

**READING MUNICIPAL  
LIGHT DEPARTMENT**

**BOARD  
OF  
COMMISSIONERS**

**REGULAR SESSION**

**JULY 24, 2014**



READING MUNICIPAL LIGHT DEPARTMENT  
BOARD OF COMMISSIONERS MEETING

230 Ash Street  
Reading, MA 01867  
July 24, 2014  
7:30 p.m.

1. Call Meeting to Order
2. Opening Remarks
3. Introductions
4. Report of the Chairman (Attachment A) ACTION ITEM
  - a. RMLD Surplus Vehicles – Chairman Talbot
  - b. Policy Committee  
Note: Report will be given by Vice Chair Pacino
  - c. Draft RMLD Surplus Policy  
Note: This has been reviewed by legal counsel.  
Suggested Motion:  
Move that the RMLD Board of Commissioners approve the RMLD Surplus Policy as presented.
  - d. Update on Charter Committee  
Note: Report will be given by Vice Chair Pacino.
5. Public Comment
6. General Manager's Report – Ms. O'Brien – General Manager
  - a. RMLD Utilizes local cable television to explain unbundling of its billing
  - b. RMLD Receives \$250,000 in LED grant money from Department of Energy Resources
  - c. RMLD Teams with commercial customers on vehicle charging stations
  - d. RMLD receives benefit from the retirement of MMWEC debt retirement
7. Power Supply Report – May 2014 – Mr. Seldon (Tab B)
8. Engineering and Operations Report – May 2014 – Mr. Jaffari (Tab C)
9. Financial Report – May 2014 – Mr. Fournier (Tab D)
10. General Discussion

BOARD MATERIAL AVAILABLE BUT NOT DISCUSSED  
E-Mail responses to Account Payable/Payroll Questions

RMLD Board Meetings

Thursday, September 24, 2014

Thursday, October 29, 2014

11. Executive Session

Suggested Motion:

Move that the Board go into Executive Session to discuss mediation and union negotiations update, and return to Regular Session for the sole purpose of adjournment.

ACTION ITEM

**12. Adjournment**  
**Suggested Motion:**

Move to adjourn the Regular Session.

**ACTION ITEM**



REPORT OF THE CHAIRMAN  
BOARD REFERENCE TAB A



c. RMLD Surplus Policy





**RMLD Policy No. 2  
SURPLUS MATERIAL**

Style Definition: DocID

Revision No. 4

Commission Vote Date \_\_\_\_\_ Effective Date: \_\_\_\_\_

General Manager/Date: \_\_\_\_\_

Next Review Date \_\_\_\_\_ Chairman/Date: \_\_\_\_\_

**I. PURPOSE**

The purpose of this Policy No. 2 SURPLUS MATERIAL is to provide administrative controls and procedures for use by the RMLD in disposing of surplus property to maximize the value of the disposal of such surplus property to RMLD. This policy does not apply to the disposal of real estate, which comes under MGL Chapter 164.

**II. DETERMINATION OF SURPLUS PROPERTY**

Surplus property is personal property in the custody and control of RMLD which is either:

- (a) In excess of RMLD's needs due to changes in operations or personnel or other changes in circumstances;
- (b) Replaced by new or substitute property;
- (c) Damaged and non-repairable or uneconomic due to costs of repairs;
- (d) In poor or hazardous condition; or
- (e) Obsolete and no longer suits RMLD's needs.

Each RMLD Department shall identify property that it deems to be surplus. The General Manager or his/her designee shall make the determination whether any such property constitutes surplus to RMLD's needs and shall be designated for disposal. Such determination shall be made in writing identifying the reasons for declaring the property surplus.

**III. ASSIGNING VALUE**

Upon declaring property as surplus, the estimated value of the property shall be determined. RMLD will determine the fair market value ("FMV") of such property based on the best available sources. For vehicles, FMV shall be determined based on Kelley Blue Book, Edmunds, NADA Guides or any other nationally recognized service that values vehicles for similar vehicles. For other property, including commercial or service vehicles not listed in Kelley Blue Book, Edmunds, NADA Guides or a similar source, FMV shall be determined based on quotes, trade-in offers, available sales data, appraisal or industry sources for similar property or vehicles, as may be adjusted for specific make and model, year, condition, and special equipment and features, and other factors deemed relevant. If FMV cannot reasonably be determined for a particular property then RMLD will estimate the value of such property based on its salvage value. Salvage value is the estimated residual value of an asset at the end of its useful life, or the proceeds from the disposal of the asset when it can no longer be used in a productive manner. Net salvage value takes into account the costs of disposal to more accurately reflect the residual value of a depreciable asset,

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which shall be based on its original purchase price less depreciation as determined by the RMLD.

For property having no tangible resale or salvage value, the property shall be designated as scrap.

The estimated value of the property, including scrap, and the sources consulted shall be documented and kept on file. The final determination of the property's estimated value shall be subject to review and approval by the General Manager or his/her designee.

#### IV. CATEGORIZATION OF SURPLUS PROPERTY

Once values are determined pursuant to Article III, property shall be categorized as follows:

- (1) Scrap – property having no tangible resale or salvage value;
- (2) Substantial Value – property having a FMV of in excess of \$10,000 or greater;
- (3) Moderate Value – property having a FMV in excess of \$500 but less than \$10,000; and
- (4) Nominal Value – property having a FMV of \$500 or less.

If the surplus property will be sold separately as individual units, the property shall be categorized based on the value of each individual unit. For property to be sold as a set or collection, the property shall be categorized based on the estimated value of the set or collection. Items customarily sold as a set shall not be treated as individual units to evade or bypass applicable disposal procedures. However, RMLD, in its discretion may determine whether to dispose of property on an individual unit basis or as part of a set or collection in order to maximize revenue. In such instances, the reasons shall be documented and kept on file. The final decision whether to utilize a single solicitation or separate solicitations for multiple items shall be subject to the review and approval of the General Manager or his/her designee.

#### V. ELECTRIC UTILITY-SPECIFIC AND ELECTRIC UTILITY RATED COMMERCIAL VEHICLE PROPERTY.

RMLD will identify any property that it considers to be electric utility-specific. Electric utility-specific property is property that typically only an electric utility or a company or person in the electric utility trade is likely to have an interest in acquiring. For electric utility-specific and electric utility rated commercial vehicle property of Substantial Value, RMLD will determine whether an established market exists for purposes of disposal. An "established market" is one in which commodities are regularly sold in wholesale lots and prices are set by open competition as interpreted or as otherwise defined by the Massachusetts Inspector General or agency of the Commonwealth or a court having jurisdiction over the disposal of property by federal, state, and local governmental entities. A list of trade journals and other trade publications, online advertising sources, and other industry or market resources for the advertisement and sale of electric utility-specific, including electric utility rated commercial vehicles, vehicles and equipment, as well as other commercial vehicles, regardless of value, shall be identified and documented. This list shall be reviewed every six (6) months and updated as necessary.

#### VI. DISPOSAL PROCEDURES.

- A. Scrap. Scrap may be destroyed, recycled, or disposed of via a scrap bid or other method as determined by RMLD in its discretion based on the particular circumstances and costs of disposal. RMLD will endeavor to recycle, salvage and/or minimize the cost of disposal of scrap to the extent reasonably possible.

- B. Right of First Refusal. ~~With the exception of scrap and electric utility specific property, RMLD will offer surplus property including utility rated commercial vehicles, but with the exception of scrap and electric utility specific property,~~ property to the Towns of Reading, North Reading, Wilmington, and Lynnfield (collectively "Towns") at FMV before offering the property to the general public.

~~Vehicles~~ Vehicles will be offered to the Towns at FMV on a rotational basis. The rotational sequence is Reading, North Reading, Wilmington, and Lynnfield. RMLD will notify the Towns in writing. The Towns will have 30 days from the date of RMLD's notice to submit a notice of intent to purchase the property before RMLD offers the property to the general public. Notice of intent to purchase shall be made in writing and signed by an officer with authority to approve the purchase. If more than one town provides RMLD with a notice of intent to purchase the property at the same time, preference will be given based on the rotational sequence. If no town has provided RMLD with a written notice of intent within the 30-day period, RMLD may proceed to offer the property to the general public pursuant to applicable procedures.

~~Should a town decline an offering, the next town in the sequence will be contacted and offered the vehicle. When more than one vehicle is available, the town in position to receive the offering will have first choice of available vehicles. Remaining vehicles will be offered to the other towns per the established rotation.~~

Other Property. RMLD will offer other surplus property to the Towns at FMV on a first come, first served basis. RMLD will notify the Towns in writing. The Towns will have 30 days from the date of RMLD's notice to submit a notice of intent to purchase the property before RMLD offers the property to the general public. Notice of intent to purchase shall be made in writing and signed by an officer with authority to approve the purchase. If more than one town provides RMLD with a notice of intent to purchase the property at the same time, preference will be given based on the rotational sequence. If no town has provided RMLD with a written notice of intent within the 30-day period, RMLD may proceed to offer the property to the general public pursuant to applicable procedures.

- C. Substantial Value. Property determined to have Substantial Value only shall be disposed of in compliance with G.L. c. 30B requirements and such supplemental requirements and procedures set forth in this policy and/or as determined by the General Manager in his/her discretion. The General Manager shall have authority to impose additional requirements if he/she determines that it is in the best interests of RMLD to do so.

Where an established market exists for the property, RMLD may dispose of the property through the established market or by trade-in if RMLD determines that it is advantageous to do so. The reasons shall be documented and the decision shall be subject to the approval of the General Manager or his/her designee.

For all other property, a competitive solicitation process shall be used. RMLD shall evaluate whether a written competitive bid process or auction, including an online auction such as Ebay, presents the most advantageous approach given the property to be sold. The process, including all notices, shall conform to G.L. c. 30B requirements.

RMLD shall consider whether to impose a minimum bid price or other terms and conditions of the sale. At a minimum, RMLD shall reserve the right to reject any and all bids if it is in RMLD's best interest to do so.

In addition to complying with G.L. c. 30B notice requirements, RMLD shall post a notice on its website for 30 days and advertise the solicitation in appropriate print and online sources intended to reach potentially interested buyers. Electric utility rated Commercial and electric utility-specific vehicles and electric utility-specific equipment and equipment shall be advertised in at least two sources identified on the list as set forth in Article V. RMLD also will provide the Towns with direct written notice.

RMLD shall award the bid to the highest bidder who meets the requirements of the solicitation, unless RMLD determines that it is in its best interest to reject the bids. If RMLD rejects the bids, RMLD may resolicit bids or negotiate the sale at a higher price than the highest bid price as permitted by G.L. c. 30B.

All bidders, including participants in an auction, shall submit a non-collusion certificate as required by G.L. c. 30B.

The sources of advertising, the specific method of disposal, and the award process, shall be documented and subject to the approval of the General Manager or his/her designee.

- D. Moderate Value. Property of Moderate Value shall be sold through the best available means in order to obtain the highest price for RMLD. In determining the specific disposal and advertising methods to be used, the costs of disposal shall be weighed against the expected yield to RMLD. Among other options, as determined by RMLD under the circumstances, disposals may be made through a competitive bid or auction process to the highest bidder as provided in Article VI.C or sold for FMV or "best offer" after advertisement. When offering to sell surplus property to the general public, to the extent practical, RMLD shall advertise the sale in the local newspaper, on its website website for 30 days and in appropriate print and online sources intended to reach potentially interested buyers. Commercial and electric utility-specific vehicles and equipment should be advertised in at least two sources identified on the list as set forth in Article V. RMLD also may negotiate the sale of the property or dispose of the property through less formal means after receiving three quotations or as RMLD deems appropriate under the circumstances. If RMLD solicits quotations, RMLD shall not be required to sell the property to the person providing the highest quotation, but the highest quotation shall be used as the benchmark for negotiating and approving the sale.

The purchaser of property having Moderate Value shall be re-required to sign and submit a non-collusion certificate.

The reasons and sources for the method of disposal and the award process shall be documented and subject to the approval of the General Manager or his/her designee.

- E. Nominal Value. Property of Nominal Value may be disposed of using sound business practices. The process and sale shall be documented and kept on file.

## VII. **ADDITIONAL TERMS AND REQUIREMENTS.**

- A. All property shall be sold or disposed of "as is" without any warranties of any kind.
- B. The purchaser shall release RMLD, in writing, from all liabilities concerning the property. The Purchaser must provide for removal, transportation, storage, etc. at no cost to the RMLD.

C. The purchaser shall have the responsibility to provide for the removal, storage and transportation of the property at its sole expense. The purchaser shall remove the property at a time and location designated by RMLD.

**VIII. PROHIBITION ON SALES TO EMPLOYEES, BOARD OF COMMISSIONER MEMBERS AND BOTH OF THEIR IMMEDIATE FAMILIES.**

Consistent with ~~MGL Chapter 268a~~ S20268A, § 20, RMLD employees and RMLD Board of Commissioner members and both of their immediate families shall not be eligible to purchase or otherwise receive RMLD surplus property regardless of price or method of disposal used. This prohibition also applies to competitive solicitation processes.

**IX. ADMINISTRATIVE REVIEW AND REPORTING.**

All disposals shall be subject to the administrative review of the General Manager. The General Manager shall make such reports as required by the RMLD Board of Commissioners.



d. Update on Charter Committee





MEMORANDUM

**By Electronic Mail**

To: Coleen O'Brien, General Manager  
Reading Municipal Light Department

From: Christopher Pollart, Kenneth Barna and Karla Doukas

Re: Proposed Town Charter Provisions

Date: June 26, 2014

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As the General Manager of the Reading Municipal Light Department ("RMLD") appointed pursuant to G.L. c. 164, § 56, you have asked us to review the proposed provisions of the Town of Reading, Massachusetts Home Rule Charter ("Town Charter") as applied to RMLD.

Section 3-5 of the Town Charter addresses the Municipal Light Board of Commissioners ("Light Board") and its role with respect to RMLD. We have reviewed this section in its entirety, including the specific changes that have been proposed to the existing Section 3.5. We note that the following key changes to that section have been proposed:

- (1) The deletion of language regarding the Light Board's authority over real estate, facilities, personnel and equipment pertaining to the production and transmission of electrical power;<sup>1</sup> and
- (2) The addition of language concerning the Light Board's authority and duty to "set the duties and terms of employment" of the General Manager. Language has been deleted regarding the Light Board's specific authority to set the compensation of the

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<sup>1</sup>Specifically, the following language has been deleted:

The Municipal Light Board of Commissioners shall have charge of all real estate, facilities, personnel and equipment of the Town pertaining to the production and transmission of electrical power both within the Town and elsewhere.

We note that this provision is unnecessary given that the Light Board will continue to have control over those matters that are within its legal jurisdiction, such as real estate that has been transferred by the Town to the care, custody and control of the Light Board pursuant to G.L. c. 164, G.L. c. 40, § 3. See also *Harris v. Town of Wayland*, 392 Mass. 237, 240 (1984).

General Manager and to terminate the General Manager's employment by majority vote after notice and a public hearing.<sup>2</sup>

The proposed Town Charter retains certain provisions that cause us some concern. This includes the following three provisions: (1) provisions providing the Light Board with authority to hire certain specified positions; (2) provisions requiring that all contracts be made in accordance with G.L. c. 30B (the Uniform Procurement Act), with the exception of power supply purchases; and (3) provisions requiring the Light Board to annually set rates, approve an annual budget and Capital Improvements Program ("CIP") and present the budget and CIP to Finance Committee and Town Meeting. Importantly, we note that the proposed Town Charter does not subject the RMLD budget and CIP to Finance Committee or Town Meeting approval.

With respect to the first set of provisions, we note that G.L. c. 164, § 56 comprehensively deals with the hiring of the General Manager, the respective powers of the General Manager and the Light Board, and the General Manager's accountability to the Light Board. That statute states in relevant part:

The ...municipal light board ...of a town acquiring a gas or electric plant shall appoint a manager of municipal lighting who shall, under the direction and control of the... municipal light board ...and subject to this chapter, have full charge of the operation and management of the plant, the manufacture and distribution of gas or electricity, the purchase of supplies, the employment of attorneys and of agents and servants, the method, time, price, quantity and quality of the supply, the collection of bills, and the keeping of accounts. His compensation and term of office shall be fixed in cities by the city council and in towns by the selectmen or municipal light board, if any; and, before entering upon the performance of his official duties, he shall give bond to the city or town for the faithful performance thereof in a sum and form and with sureties to the satisfaction of the mayor, selectmen or municipal light board, if any, and shall, at the end of each municipal year, render to them such detailed statement of his doings and of the business and financial matters in his charge as the department may prescribe.

G.L. c. 164, § 56 (emphasis added). While the Town of Reading has broad powers of self-governance, town charters adopted or amended in accordance with G.L. c. 43B only have the effect of law so long as they present no conflict with laws enacted by the Legislature.<sup>3</sup> See, e.g., *Kowalczyk v. Town of Blackstone*, 48 Mass.App.Ct. 58, 59 (1999); and *City Council of Boston v.*

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<sup>2</sup> We think these changes are fine as the Light Board has this authority pursuant to G.L. c. 164, § 56.

<sup>3</sup>The Home Rule Amendment does not render ineffective all those general laws concerning cities and towns which were enacted prior to its adoption. See, e.g., *Bloom v. City of Worcester* 363 Mass. 136 (1972). As the court recognized, language in the Home Rule Procedures Act shows that the Legislature intended that pre-Home Rule Amendment general laws be fully applicable to municipalities in the exercise of their legislative powers. *Id.* at 149-50. In general, local action running directly contrary to the provisions of a state statute are not valid under the "repugnancy" test. See *id.* at 154. In contrast, a town charter adopted or amended through special legislation may conflict with or alter general laws with respect to that city or town.

*Mayor of Boston*, 383 Mass. 716, 719 (1981). G.L. c. 43B, § 20 addresses certain potential conflicts and provides in pertinent part that,

The provisions of any charter or charter amendment adopted pursuant to the provisions of this chapter [43B] shall be deemed consistent with the provisions of any law relating to the structure of city and town government, the creation of local offices, the term of office or mode of selection of local offices, and the distribution of powers, duties and responsibilities among local offices.

G.L. c. 43B, §20. While G.L. c. 43B, § 20 seemingly allows the transfer of duties among officers and boards, after the enactment of G.L. c. 43B, § 20, the Appeals Court, in *Golubek v. Westfield Gas & Elec. Light Bd.*, 32 Mass. App. Ct. 954 (1992), stated that local legislation cannot alter the comprehensive statutory scheme pertaining to municipal light plants. *Golubek* delineates the respective powers of the General Manager and Light Board, specifically finding that a “charter provision cannot alter the statutory power of the manager to hire employees and attorneys.” *Id.* at 956 (emphasis added). Accordingly, the *Golubek* decision squarely addresses the effect of town charter provisions that confer authority to the Light Board to make hiring decisions which otherwise limit the authority and the duties of the General Manager as set forth in G.L. c. 164, § 56. Thus, the provisions granting to the Light Board the authority to hire certain specified positions are inconsistent with G.L. c. 164, § 56 and the *Golubek* decision and are not permitted by local Home Rule action.

With respect to the second set of provisions, we address the legality of Town Charter provisions attempting to require that RMLD follow Chapter 30B procurement procedures for all RMLD purchases other than power supplies.<sup>4</sup> In summary, the Town Charter provisions do not constitute an acceptance of G.L. c. 30B and legally cannot require RMLD to follow the provisions of G.L. c. 30B. We do note, however, that the Light Board does have the authority to implement a purchasing policy that follows some of G.L. c. 30B, which the Light Board has chosen to do. A more detailed analysis of the Chapter 30B issue is set forth below.

With respect to the third set of provisions, *i.e.*, the Light Board’s authority to approve rates and budgets, such duties are generally consistent with the Light Board’s policymaking role (rates and Terms and Conditions for service are policy-related matters) and case law regarding budgets and expenditures. *See Peabody Municipal Light Commission v. Peabody*, 348 Mass. 266, 268, 270 (appropriations for the “expense of the plant” may be made by vote of municipal light commission on a budget submitted by the manager). Provided that the Light Board’s duties under these provisions are carried out in accordance with G.L. c. 164, we think these provisions

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<sup>4</sup>The relevant Town Charter provision states:

The Municipal Light Board [of Commissioners] shall approve warrants for payments of all bills and payroll of the Municipal Light Department and shall approve all contracts which are at or above the competitive sealed bid procedures level as stated in Massachusetts General Laws Chapter 30B Section 5 and, further, all contracts shall be made in accordance with Massachusetts General Laws Chapter 30B. Contracts for purchasing of power shall not be subject to Massachusetts General Laws Chapter 30B but shall be approved by the Municipal Light Board [of Commissioners].

Proposed changes are identified by brackets. No substantive changes to this provision have been proposed.

are legally fine. We note that the presentation of the budget to the Finance Committee and Town Meeting is fine, provided that such presentation is informational only and there is no further approval requirement. "The budget of the light department is to be determined in accordance with c. 164 and not by the procedures of c. 44." See *Peabody*, supra, at 273. We also note that the Light Board's approval of a CIP is fine as it pertains to the Light Board's role over plant acquisition and management under G.L. c. 164, § 55 and provided it does not limit the General Manager's authority under G.L. c. 164, § 56 to make specific procurement decisions. Further, we note that the expansion of plant only requires Town Meeting approval when debt will be incurred and thus, expenditures for capital improvements from RMLD funds, to the extent permitted by G.L. c. 164, may be made upon vote of the Light Board, as set forth by *Peabody*, supra.

