determined OPEB contribution for future retirees.

Revenues

Revenues are based on rates established by the Department and filed with the DPU. Revenues from sales of electricity are recorded on the basis of bills rendered from monthly meter readings taken on a cycle basis and are stated net of discounts. Recognition is given to the amount of sales to customers which are unbilled at the end of the fiscal year.

Cash and Short-Term Investments

For the purposes of the Statements of Cash Flows, the Department considers unrestricted cash on deposit with the Town Treasurer to be cash and short-term investments. For purposes of the Statement of Net Position, both the proprietary fund and fiduciary fund consider unrestricted and restricted investments with original maturities of three months or less to be short-term investments.

Investments

Investments for the Department consist of domestic and foreign fixed income bonds which the Department intends to hold to maturity. These investments are reported at fair market value.

Inventory

Inventory consists of parts and accessories purchased for use in the utility business for construction, operation, and maintenance purposes and is stated at average cost. Meters and transformers are capitalized when purchased.

Leases

The Department recognizes a lease receivable and a deferred inflow of resources in the financial statements. At the commencement of a lease, the Department initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term on a straight-line basis over its useful life. The following key assumptions are made:

- The Department uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease, including renewal terms reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are comprised of fixed payments from the lessee.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and utility plant infrastructure, are recorded at historical cost or estimated historical cost when purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as they are acquired or constructed. Interest incurred during the construction phase of proprietary fund capital assets is included as part of the capitalized value of the constructed asset. When capital assets are retired, the cost of the retired asset, less accumulated depreciation, salvage value and any cash proceeds, is charged to the Department's unrestricted net position.

Massachusetts General Laws require utility plant in service to be depreciated at a minimum annual rate of 3%. To change this rate, the Department must obtain approval from the DPU. Changes in annual depreciation rates may be made for financial factors relating to cash flow for plant expansion, rather than engineering factors relating to estimates of useful lives.

Accrued Compensated Absences

Employee vacation leave is vested annually but may only be carried forward to the succeeding year with supervisor approval and, if appropriate, within the terms of the applicable Department policy or union contract. Generally, sick leave may accumulate

according to union and Department contracts and policy and is paid upon normal termination at the current rate of pay. The Department's policy is to recognize vacation costs at the time payments are made. The Department records accumulated, unused, vested sick pay as a liability. The amount recorded is the amount to be paid upon normal termination at the current rate of pay.

Pension and OPEB Obligations

In accordance with GASB Statement No. 68, *Accounting and Reporting for Pensions*, employers report a net pension liability and related deferred outflows and inflows and related pension expense as determined by the plan. Disclosures required under GASB Statement No. 68 apply to the Department for its participation in the Town of Reading Contributory Retirement System defined benefit plan.

In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, the Department reports net OPEB liability and related deferred outflows and inflows and related OPEB expense associated with the Department's OPEB plan.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenues and expenses during the fiscal year. Actual results could vary from estimates that were used.

Rate of Return

The Department's rates must be set such that earnings attributable to electric operations do not exceed 8% of the net cost of plant. The Department's audited financial statements are prepared in accordance with auditing standards generally accepted in the United States of America. To determine the net income subject to the rate of return limitations, the Department performs the following calculation. Using the net income per the audited financial statements, the pension and OPEB accruals are added or deducted, miscellaneous debits/credits (i.e., gain/loss on disposal of fixed assets, etc.) are added or deducted, leaving an adjusted net income figure for rate of return purposes. Investment interest income is then deducted from this figure to determine the net income subject to the rate of return. The net income subject to the rate of return is then subtracted from the allowable 8% rate of return, which is calculated by adding the book value of net plant and the investment in associated companies multiplied by 8%. From this calculation, the Department did not exceed 8% in 2022.

2. Cash and Investments

Total cash and investments as of December 31, 2022 are classified in the accompanying financial statements as follows:

Proprietary Fund:	
Unrestricted cash and short-term investments	\$ 23,411,566
Restricted cash and short-term investments	29,109,300
Restricted investments	793,916
Fiduciary Fund:	
Pooled investments	<u>4,502,991</u>
Total cash and investments	<u>\$ 57,817,773</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Department manages its exposure to interest rate risk by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of December 31, 2022, the Department (including the OPEB Trust) held cash and short-term investments in pooled investments with the Massachusetts Municipal Depository Trust (MMDT), FDIC-insured savings accounts, and 90-day FDIC-insured bank certificates of deposit. Because of their immediate liquidity and/or short-term maturity, these funds are classified as cash and short-term investments in the accompanying financial statements and are not considered to be exposed to significant interest rate risk.

As of December 31, 2022, the Department held investments in domestic and foreign fixed income bonds with varying maturity dates as follows:

<u>Corporate Bonds</u>	<u>Amount</u>	<u>Maturity Date</u>
General Electric Cap Corp	\$ 206,936	01/09/23
Wells Fargo & Co	198,802	08/15/23
Simon Property	181,716	06/15/27
BNP Paribas	<u>206,462</u>	03/03/23
Total	<u>\$ 793,916</u>	

Credit Risk

Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assigning of a rating by a nationally recognized statistical rating organization. As of December 31, 2022, the Department held investments in domestic and foreign fixed income bonds with varying ratings as follows:

<u>Investment Type</u>	<u>Amount</u>	Moody's <u>Rating</u>
Corporate Bonds:		
General Electric Cap Corp	\$ 206,936	Baa1
Wells Fargo & Co	198,802	A3
Simon Property	181,716	A3
BNP Paribas	<u>206,462</u>	Aa3
Total	\$ <u>793,916</u>	

Concentration of Credit Risk

The Department follows the Town of Reading's investment policy, which does not limit the amount that can be invested in any one issuer beyond that stipulated by Massachusetts General Laws. At December 31, 2022, the Department investments were held in domestic and foreign fixed income bonds, as detailed in the sections above. Each of the bonds individually represent between approximately 23-26% of the Department's total investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Department will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Department will not be able to recover the value of its investments or collateral securities that are in the possession of another party. Massachusetts General Laws, Chapter 44, Section 55, limits deposits "in a bank or trust company or banking company to an amount not exceeding sixty percent of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." The Department follows the Massachusetts statute as written, as well as the Town of Reading's deposit policy for custodial credit risk.

Because the Department pools its cash and short-term investments with the Town of Reading, and bank accounts are maintained in the name of the Town, the amount of the Department's balance exposed to custodial credit risk at December 31, 2022, cannot be reasonably determined.

As of December 31, 2022, none of the Department investments were exposed to custodial credit risk because the related securities were registered in the Department's name.

Fair Value

The Department categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application (GASB 72)*.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as Level 2.
- Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

The net asset value (NAV) per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured using NAV for fair value are not subject to level classification.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Department's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Department has the following fair value measurements as of December 31, 2021:

<u>Description</u>	<u>Amount</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Investments measured using fair value:				
Debt securities:				
Corporate bonds	\$ 793,916	\$ -	\$ 793,916	\$ -
Investments measured at the net asset value (NAV):				
External investment pool	<u>4,502,991</u>			
Total	<u>\$ 5,296,907</u>			
<u>Description</u>	<u>Amount</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If currently eligible)</u>	<u>Redemption Notice Period</u>
External investment pool	\$ 4,502,991	\$ -	Quarterly	30 days

3. Restricted Cash and Investments

The Department's restricted cash and investment balances represent the following reserves:

	<u>12/31/22</u>	
	<u>Cash</u>	<u>Investments</u>
Depreciation fund	\$ 6,741,031	\$ -
Construction fund	6,500,000	-
Deferred fuel reserve	3,708,756	-
Deferred energy conservation reserve	1,978,335	-
Rate stabilization	6,939,999	-
Reserve for uncollectible accounts	200,000	-
Sick leave benefits	607,029	793,916
Hazardous waste fund	750,000	-
Customer deposits	1,681,059	-
Pension trust	<u>3,091</u>	<u>-</u>
Total	<u>\$ 29,109,300</u>	<u>\$ 793,916</u>

The Department maintains the following reserves:

- Depreciation fund - The Department is normally required to reserve 3.0% of capital assets each year to fund capital improvements.
- Construction fund – This account represents amounts set aside by the Department for construction-related projects.
- Deferred fuel reserve - The Department transfers the difference between the customers' monthly fuel charge adjustment and actual fuel costs into this account to be used in the event of a sudden increase in fuel costs.
- Deferred energy conservation reserve - This account is used to reserve monies collected from a special energy charge added to customer bills. Customers who undertake measures to conserve and improve energy efficiency can apply for rebates that are paid from this account.
- Rate stabilization - This represents amounts set aside to help stabilize cost increases resulting from fluctuations in purchase power costs.
- Reserve for uncollectible accounts - This account was set up to offset a portion of the Department's bad debt reserve.
- Sick leave benefits - This account is used to offset the Department's compensated absence liability.
- Hazardous waste fund - This reserve was set up by the Municipal Light Board to cover the Department's insurance deductible in the event of a major hazardous materials incident.
- Customer deposits - Customer deposits that are held in escrow.
- Pension trust - The principal instrument of a plan established by the Municipal Light Board to fund the Department's annual required contribution to the Town of Reading Contributory Retirement System (the System), a cost-sharing, multi-employer public employee retirement system.

4. Accounts Receivable

Accounts receivable consist of the following at December 31, 2022:

Customer Accounts:		
Billed	\$	3,314,789
Less allowances:		
Uncollectible accounts		(200,000)
Sales discounts		<u>(211,153)</u>
Total billed		2,903,636
Unbilled, net of sales discounts		<u>5,817,864</u>
Total customer accounts		8,721,500
Other Accounts:		
Liens and other		<u>565,589</u>
Total other accounts		<u>565,589</u>
Total net receivables	\$	<u><u>9,287,089</u></u>

5. Prepaid Expenses

Prepaid expenses consist of the following:

Insurance and other	\$	1,628,916
Purchase power		15,794
NYPA prepayment fund		307,572
WC Fuel - Watson		<u>392,839</u>
Total	\$	<u><u>2,345,121</u></u>

6. Inventory

Inventory comprises supplies and materials at December 31, 2022, and is valued using the average cost method.

7. Investment in Associated Companies

Investment in associated companies consists of the following, at December 31, 2022:

New England Hydro-Transmission (NEH & NHH)	\$	308,113
Energy New England		619,567
Black Rock Funding - Saddleback Ridge		<u>48,838</u>
Total	\$	<u><u>976,518</u></u>

Under agreements with the New England Hydro-Transmission Electric Company, Inc. (NEH) and the New England Hydro-Transmission Corporation (NHH), the Department has made the advances to fund its equity requirements for the Hydro-Quebec Phase II interconnection. The Department is carrying its investment at fair value, reduced by shares repurchased. The Department's equity position in the Project is less than one-half of one percent.

In April 2019, the Department invested in 8.334% shares of Energy New England (ENE). The Department's equity position at December 31, 2022 is based on ENE's capital, retained earnings, and the net profit from April 2019 through December of 2022.

In December 2013, the Department signed a purchase power agreement with Saddleback Ridge Wind, LLC for the output of Saddleback Ridge Wind located in Carthage, Maine. The contract for Saddleback Ridge Wind is effective from January 1, 2015 through December 31, 2035. The Department receives energy plus all attributes for this contract. The average annual generation is estimated to be approximately 15,820 megawatt-hours per year.

8. Leases Receivable

In calendar year 2022, the Department adopted GASB Statement No. 87, *Leases*. This statement requires the recording of a lease receivable asset and a deferred inflow of resources by the lessor (the Department) in the case of a lease which does not transfer ownership of the leased asset.

As of December 31, 2022, the Department's receivable, and deferred inflow of resources for lease payments was \$2,616,938. The Department recognized lease revenue of \$275,811 in calendar year 2022. These leases are summarized as follows:

Light Tower Fiber LLC – The Department entered into various lease agreements with Light Tower Fiber LLC for the lease of Department owned fiber cable. Based on the agreements, the Department is receiving monthly payments through 2031. These lease agreements include an extension clause for 5 three-year renewal term, that is expected to be exercised for each individual agreement.

9. Capital Assets

The following is a summary of the year ended December 31, 2022 activity in capital assets (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Structures and improvements	\$ 21,101	\$ 66	\$ -	\$ 21,167
Equipment and furnishings	37,021	773	(102)	37,692
Infrastructure	<u>111,846</u>	<u>5,582</u>	<u>(428)</u>	<u>117,000</u>
Total capital assets, being depreciated	169,968	6,421	(530)	175,859
Less accumulated depreciation for:				
Structures and improvements	(11,914)	(566)	-	(12,480)
Equipment and furnishings	(24,887)	(941)	102	(25,726)
Infrastructure	<u>(48,401)</u>	<u>(3,592)</u>	<u>395</u>	<u>(51,598)</u>
Total accumulated depreciation	<u>(85,202)</u>	<u>(5,099)</u>	<u>497</u>	<u>(89,804)</u>
Total capital assets, being depreciated, net	84,766	1,322	(33)	86,055
Capital assets, not being depreciated:				
Land	1,266	4,009	-	5,275
Construction in progress	<u>274</u>	<u>381</u>	<u>-</u>	<u>655</u>
Total capital assets, not being depreciated	<u>1,266</u>	<u>4,390</u>	<u>-</u>	<u>5,930</u>
Capital assets, net	<u>\$ 86,032</u>	<u>\$ 5,712</u>	<u>\$ (33)</u>	<u>\$ 91,985</u>

10. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the Department that apply to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

11. Accounts Payable

Accounts payable represent 2022 expenses that were paid after December 31, 2022.

12. Accrued Liabilities

Accrued liabilities consist of the following at December 31, 2022:

Accrued payroll	\$	632,190
Accrued sales tax		<u>87,084</u>
Total	\$	<u>719,274</u>

13. Customer Deposits

This balance represents deposits received from customers that are held in escrow.

14. Contributions in Aid of Construction

The application of ASC 980 results in certain revenues and expenses being removed from the Statement of Revenues, Expenses and Changes in Fund Net Position and reflected in the Statement of Net Position as contributions in aid of construction. The revenues that have been removed from the Statement of Revenues, Expenses, and Changes in Fund Net Position and added to the Statement of Net Position are the Department's contributions in aid of construction. These deferred inflows will be amortized over the life of the corresponding capital assets.

15. Accrued Employee Compensated Absences

Department employees are granted sick leave in varying amounts. Upon retirement, normal termination, or death, employees are compensated for unused sick leave (subject to certain limitations) at their then current rates of pay.

16. Long-Term Liabilities***Changes in Long-Term Liabilities***

During the year ended December 31, 2022, the following changes occurred in long-term liabilities (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Net pension liability	\$ 11,954	\$ -	\$ (6,595)	\$ 5,359	\$ -	\$ 5,359
Net OPEB liability	4,159	110	-	4,269	-	4,269
Compensated absences	<u>1,955</u>	<u>-</u>	<u>(554)</u>	<u>1,401</u>	<u>(116)</u>	<u>1,285</u>
Totals	\$ <u>18,068</u>	\$ <u>110</u>	\$ <u>(7,149)</u>	\$ <u>11,029</u>	\$ <u>(116)</u>	\$ <u>10,913</u>

17. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of net assets by the Department that apply to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources are related to pension and OPEB, in accordance with GASB Statements No. 69 and 75, will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes. Deferred inflows related to leases, in accordance with GASB Statement No. 87 have been recognized in calendar year 2022 and are offset with leases receivable.

18. Reading Contributory Retirement System

The Department follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, with respect to the employees’ retirement funds.

Plan Description

Substantially all employees of the Department are members of the Town of Reading Contributory Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, as well as contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System’s annual financial reports, which are publicly available from the System’s administrative offices located at Reading Town Hall, 16 Lowell Street, Reading, Massachusetts, 01867.

Participant Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee’s individual contribution percentage is determined by their date of entry into the system. In addition, all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5%
January 1, 1975 - December 31, 1983	7%
January 1, 1984 - June 30, 1996	8%
Beginning July 1, 1996	9%

For those members entering a Massachusetts System on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

Participant Retirement Benefits

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest 5-year average annual rate of regular compensation for those first becoming members of the Massachusetts System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100%, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are four classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the Massachusetts State Police. The other three classes are as follows:

- Group 1 – General employees, including clerical, administrative, technical, and all other employees not otherwise classified.
- Group 2 – Certain specified hazardous duty positions.
- Group 4 – Police officers, firefighters, and other specified hazardous positions.

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Department employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

Methods of Payment

A member may elect to receive his or her retirement allowance in one of three forms of payment as follows:

- Option A – Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member’s death.
- Option B – A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member, provided however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree’s beneficiary or beneficiaries of choice.
- Option C – A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member’s designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or “pops up” to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable “pops up” to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

Employer Contributions

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Department's contribution to the System for the year ended December 31, 2022 was \$2,352,753 which was equal to its actuarially determined contribution.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the System and additions to/deductions from System's fiduciary net position have been determined on the same basis as they are reported by System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred (Inflows) of Resources Related to Pension

At December 31, 2022, the Department reported a liability of \$5,358,701 for its proportionate share of the System's net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. The Department's proportion of the net pension liability was based on an actuarially determined projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At December 31, 2021, the Department's proportion was 26.56%.

For the year ended December 31, 2022, the Department recognized pension expense of \$276,705. In addition, the Department reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 779,777	\$ 79,309
Changes of assumptions	1,834,560	374,897
Net difference between projected and actual investment earnings on pension plan	-	5,953,442
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	545,285
Contributions subsequent to the measurement date	<u>2,352,753</u>	<u>-</u>
Total	<u>\$ 4,967,090</u>	<u>\$ 6,952,933</u>

The amount reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as increases (decreases) in pension expense as follows:

Year ended December 31:	
2023	\$ (614,787)
2024	(1,572,398)
2025	(1,079,283)
2026	(1,067,375)
2027	<u>(4,753)</u>
Total	\$ <u>(4,338,596)</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	January 1, 2021
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Projected salary increases	4.25%-6.00% for Groups 1 and 2
Inflation rate	2.40% Annually
Post-retirement cost-of-living adjustment	3.00% of first \$14,000

Mortality rates were based on the RP-2014 Blue Collar Mortality Table, with full generational mortality improvement using Scale MP-2018. For disabled members, RP-2014 Blue Collar Mortality Table, set forward one year with full generational mortality improvement using MP-2018.

Target Allocations

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of

arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Rates of Return</u>
Global equity	38.00%	4.22%
Core Fixed income	15.00%	0.70%
Private equity	15.00%	7.70%
Portfolio completion	10.00%	3.00%
Real estate	10.00%	3.60%
Value-added fixed income	8.00%	4.00%
Timberland	4.00%	4.20%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Department's proportionate share of the net pension liability (asset) calculated using the current discount rate of 7.00%, as well as what the Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
\$11,893,214	\$ 5,358,701	\$ (173,793)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued System financial report.

19. Other Post-Employment Benefits (GASB 74 and GASB 75)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2010, the Department established a single employer defined benefit OPEB Trust Fund to provide funding for future employee health care costs. The OPEB Trust Fund does not issue a stand-alone financial report.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

All the following OPEB disclosures are based on a measurement date of December 31, 2022.

General Information about the OPEB Plan

Plan Description

The Department provides post-employment healthcare benefits for retired employees through the Department's plan. The Department provides health insurance coverage through Blue Cross Blue Shield. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of the Massachusetts General Laws.

Benefits Provided

The Department provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the Department and meet the eligibility criteria will receive these benefits.

Funding Policy

The Department's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute. Additional contributions are generally based on actuarially determined amounts.

Plan Membership

At June 30, 2022 (actuarial valuation date), the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	103
Active employees	<u>47</u>
Total	<u>150</u>

Investments

The OPEB trust fund assets consist of investments with the State Retiree Benefit Trust Fund (SRBTF) in the Pension Reserves Investment Trust (PRIT).

For the year ended December 31, 2022, the annual money-weighted rate of return on investments, net of investment expense, was not available. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions and Other Inputs

The net OPEB liability was determined by an actuarial valuation as of June 30, 0222, and used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	6.00% decreasing to 4.25% based on service for Group 1 and Group 2
Investment rate of return	7.00%
Municipal bond rate	Unknown
Discount rate	7.00%
Healthcare cost trend rates	Medical/Prescription Drug: 7.00% decreasing by 0.25% for 10 years to an ultimate level of 4.50% per year. Contributions: Retiree contributions are expected to increase with medical trend.
Participation rate	100% of active employees

Mortality rates were based on:

- Pre-Retirement: RP-2014 Blue Collar Employee Mortality Table projected generationally using Scale MP-2018
- Healthy: RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally using Scale MP-2018
- Disabled: RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally using Scale MP-2018

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study as of June 30, 2022.

Target Allocations

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	22.00%	6.11%
Core fixed income	15.00%	0.38%
Private equity	15.00%	9.93%
International developed markets equity	11.50%	6.49%
Real estate	10.00%	3.72%
Hedge fund, GTAA, risk parity	10.00%	2.63%
High yield fixed income	8.00%	2.48%
International emerging markets equity	4.50%	8.12%
Timber	4.00%	3.44%
Total	<u>100.00%</u>	

Contributions

In addition to the implicit subsidy contribution, the Department's policy is to contribute the actuarial determined contributions.

Discount Rate

The discount rate used to measure the net OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Net OPEB Liability

The components of the net OPEB liability, measured as of December 31, 2022, were as follows:

Total OPEB liability	\$	9,046,167
Plan fiduciary net position		<u>4,777,078</u>
Net OPEB liability	\$	<u>4,269,089</u>
Plan fiduciary net position as a percentage of the total OPEB liability		52.81%

The fiduciary net position has been determined on the same basis used by the OPEB Plan. For this purpose, the Plan recognizes benefit payments when due and payable.

Changes in the Net OPEB Liability

The following summarizes the changes in the net OPEB liability for the past year.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	\$ 9,242,982	\$ 5,084,284	\$ 4,158,698
Changes for the year:			
Service cost	281,106	-	281,106
Interest	646,679	-	646,679
Contributions - employer	-	855,547	(855,547)
Net investment income	-	(581,293)	581,293
Changes of benefit terms	11,777	-	11,777
Differences between expected and actual experience	(53,878)	-	(53,878)
Changes in assumptions or other inputs	(501,039)	-	(501,039)
Benefit payments	<u>(581,460)</u>	<u>(581,460)</u>	<u>-</u>
Net Changes	<u>(196,815)</u>	<u>(307,206)</u>	<u>110,391</u>
Balances, end of year	<u>\$ 9,046,167</u>	<u>\$ 4,777,078</u>	<u>\$ 4,269,089</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$ 5,287,339	\$ 4,269,089	\$ 3,413,194

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% Decrease (6.00%)	Current Healthcare Cost Trend Rates (7.00%)	1% Increase (8.00%)
\$ 3,317,467	\$ 4,269,089	\$ 5,414,258

OPEB Expense and Deferred Outflows of Resources and Deferred (Inflows) of Resources Related to OPEB

For the year ended December 31, 2022, the Department recognized an OPEB expense of \$569,031. At December 31, 2022, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 148,268	\$ 35,918
Changes in assumptions	-	820,468
Net difference between projected and actual earnings on OPEB investment	998,029	-
Total	\$ 1,146,297	\$ 856,386

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as increases (decreases) in OPEB expense as follows:

<u>Year Ended December 31:</u>	
2023	\$ (40,396)
2024	(78,900)
2025	219,850
2026	<u>189,357</u>
Total	<u>\$ 289,911</u>

20. Participation in Massachusetts Municipal Wholesale Electric Company

The Town of Reading, acting through the Reading Municipal Light Department is a participant in certain Projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC).

