



Reading Municipal Light Department
RELIABLE POWER FOR GENERATIONS

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AGENDA

REGULAR SESSION

READING MUNICIPAL LIGHT DEPARTMENT CITIZENS' ADVISORY BOARD (CAB) MEETING

Wednesday, August 13, 2014
6:30 pm
230 Ash Street, Winfred Spurr/Audio Visual Room
Reading, MA 01867

1. **CALL MEETING TO ORDER:** J. Norton, Chairman
2. **PRESENTATION OF METER LAMP:** J. Norton, Chairman
3. **APPROVAL OF MINUTES:** J. Norton, Chairman
Attachment(s): Regular Session Minutes from June 3, 2014
4. **SURPLUS MATERIALS POLICY REVIEW:** J. Parenteau, Director of Integrated Resources
Attachment(s): Draft RMLD Policy No. 2 – Surplus Management
5. **RFP - WHOLESALE POWER SUPPLY 2015-18:** J. Parenteau, Director of Integrated Resources
Attachment(s): Memo Dated August 7, 2014
6. **ELECTION OF OFFICERS:** J. Norton, Chairman
7. **NEPPA ANNUAL CONFERENCE:** J. Norton, Chairman
Attachment(s): Brochure
8. **NEXT MEETING:** J. Norton, Chairman
9. **ADJOURNMENT:** J. Norton, Chairman

This Agenda has been prepared in advance and does not necessarily include all matters which may be taken up at this meeting.

**READING MUNICIPAL LIGHT DEPARTMENT
CITIZENS' ADVISORY BOARD (CAB) MEETING**

**MINUTES
Regular Session**

Time: 6:30 p.m.

Date: Tuesday, June 3, 2014

Place: RMLD, Winfred Spurr AV Room, 230 Ash Street, Reading, MA 01867

CAB Members Present:

Mr. John Norton, Chairman (North Reading); Mr. Tony Capobianco (Reading); Mr. George Hooper, Vice Chairman (Wilmington); Mr. Dennis Kelley (Wilmington)

CAB Members Absent:

Mr. David Nelson (Lynnfield)

RMLD Commissioner(s) Present:

Mr. Phil Pacino

RMLD Staff Present:

Ms. Coleen O'Brien, Mr. Robert Fournier, Mr. Hamid Jaffari, Ms. Jane Parenteau, Mr. William Seldon, Ms. Marianne Fabbri

Public Present:

None

1. CALL MEETING TO ORDER: J. Norton, Chairman

Chairman Norton called the meeting of the Citizens' Advisory Board to order at 6:30 p.m. Chairman Norton stated that Mr. Nelson would not be attending the meeting.

2. APPROVAL OF MINUTES: J. Norton, Chairman

Materials: April 2, 2014, CAB Minutes

Chairman Norton asked for a motion to approve the minutes.

Mr. Kelley made a **Motion** that the Citizens' Advisory Board approve the minutes from the April 2, 2014, meeting as written, seconded by Mr. Capobianco. Hearing no further discussion, **Motion passed 4:0:1 (4 in favor, 0 opposed, 1 absent).**

**3. STAFF PRESENTATION AND RECOMMENDATION - COST OF SERVICE
STUDY& PROPOSED RATE CHANGE: C. O'Brien, General Manager and J. Parenteau,
Integrated Resources Manager**

Ms. O'Brien prefaced the presentation with a reminder about the annual energy peak, which typically occurs during the summer months. The RMLD is working with the four towns to determine if the RMLD can utilize their existing reverse 911 systems as a means of notifying its customers of system alerts, peaks, etc. The motto is Get Greener, Go Paperless and Be Efficient.

Ms. O'Brien stated that in their efforts to collect emails and texts contact information, the Department is also incentivizing paperless sign-up. Ms. O'Brien explained that by this time next year we would be in a better position with the system for peak shaving but for immediate action, under the new RMLD Responsible Communication effort, that public appeal would be the best means of developing a quick cumulative conservation initiative during peak periods. Ms. O'Brien also stated that paperless efforts would include moving the in that direction for the *In Brief* as well as the annual report. Ms. O'Brien then turned the meeting over to Ms. Parenteau for the Cost of Service Presentation.

Ms. Parenteau began her presentation with the results of the Cost of Service Study and Rate Design that was presented to the Board and the CAB on May 8 by Mr. Seavey from PLM. Ms. Parenteau pointed out that included in the presentation were various options that were available regarding rate design. This evening the staff is here to present the CAB with the staff's recommendations. The staff presented to the Board of Commissioners on May 15. .

Ms. Parenteau continued, as presented, RMLD could either meet its 1.3% increase in revenue requirements by implementing a uniform increase or adjustments to each customer class to smooth out the rate of return by class. Staff is recommending that we maintain the rate of return by customer class at the range of the standard municipal practice and the proposed rates would be competitive with other municipalities as well as the private utilities. Ms. Parenteau stated it should be noted that the actual percentage change would vary by customer class and usage so the 1.3% is an average overall increase. Ms. Parenteau stated she e-mailed an overall summary to all CAB members as well as printed extra copies for Ms. Fabbri to distribute. If anybody would like further detailed breakout, Ms. Parenteau be happy to provide that as well.