The Home Rule Procedures Act presents complicated legal issues particularly respect to municipal light plants, such as RMLD. Municipal light plants are not typical town departments.<sup>5</sup> Municipal light plants are "quasi-commercial" entities created by special act. See, e.g., *MacRae v. Concord*, 296 Mass. 394, 396 (1934); *Spaulding v. Peabody*, 153 Mass. 129, 137 (1891). They are public service corporations providing public service functions to the same extent as investor-owned utilities. *Planning Bd. of Braintree v. Department of Pub. Utils.*, 420 Mass. 22, 27 (1995). As the Supreme Judicial Court ruled, each has the same "duty to exercise [their] franchise for the benefit of the public, with a reasonable regard for the rights of individuals who desire to be served, and without discrimination between them." See *id.* at 27-28; *Bertone v. Department of Pub. Utils.*, Mass. 411 Mass. 536, 544 (1992). To fulfill its franchise obligations to provide reliable service at reasonable rates, the operation of municipal light plants is subject to a comprehensive statutory scheme under G.L. c. 164 and subject to certain supervision of the Department of Public Utilities ("DPU"). To the extent that questions remain concerning the effectiveness of a charter provision to alter the statutory roles and authority of the General Manager and the Light Board, RMLD may want to seek a declaratory judgment from the court.

#### Detailed Analysis of Chapter 30B Issues

Concerning the legality of the Town Charter provisions that purport to require that RMLD follow the Chapter 30B process, we note that on February 28, 2003 and April 22, 2003, we provided RMLD with our legal analysis addressing this issue. For your convenience, we have attached those two memoranda. There have been no changes (statutory or factual) or any court decisions that change our analysis in those two memoranda.

By statute, contracts of municipal light boards are exempt from Chapter 30B procedures and requirements unless expressly adopted by the Light Board. G.L. c. 30B, § 1(14) provides in relevant part that the Uniform Procurement procedures found at G.L. c. 30B shall not apply to:

...any contracts or agreements entered into by a municipal gas or electric department governed by a municipal light board, as defined by section fifty-five of chapter one hundred and sixty-four or by a municipal light commission, as

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<sup>5</sup>Home Rule analysis is generally complex and there is not a lot of case law on the subject. Moreover, the statutory and regulatory scheme governing municipal light plants and the operation of the electric industry in general are fairly complex and unique. Accordingly, applying Home Rule principles to municipal light plant operations presents particularly complex and unique issues.

defined by section fifty-six A of said chapter one hundred and sixty-four; provided, however, that any such board or commission may accept the provisions of this chapter by a majority vote of its members...

According to Light Board meeting minutes that we have reviewed, at its April 22, 2003 meeting, the Light Board considered a recommendation of the Citizen's Advisory Board to seek special legislation subjecting RMLD purchases to Chapter 30B with the exception of power supply contracts. This recommendation was passed on to Annual Town Meeting via vote of the Light Board. In addition, the Light Board also considered the recommendations of the Ad Hoc Committee seeking a charter amendment subjecting RMLD purchases to Chapter 30B. At that meeting, the Light Board was advised that for Chapter 30B to be binding, the Light Board would need to take a vote to accept Chapter 30B. According to the minutes of the April 22<sup>nd</sup> meeting, there was no consensus among the Light Board whether to follow Chapter 30B. Ultimately, the Light Board voted "to recommend the subject matter of Article 7 before Annual Town Meeting..."

Moreover, it is clear from the minutes that the Light Board was advised that any Town Meeting vote would not be effective to bind RMLD. In fact, Board minutes document a discussion concerning the fact that special legislation would be required to alter RMLD's authority. Accordingly, we conclude that the Light Board vote forwarding the Ad Hoc Committee recommendation to Town Meeting did not constitute a vote to accept Chapter 30B.

At the April 28, 2003 Town Meeting, Town Meeting approved a charter provision that, among other things, required that all RMLD contracts be made in accordance with Chapter 30B, with the exception of power supply contracts. At its May 28, 2003 meeting, the Light Board stated that it did not want to challenge the charter provision at that time. Accordingly, the validity of the charter provision has not been legally tested in court.

Against this historical backdrop, Section 3-5 of the Town Charter purports to take the authority away from the Light Board to decide whether Chapter 30B procedures are viable in light of the specific operational needs of the plant. Towns generally lack such authority. It is well settled that municipalities were divested, early on, of control over the management of their light plants and such authority was transferred to the municipal light board. *Capron v. Taunton*, 196 Mass. 41 (1907); *Whiting v. Mayor of Holyoke*, 272 Mass. 116 (1930). The municipal light board is vested with all the powers and duties formerly exercised by the mayor and the selectmen with respect to light plants and with all of the powers and duties conferred upon municipal light boards under G.L. c. 164. *Adie v. Mayor of Holyoke*, 303 Mass. 295 (1939). As the Supreme Judicial Court repeatedly has acknowledged, "a municipality can exercise no direction or control over one whose duties have been defined by the legislature." See *Municipal Light Commission of Taunton*, 323 Mass. 79, 84 (1948) (internal citations omitted). Moreover, as stated in *Golubek, supra*, Town Charter provisions adopted through the local process cannot alter statutory duties (or authority). As discussed above, our review of certain Light Board meeting minutes does not reveal a vote taken by the Light Board accepting Chapter 30B. Even if the Light Board accepted G.L. c. 30B procedures, the Town Charter provision impermissibly would

make such a decision irrevocable in that Town Charter changes would be needed to change the applicability of Chapter 30B.<sup>6</sup>

Under the principles of the Home Rule Procedures Act, a Town Charter adopted through local action could not make G.L. c. 30B applicable to RMLD contracts. Currently, there is a comprehensive legislative scheme governing the powers and duties of municipal light plants, municipal light commissions and municipal light plant managers under G.L. c. 164. Included in this comprehensive scheme, as discussed in our February 28, 2003 memorandum, are statutes that provide that the municipal light plant manager under Section 56 has exclusive authority to purchase supplies for the light plant. Further certain purchases of supplies and generation and distribution equipment (over \$10,000) are subject to prior public advertising requirements and submission of sealed proposals under G.L. c. 164, § 56D.

Significantly, G.L. c. 30B represents a uniform scheme for the procurement of goods and supplies by governmental entities on a statewide basis. It would therefore appear that the Legislature has precluded local legislation that would impair the operation and effect of G.L. c. 30B. The Town Charter provision directly conflicts and abrogates the Legislature's statute that specifically excludes municipal light plants from the provisions of G.L. c. 30B unless the Light Board voted to specifically adopt Chapter 30B. As discussed above, we have found no evidence that the Light Board took such a vote. The Legislature would not have expressly included a specific statutory clause in Chapter 30B that explicitly excludes municipal light plants from its requirements unless the municipal light board explicitly voted to accept its provisions only to allow a locally adopted town charter to impose such a requirement on a municipal light plant. If the Legislature wanted locally adopted town charters to be able to impose Chapter 30B's requirements on municipal light plants, it would have made changes to Chapter 30B and specified so in Chapter 30B. Further, G.L. c. 43B, § 20 would not "save" the Town Charter provision applicable to procurements, which only deems consistent (in certain situations) local action with respect to the structure of town government, the creation of local offices, the term of any office, or the distribution of powers among local offices. Currently, the Town of Reading has no authority or role in the purchases of goods and services made by RMLD other than its ministerial involvement in the payment of warrants.

The applicability of G.L. c. 30B to light plant purchases is not viable. Indeed, we are aware of no municipal light board which has adopted Chapter 30B. Due to the structure of power markets, it would not be possible for RMLD to enter into agreements for power supply. In order for RMLD to provide reasonable rates to its customers consistent with its franchise obligation (and remove volatility in pricing), RMLD must decide, on a daily basis, the type of transactions RMLD will enter into- *i.e.*, whether they will rely on the market hourly price or enter bilateral agreements. Power supply comprises 70% of rates. These power supply decisions must be made quickly in order to secure the best price for RMLD. The commodity power market for electricity moves too quickly on an hour-by-hour or daily basis for RMLD's power contracts to be subjected to such cumbersome, competitive bidding process. There is no

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<sup>6</sup>We note that acceptance of local option statutes generally can be rescinded by Board vote. *See, e.g.*, G.L. c. 4, § 4B (allowing cities and towns to rescind previously accepted laws).

exemption in G.L. c. 30B that excludes power supply transactions entered into by municipal light plants.<sup>7</sup>

While the Town Charter purports to exclude power supply purchases, Chapter 30B does not allow municipal light plants to accept its provisions piecemeal. It is a local option statute. It is either accepted by taking the action specified in the statute or it is not. Towns do not have authority through local Home Rule procedures to amend statutes as applicable to them, just as the Town lacks authority to decide which provisions of Chapter 30B it would follow for purchases by other town departments. Thus, if Chapter 30B applies to municipal light plants, these light plants could not purchase power in the deregulated power market where purchasing decisions often have to be made within an hour. Since power costs represent about seventy (70%) percent of the total budget for a light plant, light plants could not operate or exist without the ability to enter into power purchase agreements. This is why no municipal light plant board has voted to accept Chapter 30B. However, to the extent the Light Board determines that certain precepts of Chapter 30B are prudent and viable, it may adopt identical or similar procedures through a procurement policy. Indeed, RMLD adopted a procurement policy under the prior General Manager that incorporates Chapter 30B precepts.<sup>8</sup>

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<sup>7</sup>The emergency procurement provisions set forth in G.L. c. 30B, § 8 are inapplicable as such exception only applies when the time required to comply with the competitive bidding procedures “would endanger the health or safety of the people or their property.” The exemptions in G.L. c. 30B, §1(b) (32), (33) likewise are inapplicable as they only apply to energy aggregation contracts and energy purchases by aggregators. Even then, the contract must be submitted to the DPU, Department of Energy Resources, and the Office of the Inspector General along with a report describing the process used to execute the contract. Municipal light plants no longer are required to submit power supply contracts to the DPU under G.L. c. 164, § 56D or any other state agency.

<sup>8</sup>Pursuant to Section IIIB of RMLD Policy No. 9, effective June 27, 2007, RMLD is to follow Chapter 30B procurement practices with respect to the purchase of goods and service for the general use of RMLD in its normal operations. While the procurement policy, No. 9, follows Chapter 30B practices and procedures, it does not include any language indicating that the process is mandated by law. To the contrary, Policy No. 9 uses terms such as “Guidelines,” subjects power contracts to a negotiated process, and adopts more stringent requirements for other purchases than Chapter 30B, suggesting that the practices reflect Light Board policy rather than a binding acceptance of Chapter 30B. Moreover, the attachment to RMLD Policy #2 governing surplus material contains language indicating that RMLD is exempt from Chapter 30B and the Town of Reading Bylaws. Accordingly, it appears that RMLD has been observing Chapter 30B procedures on a voluntary basis, to the extent feasible, through the adoption and implementation of policies.

We note that this Light Board policy presents a viable approach because it allows RMLD to purchase necessary electric equipment and power supplies through other methods (such as G.L. c. 164, § 56D) as the circumstances warrant. RMLD requires this flexibility for electric system purchases in order to meet its franchise obligations. By accepting Chapter 30B, in all cases, RMLD would have to follow the cumbersome, time consuming and costly competitive bidding process to purchase transformers and other electric equipment and facilities. Any deviation, even if warranted for legitimate business reasons, could subject RMLD to bid protests and invalidation of contracts for needed facilities. *See, e.g.*, G.L. c. 30B, § 17(b). Under Massachusetts law, any bidder or proposer competing for a public contract can challenge the award of that contract in court on the grounds that the awarding authority did not comply with public bid laws. A concerned citizen may also bring a Chapter 30B bid protest to Inspector General’s Office. *See The Chapter 30B Manual: Legal Requirements, Recommended Practices, and Sources of Advice for Procuring Supplies, Services, and Real Property*, Office of the Inspector General, at 111 (2011). As the Inspector General has acknowledged, preparation of the purchase description is often the most difficult – and most important – step of any procurement under Chapter 30B. Vague purchase descriptions often result in vendor protests and cancelled procurements. If a public entity awards a contract using a vague purchase description, the

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public entity may be required to pay for supplies or services that it does not need, and the public entity likely will have disputes with the vendor over what the contract does or does not require. *See id.* at 15.



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February 28, 2003

**Confidential Attorney/Client Privilege**

**VIA EMAIL: [vcameron@rmlid.com](mailto:vcameron@rmlid.com)**

Vincent Cameron, General Manager  
Reading Municipal Light Department  
230 Ash Street  
Reading, MA 01867

**Re: Warrant Article for Special Town Meeting**

Dear Vin:

This letter addresses procedural and substantive issues pertaining to Article 4 of the Warrant for the Special Town Meeting scheduled for Monday, March 3, 2003. Article 4 proposes to amend the Reading Home Rule Charter by adding several provisions to the current Section 3-5 concerning the Municipal Light Board. In general, Article 4 proposes to authorize the Municipal Light Board, as opposed to the General Manager, to appoint certain employees, to approve warrants for payments, to set electric rates, to approve an annual operating budget and capital improvements program and to present them to the Finance Committee and Town Meeting, and to award contracts in accordance with the Uniform Procurement Act, M.G.L. c. 30B.

**EXECUTIVE SUMMARY**

As discussed in greater detail below, the Town is barred by law from putting the subject matter of Article 4 before the voters at the Town Election currently scheduled for April 8, 2003, even if Article 4 were to be approved by the necessary two-thirds vote of the Special Town Meeting on March 3, 2003. Even if Town Meeting so voted, the law provides that the Attorney General must review the matter over a four-week period and the election could not be held until at least two months after the Attorney General completed his review.

In addition, most of the provisions of Article 4 are inconsistent or conflict with the comprehensive State-wide legislative scheme pertaining to municipal lighting plants set forth in M.G.L. c. 164. The courts have held that such inconsistencies and conflict render municipal legislation invalid and unenforceable. Notwithstanding a section within the Home Rule Procedures Act indicating that certain enumerated charter changes shall be deemed consistent with general laws pertaining to the structure of town government, the caselaw under that section indicates that it would not likely apply to comprehensive legislative schemes such as that set forth in M.G.L. c. 164.

## DISCUSSION

### **I. Procedural Issues.**

Section 8-1 of the Town's Charter provides that, "[t]his Charter may be replaced, revised or amended in accordance with the procedures made available by Article LXXXIX [Article 89] of the Amendments to the Constitution of the Commonwealth and the provisions of General Laws, C. 43B." (brackets added) Article 89 of the Amendments to the Massachusetts Constitution, commonly referred to as the "Home Rule Amendment," and M.G.L. c. 43B, §§1-20, commonly referred to as the "Home Rule Procedures Act," set forth the procedures to adopt and amend a municipal charter. Article 89 and M.G.L. c.43B provide that a charter can not be amended unless the following three steps are taken:

1. Town Meeting must vote by a two-thirds majority to propose the charter amendments. Such a vote creates an "order proposing a charter amendment."

2. If Town Meeting approves an order proposing a charter amendment, a copy of the proposed amendment "shall be immediately submitted" by the Board of Selectmen to the Attorney General and to the Department of Housing and Community Development. Within four (4) weeks the Attorney General shall furnish the Board of Selectmen with a "written opinion setting forth any conflict between the proposed amendment and the constitution and laws of the commonwealth." If the Attorney General reports such a conflict, the order proposing the charter amendment shall not take effect. However, if the Attorney General reports no such conflict, the order proposing the charter amendment shall become effective four weeks after its submission to the Attorney General.

3. The proposed charter amendment shall be submitted to the voters of the Town for their approval at the first election held at least two (2) months after the order proposing such charter amendment becomes effective. In other words, if the Attorney General were to report that the proposed amendment does not pose a conflict with the Constitution or General Laws, the

election can be held no sooner than three (3) months after the proposal was originally submitted to the Attorney General. See Article 89, §§ 3,4; M.G.L. c. 43B, §§ 10, 11.

In the present case, the schedule to act upon the charter amendment proposed in Article 4 as set forth in the Town Manager's letter dated February 12, 2003, fails to comply with the requirements of Article 89 and Chapter 43B and, therefore, would constitute a fatal procedural error. The Town Manager has indicated that Article 4 would be voted upon at the Special Town Meeting on March 3, 2003, and, assuming that it would be passed by a two-thirds vote, the matter would be voted upon at the Annual Town Election scheduled for April 8, 2003. However, the Town Manager's schedule fails to include the total legally set time requirements for both the Attorney General's four-week mandatory review of the proposal under M.G.L. c. 43B, §10(c) and the mandatory two-month period between the Attorney General's review and the earliest possible date of the election as set forth in M.G.L. c. 43B, §11. Even if the proposal were approved by a two-thirds vote of Town Meeting on March 3rd, it could not lawfully be voted upon at the Town Election on April 8, 2003, and any such vote, if conducted, would be null and void as a matter of law.

In closing, we note that the Town's Special Counsel is in agreement with our analysis of the procedural requirements under Article 89 and M.G.L. c.43B, §§10, 11. See letter from Murphy, Hesse, Toomey & Lehane, LLP, to the Town Manager, dated February 10, 2003 (pp. 3-4).

## II. Substantive Issues

### 1. Legal Standard Regarding Inconsistency and Conflict

Article 89 provides that, "[t]he provisions of any adopted or revised charter or any charter amendment shall not be inconsistent with the constitution or any laws enacted by the general court..." Article 89, §2. Municipal charters duly adopted or amended in accordance with M.G.L. c. 43B have the effect of law so long as they present no conflict with laws enacted by the Legislature. Kowalczyk v. Town of Blackstone, 48 Mass.App.Ct. 58, 59 (1999); City Council of Boston v. Mayor of Boston, 383 Mass. 716, 719 (1981).

Several decisions provide guidance on whether municipal legislation is inconsistent with or conflicts with the State Constitution or any General Laws. For instance, in Del Duca v. Town Administrator of Methuen, 368 Mass. 1 (1975), the Supreme Judicial Court struck down an ordinance adopted pursuant to Methuen's charter purporting to alter the powers and duties of the local planning board in contravention of the General Laws. In Del Duca, the Court reviewed the various sections of M.G.L. c. 41 which comprehensively treated the creation and operation of planning boards, and determined that the Legislature had taken the entire subject of the

establishment, powers and duties of local planning boards in hand. Having done so, the Legislature precluded local legislation which would impair the operation and effect of the statutes in that field. 368 Mass. at 12-13. As a result, the Court determined that Methuen was "powerless to specify the planning board's powers and duties in a manner which deviated in any respect from the powers and duties established by the legislation on the subject." Id.

The Court also struck down municipal home rule legislation in City Council of Boston v. Mayor of Boston, 383 Mass. 716 (1981). In that case, the offending legislation purported to limit the number and to fix the maximum salaries of employees in the mayor's office. The Court determined that such local legislation was an invalid and unenforceable encroachment on the mayor's power under the Boston charter and special legislation pertaining to the mayor's administrative authority. Under the Boston charter and relevant statutes, the mayor was charged with the administrative duties of the city government, including the supervision of subordinate officers, powers of appointment and termination, and the implicit power to set compensation levels for his staff. The Court determined that the charter and special acts evidenced a legislative intent to reserve to the mayor the discretion to determine the size and salary level of his own staff, and that an ordinance purporting to regulate the same was necessarily inconsistent and, therefore, invalid. 383 Mass. at 721.

In 1984 the Legislature amended M.G.L. c. 43B to add a new Section 20 addressing the consistency of charters with existing General Laws. Section 20 provides in pertinent part that,

The provisions of any charter or charter amendment adopted pursuant to the provisions of this chapter [43B] shall be deemed consistent with the provisions of any law relating to the structure of city and town government, the creation of local offices, the term of office or mode of selection of local offices, and the distribution of powers, duties and responsibilities among local offices. Such provisions may provide:

...

(b) that any particular local officer or employee shall be appointed by any particular local officer;

...

(d) for the term of office to be served by any local elected officer; provided, however, that no term of office of a local elected officer shall be for more than five years, and the members of multiple member bodies shall serve for terms which, as nearly as possible, expire in different years;

...

(f) that the powers, duties and responsibilities of one local office be divided and exercised by two or more local offices;

M.G.L. c. 43B, §20 (emphasis added).

We are aware of only one reported case interpreting M.G.L. c. 43B, §20, namely, Town Council of Agawam v. Town Manager of Agawam, 20 Mass. App. Ct. 100 (1985) (“Agawam”). Agawam stands for the narrow proposition that a municipal charter may provide for an employee appointment process (e.g., in Agawam, the appointment of a town assessor) that does not involve town council approval, and still be deemed consistent with M.G.L. c. 39, § 1, which provides that appointments are subject to confirmation by town council. However, the Court in Agawam also indicated that Section 20 should be interpreted generally to harmonize municipal charter provisions adopted under Article 89 and Chapter 43B with existing General Laws. The court stated,

As this court has noted before, when the Home Rule Amendment was adopted in 1966, the Legislature failed to revise many existing laws to reflect the new balance of power that the amendment established between municipalities and the Commonwealth. . . . [M.G.L. c. 43B, §20] is a significant step taken by the Legislature to remedy this oversight. The statute makes explicit what was implicit before in the Legislature's decision to enact the Home Rule Procedures Act. By the Legislature's delegation to municipalities through G.L. c. 43B of greater power in managing their affairs, municipalities could, within certain broad limitations, choose for themselves the forms of local government they found best suited to their own needs, including as part of that choice the manner of creating and filling local offices.

20 Mass.App.Ct. at 103 (brackets added, internal citations omitted).

Despite the seemingly broad interpretation of M.G.L. c. 43B, §20 set forth in Agawam, it is critical to note that *the Court expressly stated that its holding did not extend to existing General Laws that consist of a comprehensive State-wide plan of regulation*. The Court in Agawam referred to the decision in Young v. Mayor of Brockton, 346 Mass. 123 (1963), where the Supreme Judicial Court held that a city charter provision calling for the appointment of members of the liquor licensing board without confirmation by the city council would not escape the provisions of M.G.L. c. 138, § 4, which required such confirmation. Agawam noted that Young was based on the “special characteristics” of liquor licensing boards which, *inter alia*, “operate under a detailed and strict State-wide plan of supervision and control reflecting the Commonwealth's supervening interest in the uniform regulation of the sale and distribution of alcoholic beverages.” 20 Mass. App. Ct. at 105, n. 9 (emphasis added).

