

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

TIME: 6:30 P.M.
DATE: Monday, November 30, 2009
PLACE: Town of Wilmington, Town Hall, 121 Glen Road, Room 9, Wilmington
PRESENT: CAB: A. Carakatsane, Chairman, (Lynnfield), Q. Vale (Wilmington), T. Sopchak, (Reading),
G. Hooper (Wilmington), J. Norton (North Reading)
RMLD Board: Vice Chair Hahn
RMLD Staff: V. Cameron, J. Foti, J. Parenteau, K. Sullivan, J. Carpenter, R. Fournier

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

Chairman Carakatsane called the meeting to order at 6:37 P.M.

2. Minutes of Meeting September 14, 2009 – A. Carakatsane

Mr. Vale made a motion seconded by Mr. Hooper to approve the Regular Session Minutes of September 14, 2009 as written.

Motion carried 3:0:1 with Mr. Norton abstaining.

3. Gaw Substation Update - V. Cameron

Mr. Cameron reported that in late August the RMLD detected PCB's at the Gaw substation. The RMLD performed sampling at the site and notified both the Massachusetts Department of Environmental Protection (MADEP) and the Environmental Protection Agency (EPA). Subsequently, the RMLD's Licensed Site Professional (LSP) developed a report outlining the contamination found, sampling performed, future sampling needed and safety measures going forward, which was sent to the EPA.

The EPA has reviewed the RMLD's report and has given the go ahead to proceed with additional sampling and excavation under safety measures outlined in the report.

Mr. Cameron explained that as part of its investigation into the contamination, interviews were conducted with former RMLD employees and records were researched. Mr. Cameron explained that in the 1970's there were capacitor banks in the substation. Capacitor banks are utilized to keep up with the voltage for the high load periods. These capacitor banks failed from time to time and were dismantled which had low levels of oil and PCB's. Once they were dismantled and replaced minimal amounts of PCB went into the soil. More sampling will be undertaken to include vertical sampling to see how far down the contamination is.

Discussion ensued.

Mr. Sullivan reported that sampling was performed last Monday. On Tuesday and Wednesday sampling was also performed in the areas which they were going to continue with construction. This was to ensure the areas they were placing the concrete no further excavation needed to be performed (this is called pre characterization of the soil). No soil needs remediation at the concrete walls. Once they get the containment walls in place and the concrete in place then old 110 C can be taken out and new 110 B can be put in place.

Ms. Sopchak entered the meeting at this point.

Discussion ensued.

4. Engineering & Operations Update – K. Sullivan

a. Gaw Transformer Upgrade Report (10/31/2009)

Mr. Sullivan reported for the month of October they are up \$638,000, largely due to Fischbach & Moore's (RMLD's contractor) invoice \$530,000 which accounts for 40% of contract labor. Procured equipment and RMLD Labor round out that figure.

4. Engineering & Operations Update – K. Sullivan

a. Gaw Transformer Upgrade Report (10/31/2009)

Schedule of milestones and tangible milestones lost several months due to the soil contamination issue. The timeline has been pushed three months to April versus January without the full impact of the sampling and remediation.

Construction was resumed today. The RMLD received an approval drawing from the switchgear vendor. Old 110 B has been removed and is ready for transport to the Midwest. 110 C is pitch hitting for old 110 B until concrete walls and containment are in place.

Discussion ensued.

b. Capital Plan/Reliability Report (10/31/2009)

Project 1 – Completed in September with \$1,500 expense in October.

Project 2 – Will be completed tomorrow.

Project 3- Will begin once the cable comes in.

Project 4 – Complete.

Project 6 – Underway.

Project 8 – Underway the next two weeks.

Project 11 – Gaw which has been addressed.

Residential customer service connections average 45 to 50 per month; this has increased slightly from earlier this year. Routine construction on the cutout replacement program, (102 cutouts up to 134 year to date 259 on pace with replacing 562 annually).

Mr. Sullivan then reported on the Reliability Report.

CAIDI

RMLD System CAIDI - 43.42 Rolling average.

Six out of the ten months best in years.

SAIFI

19 MBTI prior month 27, MBTI this month. 5 out of 10 month's best ever, January, March, May, August and September. Since the RMLD is better than the industry standard Mr. Sullivan is going to measure the RMLD against itself.

Discussion ensued.

5. Quarterly (9/30/2009) Financials Update – R. Fournier

Mr. Fournier reported on the Quarterly Financials:

First three months to date results are positive. The only major incident going on is the Gaw project which has been addressed. Change in Net Assets or Net Income was \$1.8 million. The budgeted Net Income for this period was \$1.3 million with the result in Net Income \$500,000. The difference between the Fuel Expense and the actual Fuel Revenue is \$1.2 million.