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop a bulk power supply for its members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in, and to issue revenue bonds to finance, electric facilities (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities. MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has the Nuclear Mix No 1 Project, Nuclear Project Three, Nuclear Project Four, Nuclear Project Five and Project Six, which comprise an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. The operating license for Seabrook Station extends to March 15, 2050. The operating license for the Millstone Unit 3 nuclear unit extends to November 25, 2045.

MMWEC sells all of the capability (Project Capability) of each of its projects to its members and other utilities (Project Participants) under Power Sales Agreements (PSAs). The Department has entered into PSAs with MMWEC. Under the PSAs the Department is required to make certain payments to MMWEC payable solely from Department revenues. Among other things, the PSAs require each project participant to pay its pro rata share of MMWEC’s costs related to the Project, which costs include debt service on the revenue bonds issued by MMWEC to finance the Project. In addition, should a project participant fail to make any payment when due, other project participants of that Project may be required to increase (step-up) their payments and correspondingly their participant’s share of that Project’s Project Capability. Project participants have covenanted to fix, revise and collect rates at least sufficient to meet their obligations under the PSAs. Each participant is unconditionally obligated to make payments due to

MMWEC whether or not the Project is completed or operating and notwithstanding the suspension or interruption of the output of the Project(s).

Pursuant to the PSAs, the MMWEC project participants are liable for their proportionate share of the costs associated with decommissioning the plants, which costs are being funded through monthly project billings. Also, the Millstone and Seabrook project participants are liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act (Act). Originally enacted in 1957, the Act has been renewed several times. In July 2005, as part of the Energy Policy Act of 2005, Congress extended the Act until the end of 2025.

MMWEC is involved in various legal actions. In the opinion of management, the outcome of such litigation or claims will not have a material adverse effect on the financial position of the company.

The total capital expenditures and annual capacity, fuel and transmission costs (which include debt service and decommissioning expenses as discussed above) associated with the Department's Project Capability of the Projects in which it participates for the years ended December 31, 2022 and 2021, respectively are listed in the table below.

Projects	Percentage Share	Years Ended			
		Total Capital Expenditures 2022	Total Capital Expenditures 2021	Capacity, Fuel & Transmission Billed 2022	Capacity, Fuel & Transmission Billed 2021
Stony Brook Peaking Project	19.5163%	\$ 12,091,392	\$ 12,088,787	\$ 1,045,900	\$ 778,875
Stony Brook Intermediate Project	15.9249%	29,176,852	29,170,553	3,670,187	2,320,014
Nuclear Mix No. 1-Seabrook	14.7191%	1,525,857	1,513,418	70,580	63,124
Nuclear Mix No. 1-Millstone	14.7191%	9,404,582	9,169,163	874,493	978,120
Nuclear Project No. 3-Millstone	5.2617%	8,141,098	7,973,312	621,229	696,645
Nuclear Project No. 4-Seabrook	12.5560%	38,451,668	38,169,208	1,584,513	1,438,529
Nuclear Project No. 5-Seabrook	6.1186%	5,068,413	5,033,573	200,217	180,368
		<u>\$ 103,859,862</u>	<u>\$ 103,118,014</u>	<u>\$ 8,067,119</u>	<u>\$ 6,455,675</u>

21. Non-Carbon Certificates

In April of 2021, Massachusetts put the 2021 Climate Law into effect. For the first time, Massachusetts municipal light plants are under emission compliance standards. Emission compliance targets were set for 2030, 2040, and 2050. Specifically, Massachusetts municipal light plants must source energy from non-carbon sources equal to or above a percentage of kwh sales, set as 50% of annual kwh sales in 2030, 75% of annual kwh sales in 2040, net-zero of annual kwh sales in 2050, with a 2020 baseline of 20% of annual kwh sales.

Compliance is recognized as retiring non-carbon certificates. Hence, the new metric is non-carbon certificates where renewable energy certificates are a subset of non-carbon certificates. Emissions Free Energy Certificates (EFECs) are classified as non-carbon certificates and are valid for compliance. Nuclear facilities can register EFECs with the NEPOOL GIS regional tracking system. Seabrook and Millstone nuclear facilities create EFEC's as part of the Departments' contracts and NYPA certificates are also EFECs.

In anticipation of the 2021 Climate Law, the Department updated its Policy no. 30 in February 2021. In an effort to avoid rate shocks in 2030, 2040, and 2050, the updated Department policy requires the retirement of non-carbon certificates at a level of 23% of annual 2021 kwh sales. The retirement level will increase 3% annually, such that the 50% compliance target is met in 2030, then 2.5% annual retirement increases thereafter.

The Department typically purchases non-carbon certificates bundled with energy, as an associated purchase of energy plus environmental attributes (certificates), and historically has not purchased non-carbon certificates in the open market.

The Departments power supply portfolio currently provides non-carbon certificates in excess of the retirement levels required by policy no. 30 and the certificates in excess of retirement targets are sold. Accounting for the 3 to 6 month minting process, the Department retires or sells non-carbon certificates on a quarterly basis.

The table below summarizes Department's non-carbon certificate holdings as of December 31, 2022. The table includes certificates acquired as part of power supply contracts, regardless of the timing of minting where minting is a prerequisite to the Department's ability to transact (retire or sell) these certificates.

The following table reflects certificates acquired during 3rd quarter 2022 and 4th quarter 2022, where 3rd quarter 2022 certificates would typically be transacted in February 2023 and 4th quarter 2022 certificates would be typically transacted in May 2023. 1st and 2nd quarter 2022 certificates were transacted prior to December 31, 2022. The yearend certificate pricing reflects market prices as of December 31, 2022 and was sourced from weekly Marex Spectrometer US Environmental market price report dated December 31, 2022 (report: SpectrometerUSGreenWeekly_27_311221) for regularly traded certificates and most recent contract prices used for the rest.

Information regarding the Department’s year ending December 31, 2022 non-carbon certificate balances is as follows:

Non-Carbon Certificates Holdings at December 31, 2022

	<u>Projected Certificates</u>	<u>Estimated Value</u>
MA Class I	22,435	\$ 818,878
CT Class 1	1,645	60,043
RI Class 1	2,345	56,280
MA Class 2	981	28,449
CT Class 2	5,555	136,098
ME Class 2	10,985	107,104
VT Tier 1	380	2,660
EFECs	<u>85,287</u>	<u>170,574</u>
Total	<u>129,613</u>	<u>\$ 1,380,086</u>

Currently, there is no formal accounting guidance under GAAP for non-carbon certificates, including renewable energy certificates. The Department’s non-carbon certificates holdings at December 31, 2022 are not recognized as an asset in the Statement of Net Position.

22. Subsequent Events

Management has evaluated subsequent events through _____ 2023, which is the date the financial statements were available to be issued.

23. Change in Accounting Principle

During calendar year 2022, the Department adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This statement enhances the relevance and consistency of information of the Department’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. See Note 5 for further details.

24. Commitments and Contingencies

COVID-19

The COVID-19 outbreak in the United States and across the globe has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, special acts or legislation by the state or federal government, and the impact on our customers, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain. Additionally, the Department has not experienced any disruptions in operations or supply chains as of the date of the financial statements. The Department will continue to monitor the situation going forward.

Outstanding Legal Issues

On an ongoing basis, there are typically pending legal issues in which the Department is involved. The Department's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

25. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (P3s and APAs), and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), effective for the Town beginning with its fiscal year June 30, 2023. These statements establish new reporting and disclosure requirements for P3s, APAs, and SBITAs. Management is currently evaluating the impact of implementing these GASB pronouncements.

TOWN OF READING, MASSACHUSETTS
READING MUNICIPAL LIGHT DEPARTMENT
 Required Supplementary Information
 Schedule of Proportionate Share of the Net Pension Liability

December 31, 2022
 (Unaudited)

Reading Contributory Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
December 31, 2022	December 31, 2021	26.56%	\$5,358,701	\$6,949,555	77.11%	90.81%
December 31, 2021	December 31, 2020	26.82%	\$11,954,138	\$6,758,995	176.86%	79.07%
December 31, 2020	December 31, 2019	28.35%	\$12,054,935	\$6,754,079	178.48%	78.24%
December 31, 2019	December 31, 2018	28.35%	\$14,610,001	\$6,513,347	224.31%	72.56%
December 31, 2018	December 31, 2017	29.15%	\$10,781,819	\$6,938,057	155.40%	79.32%
June 30, 2018	December 31, 2017	29.15%	\$10,781,819	\$6,938,057	155.40%	79.32%
June 30, 2017	December 31, 2016	29.15%	\$13,076,538	\$6,393,765	204.52%	73.43%
June 30, 2016	December 31, 2015	28.25%	\$12,862,732	\$6,147,851	209.22%	72.17%
June 30, 2015	December 31, 2014	28.25%	\$8,464,663	\$5,908,694	143.26%	79.89%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Department's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

**TOWN OF READING, MASSACHUSETTS
READING MUNICIPAL LIGHT DEPARTMENT**

Required Supplementary Information
Schedule of Pension Contributions

December 31, 2022
(Unaudited)

Reading Contributory Retirement System

Fiscal Year	Measurement Date	Contributions in Relation to the			Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
		Actuarially Determined Contribution	Actuarially Determined Contribution	Contribution			
December 31, 2022	December 31, 2021	\$ 2,352,753	\$ 2,352,753	\$ -	\$ 7,449,572	31.58%	
December 31, 2021	December 31, 2020	\$ 2,140,461	\$ 2,140,461	\$ -	\$ 6,949,555	30.80%	
December 31, 2020	December 31, 2019	\$ 2,039,462	\$ 2,039,462	\$ -	\$ 6,758,995	30.17%	
December 31, 2019	December 31, 2018	\$ 1,781,345	\$ 1,781,345	\$ -	\$ 6,754,079	26.37%	
December 31, 2018	December 31, 2017	\$ 1,691,058	\$ 1,691,058	\$ -	\$ 6,513,347	25.96%	
June 30, 2018	December 31, 2017	\$ 1,650,416	\$ 1,650,416	\$ -	\$ 6,938,057	23.79%	
June 30, 2017	December 31, 2016	\$ 1,579,345	\$ 1,579,345	\$ -	\$ 6,938,057	22.76%	
June 30, 2016	December 31, 2015	\$ 1,461,650	\$ 1,461,650	\$ -	\$ 6,393,765	22.86%	
June 30, 2015	December 31, 2014	\$ 1,401,638	\$ 1,401,638	\$ -	\$ 6,147,851	22.80%	

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Department's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

DRAFT 6.8.2023

TOWN OF READING, MASSACHUSETTS
 READING MUNICIPAL LIGHT DEPARTMENT
 Required Supplementary Information
 Other Post-Employment Benefits (OPEB)
 Schedule of Changes in the Net OPEB Liability

(Unaudited)

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 281,106	\$ 346,715	\$ 336,113	\$ 245,905	\$ 238,384	\$ 230,880
Interest	646,679	851,982	811,737	799,729	766,539	733,280
Changes of benefit terms	11,777	(2,404,503)	-	-	-	-
Differences between expected and actual experience	(53,878)	296,537	-	260,248	-	-
Changes of assumptions	(501,039)	(972,882)	-	(252,156)	-	-
Benefit payments, including refunds of member contributions	(581,460)	(549,629)	(655,233)	(577,471)	(552,351)	(504,917)
Net change in total OPEB liability	(196,815)	(2,431,780)	492,617	476,255	452,572	459,243
Total OPEB liability - beginning	<u>9,242,982</u>	<u>11,674,762</u>	<u>11,182,145</u>	<u>10,705,890</u>	<u>10,253,318</u>	<u>9,794,075</u>
Total OPEB liability - ending (a)	9,046,167	9,242,982	11,674,762	11,182,145	10,705,890	10,253,318
Plan Fiduciary Net Position						
Contributions - employer	855,547	937,222	1,042,087	1,012,408	1,159,476	813,663
Net investment income	(581,293)	188,435	33,826	90,920	75,522	35,045
Benefit payments, including refunds of member contributions	(581,460)	(549,629)	(655,233)	(577,471)	(552,351)	(504,917)
Net change in plan fiduciary net position	(307,206)	576,028	420,680	525,857	682,647	343,791
Plan fiduciary net position - beginning	<u>5,084,284</u>	<u>4,508,256</u>	<u>4,087,576</u>	<u>3,561,719</u>	<u>2,879,072</u>	<u>2,535,281</u>
Plan fiduciary net position - ending (b)	<u>4,777,078</u>	<u>5,084,284</u>	<u>4,508,256</u>	<u>4,087,576</u>	<u>3,561,719</u>	<u>2,879,072</u>
Net OPEB liability - ending (a-b)	\$ <u>4,269,089</u>	\$ <u>4,158,698</u>	\$ <u>7,166,506</u>	\$ <u>7,094,569</u>	\$ <u>7,144,171</u>	\$ <u>7,374,246</u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Department's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

DRAFT 6.8.2023

TOWN OF READING, MASSACHUSETTS
READING MUNICIPAL LIGHT DEPARTMENT

Required Supplementary Information
Other Post-Employment Benefits (OPEB)
Schedules of Net OPEB Liability, Contributions, and Investment Returns

(Unaudited)

	2022	2021	2020	2019	2018	2017
Schedule of Net OPEB Liability						
Total OPEB liability	\$ 9,046,167	\$ 9,242,982	11,674,762	\$ 11,182,145	\$ 10,705,890	\$ 10,253,318
Plan fiduciary net position	<u>4,777,078</u>	<u>5,084,284</u>	<u>4,508,256</u>	<u>4,087,576</u>	<u>3,561,719</u>	<u>2,879,072</u>
Net OPEB liability	\$ <u>4,269,089</u>	\$ <u>4,158,698</u>	<u>7,166,506</u>	\$ <u>7,094,569</u>	\$ <u>7,144,171</u>	\$ <u>7,374,246</u>
Plan fiduciary net position as a percentage of the total OPEB liability	52.81%	55.01%	38.62%	36.55%	33.27%	28.08%
Covered employee payroll	\$ unavailable	\$ unavailable	unavailable	unavailable	\$ unavailable	unavailable
Participating employer net OPEB liability (asset) as a percentage of covered employee payroll	\$ unavailable	\$ unavailable	unavailable	unavailable	\$ unavailable	unavailable
Schedule of Contributions						
Actuarially determined contribution	\$ 954,088	\$ 848,942	1,136,780	\$ 1,146,987	\$ 991,048	\$ 932,387
Contributions in relation to the actuarially determined contribution	<u>855,547</u>	<u>937,222</u>	<u>1,042,087</u>	<u>1,012,408</u>	<u>1,159,476</u>	<u>813,663</u>
Contribution deficiency (excess)	\$ <u>98,541</u>	\$ <u>(88,280)</u>	<u>94,693</u>	\$ <u>134,579</u>	\$ <u>(168,428)</u>	\$ <u>118,724</u>
Schedule of Investment Returns						
Annual money weighted rate of return, net of investment expense	unavailable	unavailable	unavailable	unavailable	unavailable	unavailable

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Department's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

ATTACHMENT 2
BOARD OF COMMISSIONERS
APPROVAL OF MEETING MINUTES

November 9, 2022
November 30th, 2022,
December 15, 2022



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2022-11-09

Time: 6:00 PM

Building: Reading Municipal Light Building

Location: Winfred Spurr Audio Visual Room

Address: 230 Ash Street

Session: Open Session

Purpose: General Business

Version: Draft

Attendees: **Members - Present:**

Marlena Bitá, Chair; Philip Pacino, Vice Chair; John Stempeck, Commissioner; David Talbot, Commissioner; Robert Coulter, Commissioner.

Members - Not Present:

Others Present:

RMLD Staff: Gregory Phipps, General Manager; Erica Morse, Executive Assistant; Hamid Jaffari, Director of Engineering & Operations; Benjamin Bloomenthal, Director of Finance & Accounting.

RMLD Liasons: Ed Ross (Finance Committee)

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

Topics of Discussion:

Chair Bitá called the RMLD Board of Commissioner's (BoC) meeting to order at 6:00 PM and announced that the meeting would be held in person, remotely on Zoom, and will be streamed live on RCTV and YouTube.

Opening Remarks and Introductions

Chair Bitá read the RMLD BoC code of conduct and asked all remote attendees to identify themselves. Vice Chair Pacino served as Secretary at the meeting.

There were no remote attendees at the meeting.

Public Comment

Citizens' Advisory Board

There was no representative to the Citizens' Advisory Board at this meeting.

Liaisons to the RMLD Board

There was no comment from RMLD Liaisons.

Public Comment

- Mr. Talbot shared a public comment from Sam Kofeai, owner of Gulf Station at Reading Square, who experienced equipment damage during a recent power outage.
- Mr. Jaffari clarified that, per RMLD's terms and conditions, equipment protection is the owner's responsibility, and any damage from power surges or outages should be addressed through the owner's insurance.
- Mr. Talbot noted that Mr. Kofeai had not experienced an outage in 25 years and experienced significant business loss during the incident.
- Mr. Jaffari revealed the outage was caused by a loss of neutral; although transformers were intact, a corroded neutral connection was repaired by RMLD.
- Mr. Jaffari emphasized that RMLD maintains a robust maintenance program to ensure reliability.

2023 Budget Presentation

Capital Budget

Hamid Jaffari, Director of Engineering and Operations presented the Capital Budget to the BoC. The presentation can be found in the BoC packet on the RMLD website.

Security Upgrades (Project 119 Line 5 Page 25)

- Mr. Jaffari explained that the annual two-year project starts in 2023, addressing North American Electric Reliability Corporation (NERC) physical security requirements and following best practices.
- Mr. Jaffari reported that Burns and McDonald consultants completed a risk assessment and recommended security system upgrades. An RFP will be issued in December 2022, with work completion anticipated in Q1 2023. Challenges include supply chain disruption, structural technology integration, and data security.

Rolling Stock Replacement (Project 118 Line 6 Page 27)

- Mr. Jaffari discussed the annual program that RMLD typically replaces RMLD fleet vehicles every 10 years, acknowledging supply chain disruptions and uncertain delivery dates.

Electric Vehicle Supply Equipment (EVSE) (Project 099 Line 7 Page 31)

- Mr. Jaffari outlined plans to install 80 units (16 level 3 charges and 64 level 2 charges) by 2028, gradually ramping up as technology advances. The cost includes nine level two charges and four level three charges, with a CY23 carryover from CY22 for a level 3 charger yet to be received.

New Wilmington Substation Construction (Project 105 Line 21 Page 63)

- Mr. Jaffari explained that this three-year project from 2023 to 2025 has a budget of \$15,575,000, excluding the \$4 million land purchase in October 2022. The project includes civil construction in CY23, Requests for proposals (RFPs) in Q1 2023 for electrical equipment, and commissioning in CY24 if materials are received by 2024.
- Mr. Jaffari noted that a system impact study is in progress, with a signed contract and expected completion in six months. Challenges include supply chain disruptions, zoning, and permitting issues.

Grid Automation, Modernization, & Optimization (Project 103 Line 24 Page 65)

- Mr. Jaffari discussed the annual project aimed at system automation for better reliability. The project includes intelligent electronic devices, reclosers, cap banks, communication devices, and power factor correction. The technology roadmap created in 2015 outlines a 15–20-year automation plan.
- Mr. Jaffari emphasized that the goal is to achieve good maintenance and automation for system reliability.

AMI Mesh Network, Meter Replacement, MDM (Project 112 Line 25 Page 73)

- Mr. Jaffari explained the four-year, \$9 million project involving AMI mesh networks and MDM, managed by a consulting company, PSE.
- AMI MDM RFPs will be issued in November 2022, with procurement in November-December 2022 and bid awards expected in January-February 2023.
- Supply chain disruptions may cause waiting times, so meters will be changed in batches while keeping the existing metering system running.
- Mr. Jaffari highlighted that the MDM system is a useful tool for meter data management, processing and data analytics, load forecasting, and transformer load management.
- Mr. Phipps noted that the project is foundational to the infrastructure and supports billing, rebates, feedback, and power purchases. The project will also provide information for the outage management system and improve power quality.
- Mr. Jaffari responded to Mr. Coulter’s question relative to meter sockets, explaining that meter replacement professionals will be hired to ensure a smooth transition, and customers will cooperate in replacing meter sockets as necessary.
- Mr. Phipps responded to Mr. Stempeck’s question relative to using two meters, confirming that both systems can be used at the same time where load is split such as house load separate from EV charging load.
- Mr. Stempeck asked a follow-up question relative to the mesh network and replacing sockets. Mr. Jaffari responded that the cost of socket replacement can range from \$1,000 to \$3,000.
- Mr. Phipps added that homeowners are responsible for maintaining meter sockets attached to their houses, but only a small number of customers would likely need replacing during the project rollout.

Transformers & Capacitors (Project 116 Line 30 Page 81)

- Mr. Jaffari emphasized that the annual budget amount for transformers and capacitors is around three times higher than previous years, with challenges including rising raw material costs and potential further increases.
- RMLD is considering a five-year bid to increase purchasing power and inventory. Mr. Coulter noted that this would be easier for RMLD, who would become a small-scale purchaser.

Reliability Projects (Projects 458, 107, 106, 742, and 668 Line 31-35 Pages 83-91)

- Mr. Jaffari explained that the reliability projects aim to minimize losses, increase plant value, and improve reliability indices.
- Key projects include overhead upgrades, step down conversions, underground facilities upgrades, and aged overloaded Transformer replacement programs.
- Mr. Jaffari emphasized that step-down conversions minimize losses and save money for customers.
- Mr. Coulter inquired about project engineering. Mr. Jaffari confirmed that projects are assigned to engineers annually and designed once the budget is approved
- Mr. Jaffari added that transformer upgrades are prioritized based on age, load, and physical conditions.

Other 2023 Budget Items (IT Lines 8 – 12; Facilities Lines 1-6; Force Account Lines 27-29; Routine Construction: Line 40)

- Mr. Jaffari emphasized that facilities upgrades will only include necessary projects, with budget funds allocated for office upgrades and rearrangements.
- Mr. Jaffari discussed force account (state projects), which generate credit with the state. Compensation has been received for Hopkins Street and Main Street upgrades, with additional compensation for bridge upgrades in Wilmington.
- Routine construction line items cover unexpected events such as pole hits and unforeseen construction.
- Mr. Jaffari acknowledged that these budget items face supply chain disruptions and technology integration challenges.
- Construction is conducted with future expansion and upgrades in mind to avoid unnecessary work and expenses.

Budget Summary CY23 - CY28

- Mr. Jaffari discussed the budget summary, highlighting the bulk allocation towards the New Wilmington Substation and AMI mesh expansions and MDM.
- Mr. Jaffari acknowledged transformer upgrades have almost tripled compared to previous years.
- Due to COVID-19 issues and supply chain disruptions, some equipment is pending, but projects are on target and will be completed once the equipment arrives.

Discussion and Questions

- Mr. Coulter asked about the Inflation Reduction Act, spending above the budget, and shelf-ready projects.
- Mr. Phipps responded that many projects have "not to exceed" budgets, and RMLD will work aggressively to secure grant funding, but the budget does not assume guaranteed funding.
- The CY23 budget is nearly double the previous year's, with challenges in project execution and material limitations.