Further, Agawam noted that, with respect to the work of town assessors at issue therein, the Legislature “has not established a State-wide plan for their supervision at all comparable to that mandated for alcoholic liquors,” nor did it “single out the town assessor for special treatment” under the General Laws. 20 Mass. App. Ct. at 105, n. 9. “Unlike the statute relied upon in Young, [the town assessor statute] is purely general in its operation.” Id. (brackets added). After considering the importance of the comprehensive general legislation at issue in Young, the court in Agawam concluded that, “[w]e expressly make no determination, however, of the effect of [M.G.L. c. 43B, §20] on the sort of appointment discussed in the Young case.” Id. (brackets added)

Based upon the foregoing, M.G.L. c. 43B, §20 and Agawam probably do not authorize the types of changes proposed in Article 4, which, as discussed below, are not harmonious with the comprehensive, State-wide plan of legislation under Chapter 164 pertaining to municipal light plants.

Finally, although Golubek v. Westfield Gas & Elec. Light Bd., 32 Mass. App. Ct. 954 (1992) does not specifically discuss the applicability of M.G.L. c. 43B, §20, the case nonetheless strongly supports the position that local legislation can not alter the comprehensive statutory scheme pertaining to municipal light plants. Golubek delineated the respective powers of a manager and a board of a municipal light plant, with the Court holding that a municipal light board could not infringe upon the statutory power of a manager to hire employees and attorneys. In response to the board’s contention that a provision of Westfield’s charter supported the board’s position, the Court stated that, “[t]his charter provision cannot alter the statutory power of the manager to hire employees and attorneys.” 32 Mass. App. Ct. at 956 (emphasis added).

Golubek is critical in the present analysis because it was issued after the Legislature adopted M.G.L. c. 43B, §20 (i.e., the “harmonizing” provision of the Home Rule Procedures Act) and after the same court issued the Agawam decision. Further, the court clearly held that M.G.L. c. 164 would prevail over an inconsistent local charter. Therefore, Golubek strongly supports the position that the provisions of Reading’s Article 4 that are inconsistent and in conflict with M.G.L. c. 164 would be deemed invalid and unenforceable.

## **2. Authority of Municipal Light Boards and Managers**

The Legislature has adopted a comprehensive set of statutes governing the field of municipal lighting plants. General Laws Chapter 164 contains over fifty separate sections concerning, inter alia, the acquisition, operation, maintenance, financing, supply, transmission, distribution, governance, contracting, and enforcement pertaining to municipal lighting plants. The Legislature has clearly adopted a detailed and strict State-wide plan for municipal lighting plants and departments reflecting the Commonwealth’s interest in the uniform regulation of such

plants and departments. Based upon this comprehensive legislative scheme, there is a strong argument that the Legislature intended to occupy the field pertaining to municipal light plants and preclude the exercise of any local power or function on the same subject because the legislative purpose of the statute would otherwise be frustrated.

Indeed, the Supreme Judicial Court has held that “[w]here cities and towns are authorized to enter the field of business enterprises like the manufacture of gas and electricity they do it, not under the laws relating to private corporations, but under special statutory provisions; that the offices of the...[light plant officials] having been created and their duties defined by statute, they must be held to be public officers under legislative mandate, and not agents of the city....” Hodgman v. Taunton, 323 Mass. 79, 82 (1948). Further, “[i]t is also settled that a municipality can exercise no direction or control over one whose duties have been defined by the Legislature.” Id. This holding remains unchanged in the post-Home Rule Amendment era. E.g., Del Duca, supra at 12. Finally, a municipal light plant cannot operate, let alone exist, absent the statutory scheme that governs it: “It is only by the authority conferred by G.L. c. 164...that...[a city or town] can maintain a gas and electric plant.” Adie v. Mayor of Holyoke, 303 Mass. 295, 299 (1939); MacCrae v. Selectmen of the Town of Concord, 296 Mass. 394 (1937).

The powers and duties of municipal light boards are stated generally in M.G.L. c.164, §55, which provides that “[t]he municipal light board shall have authority to construct, purchase or lease a gas or electric plant in accordance with the vote of the town and to maintain and operate the same.” Section 3-5 of the Town’s Charter provides on its face additional authority to the Municipal Light Board, including “hav[ing] charge of all the real estate, facilities, personnel and equipment of the Town pertaining to the production and transmission of electrical power, both within the Town and elsewhere.”

The Legislature has vested the manager with comprehensive powers and duties as set forth in M.G.L. c.164, §56, which provides in pertinent part that,

The . . . municipal light board . . . shall appoint a manager of municipal lighting who shall, under the direction and control of the . . . municipal light board, if any, and subject to this chapter, have full charge of the operation and management of the plant, the manufacture and distribution of gas or electricity, the purchase of supplies, the employment of attorneys and of agents and servants, the method, time, price, quantity and quality of the supply, the collection of bills, and the keeping of accounts. His compensation and term of office shall be fixed in cities by the city council and in towns by the selectmen or municipal light board, if any; . . . and shall, at the end of each municipal year, render to them such detailed statement of his doings and of the business and financial matters in his charge as the department [of telecommunications and energy] may prescribe. . . . The manager shall at any time, when required by the mayor, selectmen, municipal light board, if any, or department, make a statement to such officers

of his doings, business, receipts, disbursements, balances, and of the indebtedness of the town in his department.

M.G.L. c. 164, §56 (emphasis and brackets added).

### 3. Article 4 of the Warrant

The separate paragraphs of Article 4 are set forth below in *italics*, followed by our analysis of each with respect to whether the Courts would likely determine the paragraphs to be inconsistent or in conflict with the Constitution or General Laws. In general, we believe that there are strong arguments that the Courts would very likely find most of the proposed changes to be inconsistent and in conflict with the Constitution and General Laws.

[1<sup>st</sup> paragraph:] *The Municipal Light Board shall hire the General Manager of the Reading Municipal Light Department and set his compensation; the General Manager shall serve at the pleasure of the Board and may be removed by vote of a majority of the entire Board after notice and hearing.*

The first clause of this paragraph does not appear to be problematic because M.G.L. c. 164, §56 (quoted above) clearly authorizes the Light Board to appoint the manager and set his compensation. The second clause does not necessarily fall within the authority granted under M.G.L. c. 43B, §20 relating to the "term[s] of office," because the specific authority granted under Section 20(d) is limited to charter provisions affecting the terms of "local elected officers," and not appointed employees such as the manager.

Further, a strong argument can be made that the second clause would be invalid and unenforceable because it appears to conflict with the Board's mandate under M.G.L. c. 164, §56, which is part of a comprehensive State-wide plan of legislation, to "fix" the manager's "term of office." Instead of fixing such a term, Article 4 would make the manager an "at will" employee.

[2nd paragraph:] *The Municipal Light Board shall appoint the Accounting Manager or Chief Accountant of the Reading Municipal Light Department; and appoint counsel to the Reading Municipal Light Department.*

Both clauses clearly conflict with the manager's plenary authority under M.G.L. c. 164, §56 concerning the "employment of attorneys and of agents and servants." As mentioned above, because Chapter 164 is such a comprehensive legislative scheme, there is an extremely strong argument that it can not be infringed upon, let alone contradicted by, inconsistent local



legislation notwithstanding the "harmonizing" intent of M.G.L. c. 43B, §20. Further, the specific authority to affect powers, duties and responsibilities that is granted under M.G.L. c. 43B, §20(f) is limited to dividing the powers of one office and exercising them by two or more offices, which is not the approach taken under this paragraph of Article 4.

Finally, G.L. c. 164, § 56 "expressly allocates to the manager the power to hire all agents, servants and attorneys required for the operation of the plant...the...[light board's] power under § 56 to direct and control the manager does not include the power to hire agents, servants and attorneys; that power, by statute, is expressly vested in the manager alone." Golubek v. Westfield Gas & Elec. Light Bd., 32 Mass.App.Ct 954, 955-56 (1992). Clearly then, under the City Council of Boston case, supra, this would be an impermissible encroachment on the General Manager's powers as set by statute.

[3rd paragraph:] *The Municipal Light Board may delegate in whole or in part as it may deem proper, the direct supervision of the Accounting Manager or Chief Accountant as the case may be, along with supervision of other subordinate employees.*

The same concerns and analysis under paragraph 2, above, apply to this paragraph.

[4th paragraph:] *The Municipal Light Board shall approve warrants for payments of all bills and payroll of the Municipal Light Department; and approve all contracts made in accordance with M.G.L. c.30B, except contracts for purchasing of power.*

The first clause does not appear to conflict with the manager's powers under M.G.L. c. 164.

The second clause is inconsistent with both M.G.L. c. 164 and c. 30B. Section 56 of M.G.L. c. 164 vests purchasing authority in the manager, as opposed to the Board, and Section 56D contains detailed procedures governing the procurement of equipment, supplies and materials, which differ from those set forth under the various sections of M.G.L. c. 30B. Further, Chapter 30B expressly states that it shall not apply to any contracts or agreements entered into by a municipal light board, although such board may accept the statute by a majority vote of its members. M.G.L. c. 30B, §1(b)(14). In addition, as noted above, the specific authority to affect official responsibilities that is granted under M.G.L. c. 43B, §20(f) is limited to dividing the responsibilities of one office and exercising them by two or more offices, which is not the approach taken under this paragraph of Article 4.

[5th paragraph:] *The Municipal Light Board shall employ the Auditor appointed by the Town of Reading Audit Committee.*

The same concerns and analysis under paragraph 2, above, apply to this paragraph.

[6<sup>th</sup> paragraph (brackets added to identify individual sentences) :] [1] *The Municipal Light Board shall annual set electric rates and approve an annual operating budget and Capital Improvements Program each fiscal year.* [2] *Such approval will be done by a majority vote of the Municipal Light Board.* [3] *After the Municipal Light Board has approved an annual operating budget and Capital Improvements Program, it will present them to the Reading Finance Committee and Reading Town Meeting.* [4] *Upon request of any of the other towns served by the Reading Municipal Light Department, the Municipal Light Board shall make a presentation to the Finance Committee and/or Town Meeting of any such town(s).*

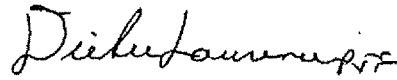
The first two sentences conflict with the manager's plenary duties and responsibilities under M.G.L. c. 164, §56 to set pricing and rates and to render business and financial statements concerning the light department. The same is true for the third and fourth sentences, which also contain the inconsistent language purporting to require a "presentation" to the Finance Committee and Town Meeting of Reading and any of the other municipalities served by the department. To the contrary, Section 56 provides that the financial conditions of the department are reported by the manager, and not the board, to only the Reading Selectmen and Light Board and Department of Telecommunications and Energy. Further, it is well-settled that the budget of a municipal light plant is determined in accordance with the provisions of G.L. c. 164, and not G.L. c. 44, and what the municipal light plant determines "should be expended for the efficient operation of the business is not subject to change by other public officers or the legislative department." Municipal Light Commission of Peabody v. Peabody, 348 Mass. 266, 268 (1964).

Because the various sentences of the sixth paragraph of Article 4 conflict with the comprehensive legislative scheme set forth in M.G.L. c. 164, §56, it is highly doubtful that the proposed charter changes would be deemed valid and enforceable.

Vincent Cameron, General Manager  
February 28, 2003  
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Please do not hesitate to contact us if you have any follow-up questions concerning this letter.

Very truly yours,



Diedre T. Lawrence



Peter J. Feuerbach

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**MEMORANDUM**

**By Electronic Mail**

To: Vincent Cameron, General Manager  
Reading Municipal Light Department

From: Kenneth Barna, Diedre Lawrence

Re: Chapter 30B

Date: April 22, 2003

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**INTRODUCTION**

You have asked us, on behalf of the Reading Municipal Light Department (“RMLD”), to review several issues related to Chapter 30B regarding the procurement of services and supplies. Specifically, you have asked us to review Article 7 proposed for Town Meeting regarding amendments to the Reading Town charter. This article will require the RMLD Board of Commissioners to “approve warrants for payments of all bills and payroll...and approve all contracts made in accordance with M.G.L. c.30B, except contracts for purchasing power.” This memorandum is being provided to you pursuant to G.L. c. 164, § 56.

**BACKGROUND**

As we understand, the Town of Reading is seeking to pursue the same charter amendments as it did at the March 3, 2003, special town meeting. As you will recall, we provided you with an opinion dated February 28, 2003, that specifically addressed the procedural and substantive problems with the proposed amendments (then called “Article 4”) to the Town

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Charter. We have not been informed whether the proposed article, now called "Article 7" has been submitted to the Attorney General for his review as discussed on pages 2 and 3 of that opinion. Further, the substantive problems with Article 7 are identical to those that existed with Article 4, discussed at page 9 of the prior opinion. Nothing was changed from the prior version of Article 4 regarding Chapter 30B in this new Article 7.

Given the timing of your questions regarding Article 7, we have not had time to review whether any towns in the Commonwealth have successfully altered the provisions of G.L. c. 30B as they apply to their towns through home rule charter amendment procedures. Arguably, G.L. c. 30B represents a comprehensive legislative scheme regarding the *uniform* procurement of goods and services by governmental entities on a state-wide basis, and home rule legislation that directly conflicts with a provision of that statute will be struck down. See pages 3 through 4 of Rubin and Rudman's February 28, 2003 Opinion. Finally, it should be noted that we do not know of any municipal light plant that has voted to adopt the provisions of G.L. c. 30B.

DISCUSSION

You have asked us, on behalf of RMLD, to focus our analysis on the language of Article 7 that provides that the RMLD Board of Commissioners "shall...approve all contracts made in accordance with M.G.L. c.30B, except contracts for purchasing power." Specifically, you have asked us whether, if adopted, this Charter change would make G.L. c. 30B applicable to RMLD. Second, you have asked us whether the RMLD Board of Commissioners could appoint the General Manager as the "Procurement Officer" if G.L. c.30B applied to RMLD's contracts. Third, you have asked us whether contracts for purchasing power could be "exempted" from the coverage of G.L. c. 30B should that chapter become applicable, through whatever means (*i.e.*,

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vote of the RMLD Board of Commissioners as provided for in the statute.) We have answered these questions below.

- Article 7, as currently drafted, cannot, via home rule charter amendment, “force” application of the provisions of G.L. c. 30B upon the RMLD or take the place of the required vote of the RMLD Board of Commissioners under G.L. c. 30B, § 1(14). Indeed, a careful reading of the provision indicates that by its language it does not purport to make G.L. c. 30B applicable to RMLD contracts. It simply states that the RMLD Board of Commissioners “shall approve” contracts “made in accordance with M.G.L. c. 30B.” Article 7 does not state that the Town Charter shall be amended to make all RMLD contracts, other than power contracts, subject to G.L. c. 30B.
- G.L. c. 30B, § 1(14) provides in relevant part that the Uniform Procurement procedures found at G.L. c. 30B shall not apply to:

...any contracts or agreements entered into by a municipal gas or electric department governed by a municipal light board, as defined by section fifty-five of chapter one hundred and sixty-four or by a municipal light commission, as defined by section fifty-six A of said chapter one hundred and sixty-four; provided, however, that *any such board or commission may accept the provisions of this chapter by a majority vote of its members...* [emphasis added].
- Thus, G.L. c. 30B specifically provides that its provisions are applicable to contracts of a municipal light department only if the light department’s board votes by a majority of its members to accept the statute. G.L. c. 30B will not apply to RMLD contracts unless and until a majority of its Commissioners vote to accept G.L. c. 30B.
- Nor does it appear that the Town Charter could *make* G.L. c. 30B applicable to RMLD contracts. Currently, there is a comprehensive legislative scheme governing the powers and duties of municipal light plants, municipal light commissions and municipal light plant managers under G.L. c. 164. Included in this comprehensive scheme, as discussed in our February 28, 2003 opinion, are statutes that provide that the municipal light plant manager under Section 56 has exclusive authority to purchase supplies for the light plant. Further certain purchases of supplies and generation and distribution equipment (over \$10,000) are subject to prior public advertising requirements and submission of sealed proposals under Section 56D.
- Finally, and most significantly, G.L. c. 30B represents a uniform scheme for the procurement of goods and supplies by governmental entities on a statewide basis. It would therefore appear that the Legislature has precluded local legislation that would impair the operation and effect of G.L. c. 30B. Article 7 would directly

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conflict and abrogate the Legislature's intent to specifically exclude municipal light plants from the provisions of G.L. c. 30B (if it were read to somehow make G.L. c. 30B applicable to RMLD.) G.L. c. 30B, § 1(14). Further, G.L. c. 43B, § 20 would not "save" Article 7 because it has nothing to do with the structure of town government, the creation of local offices, the term of any office, or the distribution of powers among local offices. Currently, the Town of Reading has no role in the purchases of goods and services made by RMLD other than its ministerial involvement in the payment of warrants. As set forth in our February 28, 2003 Opinion, at page 9, nothing in Article 7 purports to divide the responsibilities of one office among two or more offices.

- If the RMLD Board were to vote by a majority of its members, voluntarily, as provided for in the statute, to adopt the provisions of G.L. c. 30B, the RMLD Board would certainly have the authority to appoint its own Procurement Officer. Under G.L. c. 30B, § 2, the "chief procurement officer" is defined to include "an individual duly appointed by the governing board of an authority or other governmental body to procure supplies and services for the authority or governmental body." A "governmental body" is defined under G.L. c. 30B to include "board" or "commission." Accordingly, we believe if RMLD's Board voted to adopt G.L. c. 30B, it would retain its authority to appoint its own procurement officer, separately from the Town of Reading, consistent with its separate nature as recognized by G.L. c. 30B and the provisions of G.L. c. 164 governing its operations.
- Note however that G.L. c. 30B, § 2 also provides that a chief procurement officer may be:

...the purchasing agent appointed pursuant to section one hundred and three of chapter forty-one, or as to any city or town which has not accepted said section, an individual duly appointed in a city having a city manager, by the city manager, in a town having a town manager, by the town manager, in any other town, by the selectmen, or, in any city or town otherwise providing by charter or local by-law for the appointment of a chief procurement officer, in accordance with such charter or local by-law, to procure all supplies and services for the city or town and every governmental body thereof....
- G.L. c. 30B recognizes that towns and municipal light plants are financially and operationally distinct entities, which is why there is a special provision at Section 1(14) that permits municipal light boards to vote to voluntarily accept the provisions of G.L. c. 30B. See also, Middleborough v. Middleborough Gas & Electric Department, 422 Mass. 583, 588 (1996). RMLD has its own governing board, separate from the Town of Reading. By statute, the RMLD commissioner "must be held to be public officers under legislative mandate, and not agents of the city...." Hodgman v. City of Taunton, 323 Mass. 79, 84 (1948).

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- Further, Article 7 does not purport to amend the Reading Town Charter to make its chief procurement officer also the chief procurement officer for the RMLD (i.e., G.L. c. 30B, §2: “otherwise providing by charter or local by-law for the appointment of a chief procurement officer.”) Only if and when the Town of Reading attempts to make such a charter change will RMLD have to analyze such a change, and we believe that as an initial matter, such a change would directly conflict with and frustrate the light plant manager’s authority and duties, and the financial independence of light plants under G.L. c. 164, and therefore would be impermissible.
- Finally, power supply contracts would be subject to G.L. c.30B if the RMLD Board of Commissioners voted to adopt the provisions of G.L. c. 30B. There is no exception for power contracts entered into by a municipal light department under G.L. c. 30B. The exceptions in the statute for certain types of power contracts are for those associated with aggregation and with a single city or town or groups of cities and towns purchasing power for the cities’ and towns’ (not residents’) use, and these exceptions are not applicable here. G.L. c. 30B, §§ 1(32),(33).
- Due to changes in the structure of power markets, it would not be possible for RMLD to enter into agreements for power supply under the procedures of G.L. c. 30B (requests for proposals and submission of sealed, competitive bids). Power is now a “commodity” purchased and sold under the newly structured market. In order for RMLD to provide a competitive price to its customers, and remove volatility in pricing, employees at RMLD in the power supply department must decide, on a daily basis, the type of transactions RMLD will enter into- i.e., they decide whether they will rely on the market hourly price or enter bilateral agreements. These decisions must be made quickly in order to secure the best price for RMLD.
- There is no possible way for any type of power supply agreement in today’s market to be subject to the procedures of G.L. c. 30B. This is because RMLD must retain the flexibility to make daily judgments regarding purchases and sales in the power market. . The commodity power market for electricity moves too quickly on an hour-by-hour or daily basis for RMLD’s power contracts to be subjected to such a cumbersome process. In fact, there would be no respondents to a request by RMLD for competitive, sealed bids under G.L. c. 30B, § 5. The process is too lengthy and entirely unworkable for power supply in today’s market. If RMLD were required to follow G.L. c. 30B for its power supply, it would be unable to operate because the market would and could never accommodate such bidding procedures.

If you have any other questions regarding this matter, please do not hesitate to contact us.



Reading Municipal Light Board of Commissioners

Regular Session  
230 Ash Street  
Reading, MA 01867  
April 22, 2003

Start Time of Regular Session: 7:37 p.m.

End Time of Regular Session: 9:25 p.m.

Attendees:

Commissioners: Hughes, Pacino, Soli, Herlihy and Ensminger

RMLD Staff: Mr. Cameron, General Manager  
Mr. Blomley

CAB: Mr. Stevenin

Guest: Ms. Diedre Lawrence, Rubin and Rudman  
Mr. Brown

This meeting of the Reading Municipal Light Department (RMLD) Board of Commissioners April 22, 2003 is being broadcast live at the RMLD's office at 230 Ash Street, Reading, MA. Live broadcasts are available only in Reading due to technology constraints.

This meeting is being video taped for distribution to the community television stations in North Reading, Wilmington and Lynnfield.

Chairman Pacino called the meeting to order at 7:37 p.m.

Action Item(s)

Mr. Pacino moved Agenda 4A to the beginning of the agenda.

Mr. Cameron stated at the meeting last Thursday night the Board took up the issue whether to accept the recommendations of the Citizen's Advisory Board. The recommendations the CAB made at its meeting held on Tuesday, April 1, 2003 approved the following motion relative to Charter Amendments: Move to recommend to the RMLD Board of Commissioners that the changes proposed under the Town of Reading's Charter Amendments be pursued by Special Legislation instead. The CAB passed this motion: 4:1:0. They also made a recommendation that Move that the CAB hereby recommends to the RMLD Board of Commissioners not adopting that portion of the proposed Charter Amendments regarding adoption of Chapter 30B for the RMLD purchasing procedures. The CAB passed this motion: 4:1:0.

