

**CITIZENS' ADVISORY BOARD
MEETING MINUTES
Regular Session**

TIME: 6:30 P.M.
DATE: Monday, July 12, 2010
PLACE: Reading Municipal Light Department, General Manager's Conference Room
PRESENT: CAB: A. Carakatsane, Chairman, (Lynnfield), J. Norton, Secretary, (North Reading),
T. Sopchak, (Reading), G. Hooper (Wilmington), Q. Vale (Wilmington)
RMLD Board: Chairman M.E. O'Neill, R. Soli, P. Pacino, and G. Snyder
RMLD Staff: V. Cameron, P. O'Leary,

1. Call Meeting to Order – A. Carakatsane, Chairman

Chairman Carakatsane called the meeting to order at 6:37 P.M. and announced the meeting is being recorded.

2. Minutes of Meetings – A. Carakatsane

Mr. Hooper made a motion seconded by Mr. Vale to approve the minutes of April 7, 2010, April 13, 2010, and May 20, 2010 as written.

Motion carried unanimously 5:0:0.

3. Cost of Service Study (COSS) – V. Cameron

Mr. Cameron referenced his memo dated June 29, 2010, where he stated that during FY11 budget discussions, he believed a 5.2% increase in base rates was necessary; however, adjustments to the revenue requirements and an increase in kWh sales during the last quarter of FY10 decreased that increase to 2.78% overall. He explained that as was shown in the last COSS some rates increased and some rates decreased or were level funded, Though no rates were decreased, the increases in the rates that showed an increase were abated by the amount of money from the rates that were not decreased. He stated the same method was used in this COSS, and added that even though there is a 2.78% proposed increase, the Residential A rate is proposed to increase 3.65%; the Residential Water Heating rate, 3.96%; and the Commercial C rate 4.27%. He noted that these are the only rates that would experience a rate increase from the COSS and outside of the Purchase Power Adjustment (PPA). He noted that the PPA charge adjusts for increases in base power supply costs (capacity and transmission) and explained how the PPA charge is calculated.

Mr. Cameron stated that there will be a rate increase for every customer class--some will be increased based on the COSS; all are increased by the PPA; and the residential, residential hot water, and commercial will be increased by both. (All are outlined in the COSS tables.)

Discussion ensued.

Mr. Cameron proceeded to outline the COSS tables and exhibits, and explain how the numbers were calculated. (See attached.)

He referred everyone to Page 3, and detailed the adjustments made to the FY11 Operating Budget.

Ms. Sopchak asked if the HAZMAT charged would be itemized on customers' bills?

Mr. Cameron replied, "Yes", and it will be charged on a cents per kWh basis.

He stated that the approved O&M budget of \$45,250,297 actually resulted in a revenue requirement of \$45,892,928 that includes a return on net plant, which is less than one-half of the RMLD's allowable return.

Discussion ensued.

Ms. O'Neill asked about the HAZMAT charge of \$600,000, but the Department will be receiving only \$100,000 a year. Ms. O'Neill was concerned with the length of time it would take to collect the full amount, and would not like to see it lingering for six or seven years.

Mr. Cameron explained that he did not want to collect the entire amount in one year, which would be too much of a burden to the ratepayers. He prefers to make an annual decision as to the amount to be collected, and was not sure if the entire amount will be collected.

Discussion ensued.

Mr. Cameron gave an overview of Table 3.

Mr. Soli was concerned with two categories: Streetlights and Coop-Resale.

Mr. Cameron stated that the streetlight rate has not been changed in 15 years; the rate is a direct charge rate; and all the capital and operating costs of the streetlights are lumped into the streetlight charge. He admits that this charge needs its own COSS, and be updated.

Regarding the coop-resale, Mr. Cameron stated that these are the RMLD's fringe customers--customers who are on the service territory's borders that the RMLD services instead of National Grid and NSTAR. He noted that one location included in this COSS as a coop-resale customer and not in the previous one, is the Avalon complex on the Reading-Wilmington-Woburn border. He believes this inclusion is making this rate higher than before.

Discussion ensued.

Mr. Cameron will get back to Mr. Norton with the information on how the streetlight rate will affect the towns' budget.

Mr. Carakatsane commented that a rate adjustment decrease of \$300,000 in the streetlight category benefits the towns, and added that sometime in the near future, that rate needs to be looked at, because it is a substantial amount of kW's.

Mr. Cameron stated that once the current capital costs are looked at, costs would most likely be added. He stated the rate does need a study of its own.

Ms. Sopchak questioned the methodology used, and asked if there were any thought given to reducing the rate on the classes that are not increasing as far as the usage to compensate for the purchase power so that in the end those classes have an overall rate increase of zero.

Mr. Cameron did not consider it in this study and was just trying to soften the increases.

Discussion ensued.

The consensus of the CAB was that a separate study be done on the streetlight rate prior to the towns planning their next fiscal (FY12) year budgets.

Mr. Cameron gave an overview of Table 4.

Ms. O'Neill suggested that the HAZMAT charge/rate increase be shown on this table in a dollar amount.

Mr. Cameron stated the amount would be approximately \$.33/month.

Mr. Cameron gave an overview of Table 5 - Bill Frequency. The table shows the total of all the kWhs billed out for that month for each of the rates. Demand charges are the total bill demand, which is higher than the peak.

Mr. Cameron would add the kWhs and kW to this table.

Mr. Soli stated that NEPOOL tells the RMLD once a year that they have to pay for 243,852 kWhs per month for the whole year. He questioned how RMLD collects the money.

Mr. Cameron explained that the money is part of the \$27.7 million in the COSS, under account 555, power supply expense. He added that when ISPO-NE tells the RMLD they have to pay for 243,852 kWhs/month, RMLD's entitlements are deducted, and then the RMLD has to pay the POOL the balance of that or in other words, for every kW that the POOL has to supply to RMLD. Mr. Cameron stated what pays for that is demand and energy in the base rates.