Ms. Parenteau reported that as part of the scope or the Cost of Service (COS) was to explore adding a residential low-income rate and there were two options that were presented. The first option was to eliminate the customer charge; the second was to increase the discount on the entire bill excluding the purchase power charge. The staff is recommending option 1, which is the elimination of the customer charge, which is what other municipalities use to provide the same benefit for qualified customers, regardless of usage. As discussed on May 8, it is difficult to determine the number of qualified residential low-income customers that would be eligible for this discount. By selecting elimination of the customer charge, RMLD can at least quantify or project a potential decrease in total revenues. The staff took an example of a residential customer charge that is about \$4.00 or \$3.73/month X 12 months, which is about \$48.00/year (or say \$50 for max simplicity) and that if there were about 100 customers who are eligible to receive - that would be a total of \$5,000 reduction in RMLD's revenue. In addition, as RMLD implements the rate and quantifies it, staff will get a better understanding of how many residential low income customers qualify.

Ms. Parenteau commented that one of the recommendations of the COS was to unbundle the rate. Currently, a portion of the purchase power costs, capacity and transmission costs are embedded in the base rate charge so the recommendation is that the purchase power cost be removed from the base rate and that would become a distribution charge. The purchase power charges recover all capacity, transmission and energy charge that are a pass through to RMLD customers in which the Department does not make any return. Whatever the Department's purchase power costs are, the goal is to cover that through the rate structure. The prompt discount will apply only to the customer charge and the distribution charge; those are part of what the Department will collect for operations and maintenance. By taking out that portion of the

purchase power charge from the existing Base Rates this will lower the distribution charge which will reduce the ten percent (10%) discount on customer's bills. It is two-fold of the effects of the unbundling. Staff is currently recommending that the prompt discount payment be increased from ten percent (10%) to fifteen percent (15%). There was some feedback that staff heard at the May 8 presentation to try to stabilize customer's bills and get a 1.3% overall increase in an appropriate manner. Since the amount is smaller and the distribution amount is essentially cut in half, increasing the overall prompt payment discount to the customer achieved the average overall increase of 1.3%. It is important to note RMLD will be very clear there won't be any miscommunication that the customers will be getting an even bigger discount, it will be very clear that the discount is on a smaller amount and that is the rationale for the discount from 10% to 15%.

Ms. Parenteau stated that one of the other directives of the COS was to examine an alternative methodology for the New York Power Authority (NYPA) Credit. There were two acceptable methodologies that were confirmed by Melanson Heath back in 2009. The staff is currently recommending the NYPA credit be calculated by taking the difference between RMLD's average cost of energy, excluding NYPA, and the average cost of NYPA energy and multiplying that difference by the amount of energy received by NYPA. This will result in a dollar amount that will be distributed per kWh for residential customers only, as is required by Federal Regulations. Utilizing this methodology has the potential to reduce a residential bill because the credit could go up as the average cost of energy increases. Therefore, RMLD would like to implement this change and will monitor it, going forward.

Lastly, Ms. Parenteau stated that the final directive of the COS is to examine both the existing streetlight rate and the LED streetlight rate. The Staff is recommending that the RMLD adopt the formula streetlight rate in Chapter 164 Section 58 for Municipal Streetlights. That formula rate takes the total operating expenses plus any interest and outstanding debt plus depreciation expenses and divides that by the total kWh sold by the Department including the streetlights. This rate would be calculated based on the fiscal year budget and is estimated to be around 12.2 cents. That would be a flat rate and charged to all streetlights. Ms. Parenteau reported that she, Ms. O'Brien and Mr. Smith met with each of the four Town Managers/Administrators to discuss the LED Pilot Program as well as the LED street lighting that would be in place as well. Private streetlights would have a separate cost of service rate; this is only applicable to municipal streetlights. Ms. Parenteau concluded her presentation.

Mr. Capobianco asked, "How would the prompt payment discount decrease be advertised?" Ms. O'Brien stated that this would fall under the communication plan she explained earlier and if approved RMLD would need to release a statement addressing the change(s). It would be made clear that the discount is a higher percentage on a lower amount as a result of the unbundling. Ms. O'Brien and Parenteau are planning a presentation via cable TV of "How to Read Your New Bill", and welcome customers to call in.

Mr. Capobianco asked about Community Connection that the Town of Reading send out which details everything that is going on in Town, for example, the Senior Center or The Town Faire, etc. He wondered what medium RMLD would use to communicate, and how the effectiveness of this would be measured. He expressed his concern for those customers who do not read the paper, and whether RMLD is effectively using communication dollars in the most efficient manner.

Ms. O'Brien reiterated that is part of why RMLD is evaluating these e-mails and text - as a way to create, a "responsive communication plan." RMLD is evaluating the most cost effective means of reaching each of its customers to provide prompt information regarding system status, including peak appeals and possibly outage updates in the future. As Ms. Gottwald grows RMLD's own constant contact database, currently at about thirteen thousand (13,000) e-mails, between those and the reverse 911, RMLD is taking advantage of all existing communication systems. . Mr. Talbot spoke and wrote a few articles in the paper on Residential Time of Use, and not much was gained through that form of media outreach, therefore, the Department realizes there are better ways that RMLD can communicate. When RMLD does their presentation on cable TV, the intention would be to let it run for a month so that it is available for customers to reference. The presentation will probably be under fifteen minutes. Ms. O'Brien stated this would give customers information on what the Department is doing, why it is doing it, how to read the bills and to call with questions.

Mr. Hooper suggested an explanation of the Time of Use Rates might also benefit customers especially with all the changes and they might just not know or understand the Time of Use Rate.