- Mr. Jaffari stated that RMLD might not complete all projects due to supply chain issues.
- Mr. Phipps mentioned that RMLD will minimize concurrent system operation and try to pull in projects where possible.
- Mr. Stempeck inquired about the pace of infrastructure funding.
- Mr. Coulter believes funding will flow faster and RMLD should have shovel-ready projects prepared.
- Mr. Phipps emphasized the importance of the operating budget and personnel in preparing for the influx of projects supporting load growth and decarbonization.

Vice Chair Pacino made a **motion**, seconded by Commissioner Coulter, move that the Board of Commissioners, on the recommendation of the Citizens' Advisory Board, approve the Calendar Year 2023 Capital Budget in the amount of \$22,849,979 as presented, on the recommendation of the General Manager. Any significant changes are to be submitted to the CAB for review and recommendation. **Motion Carried: 5:0:0** (5 in favor, 0 against, 0 abstained) Roll Call: Vice Chair Pacino, Aye; Commissioner Stempeck, Aye; Commissioner Talbot, Aye; Commissioner Coulter, Aye; Chair Bitá, Aye.

Operating Budget

Gregory Phipps, General Manager, and Benjamin Bloomenthal, Director of Finance and Accounting presented the 2023 Operating budget to the BoC.

- Mr. Phipps presented the operating budget, focusing on key goals: reliability, low-cost, and non-carbon.
- Mr. Phipps explained that power supply, including energy transmission costs, capacity costs, and certificate retirements, accounts for nearly 70% of the total operating budget. Operating costs, such as labor, expenses, and building costs, comprise the remaining 25-30%.
- Mr. Phipps emphasized the energy market's volatility, expected to continue for at least two more years.
- Mr. Phipps said that RMLD has secured numerous non-carbon power supply contracts and is 85% hedged in 2023 to manage market volatility.
- Mr. Phipps reviewed the 2023 power supply budget, noting that forecasted kilowatt-hour sales are a critical assumption and actual sales drive the revenue line.
- RMLD assumes a conservative 0.6% annual sales growth to manage revenue line volatility.
- Total operating revenue is forecasted at nearly \$110 million in 2023, with a 10% rate increase starting March 1, 2023.
- Net dollars per kilowatt-hour are projected to rise from under 15 cents in 2022 to at least 16.5 cents in 2023, with an average bill increase of about 10%.

- RMLD is pursuing opportunities to minimize market volatility and has hedged 85% of non-carbon power supply projects.
- Significant load growth is expected in 2024 and 2025, driven by new customers entering the territory.
- The revenue line reflects a conservative scenario, with confidence in load growth for 2023 and beyond.
- Mr. Coulter and Mr. Phipps discussed the fuel pass-through policy and an expected 10-12.5% increase in kilowatt-hour charges.
- Mr. Coulter inquired about deferring part of the 10% increase to the following year, but Mr. Phipps advised against it due to new union contracts and the need for new hires.
- Mr. Phipps presented the budget as a conservative case and emphasized the importance of personnel for infrastructure projects.
- Mr. Phipps presented the budget as a conservative case and emphasized the importance of getting the people in place to secure infrastructure dollars.
- RMLD will present rate recommendations to the Citizens Advisory Board on December 7th, with some flexibility around the 10% range.
- The current budget assumes low kilowatt-hour sales and a 10% increase in the average monthly bill, resulting in a \$12 increase from \$123 to \$135. Two other options for increasing the bill to \$139 or \$141 will be presented.
- Mr. Phipps emphasized that rate increases are low in the context of the worldwide energy market and when compared to IOUs' 64% rate increases. Mr. Stempeck noted a 10% increase is much better than 60% or even 30%.
- Mr. Coulter suggested a softer increase, but Mr. Phipps emphasized the importance of being a first mover in the energy transition, which drives the 10% number.
- Mr. Phipps highlighted the importance of acting now for non-carbon goals, as indicated by storage experts.
- Mr. Phipps emphasized that RMLD understands that the 10% increase is not trivial for many customers.
- Mr. Coulter asked about the rate stabilization fund.
- Mr. Phipps confirmed a fund balance of \$6.4 million, with \$1.6 million used a year ago. Opportunities to use the funds may arise in November and December of the following year. Mr. Phipps will inform the Board if the fund is utilized due to excessive fuel price increases.
- Mr. Phipps believes the 10% rate increase is reasonable in the current energy market and that the budget is set up properly.

Vice Chair Pacino Budget Questions

Vice Chair Pacino asked about the breakdown of 930 Miscellaneous General Expenses,

Account 923 Legal Services, and the 5-year history of the Board of Commissioners budget.

- Mr. Phipps identified key areas as integrated resources, legal expenses, and materials management.
- Integrated Resources legal expenses mainly consist of reviewing Purchase Power Agreements.
- Human Resources expenses are significant due to union negotiations.
- The materials management budget increased significantly from 2022 to 2023 due to contract renegotiations, setting up contracts for all purchases, and supply chain issues.
- General Manager legal expenses include fees related to land acquisition.
- General expenses increased slightly from about \$580K to \$601K, with accounting miscellaneous general expenses rising from \$190K to \$205K.
- Vice Chair Pacino inquired about the breakdown of accounting miscellaneous general expenses; Mr. Bloomenthal confirmed the amount is for auditing fees.
- A \$15K budget for Board of Commissioners expenses has not been fully spent; Vice Chair Pacino suggested reducing it by \$5K.
- Mr. Bloomenthal recommended maintaining the budget at its current level as a ceiling, and Mr. Phipps suggested reviewing spending in the 2024 budget
- Mr. Stempeck asked about calculations for payments to the towns
- Phipps explained that the below-the-line number tied to kilowatt-hour sales going to the town of Reading is approximately \$2.5 million. The new calculation is built into the budget, with revenue and kilowatt-hour sales likely to be higher.

Vice Chair Pacino made a **motion**, seconded by seconded by Commissioner Stempeck, that the Board of Commissioners, on the recommendation of the Citizens' Advisory Board, approve the Calendar Year 2023 Operating Budget with a net income of \$958,514 as presented, to include a tentative 10% rate increase, on the recommendation of the General Manager. **Motion Carried: 4:0:1** (4 in favor, 0 against, 1 abstained) Roll Call: Chair Bitá, Aye; Vice Chair Pacino, Aye; Commissioner Stempeck, Aye; Commissioner Talbot, Aye; Commissioner Coulter, Abstained.

Scheduling

The BoC discussed the upcoming meeting and warrant schedule. The next BoC meeting will be held on Wednesday November 30, 2022, at 6:00 PM.

Executive Session

At 7:22 PM Vice Chair Pacino made a **motion**, seconded by Commissioner Talbot, that the Board of Commissioners go into Executive Session pursuant to Massachusetts G.L. c.164 section 47D, exemption from public records and open meeting requirements in certain instances, to conduct strategy sessions in preparation for negotiations with nonunion personnel or to conduct collective bargaining sessions or contract negotiations with nonunion personnel; and return to regular session, for the continuation of regular session for the sole purpose of adjournment. **Motion Carried: 5:0:0** (5 in favor, 0 against 0 abstained) Roll Call: Chair Bitá, Aye; Vice Chair Pacino, Aye; Commissioner Stempeck, Aye; Commissioner Talbot, Aye; Commissioner Coulter, Aye.

Adjournment

At 8:16 PM Vice Chair Pacino made a **motion**, seconded by Chair Bitá, that the Board of Commissioners adjourn regular session. **Motion Carried: 5:0:0** (5 in favor, 0 against, 0 abstained) Roll Call: Chair Bitá, Aye; Vice Chair Pacino, Aye; Commissioner Stempeck, Aye; Commissioner Talbot, Aye; Commissioner Coulter, Aye.

Materials

Meeting materials can be found on the RMLD website (www.rmld.com) in the BoC meeting packet.



Town of Reading Meeting Minutes

2016-09-22 LAG

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2022-11-30

Time: 6:00 PM

Building: Reading Municipal Light Building

Location: Winfred Spurr Audio Visual Room

Address: 230 Ash Street

Session: Open Session

Purpose: General Business

Version: Draft

Attendees: **Members - Present:**

Marlena Bitá, Chair; Philip Pacino, Vice Chair.

Remote Attendees: John Stempeck, Commissioner; David Talbot, Commissioner.

Members - Not Present:

Robert Coulter, Commissioner

Others Present:

Citizens' Advisory Board Representative: Ken Welter (Lynnfield).

RMLD Staff: Gregory Phipps, General Manager; Erica Morse, Executive Assistant; Julie Blackley, Communications Manager; Benjamin Bloomenthal, Director of Finance & Accounting.

RMLD Liasons: Joseph McDonagh, and Joseph Carnahan (Finance Committee)

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

Topics of Discussion:

Call Meeting to Order

Chair Bitá called the RMLD Board of Commissioner's (BoC) meeting to order at 6:05 PM and announced that the meeting would be held in person, remotely on zoom, and streamed live on RCTV and YouTube.

Opening Remarks and Introductions

Chair Bitá read the RMLD BoC Code of Conduct and asked all remote attendees to identify themselves. Vice Chair Pacino served as Secretary at the meeting.

Mr. Stempeck and Mr. Talbot participated in the meeting remotely on Zoom. Finance Committee Liaisons, Mr. McDonagh, and Mr. Carnahan attended the meeting and had no comment.

Executive Session

Due to scheduling conflicts, no executive session was held.

Public Comment

Citizens' Advisory Board

There was no comment from the Citizens' Advisory Board Lynnfield Representative.

Liaisons to the RMLD Board

There was no comment from the RMLD liaisons.

Public Comment

Philip Pacino expressed condolences to the family of Jim O'Leary. Jim O'Leary was a former commissioner on the RMLD BoC and Reading Finance Committee (1987-2022).

Approval of Meeting Minutes

The regular session meeting minutes were approved as presented.

Vice Chair Pacino made a **motion**, seconded by Chair Bita, that the RMLD Board of Commissioners approve the minutes of the May 3, 2022, and May 23, 2022, meetings on the recommendation of the General Manager. **Motion Carried: 3:1:1** (3 in favor; 1 abstained; 1 absent) Roll Call: Chair Bita, Aye; Vice Chair Pacino, Aye; Commissioner Stempeck, Abstained; Commissioner Talbot, Aye. Commissioner Coulter was absent from the meeting.

Commissioner Stempeck was experiencing technical difficulties at this time.

Communications Update

Julie Blackley, Communications Manager, presented a communications update to the BoC.

- Ms. Blackley discussed the newly redesigned newsletter, which is more professional and cleaner.
- Ms. Blackley noted the high open rate of 55% for residential subscribers and 39% for business subscribers, well above the industry average of 36%
- Ms. Blackley highlighted media coverage from the previous month, including Greg Phipps becoming the General Manager.
- Ms. Blackley reported a steady organic social media growth of 237% over the previous month.
- Ms. Blackley stated that Facebook was used for program updates and job advertisements, with a goal of assisting recruitment.
- Ms. Blackley reported on a joint initiative with the Reading Fire Department addressing electrical and fire hazards during winter, with plans to pilot similar initiatives in additional towns.
- Ms. Blackley discussed the customer survey awarded to Great Blue Research, scheduled for launch in early 2023, starting with residential and followed by commercial surveys.
- Ms. Blackley announced the addition of a translation button on the RMLD website for increased accessibility.
- Chair Bita inquired about the newsletter's inclusion in paper bills; Ms. Blackley clarified that it is only available online.
- Ms. Blackley mentioned the availability of a new historical calendar, which generated excitement.

General Manager's Report

Gregory Phipps, General Manager, provided a report to the BoC.

Website Communications

- Mr. Phipps discussed improving communication with customers and updating RMLD's website for a better digital experience.
- Mr. Phipps emphasized a focus on education and streamlined customer experience.

Talent Acquisition and Talent Management

- Mr. Phipps provided key personnel and human resources updates.
- Mr. Phipps stressed the importance of placing employees in the right roles with proper training.
- Mr. Phipps reported five internal promotions, two new hires, and 15 open positions being filled. An offer has been extended for the Director of Human Resources.

Employee Survey Update

- Mr. Phipps shared results from the first quarterly employee survey.
- The survey was focused on what the company should continue doing and what should be changed.
- Mr. Phipps said that the intention is to take the key themes from the survey and develop responses to them.
- One key theme that came up repeatedly was the need for more communication, but the fact that communication has improved was widely acknowledged.
- Mr. Phipps emphasized that a significant number of employees responded, and many of those responses were signed rather than anonymous. This demonstrates improved communication and increased trust within the organization.

Customers

- Ms. Phipps mentioned early discussions with two new apartment buildings, potentially adding 500-1000 residential customers in RMLD's service territory.
- Mr. Phipps confirmed RMLD is actively engaged in attracting new customers, including five new industrial customers, which could add up to 80 megawatts of new load by 2025.
- RMLD appeals to manufacturing companies who use a significant amount of energy, because of the Department's relatively low rates, and ability to accommodate and encourage new customers to come in.
- Mr. Phipps discussed the new Wilmington substation and possible modifications to accommodate new load growth.
- Mr. Phipps emphasized the pursuit of grant funding for infrastructure investments and rate stability.

Winter Reliability

- Mr. Phipps addressed winter reliability concerns, emphasizing that RMLD is aware and prepared for potential load reductions and rolling blackouts. RMLD has a procedure in place that is reviewed by ISO New England twice a year.
- Chair Bitz asked about a notification timeline. Mr. Phipps responded that RMLD would typically be aware about a week in advance.
- Mr. Phipps mentioned that communication mechanisms would be updated to inform customers of any necessary load reduction.
- Mr. Phipps emphasized that the topic of winter reliability is being discussed not to cause alarm or concern, but to let the audience know RMLD is aware and remains vigilant.
- Vice Chair Pacino asked about additional load affecting the taxpayers. Mr. Phipps confirmed that new customers and load growth will bring additional tax revenue and economic development to towns within RMLD's service area.

APPA Legislative

Mr. Phipps presented a request for approval to attend the APPA Legislative Rally in 2023.

- Mr. Phipps highlighted the importance of state and federal regulatory and legislative activities on utility operations, including RMLD's.
- Mr. Phipps mentioned RMLD's adherence to MA Department of Public Utilities policies and the influence of the 2021 climate bill (S9) on molding RMLD's Policy 30.
- RMLD is a member of the American Public Power Association (APPA) and participates in their legislative emphasis through the New England Public Power Association (NEPPA).
- Mr. Phipps explained the goal is to influence legislative items at both federal and state levels to benefit RMLD and its customers.
- Mr. Stempeck inquired about APPA's position on bond sequestration; Mr. Phipps directed him to the APPA website's policy positions page for details on each legislative item.
- Mr. Phipps added that General Managers attending conferences engage with local Senators and House of Representatives members to influence regional and federal items.

Vice Chair Pacino made a **motion**, seconded by Chair Bitz, that the RMLD Board of Commissioners approve Gregory Phipps's travel to, and attendance at, the APPA Legislative Rally in Washington DC, from Monday, February 27, 2023, to Wednesday March 1, 2023. **Motion Carried: 4:0:1** (4 in favor; 0 abstained; 1 absent) Roll Call: Chair Bitz, Aye; Vice Chair Pacino, Aye; Commissioner Stempeck, Aye; Commissioner Talbot, Aye. Commissioner Coulter was absent from the meeting.

Policy Review

Policy 10 Fraud

Mr. Phipps presented the new fraud policy (Policy 10) to the BoC.

- Mr. Phipps introduced a new fraud policy, which stemmed from earlier discussions at a commission meeting last spring and a fraud memo dating back to 2010.
- The purpose of implementing this policy was to fulfill the request of financial auditors who asked RMLD to put a more formal policy in place relative to fraud. This policy would cover employees, leadership, Commissioners, and subcontractors who interact with RMLD.
- The scope of the policy is broad, but it specifically focuses on defining fraudulent activities.
- Mr. Phipps mentioned that considerable time was spent working through the definition of fraud, as it was not a straightforward task. The policy was developed with the help of internal opinions and legal review to ensure accuracy and comprehensiveness.
- One of the key elements of the policy is the inclusion of whistleblower protection, as requested during the spring meeting. This provision can be found in Section 8 of the policy.

Vice Chair Pacino made a **motion**, seconded by Commissioner Stempeck, to move that the RMLD Board of Commissioners approve Policy 10: Fraud (Revision 0), as presented, on the recommendation of the General Manager. **Motion Carried: 4:0:1** (4 in favor; 0 abstained; 1 absent) Roll Call: Chair Bitá, Aye; Vice Chair Pacino, Aye; Commissioner Stempeck, Aye; Commissioner Talbot, Aye. Commissioner Coulter was absent from the meeting.

Mr. Stempeck left the meeting following the Policy 10 discussion.

Policy 20 Family Medical Leave Act

Mr. Phipps presented Policy 20 to the BoC.

- The main objective of the update was to reflect recent changes at both the state and federal level concerning parental leave, Family Medical Leave Act (FMLA), and Massachusetts law.
- Mr. Phipps noted that the update did not change the context of the policy but made it more consistent with current laws and regulations.
- The policy revisions aim to broaden and clarify certain sections, such as Section 1B, where FMLA and Massachusetts law were added to clarify the prevailing laws and regulations used to interpret and implement Policy 20.
- Mr. Phipps emphasized that these changes were insignificant and mostly administrative.
- The policy is crucial for the organization and ensures consistency with current laws, allowing for smoother interpretation and implementation as laws change over time.

Vice Chair Pacino made a **motion**, seconded by Chair Bitá, that the RMLD Board of Commissioners approve Policy 20: Family Medical Leave Act (Revision 4), as presented, on the recommendation of the General Manager. **Motion Carried: 3:0:3** (3 in favor; 2 absent) Roll Call: Chair Bitá, Aye; Vice Chair Pacino, Aye; Commissioner Talbot, Aye. Commissioners Stempeck and Coulter were absent from the meeting.

Policy 26 CDL Alcohol and Drug Testing

Mr. Phipps presented Policy 26 to the BoC.

- Mr. Phipps explained that the policy has served its purpose and will continue to do so, with no recommended changes except for some minor formatting revisions. Content-wise, the policy remains unchanged.
- Chair Bitá asked whether the policy had been reviewed less than a year ago and if the reviews were conducted on a rolling basis. Mr. Phipps clarified that reviews are done every three years, and the policy Chair Bitá is referencing is the Drug-Free Workplace Policy (Policy 6).
- Mr. Phipps added that Policy 26 is reviewed during union negotiations and is included in union contracts.

Vice Chair Pacino made a **motion**, seconded by Commissioner Talbot, that the RMLD Board of Commissioners approve Policy 26: CDL Alcohol and Drug Testing (Revision 1), with no changes, expect for minor formatting revisions, as presented, on the recommendation of the General Manager. **Motion Carried: 3:0:3** (3 in favor; 2 absent) Roll Call: Chair Bitá, Aye; Vice Chair Pacino, Aye; Commissioner Talbot, Aye. Commissioners Stempeck and Coulter were absent from the meeting.

Scheduling

- The BoC discussed the upcoming meeting and warrant schedule.
- The next BoC meeting will be held on December 14th, 2022, at 7:30 PM.

Adjournment

At 6:52 PM Vice Chair Pacino made a motion, seconded by Chair Bitá, that that the Board of Commissioners adjourn regular session. Note: Roll call vote required.

Materials

All meeting materials can be found on the RMLD website (www.RMLD.com) in the BoC meeting packet.

Board Materials Available but Not Discussed

Accounts Payable / Payroll Questions through November 25, 2022
 July 2022 Financial Statements
 Surplus and Scrap Material Report October 2022



Town of Reading Meeting Minutes

2016-09-22 LAG

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2022-12-15

Time: 6:30 PM

Building: Reading Municipal Light Building

Location: Winfred Spurr Audio Visual Room

Address: 230 Ash Street

Session: Open Session

Purpose: General Business

Version: Draft

Attendees: **Members - Present:**

Marlena Bitá, Chair; Philip Pacino, Vice Chair; John Stempeck, Commissioner; David Talbot, Commissioner; Robert Coulter, Commissioner

Members - Not Present:

Others Present:

Citizens' Advisory Board Representative: Dennis Kelley (Wilmington).

RMLD Staff: Gregory Phipps, General Manager; Erica Morse, Executive Assistant; John Pelletier, Director of Information Technology; Hamid Jaffari, Director of Engineering & Operations.

RMLD Liasons: Joseph Carnahan (Finance Committee)

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

Topics of Discussion:

Call Meeting to Order

Chair Bitá called the RMLD Board of Commissioner's (BoC) meeting to order at 6:30 PM and announced that the meeting would be held in person, remotely on Zoom, and will be streamed live on RCTV and YouTube.

Opening Remarks and Introductions

Chair Bitá read the RMLD BoC Code of Conduct and asked all remote attendees to identify themselves. Vice Chair Pacino served as Secretary at the meeting.

Public Comment

Citizens' Advisory Board (CAB)

There was no comment from the CAB.

Liaisons to RMLD Board

There was no comment from the RMLD liaisons.

Public Comment

There was no comment from the public at this meeting.

Approval of Meeting Minutes

The June 23, 2022, regular session meeting minutes were approved as presented.

Vice Chair Pacino, made a **motion**, seconded by Commissioner Stempeck, that the RMLD Board of Commissioners approve the minutes of the June 23, 2022, meeting on the

recommendation of the General Manager and the Board Secretary. **Motion Carried: 5:0:0** (5 in Favor) Roll Call: Chair Bitá, Aye; Vice Chair Pacino, Aye; Commissioner Stempeck, Aye; Commissioner Talbot, Aye; Commissioner Coulter, Aye.

Report on the Citizens' Advisory Board Meeting

Chair Bitá reported on the December 8th, 2022, CAB meeting, noting that the 2023 rates were approved.

Integrated Resources Division Report

Gregory Phipps, General Manager, presented the Integrated Resources report to the BoC.

Strategic Direction Highlight & Maple Meadow – RMLD Solar PV Interest

- Mr. Phipps discussed RMLD's strategic direction highlights, as outlined on slide 3.
- Mr. Phipps stated that RMLD is pursuing within-territory generation and cited the example of the potential solar array at the Maple Meadows site.
- Mr. Phipps provided a broader context, mentioning that RMLD anticipates a load increase due to several upcoming projects in the Upton Drive Ballardvale area (10 MW increase by 2025) and Fordham Road, with an additional 10-30 MW expected over the next 3-4 years, primarily in Wilmington.
- Mr. Phipps clarified that RMLD's average load is about 100 MW, peak load is approximately 165 MW, and base load is around 52-53 MW.
- Mr. Phipps touched on the acceleration of EV fleets, with a potential additional load of 20-30 MW from Amazon, FedEx, and DHL distribution facilities.
- Mr. Phipps reported that RMLD is increasing substation capacity to accommodate load growth.
- Mr. Phipps emphasized RMLD's focus on maintaining the distribution network's ability to handle the load and actively pursuing within-territory generation.
- Mr. Phipps mentioned that the current solar PV in the territory is around 8-9 MW, which could reach 30 MW by 2028-2029 with aggressive commercial and residential solar adoption.
- Mr. Phipps reiterated that Maple Meadows, a former landfill, is being considered for a potential 10-megawatt solar array. The total estimated project cost is \$25 million, with a net cost of less than \$50 per megawatt hour. Maple Meadows is not included in the budget.
- Mr. Phipps noted that RMLD is actively seeking grants and investment tax credits for funding upgrades; the first grant application for Investment Tax Credit has been submitted, with another due in early January.
- Vice Chair Pacino inquired about bonding, to which Mr. Phipps replied that RMLD is exploring a 20-year bonding period to finance the Maple Meadows project.
- Commissioner Coulter asked about leasing Maple Meadows, and Mr. Phipps responded that RMLD had investigated land leasing but is pursuing ownership to minimize liability.

