

**READING MUNICIPAL
LIGHT DEPARTMENT**

**BOARD
OF
COMMISSIONERS**

REGULAR SESSION

MARCH 27, 2014



READING MUNICIPAL LIGHT DEPARTMENT
BOARD OF COMMISSIONERS MEETING

230 Ash Street
Reading, MA 01867
March 27, 2014
7:30 p.m.

1. Call Meeting to Order
2. Opening Remarks
3. Introductions
4. Public Comment
5. Approval of Board Minutes (Tab A)
January 29, 2014 ACTION ITEM
6. General Manager's Report – Ms. O'Brien – General Manager
 - a. Fiscal Year 2015 Budgets
 - b. Organizational Study RFP
7. Power Supply Report – February 2014 – Ms. Parenteau (Tab B)
8. Engineering and Operations Report – February 2014 – Mr. Jaffari (Tab C)
9. Financial Report – February 2014 – Mr. Fournier (Tab D)
10. M.G.L. Chapter 30B Bids (Tab E) ACTION ITEM
 - a. IFB 2014-19 Grounds Keeping and Landscaping Services
Suggested Motion:
Move that bid 2014-19 for Grounds Keeping and Landscaping Services be awarded to:
Earthworks Landscaping Co., Inc. for \$132,311.00 as the lowest qualified and responsive
bidder on the recommendation of the General Manager. (This is a three-year contract.)

11. General Discussion

BOARD MATERIAL AVAILABLE BUT NOT DISCUSSED

Rate Comparisons, March 2014

E-Mail responses to Account Payable/Payroll Questions

RMLD Board Meetings

Thursday, April 24, 2014 – RMLD Board meeting for Capital and Operating Budgets 5:30 pm.

Thursday, May 1, 2014

Citizens' Advisory Board Meeting

Fiscal Year 2015 Budget Meetings

April 2, 2014 – Lynnfield – April 9, 2014 – Commissioner Soli will cover these meetings for the Board.

12. Executive Session

Suggested Motion:

Move that the Board go into Executive Session to approve the Executive Session meeting minutes of January 29, 2014, discuss mediation and union negotiations update, and return to Regular Session for the sole purpose of adjournment. ACTION ITEM

13. Adjournment
Suggested Motion:

Move to adjourn the Regular Session.

ACTION ITEM



REGULAR SESSION MEETING
MINUTES
BOARD REFERENCE TAB A



Reading Municipal Light Board of Commissioners

Regular Session

230 Ash Street

Reading, MA 01867

January 29, 2014

Start Time of Regular Session: 7:30 p.m.

End Time of Regular Session: 9:45 p.m.

Commissioners:

John Stempeck, Chairman

Robert Soli, Secretary

David Mancuso, Commissioner

Philip B. Pacino, Vice Chair

David Talbot, Commissioner

Staff:

Coleen O'Brien, General Manager

Bob Fournier, Accounting/Business Manager

William Seldon, Senior Energy Analyst

Jeanne Foti, Executive Assistant

Jane Parenteau, Energy Services Manager

Citizens' Advisory Board:

George Hooper, Vice Chairman

Rubin and Rudman LLP:

Chris Pollart, Partner

North Reading Board of Selectmen:

Joseph Foti, Clerk

Michael Prisco, Member

Call Meeting to Order

Chairman Stempeck called the meeting to order and stated that the meeting was being videotaped; it is live in Reading only.

Opening Remarks

Chairman Stempeck read the RMLD Board of Commissioners Code of Conduct.

Introductions

Chairman Stempeck welcomed CAB Vice Chairman George Hooper and Town of North Reading Board of Selectmen, Joseph Foti and Michael Prisco.

Chairman Stempeck stated that Commissioner Soli will be the Secretary at this meeting.

Public Comment

There was no public comment.

Regular Session Minutes December 12, 2013

Mr. Pacino made a motion seconded by Mr. Mancuso to approve the Regular Session meeting minutes of December 12, 2013, as corrected.

Motion carried 5:0:0.

Report of the Chairman (Attachment 1)

Update on Charter Committee – Report by Vice Chair Pacino

Mr. Pacino reported that as he mentioned at the last Board meeting, the Town of Reading formed a committee to look at the Home Rule Charter. Mr. Pacino stated that he has handed out the proposed changes in the Charter that affect the Board. Mr. Pacino highlighted the proposed changes in section 3-5 Municipal Light Board in the Charter since he is a member of the Charter Committee.

Mr. Pacino stated that the changes are as follows: under Chapter 164, the proper name should be Municipal Light Board of Commissioners, the second paragraph was removed because that is defined under Chapter 164, the fourth paragraph adds that the Municipal Light Board of Commissioners shall hire the General Manager of the Municipal Light Department and set the duties and terms of employment, with the word compensation stricken because it is not necessary due to the fact that the Board sets the duties and terms of employment. The proposed changes to the Home Rule Charter can be found on the Town of Reading's website. Chairman Stempeck clarified that Mr. Pacino's impression is that compensation is inclusive of the duties and terms. Mr. Pacino concurred.

Report of the Chairman (Attachment 1)

Update on Charter Committee – Report by Vice Chair Pacino

Chairman Stempeck asked if the Charter states that the Municipal Light Board of Commissioners shall employ the Auditor appointed by the Town of Reading Audit Committee. Chairman Stempeck said that he was under the understanding that the RMLD had the freedom and flexibility to use the auditor of their choice. Mr. Pacino said that he would have to explain the history on how this came into place. Based on the Inspector General's Report in 2001, there were a couple of changes recommended by a special committee. One of the things they reviewed was that the Board would have direct hiring of the Accounting Manager and Chief Accountant. It was based on the committee's feedback that the Accounting Manager could not come to the Board to bring the items discussed in the Inspector General's Report forward. The line was created in order that the Accounting Manager could bring such items to the Board instead of the General Manager. In terms of Chapter 30B, the RMLD was in disagreement, but the Town of Reading insisted it would be in there. Mr. Pacino said that he has read the 2013 memo from Rubin and Rudman and believes it came out in 2001. Basically, the RMLD does not have to follow 30B, however, at that time; there was discussion among the town to make this commission appointed. The outside towns would have not been particularly pleased with that outcome. Mr. Pacino said that he can go back ask for the removal of 30B and bring back the opinions or any other changes.

Chairman Stempeck said that it is one of the issues that Rubin and Rudman had commented on referring to 30B, Chapter 164 and the level of independence of the RMLD. Whether it is the town's Human Resources person, auditor or law firm, these impact the independence of the RMLD. Based on that, he would like to reexamine these changes offline.

Mr. Pacino pointed out that under 4-10 Other Committees, there is language to appoint long standing Ad Hoc committees. Mr. Pacino reported under 4-11 they voted at their meeting on Monday evening to have a Charter Review Committee that would meet every ten years. The members would include one from the Board of Selectmen, one member from the Library trustees, one member from RMLD Board or designee, one member from the School Committee, and three Town Meeting members. There was discussion if representation from the Light Board was necessary; he abdicated for representation from the Board. Chairman Stempeck added that they do not want the Charter committee to have recommendations that are unfulfillable or unsustainable or illegal. The only way to influence that is to look at this while it is being developed. Mr. Pacino pointed out that much of RMLD's load is outside of the Town of Reading. Mr. Pacino said that it has been pointed out to him that this is Reading's Light Department, but has corrected them to point out that it is customers of the system Light Department.

Mr. Pacino added that under 4-12 Permanent Building Committee that has been referred to the Board of Selectmen. The proposal is to add a Permanent Building Committee for any building such as the library that is being built. The Committee would consist of an engineer and individuals who are familiar with the projects.

Chairman Stempeck polled the members of the Board to see if they had any comments to the proposed Charter changes, there were none. Mr. Pacino mentioned that they are in the interim process.

