



## Town of Reading Meeting Minutes

### Board - Committee - Commission - Council:

RMLD Citizens Advisory Board

Date: 2019-10-23

Time: 6:30 PM

Building: Wilmington High School

Location: Library

Address: 159 Church Street, Wilmington, MA

Session: Open Session

Purpose: General Business

Version: Final

#### Attendees: **Members - Present:**

Mr. Jason Small, Vice Chair (North Reading); Mr. George Hooper, Secretary (Wilmington); Mr. Vivek Soni (Reading)

#### **Members - Not Present:**

Mr. Dennis Kelley, Chair (Wilmington)

#### **Others Present:**

Mr. Philip Pacino, RMLD Board of Commissioners  
Ms. Coleen O'Brien, Mr. Zachary Borton, Mr. Hamid Jaffari, Mr. Trevor Legere, Ms. Wendy Markiewicz, Ms. Kathleen Rybak, Mr. William Seldon

**Minutes Respectfully Submitted By:** Mr. George Hooper, Secretary

A handwritten signature in black ink, appearing to be "G. Hooper", written over a horizontal line.

#### **Topics of Discussion:**

1. Call Meeting to Order – J. Small, Vice Chair

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

2. Approval of Minutes – J. Small, Vice Chair

*Materials: Draft Minutes from June 19, 2019, July 18, 2019, and September 19, 2019, meetings*

Mr. Hooper made a ***motion*** that the Citizens' Advisory Board approve the Minutes of the June 19, 2019, July 18, 2019, and September 19, 2019, meetings as written, seconded by Mr. Soni. Hearing no objection minutes were approved as written.

3. 2020 Budget – C. O'Brien, General Manager

*Materials: 2020 Budget*

Ms. O'Brien introduced staff present, and then turned the presentation over to Mr. Seldon for a power supply update.

Mr. Seldon reported that there is no rate increase included in the 2020 Budget. However, customers may see slight adjustments to their bills as a result of the multi-phase rate shift that was initiated three years ago to eliminate cross-class subsidization. Mr. Seldon noted that residential customers may see slight increases (~\$0.50 to \$1.00 per month based on usage); commercial, industrial and municipal rates may shift down slightly. Ms. O'Brien reminded the CAB that with the last rate increase the cost of service study showed (for example) that the residential rate had migrated to a minus 11% rate of return. With that rate increase, RMLD began

migrating the rate of return (for residential) back to zero. This is the last year of the three-year phasing-in to eliminate cross-class subsidization. Mr. Hooper asked if he could relay that information to the town. Ms. O'Brien responded that once the budget process is completed and the Board of Commissioners approves the budget, she will send a notice to the Town Managers/Administrators.

Mr. Seldon reviewed the forecasted kilowatt hour sales (Six-Year Plan – Page 89). CY19 sales were budgeted at 659m kilowatt hours (a 1% decrease from the prior year). Using eight months actual and four months budget, we are anticipating sales will be below budget for CY19. Sales (for CY19) as of August, are under budget by ~2.38%. However, winter weather should pick up that slack. For CY20 a decrease in sales of 0.50% (from the CY19 budget) is projected.

Ms. Markiewicz reviewed the fixed and semi-variable costs (Page 93). Eighty percent (\$73.5m) of the 2020 budget is fixed costs, i.e., contracts which have already been assigned for purchase power, town payments (2% of net plant as of 12/31/18), depreciation, etc. Semi-variable costs are 20% (\$18.4m) of the budget. Ms. Markiewicz noted that this year (under variable costs) we have shown the total labor costs (for regular, overtime, and employee benefits) and the amount that is allocated (deducted) for capital projects. The total operating budget of \$91,925,827 is an overall reduction of 1.8% compared to CY19. This reduction is mainly due to power supply. Mr. Hooper noted an increase (CY19 to CY20) in the variable costs of just over \$282k; what was the main difference? Ms. Markiewicz responded that the bulk of the increase is labor because the contracts are going up. There are also increases in benefit costs.

Mr. Soni asked about the operating fund transfer which is noted only on page 13 of the budget document. Ms. Markiewicz responded that the transfer is made from the unrestricted operating fund (which is not shown on the Six-Year Plan). Ms. O'Brien reminded the CAB that the strategy on the financials was to lift the rate of return toward 8% for a short period of time in order to make transfers into capital to build the substation and get the bulk of the maintenance done. The rate of return will go back down to 6 to 6.5%, which is where it should land at a level of maintain (as shown on the Six-Year Plan). Barring any new priorities, catastrophic events, or other major maintenance items that we haven't discovered and laid out, it should follow that trend.

