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AGENDA
REGULAR SESSION

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

Wednesday, March 11, 2015
6:30 pm
230 Ash Street, Winfred Spurr/Audio Visual Room
Reading, MA 01867

1. CALL MEETING TO ORDER: G. Hooper, Chair

2. APPROVAL OF MINUTES: G. Hooper, Chair

Suggested Motion: Move that the Citizens' Advisory Board approve the minutes of the October 22, 2014, meeting as written.

Suggested Motion: Move that the Citizens' Advisory Board approve the minutes of the November 19, 2014, Executive Session as written.

3. RFP - WHOLESALE POWER SUPPLY 2016-19: J. Parenteau, Director of Integrated Resources

Suggested Motion: Move that the RMLD Citizens' Advisory Board recommend to the RMLD Board of Commissioners to authorize the General Manager to execute one or more Power Supply Agreements in accordance with RMLD's Wholesale Power Supply Plan for power supply purchases for a period not to exceed 2016 through 2019 and in amounts not to exceed 31 megawatts in 2016, 29 megawatts in 2017, 27 megawatts in 2018, and 25 megawatts in 2019, as presented by the Director of Integrated Resources.

4. NEXT MEETING: G. Hooper, Chair

5. ADJOURNMENT: G. Hooper, Chair

Suggested Motion: Move to adjourn the meeting of the RMLD Citizens' Advisory Board.

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: Wednesday, October 22, 2014

Place: RMLD, 230 Ash Street, Reading, MA, Winfred Spurr/Audio Visual Room

CAB Members Present:

Mr. George Hooper, Vice Chair (Wilmington); Mr. Dennis Kelley (Wilmington); Mr. David Mancuso (Reading); Mr. David Nelson, Secretary (Lynnfield)

CAB Members Absent:

None

RMLD Commissioner(s) Present:

Mr. Thomas O'Rourke

RMLD Staff Present:

Ms. Coleen O'Brien, Mr. Robert Fournier, Ms. Kathleen Rybak

Public and Invited Guests Present:

None

1. Call Meeting to Order – G. Hooper, Vice Chair

Vice Chair Hooper called the meeting of the Citizens' Advisory Board to order at 6:30 p.m. and noted that the meeting was being audio recorded.

2. Approval of Minutes– G. Hooper, Vice Chair

Materials: August 13, 2014, Regular Session CAB Minutes

Mr. Nelson made a **Motion** that the Citizens' Advisory Board approve the Minutes from the August 13, 2014, meeting as written, seconded by Mr. Mancuso. Hearing no further discussion, **Motion carried 4:0:0 (4 in favor, 0 opposed, 0 absent).**

3. CAB Reorganization– G. Hooper, Vice Chair

Vice Chair Hooper entertained motions to elect a new Chair. Mr. Kelley made a **Motion** to nominate Mr. Hooper for Chair, seconded by Mr. Nelson. Hearing no further discussion, **Motion carried 4:0:0 (4 in favor, 0 opposed, 0 absent).**

Mr. Hooper made a **Motion** to nominate Mr. Nelson for Vice Chair, seconded by Mr. Mancuso. Hearing no further discussion, **Motion carried 4:0:0 (4 in favor, 0 opposed, 0 absent).**

Mr. Nelson made a **Motion** to nominate Mr. Mancuso for Secretary, seconded by Mr. Kelley. Hearing no further discussion, **Motion carried 4:0:0 (4 in favor, 0 opposed, 0 absent).**

4. CAB Update and Presentation to the Towns – C. O'Brien, General Manager

Ms. O'Brien reported that RMLD staff including, herself, Ms. Parenteau and Mr. Smith would be making presentations to each town's board of selectmen in November. She then gave a preview of the presentation, which includes the Mission Statement, Organization/Reliability Studies, LED Street Light Pilot, Tree Trimming Program, and Charging Station/Commercial Rebates Programs. Ms. O'Brien reported that after review of the proposals received, the Organizational Study was awarded to Leidos Engineering, LLC, and the Reliability Study was awarded to Booth & Associates, LLC. CAB members were given an opportunity to ask question regarding the materials presented.

5. FY14 Annual Financial Report – R. Fournier, Accounting/Business Manager

Materials: Town of Reading, Massachusetts, Reading Municipal Light Department, Annual Financial Statements for the Year Ended June 30, 2014

Mr. Fournier reported that MelansonHealth presented the results of the FY14 audit to the RMLD Audit Committee, the Town of Reading Audit Committee, and then the Board of Commissioners on October 2. MelansonHealth gave the RMLD an unqualified opinion, which is what we strive for every year. They also stated that the financial statements were materially correct. Mr. Fournier then presented a brief summary of the financial statements included in the audit report.