Chairman Stempeck asked what the timeframe is. Mr. Pacino replied that they are hoping to have this ready for the April Town Meeting. Mr. Pacino said that once this is completed, the Town of Reading legal counsel needs to review this. Chairman Stempeck suggested once this is ready for printing, a copy should be provided to the RMLB for review by Rubin and Rudman.

General Manager's Report – Ms. O'Brien – General Manager Organizational Study RFP

Ms. O'Brien reported on the Organizational Study, which includes a long term system reliability study that is in its final draft stage. The matrix and benefits have been completed for evaluating qualified consultants. Releasing the RFP in February is anticipated and Ms. O'Brien is awaiting the arrival of the new Director of Engineering and Operations to review the package before it is sent out for bid. The study looks at overall staffing levels, skill sets, career development, succession planning, productivity, and efficiency improvements, market wages as well as the long term reliability plan to provide capital layout and prioritization of these projects for over the next twenty years. Both components of the organizational study are intended to align with RMLD staff and the required technology to reach the next generation of electric industry challenges. The bid will be advertised and in the registry for potential consultants to bid on within the next couple of months.

Mr. Mancuso asked for a sense for what kind of inputs you would be providing to the organization compared to the study relative to goals and efficiency improvement as well as the types of technology. Would they be looking at the organization blindly or do we provide them with guidance?

**General Manager's Report – Ms. O'Brien – General Manager
Organizational Study RFP**

Ms. O'Brien explained that they usually begin with the reliability study; however, this may be two consultants. One consultant that has expertise both fields would be optimal. When you start with the reliability, you are looking at power supply in the industry and what shape and flexibility your system needs to have for the next twenty five years. As has been discussed on a number of occasions, peak shaving for voltage readings at the end of the system, you want the system to be flexible enough to allow different customers to provide generation back onto the system and to have those types of communication networks in order that we can send signals as well as get signals back so we are communicating with our system and our customers. In addition, the reliability study also looks at all of your equipment to ensure any major capital improvement such as substation overhauls or circuit feeders or system coordination protection is performed. They will take everything that needs to be done and lay it over twenty years with prioritization; based on the recommendations, it's possible that outside staff augmentation may be required. The consultant will provide cost estimates for all recommendations, along with a timeline to support funding schedules. The reliability study will be inputted into the six year plan and aligned with the financials. Our message to the consultant will be that RMLD needs to have a system that is flexible for peak shaving and have engineers, energy services and the correct customer service staff to promote programs that will ensure RMLD successes for the future industry challenges. Those components will be integrated into the organizational study. It will reflect what RMLD needs currently, within 10 years, by 20 years. The skill sets and processes for this size utility to meet the demands of this New England area. You might find that the job descriptions are consolidated or may change employees may need additional training.

Ms. O'Brien asked if this is what Mr. Mancuso is seeking. Mr. Mancuso replied that the RMLD will be providing them some sense of the kind of goals we want to set for peak shaving and what we have for demand response. Ms. O'Brien said that you can get into as much detail as you would like in a study, but the optimal means is to have the recommendations focus on the overall strategic roadmap. The more detail, the more costly the study. Ms. O'Brien stated that there are issues presently that she has already deemed focus areas for FY14/15 which provide the foundation for system planning. This includes both the evaluation and completion of the GIS and the development of a qualified substation and testing group. Ms. O'Brien said that she cannot express enough the importance of predictive and preventative maintenance and its impact on safety. As well, she wants in-house expertise to perform the maintenance which reduces costs and increases accountability, responsibility and ownership. Mr. Mancuso asked if the study would comment on the Energy Efficiency position and if there will be a return on investment. Ms. O'Brien replied, exactly.

Mr. Talbot asked when this study will be put out to bid. Ms. O'Brien replied that she hopes to get this out to bid the first week of February however; she would like to complete the preliminary system assessment prior to releasing the RFP.

Power Supply Report – December 2013 – Ms. Parenteau (Attachment 2)

Ms. Parenteau presented the December Power Supply Report. Ms. Parenteau reported that the RMLD's load for December was approximately 60.8 million kWhs which is a 2.7% increase from December 2012. RMLD's energy cost was approximately \$3.67 million, roughly equivalent to \$.06 per kilowatt hour. Ms. Parenteau stated that the Fuel Charge adjustment was \$.04 per kilowatt hour for December and the RMLD sales totaled 51.6 million kilowatt hours, as a result the RMLD under collected by approximately \$1.6 million resulting in a Deferred Fuel Cash Reserve balance of \$2.375 million. The January Fuel Charge was set at \$.045 and is projected in February to go to \$.05 per kilowatt hour.

The RMLD purchased about 15% of its energy requirements from the ISO New England Spot Market at the average cost of \$131 per megawatt hour. Ms. Parenteau said that because of the cold weather in December and January, New England is faced with a natural gas constraint. The generators do not have firm contracts to import the gas into the region.

Ms. Parenteau explained that the ISO had taken this up in the fall and procured with several of the generators to have dual fuel and many of the generators are burning oil which is at a much higher cost with the average price have ranged in the \$200 to \$300 range per megawatt hour. On December 14, it hit a high of \$800. RMLD is in the market for only 15% of Spot Market power. The RMLD has a portfolio of generators such as StonyBrook that is running in excess of RMLD's requirement, therefore the RMLD will receive a credit for that generation at the average LMP to offset the average cost of the fuel burned.

Chairman Stempeck commented that the natural gas situation is also impacting NSTAR and the other ISO owned facilities. Ms. Parenteau stated that with RMLD's Fuel Charge they have a portfolio of resources to secure its requirement, whereas NSTAR or National Grid go out to bid every six months. As a result of that, their rates have increased significantly for the whole six month period. Chairman Stempeck added that the cost to those customers represent a 24% to 37% whose rates are almost double RMLD.

Power Supply Report – December 2013 – Ms. Parenteau (Attachment 2)

Mr. Mancuso asked if the ISO has found sufficient reserves. Ms. Parenteau responded that there was a shortage event called on the 14th, in which they enacted demand response and had over 90% of the demand response show up.

Ms. Parenteau reported on the capacity side in which the RMLD hit a peak demand of 116 megawatts on December 16 at 6:00 p.m., the temperature was 16 degrees. The RMLD's monthly capacity requirement was 215 megawatts of capacity, equivalent to \$1.47 million or just under \$7 kilowatt month.

Because of the upcoming retirement of three power plants, it is highly probable that these capacity auctions are going to clear based on new generation which is going to be significantly higher than the current market. The current market is around \$3.50 a kilowatt month. The Salem Harbor closure is causing the NEMA Load Zone which Reading is a part of to go to \$15 a kilowatt month and this will only exacerbate those costs. Ms. Parenteau said that they are working diligently to see what kind of program that they can implement to manage those peak demands that is the only way we are able to hedge those future higher costs.

Ms. Parenteau reported that for capacity and energy costs as well as energy generated in kilowatt hours for the month of December, RMLD capacity and energy costs came in at just over \$.08 per kilowatt hour. In addition, for the month of December, 6.6% of our energy purchases were generated from hydro generation.

Ms. Parenteau commented that the RMLD has 16,400 RECs for the calendar year 2013. RMLD has sold approximately 4,600 RECs for a total of \$245,000 which was credited against the fuel costs in October. The current market value for the remaining RECs is approximately \$562,000.

Ms. Parenteau reported that the RMLD's total transmission cost for the month of December was \$805,000 which is approximately a 19% increase from November 2013.

Ms. Parenteau reported that the RMLD processed nine commercial lighting rebates for November and December totaling a little less than \$70,000 bringing the fiscal year total to \$138,000. The RMLD calculates the capacity savings to be approximately 433 kilowatts and the energy savings to be approximately 1,500 megawatt hours. On the residential side the RMLD calculates 102 kilowatts of capacity savings and 80 megawatt hours of energy savings. To date the RMLD has processed 662 residential rebates totaling \$31,600 and 199 RMLD customers have received audits totaling \$39,800.

