

**CITIZENS' ADVISORY BOARD  
EXECUTIVE SESSION MEETING MINUTES  
JOINT MEETING with the RMLD BOARD OF COMMISSIONERS**

TIME: 6:30 P.M.  
DATE: Wednesday, January 17, 2007  
PLACE: Reading Municipal Light Department, Spurr/AV Room  
PRESENT: CAB: Messrs. Lessard (Wilmington), Carakatsane (Lynnfield Center), Mr. Norton (North Reading), Mr. Herlihy (Reading), and Mr. Vale (Wilmington)  
RMLD Board: Chairman Pacino, Ms. Kearns, Mr. Soli, Mr. Hahn, Ms. O'Neill  
RMLD Employees: Messr. Cameron (General Manager) and Seldon, Mses. Parenteau, Foti, and O'Leary  
RMLD Counsel: Kenneth Barna

**1. Call Meeting to Order – R. Lessard**

Chairman Lessard called the meeting to order at 6:40 P.M.

**2. Power Supply Strategy – V. Cameron, J. Parenteau**

**Note:** For continued Minutes of the Meeting, see the attached RMLD Board Executive Session Board Minutes dated January 17, 2007.

**3. Other Items for Discussion**

None

**4. Adjournment**

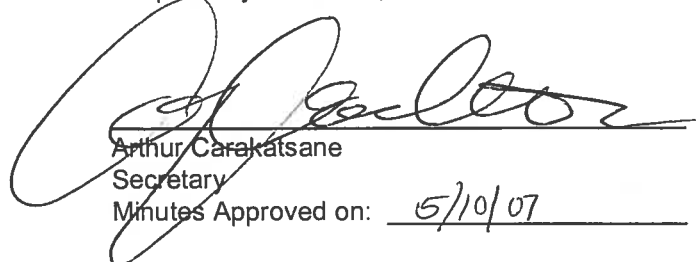
Mr. Herlihy made the following motion at 9:43 P.M.:

MOVE that the CAB return to Regular Session for the sole purpose of adjournment.  
Mr. Carakatsane seconded the motion.

Motion carried by a poll of the Board: 5:0:0.

Mr. Lessard – Aye; Mr. Carakatsane – Aye; Mr. Norton – Aye; Mr. Vale; Mr. Herlihy – Aye.

Respectfully submitted,

  
Arthur Carakatsane  
Secretary  
Minutes Approved on: 5/10/07

Attachment

/pmo

**Reading Municipal Light Board of Commissioners**  
**Executive Session**  
**230 Ash Street**  
**Reading, MA 01867**  
**January 17, 2007**

**Start Time of Executive Session:** 6:40 p.m.  
**Recess Time of Executive Session:** 8:20 p.m.  
**Reconvene Time of Executive Session:** 8:25 p.m.  
**End Time of Executive Session:** 9:55 p.m.

**Attendees**

**Commissioners:** Messrs. Pacino, Soli, Hahn, Mses. Kearns and O'Neill  
**RMLD Staff:** Messrs. Cameron and Seldon  
Ms. Parenteau and O'Leary

**CAB:** Messrs. Lessard, Carakatsane, Norton, Vale and Herlihy

**Guest:** Ken Barna Esquire, Rubin and Rudman

**Power Supply Strategy**

Mr. Cameron explained that contained within both the RMLD Board and the Citizens' Advisory Board (CAB) Executive Session information packet is the 2007 Power Supply Presentation. Mr. Cameron reported that the RMLD Board Power/Rate Subcommittee met and discussed this material three times and in December the CAB met and discussed this material. Mr. Cameron stated that Attorney Barna is present to discuss the Power Supply Contract Matrix, which outlines the salient points of the power supply contracts that have been negotiated with several power suppliers presently active in the New England market.

Ms. Parenteau stated that both the RMLD Board of Commissioners and the Citizens' Advisory Board (CAB) received RMLD's Strategic Power Supply Plan. Ms. Parenteau pointed out that both the replacement contracts for Calpine, Dominion and Constellation contracts will expire in October 2007, and the RMLD's open position will be up to 100 MW. The RMLD plans to fill up to 85% of this need through annual RFP's. Ms. Parenteau stated that 15% to 25% of power supply will be in the ISO spot market, which has resulted advantageous for the Department.

Attorney Barna said that the consultant shows that the spot market has cleared lower than bilaterals by approximately 16%. The spot market purchases can have lower prices, and therefore it is part of the portfolio strategy.

Ms. Parenteau described all the current active power suppliers in the New England market: Wisconsin Public Service (WPS), Constellation, Dominion, Morgan Stanley, JP Morgan and Florida Power & Light (FPL). Ms. Parenteau pointed out that WPS does not provide generation.

Ms. Parenteau described the Heat Rate Index Contract, Firm Energy Pricing Contract, Firm Energy pricing with RECs, Renewable Projects, Unit Contracts and Conservation/DSM. The RMLD is proposing to investigate Renewable Projects on a project-by-project basis. Ms. Parenteau commented that on the Conservation/DSM side, an RFP for a potential DSM study within the service territory needs to be performed. Ms. Parenteau mentioned this study is not budgeted and after the study is performed, it would be brought to the Board for implementation.