Mr. Cameron noted the Board tabled these issues until the next meeting so they could get more information especially the second issue that has to do with 30B purchasing decisions under Massachusetts General Laws. One thing that is very important to Mr. Cameron and is important to the customers in the service territory for the last eighteen months is discretionary spending, outside services, legal services and consultants. Mr. Cameron has tried to the best of his ability to keep that spending in check. Concerning 30B he did not have Chapter 164 counsel consulted because he did not think it was necessary but after the Board asked questions on this last week he thought counsel should look into this because there were certain items which were not clear. Mr. Cameron stated last Friday he called Diedre Lawrence from Rubin and Rudman and explained what issues needed to be looked at. Mr. Cameron noted Ms. Lawrence would go over the memo, which was distributed to you this evening as it was finished this afternoon. Mr. Cameron further pointed out there are issues outside of his argument which have to do with "control". The big issue is who the Chief Procurement Officer and who has actual charge of procurement if the RMLD went under 30B. Mr. Cameron added he may have made the mistake by not having counsel look at this but it was done at a later date with the appropriate information for the Board to make a decision. The decision is not whether the RMLD goes under 30B. The decision is whether or not to support the recommendation of the CAB.

Ms. Lawrence introduced herself from the law firm of Rubin and Rudman in Boston, Chapter 164 counsel. Ms. Lawrence stated that late last week the General Manager, Mr. Cameron asked her to look at three specific questions regarding Article 7 and Chapter 30B as it applies to the Light Department.

**Action Item(s)**

Ms. Lawrence stated the first question she looked at, whether if that Article is adopted, could Chapter 30B apply to the Light Department. The short answer is that question is as currently drafted it cannot. It is because it simply states that the Board shall approve all contracts made in accordance with Chapter 30B. It does purport to make Chapter 30B apply to the Light Department. Ms. Lawrence does not think it could specifically apply because Chapter 30B has a specific exemption for municipal light plants and provides that if you wanted it to apply to you it can be accomplished in one way only which is by a vote of the Municipal Light Board to accept the provisions of that statute.

Mr. Hughes asked of Ms. Lawrence what percentage of Board vote does this require?

Ms. Lawrence replied a majority vote. Ms. Lawrence continued that the Board would have to take a vote in order for it to apply. It does not appear that a Town Charter Amendment could make an end run around that statutory provision. Ms. Lawrence added Rubin and Rudman rendered an opinion on February 28, 2003 in connection with Article 4 for the March Special Town Meeting. Article 7 is almost identical to the former Article 4. Ms. Lawrence added all of the problems, which existed with Article 4, still exist in the new version. Ms. Lawrence wanted to make that clear. Ms. Lawrence noted nothing substantially has been changed in the language therefore all the other issues regarding the way it interferes with Chapter 164 is still there and it has not been removed. Ms. Lawrence explained the next question they looked at was: hypothetically, if a majority vote of the Board were to accept 30B, would the Board retain the ability to appoint a Chief Procurement Officer to act on behalf of the Light Department? Currently, the Town of Reading's Home Rule Charter designates the Town Manager as the Chief Procurement Officer. There was a question as to whether or not if the Department had to use the Town's Procurement Officer for the procurement of goods, supplies and services. The short answer to that is no for a couple of reasons. The statute as it currently exists is a comprehensive statewide scheme designed to implement a uniform system of procurement for governmental entities. It specifically recognizes that municipal light plants are separate from cities and towns. Ms. Lawrence noted there is a clear recognition that you are separate and you have your own governing body. There is a specific provision in the statute that says a governing body of a governmental entity can appoint by however process it chooses a Chief Procurement Officer. Ms. Lawrence added this is consistent with appointing for instance the General Manager as the Chief Procurement Officer. It is consistent with the provisions in Chapter 164 Section 56, which gives the General Manager the authority over all purchases of supplies and the hiring of consultants and agents. Another thing to point out is Article 7, as it is currently drafted, does not purport to make the Chief Procurement of the Town, the Chief Procurement Officer for the RMLD. The final question she looked at is whether or not there could be some kind of exclusion of power supply contracts of the RMLD from the coverage of Chapter 30B. If the Board voted to accept the provision of Chapter 30B, it is Counsel's conclusion that the RMLD's power supply would be subject to the sealed, competitive bidding procedures of Chapter 30B. Basically, the RMLD could no longer acquire power on the market due to the structuring of the competitive power market today. Decisions have to be made on a daily even hourly basis as to the purchase and sales of power. You would not get anyone to respond to a request if by the time you have to advertise you would have already engaged in hundreds of transactions. There are two specific exemptions in Chapter 30B for different kinds of power contracts but those aren't the kinds of contracts that the RMLD enters into. The exemptions are for energy aggregation contracts, and for contracts that are put out by cities and towns purchasing electricity for their own use not to resell to their inhabitants or businesses. The RMLD would be utterly crippled in its power supply by Chapter 30B as it currently exists.

As an example of this, Mr. Cameron described what the RMLD went through when the Department acquired its last long term contract which is through 2007. It happened in the summer/fall 2001. Mr. Cameron noted the Department targeted ten to twelve potential suppliers of power supply. This was for a large amount of power supply for the long term. Mr. Cameron noted they pared it down based on performance to six suppliers. The Department then negotiated contracts with each one of those suppliers. It took about two months to negotiate these contracts. It had to do with time periods, delivery points, risk management and performance. The Department had all five contracts in place but did not have a price. The Department instructed these companies that, on a day certain, they were to submit a bid -- the Department gave them a monthly Excel spreadsheet for off peak, on peak and installed capability (ICAP) and they were to fill in and submit their own prices. Mr. Cameron added they were directed to send their prices electronically at ten o'clock and the Department would make its decision before twelve o'clock. All parties were in agreement however, one minute passed twelve and that price is no good. It was a two-hour window for the prices the Department acquired. The Department took the prices and put them through a net present value calculation and came out with the winner.

**Action Item(s)**

Mr. Cameron added that fax signatures were done to confirm the prices and wet signatures were done via Fedex. Mr. Cameron pointed out that is the process that has to be used. Mr. Cameron stated there is no way you can do competitive sealed bids for power supply. If you told a company to hold the price for two months you might as well double the price. It is a two-hour market at best on the power supply side.

Mr. Ensminger asked Counsel if the language in Article 7 which states that the Municipal Light Board shall approve warrants for payments of all bills, payroll of the Municipal Light Department; and approve all contracts made in accordance with M.G.L. c. 30B, except contracts for purchasing of power, gives the kind of protection the General Manager was talking about by exempting those power contracts in general. Mr. Ensminger further inquired whether Counsel's opinion means that 30B's narrowly drawn meaning of "contracts for purchasing power," could not be superseded by the language in the Town Meeting article exempting power contracts?

Ms. Lawrence replied correct. This would conflict with what is already at Chapter 30B and that the argument is you do not have the power to pick and choose what would be covered and what would not be covered by 30B. The whole point of the statute is to have something that is the same for everyone. Ms. Lawrence added this would directly conflict with the provisions that exists exempting certain kinds of contracts. They are just attempting to create a new exemption. Ms. Lawrence is pretty confident that it has to apply and has to apply in its entirety. That exempting certain kinds of contracts cannot be done by a Home Rule Charter Amendment. Maybe there is a way to do that, as she was not asked to look into this to see whether or not that could be accomplished through special legislation. Ms. Lawrence doubts that the A.G. wants cities and towns cherry picking the kinds of things they do not want covered. Ms. Lawrence suggested that to bring agreements like our computer contracts under 30B would be unworkable.

Mr. Ensminger had a question for the General Manager. Under the procurement table he showed the Department at the last meeting where sealed bids are reviewed, are any of those ever voted on by the Board of Commissioners as opposed to the Department?

Mr. Cameron replied every purchase over \$25,000 currently and over \$10,000 previous prior to February 22, 2001 is noted by to the Board.

Mr. Pacino added when there is an action item presented to this Board and it contains the detail of who bid, what the bid was and what the budget amount is for this item.

Mr. Ensminger questioned this is subject to ratification?

Mr. Pacino replied it is subject to majority vote of the Board.

Mr. Pacino asked for clarification from Ms. Lawrence. Basically, it would be this Commission that would need to vote to go under 30B not whatever happens in Town Meeting or whatever mechanism. It would be this Commission and we would have to put everything under 30B.

Ms. Lawrence replied yes.

Mr. Pacino reiterated there would be no carving out.

Ms. Lawrence answered no, it does not work that way.

Mr. Pacino stated all-inclusive. Mr. Pacino noted this casts a different light on the whole issue.

Mr. Soli took a look at the motion and wondered if it is what the Commission wants to do. It would be better phrased what the motion said the Board wants to forward the recommendations of the Citizen's Advisory Board to the Town Meeting. Mr. Soli thinks it would be better served if the Commission added it to the motion and forwarded them to the Town Meeting.

Mr. Pacino replied what he was thinking in terms of a motion, when it gets made is to make a positive motion.

**Action Item(s)**

Mr. Pacino recommends the recommendations of the Ad Hoc Committee with the possible exception of 30B so there is a positive motion on the table. This is the motion to make to go forward. Mr. Pacino added to address the first item the Charter changes he personally thinks it should be legislation he disagrees with the Town Special Counsel on this.

If the Town wants to make this through a Charter Amendment let them go. Mr. Pacino would like to see a positive motion to have Town Meeting adopt the changes as recommended by the Ad Hoc Committee with exception of 30B.

Mr. Hughes had a question of legal counsel. He would like Ms. Lawrence's recommendation on the motion that would be forthcoming.

Ms. Lawrence replied there are two ways of looking at it and two approaches. Ms. Lawrence replied you could do nothing or take some kind of neutral stance on it and it might have the same result as opposing it or supporting it. That is because regardless of what this Board says its position on this Article is there are only so many things that Home Rule Amendment can accomplish. There is a possibility that the Attorney General's office may not accept these amendments as written for all the reasons, which were stated in Rubin and Rudman's February 28 opinion and the most recent more narrow opinion on Chapter 30B. Chapter 30B would be a disaster for the RMLD. Ms. Lawrence's advice is to take an active role in making sure that isn't something attempted to be forced upon the Light Department. The bottom line is even if it was voted on in the past you couldn't make Chapter 30B apply to the Department. It is going to lead to more problems and more legal bills down the road. You cannot buy power with 30B. It is something that is going to come to a head. Ms. Lawrence understands what has been said about the other provisions and a lot of that is politics. As a lawyer she is going to be conservative and say anything that tends to infringe on your autonomy fiscally, politically and operationally, under Chapter 164 is to be avoided. Ms. Lawrence understands there are a lot of other considerations. She suggested taking the advice under the context the Commission is working in as you have a better sense of this.

Mr. Hughes inquired what is the opinion of the Department on this?

Mr. Cameron replied one of the recommendations from the CAB is that Special Legislation should pursue the Charter Amendments. Mr. Cameron added if you look at the opinion of counsel that this should be done by Special Legislation and that is a positive thing to say to Town Meeting. Mr. Cameron noted if the Amendment is voted by Town Meeting and this goes to the Attorney General's office there is a possibility this will not go through for reasons stated in previous meetings, given the fact that some of the points made in Article 7 now are diametrically opposed to MGL Ch. 164. It is positive to say you do support the CAB's recommendations because the CAB supports going to Special Legislation. Mr. Cameron recommended that the Board simply forward them to Town Meeting as Mr. Soli suggested; you can accept the recommendations as they are and there is no need go farther than that. Mr. Cameron suggested to let the process go forward if the Town wants to pursue the Charter Amendment Town Meeting.

Mr. Ensminger stated this Board should not get into the specifics of the implementation. They should only be discussing the subject matter leaving the implementation to those who are making the proposals. It is the best course of action. Mr. Ensminger noted he tried to pin the CAB members down at last week's meeting as to whether their motion was to be implied as meaning endorsement of the proposal by Special Legislation and he did not get that answer. What it says specifically is they recommend that it be pursued. They did not state that they were in support of such Special Legislation. It is incorrect to state that. The second point Mr. Ensminger made is that when the Ad Hoc Committee was reviewing 30B there was a strong belief that contracts for purchasing of power should be exempted and could be exempted. What we are hearing from counsel is that is not possible. If that information had been made available to the Ad Hoc Committee, he is unsure as to whether or not that would of changed their recommendation. It has given him something to think about as Commissioner.

Mr. Hughes suggested making a motion.

Mr. Ensminger made a motion seconded by Mr. Herlihy that the Board of Commissioners vote to recommend the subject matter of Article 7 before Annual Town Meeting, with the condition that the phrase "approval of contracts made in accordance with M.G.L. Chapter 30B except contracts for purchasing of power " be struck from the motion.

**Motion carried 3:2:0. Messrs. Hughes and Soli voted against this motion.**

Mr. Pacino polled the Board to see if they wanted to address the Special Legislation.

There was no response.

Mr. Herlihy asked about protocol as the Citizen's Advisory Board is going through the bother of making formal recommendations to the Board we have not taken any action on these.

**Action Item(s)**

Mr. Pacino added it would be appropriate at this point, as Mr. Soli has recommended forwarding these on to Town Meeting. It would be an appropriate thing to do and this can be accomplished via formal motion or instruction for the Chair to forward this.

Mr. Herlihy stated that he would make the motion on the basis that this would allow the CAB's voice to be heard by Town Meeting.

Mr. Herlihy made a motion seconded by Mr. Hughes to forward the CAB recommendations to Town Meeting.  
**Motion carried 5:0:0.**

Mr. Ensminger added that although they have the right to speak, they might not have the right to be heard at Town Meeting.

Mr. Pacino added the CAB information should be forwarded to Town Meeting.

**General Manager's Report**

Mr. Cameron wanted to mention the next meeting dates of May 7. The Financials the Audited Financial Statements and the DTE Report will be available if they are approved by the Subcommittee on May 5. Mr. Cameron added Chairman Pacino and Commissioner Soli are on this Sub-committee.

Ms. Lawrence exited the meeting and Mr. Cameron thanked her for her assistance.

Mr. Cameron stated the May 5 Subcommittee meeting is scheduled for 6:30 p.m.

Mr. Pacino added this might have to be changed if Town Meeting goes into this night. The Board cannot meet the same night and time as Town Meeting.

The meeting will be changed to 6:00 p.m. in order to accommodate the possibility of Town Meeting lasting until this date.

**Board Discussion**

Mr. Hughes stated he would like under Board Discussion that the Sub-committee readdress the General Manager's working agreement.

Mr. Pacino replied he and Mr. Soli would arrange meetings with the Manager.

Mr. Ensminger questioned is this fait accompli now, i.e., agreed to or still in work?

Mr. Pacino replied they have not come forward with a formal agreement with the Manager at this point. Other pressing issues came up.

Mr. Ensminger asked if this would come back to the Board for a formal vote?

Mr. Pacino replied it would come before the Board for a formal vote.

Mr. Hughes noted the second item that he is a strict advocate of complying with policies not so much a numbered policy but an agreed upon policy. Mr. Hughes added any items to be discussed would be brought before the Chairman of the Board and the General Manager prior to the Board meeting so they can discuss it and so they are not blindsided. Mr. Hughes requested an item on agenda concerning the conduct at the last Board meeting after the reorganization. Mr. Hughes received four phone calls from citizens. Mr. Hughes asserted that there was a state of disarray in the manner the Board meeting was allowed to run amuck and in front of the ratepayers. Mr. Hughes will address this at the next meeting.

Mr. Ensminger replied he did not follow what Mr. Hughes was saying.

Mr. Hughes answered he is simply updating the Board as he will bring this up at the next meeting conduct while at Board meeting.

**Board Discussion**

Mr. Ensminger inquired conduct on the behalf of Commissioners or participants?

Mr. Hughes replied it is just conduct overall and it encompasses a lot of people.

Mr. Ensminger added when going through the packet with the Pension Trust Agreement and looking at the duties of what the Trustees were he read in Policy 22 that the Treasurer and RMLD General Manager are generally responsible for the investments. However, when you passed Policy 19 you turned that responsibility over to the Commissioners. Those two policies are at odds with each other. Mr. Ensminger is concerned about personal liability on the part of all Commissioners who may have signed on as Trustees. Mr. Ensminger asked that the Policy Subcommittee re-examine and amend Policy 19 to correct the language in Policy 22 unless there was some overriding reason that directed that to change.

Mr. Pacino replied no there was no reason for this and they will have the Policy Sub-Committee address this.

Mr. Ensminger stated a thorough read could be done but he would like the language to go back to Policy 22.

Mr. Pacino pointed out the use of the projector will have a time limit of ten minutes. If possible, copies of the presentation should be given out in advance so there are no surprises or that people are blindsided. Mr. Pacino wants this to be the policy and he will restrict the presentation to ten-minute adherence and one presentation per night.

**Next Meeting Dates**

**Monday, April 28, Annual Town Meeting**

**Wednesday, May 7**

**Executive Session**

Mr. Herlihy made a motion seconded by Mr. Hughes that the Board go into Executive Session to discuss strategy with respect to litigation, and to return to Regular Session for the sole purpose of adjournment.

**Motion carried by a show of hands 5:0:0.**

**Mr. Pacino called for a poll of the vote:**

Mr. Soli Aye; Mr. Herlihy Aye; Mr. Pacino Aye and Mr. Hughes Aye; and Mr. Ensminger Aye.

**Motion to Adjourn**

At 9:25 p.m. Mr. Ensminger made a motion seconded by Mr. Soli to adjourn the Regular Session.

**Motion carried by show of hands. Motion carried 5:0:0.**

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



Daniel A. Ensminger, Secretary  
RMLD Board of Commissioners

POWER SUPPLY REPORT  
BOARD REFERENCE TAB B





To: Coleen O'Brien

From:  Maureen McHugh, Jane Parenteau 

Date: July 10, 2014

Subject: Purchase Power Summary – May, 2014

Energy Services Division (ESD) has completed the Purchase Power Summary for the month of May, 2014.

**ENERGY**

The RMLD's total metered load for the month was 54,419,470 kWh, which is an 4.72% decrease from the May, 2013 figures.

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

**Table 1**

Resource	Amount of Energy (kWh)	Cost of Energy (\$/Mwh)	% of Total Energy	Total \$ Costs	\$ as a %
Millstone #3	2,883,193	\$7.37	5.29%	\$21,239	1.23%
Seabrook	5,895,556	\$7.69	10.82%	\$45,360	2.62%
Stonybrook Intermediate	1,061,425	\$51.94	1.95%	\$55,134	3.19%
JP Morgan	7,506,600	\$61.62	13.78%	\$462,586	26.74%
NextEra	6,292,000	\$49.00	11.55%	\$308,317	17.82%
NYPA	2,149,054	\$4.92	3.95%	\$10,573	0.61%
ISO Interchange	3,480,401	\$50.44	6.39%	\$175,554	10.15%
NEMA Congestion	0	\$0.00	0.00%	-\$686,293	-39.67%
Coop Resales	10,617	\$142.47	0.02%	\$1,513	0.09%
BP Energy	8,442,600	\$48.27	15.50%	\$407,524	23.56%
Summit Hydro/Collins/Pioneer	3,253,617	\$66.53	5.97%	\$216,471	12.51%
Braintree Watson Unit	355,379	\$97.30	0.65%	\$34,580	2.00%
Swift River Projects	3,052,738	\$101.26	5.60%	\$309,110	17.87%
Exelon	10,085,400	\$36.40	18.51%	\$367,069	21.22%
Stonybrook Peaking	5,777	\$199.94	0.01%	\$1,155	0.07%
Monthly Total	54,474,357	\$31.76	100.00%	\$1,729,892	100.00%

Table 2 breaks down the ISO interchange between the DA LMP Settlement and the RT Net Energy for the month of May 2014.

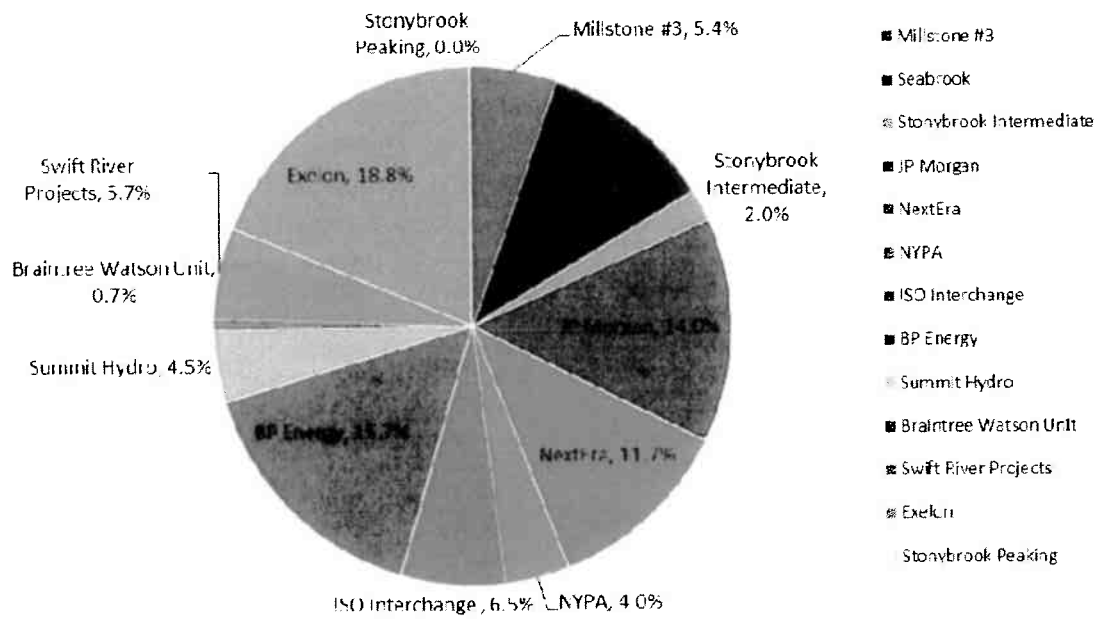
**Table 2**

Resource	Amount of Energy (kWh)	Cost of Energy (\$/Mwh)	% of Total Energy
ISO DA LMP *	9,618,202	40.58	17.93%
Settlement			
RT Net Energy **	-6,137,801	34.28	-11.44%
Settlement			
ISO Interchange (subtotal)	3,480,401	50.44	6.49%

\* Independent System Operator Day-Ahead Locational Marginal Price

\*\* Real Time Net Energy

**MAY 2014 ENERGY BY RESOURCE**



## CAPACITY

The RMLD hit a demand of 100,172 kW, which occurred on May 12, at 6 pm. The RMLD's monthly UCAP requirement for May, 2014 was 215,566 kW.