Financial Report – December 2013 – Mr. Fournier (Attachment 3)

Mr. Fournier presented the December Financial Report provided in the Commissioner packets for the first six months of this fiscal year; the negative change in Net Assets or Net Income for December was \$1.8 million, decreasing the year to date Net Income to \$161,000. Fuel Expenses have exceeded Fuel Revenues by \$234,000.

Year to date base revenues were under budget by \$1.1 million or about 4.5%, actual base revenues were \$23.6 million. Year to date purchased power base expenses were over budget by \$73,707 or less than .5%, actual purchased power base costs were \$14.8 million.

Year to date operating and maintenance (O&M) expenses combined were over budget by \$300,000 or just over 4.5%, actual O&M expenses were \$6.1 million. Depreciation expense and voluntary payments to the Towns were on budget.

Operating Fund is at \$10 million, Capital Fund \$4.5 million, Rate Stabilization Fund \$6.7 million, Deferred Fuel Fund \$2.3 million and the Energy Conservation Fund at \$411,000. Year to date kilowatt hours sales are 362 million kilowatt hours, which is 1.1% behind last year.

Mr. Soli asked if the Net Income is missing by 95%. Mr. Fournier replied if compared to budget that is correct.

M.G.L. Chapter 30B Bids (Attachment 4)

Mr. Hooper commented that when the RMLD goes out for bid is it apples to apples. Chairman Stempeck replied that is correct. Mr. Soli reported that he had never been to a bid opening, however, was in attendance the agenda and the RMLD runs a tight ship relative to the bid process and required paperwork.

IFB 2014-12 Single Phase Pad Mounted FR3 Transformers

Mr. Pacino made a motion seconded by Mr. Soli that bid 2014-12 for Single Phase Pad Mounted FR3 Transformers be awarded to WESCO for a total cost of \$149,855.00 as the lowest qualified bidder on the recommendation of the General Manager.

Motion carried 5:0:0.

M.G.L. Chapter 30B Bids (Attachment 4)

IFB 2014-13 Single Phase Pole Mounted Transformers

Mr. Pacino made a motion seconded by Mr. Talbot that bid 2014-13 for Single Phase Pole Mounted Transformers be awarded to WESCO for a total cost of \$99,792.00 as the lowest qualified bidder on the recommendation of the General Manager.

Motion carried 5:0:0.

IFB 2014-14 Three Phase Pad Mounted Transformers

Mr. Pacino made a motion seconded by Mr. Soli that bid 2014-14 for Three Phase Pad Mounted Transformers be awarded to WESCO for a total cost of \$143,869.00 as the lowest qualified bidder on the recommendation of the General Manager.

Motion carried 5:0:0.

IFB 2014-15 Three Phase Pole Mounted Transformers

Mr. Pacino made a motion seconded by Mr. Soli that bid 2014-15 for Three Phase Pole Mounted Transformers be awarded to WESCO for a total cost of \$62,625.00 as the lowest qualified bidder on the recommendation of the General Manager.

Motion carried 5:0:0.

IFB 2014-16 15kV Aerial Spacer Cable

Mr. Pacino made a motion seconded by Mr. Soli that bid 2014-16 for 15kV Aerial Spacer Cable be awarded to Arthur Hurley for a total cost of \$58,275.00 as the lowest qualified bidder on the recommendation of the General Manager.

Motion carried 4:0:1. Vice Chair Pacino abstained from the vote.

Mr. Pacino explained that his abstention from this vote is because this vendor obtains insurance bonds from one of his clients, and he wishes to avoid the slightest possibility of conflict of interest.

Cost of Service Study – Consideration of Rate Adjustment Ms. O’Brien – General Manager (Attachment 5)

Ms. O'Brien stated that she was seeking an approximate 5% rate increase. This past Friday, the January revenues came in which provided seven months of actuals and five months of projected. The December sales income is down from last year. However, the shift to capital outlay projects and the vacancies resulted in a savings of \$300,000. As Mr. Fournier mentioned, all five divisions are under budget. With the \$300,000 savings the rate increase recommendation will be approximately 4.5%. The approximate increase will vary on the rate class and usage. The increase is due to unrealized projected sales over the past several years. The RMLD by law must cover its production costs as well as maintain sound financial positioning with low risk credit rating for attracting low cost power supply in meeting its financial commitments. The RMLD has not had an increase in well over three years and with the increase, the rates will still remain amongst the lowest in the state. The increase insures an acceptable financial standing for the remainder of the fiscal year and is projected to come in at approximately \$500,000 less than the approved budget. Expenses were evaluated and lessened without adversely impacting our excellent reliability. Unfortunately, for this situation we have five months to cover costs therefore, a gradual increase is not an option. To mitigate any further unexpected rate increases, RMLD has begun a full Cost of Service Study and is formulating a six year forecast plan. The six year plan will be made available to all CAB members and town managers so we all can work proactively to ensure successful budgets. The Cost of Service Study is due later this spring and if there is any further increase that is determined the information can be disseminated appropriately into the fiscal year 2015 budget process. Contingencies in everyone's budget to address these fluctuations are prudent. Over the last several years, fuel costs have decreased most likely from natural gas prices. However, Ms. O'Brien needs to caution that the power fuel prices are beginning to escalate and all of New England electric customers will see a larger impact in several years. This is based on a number of imminent charges as Ms. Parenteau mentioned from the ISO electric grid system including transmission bills in the absence of sufficient area generators.

Mr. Pacino said that he wanted to revisit how RMLD works (he proceeded to a drawing board where his highlights follows). From the rates, there is power supply coupled with transmission and distribution costs, operating expenses from that is the depreciation fund, the RMLD is allowed 3%, the depreciation fund is used for construction to maintain the reliability of the system, the above line payments are made to the four towns that were put in place by special legislation with the Twenty Year Agreement. It is based on the amount of plant that is in each town and the usage which gives you a net allowable up to 8%. RMLD is not achieving 8%. If the economy should turn around, and more than 8% is returned then the Board can refund money to the customers which it has done in the past. From the 8% there are two places it goes. The return on investment to the Town of Reading is for the initial investment and for bearing the liabilities. That number at the time of the twenty Year Agreement was capped at that plus an annual adjustment based on the CPI formula. What does not go back to the Town of Reading goes into construction. The risk of not doing anything in terms to rate increase negatively affects the reliability of the system. There is a mechanism/process in the agreement for evaluating the calculation method.

Chairman Stempeck polled all those in attendance to see if anyone wanted to make a statement.

Cost of Service Study – Consideration of Rate Adjustment Ms. O’Brien – General Manager (Attachment 5)

Mr. Prisco said that he wanted to take the opportunity to congratulate the Board on the selection of Ms. O’Brien as General Manager. She was nice enough to come and visit the Board at one of their meetings, had a great conversation and could tell right away that you definitely made the right choice. He thanked Ms. O’Brien for listening to their concerns and taking them back. Chairman Stempeck and Ms. O’Brien thanked Mr. Prisco and hope all goes well.

Mr. Prisco wanted to clarify because when Mr. Norton originally told them about the rate increase it was slightly more than what you are going to approve. Mr. Prisco clarified that the 4.5% is for this year only and next year will there be a similar increase. Ms. O’Brien explained that the RMLD could not wait for the cost of service to address the needs between now and the end of the fiscal year. The cost of service will take the production costs and everything that Commissioner Pacino has gone over. The cost of service splits the pie and allocates appropriately in a variety of different rate designs including a new low income rate, as well as an LED streetlight rate. That Cost of Service Study is due later in the spring. Ms. O’Brien stated that to clarify the larger percentage, at the onset on the discussion of this rate increase, when explaining how the 5% was derived this 9% came up as it affected the base portion – the embedded portions of the rate.

