

Reading Municipal Light Board of Commissioners
Executive Session
230 Ash Street
Reading, MA 01867
December 14, 2005

Start Time of Executive Session: 8:37 p.m.

End Time of Executive Session: 9:55 p.m.

Attendees:

Commissioners: Herlihy, Pacino, Kearns and Hahn

**RMLD Staff: Messrs. Cameron and Seldon
Ms. Parenteau**

CAB: Mr. Norton

Guest: Attorney, Ken Barna, Rubin and Rudman

Chairman Herlihy called the meeting to order at 8:37 p.m.

Calpine

Mr. Cameron said that in the last couple of weeks there has been a heightened interest in Calpine due to its financial condition. Mr. Cameron told those present that Ms. Parenteau and Mr. Seldon will explain the power contract side of Calpine issue whereas Attorney Barna will explain the legal ramifications of the power contract.

Mr. Seldon presented the history of the Department's relationship with Calpine from when the Request for Proposal was sent out in 2001 to the present.

Attorney Barna described deregulation in the Commonwealth of the Massachusetts and the impact that this has had on power supply and energy contracts. Attorney Barna set forth the following timeframe: (1) November 19, 1997, the Massachusetts legislature passed an act relative to restructuring (2) the Second Effective Date implemented in 1998 by ISO-New England. Attorney Barna explained that such factors did affect the way power contracts were executed by the RMLD. Attorney Barna stated that as a means to protect its interest, RMLD added clauses that as the power supplier lost its investment grade credit rating; it would have to put penalty monies into reserves.

Mr. Seldon said that the Calpine contract runs through October, 2007 and currently there is over \$51 million in the Department's escrow account because Calpine's rating is below investment grade.

Attorney Barna then discussed Article 18 and Article 12 of the Calpine contract.

Extensive discussion by the Board included:

Where would new power supply come from, and at what the possible cost to the RMLD ratepayers if Calpine did in fact go into bankruptcy?

What measures the Department needs to take to protect itself if Calpine goes bankrupt?

Ms. Parenteau assured those present that back up energy suppliers are in place as part of the Department's strategy to recoup the potential loss of energy from Calpine.

Commissioner Pacino made a motion seconded by Commissioner Hahn that the Reading Municipal Light Department (RMLD) Board of Commissioners authorizes the General Manager to exercise all of the RMLD rights under the selected executed agreement(s) if Calpine files for bankruptcy.

Motion carried 4:0:0.

Motion to Adjourn

At 9:55 p.m. Mr. Pacino made a motion seconded by Mr. Hahn to return to Regular Session for the sole purposes of adjournment.

Motion carried 4:0:0.

Chairman Herlihy called for a poll of the vote:

Mr. Hahn, Aye; Mr. Herlihy, Aye; Mr. Pacino, Aye, and Ms. Kearns, Aye.

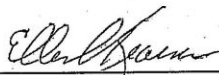
A true copy of the RMLD Board of Commissioners minutes as
approved by a majority of the Commission.

Ellen C. Kearns
Secretary

RMLD Board of Commissioners Meeting, Executive Session, December 14, 2005
Certificate of Vote

On December 14, 2005, Commissioner Pacino made a motion seconded by Commissioner Hahn that the Reading Municipal Light Department (RMLD) Board of Commissioners authorizes the General Manager to exercise all of the RMLD rights under the selected executed agreement(s) if Calpine files for bankruptcy.

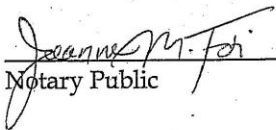
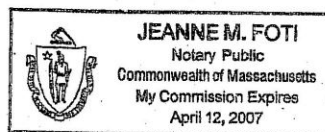
Motion carried 4:0:0.



Ellen C. Kearns
Secretary

Middlesex, ss

On this the 14th day of December 2005, before me, the undersigned notary public personally appeared Ellen C. Kearns, the Secretary of the Reading Municipal Light Department Board of Commissioners, proved to me through satisfactory evidence which was personal knowledge, to be the person whose name is signed on this document, and acknowledged to me that she signed it voluntarily for its stated purpose as Secretary of the Reading Municipal Light Department Board of Commissioners.


Notary Public

April 12, 2007
My Commission Expires