Ms. O'Brien stated that the presentation would explain the existing rates. The Department wants more customers to sign up for the Time of Use Rate, but also understands that people would have to commit to habit changes to make a conscious effort to shift their usage off of peak hours. . Customers generally do not want to make the change for the value that is saved.

Clarifying relative to the prompt payment discount, Mr. Kelley questioned that RMLD has removed purchase power from the base rate, so rather than getting the ten percent (10%) discount on the bundled amount it has been increased to 15% on an unbundled amount to provide the same discount. Ms. Parenteau agreed noting that the overall effect is that 1.3% increase that RMLD is trying to capture. Mr. Kelley continued that by increasing the fifteen percent (15%) and removing the purchase power from the base rate, the average person would have a 1.3% increase if they pay on the early payment. Ms. Parenteau agreed and pointed to the summary sheet that the CAB members can review for further clarification, and it varies by class, but it gives RMLD the overall revenue requirements to meet budget requirements.

Mr. Hooper called for a motion to move that the RMLD Citizens' Advisory Board recommend to the RMLD Board of Commissioners the overall net increase of 1.3% in revenues for all customer classes based on the recommendation of the General Manager, as presented, seconded by Mr. Capobianco. Hearing no further discussion, the *Motion Passed 4:0:1 (4 in favor, 0 opposed, 1 absent)*.

Mr. Hooper called for a Move that the RMLD Citizens' Advisory Board recommend to the RMLD Board of Commissioners to accept a Residential Low Income Rate that eliminates the customer charge for customers who meet eligibility for Low Income Home Energy Assistance Programs (LIHEAP) or its successor program based on the recommendation of the General Manager, as presented, seconded by Mr. Kelley. Hearing no further discussion, *Motion Passed 4:0:1 (4 in favor, 0 opposed, 1 absent)*.

Mr. Capobianco called for a move that the RMLD Citizens' Advisory Board recommend to the RMLD Board of Commissioners to increase RMLD's prompt payment discount from 10% to 15% based on the recommendation of the General Manager, as presented,

seconded by Mr. Hooper. Hearing no further discussion, the *Motion Passed 4:0:1 (4 in favor, 0 opposed, 1 absent)*.

Mr. Capobianco called for a Move that the RMLD Citizens' Advisory Board recommend to the RMLD Board of Commissioners to accept the format of an unbundled rate structure for the RMLD on the recommendation of the General Manager, seconded by Mr. Hooper. Hearing no further discussion, the *Motion Passed 4:0:1 (4 in favor, 0 opposed, 1 absent)*. *Motion Passed 4:0:0.*

Mr. Capobianco called for a Move that the RMLD Citizens' Advisory Board recommend to the RMLD Board of Commissioners to accept that the RMLD change its NYPA calculation to equal the difference between the average cost of energy excluding NYPA and the average cost of NYPA energy multiplied by the total kWh of NYPA received based on the recommendation of the General Manager, seconded by Mr. Hooper. Hearing no further discussion, the *Motion Passed 4:0:1 (4 in favor, 0 opposed, 1 absent)*. *Motion Passed 4:0:0.*

Mr. Capobianco called for a Move that the RMLD Citizens' Advisory Board recommend to the RMLD Board of Commissioners to adopt the formula rate in Chapter 164 Section 58 for municipal street lights on the recommendation of the General Manager, seconded by Mr. Hooper. Hearing no further discussion, the *Motion Passed 4:0:1 (4 in favor, 0 opposed, 1 absent)*.

4. **NEXT MEETING:** J. Norton, Chairman
Next meeting of the CAB will be Wednesday, August 13 at 6:30 pm.
5. **MOTION TO ADJOURN** – J. Norton, Chairman
Chair Norton made a *Motion* to Adjourn the Citizens' Advisory Board meeting, seconded by Mr. Hooper. Hearing no further discussion, *Motion Passed 4:0:1 (4 in favor, 0 opposed, 1 absent)*.

The Citizens' Advisory Board Meeting adjourned at 6:55 p.m.

Respectfully submitted,

George Hooper, Pro Tem

Minutes Approved On: _____

**RMLD Policy No. 2
SURPLUS MATERIAL**

Style Definition: DocID

Revision No. 4

Commission Vote Date _____ Effective Date: _____

General Manager/Date: _____

Next Review Date _____ Chairman/Date: _____

I. PURPOSE

The purpose of this Policy No. 2 SURPLUS MATERIAL is to provide administrative controls and procedures for use by the RMLD in disposing of surplus property to maximize the value of the disposal of such surplus property to RMLD. This policy does not apply to the disposal of real estate, ~~which comes under MGL Chapter 164.~~

II. DETERMINATION OF SURPLUS PROPERTY

Surplus property is personal property in the custody and control of RMLD which is either:

- (a) In excess of RMLD's needs due to changes in operations or personnel or other changes in circumstances;
- (b) Replaced by new or substitute property;
- (c) Damaged and non-repairable or uneconomic due to costs of repairs;
- (d) In poor or hazardous condition; or
- (e) Obsolete and no longer suits RMLD's needs.

Each RMLD Department shall identify property that it deems to be surplus. The General Manager or his/her designee shall make the determination whether any such property constitutes surplus to RMLD's needs and shall be designated for disposal. Such determination shall be made in writing identifying the reasons for declaring the property surplus.