Mr. Prisco commented that this is an understandable increase now that you have explained it. He as well as Mr. Foti understands the rate increase of 4.5%. Ms. O’Brien clarified that she had spoken to Ms. Willis in the North Reading School system and advised her that the school increase was only 3.9%. Mr. Prisco added the low income rate, it is something the RMLD does not currently offer and is one of the reasons he is at the meeting. In North Reading, they have a sizeable senior community and an increase on our seniors who are on a fixed income is going to be pretty significant. He urges the Board to find creative ways, perhaps a senior rate exemption, we offer all the seniors in all our communities it would go a long way. Those outside of the senior age group if they have to take a little more on, he would rather see that. If that could be given consideration before you make your vote. Ms. O’Brien said that the Board voted at the last meeting to include it in the Cost of Service Study and she is confident that is something that will be voted on when that is completed. Ms. O’Brien stated that Commissioner Soli had mentioned to her earlier that if that could be pulled out of that even in a preliminary way and vote on that, we are limiting the increase to those customers. Coming up with the administration and the logistics of the program, how you qualify people and the related paperwork to qualify needs to be set up.

Ms. O’Brien thanked Mr. Prisco for his input as well as his kind words.

Mr. Talbot said that he has circulated an op ed that he will be putting in the papers tomorrow that builds on some of the things we are trying to do in terms of peak shaving. It tries to promote the ideas and explains how important they are. In North Reading one thing they can do is if they have an electric water heater, customers can save \$200 annually if they allow the RMLD to shut off the water heaters for a couple of hours. It helps the RMLD save a large amount of money. The time of use in his own home he saves \$15-\$20 monthly by shifting some of his outside of the 12-7 bracket. If he was on the flat rate he would be paying \$15-\$20 more. Mr. Talbot thanked Ms. Parenteau for their information on summer peak information that will be contained in the article. Peak shaving is a crucial factor and Ms. O’Brien is working on that. Mr. Talbot said that looking at the rates considering the small amount of customers that take part in this rate, exempting the off peak portion, it would send a powerful signal because the press coverage on the rate increase, this one part (time of use savings) makes it better.

Chairman Stempeck said that the intent of the article is to encourage customers to adopt this program. Mr. Talbot added to adopt a program we know works. By not changing the rate and exempting the off peak portion it would draw a lot of attention to this rate. Chairman Stempeck said that without the spreadsheet we cannot make a determination. Ms. O’Brien added that we have 514 in the hot water rate and 350 in the time-of-use rate. Ms. O’Brien said that it has been estimated that between 2,000 to 4,000 meters are to be addressed. Ms. O’Brien said that in Mr. Talbot’s op ed the RMLD will provide contact names for customers who are interested in these programs.

Mr. Tabot said that for the proposed rate increase this evening, he would like to exempt the off peak portion on the time of use for the residential customers. With 300 it equates to half a cent which does not negatively impact the numbers.

Mr. Pacino raised the point of logistics because the proposed change brought forward by Mr. Talbot would need to go back to the CAB for review per the Twenty Year Agreement. Mr. Pacino appreciates what Mr. Talbot is doing which is a great idea in the Cost of Service Study. Mr. Pacino commented that he thinks that Mr. Talbot’s suggestions are great and the Board is behind them.

Mr. Soli said that one good item relative to customer’s bills is that the hazardous waste charge 1/10 penny per kilowatt hour will be ending, very small, but in the right direction. Mr. Soli pointed out that had the Board had not been so busy hiring a General Manager, and dealing with all that, they would have seen this in the budget for the whole year.

Cost of Service Study – Consideration of Rate Adjustment Ms. O'Brien – General Manager (Attachment 5)

Mr. Soli said that as pointed out earlier, the RMLD is behind in its revenue and there is only five months to make up this deficit. When we adopted last year's budget if we looked a little harder, we could have said we needed to raise prices. It would have been about a 2% change. The money that the customers are going to pay because it is a twelve month period differs. For next year, 4.5% will revert to 2%. Mr. Soli said it depends on the Cost of Service Study results.

Mr. Hooper added that he is in agreement with Mr. Soli if it was picked up and we were able to do this much earlier. The timing is part of this, no one likes to be the new General Manager and bring this bad news. Mr. Hooper is pleased that the rate increase has been dropped to 4.5% because it shows that you are exploring and identifying some other areas. Mr. Hooper clarified that Chairman Stempeck is aware of what the CAB put forth on its recommendation. Mr. Hooper said that at the CAB meeting he made a comment on the CPI on the payment to the Town of Reading with his concern with that if the RMLD is not performing well fiscally that payment will still be going out. Perhaps, this is something that needs to be looked at. Chairman Stempeck said that we can take that under consideration, it is a good suggestion.

Ms. O'Brien said that the RMLD needs to maintain a rate of return that allows us to make our commitments and also provides enough of a buffer to augment the fuel fund or assist with the depreciation fund should there be a catastrophic event affecting critical infrastructure or power supply. The RMLD has been targeting a rate of return in the 5% range; a return which allows the commitments to be made, is less than the allowable 8% to keep rates the low, and provides the said buffer. Chairman Stempeck said that we can table this discussion to another time.

Mr. Hooper said that it is important that we communicate better to other communities including Wilmington. One of the things is that they perform their fiscal budgets even though we deal with residential ratepayers and commercial ratepayers they also deal with school and as well as municipal buildings. Ratepayers are also taxpayers and are affected by this. We should communicate better to these communities when for consideration when they do their budgets.

Chairman Stempeck stated that on behalf of all the commission members, he would like to thank everyone involved in this very difficult process involving the rate increase. He would like to thank the Selectmen in all the towns because of the timing of this issue, the budgets, the constituencies, etc. No one wants a rate increase and they are customers as well. Chairman Stempeck wanted to thank the CAB for their consideration and the staff at the RMLD for their efforts trying to get to something reasonable. At the end of the day the RMLD has to be fiscally sound and that overrules everything else we do. It is a good teaching tool to do it better if there is a next time.

Mr. Pacino made a motion seconded by Mr. Soli that the Reading Municipal Light Department Board of Commissioners approve the adoption of the rates MDPU numbers #228, 229, 230, 231, 232, 233, 234, 235 dated to be filed January 30, 2014 on the recommendation of the General Manager.

Motion carried 5:0:0, unanimously.

General Discussion

There was none.

BOARD MATERIAL AVAILABLE BUT NOT DISCUSSED

Rate Comparisons, January 2014

E-Mail responses to Account Payable/Payroll Questions

RMLD Board Meetings

Thursday, February 27, 2014

Thursday, March 27, 2014

Citizens' Advisory Board Meeting

Wednesday, March 12, 2014 - Tentative

Fiscal Year 2015 Budget Meetings

April 2, 2014 – Lynnfield – April 9, 2014

Executive Session

At 9:20 p.m. Mr. Pacino made a motion seconded by Mr. Soli that the Board go into Executive Session to approve the Executive Session meeting minutes, based on Chapter 164, Section 47D exemption from public records and open meeting requirements in certain instances, to discuss mediation and union negotiations update, and return to Regular Session for the sole purpose of adjournment.

**Chairman Stempeck polled the Board. Motion carried by a polling of the Board:
Mr. Talbot; Aye, Mr. Pacino; Aye, Mr. Mancuso; Aye, Mr. Soli; Aye, and Chairman Stempeck, Aye.
Motion carried 5:0:0.**

Adjournment

At 9:45 p.m. Mr. Mancuso made a motion seconded by Mr. Soli move to adjourn the Regular Session to adjourn.


