



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2020-02-27

Time: 07:30 PM

Building: Reading Municipal Light Building

Location: Winfred Spurr Audio Visual Room

Address: 230 Ash Street

Session: Open Session

Purpose: General Business

Version: Final

Attendees: **Members - Present:**

David Talbot, Chair; Thomas O'Rourke, Commissioner; David Hennessy, Commissioner; Philip B. Pacino, Commissioner

Members - Not Present:

John Stempeck, Vice Chair;

Others Present:

RMLD Staff: Coleen O'Brien, General Manager; Hamid Jaffari, Director of Engineering and Operations; Charles Underhill, Director of Integrated Resources; Wendy Markiewicz, Director of Business, Finance and Utility Technology; Roni Holzer, Director of Utility Technology; Zachary Borton, Senior Power Supply Analyst, Tracy Schultz, Executive Assistant

Jason Small, Citizens' Advisory Board

Mark Dockser, Liasion
Karen Herrick, Liasion

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

Topics of Discussion:

Call Meeting to Order

Chair Talbot called the meeting to order and read RMLD's Code of Conduct. Chair Talbot announced that the meeting is being videotaped at the RMLD office at 230 Ash Street, for distribution to the community television stations in North Reading, Lynnfield, and Wilmington. Chair Talbot asked Mr. Pacino to serve as Board Secretary. Mr. Stempeck is travelling.

Public Comment

There was no public comment.

Chair Talbot stated that the CAB met immediately before the Board. Mr. O'Rourke stated that Ms. O'Brien reported on the ransomware security intrusion and cell technology attachments and the NEPPA legislative rally were discussed. Chair Talbot added that the Town Payment was also discussed. The Select Board had presented a proposal with the payment based on revenue rather than on kWh sales. Mr. Small explained that that the CAB's main concern with tying the payment to revenue was that one of the main ways to increase revenue is through rate adjustments. Since RMLD serves three other communities besides Reading, the ratepayers of those towns would in effect be paying to increase the payment to the Town of Reading. Mr. Pacino handed out a presentation he prepared and gave Ms. Schultz a PowerPoint to display. Mr. Pacino explained the financial structure of the RMLD, starting with rates from which power costs, operating costs, and

depreciation costs are subtracted. Mr. Pacino reiterated that increasing the Town payment would require increasing rates and stated his opinion that the payment should be based on sales. RMLD is not a typical business. The Select Board's proposal mentioned the bottom line increasing due to additional capital. But that would mean raising rates. Mr. Hennessy asked if the payment were tied to revenue and there was a sizable increase in the cost of power, would that mean the payment to the Town would increase as well? Ms. O'Brien affirmed because rates would need to increase to cover the cost of power, thereby increasing revenue. Ms. Herrick asked if there was such a cost increase, would the rate stabilization fund be used? Ms. O'Brien replied that it would depend on the scenario. Dividing \$6 million between 29,000 customers for a long-term cost increase would rapidly deplete the fund.

Approval of Board Minutes

Mr. Pacino made a motion, seconded by Mr. Hennessy that the Board approve the meeting minutes of October 17, 2019 and November 21, 2019 on the recommendation of the General Manager.

Motion Carried: 4:0:0.