III. ASSIGNING VALUE

Upon declaring property as surplus, the estimated value of the property shall be determined. RMLD will determine the fair market value ("FMV") of such property based on the best available sources. For vehicles, FMV shall be determined based on Kelley Blue Book, Edmunds, NADA Guides or any other nationally recognized service that values vehicles for similar vehicles. For other property, including commercial or service vehicles not listed in Kelley Blue Book, Edmunds, NADA Guides or a similar source, FMV shall be determined based on quotes, trade-in offers, available sales data, appraisal or industry sources for similar property or vehicles, as may be adjusted for specific make and model, year, condition, and special equipment and features, and other factors deemed relevant. If FMV cannot reasonably be determined for a particular property then RMLD will estimate the value of such property based on its salvage value. Salvage value is the estimated residual value of an asset at the end of its useful life, or the proceeds from the disposal of the asset when it can no longer be used in a productive manner. Net salvage value takes into account the costs of disposal to more accurately reflect the residual value of a depreciable asset.

~~, which shall be based on its original purchase price less depreciation as determined by the RMLD.~~

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For property having no tangible resale or salvage value, the property shall be designated as scrap.

The estimated value of the property, including scrap, and the sources consulted shall be documented and kept on file. The final determination of the property's estimated value shall be subject to review and approval by the General Manager or his/her designee.

IV. CATEGORIZATION OF SURPLUS PROPERTY

Once values are determined pursuant to Article III, property shall be categorized as follows:

- (1) Scrap – property having no tangible resale or salvageresale value;
- (2) Substantial Value – property having a FMV of in excess of \$10,000 or greater;
- (3) Moderate Value – property having a FMV in excess of \$500 but less than \$10,000; and
- (4) Nominal Value – property having a FMV of \$500 or less.

If the surplus property will be sold separately as individual units, the property shall be categorized based on the value of each individual unit. For property to be sold as a set or collection, the property shall be categorized based on the estimated value of the set or collection. Items customarily sold as a set shall not be treated as individual units to evade or bypass applicable disposal procedures. However, RMLD, in its discretion may determine whether to dispose of property on an individual unit basis or as part of a set or collection in order to maximize revenue. In such instances, the reasons shall be documented and kept on file. The final decision whether to utilize a single solicitation or separate solicitations for multiple items shall be subject to the review and approval of the General Manager or his/her designee.

V. ELECTRIC UTILITY-SPECIFIC AND ELECTRIC UTILITY RATED COMMERCIAL VEHICLE PROPERTY

RMLD will identify any property that it considers to be electric utility-specific. Electric utility-specific property is property that typically only an electric utility or a company or person in the electric utility trade is likely to have an interest in acquiring. For electric utility-specific and electric utility rated commercial vehicle property of f Substantial Value, RMLD will determine whether an established market exists for purposes of disposal. An "established market" is one in which commodities are regularly sold in wholesale lots and prices are set by open competition as interpreted or as otherwise defined by the Massachusetts Inspector General or agency of the Commonwealth or a court having jurisdiction over the disposal of property by federal, state, and local governmental entities. A list of ~~Trade journals and other trade publications, online advertising sources, and other industry or market resources for the advertisement and sale of electric utility-specific, including electric utility rated commercial vehicles, vehicles and equipment, as well as other commercial vehicles,~~ regardless of value, shall be identified and documented. This ~~list~~ shall be reviewed every six (6) months and updated as necessary.

VI. DISPOSAL PROCEDURES.

- A. Scrap. Scrap may be destroyed, recycled, or disposed of via a scrap bid or other method as determined by RMLD in its discretion based on the particular circumstances and costs of disposal. RMLD will endeavor to recycle, salvage and/or ~~recycle, salvage~~ minimize the cost of disposal of scrap to the extent reasonably possible.

- B. Right of First Refusal. ~~With the exception of scrap and electric utility specific property, RMLD will offer—surplus property including utility rated commercial vehicles, but with the exception of scrap and electric utility specific property,~~ property to the Towns of Reading, North Reading, Wilmington, and Lynnfield (collectively “Towns”) at FMV before offering the property to the general public.

~~Vehicles.~~ Vehicles will be offered to the Towns at FMV on a rotational basis. The rotational sequence is Reading, North Reading, Wilmington, and Lynnfield. ~~. RMLD will notify the Towns in writing. The Towns will have 30 days from the date of RMLD's notice to submit a notice of intent to purchase the property before RMLD offers the property to the general public. Notice of intent to purchase shall be made in writing and signed by an officer with authority to approve the purchase. If more than one town provides RMLD with a notice of intent to purchase the property at the same time, preference will be given based on the rotational sequence. If no town has provided RMLD with a written notice of intent within the 30-day period, RMLD may proceed to offer the property to the general public pursuant to applicable procedures.~~

~~Should a town decline an offering, the next town in the sequence will be contacted and offered the vehicle. When more than one vehicle is available, the town in position to receive the offering will have first choice of available vehicles. Remaining vehicles will be offered to the other towns per the established rotation.~~

Other Property. RMLD will offer other surplus property to the Towns at FMV on a first come, first served basis. RMLD will notify the Towns in writing. The Towns will have 30 days from the date of RMLD's notice to submit a notice of intent to purchase the property before RMLD offers the property to the general public. Notice of intent to purchase shall be made in writing and signed by an officer with authority to approve the purchase. If more than one town provides RMLD with a notice of intent to purchase the property at the same time, preference will be given based on the rotational sequence. If no town has provided RMLD with a written notice of intent within the 30-day period, RMLD may proceed to offer the property to the general public pursuant to applicable procedures.