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

Robert Soli, Secretary
RMLD Board of Commissioners

POWER SUPPLY REPORT
BOARD REFERENCE TAB B



To: Coleen O'Brien

From:  Maureen McHugh, Jane Parenteau 

Date: March, 2014

Subject: Purchase Power Summary – February, 2014

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

ENERGY

The RMLD's total metered load for the month was 55,020,513 kWh, which is an .02% increase from the February, 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	3,328,034	\$7.37	6.05%	\$24,516	0.73%
Seabrook	5,323,929	\$8.19	9.68%	\$43,587	1.29%
Stonybrook Intermediate	4,310,278	\$184.18	7.83%	\$793,868	23.48%
JP Morgan	7,625,600	\$61.69	13.86%	\$470,419	13.91%
NextEra	8,328,000	\$67.13	15.14%	\$559,050	16.53%
NYPA	1,997,657	\$4.92	3.63%	\$9,828	0.29%
ISO Interchange	5,118,670	\$138.80	9.30%	\$710,491	21.01%
NEMA Congestion	0	\$0.00	0.00%	-\$310,475	-9.18%
Coop Resales	3,496	\$157.76	0.01%	\$552	0.02%
BP Energy	8,633,600	\$48.27	15.69%	\$416,744	12.32%
Summit Hydro/Collins/Pioneer	1,326,164	\$62.81	2.41%	\$83,298	2.46%
Braintree Watson Unit	338,862	\$161.61	0.62%	\$54,765	1.62%
Swift River Projects	890,394	\$100.93	1.62%	\$89,867	2.66%
Exelon	7,715,200	\$54.62	14.02%	\$421,397	12.46%
Stonybrook Peaking	83,764	\$161.86	0.15%	\$13,558	0.40%
Monthly Total	55,023,648	\$61.45	100.00%	\$3,381,465	100.00%

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

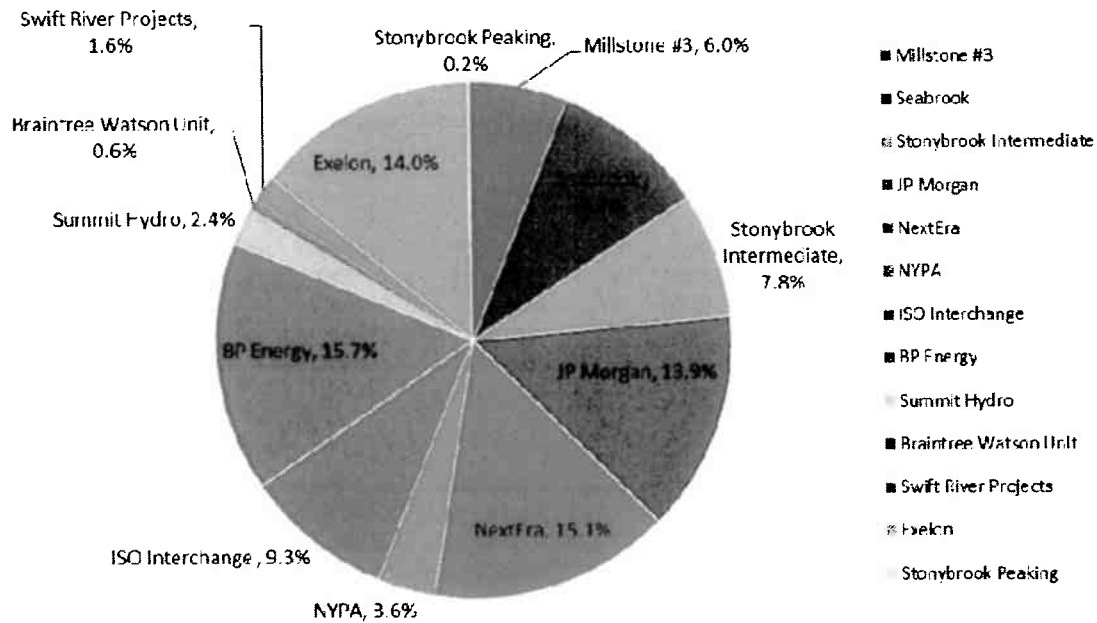
Table 2

Resource	Amount of Energy (kWh)	Cost of Energy (\$/Mwh)	% of Total Energy
ISO DA LMP * Settlement	5,658,774	146.86	10.28%
RT Net Energy ** Settlement	-540,104	223.16	-0.98%
ISO Interchange (subtotal)	5,118,670	138.80	9.30%

* Independent System Operator Day-Ahead Locational Marginal Price

** Real Time Net Energy

FEBRUARY 2014 ENERGY BY RESOURCE



CAPACITY

The RMLD hit a demand of 105,961 kW, which occurred on February 13, at 7 pm. The RMLD's monthly UCAP requirement for February, 2014 was 215,701 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	4,950	44.82	\$221,879	15.02%
Seabrook	7,903	49.90	\$394,371	26.70%
Stonybrook Peaking	24,981	2.00	\$50,082	3.39%
Stonybrook CC	42,925	4.01	\$171,983	11.64%
NYPA	4,019	4.02	\$16,172	1.09%
Hydro Quebec	4,683	4.08	\$19,120	1.29%
Nextera	60,000	5.50	\$330,000	22.34%
Braintree Watson Unit	10,520	10.61	\$111,661	7.56%
ISO-NE Supply Auction	55,720	2.90	\$161,811	10.95%
Total	215,701	\$6.85	\$1,477,080	100.00%

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	\$24,516	\$221,879	\$246,395	5.07%	3,328,034	0.0740
Seabrook	\$43,587	\$394,371	\$437,958	9.01%	5,323,929	0.0823
Stonybrook Intermediate	\$793,868	\$171,983	\$965,852	19.88%	4,310,278	0.2241
Hydro Quebec	\$0	\$19,120	\$19,120	0.39%	-	0.0000
JP Morgan	\$470,419	\$0	\$470,419	9.68%	7,625,600	0.0617
NextEra	\$559,050	\$330,000	\$889,050	18.30%	8,328,000	0.1068
* NYPA	\$9,828	\$16,172	\$26,001	0.54%	1,997,657	0.0130
ISO Interchange	\$710,491	\$161,811	\$872,302	17.95%	5,118,670	0.1704
Nema Congestion	-\$310,475	\$0	-\$310,475	-6.39%	-	0.0000
BP Energy	\$416,744	\$0	\$416,744	8.58%	8,633,600	0.0483
* Summit Hydro/Collins/Pioneer	\$83,298	\$0	\$83,298	1.71%	1,326,164	0.0628
Braintree Watson Unit	\$54,765	\$111,661	\$166,425	3.43%	338,862	0.4911
* Swift River Projects	\$89,867	\$0	\$89,867	1.85%	890,394	0.1009
Coop Resales	\$552	\$0	\$552	0.01%	3,496	0.1578
Constellation Energy	\$421,397	\$0	\$421,397	8.67%	7,715,200	0.0546
Stonybrook Peaking	\$13,558	\$50,082	\$63,641	1.31%	83,764	0.7598
Monthly Total	\$3,381,465	\$1,477,080	\$4,858,545	100.00%	55,023,648	0.0883
* Renewable Resources					7.66%	

RENEWABLE ENERGY CERTIFICATES (RECs)

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

Table 5
Swift River RECs Summary
Period - January 2013 - February 2014

	Banked RECs	Projected RECs	Total RECs	Est. Dollars
Woronoco	0	1,584	1,584	\$65,736
Pepperell	0	1,292	1,292	\$74,936
Indian River	0	658	658	\$38,164
Turners Falls	1,441	685	2,126	\$0
RECs Sold			13,392	\$726,871
Grand Total	1,441	4,219	19,052	\$905,707

TRANSMISSION

The RMLD's total transmission costs for the month of February were \$912,647. This is a decrease of 7.78% from the January transmission cost of \$989,607. In February, 2013 the transmission costs were \$801,945.