Base revenues were under budget by \$600,000 or 5.1%. Actual base revenues were at \$10.8 million compared to the budgeted amount of \$11.4 million. Residential sector was over budget.

5. Quarterly (9/30/2009) Financials Update – R. Fournier

This year's kilowatt hour sales for the first three months kilowatt hour sales versus the actual for the first three months of last year, are down 6.6% or 13.5 million kilowatt hours.

Purchased power base expense was \$182,000 or 2.50% over budget. Actual purchased power base costs were \$7.4 million compared to the budgeted amount of \$7.2 million.

Operating and Maintenance expenses combined were under budget by \$600,000 or 22%. Actual O&M expenses were \$2.1 million compared to the budgeted amount of \$2.7 million. Major expenses under budget are energy audit expense and conservation \$107,000, overhead maintenance \$44,000, employee pension/benefits \$200,000 and professional services \$56,000. Depreciation expenses and voluntary payments to the Towns were on budget.

Discussion ensued.

Mr. Fournier replied that there was more activity in October for the energy audits.

Mr. Carpenter said that he has met with commercial customers however, does not see any projects in the year end. Mr. Carpenter reported that there are a couple of projects in the pipeline that will come to fruition in the first quarter of next year that will come in at \$150,000.

Ms. Sopchak asked if the rebates are paid out of the energy audit expense and conservation.

Mr. Carpenter replied, "yes."

Operating Fund balance \$4.3 million, Capital Fund balance \$5.5 million, Rate Stabilization Fund balance \$5.2 million and Deferred Fuel Fund balance just under \$3 million.

Receivables over sixty days are at 4.1% or \$225,000. Mr. Fournier explained that with the moratorium in November the receivables will increase. However, the numbers are low due to the Credit and Collections Department.

6. Power Supply Update (9/30/2009) – J. Parenteau

Ms. Parenteau reported on the load for September was 55.5 million kilowatt hours which was a decrease of 9% compared to September 2008.

Energy costs were approximately \$3 million which is equivalent to .0535/kWh. The September Fuel Charge Adjustment was 6.65. RMLD kilowatt hour sales were 65.2 million kilowatt hours. RMLD overcollected by \$1.3 million resulting in a Deferred Fuel Cash Reserve balance of \$2.9 million which is in the range of \$2.5 to \$2.9 approved by the Board.

In November and December the RMLD dropped the fuel charge by half a mill to 6.15¢ kilowatt hour.

RMLD purchased 11.3% of its energy requirement from ISO-NE Spot Market. RMLD hit a demand of 104.5 megawatts on September 23. This compared with a demand of 140 megawatts in September, 2008 which represents a 25% reduction. The average temperature this year was 75 degrees; in 2008 it was 86 degrees.

Ms. Sopchak asked that in terms of cost, ISO-NE is the highest whereas Seabrook is the second highest cost amount of kilowatts are only 80.

Ms. Parenteau explained that is because based on capital costs the RMLD is paying a mortgage on those plants. The power is inexpensive on the Seabrook versus from ISO-NE.

Ms. Sopchak asked how long the RMLD has its contract with Seabrook.

6. Power Supply Update (9/30/2009) – J. Parenteau

Ms. Parenteau explained that until 2017 to 2018 RMLD has debt service expenses incurred with Millstone and Seabrook. RMLD's monthly requirement for September 2009 was 228 Kw. Overall RMLD paid \$1.6 million which is equivalent to \$7.11 kilowatt month. Transmission side the RMLD paid \$841,000 for September.

Ms. Sopchak commented that there was a huge increase in transmission costs.

Mr. Carakatsane explained that during the budget process last year the increase in transmission costs were discussed and will be up again this year as well.

a. BELD Contract Amendment(s)

Ms. Parenteau explained that in early October the RMLD received an amendment to the Braintree Watson contract. These changes were brought to the Power and Rate Committee as well as the Board of Commissioners. There were modifications in the contract because it was created prior to the development of the project and needs some fine tuning since there have been no negotiated contracts since the 80's on new projects.

Ms. Parenteau said that the changes include the bonding interest rate which is lower; therefore BELD is expected to pay bond premium payments. There was no provision for BELD to do that in the prior contract. The RMLD projects it will receive \$200,000 back due to the modification. The way bond premiums are paid is semi annually versus annually and will be booked out as accruals.

Mr. Fournier explained that this way it evens it out in the Financials.

Ms. Parenteau also explained that the wording in the determination of the fuel charge there was a minor modification made.

Ms. Parenteau added that in the original contract there was a working in capital clause change. Ms. Parenteau explained that the amended contract has not been signed.

Mr. Carakatsane explained that the amended contract has not been signed with BELD pending this meeting.

