



RMILD

**READING MUNICIPAL LIGHT
DEPARTMENT**

**BOARD OF COMMISSIONERS
REGULAR SESSION MEETING**

**WEDNESDAY
FEBRUARY 28, 2024**

ATTACHMENT 1
APPROVAL OF MEETING MINUTES



Town of Reading Meeting Minutes

2018-09-22 LAG

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2023-10-25

Time: 6:00 PM

Building: North Reading Town Hall

Location: Room 14

Address: 235 ST, North Reading, MA

Session: Open Session

Purpose: General Business

Version: Draft

Attendees: **Members - Present:**

Philip Pacino, Chair; David Talbot, Vice Chair; Robert Coulter, Commissioner; Marlena Bitá, Commissioner; Pamela Daskalakis, Commissioner.

Members - Not Present:

Others Present:

Citizens' Advisory Board (CAB): Vivek Soni, Chair (Reading); George Hooper (Wilmington); Dennis Kelley (Wilmington); Jason Small (North Reading).

RMLD Staff: Gregory Phipps, General Manager; Erica Morse, Executive Assistant; Benjamin Bloomenthal, Director of Finance and Accounting; Bill Bullock, Director of Integrated Resources; Erin MacDonough, Operational Assistant.

Presenter: Michael McNeley, Senior Manager, Project Development, Bloom Energy; Jordan Garfinkle, Senior Manager, Policy & Government Affairs, Bloom Energy.

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

Topics of Discussion:

Documents and exhibits used at this meeting can be found on the RMLD website in the BoC meeting packet and linked here: [Board of Commissioners Joint Meeting Agenda & Packet | Reading Municipal Light Dept \(rml.com\)](#)

Call Meeting to Order

Chair Pacino called the RMLD Board of Commissioner's (BoC) meeting to order at 6:10 PM and announced that the meeting would be held in person, remotely on zoom, and streamed live on RCTV and YouTube.

Chair Soni called the Citizens' Advisory Board meeting to order at 6:10 PM.

Opening Remarks and Introductions: Chair Pacino read the RMLD BoC Code of Conduct and asked all remote attendees to identify themselves. Chair Pacino served as Secretary at the meeting.

Commissioner Bitá arrived at the meeting at 6:43 PM.

Mr. McNeley and Mr. Garfinkle left the meeting at 6:52 PM.

Mr. Small arrived at the meeting at 7:10 PM.



Town of Reading Meeting Minutes

Ms. Herrick left the meeting at 7:13 PM.
Commissioner Coulter arrived at the meeting at 7:23 PM.

Public Comment

There was no comment from the public at the meeting.

Report on the Citizens' Advisory Board Meeting

There was no report on the Citizens' Advisory Board at the meeting.

Approval of Board of Commissioner Meeting Minutes

The approval of the June 15, 2023, and July 18, 2023, open session minutes was tabled until the next meeting.

Approval of Citizens' Advisory Board Meeting Minutes

The approval of the February 23, 2023, open session minutes was tabled until the next meeting.

Carbon Captured Fuel Cell

Materials: Carbon Capture Fuel Cell Presentation (Joint Meeting Packet, Attachment 3)

Introduction - Bloom Energy Representatives

Mr. Phipps introduced the representatives from Bloom Energy: Michael McNeley and Jordan Garfinkle.

Michael McNeley

Mr. Phipps noted that Mr. McNeley is part of the business operations team at Bloom Energy, responsible for overseeing projects from their inception to delivery, with a special focus on utility low carbon energy transition opportunities.

Mr. McNeley has over a decade of experience in energy storage, solar, and wind project development and a Bachelor of Science in Material Science and Engineering from Rutgers University.

Jordan Garfinkle

Mr. Phipps noted that Mr. Garfinkle focuses on legislative and regulatory aspects enabling distributed generation, hydrogen, and energy transition projects.

Mr. Garfinkle joined Bloom in 2020; prior experience includes six years with the Climate Strategies Group at Mass DEP working on energy and climate projects.

Mr. Garfinkle has a Master of Science from the University of Michigan and a Bachelor of Science from Saint Louis University.

Context – RMLD In Territory Generation (slide 3)

Mr. Phipps discussed RMLD in territory generation.

Mission and Strategy

Mr. Phipps reiterated RMLD's mission: to provide reliable, low-cost, and non-carbon energy.

Mr. Phipps highlighted RMLD's ongoing strategy to explore and implement in territory generation. RMLD is actively searching for opportunities to generate electricity within the territory.



Town of Reading Meeting Minutes

Economics and Scale

Mr. Phipps highlighted the economic benefits of in territory generation, which has become more cost-effective than importing from the wholesale market.

The size of RMLD and its growth trajectory is appropriate for the implementation of in territory generation projects.

Reliability

Mr. Phipps emphasized the intention behind in territory generation is to improve reliability.

RMLD's reliability is very good, but ISO New England, who manages the wholesale market, is prompting utilities to think about the adequacy of energy generation and transmission over the next 5 to 10 years.

RMLD Goals

Mr. Phipps emphasized RMLD's commitment to meeting the targets set by the 2021 Climate Bill: 50% non-carbon by 2030, 75% by 2040, and net zero by 2050.

RMLD's goal is to achieve 40% in territory generation and balance from the 60% wholesale market by 2040.

Project Plans

Mr. Phipps noted RMLD's plans to implement a 20 MW base load generation system by winter 2025/26 and pursue the Maple Meadows solar project despite a 12 to 18-month delay.

Mr. Phipps discussed RMLD's strategy to phase projects in blocks (10 to 30 MW) to allow flexibility in response to market and load growth changes. This includes the adoption of electric vehicles (EVs) and air source heat pumps (ASHPs).

In Territory Generation Options for RMLD (slide 4)

Mr. Phipps presented in territory generation options.

In Territory Expansion

Mr. Phipps discussed expanding in territory generation, with a focus on solar PV, hydrogen, low temperature geothermal, and carbon-captured fuel cells.

Solar PV

Mr. Phipps noted that RMLD plans to maximize solar PV installation, with a potential capacity of 40MWs (currently at 9MWs).

Mr. Phipps highlighted the current state and potential of solar PV. Solar, despite being scalable up to 40MWs, would contribute less than 10% to the total wholesale purchases due to its capacity factor, which averages 17% in RMLD territory.

Hydrogen Pilot

Mr. Phipps mentioned that RMLD is looking into a potential pilot project at Station 3 with an electrolyzer company. The exploration of hydrogen is in the early stages, with a timeline of 8-15 years for potential implementation.

Low Temperature Geothermal

Mr. Phipps discussed the feasibility of low temperature geothermal energy and mentioned



Town of Reading Meeting Minutes

the challenge of bring far away from hot springs. Implementation is realistically 8+ years away.

Carbon-Captured Fuel Cells

Mr. Phipps noted that combining fuel cell technology with carbon capture is an innovative approach, and RMLD plans to be an early adopter of this combined technology.

Funding Opportunities

Mr. Phipps discussed the strategic approach to in territory energy generation and leveraging funding opportunities from the Inflation Reduction Act (IRA22) and various grants.

Clarification on Goals

Commissioner Daskalakis inquired about achieving the 40% in-territory generation goal. Mr. Phipps clarified that generating 50MW base load would contribute significantly towards this goal. Mr. Phipps emphasized the need to be proactive to stay ahead of potential challenges.

Bloom Energy at a Glance (slide 5)

McNeley provided an overview of Bloom Energy, a technology provider specializing in fuel cells.

Company History

Bloom Energy originated from a NASA spin-out, and initially focused on hydrogen technology before pivoting to natural gas due to the lack of a readily available hydrogen supply. Despite this transition, the core system remains hydrogen-based, with a focus on reforming methane for electric system compatibility.

Mr. McNeley detailed Bloom Energy's history as a long-standing, publicly traded company with a significant global presence and domestic manufacturing capabilities.

Manufacturing

Mr. McNeley noted that the manufacturing process involves creating stack electrochemical cells in San Jose, California, and assembling them into fuel cell boxes in Delaware. Mr. McNeley discussed the company's domestic manufacturing approach, with all manufacturing done within the United States.

Project Scale

Mr. McNeley mentioned a specific 30MW utility-scale project in Delaware as an example of Bloom's project capacity, noting this as an older design without carbon capture technology.

Mr. McNeley highlighted Bloom's project scale, with over a gigawatt (1000 MWs) of projects in the field, in relation to the 20 MWs projects being discussed.

Addressing Utility Stability

Mr. McNeley noted the challenges faced by utilities in the U.S. and Bloom's role in providing reliable power solutions to customers in areas lacking proactive infrastructure investments.

Bloom Fuel Cell Overview – How it Works (slide 6)

Mr. McNeley provided an overview of the Bloom Fuel Cell.

Operation and Process

Mr. McNeley explained the basic operation of the fuel cell system, involving oxygen and hydrogen. The process begins with natural gas undergoing a reclamation process to



Town of Reading Meeting Minutes

separate into CO and hydrogen. The CO and hydrogen then react with oxygen to produce water, CO₂, and other by-products.

CO₂ Stream and Quality

Mr. McNeley emphasized the potential for producing a high-purity CO₂ stream, due to robust natural gas quality in the project areas. This is beneficial for subsequent carbon capture and utilization stages.

Mr. McNeley explained that the system's exhaust handling involves separating into two streams: a cathode with air and an anode with a purer CO₂ stream.

System Retrofit

Mr. McNeley mentioned plans to retrofit the system to capture and purify CO₂ for various applications.

Mr. McNeley highlighted the system's design for future conversion, allowing for a simple retrofit to hydrogen. Mr. McNeley emphasized the infrastructure's readiness for a transition to hydrogen when feasible.

CO₂ Reclamation and Efficiency

Mr. Phipps highlighted the CO₂ reclamation process. Mr. McNeley affirmed the importance of capturing exhaust, processing it, and recycling unutilized CO₂ and other by-products back into the system to enhance efficiency further.

Key Differentiators and Net Benefits

Mr. McNeley highlighted the non-combustion electrochemical reaction as a key differentiator for fuel cells, offering environmental benefits over traditional combustion processes.

Mr. McNeley emphasized the net benefits of the system, including efficiency improvements and the potential for CO₂ utilization beyond the primary energy generation process.

Carbon capture Overview (slide 7)

Mr. McNeley provided an overview of the carbon capture system.

Mr. McNeley discussed the two main outputs of fuel cell technology: low carbon electricity and CO₂ as a resource.

Market Opportunities

Mr. McNeley highlighted a significant market opportunity arising from the lack of local CO₂ sources, with current supplies being transported from distant locations, thereby increasing emissions from the transportation activity.

Industry Support

Mr. McNeley emphasized the potential to support industries like pharmaceuticals, food and beverage, and the growing demand for sustainable construction materials.

Business Model

Mr. Phipps provided an overview of the business model, emphasizing the desire for in-territory energy generation and the benefit of the additional revenue stream from selling CO₂.



Town of Reading Meeting Minutes

Mr. Phipps emphasized RMLD's mission towards reliable, low-cost, and non-carbon energy and its alignment with compliance obligations.

Environmental and Economic Impact

Mr. McNeley noted the potential for creating a microcosm of interrelated businesses in the Greater Boston area, leveraging the fuel cell technology for electricity, and utilizing CO₂ in various industries. Mr. McNeley emphasized the environmental and economic benefits of such an ecosystem.

Efficiency Discussion

Vice Chair Talbot asked a question relative to the efficiency of converting natural gas to electricity in comparison to traditional combined cycle natural gas power plants. Mr. Phipps responded that there would be a more detailed discussion in the following slide.

Real-World Benefits (slide 8)

Mr. Garfinkle discussed the benefits of the carbon capture fuel cell system.

Efficiency

Mr. Garfinkle clarified the relationship between the fuel cell's efficiency and its ability to capture carbon emissions, noting that efficiency does not compromise carbon capture rates.

Vice Chair Talbot made several inquiries centered on understanding the efficiency of converting natural gas to electricity and how Bloom's technology compares with traditional power generation methods.

Mr. Garfinkle noted the unique benefits of the fuel cell, including higher CO₂ concentration and the absence of combustion, which avoids particulate emissions.

Mr. Garfinkle highlighted that the fuel cell's efficiency is ~ 54%, comparable to that of combined cycle natural gas power plants but with the added advantage of capturing a high rate of carbon emissions. This aspect is crucial, given the technology's ability to produce low carbon electricity and capture CO₂ for various uses, such as the production of sustainable building materials.

Regulatory Context

Chair Soni raised questions about regulatory benchmarks for gas-fired power generation and the potential for earning certificates through enhanced efficiency and carbon capture.

Mr. Phipps confirmed CEC certificates eligibility and linked the discussion to compliance obligations and the broader business model of generating additional revenue through CO₂ sales.

