

**READING MUNICIPAL
LIGHT DEPARTMENT**

**BOARD
OF
COMMISSIONERS**

REGULAR SESSION

FEBRUARY 27, 2013



READING MUNICIPAL LIGHT DEPARTMENT
BOARD OF COMMISSIONERS MEETING

230 Ash Street
Reading, MA 01867
February 27, 2013
7:30 p.m.

1. Opening Remarks

2. Introductions

3. Public Comment

4. Approval of Board Minutes (Tab A)

ACTION ITEM

Suggested Motion:

Move that the RMLD Board of Commissioners approve the Regular Session meeting minutes of January 30, 2013.

5. General Manager's Report – Mr. Sullivan – Interim General Manager (Tab B)

a. Other Post Employment Benefits (OPEB) Melanson Heath & Company, PC
Letter of Recommendation and Rubin and Rudman's Legal Opinion

ACTION ITEMS

Suggested Motion:

Move that the RMLD Board of Commissioners votes to create an OPEB trust instrument on the recommendation of the Interim General Manager.

b. Federal Energy Regulatory Commission (FERC) Order 719

Suggested Motion:

Move that the RMLD Board of Commissioners vote to continue to allow aggregation of retail customers for purposes of bidding demand response as a resource into one or more ISO-NE markets on the recommendation of the Interim General Manager.

6. Power Supply Report – January 2013 – Mr. Seldon (Tab C)

7. Engineering and Operations Report – January 2013 – Mr. Sullivan (Tab D)

8. M.G.L. Chapter 30B Bid (Tab E)

ACTION ITEM

a. 2013-05 CCTV and Access System

Suggested Motion:

Move that Closed Circuit Television (CCTV) and Access System be awarded to Stanley Convergent Security Solutions for \$37,181.85 as the lowest qualified and responsive bidder on the recommendation of the Interim General Manager.

9. General Discussion

10. Account Payable Rotation

March – Chairman Pacino

BOARD MATERIAL AVAILABLE BUT NOT DISCUSSED

Rate Comparisons, February 2013

E-Mail responses to Account Payable/Payroll Questions

RMLD Board Meetings

Wednesday, March 27, 2013 and Wednesday, April 24, 2013

Citizens' Advisory Board Meeting

Wednesday, March 13, 2013, RMLD Spurr/AV Room

Citizens' Advisory Board Meeting - Budget Committee Meetings
Wednesday, April 3, 2013, North Reading, Board of Selectmen's Room
Wednesday, April 10, 2013, RMLD Spurr/AV Room

11. Executive Session

ACTION ITEM

Suggested Motion:

Move that the Board go into Executive Session to approve the Executive Session meeting minutes of January 30, 2013, to discuss strategy with respect to collective bargaining and return to Regular Session for the sole purpose of adjournment.

12. Adjournment

ACTION ITEM

Suggested Motion:

Move to adjourn the Regular Session.

REGULAR SESSION MEETING
MINUTES
BOARD REFERENCE TAB A



Reading Municipal Light Board of Commissioners

Regular Session

230 Ash Street

Reading, MA 01867

January 30, 2013

Start Time of Regular Session: 7:35 p.m.

End Time of Regular Session: 9:20 p.m.

Commissioners:

Philip B. Pacino, Chairman

Marsie West, Secretary

John Stempeck, Commissioner

Gina Snyder, Vice Chair

Robert Soli, Commissioner

Staff:

Vinnie Cameron, General Manager - Absent

Jared Carpenter, Energy Efficiency Engineer

Robert Fournier, Accounting/Business Manager

David Polson, Facilities Manager

William Seldon, Senior Energy Analyst

Beth Ellen Antonio, Human Resources Manager

Jeanne Foti, Executive Assistant

Jane Parenteau, Energy Services Manager

Kathleen Rybak, Engineering and Operations Assistant

Kevin Sullivan, Interim General Manager

Citizens' Advisory Board:

Dave Nelson, Member

Thomas Ollila, Secretary

Reading Climate Advisory Committee:

Joan Boegel, Chairman

Public:

Douglas Short

David Talbot

Opening Remarks

Chairman Pacino called the meeting to order and stated that the meeting was being videotaped.

Introductions

Chairman Pacino acknowledged Citizens' Advisory Board members in attendance at the meeting. Mr. David Nelson and Mr. Thomas Ollila were present.

Chairman Pacino announced that he is a candidate running for re-election. There are still things to be accomplished including hiring a permanent General Manager and establishing sustainable energy policies.

Presentation RMLD Solar Options and Programs – Mr. Carpenter - (Attachment 1)

Mr. Carpenter presented RMLD's Solar Options and Programs including solar resources in RMLD's territory, residential and commercial programs, and the potential of a RMLD Green Solar Garden. Several years ago, the Board directed RMLD to come up with a replacement for the Green Choice Program. Mr. Carpenter has suggested creating a community green solar garden by putting solar panels on the garage at 218 Ash Street and allowing residential customers to own a solar panel.

The project has a high level projected cost of \$235,000 for a 60 kW solar array and customers will pay \$8.50 monthly to buy a panel with a projected pay back in 5 years. RMLD will buy the power back and sell the RECs for the customers unless RMLD chooses to keep them. After the solar panels are paid off, the customer would get a reduction in their monthly bill.

Current residential and commercial solar installations were also summarized, along with potential projects. Mr. Carpenter is working with Town Manager, Peter Hechenbleikner, on a state project for Reading, which involves large volume procurement for solar panels.

Mr. Carpenter also discussed the residential and commercial rebate programs as well as net metering.

Mr. Doug Short spoke as an RMLD customer with over 30 years of professional involvement in the electric utility industry. He thinks that it is critically important for RMLD to get involved with this. The Department of Energy program called Sun Shot Initiative aims to drive down the cost for installed solar to \$1 per watt by 2020 or earlier.

Presentation - RMLD Solar Options and Programs – Mr. Carpenter (Attachment 1)

Mr. Short stated that the RMLD could lose the opportunity for behind the meter sales and the ability to supply solar power to its residents with this low cost option.

Municipalities can contact Mr. Carpenter to find out more information on solar projects.

Chairman Pacino commented that he is hesitant to start new initiatives without a permanent General Manager in place. He will make sure this item is on the agenda for the permanent General Manager. Ms. Snyder disagreed with Chairman Pacino since Mr. Sullivan is capable of moving forward and there will be a steep learning curve for the new General Manager. Ms. Snyder said the Commissioners need to provide RMLD direction so they can move forward.

Ms. West pointed out that the Board is here to set policy not to make operational decisions; directing RMLD to start a project seems to be an operational decision. It is a good idea to have a renewable, tangible project onsite, but RMLD should wait for a permanent General Manager. The Board can set the policy and direction to make this a high priority for the General Manager.

Mr. Sullivan said that this project would need to be in the capital budget. Chairman Pacino noted that the funds would be in the new fiscal year, starting July 1, but Mr. Carpenter pointed out it could be funded from the conservation fund. Mr. Sullivan pointed out that Mr. Cameron was aware of the project; however, it was not fully assessed and needs to be reviewed before moving forward.

Ms. Boegel attended this evening's meeting to support the proposal on behalf of the Reading Climate Advisory Committee. This aligns with their goals to reduce the use of fossil fuels and greenhouse gases which affect global climate change.

Chairman Pacino stated that the proposal will be on the agenda for next month. Chairman Pacino asked that Mr. Cameron take a look to provide his opinion. The Green Choice program is outdated and he likes this concept going forward.

Mr. Ollila asked if anything must be done formally to end the Green Choice Program. The Green Choice Program has a filed rate, so a rate change would be required.

Approval of November 28, 2012 Board Minutes

Ms. West made a motion seconded by Mr. Soli that the RMLD Board of Commissioners approve the Regular Session meeting minutes of November 28, 2012 with the change presented by Ms. Snyder.

Motion carried 5:0:0.

Report of Board Committee - General Manager Search Committee – Chairman Pacino

Chairman Pacino reported that the General Manager Search Committee met on January 14 and they reviewed bids from search firms. There were two quotes received with one additional scope from the Collins Center, who is exempt from Chapter 30B. The quotes were determined to be non-responsive under Chapter 30B. Chairman Pacino noted that the Collins Center's area of expertise is in town managers, not in general managers of light departments. The committee is now asking for sealed bids with a refined scope to focus on finding qualified candidates.

Mr. Soli asked about the timeframe for the RFP and bids. Ms. Antonio explained that the bid will be published in the Central Register within the next few weeks followed by a couple of weeks to respond. She estimated the process to award the bid will take a month with a total of ninety to one hundred twenty days to complete the hiring process.

Mr. Soli expressed concern about committee membership with the impending elections. There are three candidates for two vacancies on the Board and Ms. West has pulled papers for Board of Selectmen, so there is a possibility of losing a person on the committee. Perhaps restructuring the committee should take place based on these facts; however, different members could be on the Board at that point.

Mr. Soli is concerned the committee will lose a month of work with firm selection by March 1 and the election on April 2. Ms. West noted that a month of work will not be lost; the firm will have been selected and begun their recruiting process to find qualified resumes. The issue with the search process initially was a limited pool of resumes. Mr. Stempeck added that Mr. Soli is asking to expand the search committee to one more member. Chairman Pacino responded that the state has ruled that three members constitute a quorum of the Board, which is not permitted on a search committee.

Report of Board Committee - General Manager Search Committee – Chairman Pacino

Mr. Stempeck stated that he shares the concern with finding someone quickly. His experience with executive search firms is to specify the timeline to expedite the process. Ms. Antonio added that the scope will be limited since preliminary work has already been completed to define the role. Mr. Stempeck recommended that the Committee proactively define the number of resumes to be produced in a four week timeline. Ms. Antonio can tighten up the language in the bid. Chairman Pacino added that if Ms. West is elected to the Board of Selectmen, she could potentially continue to serve on the search committee. Ms. West said that she would like to see the process to fruition.