General Manager's Report

Update on Recent Ransomware Security Intrusion

Ms. O'Brien stated she received questions from the Town of Wilmington regarding the incident. Ms. O'Brien stated that she is trying to be clear and transparent but stated that she can't release specifics due to the nature of cyberattacks. More information can be provided in the coming weeks. Ms. O'Brien stated that the first question asked how the ransomware attack occurred. Ms. O'Brien explained RMLD is currently investigating the breadth and the origin of the attack. Due to the risk associated with prematurely releasing specific information in a public forum, more details cannot currently be provided. The second question asked how customers have been impacted due to the attack. Ms. O'Brien explained that there was no impact to the electric system or the delivery of electricity. There's no indication that customer data was compromised. Bill payment functionality was unaffected. The third question asked what steps are being taken to correct the problem. Ms. O'Brien stated that an IT consultant has been hired to assist the RMLD in sweeping its IT infrastructure and ensuring that everything is clean before reconnecting its systems. Press releases with instructions on customer payments were sent out to local newspapers and posted on Twitter. An e-mail was sent to the Board, CAB, and Town Managers/Administrators. The final question asked what steps will be put in place to reduce the chance of a similar incident occurring. Ms. O'Brien answered that the IT consultant will assist in root cause analysis of the incident and its recovery efforts. The consultant will also assess the system and provide input. Ms. O'Brien added that the RMLD was fortunate that the RMLD team immediately reacted when the attack occurred to isolate the electric system and customer and vendor information. RMLD is in the process of transferring a number of systems to the cloud.

APPA Legislative Rally

Ms. O'Brien explained that she went to Washington DC with the NEPPA legislative committee and met with state senators and representatives. This year's topics were cell attachments, hydro licensing, and market volatility. Ms. O'Brien stated that she was the key speaker for the NextEra public power summit and spoke on microgrids and stated she would like to present what she discussed to the Board at a later date.

Mr. Pacino made a motion, seconded by Mr. O'Rourke, that the Board of Commissioners approve Ms. O'Brien's travel to, and attendance at, the NEPPA Legislative Rally in Washington DC, from February 24 to February 26, 2020.

Motion Carried: 4:0:0, one absent.

Ms. O'Brien asked for another month to use her carryover vacation. Chair Talbot suggested adding it to next month's agenda.

Small Cell Policy Update

Ms. O'Brien stated that the master template is almost completed, and she will be meeting with the Town of Reading to review the aesthetic cell policy. Chair Talbot asked if there will be a

Small Cell Policy Update

policy for the Board to vote on. Ms. O'Brien answered in the negative: it's similar to other pole attachment requests. The FCC has stated cell attachments must be allowed without prejudice unless there is a safety or capacity issue. There was further discussion regarding whether the Board should adopt a policy and whether the FCC order applies to municipal utilities.

Ms. O'Brien added that a letter was sent out to all four Towns asking for potential community solar sites by May. It includes a list of viable rooftops that the Towns can consider.

Funding Sources to Rebuild the RMLD System in the Event of Major Damage

Ms. O'Brien stated this was a question posed by Mr. Pacino and that there is a lot of information involved: a response can be put into a white paper, but some quick highlights can be reviewed. Certain catastrophic events can be paid for utilizing certain funds. The avenues to pay for certain catastrophes include insurance, with up to \$250 million for certain occurrences and depreciation funds, rate stabilization funds, earnings from return on the plant, GEO bonds issued through the Town, pooled loan programs, municipal light plant cooperative financial agreements, and emergency and disaster relief funding. Ms. O'Brien clarified that issuance of GEO bonds does not impact the Town's borrowing limits. The Town is insulated from liability for RMLD costs and debt. Mr. Pacino stated that he asked the question for two reasons: one is that climate change is coming, and major storms could occur, and that there are many people who believe that the Town of Reading is guaranteeing RMLD's debt.

2020 Board and GM Goals

Chair Talbot explained that these are the goals that the Board and Ms. O'Brien discussed and agreed upon. The goals are to determine a site for the Wilmington substation, evaluate the RMLD campus land value and the potential cost of relocation, write a master cell agreement, conduct a solar battery master impact study, and hold an electrification workshop. The Board's goals are to define RMLD's renewable policy and to review the mission statement.

Mr. Pacino made a motion, seconded by Mr. Hennessy, that the Board approve the 2020 Goals for the General Manager and Board of Commissioners, as presented in the Board Book.

Motion Carried: 4:0:0, one absent.