Mr. Soni noted when comparing the capital budget (six-year plan) that was presented last year to the plan being presented this year, the numbers are increasing. Ms. O'Brien responded that we do the six-year plan so that it tells a story and you can understand that there are projects that go out (six years). Aside from the year that we are looking at to approve, the rest of it's a vision. We try to keep consistent with that, but priorities can change; the concepts of the projects that we have laid out have been pretty consistent.

Mr. Jaffari then began presentation of the Capital Budget Planned Programs (page 11-13) with review of the CY19 estimates specifically focusing on those items that are projected to go over (budget):

*Line #2: Building Upgrades* was budgeted at \$125k, and went up to \$395k. The back-up generator at Ash Street failed unexpectedly and will be replaced. The deck was condemned as a result of the OSHA remediation study and needs to be replaced. These two items were not anticipated. Mr. Hooper asked about the deck repairs, which are estimated at ~\$172k per the bid presentation at a recent BOC meeting. Ms. O'Brien outlined the work that is being done. Ms. O'Brien noted that pending the Town economic development plan, staff remains ginger with repairs to the building, however, we must maintain the asset in safe working condition.

*Line #10: Pad-mount Switchgear Upgrades at Industrial Parks.* This item includes carry-over for switches ordered in FY18 that weren't delivered until CY19. Five more switchgears were purchased in CY19. Switchgears plus any additional materials and labor (for installation) is included in this estimate.

*Line #28 : Transformers and Capacitors.* This item includes carry-over from FY18 for transformers received in CY19.

*Line #38: Routine Construction.* This item includes some unplanned aged transformer replacements. We have prioritized the transformers (for replacement) by age, physical condition, and loading. However, if they fail faster than expected they are changed. Ms. O'Brien reported that a separate capital project (line 32- \$713k) has been created for 2020 to capture the labor and miscellaneous materials associated with the aged transformer replacement program. As a result of our recent assessment, we have decided to stop carrying the aged transformer replacement program under routine construction so that we can escalate the program and track expense more closely. We will carry this new project every year until we get to a level of maintenance for transformer replacement. Ms. O'Brien noted that the purchase of transformers (line 28) and meters (line 16) have their own line item because they (the units) are immediately capitalized when they come in and not when they are issued into the system.

*Line #49: 4W5/4W12 Getaway Upgrades.* \$54k was spent in FY19 with \$88k is being carried over from FY19. Excavation costs were higher than expected because of asbestos abatement that needed to be done, and we used contractors for this project.

Mr. Jaffari then reviewed the highlights of the CY20 planned projects.

*Line #4: Security Upgrades.* This includes a comprehensive security upgrade to include high definition cameras and associated lighting, finger scanning tied to payroll, and facial recognition. This part of the OSHA remediation plan.

*Line #5: Rolling Stock Replacement.* Mr. Jaffari reviewed the planned purchases for CY20, noting \$200k will be carried over from CY19 to CY20 for the underground utility truck that was approved in CY19, but will not be delivered until 2020.

*Line #6: Electrical Vehicle Supply Equipment (EVSE).* This item includes four public EV charging stations and seven dual charging units at Analog. Mr. Soni asked about the strategy for commercial locations. Ms. O'Brien responded that Analog is a pilot, and we are getting specific pilot data analytics from them which makes this, at the present time, unique. Ms. O'Brien noted there haven't been any other requests at this time. The cost of an EV charging station to RMLD is about \$30k, per dual head, depending on how far away from the feed it is installed.

Ms. O'Brien noted the EV program is a bit complex because of the matrix of scenarios – private lot behind the meter, private lot in front of the meter, municipal lot for public use and municipal lot for private use. We have five to six types of rebates that will be rolled out, with the residential program being rolled out at the Open House. One of the challenges with EVs is not to create a new usage peak. Mr. Borton noted that we project roughly 1,300 electric vehicles in our footprint (through 2028). If those all charge unmanaged (not time-of-use) that could up-cause \$800k of increased capacity and transmission costs. Ms. O'Brien noted RMLD wants to approach this in such a manner that we can recover costs, while trying to support the building of an infrastructure. The group discussed the future of EVs, RMLD's programs, and the impact of EVs on power supply (demand, cost, and rates) as well as their impact on the system (i.e., transformer loading, etc.).

Mr. Jaffari continued his review:

*Line #8: Software and Licensing.* This item includes costs for transferring various servers to the cloud. The cost to keep the servers in-house is going up, and if they fail, you need to have a safe back-up.

*Line #11: New Wilmington Substation.* Negotiations for purchase of land continues. This delay pushes everything back. We are hoping to bring the substation on line by 2022 or 2023.

*Line #14: Grid Modernization and Optimization.* MDM (Meter Data Management) software was added for 2020. This application is an integral component of the Grid Modernization plan. MDM is needed for data analytics for the information pulled from the smart meters. Mr. Jaffari reviewed some of the uses for this data analytics including: enhanced meter billing accuracy, validation for exception reports, information for rate design, information for developing and validating customer programs and rebates, real time data for TLM (transformer load management) so that we can size the transformers better, and integration into the EV program for load behavior and associated rate programs.