- C. Substantial Value. Property determined to have Substantial Value only shall be disposed of in compliance with G.L. c. 30B requirements and such supplemental requirements and procedures set forth in this policy and/or as determined by the General Manager in his/her discretion. The General Manager shall have authority to impose additional requirements if he/she determines that it is in the best interests of RMLD to do so.

Where an established market exists for the property, RMLD may dispose of the property through the established market or by trade-in if RMLD determines that it is advantageous to do so. The reasons shall be documented and the decision shall be subject to the approval of the General Manager or his/her designee.

For all other property, a competitive solicitation process shall be used. RMLD shall evaluate whether a written competitive bid process or auction, including an online auction such as Ebay, presents the most advantageous approach given the property to be sold. The process, including all notices, shall conform to G.L. c. 30B requirements.

RMLD shall consider whether to impose a minimum bid price or other terms and conditions of the sale. At a minimum, RMLD shall reserve the right to reject any and all bids if it is in RMLD's best interest to do so.

In addition to complying with G.L. c. 30B notice requirements, RMLD shall post a notice on its website for 30 days and advertise the solicitation in appropriate print and online sources intended to reach potentially interested buyers. Electric utility rated C commercial ~~and electric utility-specific~~ vehicles and electric utility-specific equipment and equipment shall be advertised in at least two sources identified on the list as set forth in Article V. ~~RMLD also will provide the Towns with direct written notice.~~

RMLD shall award the bid to the highest bidder who meets the requirements of the solicitation, unless RMLD determines that it is in its best interest to reject the bids. If RMLD rejects the bids, RMLD may resolicit bids or negotiate the sale at a higher price than the highest bid price as permitted by G.L. c. 30B.

All bidders, including participants in an auction, shall submit a non-collusion certificate as required by G.L. c. 30B.

The sources of advertising, the specific method of disposal, and the award process, shall be documented and subject to the approval of the General Manager or his/her designee.

- D. Moderate Value. Property of Moderate Value shall be sold through the best available means in order to obtain the highest price for RMLD. In determining the specific disposal and advertising methods to be used, the costs of disposal shall be weighed against the expected yield to RMLD. Among other options, as determined by RMLD under the circumstances, disposals may be made through a competitive bid or auction process to the highest bidder as provided in Article VI.C or sold for FMV or "best offer" after advertisement. When offering to sell surplus property to the general public, to the extent practical, RMLD shall advertise the sale in the local newspaper, on its ~~website~~ website for 30 days and in appropriate print and online sources intended to reach potentially interested buyers. Commercial and electric utility-specific vehicles and equipment should be advertised in at least two sources identified on the list as set forth in Article V. RMLD also may negotiate the sale of the property or dispose of the property through less formal means after receiving three quotations or as RMLD deems appropriate under the circumstances. If RMLD solicits quotations, RMLD shall not be required to sell the property to the person providing the highest quotation, but the highest quotation shall be used as the benchmark for negotiating and approving the sale.

The purchaser of property having Moderate Value shall ~~be re-~~ required to sign and submit a non-collusion certificate.

The reasons and sources for the method of disposal and the award process shall be documented and subject to the approval of the General Manager or his/her designee.

- E. Nominal Value. Property of Nominal Value may be disposed of using sound business practices. The process and sale shall be documented and kept on file.

VII. **ADDITIONAL TERMS AND REQUIREMENTS.**

- A. All property shall be sold or disposed of "as is" without any warranties of any kind.
- B. The purchaser shall release RMLD, in writing, from all liabilities concerning the property. The Purchaser must provide for removal, transportation, storage, etc. at no cost to the RMLD.

- C. The purchaser shall have the responsibility to provide for the removal, storage and transportation of the property at its sole expense. The purchaser shall remove the property at a time and location designated by RMLD.

VIII. PROHIBITION ON SALES TO EMPLOYEES, BOARD OF COMISSIONER MEMBERS AND BOTH OF THEIR IMMEDIATE FAMILIES.

Consistent with MGL Chapter 268A, § 20, RMLD employees and RMLD Board of Commissioner members and both of their immediate families shall not be eligible to purchase or otherwise receive RMLD surplus property regardless of price or method of disposal used. This prohibition also applies to competitive solicitation processes.

IX. ADMINISTRATIVE REVIEW AND REPORTING.

All disposals shall be subject to the administrative review of the General Manager. The General Manager shall make such reports as required by the RMLD Board of Commissioners.

READING MUNICIPAL LIGHT DEPARTMENT

To: Coleen O'Brien

Date: August 7, 2014

From: Jane Parenteau
William Seldon

Subject: **2014 Request For Proposals (RFP) Wholesale Power Supply**

Reading Municipal Light Department (RMLD) will be going out with an RPP for Power Supply for the period January 2015 – December 2018.

The attached table shows the monthly maximum amounts of energy, in kW, the RMLD is planning to purchase for 2015 through 2018. This table reflects a laddering and layering approach that the RMLD is utilizing. Using this approach, RMLD purchases 25% of the projected energy requirement on a monthly basis for the next four years.

The first two lines show the year and month in the planning period.

Lines labeled (1) reflect the On Peak Energy Entitlements (kW) and Off Peak Energy Entitlements (kW) that were purchased from Nextera, Exelon, and BP Energy in the 2011, 2012 and 2013 RFPs.