2023 Regional Winter Resiliency

- Mr. Phipps mentioned that RMLD is monitoring winter resiliency and reliability, with a plan for potential rolling blackouts if necessary. The winter forecast appears mild, but RMLD will remain vigilant and provide updates as needed.

2023 Rates

Mr. Phipps presented the 2023 rates to the BoC.

Goals and Objectives

- Mr. Phipps explained that the primary goal for RMLD's rates is to cover service costs (power supply, transmission / capacity energy, certificates). In terms of goals and objectives, the rate discussion remains similar to last year. All RMLD's actions must comply with the Department of Public Utilities.
- Mr. Phipps noted that the rate study has been updated with new assumptions based on power supply and the budget passed at the November 9th meeting.

Desired Outcomes

- Mr. Phipps discussed further details on the desired outcomes of the rate study and highlighted the success of the air source heat pump program.
- Mr. Phipps added that RMLD aims to increase the number of heat pump installations to 500-600 over the next several years, as the program fulfills climate initiatives and is beneficial for both individual ratepayers and the system. The installation of air source heat pumps adds load in the winter when the load profile is lower, which is beneficial in increasing kilowatt hour sales over a fixed base.

2023 Context Volatile Wholesale Market

- Mr. Phipps shared that RMLD's customer service team receives calls from people outside of the service territory asking if they can be part of RMLD's network, due to favorable rates.
- Mr. Phipps stated that monthly customer bills are driven by RMLD's wholesale power supply portfolio and a different set of regulations that the Municipal Light Plants (MLPs) adhere to, as compared to the Investor-Owned Utilities (IOUs).
- Mr. Phipps emphasized that MLPs such as RMLD, have the ability to execute long-term contracts, which is not the case with IOUs. RMLD's portfolio is 86% hedged in 2023, which means that RMLD has contracts in place for 86% of its forecasted kilowatt hour sales.
- Mr. Phipps noted that RMLD's mix is increasingly becoming more non-carbon.
- Mr. Phipps highlighted that in 2023, the estimated energy price is \$41 per megawatt hour, which is about 6% higher than the 2022 actuals.
- Mr. Phipps explained that the 2023 budget was deliberately conservative in terms of the number of kilowatt hour sales, with a 3.2% drop from the previous estimate, to cover operating costs.
- Mr. Phipps emphasized that the proposed 14% increase in rates would take effect March 2023 to minimize bill shock during the higher usage months of January and February.

- Commissioner Stempeck suggested bringing in other MLPs into the system or joint work. Mr. Phipps mentioned that RMLD is unique in being physically connected to other areas in the North, and he plans to meet with one of the local municipals to explore collaboration opportunities.
- Commissioner Coulter expressed concern about the 14% increase and the possibility of it reaching 25% or higher due to pass-through costs and suggested reducing it to under double digits if possible. Commissioner Coulter also requested more details on the impact of the rate stabilization fund.
- Mr. Phipps explained that the operating costs and power supply costs are 16% and 12% higher, respectively, in the 2023 budget compared to the 2022 budget, but the actual bills to customers will depend on various factors, including actual usage.

Summary of Monthly Bill Changes & Other Monthly Residential Bills

- Mr. Phipps emphasized that the two key variables are monthly usage and wholesale price on the open position (14% not hedged). Customer load is forecasted to increase only 1%.
- Mr. Phipps explained the seasonality associated with customer bills, which causes variability in customer bills from month to month. Summer usage is higher than winter due to AC use in the summer, as an example.
- Mr. Phipps said that in comparing RMLD's potential rate increase to what other MLPs are proposing, RMLD fell somewhere between 12% and 15% of what other MLPs are looking at, based on average load.
- Mr. Phipps referenced the electric cost comparison, noting that National Grid is implementing a 60% increase with average customer bills estimated to be \$396, whereas RMLD's proposed increase is 14% with average customer bills estimated to be \$158.
- Mr. Phipps noted that each primary rate class has a slightly different number increase to ensure consistency with the rate study. Mr. Phipps cited the example of the Industrial Time Of Use being slightly higher (16%) because the load growth and work going into building the network is primarily in the industrial setting.
- Mr. Phipps reiterated that the numbers in the summary of monthly bills are actual costs, based on forecasting. Vice Chair Pacino clarified that the pass throughs will not be on top of the proposed bill changes, which are RMLD best estimates on pass-throughs. There are no other costs that rate payers could be subject to.
- Mr. Phipps mentioned that the current forecast for the 2023 energy cost is around \$70 million, which is \$4 million less than the budgeted \$74 million. This means that the customer bill will be around 12% instead of 14.3%, assuming the wholesale market stays the same.
- Vice Chair Pacino asked if there will be a conservation program for customers to reduce energy usage in light of the potential costs. Mr. Phipps confirmed that RMLD has drafted a release with suggestions for customers to reduce energy usage and is working on additional communication efforts. RMLD will also discuss energy audits and ways to conserve at the next webinar.

- Mr. Phipps emphasized that the focus is to help customers save as much as possible while still covering the cost for infrastructure and supporting load growth.
- Chair Bitz asked about Jason Small's (CAB) comment to change the rate of depreciation. Mr. Phipps explained that the depreciation schedule was a good suggestion, but it is not a source of cash and will not help pay for the capital budget for 2023, unless rates are increased higher than proposed which an accelerated depreciation schedule can allow while staying below the 8% of net plant guide from the MA DPU. The options discussed for covering the increased cost of running RMLD were through rates, changing the depreciation schedule, incurring debt or raising bonds.
- Mr. Phipps clarified that bonds cannot be taken out for operating expenses and the depreciation schedule is not a replacement for increasing rates, since it doesn't generate cash, instead, higher depreciation rates allow for higher rates.
- Mr. Phipps stated that rates are still the proper way to fund the projects in place now, and larger projects like Maple Meadow will be separate and may potentially be bonded
- Commissioner Stempeck expressed concern about the optics of a 14% rate increase despite the reported inflation being around 7-9%. Commissioner Stempeck asked a follow up question relative to the rate stabilization fund.
- Mr. Phipps explained that the rate stabilization fund was established in 2003 to reduce customer rate shock and handle unusual events like non-firm energy supply disruptions. The balance of the rate stabilization fund is currently around \$6.9 million, and it is not a fund that is regularly funded or depleted.
- Commissioner Talbot cited a nuclear plant shutdown as an example of an unusual event that the fund could be used for. Mr. Phipps responded that while a plant shutdown is a good example, our nuclear contracts are exceptions since the provider is required to replace the power at the same price.
- Mr. Phipps said that increasing costs to fund electrification and the transition from relatively inexpensive fossil fuels is driving the rate increase. Renewables and non-carbon sources are inherently more expensive.
- Mr. Phipps stated that taking money out of the rate stabilization fund is an option, but it will need to be replenished at some point. The decision today will not only impact 2023, but future years as well. Taking \$1.5 million out of the rate stabilization fund would bring the rate increase to around 12%.
- Mr. Phipps explained that the wholesale market is lower now, and actual customer bills for next year could be in the low double digits (11-12%) without the use of rate stabilization funds.
- Commissioner Coulter suggested taking \$2 million out of the rate stabilization fund to bring the rate increase to 10% instead of 14%.
- Commissioner Coulter emphasized the risks involved in assuming current market prices and his personal goal of keeping the rate increase under double digits.

- Mr. Phipps encouraged the Commissioners to decide based on the assumption that wholesale prices remain at their current level and that RMLD will revisit the rates again when doing the next year's budget. Moving forward, RMLD will review the rates annually.
- Commissioner Stempeck said he supports the use of the rate stabilization fund to help customers through the current period of inflation. He also questions why the \$6.9 million balance is not invested in treasury bonds with a higher yield.
- Mr. Phipps explained that the finance team, with the help of the town, is exploring ways to manage the different pools of money and potentially invest the cash to earn more money for customers.
- Commissioner Talbot suggested exploring different rate design strategies that charge more during peak hours and less during off-peak hours.
- Mr. Phipps noted that there was a previous discussion around employing an A3 rate with significantly higher charges during peak hours, but implementation issues arose.
- Commissioner Talbot emphasized the importance of reflecting the actual costs in the rates and inhibiting demand during high-cost times to reduce the need for new infrastructure. Mr. Phipps reiterated that load growth would still happen.
- Mr. Phipps mentioned the possibility of having two residential time of use rates with different pricing and agreed that exploring different rate design strategies is important.
- Vice Chair Pacino shared that he agrees with Commissioners Talbot and Stempeck and suggested using 1.5 million from the rate stabilization fund to deal with current financial needs.
- Commissioner Talbot asked how the rate stabilization fund is replenished. Mr. Phipps responded that the fund can only be replenished through specific transactions and provided examples of past transactions. Mr. Phipps mentioned the possibility of including the replenishment of the fund in future rates.
- Commissioner Coulter suggested using within-territory generation to fund the rate stabilization fund.
- Mr. Kelley suggested leaving the money in a fund with higher interest rates to grow on its own.
- The BoC discussed if a motion was needed for the GM to go back to the CAB with a revised rate proposal. It was decided that no motion was needed.
- It was decided that Mr. Phipps would re-run the analysis with alternative scenarios using the rate stabilization fund and report back at the next meeting. Mr. Phipps reaffirmed that the recommendation would continue to work off the approved power supply budget.
- Commissioner Stempeck requested that Mr. Phipps run a scenario backwards to see what would need to be taken out to get to a 9% increase.

- Vice Chair Pacino expressed that he is not comfortable taking out more than \$1.5 M from the rate stabilization fund.
- Commissioner Talbot requested that Mr. Phipps run an analysis that only increases the peak part of the time of use in terms of how it may impact demand, costs, and revenues.
- The BoC discussed holding the next rate meeting as a joint meeting between the CAB and BoC. It was decided that the Boards would meet on January 18th, 2023, at 6:00 PM.
- Commissioner Coulter clarified that smaller rate classes such as streetlights did not have proposed changes.

Information Technology Division Report

John Pelletier, Director of IT, presented an IT division report to the BoC.

- Mr. Pelletier discussed the modernization of the IT infrastructure and reported that there is ongoing work on assessment, with a focus on determining the current state of security to identify areas for improvement.
- Mr. Pelletier highlighted the importance of keeping the equipment up-to-date and current to reduce vulnerabilities and risks.
- Mr. Pelletier noted that asset management and network monitoring are being rolled out to improve visibility of traffic, network, and infrastructure.
- Mr. Pelletier shared that RMLD is following the National Institute of Science and Technology (NIST) 800-53 format to add structure to IT environment policies and procedures. This will make routine tasks repeatable, predictable, and easier to manage while ensuring important security policies are communicated to the team and different departments within the organization.
- Mr. Pelletier reported that RMLD falls under the critical infrastructure category, and they are benefiting from the support provided by the government agency, Cybersecurity Infrastructure Security Agency. RMLD receives vulnerability alerts, which are assessed for risk and remediated accordingly.
- Mr. Pelletier emphasized the importance of involving everyone in security at RMLD, as it is a cultural change. He added that keeping equipment updated and current is crucial to cutting risks in half or more.
- Mr. Pelletier mentioned that a gap analysis has been conducted to identify current gaps and address the skill sets needed today. RMLD is also looking into cloud skills, specifically Azure, to determine if it makes sense to switch to cloud-based servers for tech refresh. RMLD will evaluate the total cost of ownership and return on investment to determine if this is a feasible option.
- Mr. Pelletier concluded that RMLD is not looking into building data centers in different states. The Department is focusing on improving security of our current infrastructure to include our presence in the data center in Medford, MA.
- Mr. Pelletier reported that RMLD has launched a cybersecurity training plan, which is a program for everyone. He emphasized that phishing is a real threat, and it is the

biggest threat to RMLD.

- Mr. Pelletier added that all RMLD staff need to be aware, alert, and work as a team to help protect the environment. He stated that this kind of training is a force multiplier and cannot be done single handedly.
- Mr. Pelletier explained that despite having firewalls, IPS, malware, antivirus, and other security measures in place, malware is still able to penetrate the system. If employees are not trained, alert, and aware, and they click on phishing emails, problems can start.
- Mr. Pelletier stated that phishing emails are a huge issue and are becoming more sophisticated.
- Commissioner Stempeck added that employees receive multiple emails every day, and half of the time, the emails are just misspelled names.

General Manager's Report

Mr. Phipps provided the BoC with a GM report.

- Mr. Phipps reported that there is a lot of emphasis on cybersecurity, and they are pleased with the work that the IT team is doing under Mr. Pelletier's leadership.
- Mr. Phipps emphasized that RMLD is also focused on the physical security of assets, particularly substations. RMLD has already done a fair amount of work on this, and some recommendations from a recent assessment have been implemented.
- Mr. Phipps added that RMLD plans to do more work in 2023, which is already in the budget. The goal is to make physical security a deterrent for people who want to cause havoc.
- Mr. Phipps mentioned that RMLD has started the process of conducting a customer survey, which will be run during January/February. RMLD has already gone through the proper request for quotes and has engaged the same group from Great Blue Research that did the survey two years ago. The plan is to finalize the questions by the end of the month and share them with the group for input. The final processing will be done at the end of February, and the presentation is tentatively scheduled for the March meeting.

Policy Review

Mr. Phipps presented Policy 13: Facility Use (Revision 6) to the RMLD BoC.

- Commissioner Stempeck raised concerns about the million-dollar insurance requirement, suggesting that it would limit access to only members of the town. Mr. Phipps clarified that the insurance requirement was not intended to be a filter but rather a compliance with the insurance company's requirements.
- Commissioner Coulter expressed surprise and mentioned that RMLD was expected to cover the insurance costs. He emphasized that it was unrealistic to expect individuals or organizations to obtain such expensive insurance to use the facilities for one day.
- Ms. Morse summarized the current policy, stating that it was limited to town boards and committees. Commissioner Coulter added that there was a scarcity of meeting spaces in Reading, and it would be unfair to exclude anyone from using the room. However, if misuse occurred, they could reconsider the access.

- Commissioner Talbot questioned the necessity of insurance. Mr. Phipps explained that it was a requirement from the insurance company for any third party using RMLD facilities.
- Mr. Phipps agreed to investigate the matter further and suggested tabling it until January.
- Ms. Morse highlighted the need to decide whether to keep the policy limited to town departments or expand it to include non-profit civic organizations, which would require additional work.
- Commissioner Stempeck pointed out that if RMLD opens the facility to other groups RMLD should ensure janitorial services and staff availability for opening and closing, rather than burdening RMLD with those costs.
- Mr. Pacino shared that in the past, groups made a mess and caused parking issues. Consequently, the policy was changed to restrict usage to town entities only.
- Commissioner Talbot suggested that limiting access to town bodies might alleviate pressure on other Reading facilities.
- Mr. Pacino agreed and cited the example that if the Finance Committee wanted to meet there, they should be allowed.
- Mr. Phipps proposed leaving the policy as limited to town entities, to see if it alleviated the pressure. He mentioned the need for further work on security and maintenance and the limited availability of the maintenance team.
- Commissioner Coulter requested finding out the insurance requirements for opening the facility to a broader range of users, drawing a comparison to the library's nominal user fee for room usage.
- Mr. Phipps suggested implementing the policy in two steps, first opening it up to the town entities and then considering further expansion later.
- Commissioner Coulter agreed to the two-step approach, as long as the second phase did not take too long to implement.
- Mr. Phipps concluded by proposing a vote on the current policy and a review no later than May, when the second phase would be presented.
- Vice Chair Pacino made a **motion**, seconded by Commissioner Talbot, that that the RMLD Board of Commissioners approve Policy 13: Facility Use (Revision 6), as presented, on the recommendation of the General Manager. **Motion Carried: 5:0:0** (5 in favor; 0 absent) Roll call: Chair Bitz, Aye; Vice Chair Pacino, Aye; Commissioner Stempeck, Aye; Commissioner Talbot, Aye; Commissioner Coulter, Aye.

Procurement Requests

Hamid Jaffari, Director of Engineering and Operations, presented procurement requests for approval.

IFP 2022-45 for 15kV, 556 KCMIL Aerial Spacer Cable and .052 Covered Messenger

- Mr. Jaffari reported that out of the nine companies invited, only two responded: Arthur J Hurley and Wesco, and reiterated that the bid does not have to be awarded

to the lowest responsible bidder.

- Mr. Jaffari recommended awarding the contract to Arthur J. Hurley due to their fixed price offer, even though Wesco's bid was nine thousand dollars cheaper but with a price rider.
- Mr. Hamid provided a breakdown of the cost, stating that the wires and messenger cable would amount to \$267,300, which accounted for one-third of the quantity feed for the cable. The total cost for the cable, including other components, would be \$300,600. Mr. Jaffari mentioned that ordering the cable would put them ahead of schedule, and the cable was expected to arrive in June. RMLD has a large load coming in that is dependent on this service for installation, specifically for Upton Drive.
- Chair Bitá expressed concern about the high cost and asked about the pricing in the past. Mr. Jaffari explained that in August, the price was \$5.20 per foot, but the current price came out to be \$4.95 cheaper due to the higher quantity of 54,000 feet. Mr. Jaffari compared it to the price in 2014, which was \$2.08 per foot. He emphasized that ordering larger quantities typically leads to better pricing, and the current price was favorable considering the overall market increase.
- Chair Bitá inquired if this was an annual order. Mr. Jaffari clarified that the cable order depends on the project, and they have a timetable set for it. If the cable arrives in June without any delays, construction would begin in July or August, aiming to complete it by the fourth quarter of 2023.
- Mr. Phipps added that the cable installation was for a new building in Wilmington, which was already constructed. RMLD had been coordinating with the engineering team and had received a written commitment for the load coming to the site. He mentioned that this cable would serve as an intermediate solution until 2024 and that the customer would provide the necessary funds. Currently, the cable would be kept in inventory until it arrives and will be installed once the poles are ready.
- Vice Chair Pacino made a **motion**, seconded by Commissioner Stempeck, that IFP 2022-45 for 15kV, 556 KCMIL Aerial Spacer Cable and .052 Covered Messenger be awarded to: Arthur J. Hurley Company, Inc. for a total of \$300,600, pursuant to M.G.L. c. 164 § 56D, on the recommendation of the General Manager. **Motion Carried: 5:0:0** (5 in favor; 0 absent) Chair Bitá, Aye; Vice Chair Pacino, Aye; Commissioner Stempeck, Aye; Commissioner Talbot, Aye; Commissioner Coulter, Aye.

Scheduling

The next BoC meeting will be held on January 18th, 2023.

Executive Session

- Chair Bitá confirmed that the GM contract would be voted on at a future meeting in public session.
- At 8:11 PM Vice Chair Pacino, made a **motion**, seconded by Commissioner Stempeck, that the RMLD Board of Commissioners go into Executive Session pursuant to Massachusetts G.L. c.164 section 47D, exemption from public records and open meeting requirements in certain instances, to discuss the General Manager contract and strategy with respect to collective bargaining or litigation if an open

meeting may have a detrimental effect on the bargaining or litigating position of the public body and the chair so declares and return to regular session, for the sole purpose of adjournment. Note: Roll call vote required. **Motion Carried: 5:0:0** (5 in favor; 0 absent) Roll Call: Vice Chair Pacino, Aye; Commissioner Stempeck, Aye; Commissioner Talbot, Aye; Commissioner Coulter, Aye; Chair Bitz, Aye.

Adjournment

- At 9:21 PM, Vice Chair Pacino, made a **motion**, seconded by Commissioner Stempeck, that the Board of Commissioners adjourn regular session. **Motion Carried: 5:0:0** Roll Call: Vice Chair Pacino, Aye; Commissioner Stempeck, Aye; Commissioner Talbot, Aye; Commissioner Coulter, Aye; Chair Bitz, Aye.

Meeting Materials:

All meeting materials can be found on the RMLD website in the BoC meeting packet.

Presented Materials

- RMLD BoC Packet (2022-12-15_rml_d_boc_agenda_packet).

Materials available but not discussed.

- Accounts Payable / Payroll Questions through December 12, 2022
- August and September 2022 Preliminary Financials
- Surplus and Scrap Material Report November 2022

ATTACHMENT 3
CITIZENS' ADVISORY BOARD
APPROVAL OF MEETING MINUTES
September 15, 2022



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Citizens Advisory Board

Date: 2022-09-15

Time: 6:00 PM

Building: Reading Municipal Light Building

Location:
General Managers Conference Room

Address: 230 Ash Street

Session: Open Session

Purpose: General Business

Version: Draft

Attendees: **Members - Present:**

Mr. Jason Small, Chair (North Reading); Mr. George Hooper (Wilmington);
Mr. Dennis Kelley (Wilmington); Mr. Ken Welter (Lynnfield).

Remote Participants: Mr. Vivek Soni, Vice Chair (Reading).

Members - Not Present:

Others Present:

Staff: Mr. Gregory Phipps, Interim General Manager; Mr. Hamid Jaffari,
Director of Engineering & Operations; Ms. Kathleen Rybak, Operational
Assistant.

RMLD Board of Commissioners Representative: Mr. David Talbot, RMLD
Board of Commissioners.

Minutes Respectfully Submitted By: Jason Small, Chair

Topics of Discussion:

Call Meeting to Order

Chair Small called the meeting of the Citizens' Advisory Board (CAB) to order at 6:00 PM and noted the meeting was being audio recorded. Chair Small asked members participating remotely to state their names. Mr. Soni affirmed his participation remotely.

Approval of Minutes

The January 20th and February 24th, 2022, CAB minutes were approved as presented.

Mr. Hooper made a **motion**, seconded by Mr. Kelley, to approve the minutes of the January 20, 2022, and February 24, 2022, meetings as written. **Motion carried:** 4:0:0:1 (4 in favor, 0 opposed, 1 abstained, 0 absent). *Roll Call: Chair Small, Aye; Vice Chair Soni, Aye; Mr. Hooper, Aye; Mr. Kelley, Aye; Mr. Welter, Abstained.*

Interim General Manager's Report

Gregory Phipps, Interim General Manager, provided an update to the CAB.

Materials: Interim General Manager Update, presentation slides dated September 15, 2022; Communications Update (separate attachment).

Talent Acquisition and Development (slide 3): Mr. Phipps provided an update on staffing changes and noted that between July 1 and September, RMLD will have completed six

internal staffing changes, and 13 new hires. Individuals are being promoted and moved within the organization to areas where they have expressed interest and are better suited.

Mr. Phipps highlighted the changes and recruitment efforts as outline on slide 3.

Mr. Welter asked about the new Director of Finance and Accounting. Mr. Phipps provided a review of the candidate's background, which includes municipal experience, but not Municipal Light Plant (MLP) experience; he has a strong finance background, which is important going forward as RMLD pursues more investments in assets particularly (in territory) generation assets.