Mr. Soli said that he has never seen the numbers on that, and would like to see the accounting of how the RMLD pays that demand and how the RMLD gets it from the customers, because the RMLD should be able to go through a year's worth of bills for those who pay demand charges and say, "here's what they pay".

Mr. Cameron said that he could get this data for Mr. Soli.

Mr. Vale would like to understand how the energy charge from the residential and streetlight rates goes to satisfy the total demand that the RMLD is responsible for.

Mr. Cameron will get back to Mr. Vale.

Mr. Soli commented regarding the school rate that he has never seen a year's worth of hourly load data and how it applies to the peak that determines RMLD's demand charge.

Mr. Cameron would send the information to Mr. Soli.

Mr. Cameron stated that Table 6 is a descriptive list of allocators.

Mr. Cameron gave an overview of Table 7.

Mr. Cameron then proceeded to the Exhibits and stated that Exhibit 1A backs up the information in Table 4. The exhibits show the components of each one of the existing and proposed rates. At the bottom they also show the overall increase, the PPA increase, what is attributable to the PPA increase, and what is attributable to the rate increase.

Mr. Cameron then gave an overview of Exhibits 2 through 6.

Regarding Exhibit 2, Mr. Soli asked how the TOU billing was done?

Mr. Cameron responded, "by the highest demand of the month".

Mr. Soli commented that the ISO bills the RMLD one way, and the RMLD bills its ratepayers differently-- based on a once a month peak instead of an annual peak.

Mr. Cameron explained that he uses the 12CP method, which is the average demand for the 12 months. He feels this is the fairest allocator for all the customer classes because it takes into consideration the seasonal usage. If the RMLD were to use 1CP, which is the highest demand of the year, he thinks it would penalize the residential customers a too much.

Mr. Soli stated that never having seen the data, he couldn't express an opinion.

Note: Mr. Soli left at this point in the meeting.

Chairman Carakatsane opened the discussion for general questions.

Discussion ensued.

Ms. O'Neill asked why does the commercial rate have the highest rate increase?

Mr. Cameron responded that it is all based on usage patterns.

Ms. O'Neill stated that she is disappointed that there has been no restructuring of the Time of Use (TOU) rates. She believes it would be more useful to reduce the hours of on peak, and make them more valuable by making them pricier.

Mr. Cameron stated that the hours could be reduced, which would open up the differential between the on-peak and off-peak rate. He stated that a new metering system will be put in, which will allow customers to have a home area network that will read the high frequency ERT on the meter, and tell a customer via his/her computer what the usage is. He would like not to restructure the TOU rate now, but have an alternative TOU rate for people who will use this home area network. He added that the unit is pricey, and the Department is beta testing them now.

Mr. Carakatsane stated that unless it is attractive enough, customers would not take advantage of it.

Chairman Carakatsane noted that differentiation between the rate classes in the 2008 COSS was severe. The Department was under recovering residential over 13%; water heater-10%; residential TOU-6.7%; and commercial-13.6% with all the rest in positive territory. Streetlights were over recovering 48%, so it has jumped up to 55% this time. The idea was that the COSS two years ago was a start to get the RMLD going in the right direction. He sees that it is evening out more, but that there is still a way to go. He stated that it is obvious that a rate change in these classes is needed. He is definitely in favor of the streetlight study and probably the TOU residential at the same time.

Discussion ensued.

Mr. Norton made the following motion seconded by Mr. Hooper:

MOVE that the Citizens' Advisory Board (CAB) recommend to the RMLD Board of Commissioners to accept the Cost of Service Study as presented to the CAB at its meeting on July 12, 2010.

Motion carried unanimously 5:0:0.

4. Twenty-Year Agreement Extension Update, V. Cameron

The extension document is complete and all four towns have signed it.

5. Open Meeting Law Changes (see attached) – V. Cameron

Ms. O'Leary highlighted a few of the changes: The Chair must announce the items to be discussed in executive session; all votes in executive session must be by roll call; and posting of the meetings must include agenda items.

Mr. Cameron noted that if a CAB member were on the phone during a meeting, special permission from the AG's office would be required to vote.

6. Other Items for Discussion

NEPPA Annual Conference – Chairman Carakatsane and Mr. Vale are registered to attend.

7. Schedule Next Meeting

Tentatively, Tuesday, September 21, 2010 at 7:00 P.M. (Note day and time change.)

Chairman Carakatsane suggested a presentation in terms of conservation and its impact on rates from the Energy Efficiency Manager, Jared Carpenter, for the September meeting along with the year-end financials from Bob Fournier.

8. Executive Session

Mr. Hooper made the following motion seconded by Mr. Vale:

MOVE that the Citizens' Advisory Board (CAB) go into Executive Session based on Chapter 30A §§18-25 and/or Chapter 164 §47D, exemption from public records and open meeting requirements in certain instances, to approve minutes and to return to Regular Session for the sole purpose of adjournment.

Motion carried unanimously by a poll of the Board: 5:0:0. Mr. Norton – Aye; Ms. Sopchak – Aye; Mr. Hooper – Aye; Mr. Vale – Aye; Mr. Carakatsane – Aye.

9. Adjournment

Mr. Norton made a motion seconded by Mr. Hooper to adjourn Regular Session at 8:47 P.M.

Motion carried unanimously: 5:0:0.

Respectfully submitted,

John Norton, Secretary

Minutes approved on: 12/8/2010

/pmo

List of Documents Used:

1. Memo dated June 29, 2010 to CAB from V. Cameron.
2. Cost of Service Study dated June 29, 2010
3. Open Meeting Law Changes