Operational Advantages

Vice Chair Talbot confirmed the benefit of in-territory generation, reducing transmission losses and supporting local energy needs.

System Maintenance

Mr. Garfinkle addressed questions about system degradation and maintenance, noting the modularity of the fuel cells allows for easy replacement of components to maintain efficiency.



Town of Reading Meeting Minutes

Scale and Application

Chair Soni inquired about the scale of projects implementing carbon capture. Mr. McNeley mentioned ongoing larger-scale projects and the strategic approach to integrating carbon capture with the base fuel cell technology.

Mr. McNeley discussed the practical aspects of implementing Bloom's technology, including the modularity of the fuel cells, system reliability, the importance of gas supply stability and purity, and the innovative approach to carbon capture.

Partner Engagement

Mr. McNeley potential CO2 off-take agreements and the importance of engaging with partners to ensure efficient and reliable carbon capture solutions.

System Reliability and Modular Design

Mr. Phipps and Mr. Garfinkle discussed the operational strategy to maximize uptime and efficiency, noting plans to run the system for most of the year, barring maintenance.

Mr. Garfinkle illustrated the resilience and reliability of the system with an anecdote, emphasizing the advantages of its modular design for continuous operation.

Preliminary High-Level Economics (slide 9)

Mr. Phipps discussed the preliminary economics of the project.

Overview and Estimate

Mr. Phipps discussed preliminary plans for a 20 MW carbon capture fuel cell system project, highlighting the aim is to achieve reliable, low-cost, non-carbon energy production within RMLD's territory.

Mr. Phipps noted an initial cost estimate exceeding \$100m and emphasized the need for collaboration among multiple participants to finance the project.

Land Acquisition and Site Requirements

The project requires approximately four acres of land for equipment only and RMLD is actively pursuing land acquisitions.

Mr. Phipps discussed potential and current sites under RMLD control and highlighted the highlighting the importance of proximity to natural gas supplies.

Natural Gas Supply and Forecast

Mr. Phipps mentioned the availability of natural gas in the territory and potential sources for reliable and low-cost supply.

Mr. Phipps discussed the natural gas market's forecasted decline in demand over the next decade due to the increased adoption of air source heat pumps and retirements of combined cycle natural gas facilities.

RMLD Portfolio

The project complements RMLD's existing energy portfolio, with a focus on enhancing reliability and sustainability.

Financing and Economics Considerations



Town of Reading Meeting Minutes

Mr. Phipps highlighted various financing options including investment tax credits, discounts, grants, and direct investments.

Mr. Phipps provided a comparison of the projected energy cost from the fuel cell system to current wholesale costs and the economics of alternative solar projects.

Implementation Timeline and Process

Mr. Phipps noted that the aim for project completion is in the next 2.5 years and acknowledged the significant amount of work and planning required in the upcoming months.

Site Planning and Design Flexibility

Mr. Phipps discussed the specific site requirements and configurations for the fuel cell system and carbon capture technology. The modular nature of the technology offers flexibility in site design to accommodate environmental and spatial constraints.

Strategic Goals and Reliability

Mr. Phipps emphasized that the project is part of RMLD's broader strategy to enhance energy reliability within its territory.

Rates Presentation

Materials: RMLD Board Packet (attachment 4)

Mr. Bullock presented the proposed rates for March 2024 to the BoC and CAB.

Rates – goals and objectives (slide 3)

Mr. Bullock discussed the goals and objectives of RMLD rates.

Goals and Outcomes

Mr. Bullock highlighted the goals of RMLD's rates, citing the examples of covering costs for providing service, funding efficiency and electrification initiatives and complying with DPU and RMLD policies.

Mr. Bullock emphasized the importance of forecasting loads, setting retail sales by customer class, and refining cost allocations across rate classes.

2024 Expenses

Mr. Bullock highlighted the expected expenses for 2024: certificates (5%), capacity costs (15%), transmission (20%), energy (31%), and operating costs (29%) as key components of the cost structure.

Certificate Clarification

Chair Soni sought clarification on why certificates were listed as an expense. Mr. Phipps clarified that the chart on slide 3 should be titled 2026 expenses (not 2024) and explained that the cost attributed to certificates is essentially net neutral.

Mr. Phipps explained that RMLD purchases certificates associated with energy, and then sells or retires those certificates. Mr. Phipps elaborated on RMLD's approach to managing certificates and noted that it is not a profit but a recovered cost.

Mr. Phipps suggested having a detailed discussion on certificate strategy in December to provide further clarification.



Town of Reading Meeting Minutes

2024 RMLD monthly bills – 8.4% proposed increase (slide 4)

Mr. Bullock discussed the proposed increase in monthly bills.

2024 Rate Increase and Adjustment

Mr. Bullock reported an anticipated average rate increase of 8.4% over the 2023 monthly bills according to the current projected cost structures.

Mr. Bullock emphasized the presented rate adjustment is necessary to manage the rising costs associated with power supply and transmission.

Drivers of Energy Cost

Mr. Bullock highlighted the two key variables affecting customer energy costs: monthly usage and power supply cost.

Fuel and Transmission – Costs and Solutions

For 2024, the fuel costs are projected to be 5.2% higher than in 2023, and transmission costs are forecasted to be 14% higher. Mr. Bullock emphasized that the increase in transmission costs is a critical issue, prompting RMLD to pursue in-territory generation to mitigate these costs.

Mr. Bullock noted that RMLD is exploring dispatchable battery generation and base load in-territory generation as solutions to offset costs. To illustrate potential savings, Mr. Bullock cited the example of a potential Bloom fuel cell project.

Transmission Lines

Chair Soni asked about transmission line connections. Mr. Bullock explained that RMLD is connected to both Eversource and National Grid transmission lines and is charged each month based on peak usage.

Rate Increase Justification

Mr. Small sought clarification on the reasoning behind the rate increase and all contributing factors to the rate adjustment. Mr. Phipps clarified that the 8.4% rate increase is not solely due to power supply costs but also includes operating costs.

Summary of monthly bill changes – March 2024 (slide 5)

Mr. Bullock presented the summary of monthly bill changes.

Rate Increase Impact

Mr. Bullock provided a detailed breakdown of the anticipated impact of the rate increase on different customer classes. Mr. Bullock highlighted those residential customers will see a 7.6% increase, translating to an average monthly bill increase from \$148 to \$159.

Cost Distribution

The proposed structure aims to distribute the cost increase more equitably across all customer classes. Residential customers have previously borne a significant portion of rate increases, and the goal is to ensure fair allocation across classes and balance that out.

Time of Use Rate

Commissioner Bitz asked about the time of use rate increase. Mr. Bullock explained that time of use rates require more management and investment. These rates are still low and remain attractive and beneficial for customers willing to manage their energy usage accordingly.



Town of Reading Meeting Minutes

Rate Stabilization Fund Clarification

Commissioner Bitz questioned the role of the Rate Stabilization Fund in the context of the current rate adjustments.

Mr. Phipps clarified that the rate stabilization fund serves as a contingency for unforeseen wholesale market volatility or significant supply cost fluctuations, rather than for accommodating operational and power supply cost changes.

Capital Expenditure and Rates

Chair Soni highlighted the balance between the rate increase and the need for significant capital expenditure, noting the importance of generating funds to support capital projects.

Residential A – March 2024 – MDPU 309 (slide 8)

Mr. Bullock discussed the rate structure using the Residential A rate example.

Commissioner Daskalakis sought clarification on whether the 8.4% rate increase was a direct customer charge or a projection based on assumptions. Mr. Phipps referenced slide 8 and provided an in-depth explanation of the unbundled rate structure, including fixed and variable components.

Fixed and Variable Rate Examples

Mr. Phipps cited examples of the fixed rates: the customer charge, distribution energy charge, and distribution demand charge. Mr. Phipps cited examples of the variable rates: the fuel adjustment, NYPA credit, and PPCT (capacity/transmission).

Pass Through Costs

Mr. Phipps emphasized the pass-through nature of fuel, capacity, and transmission costs. Mr. Phipps highlighted efforts to dampen variability through the fuel reserve fund.

Discussion, comments, and questions on the Rate Adjustment

Capital Financing Options

Ms. Herrick commented on the necessity of investing in capital and suggested financing large-scale infrastructure projects through bonds, leveraging the town's AAA bond rating.

Ms. Herrick advised coordinating with town officials for scheduling such initiatives, emphasizing the potential for a more cost-effective approach to capital investment.

Average Rate Increase Calculation

Mr. Kelley questioned the calculation of the average rate increase and noted a discrepancy that suggests a higher increase than 8.4%. Mr. Phipps and Mr. Bullock clarified that the 8.4% figure is a weighted average based on kilowatt-hour sales and total revenue.

Mr. Phipps and Mr. Bullock emphasized that individual rate adjustment impacts will vary, due to the diversity of usage across customer classes.

Perceived Rate Increase Concerns

Chair Pacino and Mr. Kelley acknowledged the technical accuracy of the weighted average calculation, but expressed concerns that the public perception might equate the adjustment to a 10% increase.

Rate Stabilization Fund

Chair Pacino asked about potential use of the Rate Stabilization fund to mitigate the rate



Town of Reading Meeting Minutes

increase. Mr. Phipps emphasized the necessity of the increase to support capital investments driven by legislative mandates for electrification and leave rate stabilization for extreme events.

Bond Financing Discussion

Chair Pacino asked about the possibility of using bond financing to spread out the cost of significant capital expenditures. Chair Pacino referenced Ms. Herrick's previous suggestion of leveraging the town's AAA bond rating to finance projects at a potentially lower interest rate than the cost implications of an immediate rate increase.

Analysis of Financing Options

Mr. Small asked if RMLD has conducted a detailed comparison of financing options, including the impact of raising depreciation rates versus bonding large projects.

Mr. Phipps noted that RMLD prefers to delay bonding as much as possible to avoid incremental costs to ratepayers but acknowledged that a detailed analysis could provide clarity on the least impactful approach.

Cost Allocation Between Customer Classes

Vice Chair Talbot asked a question regarding the cost disparity between residential and industrial customers. Mr. Phipps discussed economies of scale and the detailed cost analysis conducted as part of the RMLD's rate study.

Mr. Phipps and Mr. Bullock explained that industrial customers, due to their higher usage, inherently incur lower per-unit costs to RMLD to serve this load and this influences the differential in rates between customer classes. Chair Soni clarified that you pay for the electricity you use.

Controllable and Uncontrollable Costs

Commissioner Daskalakis mentioned the breakdown of costs, distinguishing between controllable and uncontrollable costs.

Commissioner Daskalakis highlighted that while there are projections for energy and transmission cost increases, only a fraction of these costs is within the control of the department (slide 4) Mr. Phipps agreed that it is essential to consider what customers perceive in terms of their bills.

Commissioner Daskalakis suggested focusing on areas where influence can be exerted, such as labor costs and salary increases.

Mr. Phipps noted that labor costs are the largest driver of expenses and mentioned the impact of being in a unionized environment, where certain increases, such as healthcare costs, are required.

Mr. Bullock mentioned that additional funding is needed for the increase in the electrification fund and the weatherization program.

Time of Use Rate Discussion

Commissioner Daskalakis inquired about time-of-use rates and customer communication strategies.

Mr. Phipps discussed the limitations of RMLD's current metering infrastructure and customer



Town of Reading Meeting Minutes

adoption rates for time-of-use rates. Mr. Phipps emphasized RMLD's desire to encourage more participation in such programs in the future.

Chair Soni shared his experience of inquiring about time-of-use rates and indicated that it may not be suitable for everyone based on their load profile.

Mr. Small commented on the adoption rate of time-of-use rates among residential customers, noting that it's relatively low and mainly concentrated in the commercial and industrial sectors.

Rate Increase and Cost Control Discussion

Commissioner Coulter expressed concerns about the magnitude of the rate increases and suggested presenting controllable costs separately from pass-through costs.

Commissioner Coulter advocated for a more conservative approach to rate adjustments to avoid significant jumps in customer bills.

Mr. Phipps elaborated on the process of rate adjustments and the need for consistency with forecasted income statements.

Vice Chair Talbot asked a question relative to the impact of inflation on the rates. Mr. Phipps estimated that without inflation, rate increases might be around 3-4%. Mr. Phipps emphasized the need to balance conservative budgeting with maintaining competitive rates.

Rate Increase Trends Discussion

Mr. Kelley commented on the trend of rate increases over the years and expresses concern about RMLD's position relative to other municipal light departments (MLPs).

Mr. Phipps noted that RMLD is in a very different energy world than in the past and highlighted some of RMLD's initiatives to remain ahead of the curve, such as within territory generation. Mr. Phipps emphasized the importance of maintaining competitive rates while ensuring reliability.

Mr. Hooper and Mr. Small expressed their support for Mr. Kelley's concerns and acknowledged the challenges of balancing reliability with cost competitiveness.