Ms. Parenteau said that the strategy is to diversify contracts and prices; they do not want to have all their eggs in one basket. Ms. Parenteau explained that the Calpine contract offered low pricing and, in spite of the bankruptcy, ratepayers were made whole. Ms. Parenteau pointed out that the market pricing is high, and there is not much generation being built. It is a matter of supply and demand and that is why the strategy is layered and laddered.

Ms. Parenteau explained that with current open positions of 15% to 25% and the layering of contracts, the Department has the Watson unit, which is on schedule. The Department is also looking at Taunton's proposed plant but we need the economics of this plant to determine if it is viable.

Ms. Parenteau said that currently the Department is looking at the feasibility of an RMLD peaking generation plant based on physical constraints. Ms. Parenteau said that another concern is that no one wants this in their backyard. In the next fiscal budget, the Department will be looking into whether it can be done.

### **Power Supply Strategy**

Ms. Parenteau then addressed Conservation/DSM and said that by developing an RFP for a potential technical study, it would provide the Department with information on conservation measures and what is available. Ms. Parenteau pointed out that a Conservation/DSM technical study was not budgeted in the last fiscal year, but they are looking for a waiver.

Discussion ensued.

Ms. Parenteau then addressed the ladder and layer strategy in the Department's contracts. Ms. Parenteau said the initial RFP that will go out in Spring 2007 for energy will cover 100% of what the Department has calculated for the November 2007 to December 2008 timeframe.

Mr. Cameron said that the plan is a snapshot of indicative pricing as of January 5, 2007, and indicative pricing has been chosen because there is no other way to demonstrate a snapshot in time. Mr. Cameron said that Mr. Seldon and Ms. Parenteau did a great job.

Ms. Parenteau said that in the forward capacity market there are specific provisions for renewables.

Attorney Barna discussed the philosophy of a contract.

Attorney Barna said that five contracts have been negotiated. Attorney Barna explained the process to secure the power supply. Attorney Barna said that in the RFP process a model contract would cost more in legal time due to the negotiations whereas the other approach is to accept the contracts, which cuts down on costs and transitional time, however, there is the possibility that you could get something better.

Attorney Barna discussed the matrix summarizing specific contract paragraphs. He touched upon Credit Support Article 18, but explained that since the RMLD is a forward contract merchant they are outside the bankruptcy stay. Attorney Barna explained the remainder of the Articles and the reason they are contained in contracts.

Attorney Barna said that there are no deal breakers among the contracts, just nuances.

Attorney Barna said that the RMLD has never put the change in law risk in any of its contracts. Attorney Barna said that the buyer will always lose based on the argument of a change in economics. The matrix was developed as a means of weighing out the contracts.

Mr. Cameron replied that the plan is to cover the power requirement and there are vehicles for this. Mr. Cameron said that both Boards have seen this plan. Mr. Cameron said that in order to conform with the Twenty Year Agreement the CAB saw this plan in December.

### **Citizens' Advisory Board Motion 1**

Mr. Carakatsane moved that the Citizens' Advisory Board endorse and recommend to the RMLD Board of Commissioners to adopt or endorse the diversified layered and laddered Power Supply Procurement Strategy as presented by the staff this evening. This motion was seconded by Mr. Norton.

**Motion carried 5:0:0.**

### **Citizens' Advisory Board Motion 2**

Mr. Carakatsane moved that the Citizen's Advisory Board endorse and recommend to the RMLD Board of Commissioners that the RFP regarding Conservation/DSM be developed for a technical potential study. This motion was seconded by Mr. Herlihy.

**Motion carried 5:0:0.**

### **Citizens' Advisory Board Motion 3**

Mr. Carakatsane moved that the Citizens' Advisory Board recommend to the RMLD Board that in seeking RFP's for power supply, previously negotiated contracts be utilized.

**Motion carried 3:2:0. Messrs. Herlihy and Vale voted against this motion.**

**RMLD Board of Commissioners Motion 1**

Mr. Soli made a motion seconded by Ms. Kearns that the RMLD Board of Commissioners will adopt or endorse the diversified layered and laddered Power Supply Procurement Strategy as presented by the staff this evening on the recommendation of the Citizens' Advisory Board.

**Motion carried 5:0:0.**

**RMLD Board of Commissioners Motion 2**

Mr. Soli made a motion seconded by Ms. O'Neill that the RMLD Board of Commissioners endorse the RFP regarding Conservation/DSM be developed for a potential technical study based on the recommendation of the Citizens' Advisory Board.

**Motion carried 5:0:0.**

The RMLD Board of Commissioners took no formal vote on Motion 3 made by the Citizens' Advisory Board.

Chairman Pacino said that the sense of the Board is to give the Manager the discretion to move forward with the contracts in whatever way he deems necessary.

**Adjourn**

At 9:55 p.m. Mr. Soli made a motion seconded by Ms. Kearns to return to the Regular Session.

**Motion carried 5:0:0.**

**Chairman Pacino called for a poll of the vote:**

Mr. Hahn, Aye; Aye; Mr. Soli, Aye; Ms. O'Neill, Aye; Ms. Kearns, Aye; and Mr. Pacino, Aye.

A true copy of the RMLD Board of Commissioners minutes  
as approved by a majority of the Commission.

Robert Soli, Secretary  
RMLD Board of Commissioners