



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Citizens Advisory Board

Date: 2019-02-13

Time: 6:30 PM

Building: Reading Municipal Light Building

Location:

General Managers Conference Room

Address: 230 Ash Street

Session: Open Session

Purpose:

Version: Final

Attendees: **Members - Present:**

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

Members - Not Present:

Mr. Vivek Soni, Secretary (Lynnfield)

Others Present:

Mr. John Stempeck, RMLD Board of Commissioners
Mr. David Hennessy, Mr. Thomas O'Rourke, Mr. Phil Pacino,
Ms. Coleen O'Brien, Mr. Roni Holzer, Mr. Hamid Jaffari, Ms. Wendy
Markiewicz, Ms. Kathleen Rybak, Mr. Charles Underhill

Minutes Respectfully Submitted By: Mr. Dennis Kelley, Chair

A handwritten signature in blue ink, appearing to be "Dennis Kelley", 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

Mr. Hooper made a motion that the Citizens' Advisory Board approve the Minutes of the December 19, 2018, meeting as written, seconded by Mr. Small. Hearing no further discussion, **motion carried 3:0:1:1** (3 in favor, 0 opposed, 1 abstained, 1 absent). Mr. Cohen abstained.

3. General Manager's Update – C. O'Brien, General Manager

Report on Attendance at the NextEra Energy Marketing Public Power Summit: Ms. O'Brien thanked the Board for allowing her to attend the Summit. While there, she signed the Load Following Agreement (LFA), which was presented at the December CAB meeting. Mr. Underhill noted that RMLD ultimately signed at \$40.21/MWh for the load following and \$35.66/MWh for the around the clock price. Ms. O'Brien stated the LFA is the second power supply pilot, which will run through the end of 2019. Staff will provide an update on how we fair with the LFA at the end of the year. Ms. O'Brien noted that with these purchasing strategies RMLD has been able to further mitigate risk and cost.

Ms. O'Brien then provided a review of some of the topics discussed at the summit, including the nation-wide decline in kilowatt hour sales, solar power storage and renewables. Ms. O'Brien noted that staff will be following up with NextEra on their electric bus program, which may fit well here as another mechanism for peak shaving and electrification. Ms. O'Brien has asked NextEra to share the presentation slides from the Summit, which she will then pass along to the CAB and Board. The group discussed various local and national energy initiatives.

4. Update – Sub-Committee for the Payment to the Town of Reading

– J. Stempeck, Board of Commissioners

Mr. Hooper reported that he had attended the January Board of Commissioners meeting. At that meeting, updates to various policies were reviewed. Also discussed was the payment to the Town of Reading. Mr. Hooper noted that Mr. Stempeck is the Board representative for this CAB meeting, and the other Board members are in attendance for this discussion; however, this is not a joint meeting of the CAB/Board.

Mr. Stempeck reported that at the last Commissioners meeting there was continued discussion about how to address the payment to the Town of Reading using a different formula than the cost of living formula that has been used for a long time. Specific factors to consider include the decrease in kilowatt hour sales and the capital investment that RMLD is trying to put back into the infrastructure over the next two years. Mr. Stempeck stated that it is going to take some time to study what the correct formula or algorithm should be. In the meantime, the Commissioners thought it would be appropriate to freeze the (below the line) payment to the Town of Reading. This proposal was sent to the Reading Board of Selectmen and they responded with a legal document to be signed by the Commissioners. Mr. Stempeck reported that RMLD counsel advised that the use of a contract to document an obligation to pay an amount that is legally recognized as a voluntary payment, subject to available funds, is not appropriate or consistent with how such matters are handled by other municipalities. Therefore, the Commission elected instead to put forth a motion (as presented), which passed 4:1, subject to Citizens' Advisory Board review and comment.

Mr. Hooper asked if a catastrophic failure were to happen, would this tie the hands of the RMLD? Mr. Stempeck responded that there is specific language in the motion to address this. Mr. Stempeck noted that the Commission is very sensitive to the fact that things happen and wanted to make sure that we have a mechanism that provides the right monies to keep the entity above board and running for all four of the towns, irrespective of the below the line payment. Chair Kelley asked which Commissioner opposed the motion and why. Mr. Pacino responded that he had voted against the motion because he wanted to see some sort of memorandum of understanding so that going forward everyone understood what their obligations were. Mr. Hooper responded that he also had a concern; we are giving a flat fee and there's a chance they may get less at some time. After these two years, if they get less, will we need to go through a whole process of justification. Mr. Hooper asked how a study would be funded. Mr. Stempeck noted that in 1998 there was approval to bring in "a facilitator" at \$10k. Mr. Stempeck said they would like to find someone in the Massachusetts municipal system that could work with our counsel and the data (that Ms. O'Brien has already generated). This independent body or person would walk through the analysis and make suggestions based on two or three scenarios. The cost would fall onto the RMLD or would be split with the Town. Mr. Hooper suggested, since the Town is looking for the benefit of this, that the cost of any study should be deducted from the Town payment.