Chair Pacino emphasized the importance of effectively communicating rate changes to customers. Mr. Phipps agreed with the need for transparency and effective communication with customers during the rate adjustment process.

Rate Filing Discussion

Chair Pacino sought clarification on if rates may change during the filing process due to factors like fuel costs.

Mr. Phipps explained that while certain factors like fuel costs may fluctuate, the core components of the rates will remain consistent with the presented figures.

It was clarified that the rates that are presented and voted on will not change, however monthly bills may fluctuate due to variables such as power supply costs, which are pass through costs and are typically adjusted monthly.

The GM to provide an update on the projected customer bill increases at the January 2024 BoC and CAB meetings, when 2024 power supply costs will be better forecasted.



Town of Reading Meeting Minutes

Chair Talbot asked a question relative to time of use rates and customer class rate disparities.

Vote on January Rate Review

Chair Pacino made a **motion**, seconded by Commissioner Coulter, that the Board of Commissioners instruct the General Manager to return to the January 2024 meeting to review the costs that make up behind the rates. **Motion Carried: 5:0:0** (5 in favor, 0 against) *Roll Call Vote: Chair Pacino, Aye; Vice Chair Talbot, Aye; Commissioner Coulter, Aye; Commissioner Bitz, Aye; Commissioner Daskalakis, Aye.*

Vice Chair Talbot made a **motion**, seconded by Commissioner Daskalakis, that the RMLD Board of Commissioners direct the General Manager to provide at the January 2024 meeting, options on how RMLD can increase use of time-based rates to reduce peak costs and provide a report on how residential versus industrial rates compare over time on a percentage basis. **Motion Carried: 5:0:0** (5 in favor, 0 against) *Roll Call Vote: Chair Pacino, Aye; Vice Chair Talbot, Aye; Commissioner Coulter, Aye; Commissioner Bitz, Aye; Commissioner Daskalakis, Aye.*

Vote on March 2024 Rates

Mr. Hooper made a **motion**, seconded by Mr. Kelley, the Citizens' Advisory Board recommend that the Board of Commissioners vote to accept the General Manager's recommendation to replace the following MDPU rates effective for billings on or after March 1, 2024:

- Replace 301 Residential Schedule A with 309
- Replace 302 Residential Time of Use Schedule A2 with 310
- Replace 303 Commercial Schedule C with 311
- Replace 304 Industrial Time of Use Schedule I with 312
- Replace 305 School Schedule SCH with 313

Motion Carried: 4:0:1 (4 in favor, 1 absent) *Roll Call Vote: Chair Soni, Aye; Mr. Hooper, Aye; Mr. Kelley, Aye; Mr. Small, Aye. (Vice Chair Welter was absent from the meeting.)*

Commissioner Daskalakis made a **motion** seconded by Commissioner Bitz, that the Board of Commissioners, on the recommendation of the Citizens' Advisory Board, vote to accept the General Manager's recommendation to replace the following MDPU rates effective for billings on or after March 1, 2024:

- Replace 301 Residential Schedule A with 309
- Replace 302 Residential Time of Use Schedule A2 with 310
- Replace 303 Commercial Schedule C with 311
- Replace 304 Industrial Time of Use Schedule I with 312
- Replace 305 School Schedule SCH with 313



Town of Reading Meeting Minutes

Motion Carried: 3:1:1 (3 in favor, 1 against, 1 present) *Roll Call Vote: Chair Pacino, Present; Vice Chair Talbot, Aye; Commissioner Coulter, Nay; Commissioner Bitz, Aye; Commissioner Daskalakis, Aye.*

CY2024 Budget

Mr. Bloomenthal presented the 2024 calendar year budget to the BoC and CAB.

CY 2024 Budget Process: Where have we been and where are we going? (slide 2)

Budget Process Timeline

Mr. Bloomenthal outlined the budget process timeline and highlighted key milestones.

- June/July: The process begins with a request for preliminary budgets from the divisions.
- August: Preliminary budgets are consolidated, and labor distribution tables are updated.
- September: Involves the assembly of budget modules, preliminary numbers, and adjustments based on supply information.
- October: A presentation on the proposed budget is made to the BoC and CAB.

Procurement Process Improvements

Mr. Bloomenthal highlighted RMLD's efforts to refine the procurement process, aiming for efficiency and streamlined operations.

Transition to New Budget Year

The transition to a new budget year is critical for beginning the closure of the previous year's budget. This process includes closing out purchase orders and requisitions from the current year.

CY 2024 Budget (slide 3)

Mr. Bloomenthal highlighted the key budget elements for 2024: operating budget, capital budget, and rates.

Operating Budget

Mr. Bloomenthal presented the 2024 operating year budget to the BoC and CAB.

2024 Operating Budget CY 2023/2024 Comparative Budgets – Revenue (slide 5)

Mr. Bloomenthal highlighted the budgeted and projected revenue.

Budgeted and Projected Revenue

Mr. Bloomenthal noted that the CY 2023 budgeted revenue is \$109m and the CY 2023 projected revenue is \$104m.

Budgeted vs. Projected Variance

Mr. Bloomenthal explained that the CY 2023 variance was primarily due to fuel revenue adjustments and energy market savings.

2024 Operating Budget CY 2023/2024 Comparative Budgets – Income (slide 6).

Mr. Bloomenthal highlighted the budgeted and projected net income.



Town of Reading Meeting Minutes

Budgeted and Projected Net Income

Mr. Bloomenthal noted that the CY 2023 budget net income was under \$1m and the CY 2023 current net income projection is \$15.7m.

Budgeted vs. Projected Increase

Mr. Bloomenthal noted that the significant increase in the projected amount is due to reduced power supply expenses and energy market savings, resulting from strategic management and operational efficiencies.

2024 Operating Budget – 2024 Power Supply (slide 8)

Mr. Bloomenthal discussed 2024 Power Supply in relation to the CY 2024 Budget.

kWh Sales & Load Growth Forecast.

Mr. Bloomenthal noted that the 2024 forecast is 660 million kWh and the 2025 forecast is 724 million kWh. The expected base load growth rate is ~ 1% annually.

Percent of Energy – Hedged

90% of energy for 2023 and 2024 is hedged, incorporating wind, hydro, and solar to manage costs.

Percent of Energy – Open Market

10% of energy remains open to market volatility and price, which impacts operating revenues due to increasing transmission, capacity, and fuel costs.

Operating Revenues – Increase

Mr. Bloomenthal emphasized that operating revenues are expected to incrementally increase from \$150m in the upcoming years, eventually adjusting to \$138m by CY 2029.

Clarification- Capacity and Transmission Costs

Commissioner Bitá asked for further clarification on the forecast.

Mr. Bloomenthal responded by providing a detailed explanation of the capacity costs trend, highlighting a decrease followed by an eventual increase in costs.

Capacity Costs

Mr. Bullock explained the role of capacity costs within ISO New England and the expected decrease due to more renewable energy sources coming online.

Transmission Costs

Mr. Bullock highlighted an anticipated increase in transmission costs due to infrastructure development supporting renewable energy sources, with a stabilizing trend over time.

2024 Operating Budget – 2024 Non-Power Supply (slide 9)

Mr. Bloomenthal discussed other significant components of RMLD's operating costs.

Cost Composition & Key Areas

Mr. Bloomenthal noted that operating costs, excluding power supply, constitute 29% of the total budget.

Mr. Bloomenthal highlighted major areas of operating costs: labor, electrification and efficiency programs, customer billing.

Labor



Town of Reading Meeting Minutes

Mr. Bloomenthal confirmed that the 2024 labor budget includes 107 positions. There are currently 92 positions, including seven Co-op students.

Mr. Bloomenthal mentioned the addition of 18 positions to support infrastructure expansion, including a tree crew, a Director of Engineering, and a Director of Operations.

Electrification and Efficiency Programs

Mr. Bloomenthal highlighted key expansions to RMLD's Electrification and Efficiency Programs, such as a new weatherization program with added incentives.

Solar and ASHP Installations

An increase in solar and ASHP installations is projected for 2024.

Pass-through Power Supply Costs

Mr. Bloomenthal emphasized the variable nature of power supply costs, which are a pass-through expense.

Internal Tree Crew Discussion

Commissioner Coulter asked about reducing labor expenses and questioned the addition of an internal tree crew.

Mr. Phipps responded by discussing the financial rationale behind the proposal to bring tree trimming services in-house, aiming to reduce costs from \$1.5m to \$1m annually.

Commissioner Coulter raised concerns about operational efficiency, including handling of vacation and sick leave by in-house staff, which could negate potential savings.

Commissioner Coulter emphasized the high efficiency of external crews and their adaptability to workload changes, especially during storm events.

Commissioner Daskalakis expressed concerns around efficiency of storm response and availability of in-house crews vs. outsourced resources.

Mr. Small noted that tree trimming services for electric utilities now require prevailing wage rates, which has increased costs and reduced the financial gap between in-house and outsourcing.

Mr. Phipps noted that preliminary analysis supports the inclusion of tree crews in the budget and anticipates long-term needs for tree management due to its critical role in maintaining service reliability.

Chair Soni noted the market trend towards outsourcing. Mr. Phipps mentioned that smaller utilities are moving in-house.

Mr. Phipps proposed a more thorough financial analysis to evaluate the true cost implications of moving tree trimming in-house, with consideration of factors such as prevailing wages and operational efficiencies.

The strategic value of having in-house trimming capabilities was discussed. Immediate cost savings and long-term operational benefits such as improved reliability and control over tree management activities were considered.



Town of Reading Meeting Minutes

The impact of moving to an internal tree crew on RMLD's budgets was discussed. The operating versus capital expense allocations and the impact on overall financial planning were considered.

Mr. Phipps emphasized the need for careful financial planning.

Mr. Hooper asked about staffing considerations for the internal tree crew and the impact on the operating budget. Mr. Phipps outlined the financial implications of outsourcing the tree crew, estimating an addition of \$800K to the operating budget.

Mr. Phipps suggested that in the context of the overall \$31m capital budget, the cost of the two tree trimming trucks would not significantly alter financial planning. Mr. Phipps reiterated that this decision would have a minor effect on the capital budget.

Budget Approval

Mr. Phipps recommended that the BoC and CAB vote on the capital budget first while RMLD conducts further analysis of the tree crew staffing, which would primarily affect the operating budget.

Mr. Phipps proposed revisiting this issue at the next meeting to allow time for a more detailed assessment.

The BoC and CAB agreed with the recommendation to proceed with the capital budget approval and postpone the operating budget discussion related to the tree crew until a later date.

2024 Capital Budget – Contextual Overview (slide 11)

Mr. Bloomenthal provided an overview of the 2024 capital budget.

Budget Totals & Increase

Mr. Bloomenthal noted that the total CY 2024 capital budget is \$31m, while the total CY 2023 capital budget is \$26m. The CY 2024 capital budget saw a \$5m increase from CY 2023.

Increase Management and Adjustments

Mr. Bloomenthal emphasized that \$4m in reductions were made to manage the CY 2024 increase.

Mr. Bloomenthal highlighted key adjustments: adjusting expenditures in the EVSE program; delaying aspects of the grid modernization program; postponing service connections.

Mr. Bloomenthal emphasized that these strategic reductions and reallocations within the capital budget support essential infrastructure projects and technological upgrades.

Investment in Land Acquisition

Mr. Bloomenthal noted that \$9m is allocated in the CY 2024 capital budget for land acquisition in Wilmington to support load growth within the territory.

Major Programs

Mr. Bloomenthal highlighted the four major program allocations in the capital budget:



Town of Reading Meeting Minutes

construction of the new Wilmington substation; upgrades to transformers and capacitor banks; continuation of the grid modernization program; and rolling stock upgrades.

2024 Capital Budget – Capital Budget Overview (slide 12)

Mr. Bloomenthal provided an overview of the 2024 capital budget.

Forecast

Mr. Bloomenthal outlined the capital budget forecasts from 2024 to 2029, starting at \$31m in 2024 and reducing to \$8.3m by 2029.

Budgeting Process and Adjustments

The capital budget is reviewed annually, ensuring the budget reflects current project plans and anticipates adjustments as new needs and projects emerge.

Estimate Discrepancy

Chair Soni questioned the discrepancy between the 2023 estimate (\$22.849m) and the 2023 forecast (\$26m) for 2024. Mr. Bloomenthal clarified that \$14m of the 2023 budget was carried over, affecting the 2024 forecast.

Budget Utilization

Mr. Phipps highlighted that the 2023 spending did not fully utilize the \$22m budget, leading to carry over into 2024. This figure represents accounting allocations rather than actual cash expenditures.

Project Evaluation

Mr. Bloomenthal discussed the importance of evaluating capital projects based on their life cycle rather than focusing solely on annual allocations. This approach aids in comprehensive planning and forecasting.