General Manager's Report – Mr. Sullivan – Interim General Manager (Attachment 2)

Mr. Sullivan recognized and introduced a new employee to the RMLD, Ms. Kathleen Rybak, who works as the Engineering and Operations Assistant.

Good Neighbor Energy Fund – January Billings

Good Neighbor Energy Fund donation envelopes will be enclosed with the January bills. A donation link will be sent via e-mail to customers that receive electronic bills.

Shadow Day at RMLD – February 4

Job Shadow Day will take place at RMLD on February 4. Two Wilmington High students will shadow the Facilities Manager, and Customer Service Manager.

Presentation to Lynnfield Fire Department – February 13

On February 13, RMLD General Line Foreman, an Engineering Project Manager and the Public Relations Manager will make a presentation to the Lynnfield Fire Department covering electrical safety, electricity education and a first responder video.

Other Post Employment Benefits (OPEB)

Melanson Heath & Company, PC Letter of Recommendation and Rubin and Rudman's Legal Opinion

RMLD received a letter from the auditor Melanson Heath in January 2013 about the Other Post Employment Benefits (OPEB). In the letter, Melanson Heath suggested that the RMLD establish a formal irrevocable trust document for the OPEB trust to: reduce the OPEB liability in the financial statements, align more closely with GASB 45 and align with the town, which is looking into use of a trust fund document.

Mr. Sullivan contacted legal counsel Rubin and Rudman for their opinion on this matter. Rubin and Rudman's opinion states that the RMLD Board accepted Massachusetts General Law, Chapter 32B, Section 20 in May 2012, appropriated the funds, segregated and transferred them to RMLD's reserve. Since that time, the OPEB funds have been invested by Nancy Heffernan, Reading Town Treasurer. There is no statutory requirement that RMLD execute a formal document for the OPEB liability trust fund. However, they advise the use of a trust fund document if RMLD pursues a custodian to invest the funds.

Mr. Sullivan reviewed this with Business Manager Bob Fournier and the town. He would like to table this issue until the next month to explore investing RMLD and Town OPEB funds in the state retiree trust fund to provide more favorable investment options. Mr. Sullivan plans to research if the document in place is adequate. Ms. West added that RMLD should maximize our investment of these funds. The Commissioners discussed the differences in opinions from the legal and audit firms and the complexities of GASB.

The Board did not take any formal action, but it will be on the next meeting agenda.

Interim General Manager – Chairman Pacino

Chairman Pacino noted that Mr. Sullivan is the interim General Manager while Mr. Cameron is on vacation. He reminded the Commissioners that under Chapter 164, the Board only has authority over the General Manager, not over anyone else in the Department. If that is breached, the indemnification agreement will not cover the Commissioners. Mr. Sullivan clarified that Mr. Cameron's last day is March 1.

The Commission will have to appoint the interim General Manager as of March 1 at the next meeting. Chairman Pacino suggested forming a subcommittee to make a recommendation. Chairman Pacino asked that RMLD check on the number of Commission members permitted to avoid violating any rules. Any appointments should be contingent on that determination.

Ms. West recommended a vote on an alternative subcommittee with two Commissioners to avoid loss of time if three members are not permitted.

Interim General Manager – Chairman Pacino

Mr. Soli made a motion seconded by Ms. Snyder that Mr. Stempeck, Chairman Pacino and Mr. Soli be appointed to the Interim General Manager Committee subject to legal ruling from the Attorney General's office that this is permissible.

Motion carried 5:0:0.

Mr. Soli made a motion seconded by Ms. Snyder that upon ruling from the Attorney General's office that if there is a potential violation of the laws of the Commonwealth of Massachusetts, appointment to the Interim General Manager Committee will be Mr. Soli and Chairman Pacino.

Motion carried 5:0:0.

Power Supply Report – December 2012 – Ms. Parenteau (Attachment 3)

Ms. Parenteau presented the December power supply report provided in the Commissioner packets covering power supply changes, energy cost, fuel charges and collections, fuel reserve balance, spot market purchases, capacity costs, demand as well as the percentage of RMLD's hydro projects. Ms. Parenteau pointed out that Table 5 reflects the REC activity for 2012 as requested by the Board. In December, the General Manager authorized and signed a purchase power agreement for 12,609 RECs and RMLD retired the balance of 750 RECs. As a result, RMLD will receive \$581,000 in net revenue. Ms. Parenteau explained the slight decrease in RECs late last year was due to maintenance on the Pepperell project.

Ms. Parenteau discussed energy conservation programs and RMLD's energy audit bid structure to support gas customers. There have been many requests for residential audits and RMLD is approaching the budgeted amount for audits. Per the General Manager's directive, the audits are on temporary hold until the contract bid parameters and RMLD's internal process are reviewed to ensure best use of the funds. Tier I and Tier II energy audits were described.

Chairman Pacino clarified that are audits temporarily on hold due to budgeting constraints. RMLD can contract for 25% above the initial contract up to \$75,000 for energy audits. RMLD is under contract for \$60,000 annually for 3 years.

Mr. Sullivan, Ms. Parenteau and Mr. Fournier had a meeting on audits and rebates; as a result the vetting process will be improved to identify who would benefit most from the audits. Chairman Pacino requested that RMLD let the Board know if additional funds are needed for the audits to support this worthwhile program.

Engineering and Operations Report – December 2012 – Mr. Sullivan (Attachment 4)

Mr. Sullivan presented the report included in the Commissioner packet covering the monthly capital projects, an update on the metering project and reliability reporting.

Mr. Sullivan pointed out that in the November Report the Customer Average Interruption Duration Index (CAIDI) rolling average is at 73.86 minutes, which is above the four-year average of 51 minutes. The monthly average is up from the four-year outage duration due to a single incident where 900 customers lost power. However, the trending is positive, which translates into a lower System Average Interruption Frequency Index (SAIFI). CAIDI is the lowest this year at 30.16 minutes, which is uncommon for December because the average is 52.75 minutes. The System Average Interruption Frequency Index (SAIFI) rolling average is trending favorably, indicating a high degree of reliability. Ms. Snyder pointed out that large storms do not get reported in the statistics. Mr. Sullivan confirmed that 15% or greater does not get added into the Reliability Report.

Mr. Soli asked about reconductoring. Mr. Sullivan explained that an upgrade or reconductor is done to increase capacity, the wire does not wear out but the connections can wear out.

A milestone was reached on the meter upgrade project when residential billings were performed through the fixed network in January and commercial billing will follow in February.

Ms. Snyder raised the question of why RMLD does not have more underground subdivisions, noting that past discussions revealed they are more expensive to install and maintain. The added expense comes primarily from equipment maintenance and trying to locate faults underground. Ms. Snyder requested that the next Cost of Service Study consider a different cost for underground service.

Financial Report – December 2012 – Mr. Fournier (Attachment 5)

Mr. Fournier presented the financial report included in the Commissioner packet for the first six months, with YTD net income of \$1,690,040 and YTD sales of 368,000,000 kilowatt hours. In December, the town payments were made totaling \$677,000, along with the Reading return on investment of \$1.1 million.

Financial Report – December 2012 – Mr. Fournier (Attachment 5)

Mr. Sullivan intends to keep the budget process Mr. Cameron had in place. Mr. Fournier will include format changes to the budget documents suggested last year.

M.G.L. Chapter 30B Bid - 2013-15 Concrete Repairs – Mr. Polson (Attachment 6)

This bid is for concrete repairs at Stations #3, #4 and #5, 36 companies were sent the bid, with 8 responses. Infrastructure is being recommended as the lowest qualified and responsive bidder.

Ms. West made a motion seconded by Mr. Stempeck that bid 2013-15 for Concrete Steps, Walkway & Railing Maintenance and Repair Work be awarded to Infrastructure for \$17,760.00 as the lowest qualified and responsive bidder on the recommendation of the Interim General Manager.

Motion carried 5:0:0.

General Discussion

Chairman Pacino recognized Mr. David Talbot. Mr. Talbot is a Reading resident who has pulled papers to run for Commissioner. He came to learn more about the operations and would like to assist in promoting existing RMLD programs such as Time of Use Rate meters. His background is journalism and he has ideas on how to communicate and improve websites. Mr. Talbot mentioned that the Time of Use Rate is quite cost effective based on his experience, with some of the lowest electricity rates in the country.

BOARD MATERIAL AVAILABLE BUT NOT DISCUSSED

Rate Comparisons, January 2013

E-Mail responses to Account Payable/Payroll Questions

Account Payable Rotation

February – Vice Chair Snyder

RMLD Board Meetings

Wednesday, February 27, 2013 and March 27, 2013

Chairman Pacino said that he may be out of town for the February or March meeting.

Ms. West stated that she will be unable to make the RMLD Board meeting on February 27.

Citizens' Advisory Board Meeting

Wednesday, March 13, 2013

Citizens' Advisory Board Meeting - Budget Committee Meetings

Wednesday, April 3, 2013 and Wednesday, April 10, 2013

Executive Session

At 9:10 p.m. Ms. West made a motion seconded by Ms. Snyder that the Board go into Executive Session to approve the Executive Session meeting minutes of November 28 2012, to discuss strategy with respect to collective bargaining and arbitration and return to Regular Session for the sole purpose of adjournment.

Motion carried by a polling of the Board:

Ms. Snyder, Aye; Mr. Stempeck, Aye; Chairman Pacino, Aye; Mr. Soli, Aye; and Ms. West, Aye.

Motion carried 5:0:0.