Lines labeled (2) show the maximum amount of monthly kW's that the RMLD is planning to purchase in the 2014 RFP. These amounts are the hourly amount of energy which translate into kWhs by summing the On Peak periods (Hours 08 – Hours 23) and Off Peak periods (Hours 01-07, 24, including all day Saturday and Sunday).

Lines labeled (3) indicate the Future On Peak and Off Peak Purchase which will be included in future RFPs.

Lines labeled (4) show the Total Requirement On Peak and Off Peak which sums the amount of power supply either purchased, proposed to be purchased before the end of 2014, and possible future procurements. It should also be noted that the Total Requirement assumes approximately a 20% annual open position in the ISO-NE Spot Market.

The total amount of energy for the 48 month period from January 2015 through December 2018 represents approximately 463,000 Mw's and, based on today's

indicative pricing would result in contracts having a value of approximately \$26 million which is equivalent to approximately \$56/Mwh.

The Integrated Resources Division (IRD) will continue monitoring the forward energy prices as well as the NYMEX Natural Gas futures. The NYMEX Natural Gas futures for the balance of calendar year 2014 and beyond are projected to be in the mid \$4.00 range through 2018. Per the IRD strategy, the RMLD will continue to monitor the markets and procure RMLD's energy needs through the RFP process for the period 2015 - 2018 as reflected in the attached table.

RMLD intends to request indicative pricing for Fixed and Heat Rate (HR) Index products from the following suppliers, Nextera, International Power, PSEG, Merrill Lynch, Morgan Stanley, J P Morgan, Dominion, Shell, PPL, Macquarie, Exelon, Hydro Quebec US and BP. These entities have recently been contacted by other municipalities for pricing or have produced indicative pricing in the past. After receiving the indicative quotes from the suppliers, IRD will analyze the pricing and short list those entities which best fit RMLD's requirements. RMLD will negotiate contracts with the short listed entities. A contract matrix will be developed which will include the various provisions in each supplier's contract as well as overall pricing. Along with the General Manager, IRD will analyze final pricing and select one or more suppliers.

The Board of Commissioners and CAB will be updated on the results of the RFP.

RMLD Proposed Power Contract Timeline
(Amounts below represent kW proposed to be purchased hourly)

		100%												75%												50%												25%													
Year	Month	2015												2016												2017												2018													
Month		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec														
(1) On Peak Entitlements (kW)	(1) Off Peak Entitlements (kW)	46,525	43,900	34,150	34,400	38,425	47,275	58,400	58,400	47,900	43,550	39,950	42,500	30,500	28,725	22,225	22,150	24,700	32,025	39,700	39,700	32,775	29,600	26,600	28,575	29,375	30,250	25,075	28,850	28,750	27,850	37,250	37,250	31,150	26,350	27,550	20,050	20,825	17,350	19,875	20,000	19,200	25,525	25,525	18,900	21,425	18,200	19,000			
	(2) RFP On-Peak Purchases (kW)	13,675	10,900	9,950	12,200	13,575	17,325	28,400	28,400	16,200	15,450	19,050	17,700	15,325	12,975	11,300	13,325	14,900	17,100	26,300	26,300	15,975	15,325	18,325	17,250	7,925	8,550	9,325	4,750	7,450	15,050	14,950	14,950	5,050	11,750	12,350	8,375	8,725	8,825	5,700	10,000	13,425	14,225	11,325	6,100	10,825	11,375				
(3) Future On-Peak Purchases (kW)	(3) Future Off-Peak Purchases (kW)	0	0	0	0	0	0	0	0	0	0	0	0	15,275	13,900	11,175	11,825	13,200	16,375	22,000	22,000	16,250	14,975	14,975	15,275	0	0	0	0	0	0	0	0	0	9,475	9,850	8,725	8,525	10,000	10,875	13,250	13,250	10,075	9,175	9,675	10,125					
(4) Total Requirement On Peak (kW)	(4) Total Requirement Off Peak (kW)	60,200	54,800	44,100	46,600	52,000	64,600	86,800	86,800	64,100	59,000	59,000	60,200	61,100	55,600	44,700	47,300	52,800	65,500	88,000	88,000	65,000	59,900	59,900	61,100	37,300	38,800	34,400	33,600	36,200	42,900	52,200	64,600	86,800	86,800	59,000	59,000	38,100	39,900	61,100	55,600	44,700	47,300	52,800	65,500	88,000	88,000	65,000	59,900	59,900	61,100
Year	Month	2017												2018												50%												25%													
Month		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec																										
(1) On Peak Entitlements (kW)	(1) Off Peak Entitlements (kW)	15,375	14,425	11,250	10,850	11,900	16,400	20,575	20,575	17,325	15,350	12,950	14,325	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10,525	11,200	9,400	10,700	10,000	10,350	13,550	13,550	10,200	11,475	9,825	10,250	0	0	0	0	0	0	0	0	0	0		
	(2) RFP On-Peak Purchases (kW)	15,575	13,725	11,400	13,100	14,850	16,750	23,975	23,975	15,575	14,950	17,350	16,625	15,650	14,225	11,450	12,100	13,525	16,750	22,500	22,500	16,625	15,300	15,300	15,650	8,675	8,750	8,300	6,550	10,000	11,700	13,300	13,300	10,200	7,125	9,775	10,250	9,700	10,075	8,950	8,725	10,000	11,150	13,575	13,575	10,300	9,400	9,900	10,350		
(3) Future On-Peak Purchases (kW)	(3) Future Off-Peak Purchases (kW)	30,950	28,150	22,650	23,950	26,750	33,150	44,550	44,550	32,900	30,300	30,300	46,950	42,675	34,350	36,300	40,575	50,250	67,500	67,500	40,725	49,875	45,900	45,900	46,950	19,200	19,950	17,700	17,250	20,000	22,050	26,850	20,400	18,600	19,600	20,500	29,100	30,225	26,850	26,175	30,000	33,450	40,725	30,900	28,200	29,700	31,050				
(4) Total Requirement On Peak (kW)	(4) Total Requirement Off Peak (kW)	61,900	56,300	45,300	47,900	53,500	66,300	89,100	89,100	65,800	60,600	60,600	62,600	56,900	45,800	48,400	54,100	67,000	90,000	90,000	66,500	61,200	61,200	62,600	38,400	39,900	35,400	34,500	38,400	39,900	44,100	53,700	53,700	40,800	37,200	39,200	41,000	38,800	40,300	35,800	34,900	40,000	44,600	54,300	54,300	41,200	37,600	39,600	41,400		