Minor Correction

Chair Pacino noted a formatting inconsistency (decimals) in the 2024 forecast figures. Mr. Bloomenthal acknowledged this as a minor error to be corrected.

Substation 6 – Wilmington Substation (slide 13)

Mr. Bloomenthal presented the Substation 6 Project (Line 22 Page 67 Project 105).

Project Details

Mr. Bloomenthal noted that the project length is from 2024 to 2029, with a total cost of \$28.5m. In 2024, ~ \$10m is allocated for milestone payments and transformer deposits.

Cost Inclusions

Mr. Bloomenthal confirmed that the estimate accounts for the entire life of the project, including additional expenses incurred from system impact studies.

Procurement Status

Mr. Bloomenthal mentioned that the procurement process has begun, with contracts in place for purchasing two new substation transformers from Virginia Transformer.

Grid Modernization – AMI/MDM (slide 14)

Mr. Bloomenthal presented the AMI MDM Program (Line 11 Page 59 Project 103) (Line 27 Page 77 Project 112)



Town of Reading Meeting Minutes

Project Details

Mr. Bloomenthal noted that the project length is from 2024 to 2029, with a total cost of \$18.2m. In 2024, ~\$1m is allocated for milestone payments.

Contracting Inquiry

Commissioner Coulter inquired about the status of contracting for the AMI mesh network and the potential use of fiber optic communication.

Mr. Phipps responded that the bid specifications for the AMI mesh network are in the final stages, aiming for release by Thanksgiving.

Fiber Optic Discussion

Commissioner Coulter highlighted the availability of fiber in Reading, questioning whether it would be utilized or if an alternative communication strategy would be adopted.

Mr. Phipps emphasized the importance of choosing the right communication mechanism for data transmission from meters to a central hub, with specifications kept open to consider all available technologies.

Vice Chair Talbot noted RMLD's possession of more fiber resources than the Town.

Mr. Phipps emphasized the strategic importance of the communication system for meter data collection across the utility's service area of 51 square miles.

Transformers and Capacitor Banks (slide 15)

Mr. Bloomenthal presented the ongoing Transformers and Capacitor Banks program (line 29 Page 81 Project 116).

Project Details

Mr. Bloomenthal noted that the program is aimed at upgrading transformers to a satisfactory level.

Mr. Bloomenthal noted that the project length is from 2024 to 2029, with a total cost of ~\$16m. In 2024, ~\$2m will be allocated or bid.

Cost Inclusions

The total cost includes \$4 million carried forward due to prior years' supply chain challenges, in addition to projections for future needs concerning transformers and capacity banks.

Future Projections and Needs

Mr. Bloomenthal highlighted the importance of future planning within the program, particularly regarding the acquisition of transformers and capacity banks to meet projected needs.

Rolling Stock Upgrades (slide 16)

Mr. Bloomenthal presented the ongoing Rolling Stock Upgrades program (line 3 Page 25 Project 118).

Project Details

Mr. Bloomenthal noted that this is an ongoing annual program with a total cost of \$6m.



Town of Reading Meeting Minutes

2024 Rolling Stock

Mr. Bloomenthal highlighted the inclusion of a tree truck and chipper truck, as well as long-term repair and maintenance needs for the utilities rolling stock.

Supply Chain Challenges

Mr. Phipps discussed the impact of supply chain issues on delivery times. Mr. Phipps highlighted the need for early budget inclusion to facilitate the bidding process for essential vehicles.

Mr. Phipps emphasized that ordering in January 2024 could delay receipt until 2025 or 2026 due to extended delivery periods.

Project Actuals vs. Budget

Mr. Phipps provided an overview of actual spending versus budgeted amounts, citing the strategic need to budget for higher amounts to accommodate procurement and delivery timelines.

Capital Budget Actuals vs. Budget

Mr. Phipps noted that the projected actual cash capital spend is between \$8m to \$12m annually, despite larger budgeted figures.

Electrification and EVs

Commissioner Coulter inquired about incorporating EVs in RMLD's fleet.

Mr. Phipps discussed RMLD's approach to integrating electric vehicles into the fleet, considering practical applications and cost implications.

Mr. Phipps discussed the option of procuring electric trucks for the engineering team and grid assets team.

Mr. Phipps highlighted the challenges and opportunities presented by the current market in relation to purchasing electric trucks.

Security Upgrades (slide 17)

Mr. Bloomenthal presented the ongoing Security Upgrades program (line 4 Page 37 Project 119).

Project Details

Mr. Bloomenthal noted that security upgrades are an ongoing annual program, with a total cost of \$800K. In 2024, ~ \$325K designated for immediate security system enhancements.

Project Objectives

The project aims to bolster perimeter access controls and other security systems. RMLD is working in collaboration with Burns and McDonnell to meet RMLD's new requirements in a changing geopolitical landscape.

Physical Security

Mr. Phipps emphasized RMLD's focus on enhancing physical security measures in response to evolving security threats.

Role of IT

Mr. Bloomenthal highlighted the instrumental role of the Director of IT in continuously addressing security threats.



Town of Reading Meeting Minutes

Physical and Cyber Security

Commissioner Daskalakis raised a question regarding the delineation between physical security and cybersecurity expenditures.

Mr. Phipps confirmed that the current budget discussion pertains to physical security measures. There is a separate allocation for software, training, and procedures related to cybersecurity.

Substation Security

Mr. Phipps highlighted RMLD's increased emphasis on securing substations, marking a shift in priorities and budget allocations due to evolving security concerns and past challenges, including delays caused by COVID-19.

Stricter Security Measures

Mr. Phipps emphasized that the need for stricter security measures has become more pronounced due to challenges such as COVID-19, necessitating adjustments from the original budget planned for these purposes.

Land Acquisition (slide 18)

Mr. Bloomenthal presented Land Acquisition (line 42 Page 103 Project TBD) and (line 43 Page 105 Project TBD).

Project Details

Mr. Bloomenthal noted that Land Acquisition is a 2024 project with a total cost of \$9 million designated for acquiring land between Route 125 and Williams, and at Maple Meadows.

Mr. Bloomenthal emphasized that the acquisition of land is a significant component of the CY 2024 capital budget.

Project Objective

Mr. Phipps explained that the purpose of land acquisition is to support infrastructure expansion necessary for managing increased load forecasts in RMLD's territory.

Other Capital Budget Items (slide 19)

Mr. Bloomenthal presented the other capital budget items (various lines, pages, projects)

Project Details

Mr. Bloomenthal noted that the other capital budget items are a 2024 project with a total cost of up to \$3m in various infrastructure maintenance and repair projects.

Planned Investments

Mr. Bloomenthal highlighted the project's planned investments: routine construction; pole replacement; facilities upgrades; IT enhancements; service connections. Mr. Bloomenthal noted that planned investments are aimed at maintaining and repairing the existing system infrastructure.

Force Accounts Discussion

Commissioner Bitz asked what constitutes a force account.

Mr. Phipps explained that a force account is a method of accounting for services provided on state road projects. Mr. Phipps provided examples of specific projects near state roads and involving bridge work.

Chair Pacino mentioned that upcoming projects include bridge work associated with the



Town of Reading Meeting Minutes

MBTA and state roads.

Commissioner Coulter emphasized that 50% of the costs related to force account projects can be reimbursed.

Mr. Phipps noted that despite being a smaller portion of the budget, force account expenses are significant and must be carefully managed.

Budget Summary (slide 20)

Mr. Bloomenthal discussed the capital budget plans for the years 2024 to 2029 and RMLD's strategic focus on significant infrastructure projects.

Mr. Bloomenthal highlighted the main cost drivers for 2024: construction of the new Wilmington Substation; implementation of the AMI and MDM systems; the ongoing Transformers program; and updates to the rolling stock.

Mr. Bloomenthal emphasized RMLD's commitment to reliability. These substantial investments in key assets are crucial to maintaining and enhancing the system's reliability for the future.

Johnson Woods Discussion

Chair Pacino raised an inquiry regarding the ongoing project in Johnson Woods, seeking clarification on its nature and purpose. Mr. Phipps explained that the project is an upgrade to the original underground network in Johnson Woods, aiming to add a loop for enhanced reliability.

Mr. Small added that the development is currently served by a radial network; the goal is to establish a second feed to circumvent potential cable failures.

Commissioner Coulter highlighted the significant growth in Johnson Woods, creating a need for the secondary feed to support the increased demand profile. Chair Soni commented on the area's expansion and ongoing construction.

Mr. Small clarified the dual purpose of the project: to diversify the load for reliability and to accommodate growing demand that exceeds current infrastructure capacity.

Cost Allocation

Mr. Phipps emphasized RMLD's diligence in distinguishing between customer-paid upgrades and those that serve wider community interests, ensuring that costs are appropriately allocated.

RMLD BoC/CAB Budget Allocation (Page 119)

Chair Pacino raised an annual question regarding the annual budget amount allocated for the RMLD BoC and CAB, noting a significant underutilization of funds.

Cost Allocation and Annual Spend

Chair Pacino highlighted that the total budget amount \$30K annually, and the total spent in 2023 was ~\$14K. Chair Pacino emphasized the need to develop a plan to fully utilize these funds.

Mr. Bloomenthal encouraged board members, especially new ones, to participate in NEPPA



Town of Reading Meeting Minutes

events for professional development and networking within the industry.

Mr. Small mentioned the budget's provision for consultant fees when necessary.

Mr. Phipps clarified that the \$30K budget is split evenly between the CAB and BOC, with each allocated \$15K. Ms. Morse confirmed that a portion of her labor costs is also allocated within this budget.

Chair Paino suggested exploring possibilities for reallocating unused funds, including incorporating more of Ms. Morse's labor costs.

CY2024 Capital Budget Vote

Mr. Hooper made a **motion**, seconded by Mr. Kelley, that the Citizens' Advisory Board recommend to the RMLD Board of Commissioners the Calendar Year 2024 Capital Budget as presented. **Motion Carried: 5:0:0** (5 in favor) *Roll Call Vote: Chair Soni, Aye; Vice Chair Welter, Aye; Mr. Hooper, Aye; Mr. Kelley, Aye; Mr. Small, Aye.*

Commissioner Daskalakis made a **motion**, seconded by Vice Chair Talbot, that the Board of Commissioners, on the recommendation of the Citizens' Advisory Board, approve the Calendar Year 2024 Capital Budget, as presented. **Motion Carried: 5:0:0** (5 in favor) *Roll Call Vote: Chair Pacino, Aye; Vice Chair Talbot, Aye; Commissioner Coulter, Aye; Commissioner Bitz, Aye; Commissioner Daskalakis, Aye.*

Scheduling

The next BoC and CAB meetings will be held on November 15, 2023.

George Hooper's – Presentation of Meter Lamp

The BoC and CAB acknowledged that it was Mr. Hooper's last meeting. Mr. Hooper served as the CAB representative for ~15 years.

The BoC and CAB thanked Mr. Hooper for his service. Chair Pacino expressed his appreciation for Mr. Hooper's valuable input.

Adjournment – Citizens' Advisory Board

Mr. Hooper made a **motion**, seconded by Mr. Kelley, that the RMLD Citizens' Advisory Board adjourn regular session. **Motion Carried: 4:0:1** (4 in favor, 1 absent) *Roll Call Vote: Chair Soni, Aye; Mr. Hooper, Aye; Mr. Kelley, Aye; Mr. Small, Aye. (Vice Chair Welter was absent from the meeting.)*

The CAB meeting was adjourned at 8:45 PM.

Chair Soni remained in attendance for the rest of the meeting, as the CAB representative.

Policy Review

Agenda item 11 "Policy Review" was tabled to a future meeting.

RMLD Procurement Requests for Board Approval

Materials: IFP 2023-01 Board Letter (Board Packet, attachment 7)



Town of Reading Meeting Minutes

IFP 2023-01 MDMS and Customer Portal IFP

Mr. Phipps presented procurement requests for approval to the BoC.

Project Details

Mr. Phipps highlighted the MDMS customer portal and its significance for RMLD's data management capabilities. The MDM system will enhance meter data analysis, billing accuracy, and system integration.

The project aims to enhance data management and billing processes by integrating meter systems and internal platforms.

Proposal Selection Process

Mr. Phipps discussed the proposal selection process, noting that six companies responded to the (IFP) Invitation for Proposal. RMLD conducted a thorough review based on technical merit.

Contract Cost and Details

The estimated cost for PCS's service is \$470K; including \$70K for the first year's maintenance fee.

Mr. Phipps clarified the contract allows for flexibility in implementing the customer portal, dependent on future evaluations.

Mr. Phipps clarified that the contract is for a three-year term with annual fees of approximately \$67K for subsequent years.

Mr. Phipps confirmed that all upgrades are included during the warranty period.

Chair Soni inquired about the transparency of potentially not proceeding with the second phase. Mr. Phipps confirmed was addressed in discussions with PCS.