Adjournment

At 9:20 p.m. Ms. West made a motion seconded by Ms. Snyder to adjourn the Regular Session.

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

Marsie West, Secretary
RMLD Board of Commissioners



INTERIM GENERAL MANAGER'S
REPORT
BOARD REFERENCE TAB B



READING MUNICIPAL LIGHT DEPARTMENT

To: RMLD Board of Commissioners

Date: February 22, 2013

From: Kevin Sullivan



Subject: Other Post Employment Benefits Update

MEMORANDUM

In January, the RMLD Board of Commissioners (RMLB) was advised by its auditors, Melanson Heath & Company, P.C., to create an irrevocable trust instrument for the OPEB fund. This provision would remove the liability on RMLD's financial statements, conform more closely with GASB 45 and align with the Town of Reading's future OPEB trust fund.

A legal opinion was requested from Rubin and Rudman. Their legal opinion states that upon adoption of Massachusetts General Laws Chapter 32B Section 20, the RMLD Board of Commissioners are not required to create a trust document for investment of funds regardless of where these funds are invested, unless at such time, a custodian other than the Town Treasurer will be appointed for investment purposes. While it remains, that the liability of the financial statements would diminish if the current fund reserve is converted to a trust instrument, the Massachusetts Department of Revenue did not express an opinion to legal counsel on whether creating a trust satisfies the GASB requirements.

If the Commissioners of the Board were to create a trust instrument, they would be the trustees of the fund subjecting the Commissioners to the remote possibility of litigation. However, per legal counsel, the responsibility of the funds and any such actions thereof, lies against the custodian of the fund, i.e., the Town Treasurer, and not the Board members, since the Board would not be directing the investment decisions.





MELANSON HEATH & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT ADVISORS

January 4, 2013

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Andover, MA 01810
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www.melansonheath.com

Mr. Vincent Cameron
General Manager
Reading Municipal Light Department
230 Ash Street
Reading, Massachusetts 01867-0250

Dear Mr. Cameron,

This letter is in response to our phone conversation earlier today regarding the Department's treatment of the GASB 45 Other Post-Employment Benefits (OPEB) liability.

In May 2010 the Light Board of Commissioners accepted Section 20 of MGL Chapter 32B dealing with OPEB. Subsequently, the Commissioners approved setting cash aside to fund the OPEB liability, however, the Department's attorney opined that these funds were not considered "irrevocable" (as required by GASB 45) because no formal trust document was established. As a result, the OPEB cash was not reported in a separate fiduciary fund in the Department's financial statements, nor was the OPEB liability reduced to reflect the funding.

We understand the Town of Reading recently approved Section 20 of MGL Chapter 32B, and is in process of establishing an irrevocable trust document. We recommend the Department also consider establishing a formal irrevocable trust document for its OPEB. This will result in reducing (or eliminating) the OPEB liability that is currently reflected in the Department's financial statements, and would conform more closely to the intent of GASB 45. This presentation would be more consistent with the Town's treatment and may also be viewed favorably by bond rating agencies.

I will be happy to discuss this subject further with you and/or the Board of Commissioners if requested.

Sincerely,

Frank R. Biron, CPA
President





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MEMORANDUM

BY EMAIL

To: Kevin Sullivan, Acting General Manager
Reading Municipal Light Department

From: Diedre T. Lawrence, Karla Doukas

Re: Creation of an Irrevocable OPEB Trust

Date: January 24, 2013

INTRODUCTION

We have reviewed the January 4, 2013 letter from Frank Biron, President of Melanson Heath & Company, PC recommending that the Reading Municipal Light Department ("RMLD") establish an irrevocable trust instrument governing its Other Post-Employment Benefits ("OPEB") funds. Mr. Biron states that while in 2010 RMLD accepted the OPEB statute (G.L. c. 32B, § 20), because RMLD did not establish a formal trust instrument, RMLD's OPEB cash was not reported in a separate fiduciary fund in RMLD's financial statements. As a result, RMLD's OPEB liability was not reduced to reflect any such OPEB funding.

Based on our research, we conclude that G.L. c. 32B, § 20 does not require municipal light plants to establish a formal trust document to place funds in an OPEB Trust once that statute is accepted by the RMLD Board. Once accepted, an OPEB Trust arises by operation of law, which cannot be rescinded or revoked. Accordingly, a formal trust instrument is not legally necessary to report RMLD's OPEB cash on its financial statements or to reduce RMLD's OPEB liabilities as long as the funds are appropriated and transferred to RMLD's OPEB Trust Fund.

This memorandum is being provided to you pursuant to G.L. c. 164, § 56.

DISCUSSION

As you are aware, G.L. c. 32B, § 20 (as amended in 2011) authorizes cities, towns, and municipal light plants to establish an OPEB Liability Trust Fund and to appropriate amounts to be credited to the fund. For RMLD to establish an OPEB Liability Trust Fund, the statute merely requires the RMLD Board of Commissioners to vote to accept the provisions of the

Kevin Sullivan, Acting General Manager
January 24, 2013
Page 2

statute. G.L. c. 32B, § 20 (c). By law, the OPEB funds must be held in a segregated fund, which shall be protected from claims of any of RMLD's general creditors.

There is no statutory requirement that RMLD execute any formal documents to create the OPEB Liability Trust Fund. It arises by operation of law. Once RMLD accepts G.L. c. 32B, § 20, its acceptance cannot be rescinded or revoked. *See* G.L. c. 32B, § 10 (“[n]otwithstanding the provisions of any general law to the contrary, neither the acceptance of this chapter nor the acceptance of any individual section thereof by a governmental unit shall be revoked or rescinded”). Accordingly, although RMLD is not required to appropriate funds (or any particular amount) to its OPEB Trust Liability Fund, once it does so, such funds only may be used for its OPEB liabilities.

Tax Counsel for the Massachusetts Department of Revenue (“DOR”), Division of Local Services (“DLS”) has confirmed that a “trust document” is not necessary to place funds in an OPEB Trust under G.L. c. 32B, § 20 as long as that statute has been accepted by the appropriate governing body. (See attached email correspondence from Gary Blau, Tax Counsel, on behalf of DOR DLS Law, dated May 18, 2011). Although DOR Tax Counsel also has confirmed that an OPEB Trust cannot be rescinded, Tax Counsel, however, has not expressed an opinion on whether the creation of the OPEB Trust under G.L. c. 32B, § 20 satisfies GASB requirements. (See attached email correspondence from Christopher Hinchey, Tax Counsel, of DOR DLS Law, dated October 5, 2009). From our research, it does not appear that GASB 45 requires a formal written trust document.¹

In many situations, a formal trust instrument will not be necessary given that OPEB Funds typically are managed and invested by the Town Treasurer. To the extent that RMLD appoints an outside custodian as permitted by G.L. c. 32B, § 20(b), then a trust instrument or custodial agreement may be advisable. Nonetheless, because RMLD is operated independently from the Town of Reading (“Town”), RMLD does not have to follow the same approach as the Town.

Please feel free to contact us if you have any further questions.

¹ As we understand, GASB 45 requires the following: (1) the employer contributions to the trust must be irrevocable; (2) the assets must be dedicated to providing benefits to retirees and their beneficiaries; and (3) the assets must be legally protected from the employer's creditors. *See Governmental Accounting Standards Board: Other Postemployment Benefits: A Plain-Language Summary of GASB Statements No. 43 and No. 45*, at pp. 4-5. These requirements are satisfied through G.L. c. 32B, § 20, which provides for the creation of an OPEB Liability Trust Fund upon acceptance of the statute by the municipal light board, which cannot be revoked or rescinded. The statute also protects the OPEB Trust Funds from creditor claims, specifying that “[a]ll monies held in the fund shall be segregated from other funds and shall not be subject to the claims of any general creditor of the city, town, district, county or municipal lighting plant.” Thus, the contributions are irrevocable, dedicated to providing benefits and protected from creditors.

Employment Benefits Liability Trust Fund at their meeting on April 12, 2011. The balance in this trust is currently \$2,118,111.19. I have attached a copy of the law, which states they have the ability to do appoint a new custodian. I am currently the custodian of **the fund**. My question is how I transfer the funds to the new custodian, thru the warrant process? If or when I transfer the funds, how are the funds recorded on the books of the Town if I no longer have custody? Should I require that they show me a bond for the new custodian? I do not believe this law is in the best interest of municipalities. The general manager of the Gas and Electric wants to invest in U.S. Treasuries and I do not agree with him so he has convinced the Gas and Electric Commissioners to appoint him as the custodian.

Currently I do the all banking and borrowing for the Gas and Electric department. Are the Gas and Electric commissioners (they may appoint themselves) or the appointed custodian now allow the have bank accounts with the Towns tax ID number? If you could give me guidance on how to handle this situation I would greatly appreciate it. Thank you in advance for you help.

Judy M. Mac Donald
Treasurer/Collector
Town of Middleborough
20 Centre St.
Middleborough, MA 02346
(PH) 508-946-2421
Fax 508-947-5447
jmcdnld@middleborough.com

Email Response 2011-589 – Sudbury – OPEB Trust Document

From: Blau, Gary on behalf of DOR DLS Law
Sent: Wednesday, May 18, 2011 2:17 PM
To: 'Chisholm, Barbara'
Subject: 2011-589 - Sudbury - OPEB Trust Document

Barbara:

As we discussed, I do not believe it necessary for the town to draft a "trust document" to place money in an OPEB Trust under M.G.L. c. 32B, §20, if that provision has been accepted by the town. But as we also discussed, it appears that Sudbury did not accept that provision but sought a special act to establish a Post Employment Health Insurance Liability Fund, which was enacted in 2006 as Chapter 72 of that year. That act may be found at <http://www.malegislature.gov/Laws/SessionLaws/Acts/2006/Chapter72>. You may wish to consult with town counsel and the town manager about the scope of the fund and how the fund may be used in future years to cover the town's legal responsibility to pay for its share of retiree health insurance. For example, both the Chapter 32B, §20 OPEB trust and Sudbury's special act require an actuarial study, which will provide a reasoned estimate of the amounts needed to be appropriated to the fund over a reasonable period of time in order to meet the town's future retiree health insurance obligations, and

at least in Sudbury's case limit the appropriations that may be made to the amount of the total actuarial liability. Periodic updates to that study will also need to be made to account for actual experience and variances in the factors assumed in conducting the study.