Integrated Resources Division

Energy Position and Resource Update

Mr. Borton stated that as of January transmission, capacity, and fuel are under budget. Mr. Borton stated that RMLD's portfolio is used to meet the needs of RMLD customers and includes external and internal resources, as well as short-term and long-term purchases. RMLD's portfolio strategy is to provide rate stability for customers, diversify the portfolio with sustainable energy, balance long and short-term purchases, and balancing peak, intermediate, and baseline needs. Mr. Borton discussed external and internal resources and RMLD's current power supply position. Mr. Borton explained that the Renewable Portfolio Standard (RPS) is something RMLD is exempt from (it applies to investor-owned utilities) and requires that, starting in 2020, renewables must increase by two percent each year until 2029, at which point it changes to one percent. This can be met by purchasing RECs. RECs are classified in two different ways: Class I RECs are newer facilities built after 1997 and Class II are older projects and are currently more expensive. While RMLD is exempt from the RPS, if it had to meet that standard and retired its RECs instead of selling them, RMLD would be meeting the RPS by 2021. There is a financial impact of keeping the RECs rather than selling them. The energy portfolio cost would increase. Mr. Borton then discussed the Clean Energy Standard (CES) which required 16 percent of power supply be renewable in 2018 and increases by two percent each year until it reaches 80 percent in 2050. RMLD is exempt from this standard as well. Mr. Borton then explained that the Golden Bill is a piece of legislation in Massachusetts being proposed by municipal light plants as a mechanism to acknowledge the RPS and the CES policies while crediting nuclear investments and includes large hydro, unlike the RPS. Mr. Borton stated that if RMLD were to meet the standards of the Golden Bill, its renewable and nuclear assets would cover the requirements until about 2024. RMLD could slowly ramp up cost premiums by retiring RECs. Chair Talbot asked who decides whether RMLD keeps or sells the RECs. Ms. O'Brien stated that the point of this presentation is to prepare the Board to make an update to RMLD's

Integrated Resources Division

Energy Position and Resource Update

Renewable Policy. The policy currently says that RMLD can sell the RECs. Mr. Underhill added that RMLD is continuing to sell the RECs unless the Board instructs RMLD to do otherwise. The Commission had instructed RMLD to optimize profitability by selling the RECs. Mr. Underhill stated that if the Board wants RMLD to withhold from selling RECs then the Board should pass a motion overriding the current directive. Mr. Pacino stated that he is not in favor of making a motion that evening due to the absence of Mr. Stempeck and that the Department should continue with its current policies without interference from the Board. Selling the RECs decreases the cost to the ratepayers. Mr. Underhill explained RECs are sold on a quarterly basis. The merits of selling or retiring RECs were discussed.

Chair Talbot asked how much of the solar rebate fund is left. Mr. Underhill replied that there are still funds remaining that must be used before June of 2020. While the DOER program ends June 30, RMLD will still be offering solar rebates after that deadline.

Engineering and Operations Report

Mr. Jaffari reviewed major construction projects, including the 3W15 getaway, which was completed the previous week, and the third-party attachment project, which entails 90 attachments in Reading and 301 attachments in Wilmington. Reading is completed and there are 33 poles that need to be set in Wilmington. The project should be completed by April or May. Mr. Jaffari also discussed the step-down upgrade project. Maintenance programs were reviewed and are on target. Lynnfield and Wilmington currently have the most double poles because of all the upgrades that RMLD is doing to its system. There are 23 poles awaiting transfer in Reading and five in North Reading. RMLD's reliability in 2019 was good. Outage causes were reviewed.

General Discussion

Meeting dates were discussed.

Adjournment

At 9:22 p.m., Mr. Pacino made a motion, seconded by Mr. Hennessy, that the Board go into Executive Session to consider the purchase of real property and return to Regular Session for the sole purpose of adjournment.

Roll call vote: Mr. O'Rourke: Aye; Mr. Pacino: Aye; Vice Chair Stempeck: Aye; Chair Talbot: Aye.

Motion Carried: 4:0:0, one absent.

The Board returned to regular session for the sole purpose of adjournment and on the motion made by Mr. Pacino and second by Mr. Stempeck, adjourned the regular session at 9:31 pm.

Motion Carried: 4:0:0, one absent.

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

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