Commissioner Daskalakis made a **motion**, seconded by Commissioner Bitá, that IFP 2023-01 for a Meter Data Management System (MDMS) and Customer Portal be awarded to: Professional Computer Systems, LLC (PCS) for an amount not to exceed \$500,000, pursuant to M.G.L. c. 164 § 56D, on the recommendation of the General Manager. **Motion Carried: 5:0:0** (5 in favor, 0 against) *Roll Call Vote: Chair Pacino, Aye; Vice Chair Talbot, Aye; Commissioner Coulter, Aye; Commissioner Bitá, Aye; Commissioner Daskalakis, Aye.*

Adjournment – Board of Commissioners

The Board of Commissioners' meeting adjourned at 9:00 PM.

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

ATTACHMENT 2
PROCUREMENT REQUESTS FOR
BOARD APPROVAL



February 20, 2024

Town of Reading Municipal Light Board

Subject: IFB 2024-08 Four (4) Pickup Trucks Year 2023 or Newer with Four (4) Trade-In Vehicles

Pursuant to M.G.L. c. 30B, on January 29, 2024, an invitation for bid (IFB) requesting sealed bids for Four (4) Pickup Trucks Year 2023 or Newer with Four (4) Trade-In Vehicles was published in the Commonwealth of Massachusetts Goods and Services Bulletin. On January 31, 2024, the invitation was placed as a legal notice in the Middlesex East section of the Daily Chronicle, was posted on COMMBUYS, and the RMLD website.

An invitation for bid was sent to eight (8) companies.

Sealed bids were received from two (2) companies: Gervais Inc., and Stoneham Motor Group.

Sealed bids were publicly opened and read aloud at 11:00 a.m. on February 14, 2024, 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 staff and recommended to the General Manager.

Move that bid IFB 2024-08 for Four (4) Pickup Trucks Year 2023 or Newer with Four (4) Trade-In Vehicles be awarded to: **Gervais Inc. for \$209,132.00¹**, pursuant to M.G.L. c. 30B, as the lowest responsive and responsible bidder on the recommendation of the General Manager.

¹See attached analysis.

The 2024 Capital Budget amount for these items is \$240,000.

Christopher Zaniboni

Michael O'Neill

Michael O'Neill

Gregory J. Phipps

**Four (4) Pickup Trucks Year 2023 or Newer with Four (4) Trade-Ins
IFB 2024-08**

<u>Bidder</u>	<u>Pickup Truck Purchase Price (each) Before Trade</u>	<u>Total Four (4) Pickup Trucks Purchase Price Before Trade</u>	<u>Total Four (4) Vehicle Trade-Ins Value</u>	<u>Total Pickup Truck Purchase Price Less Trade</u>	<u>Delivery Date AFO</u>	<u>Responsive Bidder</u>	<u>Exceptions</u>
Gervais Inc.	\$53,915.00	\$215,660.00	\$6,528.00	\$209,132.00	16 Weeks	Yes	No
Stoneham Motor Group	N/A	N/A	N/A	N/A	N/A	No ¹	N/A

¹ Stoneham Motor Group: Bid rejected Non-Responsive due to Appendix A "Specifications A" not being included in the bid packet.



February 20, 2024

Town of Reading Municipal Light Board

Subject: IFB 2024-09 Two (2) Electric Pickup Trucks Year 2023 or Newer with Trade-In

Pursuant to M.G.L. c. 30B, on January 29, 2024, an invitation for bid (IFB) requesting sealed bids for Two (2) Electric Pickup Trucks Year 2023 or Newer with Trade-In was published in the Commonwealth of Massachusetts Goods and Services Bulletin. On January 31, 2024, the invitation was placed as a legal notice in the Middlesex East section of the Daily Chronicle, was posted on COMMBUYS, and the RMLD website.

An invitation for bid was sent to seven (7) companies.

Sealed bids were received from three (3) companies: Gervais Inc., Liberty Chevrolet Inc., and Stoneham Motor Group.

Sealed bids were publicly opened and read aloud at 11:00 a.m. on February 14, 2024, 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 staff and recommended to the General Manager.

Move that bid IFB 2024-09 for Two (2) Electric Pickup Trucks Year 2023 or Newer with Trade-In be awarded to: **Gervais Inc. for \$141,857.00¹**, pursuant to M.G.L. c. 30B, as the lowest responsive and responsible bidder on the recommendation of the General Manager.

¹See attached analysis.

The 2024 Capital Budget amount for these items is \$160,000.

Christopher Zaniboni

Michael O'Neill

Michael O'Neill

Gregory J. Phipps

Two (2) Electric Pickup Trucks Year 2023 or Newer with Trade-
In
IFB 2024-09

<u>Bidder</u>	<u>Electric Pickup Truck Purchase Price (each) Before Trade</u>	<u>Total Two (2) Electric Pickup Trucks Purchase Price Before Trade</u>	<u>Total One (1) Vehicle Trade-In Value</u>	<u>Total Pickup Truck Purchase Price Less Trade</u>	<u>Delivery Date ARO</u>	<u>Responsive Bidder</u>	<u>Exceptions</u>
Gervais Inc.	\$73,932.00	\$147,864.00	\$6,007.00	\$141,857.00	16 weeks	Yes	No
Liberty Chevrolet Inc.	\$81,397.85	\$162,795.70	\$8,500.00	\$154,295.70	16 Weeks	Yes	No
Stoneham Motor Group	N/A	N/A	N/A	N/A	N/A	No ¹	N/A

¹ Stoneham Motor Group: Bid rejected Non-Responsive due to Appendix A "Specifications A" not being included in the bid packet.

ATTACHMENT 3
FINANCE AND ACCOUNTING
REPORT



RMLD **Reading Municipal Light Department**
RELIABLE POWER

Financial Update
Through 12/31/2023
Presented to CAB on February 22, 2024; BoC on February 28, 2024

Finance and Accounting Milestones

CY2024 Budget is now live

Exploring ERP Software to streamline AP Process

2% Net Plant Payments to all four towns issued totaling \$913,303 processed in December

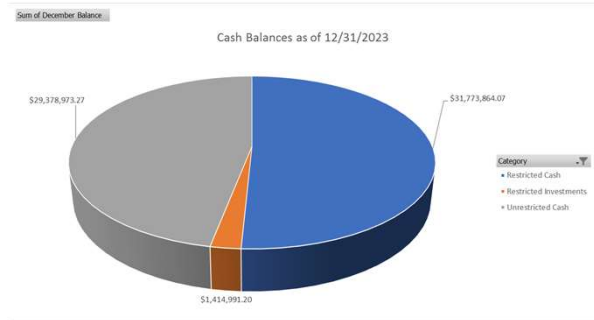
- Reading - \$190,735
- North Reading - \$167,808
- Lynnfield Center - \$61,110
- Wilmington - \$493,650

Below-the Line Payment to Town of Reading totaling \$1.269M processed in December



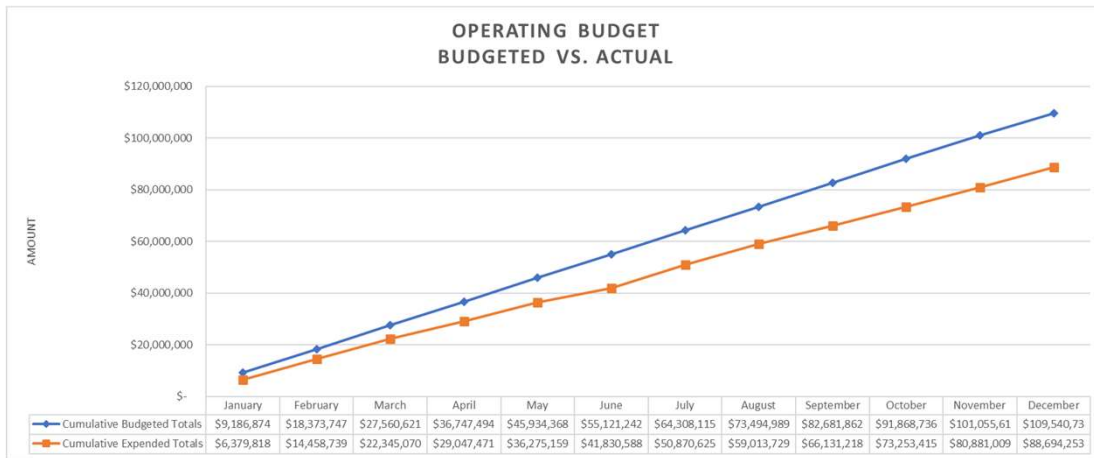
Preliminary Cash Balances – As of 12/31/2023

Row Labels	Sum of December Balance
Restricted Cash	\$ 31,773,864.07
Cash-Construction Fund	\$ 378,000.00
Cash-Customer Deposits	\$ 1,790,683.65
Cash-Deferred Fuel Reserve	\$ 6,498,109.48
Cash-Depreciation Fund	\$ 12,033,560.94
Cash-EEC Reserves	\$ 2,254,195.58
Cash-Hazard Waste Fund	\$ 750,000.00
Cash-Operating Fund Payable to Town	\$ 1,091,304.49
Cash-Rate Stabilization	\$ 7,226,311.92
Cash-Reserve Uncollectible Accounts	\$ 200,000.00
Cash-Sick Leave Benefits	\$ (448,308.56)
Pension Trust Restricted Cash	\$ 6.57
Restricted Investments	\$ 1,414,991.20
Sinking Fund-MKT Valuation - Sick	\$ 1,414,991.20
Unrestricted Cash	\$ 29,378,973.27
Cash-Misc. Cash Reserve	\$ -
Cash-Operating Fund	\$ 29,375,473.27
Cash-Petty Cash	\$ 3,500.00
Grand Total	\$ 62,567,828.54



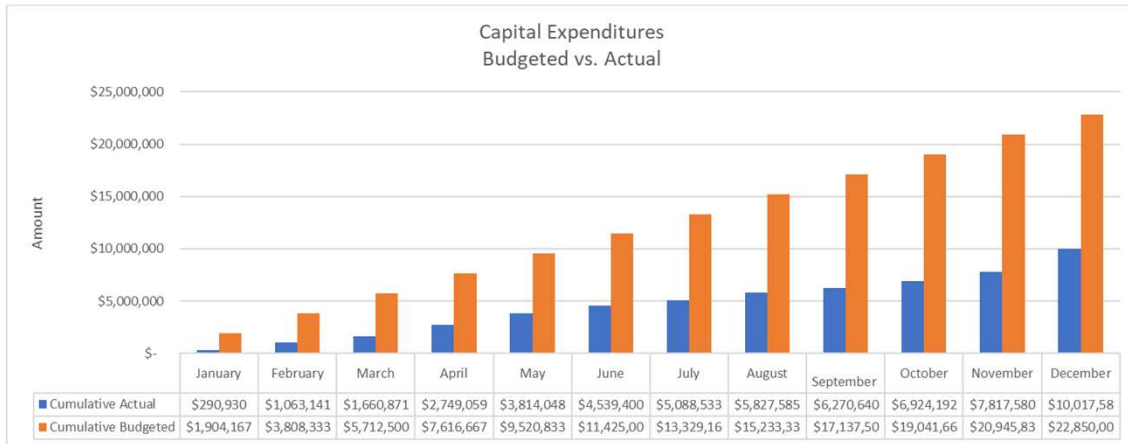
Preliminary Operating Budget vs. Actuals Through 12/31/2023

- November and December Financials are finalized.
- Trending includes preliminary November and December numbers.
- Softer expended numbers due lower fuel costs.



Preliminary Capital Budget vs. Actuals Through 12/31/2023

- Capital Spending is growing in anticipation of the new Wilmington Substation.
- First milestone payment for the project has processed over \$1.4M in December (Pre-paid – similar to CWIP)



Outside Legal Services (CY 23)

Row Labels	Sum of Total
Engineering Legal Expenses	\$ 9,794.50
General Manager Legal Expenses	\$ 21,715.62
Human Resources Legal Expenses	\$ 37,649.41
Integrated Resources Legal Expenses	\$ 65,425.39
Materials Management Legal Expenses	\$ 217,480.50
Grand Total	\$ 352,065.42

Note - \$175k for additional legal charges in CWIP account to be capitalized. This is tied to Maple Meadows and Wilmington Substation projects.

Approximately \$145k was spent on Maple Meadows and \$30k on the new substation.



Other Outside Services (CY 23)

Row Labels	Sum of Total
Accounting Outside Services	\$ 40,000.00
Building Maintenance Outside Services	\$ 13,300.00
E&O Director Outside Services	\$ 29,600.00
Energy Services Outside Services	\$ 38,905.00
Engineering Outside Services	\$ 14,522.18
General Manager Outside Services	\$ 31,932.61
Human Resources Outside Services	\$ 68,694.53
MIS Outside Services	\$ 185,774.04
Grand Total	\$ 422,728.36

Note – \$39k for engineering services in CWIP account to be capitalized. This is tied to Maple Meadows project.