- (1) RFP Purchases in 2011, 2012 & 2013 (Nextera, Exelon, & BP Energy)
- (2) Proposed 2014 RFP - Total kW's - RMLD reserves the right to split up the Requirement between Suppliers and HR Index and Firm Strip Pricing.
- (3) Amount of kW's that RMLD will purchase in subsequent RFP process.
- (4) Total Requirement of energy which represents on average 20% open position in ISO-NE Spot Market

On-Peak: Mon - Fri Hours Ending 08-23
Off-Peak: Mon - Fri Hours Ending 24-07, Sat/Sun

**HOTEL REGISTRATION
CLOSES JULY 10!!**



2014 NEPPA Annual Conference

Sea Crest Beach Hotel
August 24 - 27, 2014





Sea Crest Beach Hotel

Along the cottage-lined streets of North Falmouth, our unrivalled location feels like another world. Gulls cry over Buzzard's Bay, guests are lulled to sleep by the rise and fall of the Atlantic's tides, and even business feels more like pleasure at one of the Cape's largest conference facilities. Whether you are here to unwind or host the social event of the season, you will encounter nothing but personalized service—in a setting that is not only affordable, but adds value to your life.

The Sea Crest Beach Hotel, located on gor-

geous Old Silver Beach, Cape Cod, has completed their 15 million dollar renovation. Changes include 263 fully renovated guestrooms & suites, public space upgrades including a new Lobby Cafe, ocean view dining room completely renovated to match the beautiful view, new restaurant & lounge- Red's- named after a previous hotel owner and Celtic's legend, Red Auerbach, two pools converted to Saline (one indoor, another outdoor), and so much more!

For hotel information, please refer to the next page.



Speakers

Dr. Paul Powers

Dr. Powers is a licensed psychologist, is former chairman of the Massachusetts Board of Psychologists and a member of numerous professional organizations. Paul holds a bachelor's, master's and doctoral degree in psychology from the University of Massachusetts at Amherst. He helped found 'The Management Corps for the Emerging East' a non-profit initiative to send American business volunteers to work in enterprises of the republics of the former Soviet Union in their transition to a free market economy with hands-on management skills and techniques. Paul is also a former U.S. Marine as well as a former licensed pipefitter.

Deborah R. Sliz

President and CEO of Morgan Meguire, Deborah has more than 25 years of federal policy experience, with expertise in issues affecting the electric utility industry, particularly consumer-owned utilities. Prior to her tenure at Morgan Meguire, she was senior vice president and director of legislative services for APCO Associates. She was director of government relations and preference campaign coordinator for the American Public Power Association, and served as counsel to the House Interior and Insular Affairs Committee Chairman, Morris K. Udall (D-AZ) from 1979 to 1985 where she was responsible for legislation affecting federal water and power programs, nuclear power, Native American water rights and natural resources. She holds a B.A. from Emory University and a M.A. and J.D. from the University of Arizona.

Monica Schmidt

Monica Schmidt leads NRECA's National Consulting Group in delivering value to the membership in the areas of Governance, Strategic Planning, Utilities Management, Executive Search, and Safety and Human Resources process improvement. She has over 25 years of broad-based strategic leadership experience in the electric utility industry, specializing in corporate and non-profit governance and the emerging trends likely to impact the cooperative sector.

She has trained under John and Miriam Carver at the Policy Governance Academy and holds a certificate in Corporate Governance from Tulane University Law School. She is also a member of the International Policy Governance Association, BoardSource and the National Association of Corporate Directors. Ms. Schmidt earned her Master of Science from the University of Baltimore and her Bachelor of Science from Towson State University.

Tim Hebert

As the CEO of Atrion, he fights for truth, justice and the Atrion Way. Tim believes that there is more to business than simply "turning a profit" and that every business should be driven by purpose. He has infused Atrion with its core purpose of "Having a Positive Impact" which has created a dynamic culture. An influential role model, community leader, speaker and author, he has been featured in countless publications from CRN to Processor Magazine.

He also serves on the advisory councils for many corporations including Cisco Systems, BlueCoat, and Nimsoft. Tim is President and Chairman of the Board of Tech Collective, on the Board of Directors of the Rhode Island Economic Development Corporation and Thielsch Engineering, a Member of the Rhode Island Commodores and the Rhode Island Public Expenditure Council.