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

**Table 3**

Source	Amount (kWs)	Cost (\$/kW-month)	Total Cost \$	% of Total Cost
Millstone #3	4,950	42.94	\$212,535	15.46%
Seabrook	7,903	37.89	\$299,482	21.78%
Stonybrook Peaking	24,981	2.00	\$50,008	3.64%
Stonybrook CC	42,925	3.55	\$152,521	11.09%
NYPA	4,019	4.19	\$16,834	1.22%
Hydro Quebec	4,683	0.02	\$85	0.01%
Nextera	60,000	5.50	\$330,000	24.00%
Braintree Watson Unit	10,520	11.50	\$120,965	8.80%
ISO-NE Supply Auction	55,585	3.46	\$192,433	14.00%
<b>Total</b>	<b>215,566</b>	<b>\$6.38</b>	<b>\$1,374,862</b>	<b>100.00%</b>

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

**Table 4**

Resource	Energy	Capacity	Total cost	% of Total Cost	Amt of Energy (kWh)	Cost of Power (\$/kWh)
Millstone #3	\$21,239	\$212,535	\$233,774	7.53%	2,883,193	0.0811
Seabrook	\$45,360	\$299,482	\$344,842	11.11%	5,895,556	0.0585
Stonybrook Intermediate	\$55,134	\$152,521	\$207,655	6.69%	1,061,425	0.1956
Hydro Quebec	\$0	\$85	\$85	0.00%	-	0.0000
JP Morgan	\$462,586	\$0	\$462,586	14.90%	7,506,600	0.0616
NextEra	\$308,317	\$330,000	\$638,317	20.56%	6,292,000	0.1014
* NYPA	\$10,573	\$16,834	\$27,407	0.88%	2,149,054	0.0128
ISO Interchange	\$175,554	\$192,433	\$367,987	11.85%	3,480,401	0.1057
Nema Congestion	-\$686,293	\$0	-\$686,293	-22.10%	-	0.0000
BP Energy	\$407,524	\$0	\$407,524	13.13%	8,442,600	0.0483
* Summit Hydro/Collins/Pioneer	\$216,471	\$0	\$216,471	6.97%	2,427,209	0.0892
Braintree Watson Unit	\$34,580	\$120,965	\$155,545	5.01%	355,379	0.4377
* Swift River Projects	\$309,110	\$0	\$309,110	9.96%	3,052,738	0.1013
Coop Resales	\$1,513	\$0	\$1,513	0.05%	10,617	0.1425
Constellation Energy	\$367,069	\$0	\$367,069	11.82%	10,085,400	0.0364
Stonybrook Peaking	\$1,155	\$50,008	\$51,163	1.65%	5,777	8.8563
Monthly Total	\$1,729,892	\$1,374,862	\$3,104,755	100.00%	53,647,949	0.0579
<b>* Renewable Resources</b>					<b>14.22%</b>	

## RENEWABLE ENERGY CERTIFICATES (RECs)

Table 5 shows the amount of banked and projected RECs for the Swift River Hydro Projects through May, 2014, as well as their estimated market value.

**Table 5**  
**Swift River RECs Summary**  
**Period - January 2014 - May 2014**

	<b>Banked RECs</b>	<b>Projected RECs</b>	<b>Total RECs</b>	<b>Est. Dollars</b>
<b>Woronoco</b>	0	3,290	3,290	\$136,535
<b>Pepperell</b>	0	2,733	2,733	\$158,514
<b>Indian River</b>	0	1,410	1,410	\$81,780
<b>Turners Falls</b>	0	1,300	1,300	\$0
<b>RECs Sold</b>			0	\$0
<b>Grand Total</b>	0	8,733	8,733	\$376,829

## TRANSMISSION

The RMLD's total transmission costs for the month of May, 2014 were \$628,818. This is a decrease of 28.89% from the April transmission cost of \$884,256. In May, 2013 the transmission costs were \$646,177.

**Table 6**

	<b>Current Month</b>	<b>Last Month</b>	<b>Last Year</b>
Peak Demand (kW)	100,172	89,095	143,882
Energy (kWh)	53,647,949	52,441,173	56,418,457
Energy (\$)	\$1,729,892	\$2,460,081	\$2,289,286
Capacity (\$)	\$1,374,862	\$1,324,168	\$1,492,008
Transmission(\$)	\$628,818	\$884,256	\$646,177
Total	\$3,733,573	\$4,668,506	\$4,427,471

ENERGY EFFICIENCY

Table 7 shows the comprehensive results from the Energy Conservation program. The amount of savings is broken down by both demand and energy for the Commercial and Residential sectors.

Table 7		Total \$		Total		Total \$				
Commercial	Year	Capacity Saved (kW)	Energy Saved (kwh)	\$/kW	Energy	\$/kWh	Rebate	Rebate/kWh	Rebate/kW	Cost Benefit
Total to date	FY07-13	11,346	46,338,741	\$ 1,053,256	259,2993		\$ 1,455,819	\$ 0.03	\$ 128.31	\$ 2,190,431
Current	FY14	948	2,589,109	\$ 130,290	129,455	\$ 0.05	\$ 259,427	\$ 0.10	\$ 273.58	\$ 319
<b>Residential</b>										
Total to date	FY07-13	1,795	1,593,066	\$ 168,790	83,191		\$ 568,591	\$ 0.36	\$ 316.79	\$ (316,610)
Current	FY14	216	106,666	\$ 29,619	5,333	\$ 0.05	\$ 138,230	\$ 1.30	\$ 641.24	\$ (103,278)
<b>Total</b>										
Total to date	FY07-13	13,141	47,931,807	\$ 1,222,046	2,676,184		\$ 2,049,410	\$ 0.04	\$ 155.96	\$ 1,848,820.24
Current	FY14	1,164	2,695,775	\$ 159,908	134,789	\$ 0.05	\$ 397,657	\$ 0.15	\$ 341.68	\$ (102,959)

Table 8 shows the breakdown for residential appliance rebates by type and year.

Table 8		Washing Machine	Refrigerator	Dishwasher	Dehumidifier	Central A/C	Window A/C	Thermostat	Audits	Renewable	Air Source Heat Pump	HP Water Heater	Fan	
Year	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars
2007														
2008	86	\$ 4,300	47	\$ 2,350	55	\$ 2,750	7	\$ 175	17	\$ 1,700	10	\$ 250	23	\$ 230
2009	406	\$ 20,300	259	\$ 12,950	235	\$ 11,750	40	\$ 1,000	41	\$ 4,100	50	\$ 1,250	114	\$ 1,140
2010	519	\$ 25,950	371	\$ 18,550	382	\$ 19,100	37	\$ 925	64	\$ 6,400	49	\$ 1,225	127	\$ 1,270
2011	425	\$ 21,250	383	\$ 19,150	313	\$ 15,650	47	\$ 1,175	57	\$ 5,700	65	\$ 1,625	118	\$ 1,180
2012	339	\$ 16,950	354	\$ 17,700	289	\$ 14,450	38	\$ 950	44	\$ 4,400	56	\$ 1,400	105	\$ 1,050
2013	285	\$ 14,250	336	\$ 16,800	311	\$ 15,550	29	\$ 725	24	\$ 2,400	54	\$ 1,350	57	\$ 570
2014	287	\$ 14,350	279	\$ 13,950	249	\$ 12,450	24	\$ 600	30	\$ 3,000	71	\$ 1,775	69	\$ 1,035
Total	2347	\$ 117,350	2029	\$ 101,450	1834	\$ 91,700	222	\$ 5,550	277	\$ 27,700	355	\$ 8,875	613	\$ 6,475
									1401	\$ 243,331	20	\$ 84,950	36	\$ 3,600
											36	\$ 3,600	22	\$ 5,500
													15	\$ 150



ENGINEERING AND OPERATIONS  
REPORT  
BOARD REFERENCE TAB C





**READING MUNICIPAL LIGHT DEPARTMENT  
FY 14 CAPITAL BUDGET VARIANCE REPORT  
FOR PERIOD ENDING MAY 31, 2014**

PROJECT DESCRIPTION	TOWN	ACTUAL COST MAY	YTD COST THRU MAY 2014	ANNUAL BUDGET	REMAINING BALANCE
<b>E&amp;O Construction-System Projects</b>					
1 5W9 Reconductoring - Wildwood Street	W	22,830	97,648	169,494	71,846
2 4W4 Reconductoring	W			166,340	166,340
3 Upgrading Old Lynnfield Center URDs (Trog Hawley) (Partial Carryover)	LC		71,284	140,827	69,543
4 Upgrading Old Lynnfield Center URDs (Cook's Farm)	LC	12,594	13,549	410,983	397,434
5 4W5 - 4W6 Tie	R		9,960	96,596	86,636
6 URD Upgrades - All Towns	ALL	4,504	28,382	210,005	181,623
7 Stepdown Area Upgrades - All Towns	ALL	5,133	55,720	232,817	177,097
<b>Total System Projects</b>					
<b>Station Upgrades</b>					
8 Relay Replacement Project - Gaw Station (Carryover)	R			117,181	117,181
9 Gaw Station 35 kv Potential Transformer (PT) Replacement	R			40,288	40,288
10 Station 3 - Replacement of Service Cutouts	NR			30,126	30,126
11 Station 4 Getaway Replacement - 4W13	R	6,409	165,035	245,147	80,112
15 Station 5 - Getaway Replacements 5W9 and 5W10	W			95,343	95,343
<b>Total Station Projects</b>					
<b>SCADA Projects</b>					
30 RTU Replacement - Station 3	NR			84,109	84,109
<b>Total SCADA Projects</b>					
<b>New Customer Service Connections</b>					
12 Service Installations-Commercial/Industrial	ALL		49,773	55,549	5,776
13 Service Installations - Residential Customers	ALL	11,249	184,483	200,302	15,819
<b>Total Service Connections</b>					
14 <b>Routine Construction</b> Various	ALL	156,664	1,607,202	1,014,306	(592,896)
<b>Total Construction Projects</b>					
		<b>219,382</b>	<b>2,283,036</b>	<b>3,309,414</b>	<b>1,026,378</b>
<b>Other Projects</b>					
16 Transformers			341,226	284,000	(57,226)
17A Meter Purchases		9,000	42,710	138,000	95,290
17C AMR High-Powered ERT Comm. Meter Upgrade Project (Partial Carryover)			163,433	114,601	(48,832)
17D AMR High-Powered ERT 500 Club Meter Upgrade Project				92,713	92,713
18 Purchase New Pick-up Trucks			61,062	70,000	8,938
19 Purchase Two New Line Department Vehicles		350	186,604	400,000	213,396
20 Build Covered Storage (Multi-year Project)				150,000	150,000
21 HVAC System Upgrade (Multi-year Project)				275,000	275,000
22 Engineering Analysis Software and Data Conversion (Partial Carryover)			17,850	37,081	19,231
23 New Radio System (Multi-year Project)			95,235	100,000	4,765
24 Repairs - 226 Ash Street, Station 1 (Multi-year Project)				520,000	520,000
26 Communication Equipment			9,193	100,000	90,807
27 Hardware Upgrades			104,056	181,000	76,944
28 Software and Licensing		4,994	87,548	180,200	92,652
29 Master Site Plan and Photovoltaic Generation Installation				150,000	150,000
<b>Total Other Projects</b>					
		<b>\$ 14,344</b>	<b>1,108,917</b>	<b>2,792,594</b>	<b>1,683,677</b>
<b>TOTAL CAPITAL BUDGET</b>					
		<b>\$ 233,726</b>	<b>3,391,953</b>	<b>6,102,008</b>	<b>2,710,056</b>



**Reading Municipal Light Department  
Engineering and Operations  
Monthly Report**

**May 2014 Activity**

**CAPITAL IMPROVEMENTS**

		% Complete FY14-15 Status	PROJECT SPENDING	
			Current Month	Fiscal YTD
<b>Construction Projects:</b>				
101	<b>5W9 Reconductoring – Balladvale Area:</b> <i>Completed the reconductoring of Ballardvale Street and placed 5W9 back into service for the Summer. Project will restart in the Fall of 2014. (status updated 7/17/14)</i>	50%	\$22,830	\$97,648
104	<b>Upgrading of Old Lynnfield Center URDs (Cook's Farm):</b> <i>Bid is out for advertisement; pre-bid is scheduled for 7-23-14 (status updated 7-14-14). Materials purchased in May.</i>	5%	\$12,594	\$13,549
<b>URD Upgrades – All Towns:</b>				
106	<b>Transformer Replacements:</b> <i>Duane Drive, North Reading; Amherst Road, Wilmington; Blanchard Road, Wilmington</i>	On-going	\$4,504	\$28,382
<b>Stepdown Area Upgrades – All Towns:</b>				
107	<i>Worked on Bond and Vine Streets, Reading in May. Currently continuing working in the Vine Street area, as time allows. (status updated 7/17/14)</i>	On-going	\$5,133	\$55,720
<b>Station Upgrades;</b>				
111	<b>Station 4 (Gaw) Getaway Replacement – 4W13:</b> <i>Contractor charges appear in May.</i>	100%	\$6,409	\$165,035

**New Customer Service Connections:**

- **Service Installations – Commercial/Industrial Customers:** This item includes new service connections, upgrades, and service replacements for the commercial and industrial customers. This represents the time and materials associated with the replacement of an existing or installation of a new overhead service drop and the connection of an underground service, etc. This does not include the time and materials associated with pole replacements/installations, transformer replacements/installations, primary or secondary cable replacements/installations, etc. These aspects of a project are captured under Routine Construction (as outlined below).

*There were no new Commercial/Industrial Service connections in May.*

- **Service Installations – Residential Customers:** This item includes new or upgraded overhead and underground services.

**Routine Construction/Capital Improvements:**

	Current Month	Fiscal YTD
Pole Setting/Transfers	18,711	341,276
Overhead/Underground	25,456	377,724
Projects Assigned as Required, including <ul style="list-style-type: none"> <li>• Haverhill Street, Pole relocations, NR</li> <li>• Mark Ave area upgrade, R</li> <li>• Sullivan Road service pole, NR</li> <li>• West Street (new services, W)</li> <li>• Station 5 RTU replacement (Capital Project 810)</li> </ul>	32,636	363,945
Pole Damage/Knockdowns (some reimbursable) <ul style="list-style-type: none"> <li>• Work was done to repair or replace seven (7) damaged poles during May.</li> </ul>	5,065	68,930
Station Group	122	2,189
Hazmat/Oil Spills	0	51,786
Porcelain Cutout Replacement Program (see Maintenance Programs for details)	6,251	9,326
Lighting (Street Light Connections)	953	39,326
Storm Trouble	0	22,403
Underground Subdivisions (new construction) <ul style="list-style-type: none"> <li>• MacGrane Road, W</li> <li>• Amherst Road, W</li> <li>• Johnson Woods, R</li> </ul>	4,101	18,708
Animal Guard Installation	5,645	35,538
Miscellaneous Capital Costs	57,724	276,051
<b>TOTAL:</b>	<u>\$156,664</u>	<u>\$1,607,202</u>

**MAINTENANCE PROGRAMS****Aged/Overloaded Transformer Replacement**

*Single-Phase Transformer Replacements (May): Duane Drive, North Reading; Amherst Road, Wilmington; Blanchard Road, Wilmington.*

*Three-Phase Transformer Inspection: to date (June through July 15) 52 three-phase transformers have been inspected.*

**Pole Testing System-wide (600-1,000 poles/year)**

*Out to bid, pending selection of vendor to perform work.*

**13.8kV/35kV Feeders – Quarterly Inspections**

*3W8, 3W18, 5W8, 5W9*

**Manhole Inspections**

*Pending.*

**Porcelain Cutout Replacements (with Polymer)**

*A total of 44 cutouts were changed out in May. Thirty-three were changed as part of the Porcelain Cutout Replacement Program and an additional 11 were replaced because of damage.*

**Substations:**

**Infrared Scanning (Monthly)**

*Station 3* Scanning began in June.

*Station 4* Scanning began in June.

*Station 5* Scanning began in June.

**Substation Maintenance Program**

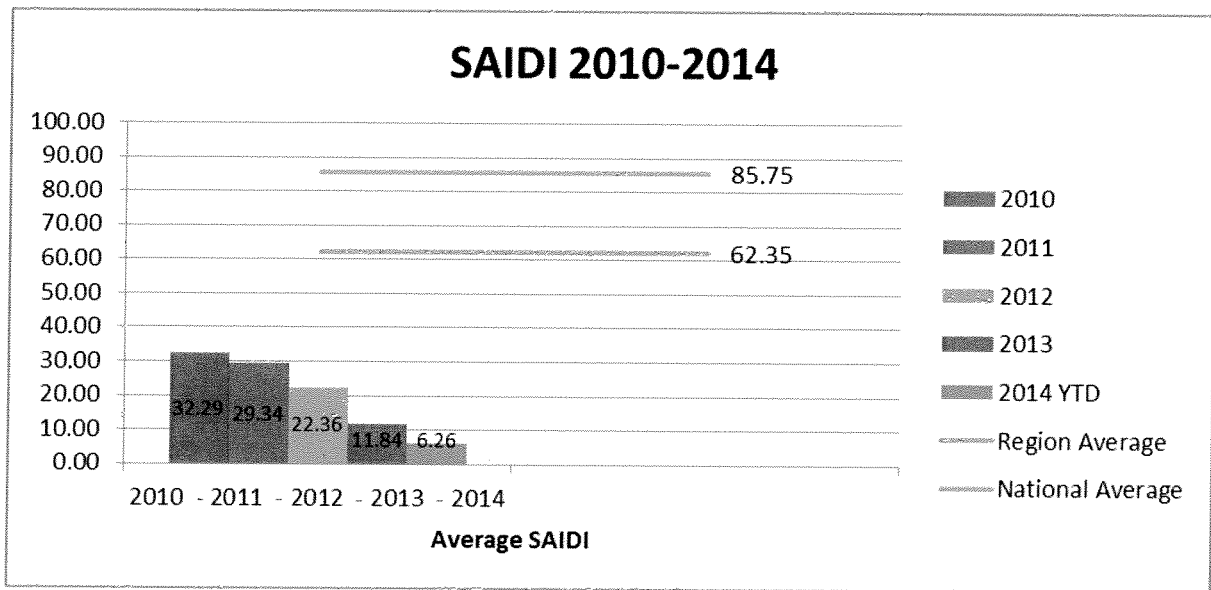
- *Inspection of all three stations by UPG in progress.*

**SYSTEM RELIABILITY**

Key industry standard metrics have been identified to enable the RMLD to measure and track system reliability.

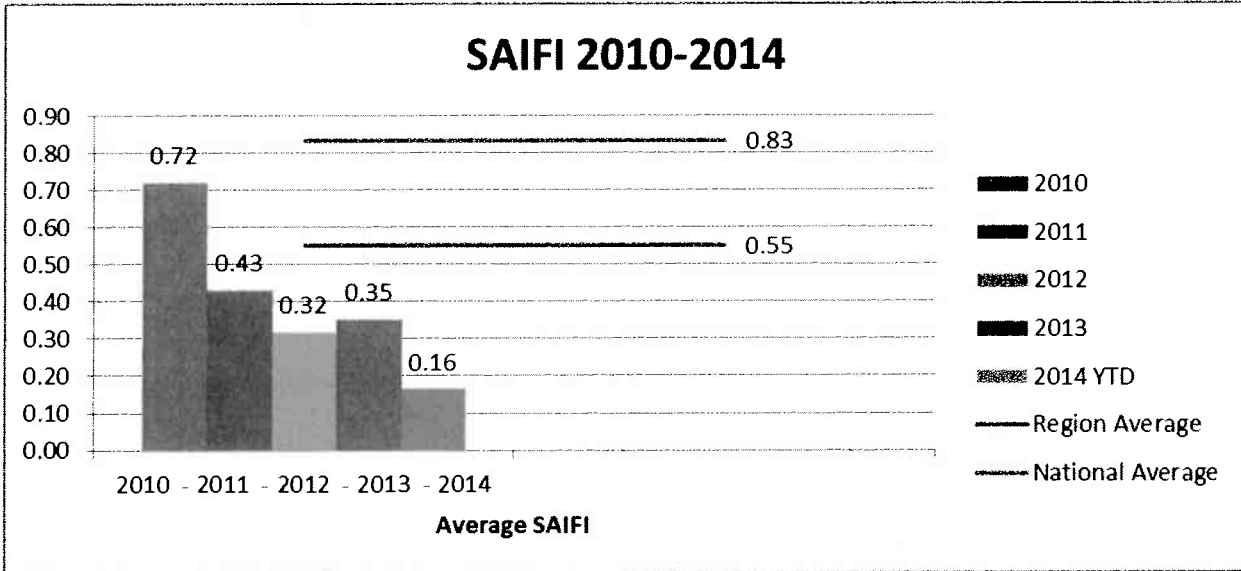
**SAIDI (System Average Interruption Duration Index)** is defined as the average interruption duration (in minutes) for customers served by the utility system during a specific time period.

SAIDI = the sum of all customer interruption durations within the specified time frame ÷ by the average number of customers served during that period.



**SAIFI (System Average Interruption Frequency)** is defined as the average number of instances a customer on the utility system will experience an interruption during a specific time period.