Accounts Payables Automation

- Current process is manually performed, with up to eight individual steps.
- Potential missing invoices, duplicates, and human errors present risks.
- Reviewing four vendors to implement AP ERP Software Solution System.
- Currently in the demonstration phase, soliciting information from vendors.
- Goal to implement later this year.

Grant Submittals

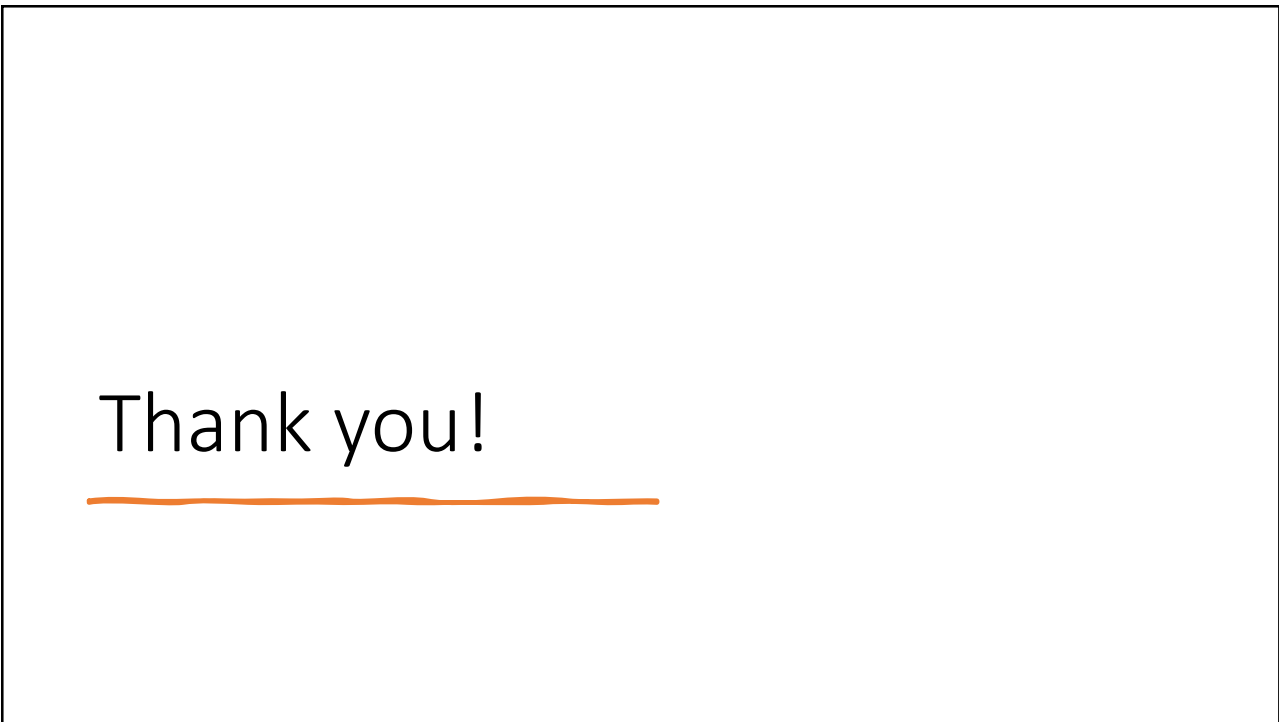
Submitted two concept papers:

- Section 40107
 - AMI/MDMS - Grid Optimization - \$31M – Recommended for resubmittal after receiving comments back. Partnering with Peabody Municipal Light to strengthen our application. Peabody is working on a similar program for AMI.
- Section 40101(b)
 - Flywheel Demonstration - \$30M -- Recommended for resubmittal after receiving comments back. We have partnered with several other MLPS in order to strengthen our application.

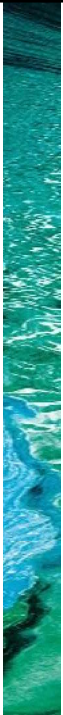
Additional Funding Sought:

- Section 40101(d)
 - Mass CEC grant - \$1M for RMLD pole replacement program





ATTACHMENT 4
POWER SUPPLY - NUCLEAR



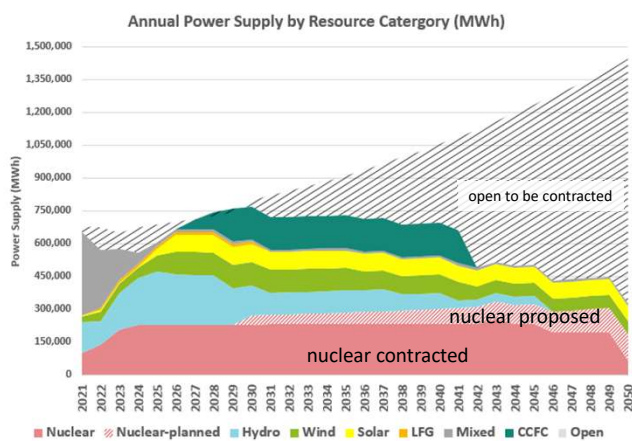
Contract Incremental Nuclear to Support Electrification Load Growth

BoC and CAB Report

from Integrated Resources

22 February 2024

RMLD Power Supply Portfolio



- 2.4% cagr load growth
- Certificate retirements increase to nearly 100% by 2050

Extend existing and **add** hydro
Add new solar and wind
Add in-territory generation assets
Mix stable and intermittent supply sources to manage risk

*Nuclear offers stable non-carbon **base***

2 source: Energy Position Graph MASTER 2X_with Dashboards 2023-09-25 (2024-02-21 update)



Power Supply – Nuclear



Increase nuclear sourced energy and certificates between 2029 and 2050 to keep nuclear ~33% of total purchases in context of forecasted load growth driven 2021 Climate Bill electrification (2X load by 2050)

Incremental Volume - ~40,000 MWh in 2029 increasing to ~150,000 MWh in 2050
(~5% RMLD total 2030 energy purchases)

Term - ~20 year; starting as early as 2029 with annual increases

Certificates – EFECs (non-carbon)

Pricing – 5% above forecasted 2030 portfolio average (\$/MWh)


3 source: NextEra; Energy Position Graph MASTER 2X_with Dashboards 2023-09-25 (2024-02-21 update)

nuclear motion

Thank You




ATTACHMENT 5
INCENTIVE PROGRAM REPORT



EEC Incentives BoC / CAB Update

28 February 2024

RMLD



Reading Municipal Light Department
RELIABLE POWER

Efficiency Electrification Charge (EEC)

	2022	2023	2024	2025	2026
annual kWh sales	649,558,100	648,500,000	660,173,000	672,056,114	684,825,180
rate (\$/kWh sales)	\$0.003	\$0.004	\$0.005	\$0.005	\$0.005
EEC collected	\$1,943,029	\$2,427,092	\$3,300,865	\$3,360,281	\$3,424,126
residential incentive programs	\$1,225,635	\$1,363,985	\$2,114,600	\$2,220,330	\$2,331,347
commercial incentive programs	\$100,567	\$467,112	\$968,000	\$1,016,400	\$1,067,220
admin expenses	\$321,660	\$358,000	\$375,900	\$394,695	\$414,430
annual incentive expenses	\$1,647,862	\$2,189,097	\$3,458,500	\$3,631,425	\$3,812,996
collections less expenses	\$295,167	\$237,995	-\$157,635	-\$271,144	-\$388,870
end-of-year balance	\$1,978,335	\$2,085,967	\$1,928,332	\$1,657,187	\$1,268,317

incentives paid

ASHP rebates and solar installation rebates comprise the majority of residential incentives

Custom incentives (efficient equipment upgrades) and solar comprise the majority of commercial incentives

2 Source: 2024 EEC Budget v5 + Financing; data from 2022 Program Overview, 2023 Program Overview, EECY23 with FY17 through CY22 2024-02-16



Residential EEC Spending

Program	Number of Customers	2023 Spend	2024 Spend
ENERGYSTAR Appliance	377	\$32,000	\$31,000
Cordless Electric Lawn Equipment	230	\$26,000	\$26,000
Heat Pump & Weatherization	192	\$738,000	\$1,923,000
Electric Panel Upgrade	54	\$59,000	\$52,000
Residential EV Charger	84	\$50,000	\$48,000
Hot Water Heater	3	\$1,000	\$1,000
Online Store	83	\$6,000	\$5,000
Solar Energy	47	\$670,000	\$365,000
Home Energy Assessment	307	\$107,000	\$93,000
TOTAL	1,377	\$1,689,000	\$2,544,000

includes admin expense allocations

Source: EnergyServicesDrive/Reporting & Compliance/IRD Reporting/2023 Program Overview

3

Commercial EEC Spending

Program	Number of Customers	2023 Spend	2024 Spend
LED Lighting	9	\$198,000	\$0
Commercial Custom	3	\$46,000	\$534,000
Commercial EV Charger	1	\$9,000	\$8,000
Municipal Holiday Light	1	\$1,000	\$1,000
Commercial Solar Energy	2	\$266,000	\$385,000
Commercial Energy Assessment	0	\$0	\$107,000
TOTAL	16	\$520,000	\$1,035,000

includes admin expense allocations

Source: EnergyServicesDrive/Reporting & Compliance/IRD Reporting/2023 Program Overview

4

2024 Changes to EEC Programs

- Introduction of Weatherization Add-On rebate
 - Tied to heat pump rebates
 - Some already in processing
- PV rebate retuned to 2021 level
 - \$1,200/kW → \$600/kW
 - July 2021 increased to \$1,200/kw when Commonwealth stopped their incentive
 - Dec 2023 press release; effective March 2023
 - Federal IRS tax credit increased from 22% to 30%
- Exploring financing options (RMLD participating)
 - Only applicable to heat pumps & weatherization
 - Potentially in collaboration with local bank
 - Potentially financed on-bill
 - Potentially option to buy down investment

5

Thank You
from the RMLD Team



RMLD



Reading Municipal Light Department
RELIABLE POWER

Department
of Public Works

ATTACHMENT 6
GENERAL MANAGER'S GOALS
AND REVIEW

GM Goals - 2024

Phipps Leading RMLD Team as Player/Coach

Major GM goals, excluding day-to-day responsibilities

Vision *(strategic direction)*

- a) Update Oct 2023 strategic plan (emphasis on in territory assets)
- b) Engage legislative (MLP strategies and RMLD specific support)

Team / Personnel *(recruit, equip, motivate)*

- c) Upgrade leadership team (hire 2-3 key positions)
- d) Broaden intern / co-op program (beyond IRD)
- e) Negotiate mutually beneficial union contracts
- f) Complete transition to new work schedule
- g) Test semi-annual performance review

Customers *(rate payers, new businesses, Town(s) Leadership)*

- i) Expand weatherization incentive
- j) Plan for broader TOU rollout (synched with AMI upgrade)
- k) Revamp RMLD.com (web and mobile web) and plan mobile app
- l) Recruit new large customers (run associated reliability / grid studies)
- m) Expand customer communication (ex social media, ...)
- n) Expand teamwork with Town(s) leadership (new Wilmington and Reading)

Platform *(efficiently support electrification load growth)*

- m) Select new AMI vendor and establish milestones
- n) Secure more land to create platform options (ex Maple Meadows, Rt 125)
- o) Expand internal data analytics (add operations, deepen load forecasts, ...)

Funding *(new strategy to reflect new context and operational changes)*

- p) Map plan and take initial steps for bond based funding of generation assets
- q) Secure grant funding sources (ex grants (IJC, IRA, state, ...))