Table 6

	Current Month	Last Month	Last Year
Peak Demand (kW)	105,961	108,799	104,480
Energy (kWh)	55,023,648	61,774,795	53,918,775
Energy (\$)	\$3,381,465	\$3,161,945	\$3,397,710
Capacity (\$)	\$1,477,080	\$1,365,300	\$1,498,056
Transmission(\$)	\$912,647	\$989,607	\$801,945
Total	\$5,771,193	\$5,516,852	\$5,697,711

ENGINEERING AND OPERATIONS
REPORT
BOARD REFERENCE TAB C



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

February 2014

FY 2014 CAPITAL PLAN – CONSTRUCTION

System Projects:		% Complete
101	5W9 Reconductoring – Wildwood Street:	5%
102	4W4 Reconductoring:	Delayed - FY16
103	Upgrading of Old Lynnfield Center URDs (Trog Hawley - Partial Carryover):	100%
104	Upgrading of Old Lynnfield Center URDs (Cook's Farm): Engineering labor on design for upgrade.	5%
105	4W5-4W6 Tie: Engineering labor. Line Crews installed laminated pole, out-rigged primary and installed new street light.	10%
106	URD Upgrades – All Towns:	On-going Spring Start
107	Stepdown Area Upgrades – All Towns: Engineering labor for Vine Street area.	On-going
Station Upgrades;		
108	Station 4 (Gaw) Relay Replacement Project (Partial Carryover)	Delayed - FY15
109	Station 4 (Gaw) 35kv Potential Transformer Replacement	5%
110	Station 3 – Replacement of Service Cutouts:	10%
111	Station 4 (Gaw) Getaway Replacement – 4W13: Work continued in February with make ready work using both OH and UG crews. Installed new 750 KCM URD wire MH1 to MH2. Installed 750 mcm URD circuit 4W13.	80%
125	Station 5 – Getaway Replacements 5W9 and 5W10:	Idle
SCADA Projects:		
130	Station 3 - RTU Replacement:	Delayed - FY15

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).

Projects in February include North Reading Middle and High Schools.

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

Routine Construction:

YTD

Pole Setting/Transfers	256,218
Maintenance Overhead/Underground	303,189
Projects Assigned as Required	321,250
Pole Damage/Knockdowns - Some Reimbursable	52,342
Station Group	2,067
Hazmat/Oil Spills	51,786
Porcelain Cutout Replacement Program (1)	495
Lighting (Street Light Connections)	33,447
Storm Trouble	14,202
Underground Subdivisions (new construction)	12,541
Animal Guard Installation	23,287
Miscellaneous Capital Costs	166,514
TOTAL:	<u>\$ 1,237,339</u>

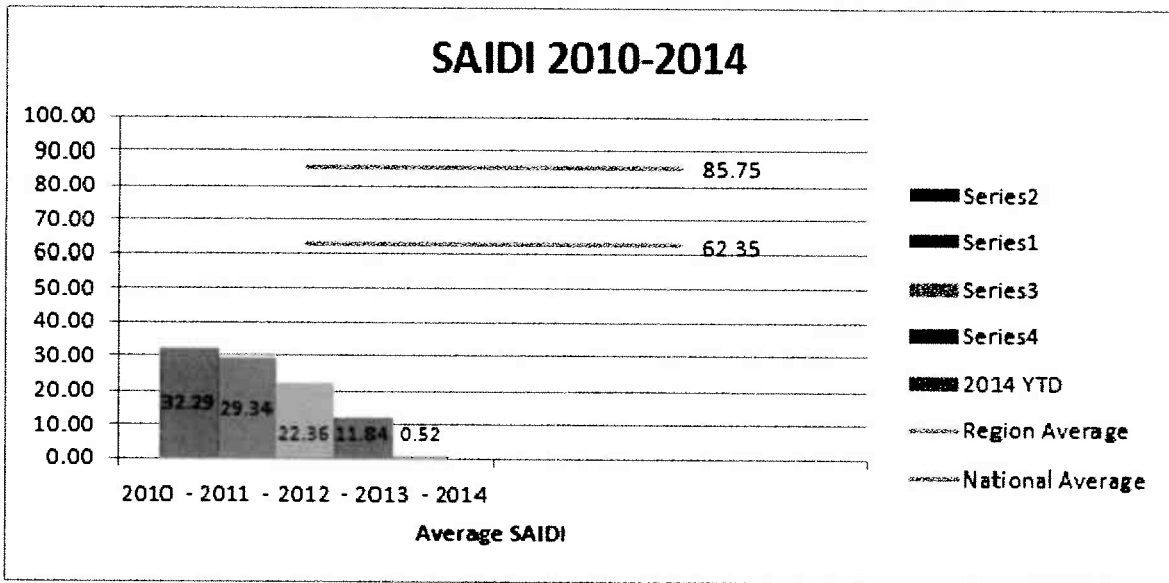
(1) In February (0) cutouts were charged under this program. Approximately seven (7) cutouts were installed new or replaced because of damage.

SYSTEM RELIABILITY

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

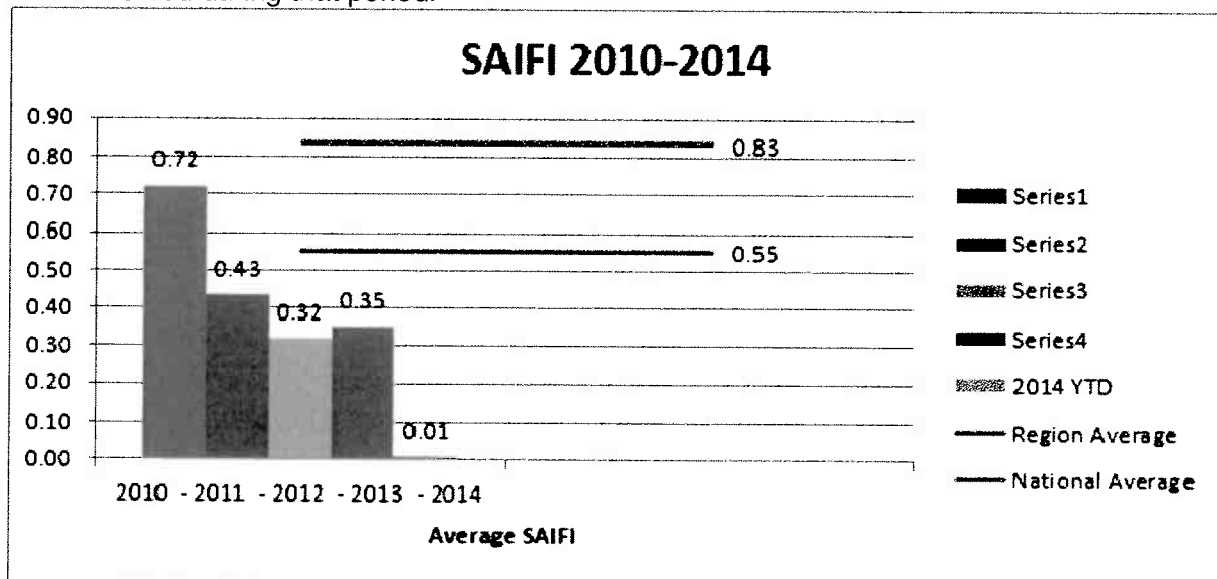
SAIDI (System Average Interruption Duration Index) is defined as the average interruption duration (in minutes) for customers served by the utility system during a specific time period.

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.