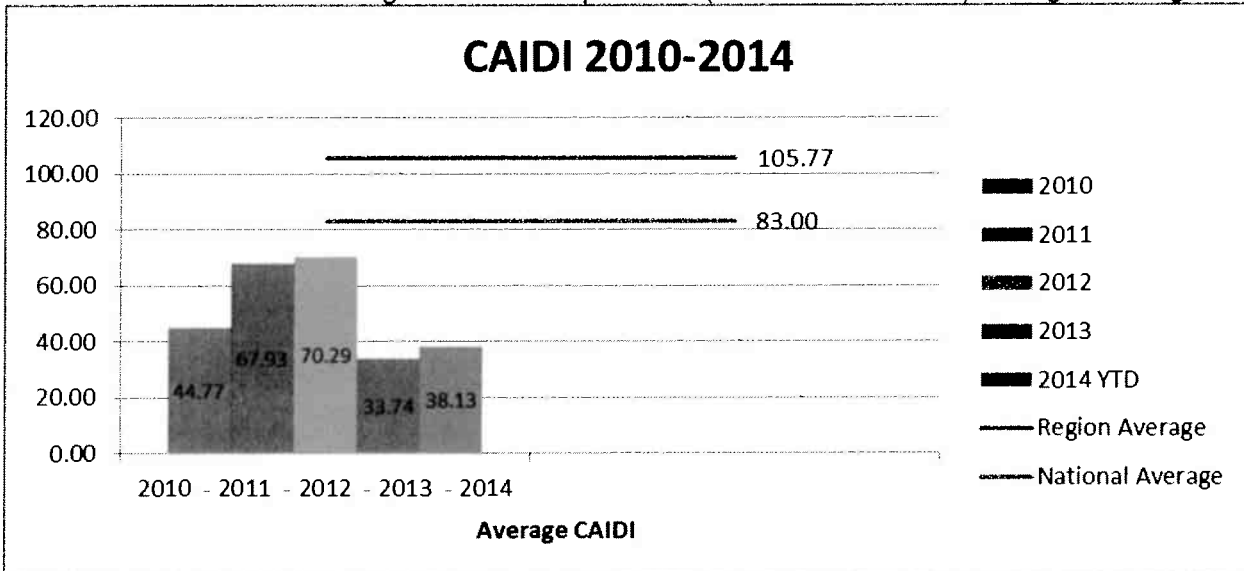
SAIFI = the total number of customer interruptions ÷ average number of customers served during that period.



**CAIDI (Customer Average Interruption Duration Index)** is defined as the average duration (in minutes) of an interruption experienced by customers during a specific time frame.

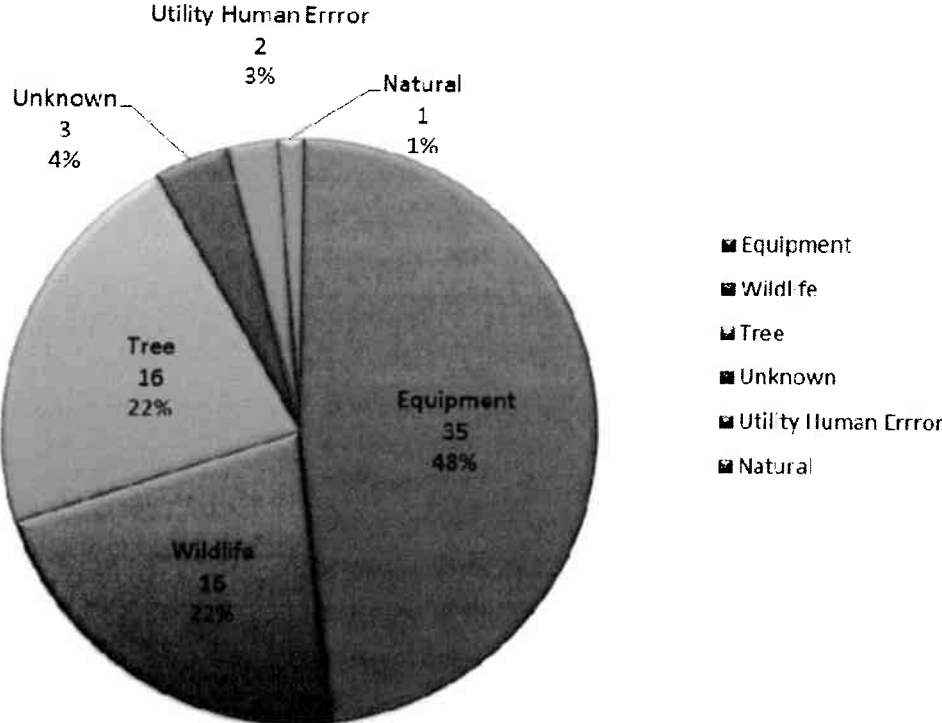
CAIDI = the sum of all customer interruption durations during that time period ÷ the number of customers that experienced one or more interruptions during that time period

This metric reflects the average customer experience (minutes of duration) during an outage.



**Note:** Since SAIDI, SAIFI and CAIDI are sustained interruption indices; only outages lasting longer than one minute are included in the calculations.

# 2014 Outage Causes Types YTD May 31, 2014







FINANCIAL REPORT  
BOARD REFERENCE TAB D



Dt: July 11, 2014

To: RMLB, Coleen O'Brien, Jeanne Foti

Fr: Bob Fournier

**Sj: May 31, 2014 Report**

The results for the first eleven months ending May 31, 2014, for the fiscal year 2014 will be summarized in the following paragraphs.

**1) Change in Net Assets: (Page 3A)**

For the month of May, the net income or the positive change in net assets was \$1,375,793, making the year to date net income to \$1,019,827. The year to date budgeted net income was \$3,021,782, resulting in net income being under budget by \$2,001,955 or 66.25%. Actual year to date fuel expenses exceeded fuel revenues by \$322,833.

**2) Revenues: (Page 11B)**

Year to date base revenues were under budget by \$1,369,435 or 3.13%. Actual base revenues were \$42.4 million compared to the budgeted amount of \$43.8 million.

**3) Expenses: (Page 12A)**

\*Year to date purchased power base expense was under budget by \$178,590 or .68%. Actual purchased power base costs were \$26.0 million compared to the budgeted amount of \$26.2 million.

\*Year to date operating and maintenance (O&M) expenses combined were under budget by \$67,290 or .58%. Actual O&M expenses were \$11.6 million compared to the budgeted amount of \$11.7 million.

\*Depreciation expense and voluntary payments to the Towns were on budget.

**4) Cash: (Page 9)**

- \*Operating Fund was at \$11,654,970.
- \* Capital Fund balance was at \$4,316,189.
- \* Rate Stabilization Fund was at \$6,719,955.
- \* Deferred Fuel Fund was at \$2,286,654.
- \* Energy Conservation Fund was at \$452,849.

**5) General Information:**

Year to date kwh sales (Page 5) were 632,884,631 which is 10.0 million kwh or 1.56%, behind last year's actual figure.

**6) Budget Variance:**

Cumulatively, the five divisions were under budget by \$42,879, or .23%.



**FINANCIAL REPORT**

**MAY 31, 2014**

**ISSUE DATE: JULY 11, 2014**



TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
BUSINESS-TYPE PROPRIETARY FUND  
STATEMENT OF NET ASSETS  
5/31/14

	PREVIOUS YEAR	CURRENT YEAR
<b>ASSETS</b>		
<b>CURRENT</b>		
UNRESTRICTED CASH (SCH A P.9)	8,725,213.32	11,657,970.39
RESTRICTED CASH (SCH A P.9)	19,623,340.21	18,077,779.48
INVESTMENTS (SCH A P.9)	0.00	1,250,000.00
RECEIVABLES, NET (SCH B P.10)	7,583,306.81	5,570,983.16
PREPAID EXPENSES (SCH B P.10)	1,019,620.24	1,101,078.61
INVENTORY	1,575,212.39	1,400,830.71
<b>TOTAL CURRENT ASSETS</b>	<u>38,526,692.97</u>	<u>39,058,642.35</u>
<b>NONCURRENT</b>		
INVESTMENT IN ASSOCIATED CO (SCH C P.2)	43,074.63	31,379.32
CAPITAL ASSETS, NET (SCH C P.2)	70,528,734.60	70,121,704.61
<b>TOTAL NONCURRENT ASSETS</b>	<u>70,571,809.23</u>	<u>70,153,083.93</u>
<b>TOTAL ASSETS</b>	<u>109,098,502.20</u>	<u>109,211,726.28</u>
 <b>LIABILITIES</b>		
<b>CURRENT</b>		
ACCOUNTS PAYABLE	4,537,683.71	5,784,186.76
CUSTOMER DEPOSITS	684,326.24	756,207.83
CUSTOMER ADVANCES FOR CONSTRUCTION	383,356.95	395,663.98
ACCRUED LIABILITIES	1,537,278.36	53,294.21
<b>TOTAL CURRENT LIABILITIES</b>	<u>7,142,645.26</u>	<u>6,989,352.78</u>
<b>NONCURRENT</b>		
ACCRUED EMPLOYEE COMPENSATED ABSENCES	2,986,360.21	2,885,367.88
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>2,986,360.21</u>	<u>2,885,367.88</u>
<b>TOTAL LIABILITIES</b>	<u>10,129,005.47</u>	<u>9,874,720.66</u>
 <b>NET ASSETS</b>		
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	70,528,734.60	70,121,704.61
RESTRICTED FOR DEPRECIATION FUND (P.9)	2,783,545.84	4,316,189.56
UNRESTRICTED	25,657,216.29	24,899,111.45
<b>TOTAL NET ASSETS (P.3)</b>	<u>98,969,496.73</u>	<u>99,337,005.62</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>109,098,502.20</u>	<u>109,211,726.28</u>

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
NONCURRENT ASSET SCHEDULE  
5/31/14

SCHEDULE C

	PREVIOUS YEAR	CURRENT YEAR
SCHEDULE OF INVESTMENTS IN ASSOCIATED COMPANIES		
NEW ENGLAND HYDRO ELECTRIC	2,975.74	3,261.87
NEW ENGLAND HYDRO TRANSMISSION	40,098.89	28,117.45
	<u>43,074.63</u>	<u>31,379.32</u>
SCHEDULE OF CAPITAL ASSETS		
LAND	1,265,842.23	1,265,842.23
STRUCTURES AND IMPROVEMENTS	6,802,833.03	6,430,639.92
EQUIPMENT AND FURNISHINGS	13,224,701.80	13,003,686.79
INFRASTRUCTURE	<u>49,235,357.54</u>	<u>49,421,535.67</u>
	<u>70,528,734.60</u>	<u>70,121,704.61</u>
TOTAL NONCURRENT ASSETS	<u>70,571,809.23</u>	<u>70,153,083.93</u>



TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
BUSINESS-TYPE PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
5/31/14

	MONTH LAST YEAR	MONTH CURRENT YEAR	LAST YEAR TO DATE	CURRENT YEAR TO DATE	YTD % CHANGE
OPERATING REVENUES: (SCH D P.11)					
BASE REVENUE	3,286,196.58	3,470,212.67	41,683,125.68	42,443,480.96	1.82%
FUEL REVENUE	2,260,618.34	3,152,035.67	32,053,062.75	30,615,412.86	-4.49%
PURCHASED POWER CAPACITY	(275,678.84)	258,997.39	1,177,275.76	974,872.10	-17.19%
FORFEITED DISCOUNTS	57,983.14	62,385.37	879,061.52	868,803.54	-1.17%
ENERGY CONSERVATION REVENUE	49,448.13	47,740.23	632,948.19	622,933.84	-1.58%
GAW REVENUE	50,244.73	0.00	642,726.33	489,669.08	-23.81%
NYPA CREDIT	(17,730.28)	(29,075.65)	(689,366.10)	(984,474.99)	42.81%
<b>TOTAL OPERATING REVENUES</b>	<b>5,411,081.80</b>	<b>6,962,295.68</b>	<b>76,378,834.13</b>	<b>75,030,697.39</b>	<b>-1.77%</b>
OPERATING EXPENSES: (SCH E P.12)					
PURCHASED POWER BASE	2,122,543.60	2,037,585.13	25,609,011.96	26,068,426.32	1.79%
PURCHASED POWER FUEL	2,289,286.11	1,729,892.46	30,839,806.50	29,953,770.82	-2.87%
OPERATING MAINTENANCE	805,848.14	904,215.43	8,850,509.16	8,987,593.13	1.55%
DEPRECIATION	248,251.54	290,889.18	2,492,814.51	2,614,512.54	4.88%
VOLUNTARY PAYMENTS TO TOWNS	305,469.18	314,969.55	3,360,160.98	3,464,665.05	3.11%
	114,000.00	116,666.67	1,247,383.00	1,281,850.35	2.76%
<b>TOTAL OPERATING EXPENSES</b>	<b>5,885,398.57</b>	<b>5,394,218.42</b>	<b>72,399,686.11</b>	<b>72,370,818.21</b>	<b>-0.04%</b>
<b>OPERATING INCOME</b>	<b>(474,316.77)</b>	<b>1,568,077.26</b>	<b>3,979,148.02</b>	<b>2,659,879.18</b>	<b>-33.15%</b>
OPERATING REVENUES (EXPENSES)					
CONTRIBUTIONS IN AID OF CONST	33,507.40	3,654.12	154,070.50	53,637.02	-65.19%
RETURN ON INVESTMENT TO READING	(188,785.58)	(212,743.27)	(2,076,641.40)	(2,130,427.45)	2.59%
INTEREST INCOME	2,457.09	12,162.91	32,144.58	69,556.14	116.39%
INTEREST EXPENSE	(255.29)	(252.25)	(3,870.79)	(3,944.98)	1.92%
OTHER (MDSE AND AMORT)	87,759.89	4,893.96	350,585.83	371,126.92	5.86%
<b>TOTAL NONOPERATING REV (EXP)</b>	<b>(65,316.49)</b>	<b>(192,284.53)</b>	<b>(1,543,711.28)</b>	<b>(1,640,052.35)</b>	<b>6.24%</b>
<b>CHANGE IN NET ASSETS</b>	<b>(539,633.26)</b>	<b>1,375,792.73</b>	<b>2,435,436.74</b>	<b>1,019,826.83</b>	<b>-58.13%</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>			<b>96,534,059.99</b>	<b>98,317,178.79</b>	<b>1.85%</b>
<b>NET ASSETS AT END OF MAY</b>			<b>98,969,496.73</b>	<b>99,337,005.62</b>	<b>0.37%</b>

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
BUSINESS-TYPE PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
5/31/14

	ACTUAL YEAR TO DATE	BUDGET YEAR TO DATE	VARIANCE*	% CHANGE
OPERATING REVENUES: (SCH F P.11B)				
BASE REVENUE	42,443,480.96	43,812,916.00	(1,369,435.04)	-3.13%
FUEL REVENUE	30,615,412.86	30,148,933.00	466,479.86	1.55%
PURCHASED POWER CAPACITY	974,872.10	971,808.00	3,064.10	0.32%
FORFEITED DISCOUNTS	868,803.54	963,884.00	(95,080.46)	-9.86%
ENERGY CONSERVATION REVENUE	622,933.84	654,067.00	(31,133.16)	-4.76%
GAW REVENUE	489,669.08	654,066.00	(164,396.92)	-25.13%
NYPA CREDIT	(984,474.99)	(641,663.00)	(342,811.99)	53.43%
<b>TOTAL OPERATING REVENUES</b>	<b>75,030,697.39</b>	<b>76,564,011.00</b>	<b>(1,533,313.61)</b>	<b>-2.00%</b>
OPERATING EXPENSES: (SCH G P.12A)				
PURCHASED POWER BASE	26,068,426.32	26,247,017.00	(178,590.68)	-0.68%
PURCHASED POWER FUEL	29,953,770.82	29,235,177.00	718,593.82	2.46%
OPERATING MAINTENANCE	8,987,593.13	8,723,236.00	264,357.13	3.03%
DEPRECIATION	2,614,512.54	2,946,160.00	(331,647.46)	-11.26%
VOLUNTARY PAYMENTS TO TOWNS	3,464,665.05	3,460,600.00	4,065.05	0.12%
	1,281,850.35	1,283,326.00	(1,475.65)	-0.11%
<b>TOTAL OPERATING EXPENSES</b>	<b>72,370,818.21</b>	<b>71,895,516.00</b>	<b>475,302.21</b>	<b>0.66%</b>
<b>OPERATING INCOME</b>	<b>2,659,879.18</b>	<b>4,668,495.00</b>	<b>(2,008,615.82)</b>	<b>-43.02%</b>
NONOPERATING REVENUES (EXPENSES)				
CONTRIBUTIONS IN AID OF CONST	53,637.02	200,000.00	(146,362.98)	-73.18%
RETURN ON INVESTMENT TO READING	(2,130,427.45)	(2,109,800.00)	(20,627.45)	0.98%
INTEREST INCOME	69,556.14	45,837.00	23,719.14	51.75%
INTEREST EXPENSE	(3,944.98)	(2,750.00)	(1,194.98)	43.45%
OTHER (MDSE AND AMORT)	371,126.92	220,000.00	151,126.92	68.69%
<b>TOTAL NONOPERATING REV (EXP)</b>	<b>(1,640,052.35)</b>	<b>(1,646,713.00)</b>	<b>6,660.65</b>	<b>-0.40%</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,019,826.83</b>	<b>3,021,782.00</b>	<b>(2,001,955.17)</b>	<b>-66.25%</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>98,317,178.79</b>	<b>98,317,178.79</b>	<b>0.00</b>	<b>0.00%</b>
<b>NET ASSETS AT END OF MAY</b>	<b>99,337,005.62</b>	<b>101,338,960.79</b>	<b>(2,001,955.17)</b>	<b>-1.98%</b>

\* ( ) = ACTUAL UNDER BUDGET

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
RECONCILIATION OF CAPITAL FUNDS  
5/31/14

SOURCE OF CAPITAL FUNDS:

DEPRECIATION FUND BALANCE 7/1/13	2,733,146.78
CONSTRUCTION FUND BALANCE 7/1/13	1,500,000.00
INTEREST ON DEPRECIATION FUND FY 14	10,329.78
DEPRECIATION TRANSFER FY 14	<u>3,464,665.05</u>
TOTAL SOURCE OF CAPITAL FUNDS	7,708,141.61

USE OF CAPITAL FUNDS:

LESS PAID ADDITIONS TO PLANT THRU MAY	3,391,952.05
GENERAL LEDGER CAPITAL FUNDS BALANCE 5/31/14	<u><u>4,316,189.56</u></u>

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
SALES OF KILOWATT HOURS  
5/31/14

SALES OF ELECTRICITY:	MONTH LAST YEAR	MONTH CURRENT YEAR	LAST YEAR TO DATE	CURRENT YEAR TO DATE	YTD % CHANGE
RESIDENTIAL SALES	15,929,164	16,817,508	236,710,546	237,916,978	0.51%
COMM. AND INDUSTRIAL SALES	31,870,592	29,404,994	377,581,825	366,294,306	-2.99%
PRIVATE STREET LIGHTING	73,699	76,499	806,435	828,601	2.75%
<b>TOTAL PRIVATE CONSUMERS</b>	<u>47,873,455</u>	<u>46,299,001</u>	<u>615,098,806</u>	<u>605,039,885</u>	-1.64%
<b>MUNICIPAL SALES:</b>					
STREET LIGHTING	239,495	240,064	2,622,837	2,638,606	0.60%
MUNICIPAL BUILDINGS	742,789	690,488	9,100,414	8,869,662	-2.54%
<b>TOTAL MUNICIPAL CONSUMERS</b>	<u>982,284</u>	<u>930,552</u>	<u>11,723,251</u>	<u>11,508,268</u>	-1.83%
SALES FOR RESALE	202,536	194,075	2,971,590	3,023,744	1.76%
SCHOOL	1,146,467	1,083,745	13,152,875	13,312,734	1.22%
<b>TOTAL KILOWATT HOURS SOLD</b>	<u>50,204,742</u>	<u>48,507,373</u>	<u>642,946,522</u>	<u>632,884,631</u>	-1.56%

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
KILOWATT HOURS SOLD BY TOWN  
5/31/14

MONTH	TOTAL	READING	LYNNFIELD	NO. READING	WILMINGTON
RESIDENTIAL	16,817,508	5,429,077	2,502,282	3,810,943	5,075,206
COMM & IND	29,404,994	3,470,149	228,943	4,376,490	21,329,412
PVT ST LIGHTS	76,499	12,977	1,470	23,814	38,238
PUB ST LIGHTS	240,064	80,702	32,500	42,175	84,687
MUNI BLDGS	690,488	192,313	137,944	107,920	252,311
SALES/RESALE	194,075	194,075	0	0	0
SCHOOL	1,083,745	368,049	245,307	141,040	329,349
<b>TOTAL</b>	<b>48,507,373</b>	<b>9,747,342</b>	<b>3,148,446</b>	<b>8,502,382</b>	<b>27,109,203</b>

YEAR TO DATE

RESIDENTIAL	237,916,978	75,407,937	33,239,047	55,082,720	74,187,274
COMM & IND	366,294,306	46,042,221	2,965,047	57,029,103	260,257,935
PVT ST LIGHTS	828,601	143,963	15,620	252,288	416,730
PUB ST LIGHTS	2,638,606	887,542	357,500	462,107	931,457
MUNI BLDGS	8,869,662	2,504,558	1,751,692	1,521,254	3,092,158
SALES/RESALE	3,023,744	3,023,744	0	0	0
SCHOOL	13,312,734	4,708,594	2,997,395	1,674,400	3,932,345
<b>TOTAL</b>	<b>632,884,631</b>	<b>132,718,559</b>	<b>41,326,301</b>	<b>116,021,872</b>	<b>342,817,899</b>