Power Supply *(increase resiliency, dampen upward cost pressure, ensure compliance)*

- m) Detail RMLD owned solar PV in territory
- n) MOU for in territory base load generation asset
- o) Progress in territory generation projects (ex school, Burbank, or Maple Meadow, ...)
- r) Solidify long-duration storage partnership opportunities




2023 Results:
General Manager
as RMLD Team Leader

*presented to the
Board of Commissioners*

28 February 2024

categories

- Vision** *(strategic direction)*
- Team / Personnel** *(recruit, equip, motivate)*
- Customers** *(rate payers, new businesses, Town(s) Leadership)*
- Platform** *(efficiently support electrification load growth)*
- Power Supply** *(increase resiliency, dampen upward cost pressure, ensure compliance)*
- Funding** *(strategy for new sources and build vs maintenance transition)*

RMLD  Randolph Municipal Light Department
RELIABLE POWER

note

RMLD is a municipal electric utility in a rapidly changing context

- 90 person team
- Serving nearly 80,000 people (residents and businesses)
- \$100 million revenue

GM role is a hands-on leadership role (lead by example)

- Provide vision and direction
- Allocate resources
- Remove roadblocks

The following highlights are accomplishments of the RLMD team rather than one individual, including the GM

- These highlights exclude typical day-to-day activities
- RMLD “got a lot” done in 2023 and has energized momentum



Vision *(strategic direction)*

Updated RMLD mission and vision (sep)

- Simplified and more focused
- Reliable, low-cost, increasingly non-carbon energy

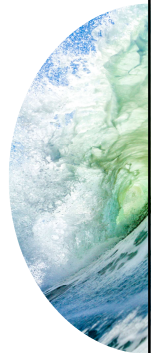
Completed RMLD bottom-up load forecast (sep)

- Foundation for all planning (power supply, network, staffing, budget)
- Result similar to ISO NE forecast (2X MWHs and demand by 2050)

Built high-level strategic plan (sep)

- Network and metering upgrade, in territory gen, ...
- Drafted initial milestones as context for 6-year budget

2023



Team / Personnel *(recruit, equip, motivate)*

Recruited and engaged management team members

- IRD Director (feb)
- Operations Director (jan 24)

Organization restructuring and adjustments

- Engineering and Operations each with leader
- Purchasing moved to Finance (out of Engineering)
- Safety committee recasted

Expanded intern / co-op program (year-round and with more schools)

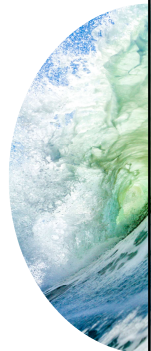
Refined flex time and 4X10 work schedule

- Ensure coverage (operations, customer service, ...)
- Finalize in 2024

Encouraged education / training programs and select conference attendance

- Tuition reimbursement

2023



Customers *(rate payers, new businesses, Towns)*

Added Weatherization incentive program

- Initial test appears to be well received
- Option on ASHP incentive program

Revamped ASHP incentive processing

- Cycle time in weeks rather than months

Added Economic Development rate and Industrial Coincident Peak rate

- More communication needed

Customer survey (jan - feb)

- High satisfaction overall
- More communication of incentive programs

Promoting more media channels for communications

- Podcast series
- Text communication opt-in for all new accounts
- Started RMLD web site update (w/ mobile web support)

2023



Platform *(efficiently support electrification load growth)*

2023

New Station 6 progressing

- Ordered transformers
- Received system impact study approval, assigned project manager, ...

Meter Data Management (MDM) system RFP, contracting, kickoff

- Prerequisite to upcoming AMI system upgrade
- Platform for more load trend feedback to customers

Critical software and hardware platforms brought up to current revisions

- Many several years behind in version updates (Cogsdale, SCADA, ...)
- Current versions more resilient to cyber attacks
- Initialized HRIS system
- Accelerated employee cyber training

On track for 20 MW of storage installations (4Q24 – 1Q25)

- Peak shaving (less upward pressure on transmission and capacity)
- Resiliency asset (discharge during mandatory load reduction)
- Mobile battery at station 2 (500 kW)
- Nickel metal hydride long duration (2.5 MW 10 hr) joint grant application

Pool Transmission Facilities submissions

- ~\$500,000 annual cost reimbursement (Station 4, likely to increase when Station 6 commissioned)

Began formal collaboration with Town of Reading for Ash Street Campus redevelopment

7

Power Supply *(resiliency, upward costs, compliance)*

2023

Pursued land for in territory generation

- Rt 125
- Maple Meadows
- Lynnfield Water District

Explored regional sites for RMLD owned solar PV installations

- short list included New Bedford and Monroe Bridge
- Priority lowered below in territory options

Explored in territory options for RMLD owned generation

- Maple Meadow, Burbank, Lynnfield water, Killam, Senior Center, ...)

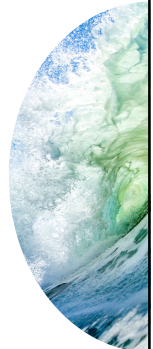
Developed plans for carbon capture fuel cells system

- Initial economics built (including IRA 22 ITC)
- Nat gas supply options (mapped territory, initial transmission based sources)

Contracted several non-carbon projects (no TFA's)

- Wind - Western Maine (jan)
- Wind - Avangrid onshore (jan)
- Hydro - Wyre Wind (mar)
- Hydro - HydroQuebec (apr)
- Solar - Gravel Pit V (sep)

8



Funding *(new sources; build vs maintenance transition)*

2023

Smart Grid and Grid Modernization (40107) grant submission

- \$20 million (RMLD to contribute 50%)
- Resubmission requested to include Justice 40 communities
- \$30 million grant resubmitted with Peabody (PMLP) as collaborator (feb 2024)

Grid Innovation Flywheel (40103(b)) grant submission

- \$10 million (RMLD to contribute 50%)
- Resubmission requested to include more collaborators and Justice 40 communities
- \$31 million grant resubmission with BELD, TMLP, WG+E and HG&E (feb 2024)

Maple Meadows Energy Park (40103(b)) grant submission

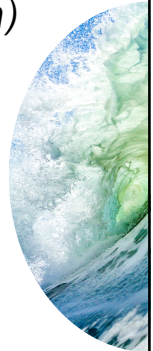
- \$13 million (RMLD to contribute 50%)
- On hold while title is cleared

APPA presentations regarding IRA22

- Investment tax credits vs production tax credits

Began research in bonding options

- Baker Tilly meetings



Other

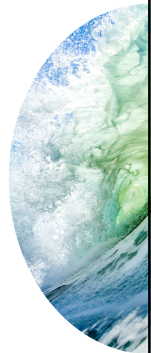
Completed MCPPO certifications

- Design and Construction Contracting (jun)
- Public Contracting – (sep 2022)

Acting Director of Operations (jun – dec)

Acting Director of Engineering (jun – current)

Supporting BoC Chair in Town of Reading Home Rule review



Areas for Improvement

Establish key metrics beyond basic actual vs budget and \$/MWH

- Mgmt team dashboard
- Cost trend lines (linked to BoC warrant approvals)
- Broader data analytics supporting key metrics

Communicate a clearer prioritization of projects, initiatives

- More important given magnitude of capex over next 10 years

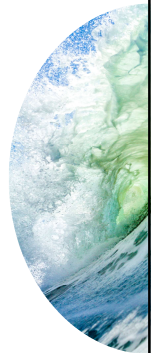
Project schedule and milestone

- More accountability
- Faster identification of roadblocks

More effective communications (accelerate improvements)

- Especially with new leadership at Towns
- Local officials (keep steady momentum of Feb state official updates)

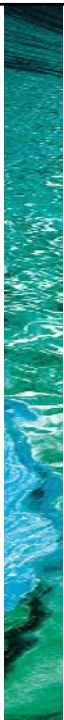
More inputs (GM / MLP collaborations, 2-3 conferences each year)



Thank You
for this Opportunity



ATTACHMENT 7
GENERAL MANAGER'S REPORT



General Manager Update NextEra Public Power Summit Highlights

*Presented to the
Board of Commissioners and
Citizens Advisory Board*

22 February 2024

Outline

Armondo Pimental – FPL President CEO

Ed De Varon – FPL VP Power Delivery

Tim Oliver – FPL VP Development

Chris McCarthy – NEM MD Research

Anupam Das – NEM Research

Armondo Pimental – FPL President CEO

NextEra 2024
Public Power Summit

Key Points

Florida Power & Light (FPL) largest US electric utility

Streamlining operations; putting savings into capex to improve reliability and support growth

Replacing generation with more efficient equipment and processes

Undergrounding more of distribution (expensive but lower cost than delayed restoration)

Exploring robotics and AI to further streamline

Auto industry is going electric (improvements in utility scale battery storage will benefit via lower costs)

Implications for RMLD

- a) Accelerate network instrumentation (new AMI, automated switches, ...)
- b) Push in territory generation using efficient technologies
- c) Expect EV to be major load drivers (look at load profiles)

Ed De Varon – FPL VP Power Delivery

NextEra 2024
Public Power Summit

Key Points

- 1.3 million distribution poles; 900 substations; 9,600 miles of transmission lines
- 80% population within 20 miles of ocean (storms, salt corrosion, fastest growing population)
- Harden physical infrastructure (poles; substations; underground terminations (padmounts))
- Intelligent network devices (ALS laterals replace fuses, ATS transfers reduce truck rolls, AFS feeders to sectionalize)
- LIDAR and AI for vegetation management (trees for RMLD)
- Digitization of network (smart instrumentation and data analytics)
- Plan, prepare, practice for storms

Implications for RMLD

- Install distribution network communication and automation (and train team)
- Explore vegetation management optimization
- Accelerate data analytics

Tim Oliver – FPL VP Development

NextEra 2024
Public Power Summit

Key Points

Florida sun enables solar PV (70 large scale PV, 20 GW installed in FPL)

Solar Together – community solar with escalation bill credits; portable, no upfront cost for customer)

Evolution – flat rate home EV charger program (\$38 / month), for off peak only, penalty of charge during peak hours, 10 year commitment

Battery storage investments (utility scale, C&I, home) including 5 activity bus V2G program

Support buying local products and services where possible

Green hydrogen test site at Cavendish station (PV powered electrolyzer for hydrogen to gas generator)

Implications for RMLD

- a) Uncover charger pricing strategy lessons for FPL programs
- b) Explore water department synergies
- c) Explore V2G

Chris McCarthy – NEM MD Research

NextEra 2024
Public Power Summit

Key Points

Reliability (power supply) increasingly challenging (NERC is concerned for CASIO, ERCOT, ISO NE)
New generation projects in queue are below requirements forecasts (load growth and retirements)
Renewables comprise the vast majority of new generation over next 5 years (driven by incentives and sites)
National load growth 1.45% cagr compared to 0.62% cagr during last decade
Industrialization returning to US (part of load growth)
Capacity costs \$10-12/MW-month when nat gas gen at 15% utilization vs \$3.5/MW-month at current 55% utilization
New era generation not obvious (SMR not likely)

Implications for RMLD

- a) Explore in territory gen for reliability and economic reasons
- b) Recruit more C&I to RMLD territory (data centers, 3D printing, ...)
- c) Diligently manage power supply portfolio

Anupam Das – NEM Research

NextEra 2024
Public Power Summit

Key Points

Nat gas drives electricity but for how long (nat gas phase out timing?)
Short term lower prices and lower volatility
Back to back warmer winters dropped demand while production growth continues
Huge growth since 2013 – Marcellus, Utica, Permian Basin (all >2x)
30% of nat gas byproduct of oil production (which will grow)
LNG export capacity 2x by 2027 (already under construction) 3x by 2029 possible
Next winter – expect upward price pressure

Implications for RMLD

- a) Secure nat gas for CCFC now (keep option open)
- b) Keep hedged level high for 2025 and 2026
- c) Diligently manage power supply portfolio

7

Thank You



**BOARD MATERIALS AVAILABLE BUT
NOT DISCUSSED**

From: [Erica Morse](#)
To: [Erica Morse](#)
Subject: AP and Payroll Questions for the 2024-02-28 BoC Board Book
Date: Thursday, February 22, 2024 2:53:50 PM

AP

From January 19, 2024, through February 16, 2024, there were no Commissioner questions.

Payroll:

From January 22, 2024, through February 19, 2024, there were no Commissioner questions.

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



From: [Maureen Sullivan](#)
To: [Erica Morse](#)
Cc: [Paula O'Leary](#)
Subject: Surplus Update - January 2024
Date: Wednesday, January 31, 2024 12:46:13 PM

Good morning Erica,

I am sending this email to inform you that there were NO Surplus Items of Substantial Value that were disposed of in January 2024.