Program Highlights and Events

Sunday

Registration

Welcome Wagon

Welcoming Reception with Cocktails
and Light Refreshments

Baseball for the Benevolent Fund!

Join us for a "safe bet" on the Red Sox vs. Blue Jays Monday night game. The event is free - the square proceeds will go to the Benevolent Fund, which provides assistance to public power employees or families facing financial difficulties due to accident or illness.

There will be a children's program available

Monday Morning

Leadership Challenges

Tim Hebert, Atrion

Leadership is a learned experience that anyone can attain. It does not require a superior position, but insists on conquering fears, dispelling doubts and striving to achieve the most from life. Join Tim Hebert as he Models the Way, Inspires a Shared Vision and Challenges the Processes that keep us from taking risks.

Are Certain Behaviors by Your Board Sending the Wrong Message?

Monica Schmidt, NRECA

Is your board engaged in certain behaviors or practices that may be sending unintended messages to your CEO? Employees? Board candidates? This interactive session identifies strategies to enhance governance practices.

Monday Afternoon

Lunch

Mastering Behavioral Finance: A Leader's Brain on Money

Dr. Paul Powers

All human beings are driven by a range of powerful emotions. Intellectually we know that financial decisions affect every aspect of our lives and should be made on a rational basis. But the emerging field of behavioral finance shows us that this is frequently not true.

Annual Business Meeting

Monday Evening

Reception and Banquet

There will be a children's program available

Tuesday Morning

Energy Policy and the 114th Congress

Deborah Sliz, president & CEO of Morgan Meguire, LLC, will bring her intimate knowledge of the U.S. Congress and federal energy policy to the conference and tell us what's going on behind the scenes and who is making it happen.

Natural Gas/Electricity & the Public Power Market

ENE - Tim Hebert, Executive Vice President

An update of what's happening in the region and how natural gas is affecting the electric utility industry in the northeast.

Tuesday Afternoon

Afternoon free for golf and sightseeing.

Tuesday Evening

Dinner will be followed by dessert with Dr. Paul Powers

Love & Money: How to Succeed at Both

Dr. Paul Powers

Most couples argue about money at some point. Sadly, marriages break up more over money than anything else - and it doesn't have to be that way. Sure - we all have our NMB's (that's neurotic money behaviors). They can be kooky, quirky, amusing or destructive depending on how you deal with them. This upbeat presentation will focus on what money means to most couples, what we really fight about when we fight about money, and how common goals, compromise, and understanding can lead to a richer life in every sense of the word.

Wednesday Morning

Farewell Breakfast

HOTEL RESERVATIONS INFORMATION

Hotel Reservations can be made in 2 ways:

- **go to www.neppa.org; under Upcoming Events, click on "read more"; then click on Annual Conference, then "here". This will take you directly to the web reservation page.**
- **go to www.seacrestbeachhotel.com; click on Accommodations; then click Check Availability. Enter your dates and click on Special Codes and in the box "Promo Code" enter NEPPA, or call 800.225.3110.**

NEPPA ANNUAL CONFERENCE 2014

Mail or fax registration to: Northeast Public Power Association, 200 New Estate Road, Littleton, MA 01460; Fax: 978.952.7320

Contact Name _____ Email _____

Company _____

Address _____

Phone _____ Fax _____

Please indicate below the number of attendees, total cost, and names as they will appear on the name badges. Please note: All children must be registered in order to attend meal functions. Indicate age(s) of children to assist with program planning.

UTILITY MEMBER @ \$600 Total \$ _____ Name(s): _____

FIRST CORPORATE MEMBER (one complimentary registration) Name: _____

ADDITIONAL CORPORATE MEMBERS @ \$600 Total \$ _____ Name(s): _____

ASSOCIATE MEMBER @ \$650 Total \$ _____ Name(s): _____

NON-MEMBER @ \$750 Total \$ _____ Name(s): _____

GUEST OR CHILDREN OVER 17 @ \$200 Total \$ _____ Name(s): _____

CHILDREN (UNDER 17) @ \$100 Total \$ _____ Name(s): _____

SINGLE DAY RATE @ \$300 Total \$ _____ Name(s): _____

Total to be billed or charged to company or firm \$ _____

☐ Please Send Invoice for \$ _____ (Members Only)

☐ Check Enclosed for \$ _____

☐ Please Charge a Total of \$ _____ To My:



_____ Exp. _____

Signed _____

Print Name _____

Send Credit Card receipt to the following address or email:

Cancellation Policy:

Conference cancellations received by August 15 will be entitled to a full refund. **Cancellations after August 15 will be subject to a prorated refund based on any costs incurred by the Association.**

If you would like to make a separate payment for guests, fill out below.

☐ Check Enclosed for \$ _____

☐ Please Charge a Total of \$ _____ To My:



_____ Exp. _____

Signed _____

Print Name _____

Send Credit Card receipt to the following address or email:

Hotel reservations must be made directly with the Sea Crest Beach Hotel. Reservation information can be found on the inside cover. Hotel cancellations are the responsibility of the individual and must comply with hotel policies.

Guests and children must be prepaid.

Please register by July 10.

Any questions, special dietary needs, or accommodations for disabilities, please call Colleen Del Signore at 978.540.2200 or cdelsignore@neppa.org.