I hope this addresses your concerns.

Gary A. Blau, Tax Counsel
Bureau of Municipal Finance Law
PO Box 9569
Boston, MA 02114-9569
617-626-2400
blau@dor.state.ma.us

This e-mail response is intended to provide general information about the application of municipal tax and finance laws and Department of Revenue policies and procedures. It is not a public written statement, as defined in 830 CMR 62C.3.1, and does not state the official position of the Department on the interpretation of the laws pertaining to local taxes and finance. It should be considered informational only.

From: Chisholm, Barbara [mailto:ChisholmB@sudbury.ma.us]
Sent: Wednesday, May 18, 2011 12:00 PM
To: DOR DLS Law
Subject: RE: OPEB Trust Document

Hello,

At our ATM this year an article was passed to transfer over a million dollars into OPEB Trust. Do we need trust documents or will the language in 32B s.12 satisfy the trust requirement?

Thank you,
Barbara

*Barbara Chisholm
Town Accountant
Town of Sudbury
278 Old Sudbury Road
Sudbury, MA 01776
978-639-3319 phone
978-443-8450 fax
chisholmb@sudbury.ma.us*

Email Response 2009-1278 – Retiree Health Insurance Fund

From: Hinchey, Christopher M on behalf of DOR DLS Law

Sent: Monday, October 05, 2009 8:50 AM

To: 'GiustiHingstonCo@aol.com'

Subject: 2009-1278 RE: Retiree Health Insurance Fund

GL C.32B §20 (a local acceptance provisions added by C.479 of the Acts of 2008) authorizes the creation by municipalities of trust funds for their OPEB liabilities. Once the provision has been accepted by a municipality, the acceptance cannot be rescinded (see the last sentence of C.32B §10). See also the brief note on C.479 in our Bulletin 2009-8B, "2008 Legislation."

I don't know whether the creation of an OPEB fund under C.32B §20 would satisfy the GASB criteria or not.

Chris Hinchey Tax Counsel
Bureau of Municipal Finance Law
PO Box 9569
Boston, MA 02114-9569
617-626-2400
dlslaw@dor.state.ma.us

This e-mail response is intended to provide general information about the application of municipal tax and finance laws and Department of Revenue policies and procedures. It is not a public written statement, as defined in 830 CMR 62C.3.1, and does not state the official position of the Department on the interpretation of the laws pertaining to local taxes and finance. It should be considered informational only.

From: GiustiHingstonCo@aol.com [mailto:GiustiHingstonCo@aol.com]

Sent: Friday, October 02, 2009 9:10 AM

To: DOR DLS Law

Subject: Retiree Health Insurance Fund

Hi Chris,

I hope all is well with you. I have a quick question regarding legislation pertaining to an investment vehicle for retiree health insurance funds. Has anything been passed on that (i.e. irrevocable trust). Is anything pending. I have a lot of Towns that want to do some funding. Some are putting it in a separate stabilization fund, but since it is not irrevocable and subject to the Town's creditors it is not considered truly funded by the GASB. Our notes to the financial statements will still show zero funding related to the unfunded liability.

As usual, thanks Chris.
Take care, Dick

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Take care, Dick

READING MUNICIPAL LIGHT DEPARTMENT

To: RMLD Board of Commissioners

Date: February 22, 2013

From: Kevin Sullivan 

Subject: Federal Energy Regulatory Commission Order 719

MEMORANDUM

The RMLD has commercial and industrial customers that participate in a Demand Response program. In its simplest form, the concept of Demand Response is an agreement with an aggregator of retail customers (ARC) that acts as a broker between the customer and the Independent System Operator (ISO) or Regional Transmission Operator (RTO) for load curtailment.

The contractual agreement is based upon a customer either interrupting a manufacturing or business process on short notice or deploying generation, thereby reducing the customer's load. The load reduction can be based on a variety of measures (decreasing use of HVAC, lighting, etc.). The customer receives compensation for providing this service.

The Demand Response could involve a deficiency in capacity or some other system emergency during periods where the available generating capacity does not meet the requirements of the load to be served in the locale or region. It is also a mechanism that RMLD can utilize to manage peak demand which is directly correlated to capacity and transmission costs.

- FERC Order 719 underscores May 31, 2013 as the final day a decision can be rendered to allow aggregators of retail customers to continue to do business within the RMLD's territory.
- As a municipality, the Relevant Electric Retail Regulatory Authority (RERRA), or the Board of Commissioners, is the authority required to vote on allowing the ARC's to provide Demand Response to RMLD customers.
- The supporting legal opinion provides a detailed explanation of the FERC Order 719 Demand Response issue.



February 21, 2013

MEMORANDUM

TO: Kevin Sullivan, Acting General Manager, RMLD

FROM: John P. Coyle

RE: Aggregation of Retail Customers for Demand Response Bidding

This memorandum summarizes the background and current FERC and ISO New England, Inc. (“ISO-NE”) rules concerning aggregation of retail customers for demand response bidding. ISO-NE Market Rule 1, Section III.13.1.4.9.1 requires an affirmative statement of consent by the RMLD Board by May 31, 2013, to allow continuation of aggregation of RMLD retail customers for purposes of demand bidding into ISO-NE’s markets. In the absence of such a statement, aggregators of retail customers (“ARCs”) currently contracting with RMLD retail customers will be required by ISO-NE to “retire” the demand resource that includes those customers.

I. BACKGROUND

In October 2008, the FERC issued a rulemaking (Order No. 719).^{1/} Although Order No. 719 covered many topics involving regional transmission organization-run markets, two elements of it are relevant to this discussion:

1. Order No. 719 required independent system operators (“ISOs”) and regional transmission organizations (“RTOs”) to allow ARCs to bid “demand resources” into their markets for energy, ancillary services and capacity. Stated simply, a “demand resource” is a customer or group of customers capable of reducing electricity consumption in a pre-agreed amount when called upon by the ISO or RTO administering the relevant market to do so.

^{1/} The formal citation for Order No. 719 is *Wholesale Competition in Regions with Organized Markets* (Order No. 719), FERC Stats. & Regs. ¶ 31,281 (2008), *order on reh’g*, Order 719-A, FERC Stats. & Regs. ¶ 31,292 (2009), *denying reh’g and providing clarification*, Order 719-B, 129 FERC ¶ 61,252 (2009)

2. In order to avoid imposing unreasonable burdens on smaller utilities,^{2/} Order No. 719 also required that state regulators and municipal utility governing bodies (called Relevant Electric Retail Regulatory Authorities or “RERRAs” in Order No. 719) were presumed not to have consented to the aggregation of retail customers *unless* the RERRA affirmatively consented.

As the FERC’s mandate from Order 719 developed further, through rehearing and compliance filings, FERC clarified that the requirement of RERRA consent did not mean that RERRAs could discriminate in consenting to demand resource aggregation -- *i.e.*, municipal RERRAs could not clear the field of all competition and then occupy the field. Thus, with particular reference to ISO-NE, the FERC held that “If the Retail Regulator does not prohibit aggregation of demand response, an entity, whether a load-serving entity or ARC, cannot be precluded from participation in the markets. RTOs and ISOs may not prohibit participation by one type of aggregator but allow participation by another.” *ISO New England, Inc.*, 131 FERC ¶ 61,194 at P 28 (2010). ISO-NE currently designates Reading as (1) being a distribution territory that does not permit demand response registration and (2) having demand response customers currently registered.^{3/}

ISO-NE’s final market rule on aggregation of retail customers for demand bidding provides (Market Rule 1, Section III.13.1.4.9):

A Market Participant may not register and, if previously registered, must retire in accordance with Section III.13.1.4.9.1, a Real-Time Demand Response Asset, Real-Time Emergency Generation Asset or asset associated with an On-Peak Demand Resource or Seasonal Peak Demand Resource that is comprised of:

* * * *

^{2/} FERC generally defines a small utility as one that sells fewer than four million megawatt hours of energy in a year, and applies this definition in Order No. 719.

^{3/} See “Distribution Territories That Restrict DR Registration” at http://www.iso-ne.com/support/asset_info/index.html

(b) the customers of Host Utilities that distributed 4 million MWh or less in the previous fiscal year, unless the relevant electric retail regulatory authority permits such customers' demand response to be bid into the ISO-administered markets or programs.

The ISO-NE market rule further provides (Market Rule 1, Section III.13.1.4.9.1):

A Market Participant must retire a previously registered Real-Time Demand Response Asset, Real-Time Emergency Generation Asset or asset associated with an On-Peak Demand Resource or Seasonal Peak Demand Resource that is comprised of customers specified in subsections (a) or (b) of Section III.13.1.4.9 no later than 12 months from the date that the ISO receives notice that the relevant electric retail regulatory authority prohibits such customer's demand response to be bid into the ISO-administered markets or programs or May 31, 2013, whichever is later.

Translating from ISO-NE-speak into reasonably plain English, the market rule (i) requires RERRA consent to demand response aggregation, and (ii) sets two deadlines for termination of existing demand response aggregation arrangements where such consent has not been obtained. The first deadline is May 31, 2013. If RERRA consent has not been obtained by May 31, 2013, an existing aggregation arrangement must be terminated ("retired"). The second deadline is 12 months from the date on which the RERRA notifies ISO-NE that the RERRA no longer permits aggregation of retail customers.