Thank you,
Maureen

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

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

Town of Reading, Massachusetts
Municipal Light Department
Statement of Net Assets
11/30/2023

	NOV 2023	NOV 2022
ASSETS		
Current:		
Unrestricted Cash	\$ 28,356,276	\$ 19,361,550
Restricted Cash	30,240,951	30,303,620
Restricted Investments	1,414,991	794,209
Receivables, Net	11,009,301	9,218,142
Prepaid Expenses	1,289,303	1,257,554
Inventory	3,190,024	2,549,736
Total Current Assets	75,500,846	63,484,811
Noncurrent:		
Lease Receivable	1,993,599	-
Investment in Associated Companies	991,294	964,888
Construction in Progress	944,446	603,906
Capital Assets, Net	94,310,189	90,518,636
Total Noncurrent Assets	98,239,528	92,087,429
Deferred Outflows	6,113,387	6,754,497
TOTAL ASSETS	179,853,760	162,326,737

PRELIMINARY

LIABILITIES		
Current		
Accounts Payable	7,160,011	4,964,340
Accrued Liabilities	684,707	776,073
Customer Deposits	1,792,169	1,684,280
Advances from Associated Companies	200,000	200,000
Contribution in Aid of Construction	3,566,438	2,685,316
Total Current Liabilities	13,403,326	10,310,009
Non-current		
Accrued Employee Compensated Absences	925,017	1,652,518
Net OPEB Obligation	4,269,089	4,158,698
Net Pension Liability	5,358,701	11,954,138
Total Non-current Liabilities	10,552,807	17,765,354
Deferred Inflows	9,802,918	4,327,923
TOTAL LIABILITIES	33,759,051	32,403,286

NET POSITION

Invested in Capital Assets, Net of Related Debt	94,310,189	90,518,636
Restricted for Depreciation Fund	10,702,207	7,570,427
Restricted for Pension Trust	7	4,493,981
Unrestricted	41,082,307	27,340,408
TOTAL NET POSITION	146,094,709	129,923,451
Total Liabilities and Net Assets	\$ 179,853,760	\$ 162,326,737

Town of Reading, Massachusetts
Municipal Light Department
Statement of Net Assets
11/30/2023

	Month Current Year	Month Last Year	Year to Date Current Year	Year to Date Last Year	Percent Change
Operating Revenues					
Base Revenue	\$ 2,687,715	\$ 2,165,106	\$ 33,070,760	\$ 27,709,661	19.3%
Fuel Revenue	2,563,449	2,746,410	28,858,372	34,033,764	(15.2%)
Purchased Power Capacity & Transmission	2,465,317	2,511,311	30,029,047	28,966,637	3.7%
Forfeited Discounts	88,185	71,017	854,202	739,858	15.5%
Energy Conservation Revenue	178,170	141,043	2,204,225	1,794,344	22.8%
NYPA Credit	(57,543)	(57,540)	(1,194,237)	(1,085,746)	10.0%
Total Operating Revenues	7,925,293	7,577,349	93,822,370	92,158,518	1.8%
Expenses					
Power Expenses:					
547 Purchased Power Fuel	2,262,756	2,381,999	24,699,942	30,758,797	(19.7%)
555 Purchased Power Capacity	975,255	1,093,024	13,749,171	13,469,687	2.1%
565 Purchased Power Transmission	1,062,205	933,309	13,425,189	15,194,983	(11.6%)
Total Purchased Power	4,300,216	4,408,333	51,874,302	59,423,467	(12.7%)
Operations and Maintenance Expenses:					
580 Supervision and Engineering	176,436	151,299	1,354,927	1,056,210	28.3%
581 Station/Control Room Operators	58,707	56,137	629,127	470,099	33.8%
582 Station Technicians	480,870	61,151	1,090,554	522,574	108.7%
583 Line General Labor	76,189	77,917	837,872	707,924	18.4%
586 Meter General	20,180	20,855	170,191	197,255	(13.7%)
588 Materials Management	60,966	57,944	505,082	426,139	18.5%
593 Maintenance of Lines - Overhead	99,344	31,519	797,599	370,371	115.4%
593 Maintenance of Lines - Tree Trimming	39,930	8,615	862,717	675,944	27.6%
594 Maintenance of Lines - Underground	74	23,123	69,780	216,250	(67.7%)
595 Maintenance of Line - Transformers	9,064	12,254	93,187	194,969	(52.2%)
598 Line General Leave Time Labor	63,018	41,419	529,167	457,967	15.5%
Total Operations and Maintenance Expenses	1,084,778	542,235	6,940,203	5,295,703	31.1%
General & Administration Expenses:					
903 Customer Collections	75,500	98,718	1,236,310	1,058,970	16.7%
904 Uncollectible Accounts	3,333	5,000	36,667	55,000	(33.3%)
916 Energy Audit	97,694	45,712	799,090	737,522	8.3%
916 Energy Conservation	370,083	140,941	1,928,365	1,251,341	54.1%
920 Administrative and General Salaries	197,947	216,221	2,208,015	1,903,273	16.0%
921 Office Supplies and Expense	2,145	1,471	16,711	14,290	16.9%
923 Outside Services - Legal	48,353	48,231	326,381	450,496	(27.6%)
923 Outside Services - Contract	10,025	39,195	323,325	289,487	11.7%
923 Outside Services - Education	6,890	9,806	120,818	62,223	94.2%
924 Property Insurance	37,158	32,768	426,754	381,753	11.8%
925 Injuries and Damages			77,729	20,877	272.3%
926 Employee Pensions and Benefits	419,792	575,001	3,863,726	3,850,898	0.3%
930 Miscellaneous General Expense	36,175	98,043	371,815	385,795	(3.6%)
931 Rent Expense	15,799	13,939	204,788	202,365	1.2%
933 Vehicle Expenses	30,902	31,224	294,535	275,407	6.9%
933 Vehicle Expenses - Capital	(40,312)	(32,875)	(388,100)	(365,504)	6.2%
935 Maintenance of General Plant	49,020	65,707	647,987	518,312	25.0%
935 Maintenance of Building & Garage	78,729	98,841	741,680	872,555	(15.0%)
Total General & Administration Expenses	1,439,233	1,487,943	13,236,595	11,965,060	10.6%

PRELIMINARY

Town of Reading, Massachusetts
Municipal Light Department
Statement of Net Assets
11/30/2023

	Month Current Year	Month Last Year	Year to Date Current Year	Year to Date Last Year	Percent Change
Other Operating Expenses:					
403 Depreciation	435,353	421,450	4,788,887	4,635,951	3.3%
408 Voluntary Payments to Towns	152,217	143,387	1,674,396	1,577,257	6.2%
Total Other Expenses	<u>587,571</u>	<u>564,837</u>	<u>6,463,283</u>	<u>6,213,208</u>	<u>4.0%</u>
Operating Income	513,495	574,000	15,307,987	9,261,079	65.3%
Non Operating Revenues (Expenses):					
419 Interest Income	468	59,723	728,108	240,344	202.9%
419 Other	9,608	(4,830)	495,931	704,720	(29.6%)
426 Return on Investment to Reading	(211,551)	(210,620)	(2,321,474)	(2,293,354)	1.2%
426 Loss on Disposal					0.0%
431 Interest Expense	(4,245)	(2,007)	(45,152)	(22,143)	103.9%
Total Non Operating Revenues (Expenses)	<u>(205,719)</u>	<u>(157,735)</u>	<u>(1,142,586)</u>	<u>(1,370,434)</u>	<u>(16.6%)</u>
Change in Net Assets	307,776	416,266	14,165,401	7,890,645	79.5%
Net Assets at Beginning of Year	131,929,309	122,032,806	131,929,309	122,032,806	8.1%
Ending Net Assets	<u>\$ 132,237,085</u>	<u>\$ 122,449,071</u>	<u>\$ 146,094,709</u>	<u>\$ 129,923,451</u>	<u>12.4%</u>

Town of Reading, Massachusetts
Municipal Light Department
Statement of Net Assets
11/30/2023

	Actual Year to Date	Budget 2023	Budget Year to Date	OVER/UNDER \$	OVER/UNDER %
Operating Revenues					
Base Revenue	\$ 33,070,760	\$ 32,116,223	\$ 29,439,871	\$ 3,630,889	12.3%
Fuel Revenue	28,858,372	41,106,033	37,680,530	(8,822,158)	(23.4%)
Purchased Power Capacity & Transmission	30,029,047	34,515,988	31,639,655	(1,610,608)	(5.1%)
Forfeited Discounts	854,202	963,487	883,196	(28,994)	(3.3%)
Energy Conservation Revenue	2,204,225	2,001,000	1,834,250	369,975	20.2%
NYPA Credit	(1,194,237)	(1,162,000)	(1,065,167)	(129,070)	12.1%
Total Operating Revenues	93,822,370	109,540,730	100,412,336	(6,589,966)	(6.6%)
Expenses					
Power Expenses:					
555 Purchased Power Fuel	24,699,942	39,944,033	36,615,363	(11,915,421)	(32.5%)
555 Purchased Power Capacity	13,749,171	15,469,599	14,180,465	(431,294)	(3.0%)
565 Purchased Power Transmission	13,425,189	19,226,389	17,624,190	(4,199,001)	(23.8%)
Total Purchased Power	51,874,302	74,640,021	68,420,019	(16,545,717)	(24.2%)
Operations and Maintenance Expenses:					
580 Supervision and Engineering	1,354,927	978,439	896,902	458,025	51.1%
581 Station/Control Room Operators	629,127	508,095	465,754	163,373	35.1%
582 Station Technicians	1,090,554	1,337,458	1,226,003	(135,449)	(11.0%)
583 Line General Labor	837,872	600,755	550,692	287,180	52.1%
586 Meter General	170,191	270,245	247,724	(77,533)	(31.3%)
588 Materials Management	505,082	588,589	539,540	(34,458)	(6.4%)
593 Maintenance of Lines - Overhead	797,599	568,743	521,348	276,251	53.0%
593 Maintenance of Lines - Tree Trimming	862,717	1,589,788	1,457,305	(594,588)	(40.8%)
594 Maintenance of Lines - Underground	69,780	194,974	178,726	(108,946)	(61.0%)
595 Maintenance of Line - Transformers	93,187	355,040	325,453	(232,265)	(71.4%)
598 Line General Leave Time Labor	529,167	215,963	197,966	331,201	167.3%
Total Operations and Maintenance Expenses	6,940,203	7,208,088	6,607,414	332,790	5.0%
General & Administration Expenses:					
903 Customer Collection	1,236,310	1,299,608	1,191,307	45,002	3.8%
904 Uncollectible Accounts	36,667	75,000	68,750	(32,083)	(46.7%)
916 Energy Audit	799,090	1,071,429	982,144	(183,053)	(18.6%)
916 Energy Conservation	1,928,365	3,064,243	2,808,889	(880,524)	(31.3%)
920 Administrative and General Salaries	2,208,015	3,224,132	2,955,454	(747,439)	(25.3%)
921 Office Supplies and Expense	16,711	20,000	18,333	(1,622)	(8.8%)
923 Outside Services - Legal	326,381	785,800	720,317	(393,936)	(54.7%)
923 Outside Services - Contract	323,325	740,100	678,425	(355,100)	(52.3%)
923 Outside Services - Education	120,818	329,150	301,721	(180,903)	(60.0%)
924 Property Insurance	426,754	541,550	496,421	(69,667)	(14.0%)
925 Injuries and Damages	77,729	25,600	23,467	54,262	231.2%
926 Employee Pensions and Benefits	3,863,726	4,568,626	4,187,907	(324,181)	(7.7%)
930 Miscellaneous General Expense	371,815	601,400	551,283	(179,468)	(32.6%)
931 Rent Expense	204,788	212,000	194,333	10,455	5.4%
933 Vehicle Expense	294,535	389,000	356,583	(62,048)	(17.4%)
933 Vehicle Expense - Capital Clearing	(388,100)	(510,268)	(467,746)	79,646	(17.0%)
935 Maintenance of General Plant	647,987	668,767	613,037	34,951	5.7%
935 Maintenance of Building & Garage	741,680	991,558	908,928	(167,248)	(18.4%)
Total General & Administration Expenses	13,236,595	18,097,695	16,589,554	(3,352,959)	(20.2%)

PRELIMINARY

Town of Reading, Massachusetts
Municipal Light Department
Statement of Net Assets
11/30/2023

	Actual Year to Date	Budget 2023	Budget Year to Date	OVER/UNDER \$	OVER/UNDER %
Other Operating Expenses:					
403 Depreciation	4,788,887	5,445,000	4,991,250	(202,363)	(4.1%)
408 Voluntary Payments to Towns	1,674,396	1,772,440	1,624,737	49,659	3.1%
Total Other Expenses	<u>6,463,283</u>	<u>7,217,440</u>	<u>6,615,987</u>	<u>(35,447)</u>	<u>(0.5%)</u>
Operating Income	15,307,987	2,377,487	2,179,363	13,011,367	597.0%
Non Operating Revenues (Expenses):					
415 Contribution in Aid of Construction	-	50,000	45,833	(45,833)	(100.0%)
419 Interest Income	728,108	300,000	275,000	453,108	164.8%
419 Other Income	495,931	710,000	650,833	(154,902)	(23.8%)
421 Intergovernmental Grants		90,000	82,500	(82,500)	(100.0%)
426 Return on Investment to Reading	(2,321,474)	(2,548,972)	(2,336,558)	15,084	(0.6%)
426 Loss on Disposal		(10,000)	(9,167)	9,167	(100.0%)
431 Interest Expense	(45,152)	(10,000)	(9,167)	(35,985)	392.6%
Total Non Operating Revenues (Expenses)	<u>(1,142,586)</u>	<u>(1,418,972)</u>	<u>(1,300,724)</u>	<u>158,139</u>	<u>(12.2%)</u>
Net Income	<u>\$ 14,165,401</u>	<u>\$ 958,515</u>	<u>\$ 878,639</u>	<u>\$ 13,286,762</u>	<u>1512.2%</u>