



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Citizens Advisory Board

Date: 2019-04-18

Time: 6:30 PM

Building: Reading Municipal Light Building

Location: Winfred Spurr Audio Visual Room

Address: 230 Ash Street

Session: Open Session

Purpose: General Business

Version: Final

Attendees: **Members - Present:**

Mr. Dennis Kelley, Chair (Wilmington); Mr. Jason Small, Vice Chair (North Reading); Mr. Vivek Soni, Secretary (Lynnfield); Mr. Neil Cohen (Reading); Mr. George Hooper (Wilmington)

Members - Not Present:

Others Present:

Ms. Coleen O'Brien; Mr. Hamid Jaffari, Ms. Wendy Markiewicz, Ms. Kathleen Rybak, Mr. Charles Underhill

Minutes Respectfully Submitted By: Mr. Vivek Soni, Secretary

A handwritten signature in blue ink, appearing to read "V. Soni", written over a horizontal line.

Topics of Discussion:

1. Call Meeting to Order – D. Kelley, Chair

Chair Kelley called the meeting of the Citizens' Advisory Board to order at 6:30 PM and noted that the meeting was being audio recorded.

2. Approval of Minutes – D. Kelley, Chair

Materials: Draft Minutes from the February 13, 2019, meeting.

Mr. Hooper made a **motion** that the Citizens' Advisory Board approve the Regular Session Minutes, and approve and release the Executive Session Minutes of the February 13, 2019, meeting as written, seconded by Mr. Cohen. Hearing no further discussion, **motion carried 5:0:0** (5 in favor, 0 opposed, 0 absent).

3. Financial Report – W. Markiewicz, Director of Business, Finance & Technology
Materials: Draft Financial Report 6 Month Ended December 31, 2018, presentation slides; and Town of Reading, Massachusetts, Municipal Light Department Financial Statements 12/31/2018- Draft

Ms. Markiewicz reported that the auditors were at RMLD the first week of March, and the audit is in progress pending completion of the actuarial report. Ms. Markiewicz reviewed the presentation slides, which represent the draft six-month ending December 31, 2018, financials. Minor changes may take place in relation to OPEB and pension accounts. Slide 1 shows cash balances as of December 31, 2018, at \$52.1m; of that the operating fund is at \$18.3m. All other funds are considered restricted for specific items. The depreciation and construction funds combined are at \$10m; we intentionally got that to a point where we can fund the big projects such as the substation.

Ms. Markiewicz reviewed Slide 2 which shows the operating and maintenance (O&M) expenses. O&M came in under budget \$800k due to timing issues. Ms. Markiewicz noted that it is hard to follow the one-year projected budget that was put out last March; we were still in transition for the change in year-end and didn't have a good six-month budget. Ms. Markiewicz noted that timing of projects (planned for spring) and vacancies contribute to that \$800k. Slide 3 shows the capital fund balances - how we are spending the money and what's in reserve for the capital fund. Ms. Markiewicz noted that the capital improvements themselves exceed (with the exception of FY15) the depreciation. Depreciation is held in reserve specifically for capital projects. The RMLD is continuously investing in the capital infrastructure by transferring money out of the operating account. You can see that capital improvements for FY16, 17 and 18 are significantly higher than the actual depreciation, which is in red. Depreciation alone is the only thing that really is a reserve for capital. At the end of the year we decide, based on the projected six-year plan, how much we need to put into the construction fund going forward in order to continue to fund the capital projects that we have planned out. Ms. O'Brien noted (as discussed previously), we ramped the rate of return up towards the 8% maximum for a few years in order to make those transfers (from the operating account) in order to meet the capital plan including the majority of the new substation.

In closing, Ms. Markiewicz noted that even though it appears (on the Financials) that kilowatt hour sales were up - once again it's a six-month timing issue. Ms. O'Brien asked that Mr. Underhill address the seasonal fluctuation (in sales) when he presents.

4. E&O Update - H. Jaffari, Director of Engineering & Operations

Outage Update: Mr. Jaffari reported six outages in March (two tree-related, two animal, one underground equipment failure, and one unknown; four in Wilmington, one each in Lynnfield and Reading). There have been eight outages to date in April (two motor vehicle accidents, four tree-related, one underground equipment failure, and one weather related; five in Wilmington, two in Lynnfield, and one in Reading). Reliability indices are all doing very well; below the national and regional averages.

OMS/IVR: Mr. Jaffari reported that the OMS is 90% complete and the IVR is in the programming phase. Staff is currently working through software integration issues. The next phase will be data collection for how customers would like to be notified of outages (phone, text or any combination of those). An outage map (including location, estimated time of restoration and number of customers impacted) will also be available for the public to view using their computers or mobile devices. Mr. Jaffari noted that he is hoping to roll the IVR out by the end of the year.

Ms. O'Brien asked Mr. Jaffari to speak about the limitations of some of the meters to integrate with the OMS/IVR systems. Mr. Jaffari reported that of the ~29,866 meters in the system, ~3,600 are older Itron (AMR) meters (including TOU, commercial and industrial). These meters have design limitations; they do not have last-gasp technology, which would allow them to send a message to the OMS when they go out, and/or they cannot be retrofit with an Eaton module to enable two-way communication through the mesh network. Mr. Jaffari reported that staff is working on a plan to address this issue.

Ms. O'Brien reported that replacing these 3,600 meters will cost approximately \$1.6m over six years. Staff must prioritize this issue with the other work that needs to be done, as well as consideration for anticipated technology advances. Mr. Soni asked what the distribution is (by town) for the 3,600 meters. Ms. O'Brien said that she had that information and would forward it to the CAB.