II. PRACTICAL CONSIDERATIONS

Demand response aggregation for bidding requires some fairly sophisticated metering and other information infrastructure to ensure that multiple smaller retail loads aggregated to 100 kW or more can and actually do deliver the reduction in consumption that they have contracted to provide.^{4/} We

^{4/} Verification is a fairly big deal. Predecessor programs, such as ISO-NE's Day Ahead Load Response Program ("DALRP") were beset by fraudulent claims for compensation, which were paid with ISO-NE customer funds, because

footnote cont'd on next page

understand that some RMLD commercial and industrial customers are currently under contract with EnerNoc or other aggregators of retail customers. Causing the termination of these arrangements may disturb RMLD customers involved in, and profiting from, currently ongoing aggregation arrangements.

Under the relevant ISO-NE market rule (quoted above), the RMLD Board can consent to the continuation of these arrangements for the present, and cause their termination on one-year's notice to ISO-NE if it later decides that it has a more beneficial use for contractual demand reduction by the customers involved (and others). In the meantime, RMLD would need to make some substantial investments in infrastructure to support its own demand response aggregation program. Of course, whatever RMLD determines to do with demand response in the future would need to be done on a non-discriminatory basis. On this last point, it should be emphasized that the FERC's non-discrimination requirement extends only to ISO-NE and not to RMLD. Neither ISO-NE nor the FERC has the authority or the jurisdiction to investigate or to challenge whatever criteria the RMLD Board may choose to impose to establish eligibility to be a demand response aggregator with respect to RMLD's retail loads.

III. RECOMMENDATION AND CONCLUSION

For these reasons, the Board may wish to consider affirmatively authorizing the continuation of existing arrangements for aggregation of demand response within the RMLD service area, subject to a reservation of its right under ISO-NE's current market rules to require the termination of those arrangements on one-year's notice. A form of resolution adopting that course and directing the Interim General Manager to communicate the Board's position to ISO-NE accompanies this memorandum.

insufficient thought had been given to verification of load reduction before the programs were implemented. *See Competitive Energy Services, LLC*, 140 FERC ¶ 61,032 (2012).

RESOLUTION

WHEREAS, the Federal Energy Regulatory Commission, in its Order No. 719, authorized the aggregation of retail customers for purposes of bidding demand response as a resource into markets operated by Regional Transmission Organizations; and

WHEREAS, Under FERC's aggregation-of-retail-customer ("ARC") regulations (18 C.F.R. § 35.28(g)(1)(i)(A) and (g)(1)(iii)) and the implementing provisions of ISO New England, Inc. ("ISO-NE") Market Rule 1 (Market Rule 1, § III.13.1.4.9(a) and (b)), ISO-NE cannot accept demand response bids from ARCs unless the relevant electric retail regulatory authority ("RERRA") for RMLD's service area affirmatively permits such bids; and

WHEREAS, ISO-NE's Market Rule 1, § III.13.1.4.9.1 requires the retirement of demand resources consisting of aggregated retail customers within the service areas of utilities distributing fewer than four million megawatt hours per year by May 31, 2013, unless the RERRA consents to the continuation of such arrangements;

NOW THEREFORE, be it resolved by the RMLD Board of Commissioners as follows:

1. The Reading Municipal Light Department authorizes the aggregation of retail customers for purposes of bidding their demand resource into electricity markets administered by ISO-NE.
2. The Reading Municipal Light Department reserves its right to: (a) aggregate its own customers for purposes of demand bidding into electricity markets administered by ISO-NE; and (b) to require the termination of the aggregation of retail customers within the RMLD service area on twelve month's written notice to ISO-NE.
3. The Interim General Manager is authorized and directed to communicate this resolution to ISO-NE.



POWER SUPPLY REPORT
BOARD REFERENCE TAB C



To: Vincent Cameron
 From: Energy Services
 Date: February 21, 2013
 Subject: Purchase Power Summary – January, 2013

Energy Services Division (ESD) has completed the Purchase Power Summary for the month of January, 2013 with estimated values for the MMWEC projects and NYPA billing.

ENERGY

The RMLD's total metered load for the month was 60,727,318 kwh, which is a 2.1% increase from the January, 2012 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	3,713,529	\$6.99	6.10%	\$25,958	0.88%
Seabrook	5,897,342	\$8.32	9.69%	\$49,066	1.66%
Stonybrook Intermediate	3,503,233	\$67.00	5.76%	\$234,717	7.93%
JP Morgan	9,354,800	\$58.55	15.37%	\$547,677	18.50%
NextEra	9,502,000	\$69.51	15.61%	\$660,453	22.31%
NYPA	1,940,647	\$4.92	3.19%	\$9,548	0.32%
ISO Interchange	3,541,386	\$59.95	5.82%	\$212,291	7.17%
NEMA Congestion	0	\$0.00	0.00%	-\$77,791	-2.63%
Coop Resales	122,685	\$110.90	0.20%	\$13,606	0.46%
MacQuarie	9,200,000	\$38.41	15.11%	\$353,349	11.94%
Summit Hydro	994,950	\$55.61	1.63%	\$55,332	1.87%
Braintree Watson Unit	481,029	\$129.32	0.79%	\$62,208	2.10%
Swift River Projects	1,529,467	\$99.78	2.51%	\$152,613	5.16%
Constellation Energy	11,048,400	\$59.21	18.15%	\$654,143	22.10%
Stonybrook Peaking	37,314	\$175.00	0.06%	\$6,530	0.22%
Monthly Total	60,866,782	\$48.63	100.00%	\$2,959,699	100.00%

Table 2 breaks down the ISO interchange between the DA LMP Settlement and the RT Net Energy for the month of January, 2013.

Table 2

Resource	Amount of Energy (kWh)	Cost of Energy (\$/Mwh)	% of Total Energy
ISO DA LMP *	6,320,346	85.31	10.38%
Settlement			
RT Net Energy **	-2,778,961	74.34	-4.57%
Settlement			
ISO Interchange (subtotal)	3,541,386	59.95	5.82%

* Independent System Operator Day-Ahead Locational Marginal Price

** Real Time Net Energy

CAPACITY

The RMLD hit a demand of 108,799 kW, which occurred on January 23, at 7 pm. The RMLD's monthly UCAP requirement for January, 2013 was 211,827 kW.

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

Table 3

Source	Amount (kW)	Cost (\$/kW-month)	Total Cost \$	% of Total Cost
Millstone #3	4,991	51.67	\$257,885	16.92%
Seabrook	7,742	51.02	\$394,997	25.91%
Stonybrook Peaking	24,981	1.79	\$44,628	2.93%
Stonybrook CC	42,925	3.69	\$158,202	10.38%
NYPA	4,019	3.57	\$14,348	0.94%
Hydro Quebec	4,584	4.70	\$21,550	1.41%
Nextera	60,000	5.50	\$330,000	21.65%
Braintree Watson Unit	10,520	11.01	\$115,836	7.60%
ISO-NE Supply Auction	52,065	3.59	\$186,771	12.25%
Total	211,827	\$7.20	\$1,524,216	100.00%

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

Resource	Table 4					
	Energy	Capacity	Total cost	% of Total Cost	Amt of Energy (kWh)	Cost of Power (\$/kWh)
Millstone #3	\$25,958	\$257,885	\$283,843	6.33%	3,713,529	0.0764
Seabrook	\$49,066	\$394,997	\$444,063	9.90%	5,897,342	0.0753
Stonybrook Intermediate	\$234,717	\$158,202	\$392,919	8.76%	3,503,233	0.1122
Hydro Quebec	\$0	\$21,550	\$21,550	0.48%	-	0.0000
JP Morgan	\$547,677	\$0	\$547,677	12.21%	9,354,800	0.0585
NextEra	\$660,453	\$330,000	\$990,453	22.09%	9,502,000	0.1042
* NYPA	\$9,548	\$14,348	\$23,896	0.53%	1,940,647	0.0123
ISO Interchange	\$212,291	\$186,771	\$399,062	8.90%	3,541,386	0.1127
Nema Congestion	-\$77,791	\$0	-\$77,791	-1.73%	-	0.0000
MacQuarie	\$353,349	\$0	\$353,349	7.88%	9,200,000	0.0384
* Summit Hydro	\$55,332	\$0	\$55,332	1.23%	994,950	0.0556
Braintree Watson Unit	\$62,208	\$115,836	\$178,044	3.97%	481,029	0.3701
* Swift River Projects	\$152,613	\$0	\$152,613	3.40%	1,529,467	0.0998
Coop Resales	\$13,606	\$0	\$13,606	0.30%	122,685	0.1109
Constellation Energy	\$654,143	\$0	\$654,143	14.59%	11,048,400	0.0592
Stonybrook Peaking	\$6,530	\$44,628	\$51,158	1.14%	37,314	1.3710
Monthly Total	\$2,959,699	\$1,524,216	\$4,483,915	100.00%	60,866,782	0.0737
* Renewable Resources					7.34%	

RENEWABLE ENERGY CERTIFICATES (RECs)

The RMLD sold 12,613 2012 RECs (Quarter 1 and Quarter 2) for \$582,097.75 in January, 2013. 750 Quarter 1 and 2 RECs remain banked for retirement.

Table 5 shows the amount of banked and projected RECs for the Swift River Hydro Projects through January, 2013, as well as their estimated market value.