LAST YEAR  
TO DATE

RESIDENTIAL	236,710,546	74,502,948	33,466,441	54,560,238	74,180,919
COMM & IND	377,581,825	47,241,160	2,960,518	58,462,390	268,917,757
PVT ST LIGHTS	806,435	148,979	14,960	235,692	406,804
PUB ST LIGHTS	2,622,837	886,022	357,460	449,058	930,297
MUNI BLDGS	9,100,414	2,393,296	1,684,210	1,697,764	3,325,144
SALES/RESALE	2,971,590	2,971,590	0	0	0
SCHOOL	13,152,875	4,625,284	2,892,723	1,694,880	3,939,988
<b>TOTAL</b>	<b>642,946,522</b>	<b>132,769,279</b>	<b>41,376,312</b>	<b>117,100,022</b>	<b>351,700,909</b>

KILOWATT HOURS SOLD TO TOTAL

MONTH	TOTAL	READING	LYNNFIELD	NO. READING	WILMINGTON
RESIDENTIAL	34.67%	11.19%	5.16%	7.86%	10.46%
COMM & IND	60.62%	7.15%	0.47%	9.02%	43.98%
PVT ST LIGHTS	0.16%	0.03%	0.00%	0.05%	0.08%
PUB ST LIGHTS	0.50%	0.17%	0.07%	0.09%	0.17%
MUNI BLDGS	1.42%	0.40%	0.28%	0.22%	0.52%
SALES/RESALE	0.40%	0.40%	0.00%	0.00%	0.00%
SCHOOL	2.23%	0.76%	0.51%	0.29%	0.67%
<b>TOTAL</b>	<b>100.00%</b>	<b>20.10%</b>	<b>6.49%</b>	<b>17.53%</b>	<b>55.88%</b>

YEAR TO DATE

RESIDENTIAL	37.59%	11.91%	5.25%	8.70%	11.73%
COMM & IND	57.88%	7.27%	0.47%	9.01%	41.13%
PVT ST LIGHTS	0.13%	0.02%	0.00%	0.04%	0.07%
PUB ST LIGHTS	0.42%	0.14%	0.06%	0.07%	0.15%
MUNI BLDGS	1.40%	0.40%	0.28%	0.24%	0.48%
SALES/RESALE	0.48%	0.48%	0.00%	0.00%	0.00%
SCHOOL	2.10%	0.74%	0.47%	0.26%	0.63%
<b>TOTAL</b>	<b>100.00%</b>	<b>20.96%</b>	<b>6.53%</b>	<b>18.32%</b>	<b>54.19%</b>

LAST YEAR  
TO DATE

RESIDENTIAL	36.83%	11.59%	5.21%	8.49%	11.54%
COMM & IND	58.73%	7.35%	0.46%	9.09%	41.83%
PVT ST LIGHTS	0.12%	0.02%	0.00%	0.04%	0.06%
PUB ST LIGHTS	0.41%	0.14%	0.06%	0.07%	0.14%
MUNI BLDGS	1.41%	0.37%	0.26%	0.26%	0.52%
SALES/RESALE	0.46%	0.46%	0.00%	0.00%	0.00%
SCHOOL	2.04%	0.72%	0.45%	0.26%	0.61%
<b>TOTAL</b>	<b>100.00%</b>	<b>20.65%</b>	<b>6.44%</b>	<b>18.21%</b>	<b>54.70%</b>

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
FORMULA INCOME  
5/31/14

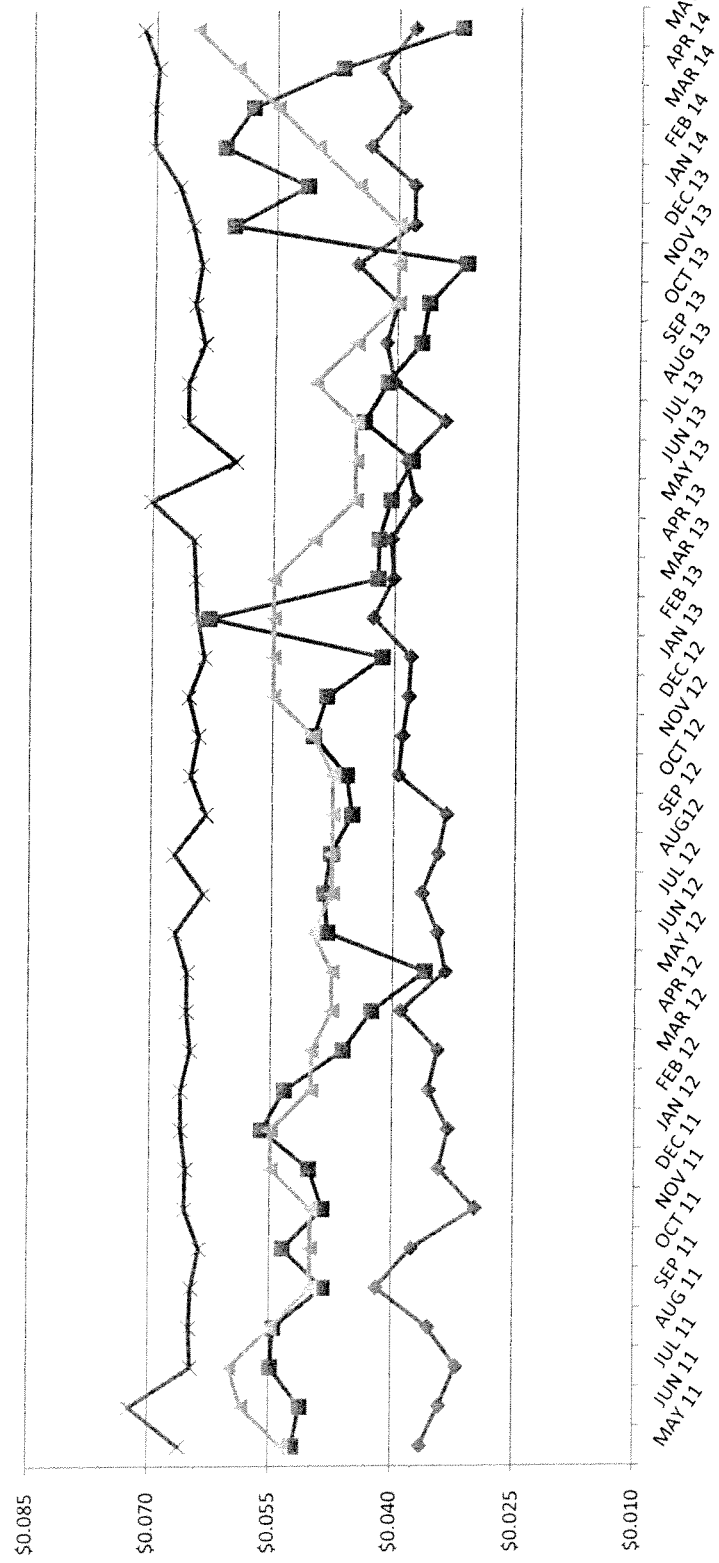
TOTAL OPERATING REVENUES	(P.3)	75,030,697.39
ADD:		
POLE RENTAL		77,296.08
INTEREST INCOME ON CUSTOMER DEPOSITS		2,716.12
LESS:		
OPERATING EXPENSES	(P.3)	(72,370,818.21)
CUSTOMER DEPOSIT INTEREST EXPENSE		(3,944.98)
FORMULA INCOME (LOSS)		<u><u>2,735,946.40</u></u>

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
GENERAL STATISTICS  
5/31/14

		MONTH OF MAY 2013	MONTH OF MAY 2014	% CHANGE		YEAR MAY 2013	THRU MAY 2014
				2013	2014		
SALE OF KWH	(P.5)	50,204,742	48,507,373	2.58%	-1.56%	642,946,522	632,884,631
KWH PURCHASED		56,418,457	53,647,949	1.75%	-0.89%	663,974,548	658,050,774
AVE BASE COST PER KWH		0.037621	0.037981	10.83%	2.71%	0.038569	0.039615
AVE BASE SALE PER KWH		0.065456	0.071540	-0.59%	3.44%	0.064831	0.067064
AVE COST PER KWH		0.078198	0.070226	-0.55%	0.14%	0.085017	0.085134
AVE SALE PER KWH		0.110484	0.136520	-2.24%	0.66%	0.114685	0.115438
FUEL CHARGE REVENUE (P.3)		2,242,888.06	3,122,960.02	-1.84%	-5.52%	31,363,696.65	29,630,937.87
LOAD FACTOR		53.71%	73.36%				
PEAK LOAD		143,882	100,172				

# kwh analysis

- base cost
- fuel cost
- fuel revenue
- base revenue





TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
SCHEDULE OF CASH AND INVESTMENTS  
5/31/14

SCHEDULE A

	PREVIOUS YEAR	CURRENT YEAR
<b>UNRESTRICTED CASH</b>		
CASH - OPERATING FUND	8,722,213.32	11,654,970.39
CASH - PETTY CASH	3,000.00	3,000.00
<b>TOTAL UNRESTRICTED CASH</b>	<u><u>8,725,213.32</u></u>	<u><u>11,657,970.39</u></u>
 <b>RESTRICTED CASH</b>		
CASH - DEPRECIATION FUND	2,783,545.84	4,316,189.56
CASH - TOWN PAYMENT	1,513,927.50	1,542,175.45
CASH - DEFERRED FUEL RESERVE	2,793,934.63	2,286,654.43
CASH - RATE STABILIZATION FUND	6,691,258.15	6,719,955.90
CASH - UNCOLLECTIBLE ACCTS RESERVE	200,000.00	200,000.00
CASH - SICK LEAVE BENEFITS	2,988,453.45	1,653,746.92
CASH - HAZARD WASTE RESERVE	150,000.00	150,000.00
CASH - CUSTOMER DEPOSITS	684,326.24	756,207.83
CASH - ENERGY CONSERVATION	322,604.15	452,849.39
CASH - OPEB	1,495,290.25	0.00
<b>TOTAL RESTRICTED CASH</b>	<u><u>19,623,340.21</u></u>	<u><u>18,077,779.48</u></u>
 <b>INVESTMENTS</b>		
SICK LEAVE BUYBACK	<u><u>0.00</u></u>	<u><u>1,250,000.00</u></u>
 <b>TOTAL CASH BALANCE</b>	 <u><u>28,348,553.53</u></u>	 <u><u>30,985,749.87</u></u>

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
SCHEDULE OF ACCOUNTS RECEIVABLE  
5/31/14

SCHEDULE B

	PREVIOUS YEAR	CURRENT YEAR
SCHEDULE OF ACCOUNTS RECEIVABLE		
RESIDENTIAL AND COMMERCIAL	2,989,990.35	1,745,200.01
ACCOUNTS RECEIVABLE - OTHER	188,360.06	37,477.31
ACCOUNTS RECEIVABLE - LIENS	28,132.35	37,169.47
ACCOUNTS RECEIVABLE - EMPLOYEE ADVANCES	892.14	892.14
SALES DISCOUNT LIABILITY	(262,144.63)	(174,199.37)
RESERVE FOR UNCOLLECTIBLE ACCOUNTS	(277,860.29)	(233,578.90)
TOTAL ACCOUNTS RECEIVABLE BILLED	2,667,369.98	1,412,960.66
UNBILLED ACCOUNTS RECEIVABLE	4,915,936.83	4,158,022.50
TOTAL ACCOUNTS RECEIVABLE, NET	7,583,306.81	5,570,983.16

SCHEDULE OF PREPAYMENTS

PREPAID INSURANCE	519,624.10	516,659.28
PREPAYMENT PURCHASED POWER	65,467.79	59,415.46
PREPAYMENT NYPA	241,849.32	242,260.90
PREPAYMENT WATSON	178,155.33	268,219.27
PURCHASED POWER WORKING CAPITAL	14,523.70	14,523.70
TOTAL PREPAYMENT	1,019,620.24	1,101,078.61

ACCOUNTS RECEIVABLE AGING MAY 2014:

RESIDENTIAL AND COMMERCIAL	1,745,200.01
LESS: SALES DISCOUNT LIABILITY	(174,199.37)
GENERAL LEDGER BALANCE	1,571,000.64

CURRENT	1,222,282.82	77.81%
30 DAYS	247,837.40	15.78%
60 DAYS	48,300.41	3.07%
90 DAYS	11,844.24	0.75%
OVER 90 DAYS	40,735.77	2.59%
TOTAL	1,571,000.64	100.00%

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
SCHEDULE OF OPERATING REVENUE  
5/31/14

SCHEDULE D

SALES OF ELECTRICITY:	MONTH LAST YEAR	MONTH CURRENT YEAR	LAST YEAR TO DATE	CURRENT YEAR TO DATE	YTD % CHANGE
RESIDENTIAL SALES	1,991,361.32	2,513,884.46	30,280,691.12	30,526,633.42	0.81%
COMM AND INDUSTRIAL SALES	3,291,230.73	3,800,094.69	40,211,909.56	39,266,902.29	-2.35%
PRIVATE STREET LIGHTING	5,615.74	7,410.55	64,927.97	66,135.29	1.86%
<b>TOTAL PRIVATE CONSUMERS</b>	<u>5,288,207.79</u>	<u>6,321,389.70</u>	<u>70,557,528.65</u>	<u>69,859,671.00</u>	-0.99%
MUNICIPAL SALES:					
STREET LIGHTING	27,209.24	33,029.17	311,418.87	312,279.25	0.28%
MUNICIPAL BUILDINGS	84,324.29	96,536.08	1,044,819.41	1,037,116.60	-0.74%
<b>TOTAL MUNICIPAL CONSUMERS</b>	<u>111,533.53</u>	<u>129,565.25</u>	<u>1,356,238.28</u>	<u>1,349,395.85</u>	-0.50%
SALES FOR RESALE	23,202.21	26,894.24	352,454.85	359,064.83	1.88%
SCHOOL	123,871.39	144,399.15	1,469,966.65	1,490,762.14	1.41%
<b>SUB-TOTAL</b>	5,546,814.92	6,622,248.34	73,736,188.43	73,058,893.82	-0.92%
FORFEITED DISCOUNTS	57,983.14	62,385.37	879,061.52	868,803.54	-1.17%
PURCHASED POWER CAPACITY	(275,678.84)	258,997.39	1,177,275.76	974,872.10	-17.19%
ENERGY CONSERVATION - RESIDENTIAL	15,946.05	16,824.22	236,867.89	238,042.52	0.50%
ENERGY CONSERVATION - COMMERCIAL	33,502.08	30,916.01	396,080.30	384,891.32	-2.82%
GAW REVENUE	50,244.73	0.00	642,726.33	489,669.08	-23.81%
NYPA CREDIT	(17,730.28)	(29,075.65)	(689,366.10)	(984,474.99)	42.81%
<b>TOTAL REVENUE</b>	<u>5,411,081.80</u>	<u>6,962,295.68</u>	<u>76,378,834.13</u>	<u>75,030,697.39</u>	-1.77%

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
SCHEDULE OF OPERATING REVENUE BY TOWN  
5/31/14

MONTH	TOTAL	READING	LYNNFIELD	NO. READING	WILMINGTON
RESIDENTIAL	2,513,884.46	814,740.82	371,492.45	569,263.87	758,387.32
INDUS/MUNI BLDG	3,896,630.77	500,359.66	51,028.58	629,740.88	2,715,501.65
PUB. ST. LIGHTS	33,029.17	10,772.75	4,265.93	5,877.79	12,112.70
PRV. ST. LIGHTS	7,410.55	1,248.92	139.65	2,368.47	3,653.51
CO-OP RESALE	26,894.24	26,894.24	0.00	0.00	0.00
SCHOOL	144,399.15	49,733.99	32,022.28	19,262.79	43,380.09
<b>TOTAL</b>	<b>6,622,248.34</b>	<b>1,403,750.38</b>	<b>458,948.89</b>	<b>1,226,513.80</b>	<b>3,533,035.27</b>

THIS YEAR TO DATE

RESIDENTIAL	30,526,633.42	9,719,604.98	4,238,879.07	7,062,850.25	9,505,299.12
INDUS/MUNI BLDG	40,304,018.89	5,565,921.08	548,121.02	6,508,549.42	27,681,427.37
PUB. ST. LIGHTS	312,279.25	101,572.00	40,132.66	55,527.58	115,047.01
PRV. ST. LIGHTS	66,135.29	11,369.62	1,222.76	20,821.76	32,721.15
CO-OP RESALE	359,064.83	359,064.83	0.00	0.00	0.00
SCHOOL	1,490,762.14	530,098.68	329,313.64	193,897.57	437,452.25
<b>TOTAL</b>	<b>73,058,893.82</b>	<b>16,287,631.19</b>	<b>5,157,669.13</b>	<b>13,841,646.59</b>	<b>37,771,946.91</b>

LAST YEAR TO DATE

RESIDENTIAL	30,280,691.12	9,566,152.02	4,256,486.80	6,971,778.49	9,486,273.81
INDUS/MUNI BLDG	41,256,728.97	5,648,638.13	526,514.20	6,596,841.45	28,484,735.19
PUB. ST. LIGHTS	311,418.87	101,085.46	40,005.63	56,047.37	114,280.41
PRV. ST. LIGHTS	64,927.97	11,823.39	1,186.15	19,647.44	32,270.99
CO-OP RESALE	352,454.85	352,454.85	0.00	0.00	0.00
SCHOOL	1,469,966.65	521,229.40	318,518.95	194,628.57	435,589.73
<b>TOTAL</b>	<b>73,736,188.43</b>	<b>16,201,383.25</b>	<b>5,142,711.73</b>	<b>13,838,943.32</b>	<b>38,553,150.13</b>

PERCENTAGE OF OPERATING INCOME TO TOTAL

MONTH	TOTAL	READING	LYNNFIELD	NO. READING	WILMINGTON
RESIDENTIAL	37.96%	12.30%	5.61%	8.60%	11.45%
INDUS/MUNI BLDG	59.06%	7.56%	0.77%	9.51%	41.22%
PUB. ST. LIGHTS	0.51%	0.16%	0.06%	0.09%	0.19%
PRV. ST. LIGHTS	0.11%	0.02%	0.00%	0.04%	0.05%
CO-OP RESALE	0.41%	0.41%	0.00%	0.00%	0.00%
SCHOOL	2.18%	0.75%	0.48%	0.29%	0.66%
<b>TOTAL</b>	<b>100.22%</b>	<b>21.30%</b>	<b>6.96%</b>	<b>18.52%</b>	<b>53.57%</b>

THIS YEAR TO DATE

RESIDENTIAL	41.78%	13.30%	5.80%	9.67%	13.01%
INDUS/MUNI BLDG	55.17%	7.62%	0.75%	8.91%	37.89%
PUB. ST. LIGHTS	0.43%	0.14%	0.05%	0.08%	0.16%
PRV. ST. LIGHTS	0.09%	0.02%	0.00%	0.03%	0.04%
CO-OP RESALE	0.49%	0.49%	0.00%	0.00%	0.00%
SCHOOL	2.04%	0.73%	0.45%	0.27%	0.59%
<b>TOTAL</b>	<b>100.00%</b>	<b>22.31%</b>	<b>7.05%</b>	<b>18.92%</b>	<b>51.69%</b>

LAST YEAR TO DATE

RESIDENTIAL	41.07%	12.97%	5.77%	9.46%	12.87%
INDUS/MUNI BLDG	55.95%	7.66%	0.71%	8.95%	38.63%
PUB. ST. LIGHTS	0.42%	0.14%	0.05%	0.08%	0.15%
PRV. ST. LIGHTS	0.09%	0.02%	0.00%	0.03%	0.04%
CO-OP RESALE	0.48%	0.48%	0.00%	0.00%	0.00%
SCHOOL	1.99%	0.71%	0.43%	0.26%	0.59%
<b>TOTAL</b>	<b>100.00%</b>	<b>21.98%</b>	<b>6.96%</b>	<b>18.78%</b>	<b>52.28%</b>

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
BUDGETED REVENUE VARIANCE REPORT  
5/31/14

SCHEDULE F

	ACTUAL YEAR TO DATE	BUDGET YEAR TO DATE	VARIANCE *	% CHANGE
SALES OF ELECTRICITY:				
RESIDENTIAL	19,030,408.43	19,387,706.00	(357,297.57)	-1.84%
COMM AND INDUSTRIAL SALES PRIVATE STREET LIGHTING MUNICIPAL BUILDINGS	22,172,018.93	23,173,707.00	(1,001,688.07)	-4.32%
PUBLIC STREET LIGHTING	183,940.05	183,139.00	801.05	0.44%
SALES FOR RESALE	213,481.34	250,459.00	(36,977.66)	-14.76%
SCHOOL	<u>843,632.21</u>	<u>817,905.00</u>	<u>25,727.21</u>	3.15%
 TOTAL BASE SALES	 42,443,480.96	 43,812,916.00	 (1,369,435.04)	 -3.13%
TOTAL FUEL SALES	<u>30,615,412.86</u>	<u>30,148,933.00</u>	<u>466,479.86</u>	1.55%
TOTAL OPERATING REVENUE	73,058,893.82	73,961,849.00	(902,955.18)	-1.22%
FORFEITED DISCOUNTS	868,803.54	963,884.00	(95,080.46)	-9.86%
PURCHASED POWER CAPACITY	974,872.10	971,808.00	3,064.10	0.32%
ENERGY CONSERVATION - RESIDENTIAL	238,042.52	239,556.00	(1,513.48)	-0.63%
ENERGY CONSERVATION - COMMERCIAL	384,891.32	414,511.00	(29,619.68)	-7.15%
GAW REVENUE	489,669.08	654,066.00	(164,396.92)	-25.13%
PASNY CREDIT	(984,474.99)	(641,663.00)	(342,811.99)	53.43%
 TOTAL OPERATING REVENUES	 <u><u>75,030,697.39</u></u>	 <u><u>76,564,011.00</u></u>	 <u><u>(1,533,313.61)</u></u>	 -2.00%

\* ( ) = ACTUAL UNDER BUDGET

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
SCHEDULE OF OPERATING EXPENSES  
5/31/14