The IRA (Inflation Reduction Act) will allow for MLPs in the clean energy space, to participate (as not-for profit entities) in new grant programs and tax credits. The production tax credits also have some benefits so that when RMLD produces energy there will be some additional advantages versus investment tax credits which typically are lower but are all up front.

Team Management/leadership (slide 4): Mr. Phipps provided a brief update on the external salary survey, the employee survey, and the flex time program.

Mr. Kelley asked if the flex time program applied to only office staff. Mr. Jaffari responded that as of now it is just office, but RMLD is working on a plan for operations to participate in the program.

Mr. Hooper noted that the flex time would have to be negotiated. Mr. Phipps reiterated that this is why the RMLD is doing a pilot program right now, with no long-term commitments. The intention is to pilot across the entire organization.

Summer Internship Program (slide 5): RMLD's Summer Intern Program was revived this year, involving three students from Merrimack College (Electrical Engineering), Endicott College (Data Science), and Colby College (Environmental Sciences).

The main goal of the program was to introduce the interns to RMLD and spread the good news of the exciting aspects of the energy sector. The interns had a positive experience and contributed to various projects, such as air source heat pump load analysis.

Mr. Kelley asked if the interns would return for the winter. Mr. Phipps responded that one of the interns may return during his winter break depending on their availability. RMLD plans to participate in college fair days in the fall and spring. RMLD would welcome any of these interns back, seeing the program as a success and a good early-career energy source for the organization.

RMLD Payment Aging (slide 6): Historically, the electricity industry was regional, but it has now become international, with global events impacting local operations. There are concerns about people's ability to pay their energy bills, particularly in Europe.

Despite global market volatility, RMLD has maintained a 98% payment rate within 90 days. For those struggling to pay, RMLD offers assistance programs, and there are additional local resources such as the Good Neighbor Energy Program and local church and charity services. RMLD encourages timely payments through a 15% prompt payment discount.

Joint Economic Development (slide 7): Mr. Phipps discussed the town of Reading's interest in developing a triangular site bordered by the railroad tracks and Ash Street. The historic Station 1 building on the site will not be demolished but repurposed. RMLD is considering encouraging a new use for this site, which might involve constructing a multi-story building for operations while supporting the town's other development plans. This objection with the Town of Reading is long-term and RMLD will proactively support and participate.

Upcoming Events (Communications Update): After a two-year break due to COVID-19,

Public Power Week will be hosted in-person. RMLD will also host a neighborhood-focused meeting about the redevelopment site, organized by the town of Reading. RMLD has participated in several other local events, including the Reading town fair and a car show in August as part of the Wilmington Farmers Market. A Heat Pump Q&A webinar has led to an increase in heat pump inquiries.

Communications Efforts: The new Communications Manager has improved RMLD's social media presence, which is key for enhancing communication with the public.

Staffing Moves: In response to Mr. Soni's question about internal staffing moves, Mr. Phipps explained that one individual was a lateral move, and the rest were promotions. The main theme is to encourage the teams by awarding promotions where appropriate or where there is an interest in working in a slightly different department. The intention is for RMLD to become a vibrant dynamic place where people can grow.

Integrated Resources Report

Mr. Phipps presented the integrated resources report to the CAB.

Materials: Integrated Resources Report, presentation slides dated September 15, 2022

Power Supply Costs (slide 3): 70% of RMLD's cost structure is attributed to power supply. Current international upward price pressures are affecting the local market due to the interconnectedness of the energy industry.

Hedged Positions (slide 3): RMLD maintains a good, hedged position for 2023 (85%) and 2024 (83%), with efforts ongoing since December to move the position closer to 90%.

Contract Opportunities (slide 3): While current opportunities for additional contracts are limited, efforts are ongoing to secure new ones. There is a proposed contract from Dominion's facility in Connecticut, but due to it being just above the forward price curve, RMLD will not proceed.

Nuclear Position (slide 3): RMLD maintains a balanced nuclear energy supply, roughly 2/3 from Seabrook and 1/3 from Millstone, to manage price and supply risks.

Transaction Facility Agreements (TFAs) (slide 3): TFA, introduced five years ago, have been less effective in the current market condition. The existing TFA contract expires at the end of the year, and no decision to extend it has been made yet.

In response to Mr. Welter's request for further explanation, Mr. Phipps said that TFAs allow RMLD to fill different pockets of blocks of energy based on either open position or favorable pricing. Currently, the mechanism doesn't work well for RMLD, but the team is working with them to try and figure out a mechanism that would be advantageous for RMLD customers.

Hydro Quebec (slide 3): RMLD has made good progress. While RMLD operates independently, it also has a strong partnership with Energy New England (ENE). In this case, RMLD is allowing ENE to take the initiative.

RMLD has rights to the transmission line from Canada but currently lacks a generation contract to supply that line. The intention is to commence feeding the line with Canadian power from January 2024. Final decisions will be made based on the prices and the hydroelectric power's certificate status.

Load Following Program with NextEra (slide 3): Analysis has been conducted over the past eight weeks regarding a load following program with NextEra.

Power Supply Opportunities (slide 3): RMLD has been actively exploring alternatives for power supply, though these need to be economically viable before being presented for

approval. Several interesting prospects are expected to be discussed in the future.

Hydro Quebec Pricing (slide 3): In response to Mr. Welter's inquiry, Mr. Phipps explained that there's an ongoing discussion about Hydro Quebec's pricing scheme, which could involve an exchange rate due to the international nature of the contract. Pricing is likely to be based on the forward price curve, potentially with certificates or long-term contracts at discounted rates.

Price Curve (slide 4): The current price curve for energy is significantly elevated and is expected to fluctuate in the near future.

Load Purchases and Contracts (slide 4): Total load purchases are just under 700,000 megawatt hours, with contracts approved or pending approval accounting for 100,000 megawatt hours.

Connecticut Hydro Project (slide 5): Falls Village, a smaller hydro project (9 MW) based on the Housatonic River, generating about 38,000 megawatt-hours, is under consideration. It's a 15-year contract, with RMLD taking 100% of the output and all certificates. The contract is typically priced for hydro. The project's productivity can vary based on water levels, especially during dry periods.

Mr. Welter asked about the output of the project, clarifying that 38,000 megawatt-hours is about 40% of continuous generation at 9 MWs.

Mr. Welter asked about the potential variables affecting the project. Mr. Phipps responded that the only variable is that when it gets very dry, the water levels can get low and associated generation decrease.

Renewable Energy Portfolio (slide 5): The hydro project fits well with solar, as the former can run 24/7 and the latter performs best in the afternoon. A mix of hydro and solar provides a balance in the portfolio.

Enterprise Data Position (slide 5): On a related topic, a new director-level role on the RMLD management team is to be created to handle the organization's increasing data needs, particularly regarding meter and load data, network data, pricing, and asset development.

Connecticut Class One Certificates (slide 5): The contract includes Mass Class 1 Certificates. RMLD's current policy is to retire the least expensive certificates and sell the most expensive ones. Due to increasing prices and volume, certificate sales will increase to around \$3.5 million in 2023. The goal is to retire 50% of certificates by 2030, 75% by 2040, and achieve net-zero by 2050.

Mr. Welter asked if there are any minimum performance requirements on the contract. Mr. Phipps responded no; it's run of the river.

Mr. Welter asked if the contract is replacing any expiring hydro contracts. Mr. Phipps confirmed that the new hydro project will help fill in an expiring Eagle Creek contract.

Mr. Hooper made the **motion**, seconded by Mr. Soni, that the Citizens' Advisory Board recommend that the Board of Commissioners vote to accept the Interim General Manager's recommendation to execute a contract with FirstLight Power for energy, including associated certificates, from an existing hydro facility in Connecticut, contingent on appropriate environmental justice due diligence. **Motion carried:** 5:0:0:0 (5 in favor, 0 opposed, 0 abstained, 0 absent). *Roll Call: Chair Small, Aye; Vice Chair Soni, Aye; Mr. Hooper, Aye; Mr. Kelley, Aye; Mr. Welter, Aye.*

Preliminary Power Supply Budget (slide 6): The significant changes occurred in the 2021-2022 actuals, already reflected in customer bills. While there is still upward pressure for

2023, it's expected to be less severe. More accurate numbers will be provided next month for capital and operating budget approval. Mr. Phipps said the strategic work done over the past years is producing positive results.

NEPPA Conference Key Themes: Although a detailed discussion on the NEPPA conference was deferred to later in the meeting, Mr. Phipps pointed out the useful slides summarizing key takeaways. Major themes included storage-related matters, decentralization, digitalization, and decarbonization. The presentations are available on the NEPPA site for those interested.

Engineering and Operations Report

Mr. Jaffari provided an engineering and operations report to the CAB.

Materials: Reliability Report, presentation slides dated September 2022

Components of Good Reliability System (slide 2): Mr. Jaffari outlined the four components for a reliable system, which include a sound maintenance program, effective outage management strategy, proper system planning, and a robust system automation plan. He indicated that the organization already has these components and is proactively staying ahead of the game.

RMLD System Reliability (slide 2): RMLD's system reliability is strong and fares well when compared to other utilities in the Northeast.

RMLD's Maintenance Programs (slide 3): Mr. Jaffari provided an overview of RMLD's various maintenance programs, noting that they are monitored and progressing well. These programs, which are either monthly, quarterly, or annually maintained, ensure that the system stays proactive and ready.

RMLD Reliability Indices as of August 31, 2022 (slide 4): Mr. Jaffari presented the reliability indices, which revealed the system's health. The indices were well below both the national and regional averages, despite some outages.

Outage Statistics as of August 31, 2022 (slide 5): Mr. Jaffari noted an increase in the average customer interruption duration index this year, which currently stands at 112 minutes. A root cause analysis is being conducted to identify contributing factors.

RMLD Outage Causes as of August 31, 2022 (slide 6): Equipment failures, trees, and wildlife were the leading causes of outages, with trees being a common denominator in most failures. Tree growth during droughts led to equipment damage and facilitated wildlife contact with energized parts.

Transformer Replacement Program (slide 7): Due to supply chain disruptions, the replacement program for aged transformers was slowed down, contributing to equipment failure. This year, approximately 40 transformers were replaced, a sharp decline from the average of 100 per year.

Wildlife Protection Strategies (slide 7): Mr. Jaffari mentioned the installation of protective guards to prevent wildlife from making contact with energized parts. RMLD still uses standard wildlife protectors in line with national industry standards. However, increased wildlife adaptability is prompting a search for additional protective measures.

Tree Trimming Facts (slide 7): Due to a reclassification of tree trimmers as laborers, resulting in higher prevailing wages, RMLD's tree trimming budget for 2022 was almost halved compared to previous years.

New Outage Reduction Strategy (slide 7): To address the resulting budget constraint and reduce outages, a new strategy was proposed: the tree trimming budget will be doubled for

2023. The aim is to expand from one tree trimming crew servicing all four towns to four crews, one for each town.

The crews have been tasked with prioritizing the identification of diseased or split trees that pose a threat to power lines due to drought. Actions to expedite tree trimming and remove hazardous limbs or trees will be implemented once these trees are identified.

Supply Chain and Inventory: The inventory for maintenance and capital projects is being increased with more transformers and cables. Additional protective guards are being sought to prevent animal contact with energized parts. As part of the new strategy, fiberglass cross arms will replace wooden ones to prevent failures during storms.

Customer average outages, caused by tree damage on transformers and animal contact, will be addressed. The cost implication of these changes will be covered in the operational budget and capital improvements budget discussions.

Discussion on Integrated Vegetation Management Plan (IVMP) (slide 8): An Integrated Vegetation Management Plan (IVMP) is in place. This requires approval from the tree warden and town for vegetation management and tree trimming. The benefits of IVMP include keeping trees healthy, increasing reliability, reducing outages, providing ecological benefits, and reducing customer calls.

Mr. Hooper asked if RMLD is in contact with the Towns' tree wardens. Mr. Jafari confirmed RMLD communicates with the tree wardens in each community. A plan is presented to the warden before work commences and the locations for tree trimming are posted on the website monthly. A meeting with the town of Reading is scheduled for next week to address any issues and obtain approval for the IVMP.

Tree Trimming Methods (slide 7): Mr. Jaffari discussed the implementation of a mechanical method to cut trees, replacing any chemical spraying, apart from specific cases such as poison ivy where permits are obtained from the conservation commission to use EPA-approved agents.

Managing the assets and having a good IVMP program in place is going to reduce costs, allowing RMLD to keep the rates low and the reliability high.

2022 NEPPA Annual Conference

Mr. Phipps reported on the 2022 NEPPA Annual Conference.

NEPPA Conference Summary: Mr. Phipps mentioned that the "Rush" speech was particularly comprehensive and advised members to read it for a deeper understanding.

Mr. Soni added that The Highland talk was also cited as insightful, especially in terms of exercising caution when owning EV charging assets in the community.

At this point, Mr. Phipps left the meeting.

Mr. Soni's Experience at the NEPPA Conference: Mr. Soni shared positive feedback on the conference, particularly appreciating Kelly Detwiler's talk and his support for MLPs.

Mr. Soni suggested that heating loads may surpass EVs in future energy needs, given their predictability and likely greater magnitude.

Mr. Soni discussed EV charging units and noted a challenge experienced by Highland Stock in installing a significant number quickly, emphasizing the need for such charging to work for people.

Mr. Soni shared his perspective on home charging being the primary mode for most EV users currently, given the slow charging speed. Mr. Soni questioned the profitability of community charging systems.

Mr. Soni also shared his insights on long-duration storage. He suggested considering the proper duration for our context, mentioning Form Energy's push for 100 hours may not be universally appropriate. He proposed becoming comfortable with 8-10 hours before transitioning to longer durations.

Chair Small agreed with Mr. Soni's thoughts on long-duration batteries, mentioning that they are still in the testing phase and a few years away from market readiness.

Mr. Soni and Chair Small discussed a presentation on fusion generation, which is still in the prototype phase.

Modular Nuclear: Chair Small clarified that discussions on modular nuclear took place during a previous year's conference, in response to KW's inquiry.

EV Charging: Mr. Welter found the EV charging talk by Mike Hyland noteworthy. He pointed out that in the community, usage isn't as high unless the charging stations are strategically located. Mr. Welter highlighted Mike's observations on high-rate chargers, where batteries can't fully utilize the charging rate and tend to level off after a certain point.

Mr. Soni reiterated the mismatch between charging rates and current battery technology. He expects people will continue to do most of their charging at home or at work.

Mr. Talbot supported Mr. Soni's view, citing personal experience with higher costs at public charging stations, resulting in limited use unless urgently needed.

Overall Feedback on the Conference: Both Chair Small and Mr. Soni agreed that the NEPPA conference was very informative and provided valuable insights into future energy trends.

General Manager (GM) Search Committee Report

Chair Small provided a report to the CAB.

Candidate Resumes Review: Chair Small reported that the GM Search Committee has reviewed approximately 20 resumes for the new position. A handful of potential candidates have been identified from this group.

Screening Interviews: The Committee has begun conducting screening interviews for the potential candidates in the executive session. These interviews are set to continue into the following week.

Recommendations to the Board of Commissioners (BOC): If the subcommittee identifies 2-3 strong candidates from the screening interviews, they will make a recommendation to the BOC. In the event that the Committee does not find enough solid candidates, they may recommend a different approach to the search process.

Open Interviews: Once the final recommendations have been passed along to the BOC, the final interviews will be held in Regular Session.

Search Committee Recommendations: Chair Small anticipates that the search committee will be ready to make a recommendation to the BOC in October.

CAB Officer Appointments

Mr. Hooper nominated Mr. Soni as RMLD CAB Chair. Mr. Welter seconded the nomination. Mr. Soni said he was happy to accept and expressed his thanks.

Nomination carried: 4:0:0:1 (4 in favor, 0 opposed, 1 abstained, 0 absent). *Roll Call*: Chair Small, Aye; Vice Chair Soni, Abstained; Mr. Hooper, Aye; Mr. Kelley, Aye; Mr. Welter, Aye.

Mr. Hooper nominated Mr. Welter as RMLD CAB Vice Chair. Mr. Kelley seconded the nomination. Mr. Welter accepted the nomination.

Nomination carried: 5:0:0:0 (5 in favor, 0 opposed, 0 abstained, 0 absent). *Roll Call: Chair Small, Aye; Vice Chair Soni, Aye; Mr. Hooper, Aye; Mr. Kelley, Aye; Mr. Welter, Aye.*

Scheduling

The next CAB meeting, CY 2023 Budget Review, will take place on October 13 at 6:00 pm in Lynnfield.

Adjournment

Mr. Hooper made a motion to adjourn, seconded by Mr. Kelley. **Motion carried:** 5:0:0:0 (5 in favor, 0 opposed, 0 abstained, 0 absent). *Roll Call: Chair Small, Aye; Vice Chair Soni, Aye; Mr. Hooper, Aye; Mr. Kelley, Aye; Mr. Welter, Aye.*

ATTACHMENT 4

**2023 NORTHEAST PUBLIC POWER
ASSOCIATION ANNUAL CONFERENCE**

2023 Annual Conference

MYSTIC MARRIOTT HOTEL

Groton, CT

August 20-23 2023



NEPPA's 2023 Annual Conference will be held August 20-23, 2023 at The Mystic Marriott Hotel (2). Join your professional colleagues for 3 days of educational sessions, roundtables, networking, sponsor exhibits, and more.

Agenda 2023

Agenda details are still being finalized and are therefore subject to change.

Sunday, August 20, 2023

- 2:00 PM Registration, Welcome Wagon
- 3:30 PM Member Value Committee Meeting
- 4:00 PM Support NEPPA's Student Scholarship Fund

Monday, August 21, 2023

- 7:00 AM Registration, Breakfast
- 8:00 AM Welcome & Opening Remarks
- 8:15 AM Welcome from Connecticut
- 8:45 AM Keynote: Mr. Gordan van Welie, President and CEO of ISO New England, Inc.

9:45 AM **Break and Visit with Sponsors**

10:00 AM **General Session #1 Fuels Futures & Market Analytics** by Mike Zenker, NextEra

11:00 AM **Break and Visit Sponsors**

11:15 AM **General Session #2 Transmission Line Upgrades with New Technology** by Stephen Conant, VEIR

12:15 PM **Lunch and Visit with Sponsors**

1:15 PM **General Session #3 Nuclear Carbon Free Generation - Short & Long term vision - Millstone** by Michael O'Conner, Millstone/ Dominion Energy

2:15 PM **Break and Visit with Sponsors**

2:30 PM **General Session #4 Insights from MIT's Future Energy Systems Center on the pathways to Net Zero** by John Parsons, MIT

3:45 PM **Annual Business Meeting**

4:00 PM **Advocacy & Reporting Committee Meeting**

5:45 PM **Children's Program**

6:00 PM **Networking Reception**

7:00 PM **Awards Dinner**

9:00 PM **Music and Open Bar** Hosted by Energy New England

Tuesday, August 22, 2023

7:00 AM **Breakfast**

8:00 AM **General Session #5 Legislative Update** by Elizabeth Whitney, Principal, Meguire Whitney, LLC.

9:00 AM **Break and Visit Sponsors**

9:15 AM **General Session #6 Electrifying Everything: What the IRA's Electrification Incentives Mean for Utilities** by Noah Goldmann, Rewiring America

The Inflation Reduction Act will incentivize millions of additional heat pump and electric vehicle sales over the next ten years, increasing electricity demand and changing electricity

utilization patterns. Come learn about the IRA's residential and commercial electrification incentives, their potential effects, and how utilities stand to gain.

10:15 AM **Break and Visit Sponsors**

10:30 AM **General Session #7** High Level Overview of the Threat Landscape with Emphasis Physical Security by Manny Cancel, E-ISAC

11:30 AM **Box Lunch**

11:45 AM **Benevolent Fund Activities:**

#1 Golf Tournament - Shotgun Start at 1:00 PM

Lunch for Golfers at Course - Only

Pequot Golf Club

127 Wheeler Road

Stonington, CT 06378

#2 Benevolent Fund:

Mystic Aquarium

55 Coogan Blvd.

Mystic, CT 06355

5:00 PM **Dinner on Own**

7:00 PM **Tournament Awards**

7:30 PM **#NEPPAYPG Meet-up (Young Professional Group): TBD**

Wednesday, August 23, 2023

7:00 AM **Farewell Breakfast**

9:00 AM **NEPPA Board of Directors Meeting**

11:00 AM **Conference Adjourns**

Registration 2023

Attendee Registration:

NEPPA's 2023 Annual Conference will be held **August 20-23, 2023** at the **Mystic Marriott Hotel & Spa** (625 North Road, Groton, CT 06340). Join your professional colleagues for 3 days of educational sessions, roundtables, networking, sponsor exhibits and more!

2023 Attendee Registration Fees:

<i>By July 17th</i>	<i>After July 17th</i>
<i>Utility Member/ Commissioner - \$795</i>	<i>Utility Member/ Commissioner - \$895</i>
<i>First Corporate Member (one complimentary registration) - Contact NEPPA</i>	
<i>Additional Corporate Member/ Associate Member - \$850</i>	<i>Additional Corporate Member/ Associate Member - \$950</i>
<i>Non-Member - \$1,095</i>	<i>Non-Member - \$1,195</i>
<i>Monday, August 21st ONLY (Member/ Non-Member) - \$425/ \$625</i>	<i>Monday, August 21st ONLY (Member/ Non-Member) - \$525/ \$725</i>
<i>Tuesday, August 22nd ONLY (Member/ Non-Member) - \$325/ \$525</i>	<i>Tuesday, August 22nd ONLY (Member/ Non-Member) - \$425/ \$625</i>
<i>Guest of Child 17+ - \$200 each</i>	<i>Guest of Child 17+ - \$250 each</i>
<i>Child Under 17 - \$150 each</i>	<i>Child Under 17 - \$200 each</i>
<i>Award Dinner Only Guest - \$125 each</i>	<i>Award Dinner Only Guest - \$150 each</i>

Lodging 2023

To make your overnight accommodations, please contact the hotel directly and mention you're with the Northeast Public Power Association or 2023 NEPPA to get the group rate. **Rooms and rates are held until Friday, July 28, 2022 and are based on availability.**

Mystic Marriott Hotel & Spa - \$179/ night + tax

625 North Road

Groton, CT 06340

(877) 901-6632

Check-in 4:00 pm and Check-out 11:00 am

Online Reservation Link: [Book your group rate for NEPPA-Northeast Public Power Association Annual Conference](#)



All reservations must be guaranteed with a major credit card. Mystic Hotel & Spa will not hold any reservations unless secured by a credit card. Individuals are required to cancel reservation at least 48 hours prior to arrival to avoid a charge including one night's room rate plus tax.