Battery Storage Project: Mr. Jaffari reported that the battery storage project is going very well and by the end of May the unit should be connected. We took the

opportunity during construction at the site to upgrade some of the underground feeders/cables out of the station.

Mr. Hooper ask about the performance of new LED street lights. Mr. Jaffari noted there are no problems that he is aware of. The group discussed the impact the conversion has had on maintenance (staff time). Ms. O'Brien reported that the flood light conversion is still in progress, and the Troubleman is currently working on numbering the lights, which will aid in reconciliation efforts.

5. Update on IRD Initiatives – C. Underhill, Director of Integrated Resources
Materials: RMLD Capacity Programs Savings (presentation slides)

Mr. Underhill (as requested earlier in the meeting) explained why sales (load) are different the first half of the year from the last half of the year (calendar). Traditionally, January, February and June are high-load months (in the first half of the year), and then (in the second half of the year) July, August, most of September and December are high-load months. There are more high-load months in the last half of the year than in the first half of the year, plus summer months are higher load than winter months. Therefore, a disproportionate amount of sales are reported in the last half of the year than in the first half of the year. However, RMLD had higher than projected retail sales in November and December (2018), which were weather driven sales events. January and February (2019) were not quite as cold as is normally expected, so sales dropped right back down again. Therefore, we ended up with essentially the same sales over the winter as we were expecting, but they occurred in different months, and therefore, in a different financial reporting period.

Mr. Underhill then presented a summary report on the capacity programs noting there are three components to the capacity/transmission management program. The first is "Shred the Peak," which is a voluntary response to alerts sent out by RMLD. A little over 2,000 residential customers participate last summer. Mr. Underhill noted that RMLD does not directly measure that participation, so he used estimates (0.5 kW per customer) based on his experience with other peak response programs and the current set of dollars for capacity savings. To date RMLD estimated savings is about \$84,360 from the residential capacity program.

The second program is the large commercial/industrial response program; customers are compensated for interrupted load, but then we measure them much more closely in terms of what they do. Tangent Energy Solutions runs the monitoring and the alerting component of the program. RMLD estimated savings is \$84,545 for the year (\$29,215 in capacity and \$55,330 in transmission; the \$29k in capacity savings compares to the \$84k capacity savings from the residential program).

Mr. Underhill noted that residential is about 30% of the total retail sales. However, because the peak is shifting to later in the day (out of the daily business cycle and when more residential customers are turning on lights, cooking, etc.) we are seeing a decrease in the contribution (to the peak reduction) from commercial/industrial (approximately 30%) and an increase in the contribution (to the peak reduction) from residential (approximately 70%) at the time of peak. Mr. Underhill noted that he plans to look at that and get a much more accurate number once we pull some of the hourly profile data out of the AMI metering system.

Mr. Underhill reported that since its inauguration, the generator (the third program) has saved \$525,000, of which roughly \$200,000 is capacity savings at peak and \$325,000 is transmission savings. Chair Kelley asked about the cost of natural gas, and operating and maintenance costs for the unit. Mr. Underhill noted that the savings was net of the costs. In 2018 natural gas costs were approximately \$35,000 to respond to all of the events that were called; however, not every event is an actual transmission peak. Labor costs in 2018 were \$29,500, which includes operating the unit and having somebody at the site during the summer to monitor for over-heating

at the structure. Mr. Jaffari noted that initially staff was sent to the unit to operate the unit and make sure that it was functioning properly. The unit is now being operated from the SCADA in the Control Room (which is staffed 24/7). RMLD is working with Milton CAT to resolve ventilation issues.

Ms. O'Brien noted the estimated payback was 6-7 years (if we hit every month's peak, as well as the annual peak). Mr. Jaffari noted that there was an early peak in the first year (June 13, 2017) just prior to commissioning, so the savings were not captured. Mr. Soni asked if the payback for the unit was on track. Mr. Jaffari noted it is currently tracking a bit faster than planned, but we are being conservative. Mr. Underhill noted one of the issues in how you calculate the savings is that there is a deferred benefit; we will start to receive the capacity credit on our bills beginning June 1 to May 31 (for when we ran the unit last summer). Mr. Small asked if that (payback) considers capacity costs coming down; will the return on investment be extended? Ms. O'Brien noted that we did not calculate the payback based on when the capacity peaked – it was normalized. Mr. Underhill stated that capacity costs came down to \$3.80 a kW month from a high of just over \$10 a couple of years ago. As far forward as those numbers were available, they were included in the calculation. They have fallen off, and there is likely to be an extension in the last year or so of some amount. Mr. Underhill noted we will be able to carry those projections forward and revisit the savings analysis once we get our budget from Energy New England.

Mr. Underhill then provided a review of the Community Solar PPA's. RMLD has generated 5,053,942 kWh and has avoided 3,638,838 pounds of carbon production. Mr. Underhill reported that staff is working on another community solar project but will be taking a slightly different approach this time. Ms. O'Brien noted the RECS are different and that makes the financials different.

6. Scheduling: CAB Meetings and Coverage for Commissioners Meeting – D. Kelley, Chair

The next scheduled Commissioners meeting is April 24th – Mr. Hooper will cover. The May Commissioners meeting is (tentatively) scheduled for May 16th - Mr. Soni will cover. The CAB will meet at 6:30 pm (prior to the Commissioners meeting).

Ms. O'Brien stated that she has asked each division manager to provide their full report to the CAB on a rotating basis, and then each of the other managers will provide brief "fun facts" at the meeting.

7. Adjournment – D. Kelley, Chair

Mr. Hooper made a **motion** to adjourn the Citizens' Advisory Board meeting, seconded by Mr. Cohen. **Motion carried 5:0:0** (5 in favor, 0 opposed, 0 absent).

The CAB meeting adjourned at 7:31 PM.

As approved on June 19, 2019