

**CITIZENS' ADVISORY BOARD  
EXECUTIVE MEETING MINUTES**

**TIME:** 7:00 P.M.  
**DATE:** Wednesday, 4 October 2006  
**PLACE:** Reading Municipal Light Department - General Manager's Conference Room  
**PRESENT:** **CAB:** Messrs. Carakatsane, Vale and Herlihy  
**RMLD Board:** Commissioner Hahn  
**RMLD Staff:** Messrs. Cameron and Seldon  
Ms. Parenteau  
**Guest:** Bill Bottiggi, General Manager, Braintree Electric Light Department

**1. Call the Meeting to Order – A. Carakatsane**

Chairman Carakatsane called the Executive Session to order at 7:16 P.M.

**2. Proposed Watson Unit Power Contract with Braintree Electric Light Department (BELD)**

Mr. Carakatsane stated that at the CAB meeting on Tuesday, September 12, 2006, the CAB voted in favor on the original motion.

Mr. Herlihy made a motion to reconsider the motion made at the CAB September 12, 2006 that reads as follows:

MOVE that the Citizens' Advisory Board (CAB) recommend to the RMLD Board of Commissioners the execution of the Unit Power Contract between Braintree Electric Light Department (BELD) and the Reading Municipal Light Department (RMLD) to purchase a unit entitlement in the Thomas A. Watson Power Plant contingent upon the review of the Engineering, Procurement, and Construction (EPC) contract, the turbine manufacturer's service agreement (warranty program), the finalization of the appendices, and to the satisfaction of the General Manager.

Seconded by Mr. Vale.

Mr. Cameron stated that at the last CAB meeting on September 12, 2006, the CAB voted to approve the BELD Watson Unit Power Contract contingent upon a thorough and favorable review of the following: Engineering, Procurement, and Construction (EPC) contract, the turbine manufacturer's service agreement (warranty program), and the finalization of the appendices.

Mr. Cameron said that he made a mistake in that the maintenance agreement will not be executed for another two weeks to a month; in addition, the EPC contract will not be signed until June 2007. Mr. Cameron is asking that the CAB amend the motion in order to remove these two clauses.

Mr. Cameron said that Attorney John Coyle would be available by phone if needed.

Mr. Cameron introduced Bill Bottiggi, General Manager, Braintree Electric Light Department.

Chairman Carakatsane said that he would like to hear Mr. Bottiggi explain the project.

Mr. Bottiggi reported that, in order to build a power plant, the laws governed by the state had to be changed by special legislation. Mr. Bottiggi explained that BELD received a Home Rule petition for the Town of Braintree approved by the State Legislature and the Governor for bonding for this project.

Mr. Bottiggi explained that it is not fiscally prudent that the EPC contractor be selected at this point in the process. Mr. Bottiggi reported to the CAB on the power plant online date, which is projected to be December, 2008. The EPC contractor will be involved in the process, which will abate some of the risk in

the project because they will be involved with the purchasing of materials, except the gas turbine, engineering and construction.

Mr. Bottiggi said that in June 2007, it is anticipated that the EPC contractor will be selected. Mr. Bottiggi reported that BELD is currently finalizing the details with Rolls Royce on the gas turbine.

Mr. Bottiggi said that Rolls Royce has been working with them in a partnership relationship. He envisions that the EPC contractor RFP will go out in January and this will be awarded in June, 2007. Mr. Bottiggi described the bid for the EPC contractor and what it will entail. Mr. Bottiggi stated that it is not fiscally prudent to hire the EPC contractor at this time.

Mr. Bottiggi stated that to this point in the project BELD has self-funded project costs. Mr. Bottiggi pointed out that BELD has received Town Meeting approval for \$95 million in general obligation bond financing. BELD will have a thirty percent entitlement in the project. At this point in time, BELD has self-funded \$1.8 million from its Depreciation Fund. In order to get the financing, the unit contracts have to be signed now. BELD will begin drawing on the bonded funds. Initially, \$8.5 million will be needed and, then an additional \$40 million in July 2007.

Chairman Carakatsane added that the entitlement contracts are considered an asset to the bonding company.

Mr. Bottiggi said that Chairman Carakatsane is correct.

Mr. Vale said that the EPC is a built in hedge that could help with a guarantee on the maximum price.

Mr. Bottiggi cautioned Mr. Vale in that there are unknown risks that present themselves in the project that would become Change Orders that could potentially affect pricing.

Mr. Vale questioned if the additional pricing would be BELD's responsibility?

Mr. Bottiggi replied that yes, it would BELD's responsibility.

Mr. Bottiggi then reported on the project permitting and construction timelines.

Mr. Herlihy expressed his concerns relative to any delay in the timelines due to state and federal regulatory approvals.

Mr. Bottiggi did point out that the permitting will take longer than the construction and this has been built into the project's timeline.

Mr. Bottiggi described the plant as well as the generators. Mr. Bottiggi explained the building that the operators would be working in.

Mr. Carakatsane asked if the current plant is using oil?

Mr. Bottiggi replied yes it is. BELD has a Citgo terminal next door and they are working with them to have available storage.

Mr. Vale was interested in the power plant design build.

Mr. Bottiggi replied that the plant is pre-fabrication with a gas turbine.

Mr. Vale asked how many firms were interested in the EPC contract?

Mr. Bottiggi replied that five were pre-qualified and they intend to go out and pre-qualify again in November; this will determine if they are still interested.

Mr. Hahn inquired if Bechtel had bid?

Mr. Bottiggi replied that Bechtel had no interest.

Chairman Carakatsane asked Ms. Parenteau how this power contract would work for the RMLD.

Ms. Parenteau stated that it is a good contract and there are risks associated with any contract. BELD has a thirty percent ownership in the project which means they are also at risk. This contract meets the capacity needs of the RMLD's power supply portfolio. Ms. Parenteau said that with the termination of the Calpine contract, the Department is aggressively pursuing other power supply sources.

Mr. Vale asked Mr. Bottiggi the status of other municipalities in this project; did they have the same motions?

Mr. Bottiggi replied that the other systems did not vote this way.

The motion to reconsider was made at the beginning of the Executive Session. This motion is to supersede the prior motion.

Mr. Herlihy made a motion:

MOVE that the Citizens' Advisory Board (CAB) recommend to the RMLD Board of Commissioners the execution of the Unit Power Contract between Braintree Electric Light Department (BELD) and the Reading Municipal Light Department (RMLD) to purchase a unit entitlement in the Thomas A. Watson Power Plant contingent upon the finalization of the appendices.

Seconded by Mr. Vale.

Motion carried 3:0:0.

This motion was to be brought to Regular Session and voted on.

## **2. Other Items for Discussion**

There were no other items for discussion at the meeting.

## **3. Adjournment**

Motion was made to return to Regular Session by Mr. Herlihy at 7:47 P.M.

Mr. Vale seconded the motion.

Motion carried by a poll of the CAB Members: 3:0:0.

Mr. Herlihy-Aye; Mr. Vale-Aye; Mr. Carakatsane-Aye.

Respectfully submitted,

  
Andrew K. Herlihy  
Secretary, Pro Tem

App'd 12/5/06