Ms. O'Brien said a vote originally established the payment, so all that is needed for a change is a vote. Ms. O'Brien stated the study is something that would be done operationally anyway (and paid by RMLD). Staff is looking at the financials and trying to see, given the loss of kilowatt hours,

what RMLD can afford to pay out to keep rates stable and competitive. It is the General Manager's job and responsibility to make a recommendation to the Board of Commissioners, who makes the vote on how much to pay, based on financials. Ms. O'Brien noted that staff had already brought up the problem of this convergence; it was coincidental to the Town's request. Ms. O'Brien stated that she would like to update the numbers in the study (which were based on a study done with 2016 numbers) and then take a better look at formulas that other municipalities use, how everybody else is dealing with the loss of kilowatt hour sales, and then make a transitional recommendation based on current and forecasted sales.

Mr. Hooper asked if Ms. O'Brien was comfortable holding the payment for the next two years. Ms. O'Brien responded that we will save the (approximate 2% in 2018) CPI increase for at least two years. However, the total payment is more than what RMLD should be paying. Ms. O'Brien noted that the Town would like stability (in the payment). However, RMLD must first figure out where RMLD's stability is in order to be able to commit to something for someone else. We have to stop – make a good size payment (still much more than what other towns get) – meet our financial obligation - and then we'll make a recommendation and proceed from there. Ms. O'Brien noted that she did not believe it should take two years to do the analysis.

Ms. Markiewicz noted that the cash reserve currently fluctuates between 2 and 2.5 months, and there is \$6.9m in the rate stabilization fund, which is considered as back-up. However, this particular arrangement is pending any catastrophic event; if that happens, this is off the table. With regular business including the loss of kilowatt hours (whether its 1% or 2%), we can sustain that (payment) for two years within the budget and available cash.

Mr. Stempeck noted that the "white paper" establishes independence in these kinds of areas from the Town of Reading and the other towns (because we serve the other towns). As a result of that, we have the capability to turn it into a motion as opposed to a memorandum of understanding or a legal document, and move the process forward.

Mr. Hooper made a motion that the Citizens' Advisory Board recommend to the Board of Commissioners that it direct the RMLD to make certain voluntary payments to the Town of Reading from available below-the-line unappropriated earned surplus for the calendar years 2019 and 2020 as follows:

- (1) Each annual payment shall total \$2,480,506 and be paid in semi-annual installments, as follows: \$1,240,253 on June 30, 2019, \$1,240,253 on December 31, 2019, \$1,240,253 on June 30, 2020 and \$1,240,253 on December 31, 2020.
- (2) In the event RMLD's below-the-line unappropriated earned surplus is insufficient to make the full annual payment to the Town or Reading or is otherwise required for RMLD to meet its franchise obligations in a particular calendar year, the RMLD Board of Commissioners may vote to reduce the amount of one or both of such annual payments.

The motion was seconded by Mr. Cohen. Hearing no further discussion, **motion carried 4:0:1** (4 in favor, 0 opposed, 1 absent).

5. Review of Coverage for Upcoming Meetings – D. Kelley, Chair

After discussion, the group decided to schedule CAB meetings just prior to the Board of Commissioners meetings, so that both CAB and RMLD representatives would not need to attend meetings on two different nights. The next CAB meeting will be Thursday, March 21; Mr. Kelley will cover the Commissioners meeting. The April meeting was scheduled for Thursday, April 18. Mr. Hooper will cover the Commissioners meeting.

6. Executive Session – D. Kelley, Chair

Mr. Cohen made motion that the Citizens' Advisory Board go into Executive Session based on Chapter 164, Section 47D exemption from public records and open meeting requirements in certain instances, to discuss competitively sensitive issues, and return to regular session for the sole purpose of adjournment. The motion was seconded by Mr. Hooper. **Motion carried 4:0:1** (4 in favor, 0 opposed, 1 absent) by roll call vote of members present: Mr. Cohen, aye; Mr. Hooper, aye; Chair Kelley, aye; Mr. Small aye. Mr. Soni was not present.

7. Adjournment – D. Kelley, Chair

Mr. Hooper made a motion to adjourn the Citizens' Advisory Board meeting, seconded by Mr. Small. **Motion carried 4:0:1** (4 in favor, 0 opposed, 1 absent).

The CAB meeting adjourned at 7:23 PM.

As approved on April 18, 2019.