Mr. Soni asked about the penetration of solar and the noise (harmonics) it can add to the system (as discussed at the solar summit). Would advance metering help with that? Mr. Jaffari responded that we are going to be able to capture harmonics for commercial meters. Residential meters are not capable of detecting harmonics now, but we have smart switches on the feeders that are feeding these smart meters - at that point, we can capture the harmonics. The more switches installed, the better control we are going to have over the level of the harmonics. Mr. Jaffari reported that RMLD is also doing a study on the solar saturation, which will tell us the limit for every feeder.

Ms. O'Brien noted the Service Requirements Handbook addresses power factor. Harmonics is similar - it's pollution on our lines that cost money and can cause voltage variations that can damage equipment. With smart meters we can detect this, and it is a lot easier to ask customers to put the necessary corrections in on their property filters. This is to keep the system safe and the burden of the cost from going to other customers. Mr. Soni asked if the DPU provides guidance on this issue. Mr. Jaffari responded that IEEE has provided guidance for both power factor and harmonics. Ms. O'Brien agreed to look into whether the DPU offers any directive on power factor and harmonics enforcement. Mr. Jaffari continued review (Line #14) noting OMS Modules for Power Factor Correction/VVR (voltage var regulation) will be purchased to assist with controlling power factor and minimize losses.

*Line #15: Mesh Network Expansion and Meter Replacement.* Approximately 3,600 (2,000 residential and 1,600 commercial) meters do not have last gasp technology and are incapable of communicating with the OMS to activate the IVR. For this reason, we are asking for \$2.078m to replace these meters in 2020. Moving forward, we are planning to expedite the replacement of outdated meters system wide. A certain number of meters will be replaced every year until all 25,000 are replaced. Mr. Jaffari noted that this project is one of the projects that has been expedited from last year's plan.

*Line #16: Meters.* This item includes meters and primary meters for stock and new construction. One hundred meters are for Martins Landings in Reading, and 50 are for Gould Street in Reading. CTs and PTs are being tested for accuracy, so we will purchase some units for stock so we can replace them as necessary.

*Line #28: Transformers and Capacitors.* This item includes purchase of all transformers for stock to be used for all new business and reliability/maintenance projects.

Line #29-32: Mr. Jaffari reviewed the long-term reliability projects. These projects include all labor and materials (with the exception of transformers) needed for these projects. As noted earlier, the cost of the transformers is carried separately (line 28).

*Line #38: Routine Construction.* Mr. Jaffari reviewed the items that are charged to Routine Construction, including such items as pole sets and transfers, streetlights, pole damage/hits, new underground subdivisions, and any unplanned work. Because we have been experiencing a lot of unplanned work, we have bumped this item up a bit.

Mr. Jaffari stated that he had concluded his presentation of the CY2020 capital budget. There were no additional questions.

Mr. Hooper made a **motion** that the Citizens' Advisory Board recommend to the RMLD Board of Commissioners the Calendar Year 2020 Operating Budget with a Net Income of \$4,479,987 as presented, seconded by Mr. Soni. Hearing no further discussion, **motion carried 3:0:1** (3 in favor, 0 opposed, 1 absent)

Vice Chair Small made a **motion** that the Citizens' Advisory Board recommend to the RMLD Board of Commissioners the Calendar Year 2020 Capital Budget in the amount of \$11,513,482 as presented. Any significant changes are to be submitted to the CAB for further review and recommendation, seconded by Mr. Hooper. Hearing no further discussion, **motion carried 3:0:1** (3 in favor, 0 opposed, 1 absent).

Ms. O'Brien thanked the CAB, and invited members to contact her if they would like to visit any of the project sites to see the work in progress.

4. Board of Commissioners Update – P. Pacino, Commissioner

Mr. Pacino reported that Board discussions have been of a routine nature; there was nothing significant to report.

5. Scheduling: CAB Meetings & Coverage for Commissioners Meeting - J. Small, Vice Chair

The next CAB meeting was scheduled for November 21, just prior to the Commissioners meeting. Vice Chair Small will cover the Commissioners meeting.

Ms. O'Brien noted that there will be special meeting of the Board of Commissioners held the first week in December for a discussion regarding the payment to the Town of Reading. Once a date is confirmed, all CAB members will be invited to attend.

6. Adjournment – J. Small, Vice Chair

Vice Chair Small made a **motion** to adjourn the Citizens' Advisory Board meeting, seconded by Mr. Hooper. **Motion carried 3:0:1** (3 in favor, 0 opposed, 1 absent).

The CAB meeting adjourned at 7:55 PM.

As approved on \_\_\_\_\_

*12/19/19* 