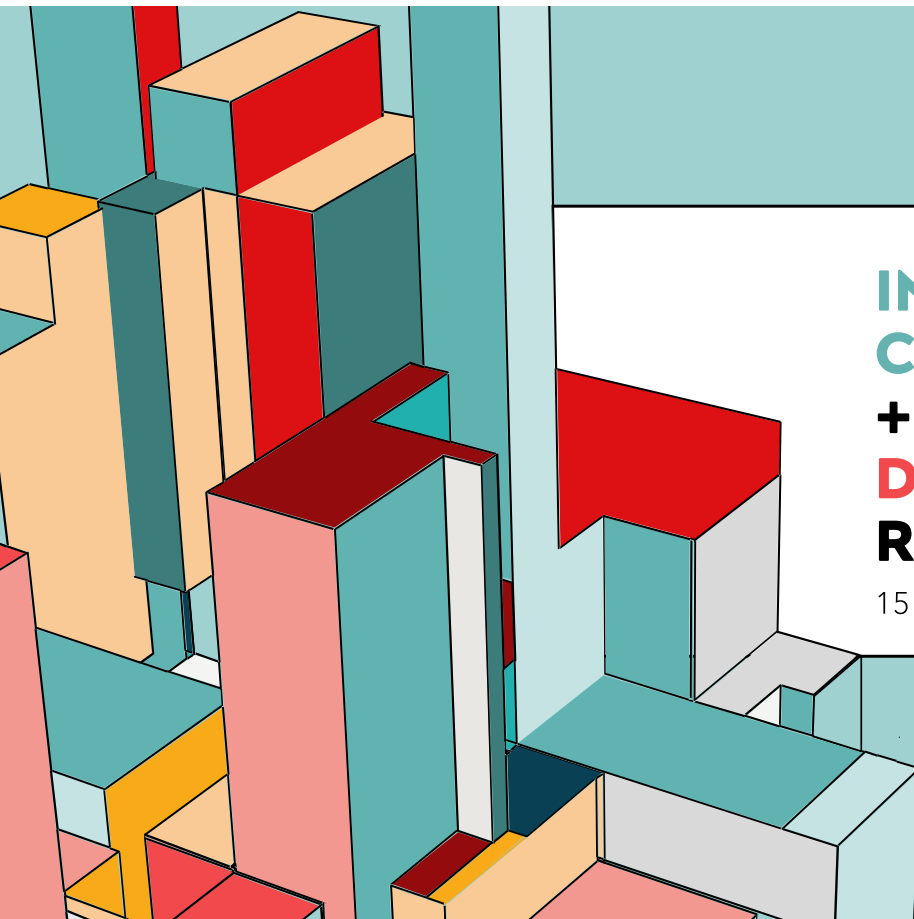
Attendees can call the hotel direct at (860) 446-2600 [Marriott Reservation (866) 449-7390] or use the link below to make reservations on line:

ATTACHMENT 5

INTEGRATED RESOURCES REPORT

COINCIDENT PEAK AND ECONOMIC

DEVELOPMENT RATES



INDUSTRIAL COINCIDENT PEAK + ECONOMIC DEVELOPMENT RATES

15 June 2023

Location: EnergyServicesDrive\Rates\2023 Rates\Industrial Coincident Peak + Economic Development Rate Concepts 20230613.pptx

ECONOMIC DEVELOPMENT RATE

Objectives

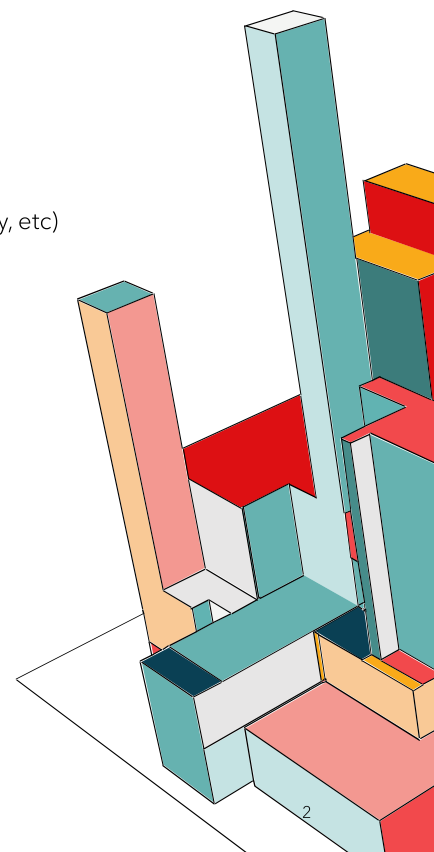
- Structure an electric rate to promote business growth in our communities (jobs, tax base, vibrancy, etc)
- Expand load growth within RMLD territory

Development

- Introductory discount
- Focus on larger loads with larger impacts
- Provide discounted bill line items that contribute to infrastructure (demand)
- Target discount percentage on total bill to make meaningful to a company looking to expand or relocate
- Opportunity to expand to Industrial TOU rate

Results

- Growth strengthens RMLD financials
- Large businesses use sophisticated site selection and typically stay once established
- Support economic growth objectives in Lynnfield, North Reading, Reading and Wilmington



ECONOMIC DEVELOPMENT RATE

Industrial TOU

Average Monthly kWh	200,823
Average kW	317
Customer Charge	\$ 51
Distribution Demand	\$ 4,910
EEC	\$ 803
Fuel Adjustment	\$ 10,177
NYPA Credit	
Cap & Trans (PPCT)	\$ 11,590
Prompt Payment	\$ (744)
Total Monthly Bill	\$ 26,787

Apply Discount

Total Bill Reduction	\$	Discount Applied to Fixed
10%	\$2,679	16%
15%	\$4,018	24%
20%	\$5,357	32%

INDUSTRIAL COINCIDENT PEAK RATE

Objectives

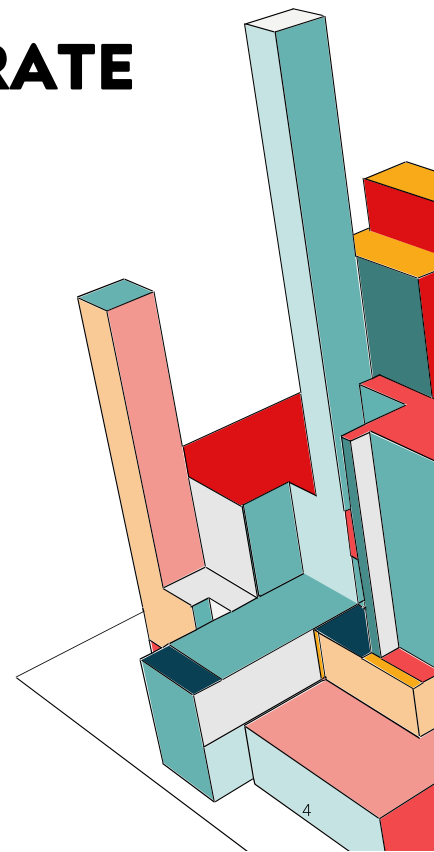
- Recreate PDR to make peak load reduction of industrial customers more effective
- Encourage greater participation with more timely price signals

Development

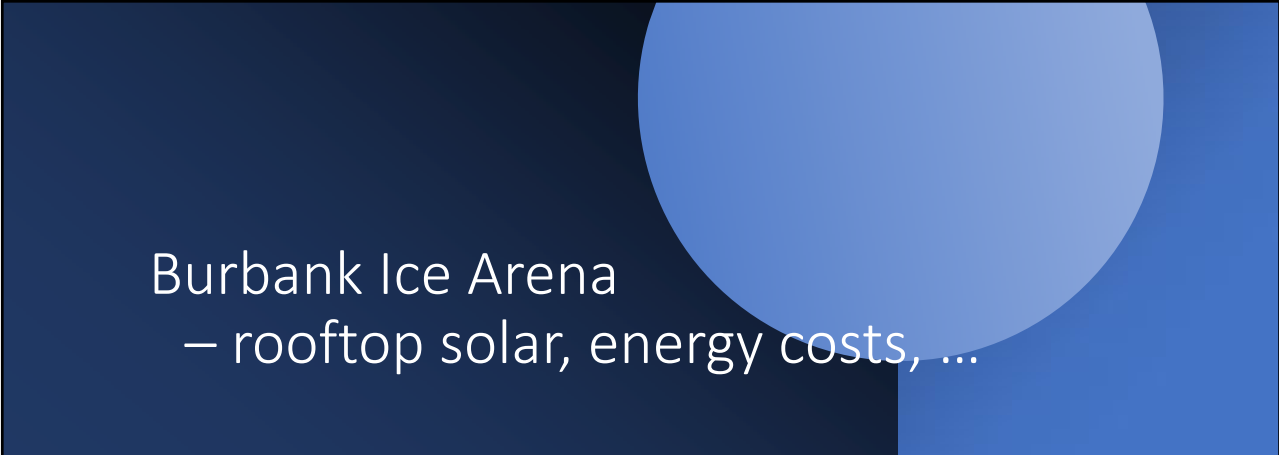
- Focus on large customers with more coincident peak contributions
- Delivery of actionable intelligence to customers
- Coordinate with Economic Development Rate to provide compounded benefits and minimize the impact of load growth

Results

- Customers with tools to better manage peaks
- Shorter time between action and benefits received
- Greater infrastructure utilization by RMLD



ATTACHMENT 6
REPORT ON
BURBANK ICE ARENA SOLAR



Burbank Ice Arena
– rooftop solar, energy costs, ...

RMLD intermediate notes – 13 June 2023

Status summary – initial observations

- Burbank building needs new roof
- Burbank (RIAA) Directors, Town Manager, and Reading Select Board members met on May 24th
RMLD Commissioner Bitz and General Manager Phipps attended
- RMLD met with Ed Peduto at Burbank on June 1 to brainstorm opportunities (positive and productive session)
- RMLD committed to evaluate rooftop solar and other energy cost saving opportunities
RMLD contributed \$17,000 in lighting rebates (bill credits in 2010 and 2016) plus \$9,500 as electric Zamboni rebate check (2016)
- Burbank electric bill averages \$120,000 annually with 150 kW average demand and annual 900,000 kWh usage
- Potential electric cost savings of 10 – 20% via peak management and Time of Use (TOU - more analysis required)
- Additional savings potential via heat pump system linked to ice sheet (supplement propane heat system)
- Existing roof structure likely to handle addition of solar array (final confirmation by structural engineer)
- Appears that new roof would NOT qualify for solar linked Investment Tax Credit (ITC)
- *Burbank should purchase new roof as Burbank*
- Given low RMLD electric rates, Burbank ownership of solar array would have very long payback period
- Given RMLD access to ITC funds, an RMLD owned solar array likely more beneficial to Burbank via roof license / lease (more analysis)

source: Burbank Solar - Cost Analysis - 2023-06-12

Potential array size

Available Rooftop Area	26,777 ft²
Potential Array Size	380 kW
Total Project Cost	\$709,658
Net w/ IRA tax credit	\$496,760

Annual Solar Output	566 MWH
Annual Burbank Usage	905 MWH



Next steps

- Burbank should proceed with their purchase of a new roof
 - Burbank to cover cost as currently planned since ITC benefit w/ solar unlikely
 - Burbank and RMLD should stay synchronized to help ensure new roof can accept solar (if solar proceeds under joint decision)
- RMLD complete proposal of other energy opportunities - late July
 - Complete analysis of peak management and TOU
 - Additional savings potential via heat pump system linked to ice sheet
 - No cost to Burbank of analysis
- RMLD to provide solar options - late August
 - Local solar developer complete preliminary concept of roof top solar – early August
 - No cost to Burbank of concept proposal



Thank You

Greg Phipps and RMLD Team

ATTACHMENT 7
RMLD PROCUREMENT REQUESTS
FOR BOARD APPROVAL
IFB 2023-27 Station 3 Pole Yard Paving



May 30, 2023

Town of Reading Municipal Light Board

Subject: IFB 2023-27 Station 3 Pole Yard Paving

Pursuant to M.G.L. c. 30 § 39M, on May 3, 2023, an invitation for bid was placed as a legal notice in the Middlesex East Section of the Daily Times Chronicle, and posted on COMMBUYS, in the Central Register and on RMLD's website, requesting sealed bids for Station 3 Pole Yard Paving.

An invitation for bid was sent to eleven (11) companies.

Sealed bids were received from one (1) company: Cassidy Corp.

The sealed bid was publicly opened and read aloud at 11:00 a.m., May 24, 2023, in the Town of Reading Municipal Light Department's Audio Visual Spurr Room, 230 Ash Street, Reading, Massachusetts.

The bid was reviewed, analyzed, and evaluated by staff and recommended to the General Manager.

Move that bid 2023-27 Station 3 Pole Yard Paving be awarded to: **Cassidy Corp., for \$59,595.00¹**, pursuant to M.G.L. c. 30 § 39M, as the lowest responsible and eligible bidder, on the recommendation of the General Manager.

¹See attached analysis.

The 2023 Capital Budget amount for this item is \$150,000.

Handwritten signature of Christopher Zaniboni.

Christopher Zaniboni

Handwritten signature of Gregory J. Phipps.

Gregory J. Phipps

Station 3 Pole Yard Paving
IFB 2023-27

Bidder	Total Price	Met Requirements	Exceptions
Cassidy Corp.	\$59,595.00	Yes	No

ATTACHMENT 8

POLICY REVIEW

POLICY 5: TRAINING & TRAVEL

REVISION 10



RMLD BOARD OF COMMISSIONERS MEETING

JUNE 15, 2023

POLICY 5: TRAINING AND TRAVEL

In accordance with the Board's periodic policy review, please find attached the review package for Policy 5: Training and Travel (Revision 10).

Included are the following three components:

- Policy 5: Training & Travel R10 summary & highlights (this page).
- Policy 5: Training & Travel R10, clean with all changes accepted.
- Policy 5: Training & Travel R10, redlined, tracked changes, showing specific edits.

SUMMARY

Policy 5 was significantly revised to streamline and clarify the administrative controls for RMLD business related training and travel. The primary change is moving the administration details (section III) into an internal operating procedure. Remaining sections were refined. Repetitive verbiage was removed. Spelling and grammar were fixed throughout. The Director of Business & Finance title was changed to Director of Finance & Accounting.

REVISION HIGHLIGHTS

Section I: Purpose

- Verbiage was refined for clarity and brevity. Formatting was changed to a list.

Section II: Responsibilities

- Section II: Subsection A: Director of Business Finance
 - Verbiage was refined for clarity and brevity.
 - Subsection A-2 was separated into two sections for fluency.
- Section II: Subsection B: Supervisor of Employee Seeking Reimbursement
 - Subsection B-1: Employee supervisor will put the justification for the determination in writing.
 - Subsection B-2: RMLD employees are responsible for being aware of all RMLD governing policies.
 - Subsection B-3: Removed. RMLD employees rather than their supervisors are responsible for submitting expense reports and supporting documentation.
- Section II: Subsection C: General Manager



- Subsection C-1: Removed from this policy and will be incorporated into the internal operating procedure.. The General Manager has responsibly for approving all employee travel reimbursement.
- Subsection C-2 and C-3: Minor verbiage changes for clarity and accuracy.
- **Section II: Subsection D: Reading Municipal Light Board**
 - Subsection D-1: Verbiage was modified: The Board is responsible for authorizing in advance the General Manager’s reimbursable travel, where an individual trip exceeds \$2,000.
 - Subsection D-2: Removed. The Board is responsible for approving RMLD’s capital and operating budgets.

Section III: Charitable Contributions

- Removed. This entire section will be incorporated into the internal operating procedure.

Section IV: Attachment

- Removed. Both the Training & Travel Authorization Form and the Expense Report Form will be incorporated into the internal operating procedure.

RMLD Policy No. 5 TRAINING & TRAVEL

Revision No. 10

Commission Vote Date: 2023-06-15

General Manager

Next Review Date: 2026-06-15

I. Purpose

This policy establishes overall administrative controls for: 1) authorizing RMLD business-related training and overnight/day travel, and 2) approving reporting of employee expenses. This policy does not govern travel expenses related to the provision of mutual aid.

- A. Only expenses determined as “reasonable” will be reimbursed.
- B. The Director of Finance & Accounting (or designee) will refer reimbursement requests in which expenses exceed Section I of the General Procedures to the General Manager for final approval.
- C. The Director of Finance & Accounting may meet directly with employees whose expenses exceed Section I General Procedures parameters to ascertain a reasonable and equitable reimbursement amount based on the circumstances.
- D. Should the Director of Finance & Accounting have questions on an employee’s expense report that have not been addressed to his/her satisfaction, he/she may then report those concerns to the General Manager in writing.

II. Responsibilities

- A. Director of Finance & Accounting
 - 1. Responsible for periodic review of this policy and attachments to ensure continuing compliance with RMLD’s requirements and applicable state and federal laws. Recommendations and suggestions for changes will be reported to the General Manager.
 - 2. Responsible for reviewing all expense account reports to ensure compliance with this policy.
 - 3. Responsible for making recommendations on reimbursement requests under this policy, subject to review and final approval by the General Manager.

4. Responsible for making reports of reimbursements to the General Manager as may be requested by the General Manager.

B. Supervisor of Employee Seeking Reimbursement

1. Determines the need and/or business justification for the employee's training and/or travel. The justification for the determination will be put in writing.

C. General Manager

1. Responsible for reviewing decisions made by the Director of Finance & Accounting regarding reimbursement requests. If the General Manager overrides a recommendation made by the Director of Finance & Accounting, the General Manager shall document the reason(s) in writing.
2. Responsible for making periodic reports to the RMLD Board of Commissioners upon the Board's request.
3. The General Manager shall report to the Board on events where authorized training and travel expenses exceed or are expected to exceed budgeted amounts.

D. Reading Municipal Light Board

Responsible for authorizing the General Manager's reimbursable travel, where an individual trip exceeds \$2,000.

RMLD Policy No. 5 TRAINING & TRAVEL

Revision No. 109

Commission Vote Date _____

General Manager

Next Review Date

I. Purpose

This policy establishes overall administrative controls for: 1) authorizing RMLD business-related training and overnight/day travel, and ~~for~~ 2) approving reporting of employee expenses. This policy does not govern travel expenses related to the provision of mutual aid.

A. Only “reasonable” expenses determined as “reasonable” will be reimbursed. ~~Section III of this policy provides guidelines for “reasonable” travel expenses.~~

B. The Director of Finance & Accounting ~~Business & Finance~~ (or designee) will refer reimbursement requests in which expenses exceed Section ~~III~~ of the General Procedures ~~guidelines~~ to the General Manager for final approval.

C. The Director of ~~Business & Finance~~ & Accounting may meet directly with employees whose expenses exceed Section 1 of the General Procedures ~~parameters~~ ~~these guidelines in an effort~~ to ascertain a reasonable and equitable reimbursement amount based on the circumstances.

~~A.~~ D. Should the Director of ~~Business & Finance~~ & Accounting have questions on an employee’s expense report that have not been addressed to his/her satisfaction, he/she then shall report those concerns to the General Manager in writing.

II. Responsibilities

A. Director of Business & Finance

1. Responsible for periodic review of this policy and attachments to ensure continuing compliance with RMLD’s requirements and as well as applicable state and federal laws. Recommendations and suggestions for changes will be reported ~~are to be made~~ to the General Manager.
2. Responsible for reviewing all expense account reports to ensure compliance with this policy.

~~2.3.~~ Responsible for making recommendations on reimbursement requests under this policy, subject to review and final approval by the General Manager.

~~3.4.~~ Responsible for making reports of reimbursements to the General Manager as may be requested by the General Manager. ~~from time to time.~~

B. Supervisor of Employee Seeking Reimbursement

1. Determines the need and/or business justification for the employee's training and/or travel. The justification for the determination will be put in writing.

~~2. Responsible for implementing processes to ensure that any RMLD employee who may incur expenses subject to this policy is aware of this policy and its provisions.~~

~~3. Follow up with employee to make sure signed expense report and appropriate receipts have been forwarded to the Director of Business & Finance in a timely manner as required in Section III.R "Expense Report Processing."~~

C. General Manager

~~1. Retains final authority for approving training and travel for subordinate employees.~~

~~2.1.~~ Responsible for reviewing decisions made by the Director of ~~Business & Finance~~ & Accounting on reimbursement requests. If the General Manager overrides a recommendation made by the Director of ~~Business & Finance~~ & Accounting, the General Manager shall document the reason(s) in writing.

~~2.~~ Responsible for making periodic reports to the RMLD Board of Commissioners ~~Light Board~~ upon the ~~Light~~ Board's request.

3. The General Manager shall report to the ~~Light~~ Board on events where if authorized training and travel expenses exceed, or are expected to exceed budgeted amounts.