Table 5
Swift River RECs Summary
Period - January 2012 - January 2013

	Banked RECs	Projected RECs	Total RECs	Est. Dollars
Woronoco	394	1,465	1,859	\$67,390
Pepperell	384	0	384	\$20,352
Indian River	92	737	829	\$39,061
Turners Falls	751	0	751	\$0
Grand Total	1,621	2,202	3,823	\$126,803

TRANSMISSION

The RMLD's total transmission costs for the month of January were \$754,966. This is an increase of 2.2% from the December transmission cost of \$738,628. In January, 2012 the transmission costs were \$638,899.

Table 6

	Current Month	Last Month	Last Year
Peak Demand (kW)	108,799	108,921	106,558
Energy (kWh)	60,866,782	59,364,911	59,550,250
Energy (\$)	\$2,959,699	\$2,868,713	\$3,338,331
Capacity (\$)	\$1,524,216	\$1,528,363	\$1,337,348
Transmission (\$)	\$754,966	\$738,628	\$638,899
Total	\$5,238,881	\$5,135,703	\$5,314,578

ENGINEERING AND OPERATIONS
REPORT
BOARD REFERENCE TAB D



2/22/2013
8:09 AM

READING MUNICIPAL LIGHT DEPARTMENT
FY 13 CAPITAL BUDGET VARIANCE REPORT
FOR PERIOD ENDING JANUARY 31, 2013

#	PROJECT DESCRIPTION	TOWN	ACTUAL COST JANUARY	YTD ACTUAL COST THRU 1/31/13	ANNUAL BUDGET AMOUNT	REMAINING BALANCE
<u>E&O Construction System Projects</u>						
1	Essex Street - Reconductoring	LC		200	197,855	197,655
2	4W13 OH Reconductoring - West Street	W	1,594	14,289	188,193	173,904
3	Upgrading of Old Lynnfield Center URDs (Partial CARRYOVER)	LC	133	121,288	492,143	370,855
5	Shady Lane Area - Reconductoring	W	31,192	64,724	199,042	134,318
6	Federal Street - Reconductoring	W	56,657	57,520	175,565	118,045
Total System Projects						
<u>Station Upgrades</u>						
	<i>Station #4</i>					
8	Relay Replacement Project - (Partial CARRYOVER)	R			119,309	119,309
9	Station 4 Getaway Replacement - 4W13	R		4,430	161,779	157,349
Total Station Projects						
<u>SCADA Projects</u>						
10	Station 5 RTU (Remote Terminal Unit) Replacement	W			56,163	56,163
4	Station 4 RTU (Remote Terminal Unit) Replacement (Partial CARRYOVER)	R	30,155	148,888	80,653	(68,235)
Total SCADA Projects						
<u>New Customer Service Connections</u>						
12	Service Installations-Commercial/Industrial Customers	ALL		6,574	63,074	56,500
13	Service Installations - Residential Customers	ALL	26,769	135,404	207,923	72,519
Total Service Connections						
14	<u>Routine Construction</u> Various Routine Construction	ALL	102,507	1,131,723	988,211	(143,512)
Total Construction Projects			249,007	1,685,041	2,929,910	1,244,870
<u>Other Projects</u>						
15	GIS		10,610	56,821	97,495	40,674
16	Transformers/Capacitors Annual Purchases		103,410	246,334	284,000	37,666
17A	Meter Annual Purchases			54,141	49,710	(4,431)
17B	Meter Upgrade Project - (Partial CARRYOVER)		30,845	463,927	564,416	100,488
17C	Meter Upgrade Project - Commercial		298,198	417,069	551,853	134,784
18	Purchase Vehicles				65,000	65,000
19	Purchase Line Department Vehicles			474,861	570,000	95,139
20	Purchase New Pole Dolly				12,000	12,000
21	Automated Building Systems				150,000	150,000
22	Engineering Analysis software & data conversion - (CARRYOVER)				76,789	76,789
23	Gaw Station Generator				55,000	55,000
24	Capital Repairs - Station One				400,000	400,000
25	New Carpeting				35,000	35,000
26	Water Heater Demand Response Technology			190,614	336,611	145,997
27	Hardware Upgrades		12,308	64,357	126,629	62,272
28	Software and Licensing		14,512	79,315	119,002	39,687
Total Other Projects			469,883	2,047,439	3,493,505	1,446,066
TOTAL FY 13 CAPITAL PROJECT EXPENDITURES			718,890	3,732,480	6,423,416	2,690,936



**Reading Municipal Light Department
Engineering and Operations
Monthly Report
January 2013**

FY 2013 Capital Plan

E&O Construction – System Projects

- 1 **Reconductoring of Essex Street, Lynnfield Center – *No Activity.***
- 2 **4W13 OH Reconductoring Project, West Street, Wilmington – *Engineering Labor.***
- 3 **Upgrading of Old Lynnfield Center URDs – *(Phase 1 Completed). Engineering Labor: work on specifications for Phase 2.***
- 5 **Shady Lane Drive Area, Wilmington – Reconductoring – *Line Department: Continued make-ready work. Installed poles, and primary and secondary cable. Energized new secondaries.***
- 6 **Federal Street, Wilmington – Reconductoring – *Line Department: Pole framing and wiring for reconductoring. Engineering Labor.***

Station Upgrades

- 8 **Station 4 Relay Replacement Project – Reading – *No Activity.***
- 9 **Station 4 Getaway Replacement – 4W13 – *No Activity.***

SCADA Projects

- 10 **Station 5 RTU Replacement, Wilmington – *No Activity.***
- 4 **Station 4 RTU Replacement – *Engineering and Senior Tech labor.***

New Customer Service Connections

- 12 **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, 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. This portion of the project comes under routine construction. No Activity.***

- 13 **Service Installations – Residential Customers** – This item includes new or upgraded overhead and underground services, temporary overhead services, and large underground development.

Routine Construction:

- 14 **Routine Construction** – The drivers of the Routine Construction budget category YTD are listed. This is not an inclusive list of all items within this category.

<i>Pole Setting/Transfers</i>	\$242,937
<i>Maintenance Overhead/Underground</i>	\$232,254
<i>Projects Assigned as Required</i>	\$206,426
<i>Pole Damage (includes knockdowns) some reimbursable</i>	\$64,446
<i>Station Group</i>	\$14,199
<i>Hazmat/Oil Spills</i>	\$0
<i>Porcelain Cutout Replacement Program</i>	\$0
<i>Lighting (Street Light Connections)</i>	\$17,292
<i>Storm Trouble</i>	\$132,037
<i>Underground Subdivisions</i>	\$43,848
<i>Animal Guard Installation</i>	\$31,440
<i>Miscellaneous Capital Costs</i>	\$146,843
TOTAL	\$1,131,723

*In the month of January, zero (0) cutouts were charged under this program. Approximately 17 cutouts were installed new or replaced because of damage making a total of 17 cutouts replaced this month.

Reliability Report

Two key industry standard metrics have been identified to enable the RMLD to measure and track system reliability. A rolling 12-month view is being used for the purposes of this report.

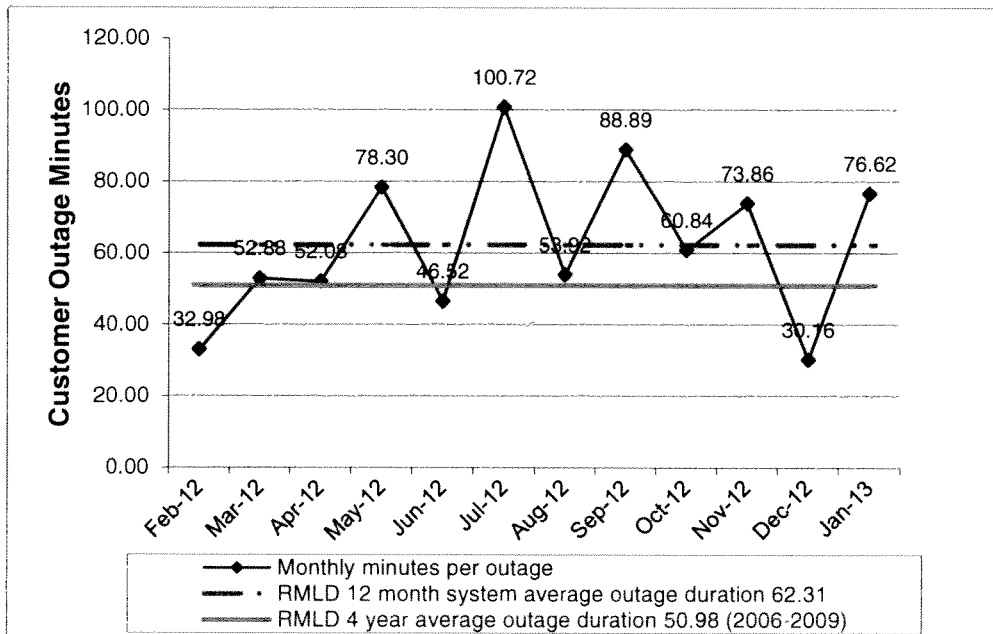
Customer Average Interruption Duration Index (CAIDI) measures how quickly the RMLD restores power to customers when their power goes out.

CAIDI = Total of Customer Interruption Duration for the Month in Minutes ÷ Total Number of Customers Interrupted.

RMLD 12-month system average outage duration: 62.31 minutes

RMLD four-year average outage (2006-2009): 50.98 minutes per outage

On average, RMLD customers that experience an outage are restored in 62.31 minutes.