SCHEDULE E

OPERATION EXPENSES:	MONTH LAST YEAR	MONTH CURRENT YEAR	LAST YEAR TO DATE	CURRENT YEAR TO DATE	YTD % CHANGE
PURCHASED POWER BASE EXPENSE	2,122,543.60	2,037,585.13	25,609,011.96	26,068,426.32	1.79%
OPERATION SUP AND ENGINEERING EXP	47,504.86	48,712.45	465,633.49	468,990.96	0.72%
STATION SUP LABOR AND MISC	6,181.07	13,895.85	68,248.57	110,617.90	62.08%
LINE MISC LABOR AND EXPENSE	86,448.85	89,772.05	643,407.83	750,763.70	16.69%
STATION LABOR AND EXPENSE	35,427.46	45,102.48	447,159.26	447,347.10	0.04%
STREET LIGHTING EXPENSE	5,973.11	7,068.13	71,162.58	67,246.69	-5.50%
METER EXPENSE	17,255.48	21,820.58	171,444.50	202,305.25	18.00%
MISC DISTRIBUTION EXPENSE	31,426.82	35,662.29	317,843.46	341,075.36	7.31%
METER READING LABOR & EXPENSE	3,954.95	654.52	71,613.43	18,857.65	-73.67%
ACCT & COLL LABOR & EXPENSE	127,123.56	130,138.79	1,367,162.87	1,385,720.42	1.36%
UNCOLLECTIBLE ACCOUNTS	8,333.33	10,500.00	91,666.63	115,500.00	26.00%
ENERGY AUDIT EXPENSE	61,040.56	35,683.74	497,974.28	340,745.97	-31.57%
ADMIN & GEN SALARIES	62,842.01	84,349.97	694,024.21	811,412.31	16.91%
OFFICE SUPPLIES & EXPENSE	22,087.34	28,252.18	236,423.72	265,712.78	12.39%
OUTSIDE SERVICES	52,613.11	30,681.25	486,394.01	378,355.94	-22.21%
PROPERTY INSURANCE	29,926.00	29,863.75	339,947.43	319,169.26	-6.11%
INJURIES AND DAMAGES	3,996.02	3,408.29	41,109.76	38,891.58	-5.40%
EMPLOYEES PENSIONS & BENEFITS	151,201.54	234,018.54	1,886,208.59	2,100,340.11	11.35%
MISC GENERAL EXPENSE	6,328.84	6,790.94	150,404.43	146,837.50	-2.37%
RENT EXPENSE	24,270.45	17,235.30	195,810.04	188,596.54	-3.68%
ENERGY CONSERVATION	21,912.78	30,604.33	606,870.07	489,106.11	-19.41%
<b>TOTAL OPERATION EXPENSES</b>	<b>805,848.14</b>	<b>904,215.43</b>	<b>8,850,509.16</b>	<b>8,987,593.13</b>	<b>1.55%</b>
<b>MAINTENANCE EXPENSES:</b>					
MAINT OF TRANSMISSION PLANT	227.08	227.08	2,497.90	2,497.90	0.00%
MAINT OF STRUCT AND EQUIPMT	11,115.03	16,015.67	130,313.24	160,293.59	23.01%
MAINT OF LINES - OH	127,354.44	198,055.11	1,385,609.15	1,529,732.12	10.40%
MAINT OF LINES - UG	17,881.39	13,483.49	172,707.00	176,523.21	2.21%
MAINT OF LINE TRANSFORMERS	6,728.12	0.00	134,838.40	87,218.31	-35.32%
MAINT OF ST LT & SIG SYSTEM	(82.59)	(35.22)	(103.33)	(482.88)	367.32%
MAINT OF GARAGE AND STOCKROOM	62,321.19	54,179.10	517,477.28	515,335.39	-0.41%
MAINT OF METERS	8,304.83	0.00	38,991.82	11,645.67	-70.13%
MAINT OF GEN PLANT	14,402.05	8,963.95	110,483.05	131,749.23	19.25%
<b>TOTAL MAINTENANCE EXPENSES</b>	<b>248,251.54</b>	<b>290,889.18</b>	<b>2,492,814.51</b>	<b>2,614,512.54</b>	<b>4.88%</b>
DEPRECIATION EXPENSE	305,469.18	314,969.55	3,360,160.98	3,464,665.05	3.11%
PURCHASED POWER FUEL EXPENSE	2,289,286.11	1,729,892.46	30,839,806.50	29,953,770.82	-2.87%
VOLUNTARY PAYMENTS TO TOWNS	114,000.00	116,666.67	1,247,383.00	1,281,850.35	2.76%
<b>TOTAL OPERATING EXPENSES</b>	<b>5,885,398.57</b>	<b>5,394,218.42</b>	<b>72,399,686.11</b>	<b>72,370,818.21</b>	<b>-0.04%</b>

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
BUDGETED OPERATING EXPENSE VARIANCE REPORT  
5/31/14

SCHEDULE G

OPERATION EXPENSES:	ACTUAL YEAR TO DATE	BUDGET YEAR TO DATE	VARIANCE *	% CHANGE
PURCHASED POWER BASE EXPENSE	<u>26,068,426.32</u>	<u>26,247,017.00</u>	<u>(178,590.68)</u>	-0.68%
OPERATION SUP AND ENGINEERING EXP	468,990.96	424,430.00	44,560.96	10.50%
STATION SUP LABOR AND MISC	110,617.90	80,933.00	29,684.90	36.68%
LINE MISC LABOR AND EXPENSE	750,763.70	677,973.00	72,790.70	10.74%
STATION LABOR AND EXPENSE	447,347.10	405,606.00	41,741.10	10.29%
STREET LIGHTING EXPENSE	67,246.69	82,462.00	(15,215.31)	-18.45%
METER EXPENSE	202,305.25	196,598.00	5,707.25	2.90%
MISC DISTRIBUTION EXPENSE	341,075.36	359,471.00	(18,395.64)	-5.12%
METER READING LABOR & EXPENSE	18,857.65	42,008.00	(23,150.35)	-55.11%
ACCT & COLL LABOR & EXPENSE	1,385,720.42	1,424,174.00	(38,453.58)	-2.70%
UNCOLLECTIBLE ACCOUNTS	115,500.00	115,500.00	0.00	0.00%
ENERGY AUDIT EXPENSE	340,745.97	372,988.00	(32,242.03)	-8.64%
ADMIN & GEN SALARIES	811,412.31	717,507.00	93,905.31	13.09%
OFFICE SUPPLIES & EXPENSE	265,712.78	245,850.00	19,862.78	8.08%
OUTSIDE SERVICES	378,355.94	387,949.00	(9,593.06)	-2.47%
PROPERTY INSURANCE	319,169.26	422,125.00	(102,955.74)	-24.39%
INJURIES AND DAMAGES	38,891.58	53,388.00	(14,496.42)	-27.15%
EMPLOYEES PENSIONS & BENEFITS	2,100,340.11	1,725,888.00	374,452.11	21.70%
MISC GENERAL EXPENSE	146,837.50	211,261.00	(64,423.50)	-30.49%
RENT EXPENSE	188,596.54	194,337.00	(5,740.46)	-2.95%
ENERGY CONSERVATION	489,106.11	582,788.00	(93,681.89)	-16.07%
TOTAL OPERATION EXPENSES	<u>8,987,593.13</u>	<u>8,723,236.00</u>	<u>264,357.13</u>	3.03%
MAINTENANCE EXPENSES:				
MAINT OF TRANSMISSION PLANT	2,497.90	2,750.00	(252.10)	-9.17%
MAINT OF STRUCT AND EQUIPMENT	160,293.59	95,369.00	64,924.59	68.08%
MAINT OF LINES - OH	1,529,732.12	1,453,318.00	76,414.12	5.26%
MAINT OF LINES - UG	176,523.21	444,740.00	(268,216.79)	-60.31%
MAINT OF LINE TRANSFORMERS	87,218.31	151,737.00	(64,518.69)	-42.52%
MAINT OF ST LT & SIG SYSTEM	(482.88)	9,523.00	(10,005.88)	-105.07%
MAINT OF GARAGE AND STOCKROOM	515,335.39	616,360.00	(101,024.61)	-16.39%
MAINT OF METERS	11,645.67	39,251.00	(27,605.33)	-70.33%
MAINT OF GEN PLANT	131,749.23	133,112.00	(1,362.77)	-1.02%
TOTAL MAINTENANCE EXPENSES	<u>2,614,512.54</u>	<u>2,946,160.00</u>	<u>(331,647.46)</u>	-11.26%
DEPRECIATION EXPENSE	3,464,665.05	3,460,600.00	4,065.05	0.12%
PURCHASED POWER FUEL EXPENSE	29,953,770.82	29,235,177.00	718,593.82	2.46%
VOLUNTARY PAYMENTS TO TOWNS	1,281,850.35	1,283,326.00	(1,475.65)	-0.11%
TOTAL OPERATING EXPENSES	<u>72,370,818.21</u>	<u>71,895,516.00</u>	<u>475,302.21</u>	0.66%

\* ( ) = ACTUAL UNDER BUDGET

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
BUDGETED OPERATING EXPENSE VARIANCE REPORT  
5/31/14

OPERATION EXPENSES:	RESPONSIBLE SENIOR MANAGER	2014 ANNUAL BUDGET	ACTUAL YEAR TO DATE	REMAINING BUDGET BALANCE	REMAINING BUDGET %
PURCHASED POWER BASE EXPENSE	JP	29,123,336.00	26,068,426.32	3,054,909.68	10.49%
OPERATION SUP AND ENGINEERING EXP	HJ	467,978.00	468,990.96	(1,012.96)	-0.22%
STATION SUP LABOR AND MISC	HJ	90,088.00	110,617.90	(20,529.90)	-22.79%
LINE MISC LABOR AND EXPENSE	HJ	729,521.00	750,763.70	(21,242.70)	-2.91%
STATION LABOR AND EXPENSE	HJ	446,308.00	447,347.10	(1,039.10)	-0.23%
STREET LIGHTING EXPENSE	HJ	90,729.00	67,246.69	23,482.31	25.88%
METER EXPENSE	HJ	218,064.00	202,305.25	15,758.75	7.23%
MISC DISTRIBUTION EXPENSE	HJ	396,379.00	341,075.36	55,303.64	13.95%
METER READING LABOR & EXPENSE	HJ	46,322.00	18,857.65	27,464.35	59.29%
ACCT & COLL LABOR & EXPENSE	RF	1,570,864.00	1,385,720.42	185,143.58	11.79%
UNCOLLECTIBLE ACCOUNTS	RF	126,000.00	115,500.00	10,500.00	8.33%
ENERGY AUDIT EXPENSE	JP	416,982.00	340,745.97	76,236.03	18.28%
ADMIN & GEN SALARIES	CO	794,002.00	811,412.31	(17,410.31)	-2.19%
OFFICE SUPPLIES & EXPENSE	CO	268,000.00	265,712.78	2,287.22	0.85%
OUTSIDE SERVICES	CO	419,150.00	378,355.94	40,794.06	9.73%
PROPERTY INSURANCE	HJ	460,600.00	319,169.26	141,430.74	30.71%
INJURIES AND DAMAGES	HJ	58,206.00	38,891.58	19,314.42	33.18%
EMPLOYEES PENSIONS & BENEFITS	HJ	1,870,479.00	2,100,340.11	(229,861.11)	-12.29%
MISC GENERAL EXPENSE	CO	219,695.00	146,837.50	72,857.50	33.16%
RENT EXPENSE	HJ	212,000.00	188,596.54	23,403.46	11.04%
ENERGY CONSERVATION	JP	636,761.00	489,106.11	147,654.89	23.19%
<b>TOTAL OPERATION EXPENSES</b>		<b>9,538,128.00</b>	<b>8,987,593.13</b>	<b>550,534.87</b>	<b>5.77%</b>
<b>MAINTENANCE EXPENSES:</b>					
MAINT OF TRANSMISSION PLANT	HJ	3,000.00	2,497.90	502.10	16.74%
MAINT OF STRUCT AND EQUIPMT	HJ	105,738.00	160,293.59	(54,555.59)	-51.60%
MAINT OF LINES - OH	HJ	1,604,829.00	1,529,732.12	75,096.88	4.68%
MAINT OF LINES - UG	HJ	485,432.00	176,523.21	308,908.79	63.64%
MAINT OF LINE TRANSFORMERS	HJ	160,000.00	87,218.31	72,781.69	45.49%
MAINT OF ST LT & SIG SYSTEM	HJ	10,487.00	(482.88)	10,969.88	104.60%
MAINT OF GARAGE AND STOCKROOM	HJ	668,507.00	515,335.39	153,171.61	22.91%
MAINT OF METERS	HJ	41,160.00	11,645.67	29,514.33	71.71%
MAINT OF GEN PLANT	RF	145,480.00	131,749.23	13,730.77	9.44%
<b>TOTAL MAINTENANCE EXPENSES</b>		<b>3,224,633.00</b>	<b>2,614,512.54</b>	<b>610,120.46</b>	<b>18.92%</b>
DEPRECIATION EXPENSE	RF	3,775,200.00	3,464,665.05	310,534.95	8.23%
PURCHASED POWER FUEL EXPENSE	JP	31,789,470.00	29,953,770.82	1,835,699.18	5.77%
VOLUNTARY PAYMENTS TO TOWNS	RF	1,400,000.00	1,281,850.35	118,149.65	8.44%
<b>TOTAL OPERATING EXPENSES</b>		<b>78,850,767.00</b>	<b>72,370,818.21</b>	<b>6,479,948.79</b>	<b>8.22%</b>



TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
PROFESSIONAL SERVICES  
05/31/2014

PROFESSIONAL SERVICES BY PROJECT

ITEM	DEPARTMENT	ACTUAL	BUDGET	VARIANCE
1 RMLD AND PENSION TRUST AUDIT FEES	ACCOUNTING	32,500.00	32,250.00	250.00
2 PENSION ACTUARIAL EVALUATION	ACCOUNTING	3,850.00	6,000.00	(2,150.00)
3 LEGAL- FERC/ISO ISSUES	ENERGY SERVICE	17,505.05	16,500.00	1,005.05
4 LEGAL- POWER SUPPLY ISSUES	ENERGY SERVICE	103,702.94	41,250.00	62,452.94
5 PROFESSIONAL SERVICES	ENERGY SERVICE	22,991.19	22,000.00	991.19
6 NERC COMPLIANCE AND AUDIT	E & O	17,354.50	12,000.00	5,354.50
7 LEGAL	ENGINEERING	0.00	13,750.00	(13,750.00)
8 LEGAL-GENERAL	GM	108,897.91	137,500.00	(28,602.09)
9 LEGAL SERVICES- OTHER	HR	16,748.47	38,500.00	(21,751.53)
10 LEGAL SERVICES-NEGOTIATIONS	HR	21,764.55	7,000.00	14,764.55
11 LEGAL SERVICES-ARBITRATION	HR	8,341.43	21,900.00	(13,558.57)
12 LEGAL GENERAL	BLDG. MAINT.	0.00	1,375.00	(1,375.00)
13 SURVEY RIGHT OF WAY	BLDG. MAINT.	0.00	4,587.00	(4,587.00)
14 ENVIRONMENTAL	BLDG. MAINT.	405.00	4,587.00	(4,182.00)
15 INSURANCE CONSULTANT	GEN. BENEFIT	0.00	9,163.00	(9,163.00)
16 LEGAL	GEN. BENEFIT	64.60	4,587.00	(4,522.40)
17 LEGAL MATS MGMT	GEN. BENEFIT	950.00	15,000.00	(14,050.00)
18 DSA BASIC CLIENT SERVICE	ENGINEERING	1,875.00	0.00	1,875.00
19 ORGANIZATIONAL STUDY	GM	21,405.30	0.00	21,405.30
TOTAL		<u>378,355.94</u>	<u>387,949.00</u>	<u>(9,593.06)</u>

PROFESSIONAL SERVICES BY VENDOR

	ACTUAL
MELANSON HEATH & COMPANY	32,500.00
UTILITY SERVICES, INC.	16,002.50
DUNCAN AND ALLEN	34,423.86
RUBIN AND RUDMAN	195,446.72
DOBLE ENGINEERING	1,875.00
CHOATE HALL & STEWART	34,062.80
JAMES COLLINS- ARBITRATOR	600.00
WILLIAM CROWLEY	2,080.00
ENERGY NEW ENGLAND	8,900.00
BERRYDUNN	6,445.00
PLM	20,849.00
HUDSON RIVER ENERGY GROUP	2,249.72
KEYSTONE PARTNERS LLC	5,000.00
CUSHING, JAMMALLO & WHEELER	405.00
CMEEC	7,337.19
STONE CONSULTING INC.	3,850.00
COTTE MANAGEMENT CONSULTING LLC	6,329.15
TOTAL	<u>378,355.94</u>

RMLD  
 DEFERRED FUEL CASH RESERVE ANALYSIS  
 5/31/14

DATE	GROSS CHARGES	REVENUES	NYPA CREDIT	MONTHLY DEFERRED	TOTAL DEFERRED
Jun-13					2,609,487.38
Jul-13	3,464,349.32	2,953,072.91	(53,841.00)	(565,117.41)	2,044,369.97
Aug-13	2,767,250.13	3,385,440.39	(33,645.12)	584,545.14	2,628,915.11
Sep-13	2,168,234.24	3,096,134.62	(61,811.13)	866,089.25	3,495,004.36
Oct-13	1,994,534.42	2,147,543.67	(23,964.99)	129,044.26	3,624,048.62
Nov-13	1,738,646.02	2,201,768.18	(53,708.49)	409,413.67	4,033,462.29
Dec-13	3,666,453.24	2,053,822.16	(45,701.57)	(1,658,332.65)	2,375,129.64
Jan-14	3,161,945.22	2,487,172.37	(88,308.33)	(763,081.18)	1,612,048.46
Feb-14	3,381,465.32	2,880,989.98	(176,031.57)	(676,506.91)	935,541.55
Mar-14	3,420,919.01	3,049,133.54	(321,914.91)	(693,700.38)	241,841.17
Apr-14	2,460,081.44	3,208,299.37	(96,472.23)	651,745.70	893,586.87
May-14	1,729,892.46	3,152,035.67	(29,075.65)	1,393,067.56	2,286,654.43

RMLD  
 BUDGET VARIANCE REPORT  
 FOR PERIOD ENDING MAY 31, 2014

DIVISION	ACTUAL	BUDGET	VARIANCE	CHANGE
ENGINEERING AND OPERATIONS	4,278,294	4,321,444	(43,150)	-1.00%
ENERGY SERVICES	972,183	1,035,529	(63,346)	-6.12%
GENERAL MANAGER	728,711	794,179	(65,468)	-8.24%
FACILITY MANAGER	3,672,958	3,546,326	126,632	3.57%
BUSINESS DIVISION	8,830,848	8,828,395	2,453	0.03%
SUB-TOTAL	18,482,994	18,525,872	(42,879)	-0.23%
PURCHASED POWER - BASE	26,068,426	26,247,017	(178,591)	-0.68%
PURCHASED POWER - FUEL	29,953,771	29,235,177	718,594	2.46%
TOTAL	74,505,191	74,008,066	497,125	0.67%

RMLD  
STAFFING REPORT  
FOR FISCAL YEAR ENDING JUNE, 2014

	14 BUD TOTAL	JUL 13	AUG 13	SEP 13	OCT 13	NOV 13	DEC 13	JAN 14	FEB 14	MAR 14	APR 14	MAY 14
<b>GENERAL MANAGER</b>												
GENERAL MANAGER	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
HUMAN RESOURCES	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
COMMUNITY RELATIONS	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
TOTAL	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
<b>BUSINESS</b>												
ACCOUNTING	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
CUSTOMER SERVICE	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75
MGMT INFORMATION SYS	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
MISCELLANEOUS	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
TOTAL	16.75	16.75	16.75	16.75	16.75	16.75	16.75	16.75	16.75	16.75	16.75	16.75
<b>ENGINEERING &amp; OPERATIONS</b>												
AGM E&O	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	2.00	2.00	2.00	1.00
ENGINEERING	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
LINE	22.00	21.00	21.00	21.00	21.00	21.00	21.00	20.00	20.00	20.00	20.00	21.00
METER	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
STATION	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
TOTAL	40.00	39.00	39.00	39.00	39.00	39.00	39.00	37.00	38.00	38.00	38.00	38.00
<b>PROJECT</b>												
BUILDING	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
GENERAL BENEFITS	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
TRANSPORTATION	-	-	-	-	-	-	-	-	-	-	-	-
MATERIALS MGMT	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
TOTAL	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
<b>ENERGY SERVICES</b>												
ENERGY SERVICES	4.50	3.50	3.50	3.50	3.50	3.50	3.50	4.50	4.50	4.50	4.50	4.50
TOTAL	4.50	3.50	3.50	3.50	3.50	3.50	3.50	4.50	4.50	4.50	4.50	4.50
RMLD TOTAL	73.25	71.25	71.25	71.25	71.25	71.25	71.25	70.25	71.25	71.25	71.25	71.25
<b>CONTRACTORS</b>												
UG LINE	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
TOTAL	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
GRAND TOTAL	75.25	73.25	73.25	73.25	73.25	73.25	73.25	72.25	73.25	73.25	73.25	73.25

BOARD MATERIAL AVAILABLE  
BUT NOT DISCUSSED



**Jeanne Foti**

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**From:** Jeanne Foti  
**Sent:** Tuesday, July 15, 2014 11:08 AM  
**To:** Bob Soli; David Talbot; John Stempeck; Phil Pacino; Tom O'Rourke  
**Subject:** Account Payable Warrant and Payroll

Good morning.

In an effort to save paper, the following timeframes had no Account Payable and Payroll questions.

**Account Payable Warrant – No Questions**

June 6, June 13, June 20, June 27, July 4 and July 11.

**Payroll – No Questions**

June 16, June 30 and July 14.

This e-mail will be printed for the Board Book for the RMLD Board meeting on July 24, 2014.

Jeanne Foti  
Reading Municipal Light Department  
Executive Assistant  
230 Ash Street  
Reading, MA 01867

781-942-6434 Phone  
781-942-2409 Fax

Please consider the environment before printing this e-mail.