D. Reading Municipal Light Board

1. Responsible for authorizing the General Manager's reimbursable travel, where an individual trip exceeds \$2,000. ~~training, travel and expense reimbursement requests.~~

2. Responsible for approving the budget for RMLD-related training and travel expenses.

~~III. General Guidelines~~

~~A. Training and Travel~~

- ~~1. Employees shall seek prior written authorization for RMLD-related training, travel and reimbursement or payment of training and/or travel-related expenses. Training and Travel-related expenses will be paid by RMLD only if training and/or travel is for authorized RMLD-related business purposes and/or for meeting the employee's Career Development Plan as determined by such employee's supervisor. Provided however, training and travel requests shall be subject to the prior approval of the General Manager.~~
- ~~2. All requests initially must be submitted to the Division Manager by completing the top section of the Travel Authorization Form (Attachment A) for consideration in the budget process for the appropriate year of training and/or travel.~~
- ~~3. Employees will be notified if their request has been tentatively authorized as part of the budget process. Budget approval, however, does not guarantee that the employee's Training/Travel Authorization Form will receive final approval. Circumstances such as funding, staffing, etc., could impact final approval. Employee requests will be considered for final approval following budget authorization.~~
- ~~4. No travel arrangements or expenditures should be made by or for any employee, RMLD Board member, or Citizens Advisory Board member until the Training/Travel Authorization Form has been approved. A computerized form is located in the RMLD SharePoint. Forms are also available from the Executive Assistant. All travel arrangements will be made in accordance with the approved Training/Travel Authorization Form. The employee is responsible for completing the necessary Purchase Requisition. In the case of an RMLD Board Member or CAB member, the Executive Assistant will complete the necessary Purchase Requisition. The applicable Purchase Order will not be approved without an approved Training/Travel Authorization Form attached.~~
- ~~5. The Executive Assistant is designated by the General Manager to make all RMLD travel arrangements, to ensure that the Training/Travel Authorization Form has been completed correctly, and to make all air/train and hotel reservations and, if appropriate, car rental reservations. The Training/Travel Authorization form follows this process: initial approval is via the Supervisor and then the General Manager has final approval. Once~~

~~the Training/Travel Authorization Form has been approved, a copy should be given to the Executive Assistant.~~

~~B. Air/Train/Bus Travel~~

- ~~1. Air, train, or bus travel only will be permitted when distance, weather conditions, or other circumstances make it impractical for the employee to drive.~~
- ~~2. All travel should be arranged to obtain the lowest fare consistent with the required travel schedule. First class travel is not allowed. Non-refundable tickets should be purchased with insurance in the event the airline cancels the flight(s).~~
- ~~3. 3. Employees are responsible for obtaining transportation, at their expense, to and from their home or office to the airport, station, or terminal.~~

~~C. Car Rentals~~

- ~~1. Car rentals require the General Manager's approval. In general, if an employee will be staying at a hotel where a conference is being held, a car rental will not be allowed unless the employee can justify to the General Manager's satisfaction why a car rental is necessary. The facts and circumstances supporting the need for a car rental shall be documented in writing.~~
- ~~2. Car rentals shall be the lowest rate and mid-size available consistent with the travel schedule and needs. Rental of luxury, sport, or specialized vehicles are not permitted unless the rental agency provides an upgrade due to availability at no additional cost.~~
- ~~3. Employees shall decline the coverage for Collision Damage Waiver Insurance offered by rental car companies. Please make it clear when renting that it is a company rental. If the rental firm requires a certificate of insurance, please contact RMLD and the certificate will be sent to them.~~

~~D. Cash Advances~~

~~RMLD will not provide cash advances.~~

~~E. Personal Car~~

- ~~1. Employees will be reimbursed for the use of their personal car at the rate used by the Town of Reading.~~
- ~~2. All employees who use their own vehicle to attend a seminar (or similar company business) will deduct their normal commuting mileage to and from the RMLD from the total mileage to attend the seminar. Examples of this is as follows:~~

- a. ~~If the employee's normal round-trip commute to the RMLD is thirty (30) miles and the employee attends a seminar that is twenty (20) mile round-trip from his or her home, the employee would not be reimbursed any mileage.~~
- b. ~~If the employee's round-trip commute to the RMLD is thirty (30) miles and the employee attends a seminar that is forty (40) miles from his or her home, the employee would be reimbursed for ten (10) miles of mileage (40 miles — 30 miles).~~
- c. ~~If you are attending a seminar on a holiday or a weekend, you would be reimbursed the total amount of your mileage, since you would not be commuting normally to work on any of these days.~~
- d. ~~When reporting mileage, the total mileage driven, less the commuting mileage must be indicated.~~

F. Meals

1. Overnight Travel Meals

~~All employees will be provided a per diem allowance in accordance with the United States General Services Administration (www.gsa.gov) for all their meals (includes meal, tax, and gratuities without providing receipts).~~

2. Local Travel/Business Meals

~~Local Travel/Business meals will be reimbursed up to the amount specified by the United States General Services Administration (www.gsa.gov) for lunch only. Where receipts are required, they must be detailed and complete. If lunch is provided as part of a seminar, no reimbursement will be made.~~

G. Entertainment Expenses

~~Entertainment expenses are not reimbursable.~~

H. Phone

~~In the event of no cell phone service, employees are authorized one personal call to home up to thirty (30) minutes per day of travel. Employees are encouraged to refrain from using direct hotel lines due to excessive charges.~~

I. Laundry/cleaning

~~Reimbursement for laundry service is allowed if the trip is three days or longer.~~

~~J. Tips~~

~~Reasonable tips (non-meal related) are reimbursable.~~

~~K. Lodging~~

~~Standard double-occupancy rooms are authorized (one room per employee).~~

~~L. Parking/Tolls/Gas~~

~~All such expenses are reimbursable provided receipts are submitted.~~

~~M. Taxis / Personal Delivery Services (e.g., Uber)~~

~~Actual cost of taxis or other automobile transportation services is reimbursable based on documentation supplied by the employee.~~

~~N. Non Reimbursable Expenses~~

~~The following costs are not reimbursable under this policy:~~

- ~~1. Personal expenditures that are not related to RMLD business and are of a type that an employee would make whether at home or away.~~
- ~~2. Personal travel and accident insurance.~~
- ~~3. Medical costs.~~
- ~~4. All associated travel expenses of a spouse, dependent(s), or personal guest(s).~~
- ~~5. Expense for care of dependents or pets.~~
- ~~6. Extra expenses at home while you travel (example: caretaker service).~~
- ~~7. Cost of personally given flowers, gifts, or remembrances.~~
- ~~8. Alcoholic drinks of any type, including beer and wine ordered with meals.~~

~~O. Receipts Required for Travel Expenses~~

- ~~1. Transportation fares (Note: for all air/train travel, the passenger receipt portion of the ticket must be submitted).~~
- ~~2. The entire detailed hotel bill must be submitted (not just the credit card total).~~

- ~~3. Laundry and cleaning.~~
- ~~4. All parking fees and tolls.~~
- ~~5. Car rentals and related expenditures, e.g. gas, oil, etc.~~
- ~~6. Postage fees.~~
- ~~7. Registration fees for previously approved courses and seminars.~~
- ~~8. Unusual expenditures. If a receipt is lost or otherwise not available, do not delay submitting expense reports for expenditures for which receipts are available or are not required, i.e., submit expenses you can document and catch up on submitting the rest when you get the receipts. The employee is responsible for obtaining the missing receipt or an acceptable duplicate.~~

~~P. Expense Report Approval Requirements~~

~~Expense reports must be signed by the employee and the immediate supervisor and forwarded (along with the required documentation) to the Director of Business & Finance or designee. Expense reports will only be approved by the Director of Business & Finance or designee if they comply with the provisions of this policy.~~

~~Q. Combined Business and Personal Travel~~

~~If an employee takes a business trip and the trip is extended in time to include personal matters or vacation, all extra expenses incurred will be the employee's responsibility, including hotel, meals, flight surcharge, parking, etc.~~

~~R. Expense Report Processing~~

- ~~1. Upon return from a trip or completion of RMLD business, the employee must complete an expense report as soon as possible, but in no case later than five (5) working days following the trip.~~
- ~~2. Employees will be reimbursed through the weekly Accounts Payable cycle.~~

~~IV. Attachment~~

~~A. Travel Authorization Form~~

~~B. Expense Report Form~~

M L1)

TRAINING/TRAVEL AUTHORIZATION FORM FISCAL YEAR

Day

Overnight

Conference

Training

Employee:	Division:	Meets CDP	Y	N

Name of Training/Conference	
Reason for Request	
Location	
Travel Dates	Length of Stay (Number of Nights)
Transportation - Travel Mode (Air, Rental Vehicle, Bus, Personal Vehicle)	
Did you receive an overnight travel authorization last year?	Budget Approved?

	REQUEST	REVISED	ACTUAL
TRANSPORTATION	\$	\$	\$
HOTEL	\$	\$	\$
FEES/TUITION	\$	\$	\$
MEALS	\$	\$	\$
OTHER	\$	\$	\$
TOTAL	\$0.00	\$0.00	\$0.00

Request Approval:
Projected Budgeted

Revised Approval:
Based on Increases

Actual Approval:
Actual Expenses

Employee

Employee

Employee

Supervisor

Supervisor

Supervisor

General Manager

General Manager

General Manager

Date

Date

Date

Revised Approval Is required If Request total Increases prior to travel. Other reimbursable expenses are according to RMLD's Travel Policy 5. All forms and expense reports must be processed in accordance with RMLD's Travel Policy 5.

**MATERIALS AVAILABLE BUT NOT
DISCUSSED**

From: [Erica Morse](#)
To: [Erica Morse](#)
Subject: AP and Payroll Questions for the 2023-06-15 BoC Book 2023-06-12
Date: Monday, June 12, 2023 9:48:00 AM

AP

April 7th, 2023, through June 9th 2023, there were no Commissioner questions.

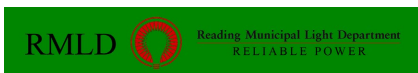
Payroll:

April 10th, 2023 through June 5th 2023, there was one Commissioner question.

On April 24, 2023, Commissioner Stempeck asked a question relative to YTD overtime.

GM Response – Currently, there are two primary areas for the higher overtime. 1) *control room* - RMLD operates a control center 24/7 and is temporarily understaffed. Line crews and engineers (under current union contracts) fill in as control room operators, as overtime (after their regular 40 hours). 2) *trouble man shift* - RMLD is staffed with 2 trouble men to cover 24 X 7 and here again, the line crews fill in as overtime.

Best,
Erica Morse
Executive Assistant
Reading Municipal Light Department
O: 781-942-6489
C: 617-791-3304
www.rmld.com



From: [Maureen Sullivan](#)
To: [Erica Morse](#)
Cc: [Paula O'Leary](#)
Subject: Surplus Update - April 2023
Date: Monday, May 1, 2023 8:29:27 AM

Good morning Erica,

I am sending this email to inform you that there were NO Surplus Items of Substantial Value that were disposed of in April 2023.

Thank you,
Maureen

Maureen Sullivan
Assistant Materials Manager
Reading Municipal Light Department (RMLD)
230 Ash Street
Reading, MA 01867

Tel. No. 781-942-6441
Email: msullivan@rmlld.com

From: [Maureen Sullivan](#)
To: [Erica Morse](#)
Cc: [Paula O'Leary](#)
Subject: Surplus Update - May 2023
Date: Wednesday, May 31, 2023 8:08:50 AM

Good morning Erica,

I am sending this email to inform you that there were NO Surplus Items of Substantial Value that were disposed of in May 2023.

Thank you,
Maureen

Maureen Sullivan
Assistant Materials Manager
Reading Municipal Light Department (RMLD)
230 Ash Street
Reading, MA 01867

Tel. No. 781-942-6441
Email: msullivan@rmlld.com

Town of Reading, Massachusetts
Municipal Light Department
Statement of Net Assets
1/31/2023

	2023	2022
ASSETS		
Current:		
Unrestricted Cash	\$ 21,607,313	\$ 19,805,612
Restricted Cash	30,372,991	30,381,557
Restricted Investments	591,380	2,627,447
Receivables, Net	9,798,250	9,753,711
Prepaid Expenses	1,390,777	1,892,257
Inventory	2,404,567	1,777,116
Total Current Assets	66,165,279	66,237,699
Noncurrent:		
Lease Receivable	2,616,938	-
Investment in Associated Companies	976,704	883,963
Construction in Progress	654,652	278,710
Capital Assets, Net	91,181,680	85,840,661
Total Noncurrent Assets	95,429,974	87,003,334
Deferred Outflows	6,113,387	6,754,497
TOTAL ASSETS	167,708,641	159,995,530
 LIABILITIES		
Current		
Accounts Payable	6,243,078	10,823,125
Accrued Liabilities	976,684	607,603
Customer Deposits	1,688,618	1,554,120
Advances from Associated Companies	200,000	200,000
Contribution in Aid of Construction	2,903,913	2,513,250
Total Current Liabilities	12,012,293	15,698,098
Non-current		
Accrued Employee Compensated Absences	1,400,945	1,955,013
Net OPEB Obligation	4,269,089	4,158,698
Net Pension Liability	5,358,701	11,954,138
Total Non-current Liabilities	11,028,735	18,067,849
Deferred Inflows	10,426,257	4,327,923
TOTAL LIABILITIES	33,467,285	38,093,870
 NET POSITION		
Invested in Capital Assets, Net of Related Debt	91,181,680	85,840,661
Restricted for Depreciation Fund	12,649,483	12,153,747
Restricted for Pension Trust	3,092	6,802,516
Unrestricted	30,407,100	17,104,736
TOTAL NET POSITION	134,241,356	121,901,660
Total Liabilities and Net Assets	\$ 167,708,641	\$ 159,995,530

Town of Reading, Massachusetts
Municipal Light Department
Business Type Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
1/31/2023

	Month Current Year	Month Last Year	Year to Date Current Year	Year to Date Last Year	Percent Change
Operating Revenues					
Base Revenue	\$ 2,582,662	\$ 2,505,981	\$ 2,582,662	\$ 2,505,981	3.1%
Fuel Revenue	2,921,436	2,862,603	2,921,436	2,862,603	2.1%
Purchased Power Capacity & Transmission	2,933,436	2,665,697	2,933,436	2,665,697	10.0%
Forfeited Discounts	58,509	61,937	58,509	61,937	(5.5%)
Energy Conservation Revenue	164,720	158,062	164,720	158,062	4.2%
NYPA Credit	(151,026)	(93,411)	(151,026)	(93,411)	61.7%
Total Operating Revenues	8,509,737	8,160,870	8,509,737	8,160,870	4.3%
Expenses					
Power Expenses:					
547 Purchased Power Fuel	1,576,596	3,809,242	1,576,596	3,809,242	(58.6%)
555 Purchased Power Capacity	1,344,038	1,375,460	1,344,038	1,375,460	(2.3%)
565 Purchased Power Transmission	1,039,815	1,135,715	1,039,815	1,135,715	(8.4%)
Total Purchased Power	3,960,449	6,320,417	3,960,449	6,320,417	(37.3%)
Operations and Maintenance Expenses:					
580 Supervision and Engineering	86,418	83,906	86,418	83,906	3.0%
581 Station/Control Room Operators	39,565	40,815	39,565	40,815	(3.1%)
582 Station Technicians	17,655	31,256	17,655	31,256	(43.5%)
583 Line General Labor	97,778	80,428	97,778	80,428	21.6%
586 Meter General	12,617	17,170	12,617	17,170	(26.5%)
588 Materials Management	33,304	35,008	33,304	35,008	(4.9%)
593 Maintenance of Lines - Overhead	51,941	8,657	51,941	8,657	500.0%
593 Maintenance of Lines - Tree Trimming	7,432	5,019	7,432	5,019	48.1%
594 Maintenance of Lines - Underground	3,921	638	3,921	638	514.1%
595 Maintenance of Line - Transformers	-	2,455	-	2,455	(100.0%)
598 Line General Leave Time Labor	27,291	30,595	27,291	30,595	(10.8%)
Total Operations and Maintenance Expenses	377,922	335,947	377,922	335,947	12.5%
General & Administration Expenses:					
903 Customer Collections	84,126	79,069	84,126	79,069	6.4%
904 Uncollectible Accounts	3,333	5,000	3,333	5,000	(33.3%)
916 Energy Audit	16,865	46,834	16,865	46,834	(64.0%)
916 Energy Conservation	219,927	83,005	219,927	83,005	165.0%
920 Administrative and General Salaries	161,150	149,080	161,150	149,080	8.1%
921 Office Supplies and Expense	246	778	246	778	(68.4%)
923 Outside Services - Legal	-	-	-	-	0.0%
923 Outside Services - Contract	295	885	295	885	(66.7%)
923 Outside Services - Education	8,976	60	8,976	60	14859.3%
924 Property Insurance	49,852	70,076	49,852	70,076	(28.9%)
925 Injuries and Damages	100	1,100	100	1,100	(90.9%)
926 Employee Pensions and Benefits	602,718	418,293	602,718	418,293	44.1%
930 Miscellaneous General Expense	17,533	66,812	17,533	66,812	(73.8%)
931 Rent Expense	26,891	26,891	26,891	26,891	0.0%
933 Vehicle Expenses	7,953	4,837	7,953	4,837	64.4%
933 Vehicle Expenses - Capital	(25,978)	(24,568)	(25,978)	(24,568)	5.7%
935 Maintenance of General Plant	25,987	8,579	25,987	8,579	202.9%
935 Maintenance of Building & Garage	39,364	56,642	39,364	56,642	(30.5%)
Total General & Administration Expenses	1,239,338	993,374	1,239,338	993,374	24.8%

Town of Reading, Massachusetts
Municipal Light Department
Business Type Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
1/31/2023

	Month Current Year	Month Last Year	Year to Date Current Year	Year to Date Last Year	Percent Change
Other Operating Expenses:					
403 Depreciation	435,353	424,919	435,353	424,919	2.5%
408 Voluntary Payments to Towns	152,217	143,387	152,217	143,387	6.2%
Total Other Expenses	<u>587,571</u>	<u>568,306</u>	<u>587,571</u>	<u>568,306</u>	<u>3.4%</u>
Operating Income	2,344,458	(57,174)	2,344,458	(57,174)	(4200.6%)
Non Operating Revenues (Expenses):					
419 Interest Income	53,075	(8,714)	53,075	(8,714)	(709.1%)
419 Other	129,053	143,495	129,053	143,495	(10.1%)
426 Return on Investment to Reading	(210,620)	(206,709)	(210,620)	(206,709)	1.9%
426 Loss on Disposal	-	-	-	-	0.0%
431 Interest Expense	(3,918)	(2,044)	(3,918)	(2,044)	91.7%
Total Non Operating Revenues (Expenses)	<u>(32,411)</u>	<u>(73,972)</u>	<u>(32,411)</u>	<u>(73,972)</u>	<u>(56.2%)</u>
Change in Net Assets	2,312,047	(131,146)	2,312,047	(131,146)	(1863.0%)
Net Assets at Beginning of Year	131,929,309	122,032,806	131,929,309	122,032,806	8.1%
Ending Net Assets	<u>\$ 134,241,356</u>	<u>\$ 121,901,660</u>	<u>\$ 134,241,356</u>	<u>\$ 121,901,660</u>	<u>10.1%</u>

Town of Reading, Massachusetts
Municipal Light Department
Business Type Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets compared to Budgeted
1/31/2023

	Actual Year to Date	Budget Year to Date	OVER/UNDER \$	OVER/UNDER %
Operating Revenues				
Base Revenue	\$ 2,582,662	\$ 2,676,352	\$ (93,690)	(3.5%)
Fuel Revenue	2,921,436	3,425,503	(504,067)	(14.7%)
Purchased Power Capacity & Transmission	2,933,436	2,876,332	57,103	2.0%
Forfeited Discounts	58,509	80,291	(21,781)	(27.1%)
Energy Conservation Revenue	164,720	166,750	(2,030)	(1.2%)
NYPA Credit	(151,026)	(96,833)	(54,192)	56.0%
Total Operating Revenues	\$ 8,509,737	\$ 9,128,394	(618,657)	(6.8%)
Expenses				
Power Expenses:				
555 Purchased Power Fuel	1,576,596	3,328,669	(1,752,074)	(52.6%)
555 Purchased Power Capacity	1,344,038	1,289,133	54,905	4.3%
565 Purchased Power Transmission	1,039,815	1,602,199	(562,385)	(35.1%)
Total Purchased Power	3,960,449	6,220,002	(2,259,553)	(36.3%)
Operations and Maintenance Expenses:				
580 Supervision and Engineering	86,418	81,537	4,881	6.0%
581 Station/Control Room Operators	39,565	42,341	(2,776)	(6.6%)
582 Station Technicians	17,655	111,455	(93,800)	(84.2%)
583 Line General Labor	97,778	50,063	47,716	95.3%
586 Meter General	12,617	22,520	(9,903)	(44.0%)
588 Materials Management	33,304	49,049	(15,746)	(32.1%)
593 Maintenance of Lines - Overhead	51,941	47,395	4,546	9.6%
593 Maintenance of Lines - Tree Trimming	7,432	132,482	(125,050)	(94.4%)
594 Maintenance of Lines - Underground	3,921	16,248	(12,327)	(75.9%)
595 Maintenance of Line - Transformers	-	29,587	(29,587)	(100.0%)
598 Line General Leave Time Labor	27,291	17,997	9,294	51.6%
Total Operations and Maintenance Expenses	377,922	600,674	(222,752)	(37.1%)
General & Administration Expenses:				
903 Customer Collection	84,126	108,301	(24,175)	(22.3%)
904 Uncollectible Accounts	3,333	6,250	(2,917)	(46.7%)
916 Energy Audit	16,865	89,286	(72,421)	(81.1%)
916 Energy Conservation	219,927	255,354	(35,426)	(13.9%)
920 Administrative and General Salaries	161,150	268,678	(107,527)	(40.0%)
921 Office Supplies and Expense	246	1,667	(1,421)	(85.3%)
923 Outside Services - Legal	-	65,483	(65,483)	(100.0%)
923 Outside Services - Contract	295	61,675	(61,380)	(99.5%)
923 Outside Services - Education	8,976	27,429	(18,454)	(67.3%)
924 Property Insurance	49,852	45,129	4,723	10.5%
925 Injuries and Damages	100	2,133	(2,033)	(95.3%)
926 Employee Pensions and Benefits	602,718	380,719	221,999	58.3%
930 Miscellaneous General Expense	17,533	50,117	(32,584)	(65.0%)
931 Rent Expense	26,891	17,667	9,225	52.2%
933 Vehicle Expense	7,953	32,417	(24,463)	(75.5%)
933 Vehicle Expense - Capital Clearing	(25,978)	(42,522)	16,544	(38.9%)
935 Maintenance of General Plant	25,987	55,731	(29,743)	(53.4%)
935 Maintenance of Building & Garage	39,364	82,630	(43,266)	(52.4%)
Total General & Administration Expenses	1,239,338	1,508,141	(268,803)	(17.8%)

Town of Reading, Massachusetts
Municipal Light Department
Business Type Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets compared to Budgeted
1/31/2023

	Actual Year to Date	Budget Year to Date	OVER/UNDER \$	OVER/UNDER %
Other Operating Expenses:				
403 Depreciation	435,353	453,750	(18,397)	(4.1%)
408 Voluntary Payments to Towns	152,217	147,703	4,514	3.1%
Total Other Expenses	587,571	601,453	(13,883)	(2.3%)
Operating Income	2,344,458	198,124	2,146,334	1083.3%
Non Operating Revenues (Expenses):				
415 Contribution in Aid of Construction		4,167	(4,167)	(100.0%)
419 Interest Income	53,075	25,000	28,075	112.3%
419 Other Income	129,053	59,167	69,886	118.1%
421 Intergovernmental Grants		7,500	(7,500)	(100.0%)
426 Return on Investment to Reading	(210,620)	(212,414)	1,794	(0.8%)
426 Loss on Disposal		(833)	833	(100.0%)
431 Interest Expense	(3,918)	(833)	(3,085)	370.2%
Total Non Operating Revenues (Expenses)	(32,411)	(118,248)	85,837	(72.6%)
Net Income	\$ 2,312,047	\$ 79,876	\$ 2,232,171	2794.5%

Town of Reading, Massachusetts
Municipal Light Department
Statement of Net Assets
2/28/2023

	2023	2022
ASSETS		
Current:		
Unrestricted Cash	\$ 20,296,941	\$ 20,372,982
Restricted Cash	31,372,719	30,832,228
Restricted Investments	587,568	2,608,994
Receivables, Net	11,114,832	10,795,480
Prepaid Expenses	1,629,077	1,682,032
Inventory	2,432,098	1,846,802
Total Current Assets	67,433,235	68,138,518
Noncurrent:		
Lease Receivable	2,616,938	-
Investment in Associated Companies	976,873	883,960
Construction in Progress	663,152	281,910
Capital Assets, Net	91,514,246	85,719,289
Total Noncurrent Assets	95,771,209	86,885,158
Deferred Outflows	6,113,387	6,754,497
TOTAL ASSETS	169,317,830	161,778,173
LIABILITIES		
Current		
Accounts Payable	7,964,763	11,818,235
Accrued Liabilities	479,688	413,191
Customer Deposits	1,713,312	1,570,255
Advances from Associated Companies	200,000	200,000
Contribution in Aid of Construction	2,899,384	2,513,250
Total Current Liabilities	13,257,147	16,514,931
Non-current		
Accrued Employee Compensated Absences	1,400,945	1,955,013
Net OPEB Obligation	4,269,089	4,158,698
Net Pension Liability	5,358,701	11,954,138
Total Non-current Liabilities	11,028,735	18,067,849
Deferred Inflows	10,426,257	4,327,923
TOTAL LIABILITIES	34,712,140	38,910,703
NET POSITION		
Invested in Capital Assets, Net of Related Debt	91,514,246	85,719,289
Restricted for Depreciation Fund	13,136,949	12,277,117
Restricted for Pension Trust	3,103	6,798,375
Unrestricted	29,951,393	18,072,690
TOTAL NET POSITION	134,605,691	122,867,470
Total Liabilities and Net Assets	\$ 169,317,830	\$ 161,778,173

Municipal Light Department
Business Type Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
2/28/2023