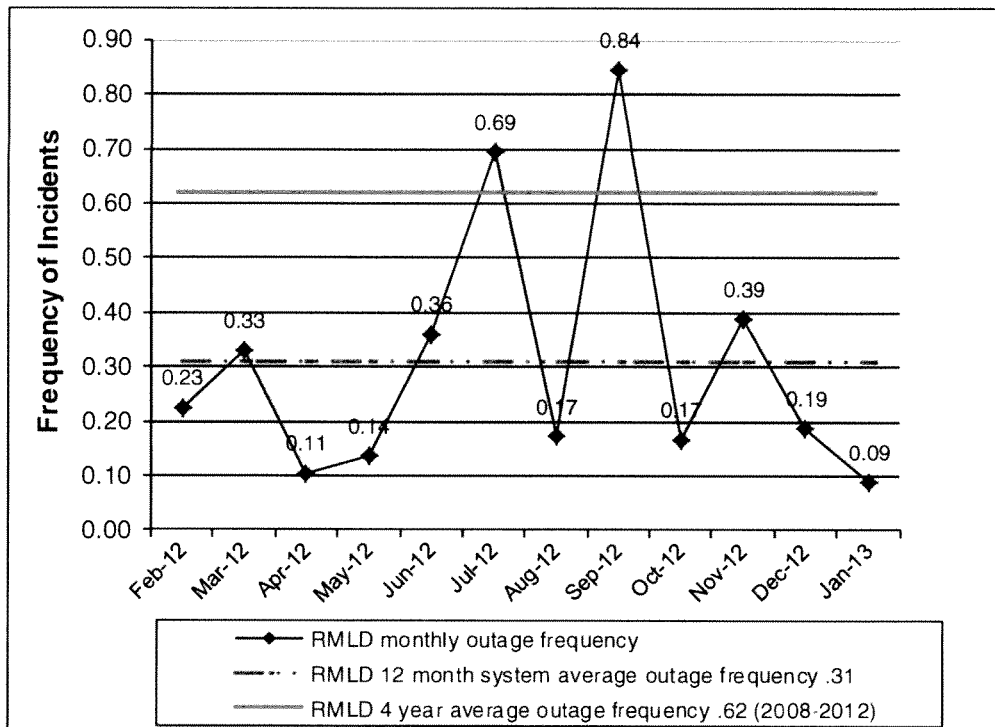
System Average Interruption Frequency (SAIFI) – Measures how many outages each customer experiences per year on average.

$$\text{SAIFI} = \text{Total Number of Customers Interrupted} \div \text{Total Number of Customers}$$

RMLD 12-month system average: 0.31 outages per year

RMLD four-year average outage frequency: 0.62

The graph below tracks the month-by-month SAIFI performance.



Months Between Interruptions (MBTI)

Another view of the SAIFI data is the number of months RMLD customers have no interruptions. At this time, the average RMLD customer experiences an outage approximately every 38.7 months.

M.G.L.c. 30B BID
BOARD REFERENCE TAB E



RMLD



Reading Municipal Light Department
RELIABLE POWER FOR GENERATIONS

230 Ash Street
P.O. Box 150
Reading, MA 01867-0250

Tel: (781) 944-1340
Fax: (781) 942-2409
Web: www.rml.com

February 14, 2013

Town of Reading Municipal Light Board

Subject: Closed Circuit Television (CCTV) and Access System

On January 2, 2013 a bid invitation was placed as a legal notice in the Reading Chronicle, Lynnfield Villager, North Reading Transcript and Wilmington Town Crier requesting proposals for Closed Circuit Television (CCTV) and Access System for the Reading Municipal Light Department.

An invitation to bid was sent to the following 8 companies:

CGL Electronic Security	First Alarm LLC	GS Security Systems
Redhawk	Siemens Building Technologies	Stanley Convergent Security Solutions
Surveillance Specialties, Ltd.	Team AVS, Inc.	

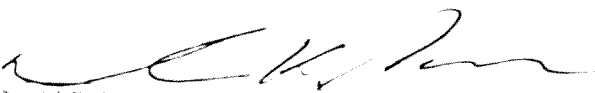
Bids were received from 3 companies; Mercier Electric & Communications, Inc., Stanley Convergent Security Solutions and Tyco.


The bids were publicly opened and read aloud at 11:00 a.m. February 7, 2013 in the Town of Reading Municipal Light Department's Audio Visual Spurr Room, 230 Ash Street, Reading, Massachusetts.

The bids were reviewed, analyzed and evaluated by the Interim General Manager and the staff. Move that bid 2013-05 for: Closed Circuit Television (CCTV) and Access System be awarded to: **Stanley Convergent Security Solutions for \$37,181.85** as the lowest qualified and responsive bidder on the recommendation of the Interim General Manager.

The equipment and installation costs will be charged as follows: The Capital Budget Account for Miscellaneous Equipment \$22,752.12 for Fiscal Year 2013. The Operating Budget Accounts for Security Cameras Maintenance and Card Key System/Security System \$4,809.91 for Fiscal Years 2013, 2014 and 2015. (This is a 3-Year contract.)


Kevin Sullivan


David Polson


Paula O'Leary

Closed Circuit Television (CCTV) and Access System

Bid 2013-05

<u>Bidder</u>	<u>Contract Total</u>	<u>Equipment & Install - DVRs, Cameras & Surge 1- Time Fee</u>	<u>Relocation 1- Time Fee</u>	<u>3-Year Total Software*</u>	<u>3-Year Total Upgrade</u>	<u>3-Year Total Maintenance*</u>	<u>Bid Form</u>	<u>Responsive Bidder</u>
Tyco	\$22,989.71	\$16,519.71	\$350.00	\$0.00	\$0.00	\$6,120.00	Yes	No ¹
Stanley Convergent Security Solutions	\$37,181.85	\$22,752.12	\$0.00	\$6,180.33	\$0.00	\$8,249.40	Yes	Yes
Merrier Electric & Communications, Inc.	\$62,068.00	\$18,989.00	\$180.00	\$24,728.00	\$6,300.00	\$11,871.00	Yes	No ²

Notes

1. Contractor did not include Bid Security or submit evidence of insurance
2. Contractor did not submit evidence of insurance

*Annual Software \$2,060.11 plus Maintenance \$2,749.80 equals \$4,809.91

This is a 3-Year contract

BOARD MATERIAL AVAILABLE
BUT NOT DISCUSSED



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

February-13

	RESIDENTIAL 750 kWh's	RESIDENTIAL-TOU 1500 kWh's 7.5/25 Split	RES. HOT WATER 1000 kWh's	COMMERCIAL 7,300 kWh's 25,000 kW Demand	SMALL COMMERCIAL 1,080 kWh's 10,000 kW Demand	SCHOOL RATE 35000 kWh's 130.5 kW Demand	INDUSTRIAL - TOU 109,500 kWh's 250,000 kW Demand 80/20 Split
READING MUNICIPAL LIGHT DEPT.							
TOTAL BILL	\$97.92	\$173.32	\$113.68	\$885.03	\$170.96	\$4,111.37	\$11,283.77
PER KWH CHARGE	\$0.13057	\$0.11555	\$0.11368	\$0.12124	\$0.15830	\$0.11747	\$0.10305
NATIONAL GRID							
TOTAL BILL	\$109.03	\$203.55	\$145.36	\$1,043.86	\$149.06	\$4,458.82	\$12,418.73
PER KWH CHARGE	\$0.14537	\$0.13570	\$0.14536	\$0.14300	\$0.13802	\$0.12739	\$0.11341
% DIFFERENCE	11.34%	17.44%	27.87%	17.95%	-12.81%	8.45%	10.06%
NSTAR COMPANY							
TOTAL BILL	\$121.38	\$221.15	\$159.69	\$1,098.30	\$165.32	\$6,099.05	\$15,957.63
PER KWH CHARGE	\$0.16183	\$0.14743	\$0.15969	\$0.15045	\$0.15307	\$0.17426	\$0.14573
% DIFFERENCE	23.95%	27.60%	40.47%	24.10%	-3.30%	48.35%	41.42%
PEABODY MUNICIPAL LIGHT PLANT							
TOTAL BILL	\$93.09	\$183.15	\$122.39	\$970.56	\$153.77	\$4,889.83	\$11,325.47
PER KWH CHARGE	\$0.12412	\$0.12210	\$0.12239	\$0.13295	\$0.14238	\$0.13971	\$0.10343
% DIFFERENCE	-4.94%	5.67%	7.66%	9.66%	-10.06%	18.93%	0.37%
MIDDLETON MUNICIPAL LIGHT DEPT.							
TOTAL BILL	\$99.77	\$198.39	\$132.64	\$959.51	\$168.44	\$4,762.93	\$13,330.75
PER KWH CHARGE	\$0.13303	\$0.13226	\$0.13264	\$0.13144	\$0.15596	\$0.13608	\$0.12174
% DIFFERENCE	1.88%	14.46%	16.68%	8.42%	-1.48%	15.85%	18.14%
WAKEFIELD MUNICIPAL LIGHT DEPT.							
TOTAL BILL	\$104.99	\$203.67	\$137.88	\$1,045.84	\$168.46	\$4,895.58	\$13,519.62
PER KWH CHARGE	\$0.13998	\$0.13578	\$0.13788	\$0.14327	\$0.15599	\$0.13987	\$0.12347
% DIFFERENCE	7.21%	17.51%	21.29%	18.17%	-1.46%	19.07%	19.81%

Jeanne Foti

From: Jeanne Foti
Sent: Tuesday, January 29, 2013 7:05 AM
To: Accounting Group
Cc: Kevin Sullivan; Patricia Mellino
Subject: Payroll - Monday, January 28

Tracking:	Recipient	Delivery	Read
	Accounting Group		
	Kevin Sullivan	Delivered: 1/29/2013 7:05 AM	
	Patricia Mellino	Delivered: 1/29/2013 7:05 AM	Read: 1/29/2013 7:28 AM
	bfournier@RMLD.com	Delivered: 1/29/2013 7:05 AM	
	skazanjan@RMLD.com	Delivered: 1/29/2013 7:05 AM	
	wmarkiewicz@RMLD.com	Delivered: 1/29/2013 7:05 AM	
	Wendy Markiewicz		Read: 1/29/2013 7:46 AM

Good morning.