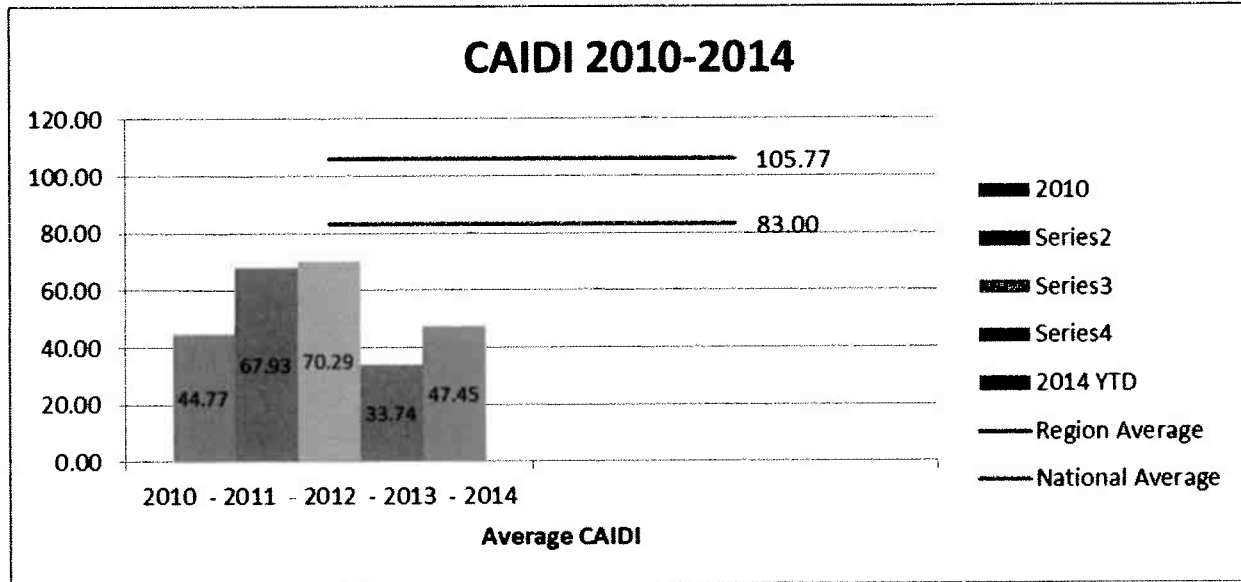
SAIFI = the total number of customer interruptions ÷ average number of customers served during that period.



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

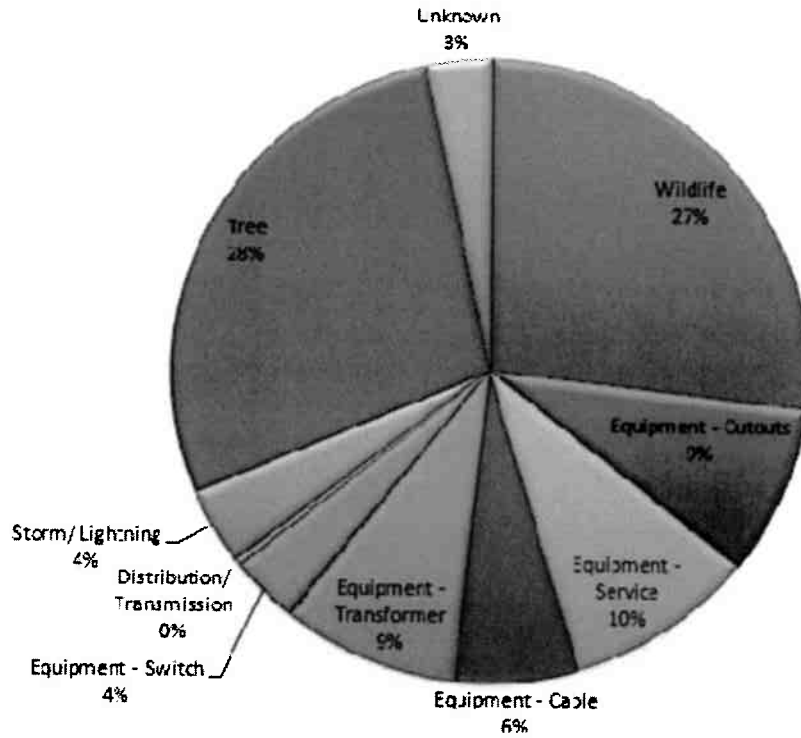
This metric reflects the average customer experience (minutes of duration) during an outage.



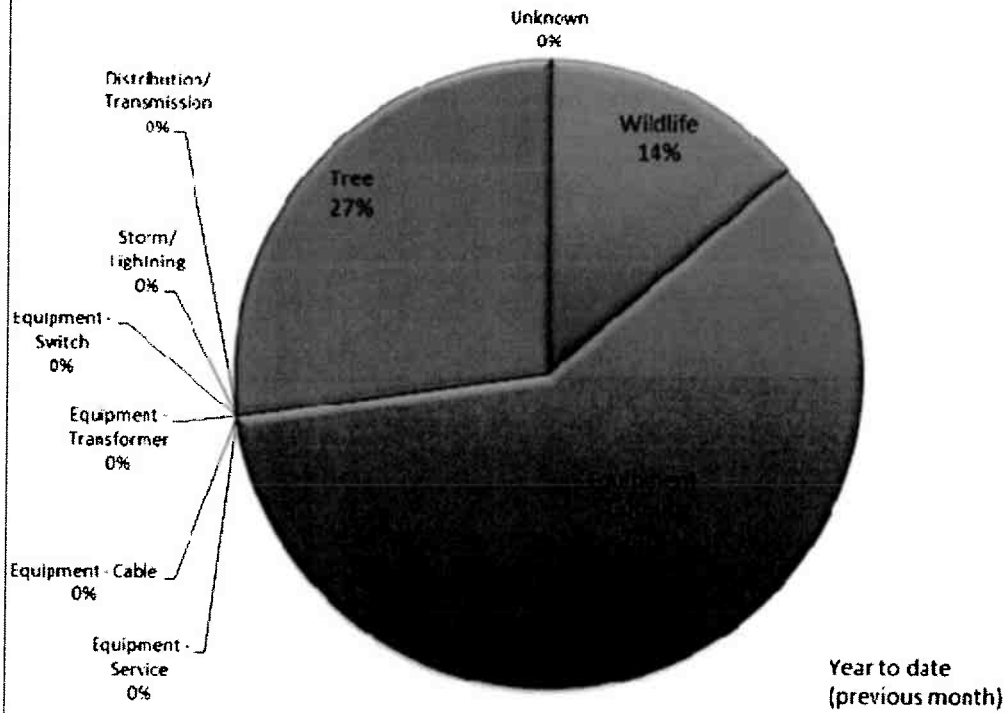
Note: Since SAIDI, SAIFI and CAIDI are sustained interruption indices; only outages lasting longer than one minute are included in the calculations.

CAUSES OF OUTAGES

2010-2014 Outage Causes Types



2014 Outage Causes Types





FINANCIAL REPORT
BOARD REFERENCE TAB D



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

March 21, 2014

Town of Reading Municipal Light Board

Subject: Grounds Keeping and Landscaping Services

On Wednesday, March 5, 2014 a bid invitation was placed as a legal notice in the Daily Times Chronicle requesting proposals for Grounds Keeping and Landscaping Services for the Reading Municipal Light Department.

An invitation to bid was mailed to the following nineteen companies:

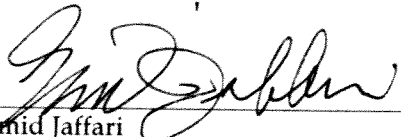
Condider It Done	David J. Linehan & Son	Donlon-Draper Inc., Inc.
Earthworks Landscaping Co., Inc.	Edward Lubelczyk	EZ Landscaping
Hummer's Lawn Care	Hurst Landscaping	Joe Gerrior Masonry
K.M. Earle Company	Mac's Landscaping	MFB, Inc.
Paul McCarthy	R. Maggio & Son Contractors	Responsible Lawn Care
Strong Landscaping	TM Landscaping	Viking Tree
William F. Dunn Landscaping & Contracting		

Bids were received from the following three companies: William F. Dunn Landscaping & Contracting, Inc., David J. Linehan & Son and Earthworks Landscaping Co., Inc.

The bids were publicly opened and read aloud at 11:00 a.m. March 20, 2014 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 General Manager and the staff. Move that bid 2014-19 for: **Grounds Keeping and Landscaping Services** be awarded to: **Earthworks Landscaping Co., Inc.** for **\$132,311.00** as the lowest qualified and responsive bidder on the recommendation of the General Manager. (This is a three-year contract.)