Mr. Norton made a motion seconded by Mr. Hooper that the Citizens' Advisory Board recommend to the Reading Municipal Light Board the approval of the amended and restated contract between RMLD and BELD, recommend the authorization of the General Manager to sign the revised agreement.

Motion carried unanimously, 5:0:0.

b. Concord Steam

Ms. Parenteau reported that Concord Steam approached the RMLD again in October. In February 2009, the General Manager sent Concord Steam a letter based on the estimated costs of 14¢ to 16¢ kilowatt hour and it was not the right time to go forward with this contract. The Power and Rate Committee and the Board agreed with the General Manager and Staff to reenter negotiations with Concord Steam for the purpose of developing an executable contract that would be brought to the Power Contracts, Rate Setting, and Green Power Committee, the CAB, and the RMLD. The project is scheduled to come online in May 2011. It is a wood burning project. Ms. Parenteau explained that this fits into the RMLD's strategic plan to get renewables into RMLD's portfolio this could be a viable project.

Mr. Vale asked if Concord Steam received a determination from the Department of Energy Resources that this would qualify as a Class 1 renewable.

Ms. Parenteau said Concord Steam has received the determination as a Class 1 renewable.

7. Generation Portfolio Standard – Q. Vale

Mr. Vale reported that he will report on the Generation Portfolio Standard at a future meeting. Mr. Vale has received information from the Department of Energy Resources and is seeking additional information from the Union of Concerned Scientists.

Mr. Carakatsane also suggested looking to American Public Power Association for more information. This item was tabled.

8. Green Communities Act – V. Cameron

Mr. Cameron reported that the Town of Reading is endeavoring to become a Green Community. Mr. Cameron has communicated with Mark Sylvia from the DOER on Reading becoming a Green Community and what would be expected from the RMLD. In Mr. Sylvia's e-mail to Mr. Cameron he said that if the Town of Reading becomes a Green Community and they opt into the Massachusetts Technology Collaborative (MTC) there is a charge for this. The charge is 1/2 a mill per kilowatt hour and allows cities and towns that contribute to the fund to draw funds out for renewable energy projects. Mr. Sylvia said that if the Town of Reading becomes a Green Community then all four communities in the RMLD's service territory will be charged the MTC charge. Mr. Cameron does not agree with the statute and perhaps municipalities were not consulted for input on this. Mr. Cameron said that the communities should consider this issue.

Mr. Norton asked how much the cost would be for each community.

Mr. Cameron replied less than \$5 per year for an average residential customer, however commercial customers would be different based on their usage.

Discussion ensued.

Mr. Cameron said that he would put together a letter explaining the Green Communities Act issue and send it to the CAB so they can use it in their explanation to their respective towns.

9. & 10. Twenty-Year Agreement Amendment and Twenty-Year Agreement Extension – V. Cameron

Mr. Cameron said that next year 2010 is the time for the second extension of the Twenty-Year Agreement. Mr. Cameron said that in 2000 the towns did this in different ways. The extensions were not signed off until 2003. Mr. Cameron sent an e-mail with the letters that Ms. O'Leary put together in draft form. Mr. Cameron wanted feedback on the letters. Mr. Cameron would like to get the meeting with the Selectmen in the beginning of next year and on the warrant for Town Meeting next year.

Discussion followed.

Mr. Cameron said that he will send a letter to the Chairman of the Selectmen of the four towns explaining the Twenty Year Agreement Extension and the CAB members will get a copy of the letter.

11. Other Items for Discussion

Mr. Cameron said that the American Public Power Association Legislative Rally is at the end of February and he will be attending.

Mr. Carakatsane said that he is available to attend the APPA Legislative Rally.

Mr. Norton made a motion seconded by Mr. Hooper that one member of the Citizens' Advisory Board attend the APPA Legislative Rally in Washington, DC.

Motion carried 5:0:0, unanimous.

Mr. Carakatsane said that although Executive Session has been posted, there is no need to go into Executive Session.

12. Schedule Next Meeting

January 11, 2010, tentatively, Paula O'Leary will contact the CAB.

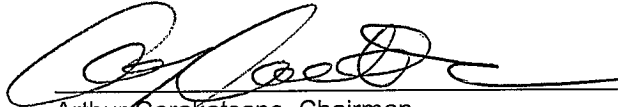
Mr. Hahn pointed out that the next RMLD Board meeting will be on December 16, 2009 at 7:30 P.M.

13. Adjournment

Mr. Hooper made a motion seconded by Ms. Sopchak to adjourn Regular Session at 8:05 P.M.

Motion carried: 5:0:0.

Respectfully submitted,



Arthur Carakatsane, Chairman

Minutes approved on: 2/18/10

/jmf