	Month Current Year	Month Last Year	Year to Date Current Year	Year to Date Last Year	Percent Change
Operating Revenues					
Base Revenue	\$ 2,437,468	\$ 2,695,033	\$ 5,020,130	\$ 5,201,015	(3.5%)
Fuel Revenue	3,001,998	2,933,179	5,923,434	5,795,783	2.2%
Purchased Power Capacity & Transmission	2,862,022	2,935,008	5,795,457	5,600,706	3.5%
Forfeited Discounts	51,322	66,392	109,831	128,329	(14.4%)
Energy Conservation Revenue	156,192	178,463	320,912	336,525	(4.6%)
NYP&A Credit	(129,679)	(117,026)	(280,704)	(210,437)	33.4%
Total Operating Revenues	8,379,323	8,691,050	16,889,060	16,851,921	0.2%
Expenses					
Power Expenses:					
547 Purchased Power Fuel	2,841,246	3,014,593	4,417,841	6,823,835	(35.3%)
555 Purchased Power Capacity	1,604,989	1,389,560	2,949,028	2,765,021	6.7%
565 Purchased Power Transmission	1,036,783	1,392,845	2,076,597	2,528,560	(17.9%)
Total Purchased Power	5,483,017	5,796,998	9,443,466	12,117,416	(22.1%)
Operations and Maintenance Expenses:					
580 Supervision and Engineering	105,685	83,851	192,103	167,758	14.5%
581 Station/Control Room Operators	67,472	36,401	107,037	77,216	38.6%
582 Station Technicians	32,553	30,767	50,207	62,023	(19.1%)
583 Line General Labor	78,902	74,280	176,680	154,708	14.2%
586 Meter General	15,360	12,606	27,977	29,776	(6.0%)
588 Materials Management	36,203	34,572	69,506	69,580	(0.1%)
593 Maintenance of Lines - Overhead	77,745	25,564	129,686	34,221	279.0%
593 Maintenance of Lines - Tree Trimming	30,202	7,149	37,634	12,168	209.3%
594 Maintenance of Lines - Underground	11,605	20,546	15,526	21,185	(26.7%)
595 Maintenance of Line - Transformers	18,569	14,469	18,569	16,924	9.7%
598 Line General Leave Time Labor	51,039	27,715	78,330	58,310	34.3%
Total Operations and Maintenance Expenses	525,334	367,922	903,255	703,869	28.3%
General & Administration Expenses:					
903 Customer Collections	133,434	77,369	217,560	156,438	39.1%
904 Uncollectible Accounts	3,333	5,000	6,667	10,000	(33.3%)
916 Energy Audit	28,438	56,763	45,303	103,597	(56.3%)
916 Energy Conservation	69,479	33,987	289,406	116,992	147.4%
920 Administrative and General Salaries	173,454	158,448	334,604	307,528	8.8%
921 Office Supplies and Expense	1,030	457	1,276	1,235	3.3%
923 Outside Services - Legal	-	(6,123)	-	(6,123)	(100.0%)
923 Outside Services - Contract	10,670	26,950	10,965	27,835	(60.6%)
923 Outside Services - Education	1,994	1,650	10,970	1,710	541.5%
924 Property Insurance	31,232	19,019	81,084	89,095	(9.0%)
925 Injuries and Damages	75,000	-	75,100	1,100	6727.3%
926 Employee Pensions and Benefits	615,798	326,327	1,218,516	744,620	63.6%
930 Miscellaneous General Expense	24,327	46,511	41,860	113,323	(63.1%)
931 Rent Expense	13,446	14,018	40,337	40,909	(1.4%)
933 Vehicle Expenses	25,899	21,533	33,853	26,371	28.4%
933 Vehicle Expenses - Capital	(39,320)	(31,221)	(65,298)	(55,788)	17.0%
935 Maintenance of General Plant	41,038	19,977	67,025	28,556	134.7%
935 Maintenance of Building & Garage	59,161	67,625	98,525	124,267	(20.7%)
Total General & Administration Expenses	1,268,414	838,290	2,507,752	1,831,664	36.9%

Municipal Light Department
Business Type Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
2/28/2023

	Month Current Year	Month Last Year	Year to Date Current Year	Year to Date Last Year	Percent Change
Other Operating Expenses:					
403 Depreciation	435,353	424,919	870,707	849,838	2.5%
408 Voluntary Payments to Towns	152,217	143,387	304,435	286,774	6.2%
Total Other Expenses	<u>587,571</u>	<u>568,306</u>	<u>1,175,141</u>	<u>1,136,612</u>	<u>3.4%</u>
Operating Income	514,987	1,119,533	2,859,445	1,062,359	169.2%
Non Operating Revenues (Expenses):					
419 Interest Income	68,676	(5,058)	121,750	(13,772)	(984.1%)
419 Other	(4,743)	60,048	124,310	203,543	(38.9%)
426 Return on Investment to Reading	(210,620)	(206,709)	(421,240)	(413,418)	1.9%
426 Loss on Disposal	-	-	-	-	0.0%
431 Interest Expense	(3,965)	(2,004)	(7,884)	(4,048)	94.8%
Total Non Operating Revenues (Expenses)	<u>(150,652)</u>	<u>(153,722)</u>	<u>(183,063)</u>	<u>(227,694)</u>	<u>(19.6%)</u>
Change in Net Assets	364,335	965,810	2,676,382	834,665	220.7%
Net Assets at Beginning of Year	131,929,309	122,032,806	131,929,309	122,032,806	8.1%
Ending Net Assets	<u>\$ 132,293,644</u>	<u>\$ 122,998,616</u>	<u>\$ 134,605,691</u>	<u>\$ 122,867,470</u>	<u>9.6%</u>

Town of Reading, Massachusetts
Municipal Light Department
Business Type Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets compared to Budgeted
2/28/2023

	Actual Year to Date	Budget Year to Date	OVER/UNDER \$	OVER/UNDER %
Operating Revenues				
Base Revenue	\$ 5,020,130	\$ 5,352,704	\$ (332,574)	(6.2%)
Fuel Revenue	5,923,434	6,851,005	(927,571)	(13.5%)
Purchased Power Capacity & Transmission	5,795,457	5,752,665	42,792	0.7%
Forfeited Discounts	109,831	160,581	(50,750)	(31.6%)
Energy Conservation Revenue	320,912	333,500	(12,588)	(3.8%)
NYPA Credit	(280,704)	(193,667)	(87,038)	44.9%
Total Operating Revenues	16,889,060	18,256,788	(1,367,729)	(7.5%)
Expenses				
Power Expenses:				
555 Purchased Power Fuel	4,417,841	6,657,339	(2,239,498)	(33.6%)
555 Purchased Power Capacity	2,949,028	2,578,266	370,761	14.4%
565 Purchased Power Transmission	2,076,597	3,204,398	(1,127,801)	(35.2%)
Total Purchased Power	9,443,466	12,440,003	(2,996,537)	(24.1%)
Operations and Maintenance Expenses:				
580 Supervision and Engineering	192,103	163,073	29,030	17.8%
581 Station/Control Room Operators	107,037	84,683	22,354	26.4%
582 Station Technicians	50,207	222,910	(172,702)	(77.5%)
583 Line General Labor	176,680	100,126	76,555	76.5%
586 Meter General	27,977	45,041	(17,064)	(37.9%)
588 Materials Management	69,506	98,098	(28,592)	(29.1%)
593 Maintenance of Lines - Overhead	129,686	94,791	34,895	36.8%
593 Maintenance of Lines - Tree Trimming	37,634	264,965	(227,330)	(85.8%)
594 Maintenance of Lines - Underground	15,526	32,496	(16,969)	(52.2%)
595 Maintenance of Line - Transformers	18,569	59,173	(40,605)	(68.6%)
598 Line General Leave Time Labor	78,330	35,994	42,336	117.6%
Total Operations and Maintenance Expenses	903,255	1,201,348	(298,093)	(24.8%)
General & Administration Expenses:				
903 Customer Collection	217,560	216,601	959	0.4%
904 Uncollectible Accounts	6,667	12,500	(5,833)	(46.7%)
916 Energy Audit	45,303	178,572	(133,269)	(74.6%)
916 Energy Conservation	289,406	510,707	(221,301)	(43.3%)
920 Administrative and General Salaries	334,604	537,355	(202,751)	(37.7%)
921 Office Supplies and Expense	1,276	3,333	(2,058)	(61.7%)
923 Outside Services - Legal	-	130,967	(130,967)	(100.0%)
923 Outside Services - Contract	10,965	123,350	(112,385)	(91.1%)
923 Outside Services - Education	10,970	54,858	(43,889)	(80.0%)
924 Property Insurance	81,084	90,258	(9,174)	(10.2%)
925 Injuries and Damages	75,100	4,267	70,833	1660.2%
926 Employee Pensions and Benefits	1,218,516	761,438	457,079	60.0%
930 Miscellaneous General Expense	41,860	100,233	(58,374)	(58.2%)
931 Rent Expense	40,337	35,333	5,004	14.2%
933 Vehicle Expense	33,853	64,833	(30,980)	(47.8%)
933 Vehicle Expense - Capital Clearing	(65,298)	(85,045)	19,747	(23.2%)
935 Maintenance of General Plant	67,025	111,461	(44,436)	(39.9%)
935 Maintenance of Building & Garage	98,525	165,260	(66,735)	(40.4%)
Total General & Administration Expenses	2,507,752	3,016,283	(508,531)	(16.9%)

Town of Reading, Massachusetts
Municipal Light Department
Business Type Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets compared to Budgeted
2/28/2023

	Actual Year to Date	Budget Year to Date	OVER/UNDER \$	OVER/UNDER %
Other Operating Expenses:				
403 Depreciation	870,707	907,500	(36,793)	(4.1%)
408 Voluntary Payments to Towns	304,435	295,407	9,028	3.1%
Total Other Expenses	1,175,141	1,202,907	(27,765)	(2.3%)
Operating Income	2,859,445	396,248	2,463,197	621.6%
Non Operating Revenues (Expenses):				
415 Contribution in Aid of Construction	-	8,333	(8,333)	(100.0%)
419 Interest Income	121,750	50,000	71,750	143.5%
419 Other Income	124,310	118,333	5,977	5.1%
421 Intergovernmental Grants	-	15,000	(15,000)	(100.0%)
426 Return on Investment to Reading	(421,240)	(424,829)	3,589	(0.8%)
426 Loss on Disposal	-	(1,667)	1,667	(100.0%)
431 Interest Expense	(7,884)	(1,667)	(6,217)	373.0%
Total Non Operating Revenues (Expenses)	(183,064)	(236,495)	53,432	(22.6%)
Net Income	\$ 2,676,381	\$ 159,752	\$ 2,516,629	1575.3%

Town of Reading, Massachusetts
Municipal Light Department
Statement of Net Assets
3/31/2023

	2023	2022
ASSETS		
Current:		
Unrestricted Cash	\$ 20,626,109	\$ 18,958,724
Restricted Cash	32,022,819	31,047,537
Restricted Investments	382,274	2,585,069
Receivables, Net	9,618,328	9,094,845
Prepaid Expenses	1,580,416	1,574,641
Inventory	2,525,991	2,019,590
Total Current Assets	66,755,937	65,280,406
Noncurrent:		
Lease Receivable-GASB87	2,616,938	-
Investment in Associated Companies	977,065	883,956
Construction in Progress	681,544	294,597
Capital Assets, Net	91,672,329	86,080,526
Total Noncurrent Assets	95,947,877	87,259,079
Deferred Outflows	6,113,387	6,754,497
TOTAL ASSETS	168,817,201	159,293,982
 LIABILITIES		
Current		
Accounts Payable	7,411,051	8,735,754
Accrued Liabilities	298,572	549,664
Customer Deposits	1,715,935	1,567,425
Advances from Associated Companies	200,000	200,000
Contribution in Aid of Construction	2,899,647	2,538,260
Total Current Liabilities	12,525,205	13,591,104
Non-current		
Accrued Employee Compensated Absences	1,400,945	1,955,013
Net OPEB Obligation	4,269,089	4,158,698
Net Pension Liability	5,358,701	11,954,138
Total Non-current Liabilities	11,028,735	18,067,849
Deferred Inflows	10,426,257	4,327,923
TOTAL LIABILITIES	33,980,197	35,986,875
 NET POSITION		
Invested in Capital Assets, Net of Related Debt	91,672,329	86,080,526
Restricted for Depreciation Fund	13,031,996	11,918,574
Restricted for Pension Trust	3,115	6,791,160
Unrestricted	30,129,563	18,516,847
TOTAL NET POSITION	134,837,004	123,307,107
Total Liabilities and Net Assets	\$ 168,817,201	\$ 159,293,982

Town of Reading, Massachusetts
Municipal Light Department
Business Type Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
3/31/2023

	Month Current Year	Month Last Year	Year to Date Current Year	Year to Date Last Year	Percent Change
Operating Revenues					
Base Revenue	\$ 2,929,734	\$ 2,371,956	\$ 7,949,864	\$ 7,572,971	5.0%
Fuel Revenue	2,411,118	2,502,352	8,334,552	8,298,134	0.4%
Purchased Power Capacity & Transmission	2,387,220	2,584,129	8,182,677	8,184,835	(0.0%)
Forfeited Discounts	98,615	91,034	208,446	219,363	(5.0%)
Energy Conservation Revenue	192,201	151,832	513,113	488,357	5.1%
NYPA Credit	(174,019)	(179,133)	(454,723)	(389,569)	16.7%
Total Operating Revenues	7,844,870	7,522,170	24,733,930	24,374,091	1.5%
Expenses					
Power Expenses:					
547 Purchased Power Fuel	2,171,998	2,184,079	6,589,839	9,007,914	(26.8%)
555 Purchased Power Capacity	1,656,577	1,349,577	4,605,605	4,114,598	11.9%
565 Purchased Power Transmission	1,208,589	1,146,955	3,285,186	3,675,515	(10.6%)
Total Purchased Power	5,037,164	4,680,611	14,480,630	16,798,027	(13.8%)
Operations and Maintenance Expenses:					
580 Supervision and Engineering	122,564	96,313	314,666	264,070	19.2%
581 Station/Control Room Operators	64,400	43,034	171,437	120,250	42.6%
582 Station Technicians	35,212	66,883	85,419	128,906	(33.7%)
583 Line General Labor	116,834	67,456	293,514	222,164	32.1%
586 Meter General	14,739	15,089	42,716	44,865	(4.8%)
588 Materials Management	43,354	41,922	112,860	111,502	1.2%
593 Maintenance of Lines - Overhead	100,730	65,693	230,416	99,914	130.6%
593 Maintenance of Lines - Tree Trimming	111,575	118,073	149,209	130,241	14.6%
594 Maintenance of Lines - Underground	17,839	10,612	33,366	31,797	4.9%
595 Maintenance of Line - Transformers	-	12,571	18,569	29,495	(37.0%)
598 Line General Leave Time Labor	58,853	37,965	137,183	96,275	42.5%
Total Operations and Maintenance Expenses	686,100	575,611	1,589,355	1,279,480	24.2%
General & Administration Expenses:					
903 Customer Collections	107,026	97,292	324,587	253,730	27.9%
904 Uncollectible Accounts	3,333	5,000	10,000	15,000	(33.3%)
916 Energy Audit	50,607	74,990	95,909	178,588	(46.3%)
916 Energy Conservation	115,892	78,727	405,298	195,719	107.1%
920 Administrative and General Salaries	228,953	192,054	563,557	499,582	12.8%
921 Office Supplies and Expense	2,359	743	3,634	1,977	83.8%
923 Outside Services - Legal	33,708	78,726	33,708	72,604	(53.6%)
923 Outside Services - Contract	30,715	4,755	41,679	32,590	27.9%
923 Outside Services - Education	5,793	6,012	16,763	7,722	117.1%
924 Property Insurance	52,689	16,762	133,773	105,857	26.4%
925 Injuries and Damages	-	-	75,100	1,100	6727.3%
926 Employee Pensions and Benefits	427,716	438,482	1,646,233	1,183,102	39.1%
930 Miscellaneous General Expense	46,208	34,541	88,068	147,864	(40.4%)
931 Rent Expense	18,842	19,006	59,179	59,915	(1.2%)
933 Vehicle Expenses	48,329	20,671	82,182	47,042	74.7%
933 Vehicle Expenses - Capital	(39,225)	(36,796)	(104,523)	(92,584)	12.9%
935 Maintenance of General Plant	148,694	80,817	215,719	109,373	97.2%
935 Maintenance of Building & Garage	79,262	142,886	177,786	267,153	(33.5%)
Total General & Administration Expenses	1,360,903	1,254,670	3,868,655	3,086,334	25.3%

Town of Reading, Massachusetts
Municipal Light Department
Business Type Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
3/31/2023

	Month Current Year	Month Last Year	Year to Date Current Year	Year to Date Last Year	Percent Change
Other Operating Expenses:					
403 Depreciation	435,353	424,919	1,306,060	1,274,757	2.5%
408 Voluntary Payments to Towns	152,217	143,387	456,652	430,161	6.2%
Total Other Expenses	<u>587,571</u>	<u>568,306</u>	<u>1,762,712</u>	<u>1,704,919</u>	<u>3.4%</u>
Operating Income	173,133	442,972	3,032,578	1,505,331	101.5%
Non Operating Revenues (Expenses):					
419 Interest Income	82,339	(10,435)	204,090	(24,207)	(943.1%)
419 Other	190,435	215,812	314,746	419,355	(24.9%)
426 Return on Investment to Reading	(210,620)	(206,709)	(631,861)	(620,126)	1.9%
426 Loss on Disposal					
431 Interest Expense	(3,974)	(2,004)	(11,858)	(6,051)	96.0%
Total Non Operating Revenues (Expenses)	<u>58,180</u>	<u>(3,336)</u>	<u>(124,883)</u>	<u>(231,030)</u>	<u>(45.9%)</u>
Change in Net Assets	231,313	439,637	2,907,695	1,274,301	128.2%
Net Assets at Beginning of Year	131,929,309	122,032,806	131,929,309	122,032,806	(100.0%)
Ending Net Assets	<u>\$ 132,160,622</u>	<u>\$ 122,472,442</u>	<u>\$ 134,837,004</u>	<u>\$ 123,307,107</u>	<u>(97.6%)</u>

Town of Reading, Massachusetts
Municipal Light Department
Business Type Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets compared to Budgeted
3/31/2023

	Actual Year to Date	Budget Year to Date	OVER/UNDER \$	OVER/UNDER %
Operating Revenues				
Base Revenue	\$ 7,949,864	\$ 8,029,056	(79,192)	(1.0%)
Fuel Revenue	8,334,552	10,276,508	(1,941,956)	(18.9%)
Purchased Power Capacity & Transmission	8,182,677	8,628,997	(446,320)	(5.2%)
Forfeited Discounts	208,446	240,872	(32,426)	(13.5%)
Energy Conservation Revenue	513,113	500,250	12,863	2.6%
NYP&A Credit	(454,723)	(290,500)	(164,223)	56.5%
Total Operating Revenues	<u>\$ 24,733,930</u>	<u>\$ 27,385,183</u>	<u>(2,651,253)</u>	<u>(9.7%)</u>
Expenses				
Power Expenses:				
555 Purchased Power Fuel	6,589,839	9,986,008	(3,396,169)	(34.0%)
555 Purchased Power Capacity	4,605,605	3,867,400	738,205	19.1%
565 Purchased Power Transmission	3,285,186	4,806,597	(1,521,411)	(31.7%)
Total Purchased Power	<u>14,480,630</u>	<u>18,660,005</u>	<u>(4,179,375)</u>	<u>(22.4%)</u>
Operations and Maintenance Expenses:				
580 Supervision and Engineering	314,666	244,610	70,056	28.6%
581 Station/Control Room Operators	171,437	127,024	44,413	35.0%
582 Station Technicians	85,419	334,364	(248,945)	(74.5%)
583 Line General Labor	293,514	150,189	143,325	95.4%
586 Meter General	42,716	67,561	(24,845)	(36.8%)
588 Materials Management	112,860	147,147	(34,287)	(23.3%)
593 Maintenance of Lines - Overhead	230,416	142,186	88,230	62.1%
593 Maintenance of Lines - Tree Trimming	149,209	397,447	(248,237)	(62.5%)
594 Maintenance of Lines - Underground	33,366	48,743	(15,378)	(31.5%)
595 Maintenance of Line - Transformers	18,569	88,760	(70,191)	(79.1%)
598 Line General Leave Time Labor	137,183	53,991	83,192	154.1%
Total Operations and Maintenance Expenses	<u>1,589,355</u>	<u>1,802,022</u>	<u>(212,667)</u>	<u>(11.8%)</u>
General & Administration Expenses:				
903 Customer Collection	324,587	324,902	(315)	(0.1%)
904 Uncollectible Accounts	10,000	18,750	(8,750)	(46.7%)
916 Energy Audit	95,909	267,857	(171,948)	(64.2%)
916 Energy Conservation	405,298	766,061	(360,762)	(47.1%)
920 Administrative and General Salaries	563,557	806,033	(242,476)	(30.1%)
921 Office Supplies and Expense	3,634	5,000	(1,366)	(27.3%)
923 Outside Services - Legal	33,708	196,450	(162,742)	(82.8%)
923 Outside Services - Contract	41,679	185,025	(143,346)	(77.5%)
923 Outside Services - Education	16,763	82,288	(65,524)	(79.6%)
924 Property Insurance	133,773	135,388	(1,614)	(1.2%)
925 Injuries and Damages	75,100	6,400	68,700	1073.4%
926 Employee Pensions and Benefits	1,646,233	1,142,157	504,076	44.1%
930 Miscellaneous General Expense	88,068	150,350	(62,282)	(41.4%)
931 Rent Expense	59,179	53,000	6,179	11.7%
933 Vehicle Expense	82,182	97,250	(15,068)	(15.5%)
933 Vehicle Expense - Capital Clearing	(104,523)	(127,567)	23,044	(18.1%)
935 Maintenance of General Plant	215,719	167,192	48,528	29.0%
935 Maintenance of Building & Garage	177,786	247,889	(70,103)	(28.3%)
Total General & Administration Expenses	<u>3,868,655</u>	<u>4,524,424</u>	<u>(655,769)</u>	<u>(14.5%)</u>

Town of Reading, Massachusetts
Municipal Light Department
Business Type Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets compared to Budgeted
3/31/2023

	Actual Year to Date	Budget Year to Date	OVER/UNDER \$	OVER/UNDER %
Other Operating Expenses:				
403 Depreciation	1,306,060	1,361,250	(55,190)	(4.1%)
408 Voluntary Payments to Towns	456,652	443,110	13,542	3.1%
Total Other Expenses	<u>1,762,712</u>	<u>1,804,360</u>	<u>(35,447)</u>	<u>(2.0%)</u>
Operating Income	3,032,578	594,372	2,432,005	409.2%
Non Operating Revenues (Expenses):				
415 Contribution in Aid of Construction	-	12,500	(12,500)	(100.0%)
419 Interest Income	204,090	75,000	129,090	172.1%
419 Other Income	314,746	177,500	137,246	77.3%
421 Intergovernmental Grants	-	22,500	(22,500)	(100.0%)
426 Return on Investment to Reading	(631,861)	(637,243)	5,382	(0.8%)
426 Loss on Disposal	-	(2,500)	2,500	(100.0%)
431 Interest Expense	(11,858)	(2,500)	(9,358)	374.3%
Total Non Operating Revenues (Expenses)	<u>(124,883)</u>	<u>(354,743)</u>	<u>229,860</u>	<u>(64.8%)</u>
Net Income	<u>\$ 2,907,695</u>	<u>\$ 239,629</u>	<u>\$ 2,668,066</u>	<u>1113.4%</u>