There were no Payroll questions for Monday, January 28.

Thanks.

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.

Jeanne Foti

From: Kevin Sullivan
Sent: Tuesday, January 29, 2013 10:57 AM
To: RMLD Board Members Group
Cc: Accounting Group; Jeanne Foti; Patricia Mellino
Subject: FW: Account Payable Questions - January 25

Below are the answers to the A/P questions for last week.

Kevin Sullivan
Engineering and Operations Manager
Reading Municipal Light Department
781 942-6407 office

From: Jeanne Foti
Sent: Monday, January 28, 2013 8:32 AM
To: Kevin Sullivan
Subject: Account Payable Questions - January 25

Snyder

1. Cushing Jamallo – Why is invoice so late? The invoice was received on 1/10/13. It's dated 12/7/12. What was the outcome of the testing? The outcome of the testing was non-PCB oil. Would it be cost effective to screen transformers for PCB so as to know which have PCB's + replace + save much of this cost? The RMLD believes all PCB filled transformers have been removed from the distribution system. To test a distribution transformer for PCB content would require: taking an outage and having a Haz-Mat representative present to perform the test.
2. Mass Communications – How many customers receive this + how many are on e-pay – Do the e-pay customers receive some sort of notice? What's the "return" on this? Is it cost effective?
(e.g., much greater than \$1,160?) Mass Communications (MCI) is RMLD's bulk mailer for all its monthly bills except for the 2,600 paperless customers to date. As discussed at the 4/25/12 meeting, RMLD will realize cost savings between \$5,000 to \$10,000 annually conservatively. MCI is not involved with e-pay customers.
3. SJ Services – Why invoice paid so late? From November 2012?
The 3 invoices were originally received by RMLD on 12/17 after we made several requests. The invoices were review on 12/18 and some errors were identified, the vendor was contacted on 12/18, 12/19, 12/20 and 1/8. The revised invoices were resubmitted on 1/11 by SJ Services. The delay was with SJ Services not RMLD.

The outside door to GM conference room has a gap the bottom + cold air is whistling in – please at a minimum get something to block that air leak. We will install some type of door sweep or weather stripping to reduce air infiltration.

Thank you.



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781-942-2409 Fax

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Jeanne Foti

From: Kevin Sullivan
Sent: Wednesday, January 30, 2013 3:26 PM
To: Gina Snyder
Cc: RMLD Board Members Group; Accounting Group; Jeanne Foti; Patricia Mellino
Subject: RE: FW: Account Payable Questions - January 25

Gina;
As per the last email, please see below.

Kevin Sullivan

Engineering and Operations Manager
Reading Municipal Light Department
781 942-6407 office

From: Bo or Gina [<mailto:bogina03@earthlink.net>]
Sent: Tuesday, January 29, 2013 1:10 PM
To: Kevin Sullivan
Cc: RMLD Board Members Group; Accounting Group; Jeanne Foti; Patricia Mellino
Subject: Re: FW: Account Payable Questions - January 25

Hi Kevin,

A couple follow up clarification questions:

On the PCB transformers, I'm a little confused, if they don't have PCBs why were they testing for PCBs and spending hours reviewing TSCA regulations?

Conferring with the RMLD's LSP, I have been told it is standard practice to test for PCBs as an assurance in the matter. The reporting aspect to MADEP is directly influenced by a PCB/Non-PCB situation. However, the LSP does not spend hours reviewing TSCA regulations.

On the Mass Communications, it looked like we were paying for printing the good neighbor energy fund envelopes to be included in the bills if that's not what the charge was, I suppose I would still have a question as to whether we pay to print those envelopes and if the return is cost effective; and how do the e-pay customers get the solicitation (and if so, it would be good to know how they would donate if they don't get an envelop - through the RMLD pay site?)

MCI stuffs the GNEF envelopes with the bills and there is a charge for that as specified in the contract. GNEF is an activity that the RMLD supports. In February, RMLD will include an extra paragraph on the e-bill notice paperless customers receive to inform them of the GNEF and how they can contribute towards it.

Thank you,
Gina

On 1/29/2013 10:56 AM, Kevin Sullivan wrote:

Below are the answers to the A/P questions for last week.

Kevin Sullivan

Engineering and Operations Manager
Reading Municipal Light Department
781 942-6407 office

Jeanne Foti

From: Kevin Sullivan
Sent: Friday, February 01, 2013 2:52 PM
To: Gina Snyder
Cc: RMLD Board Members Group; Accounting Group; Jeanne Foti; Patricia Mellino
Subject: RE: FW: Account Payable Questions - January 25

Gina;
Per our discussion prior to Wednesday night's board meeting, mea culpa. The LSP *had* spent hours reviewing TSCA regs. I made the LSP aware of the situation yesterday. This afternoon, I spoke to the LSP relative to the time spent (7 hrs.) reviewing the TSCA regulations. Two things came out of this conversation:

1. The LSP responded that the TSCA regulations are quite comprehensive requiring considerable review. In addition he reminded me that initially, the thought was PCB oil had spilled from the transformers due to the age of the transformers and the on site false positive received from the test kit. Upon further review (lab tests), we now know the oil was straight mineral oil. Before the lab test, the LSP was preparing for a filing to MADEP and EPA consisting of TSCA regulations.
2. In addition, the LSP reviewed the invoice and determined there had been a billing error. While we had been billed for 7 hours, the discussion between the two principals was that the RMLD should be billed for 2 hours. Hence, a billing error exists on the invoice.

The LSP offered a credit of 5 hours and I agreed.

Thank you for providing thoughtful input into the situation.

Kevin Sullivan
Engineering and Operations Manager
Reading Municipal Light Department
781 942-6407 office

From: Kevin Sullivan
Sent: Wednesday, January 30, 2013 3:26 PM
To: Gina Snyder
Cc: RMLD Board Members Group; Accounting Group; Jeanne Foti; Patricia Mellino
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Reading Municipal Light Department
781 942-6407 office

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Sent: Tuesday, January 29, 2013 1:10 PM
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Kevin Sullivan

Engineering and Operations Manager

Reading Municipal Light Department

781 942-6407 office

From: Jeanne Foti

Sent: Monday, January 28, 2013 8:32 AM

To: Kevin Sullivan

Subject: Account Payable Questions - January 25

Snyder

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Thank you.

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.

Jeanne Foti

From: Kevin Sullivan
Sent: Monday, February 04, 2013 2:29 PM
To: Accounting Group; RMLD Board Members Group
Cc: Jeanne Foti; Patricia Mellino
Subject: FW: Account Payable Warrant - February 1, 2013

Gina;
Please see my responses below.

Kevin Sullivan
Engineering and Operations Manager
Reading Municipal Light Department
781 942-6407 office

From: Jeanne Foti
Sent: Monday, February 04, 2013 8:10 AM
To: Kevin Sullivan
Subject: Account Payable Warrant - February 1, 2013

Snyder

1. APPA, Barbas, BSE, LLI, MBCR, NEPPA, PURMA, Secretary of State – Please remind all that P.O.'s should be entered prior to work/invoice.
The Department will become better at producing the PO ahead of receiving the associated invoice. The only invoice received that this scenario could not be accomplished for, is the snow removal invoice from the Barbas rental property
2. MBCR – What is the discrepancy on this one?
Payment and invoicing process crossing in the mail.
3. National Grid – Are the dates (February 2012 + 2/15/2012) typos?
Yes. Typos with the annual change.

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.

Jeanne Foti

From: Jeanne Foti
Sent: Monday, February 11, 2013 8:38 AM
To: Accounting Group
Cc: Kevin Sullivan; Patricia Mellino
Subject: Account Payable Warrant - February 8, 2013

Good morning.

There were no Account Payable Warrant - February 8, 2013.

Thanks.

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.

Jeanne Foti

From: Kevin Sullivan
Sent: Monday, February 11, 2013 5:11 PM
To: John Stempeck
Cc: Jeanne Foti
Subject: RE: Overtime Analysis - Explanation Sheet

John;
It is typical. Actually, depending upon how the storm falls (same or different work week), the overtime amount will be more. Case in point is Hurricane Sandy 2012 and October Snowstorm 2011. Each had over three days restoration, whereas the Blizzard was really a 24 hour storm +.

Kevin Sullivan
Engineering and Operations Manager
Reading Municipal Light Department
781 942-6407 office

From: John Stempeck [<mailto:John@avalonassociates.com>]
Sent: Monday, February 11, 2013 5:05 PM
To: Jeanne Foti
Cc: Kevin Sullivan
Subject: RE: Overtime Analysis - Explanation Sheet

Thank you Jeanne. I was going to ask Kevin about this, as I assumed that there would be significant overtime due to the storm. It seemed a little higher than usual (25% vs 15%).

Kevin, is this typical of previous major storms, Sandy, Irene, etc.?

John Stempeck

From: Jeanne Foti [<mailto:jfoti@RMLD.com>]
Sent: Monday, February 11, 2013 4:40 PM
To: John Stempeck
Cc: Kevin Sullivan
Subject: Overtime Analysis - Explanation Sheet

Good afternoon John.

Thanks for coming in to sign the Payroll. Attached is the Overtime Explanation Sheet that was not on the table when you came in. This has been reviewed by Kevin Sullivan.

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

Jeanne Foti

From: Jeanne Foti
Sent: Wednesday, February 20, 2013 9:14 AM
To: Accounting Group
Cc: Kevin Sullivan; Patricia Mellino
Subject: Account Payable Warrant - February 15

Good morning.

There were no questions for the Account Payable Warrant – February 15.

Thanks.

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.