The FY2014 Operating Budget amount for this item is \$42,000.00.



Hamid Jaffari



David K. Polson



Paula O'Leary

**Grounds Keeping and
Landscaping Services**

Bid 2014-19

<u>Bidder</u>	<u>Three-Year Total Price</u>	<u>Year 1 - 2014</u>	<u>Year 2 - 2015</u>	<u>Year 3 - 2016</u>	<u>Responsive Bidder</u>
Earthworks Landscaping Co., Inc.	\$132,311.00	\$43,240.00	\$44,081.00	\$44,990.00	Yes
David J. Linehan & Son	\$126,434.37	\$42,144.79	\$42,144.79	\$42,144.79	No¹
William F. Dunn Landscaping & Contracting, Inc.	\$106,567.00	\$32,585.00	\$35,799.00	\$38,183.00	No²

Notes:

1: **David J. Linehan & Son** - Pricing sheet incorrect, no Comprehensive Application Plan that was required as part of the Bid Award, no equipment list and no evidence of insurance.

2: **William F. Dunn Landscaping & Contracting, Inc.** - No Comprehensive Application Plan that was required as part of Bid Award, no licenses, no evidence of insurance, no equipment list, no work schedule, no Certificate of Vote and an incomplete Bidder Qualification Form.

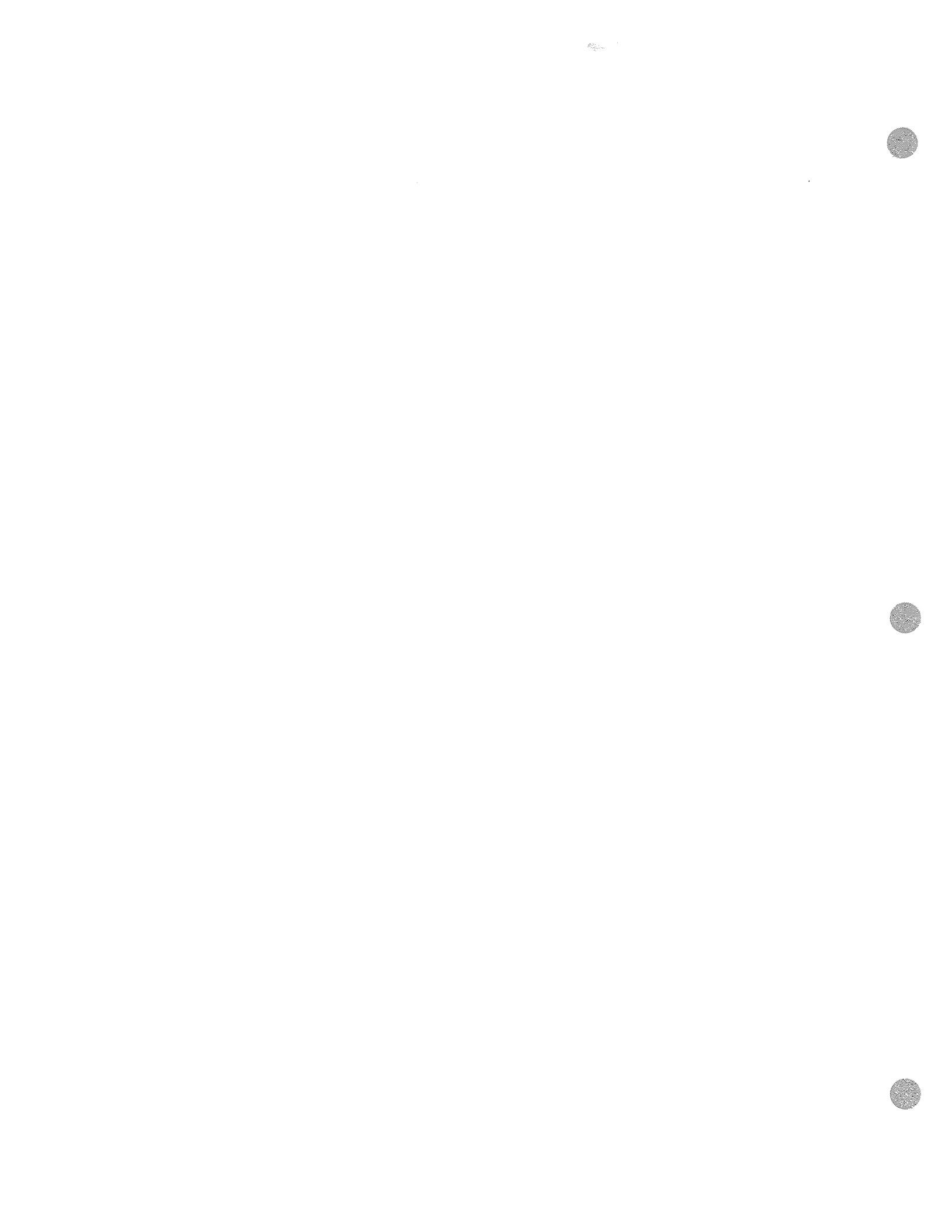
**BOARD MATERIAL AVAILABLE
BUT NOT DISCUSSED**



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

March-14

	RESIDENTIAL 750 kWh's	RESIDENTIAL-TOU 1500 kWh's 75/25 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	\$96.56	\$168.93	\$110.62	\$952.77	\$183.93	\$4,425.83	\$12,155.77
PER KWH CHARGE	\$0.12875	\$0.11262	\$0.11062	\$0.13052	\$0.17030	\$0.12645	\$0.11101
NATIONAL GRID							
TOTAL BILL	\$131.05	\$247.59	\$174.72	\$1,222.57	\$175.50	\$5,860.57	\$16,760.35
PER KWH CHARGE	\$0.17473	\$0.16506	\$0.17472	\$0.16748	\$0.16250	\$0.16744	\$0.15306
% DIFFERENCE	35.71%	46.56%	57.94%	28.32%	-4.58%	32.42%	37.88%
NSTAR COMPANY							
TOTAL BILL	\$138.64	\$255.68	\$182.71	\$1,241.23	\$186.47	\$6,784.35	\$20,051.84
PER KWH CHARGE	\$0.18485	\$0.17045	\$0.18271	\$0.17003	\$0.17265	\$0.19384	\$0.18312
% DIFFERENCE	43.57%	51.35%	65.17%	30.28%	1.38%	53.29%	64.96%
PEABODY MUNICIPAL LIGHT PLANT							
TOTAL BILL	\$91.56	\$179.15	\$121.36	\$959.18	\$150.56	\$4,742.13	\$10,863.38
PER KWH CHARGE	\$0.12208	\$0.11943	\$0.12136	\$0.13139	\$0.13941	\$0.13549	\$0.09921
% DIFFERENCE	-5.18%	6.05%	9.71%	0.67%	-18.14%	7.15%	-10.63%
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	3.32%	17.44%	19.91%	0.71%	-8.42%	7.62%	9.67%
WAKEFIELD MUNICIPAL LIGHT DEPT.							
TOTAL BILL	\$104.31	\$202.32	\$136.98	\$1,039.27	\$167.49	\$4,864.08	\$13,421.07
PER KWH CHARGE	\$0.13908	\$0.13488	\$0.13698	\$0.14237	\$0.15509	\$0.13897	\$0.12257
% DIFFERENCE	8.02%	19.77%	23.83%	9.08%	-8.94%	9.90%	10.41%



Jeanne Foti

From: Jeanne Foti
Sent: Thursday, March 20, 2014 11:27 AM
To: RMLD Board Members Group
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

February 21, February 28 and March 7.

Payroll – No Questions

February 24 and March 10.

Please note that there were Account Payable Warrant questions for March 14, 2014, which cannot be included in the package because the responses contain sensitive information not covered in open session.

This e-mail will be printed for the Board Book for the RMLD Board meeting on March 27, 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.