6. Financial Report – August 2014 – R. Fournier, Accounting/Business Manager

Materials: August 31, 2014, Report

Mr. Fournier reviewed the financials for the period ending August 31. Mr. Fournier noted that with the first quarter financials, he will include the purchase power capacity/transmission adjustment into the rate classes so we won't have a big discrepancy between base revenues (being under budget) and purchase power capacity/transmission adjustment (over budget). When we did the Cost of Service Study, we thought we would get away with just capturing it in one account, but it skews the financials. It does not change the bottom line it just skews the comparison in the financials.

7. Integrated Resources Report – August 2014 – C. O'Brien, General Manager

Materials: Purchase Power Summary – August 2014

Ms. Parenteau was not available; therefore, this item was tabled. Ms. O'Brien asked CAB members to review the materials provided and send any questions to her.

8. Review of CAB Policies – D. Nelson, Secretary

Materials: Draft CAB Policy No. 1 – Revision 3c and Draft CAB Policy No. 2 – Revision 3

Mr. Nelson presented the most recent draft revisions of the two CAB policies. The intent of the revisions is to bring the policies up to date, to be sure that they follow suit with what the CAB is currently doing, and that they follow the 20-Year Agreement. The additions or revisions proposed stipulate a lot of what is referenced in the 20-Year Agreement. For Policy 1, of note was the expansion of items: 1.C., 1.D, and the establishment of term limits for officers. Mr. Nelson asked if there were any comments. Mr. Hooper noted that he had reviewed the changes - a lot of it was word changes and some things that needed to be updated. Mr. Nelson reviewed proposed edits to Policy 2.

Ms. O'Brien noted that all of the Commissioners policies have been sent out to legal for political scrubbing and to be updated, and offered to send these policies out to legal as well. Ms. O'Brien noted that moving forward (for new or revised policies) a "next revision date" three years from the approval date will be included with all policy. If a policy needs to review earlier, that will happen, but at a minimum, they will be reviewed regularly every three years. CAB members agreed with this approach and welcome the review.

9. Report on NEPPA Annual Conference – D. Mancuso

Mr. Mancuso gave a brief review of the NEPPA Annual Conference, which he attended in August. His biggest take away was the session on the natural gas constraints and the impact it will have on municipalities and rates. Ms. O'Brien asked if there was any discussion on the reduction in cost of solar and the impact on utilities and their sales. Mr. Mancuso did not recall anything specific on this subject. Discussion of this issue ensued. Mr. Mancuso noted that he would have liked to see more learning sessions as opposed to motivational sessions. Mr. Mancuso agreed to provide some feedback to NEPPA on the conference, with the permission of the Board.

10. Next Meeting – G. Hooper, Vice Chair

The next CAB meeting was scheduled for November 19, 2014, at 6:30 p.m.

Mr. Kelley thanked Ms. O'Brien for arranging his recent RMLD Orientation. He found it to be invaluable and noted that it is an important experience for new members.

11. Motion to Adjourn – G. Hooper, Vice Chair

Mr. Nelson made a *Motion* to Adjourn the Citizens' Advisory Board meeting, seconded by Mr. Mancuso. Hearing no further discussion, *Motion carried 4:0:0 (4 in favor, 0 opposed, 0 absent)*.

The Citizens' Advisory Board Meeting adjourned at 7:48 p.m.

Respectfully submitted,

David Mancuso, Secretary

Minutes approved on _____

READING MUNICIPAL LIGHT DEPARTMENT

To: Coleen O'Brien

Date: March 6, 2015

From: Jane Parenteau
William Seldon

Subject: **2015 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 2016 – December 2019.

The attached table shows the monthly maximum amounts of energy, in kW, the RMLD is planning to purchase for 2016 through 2019. 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 Exelon, and BP Energy and Shell in the 2012 , 2013 and 2014 RFPs.

Lines labeled (2) show the maximum amount of monthly kW's that the RMLD is planning to purchase in the 2015 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 subsequent 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 2015, and possible future procurements. It should also be noted that the Total Requirement assumes an average 20% annual open position in the ISO-NE Spot Market.

The total amount of energy for the 48 month period from January 2016 through December 2019 represents approximately 406,500 Mw's and, based on today's

indicative pricing would result in contracts having a value of approximately \$20.1 million which is equivalent to approximately \$50/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 2015 and beyond are projected to be in the mid to high \$3.00 range through 2019. 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 2016 - 2019 as reflected in the attached table.

RMLD intends to request indicative pricing for Fixed, Heat Rate (HR) Index and basis 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 municipals 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)

| Year Month | 100% | | | | | | | | | | | | 75% | | | | | | | | | | | |
|-------------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2016 Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec | 2017 Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec |
| (1) On Peak Entitlements (kW) | 45,825 | 41,700 | 33,525 | 35,475 | 39,600 | 49,125 | 66,000 | 66,000 | 48,750 | 44,925 | 44,925 | 45,825 | 30,950 | 28,150 | 22,650 | 23,950 | 26,750 | 33,150 | 44,550 | 44,550 | 32,900 | 30,300 | 30,300 | 30,950 |
| (1) Off Peak Entitlements (kW) | 28,425 | 29,550 | 26,175 | 25,575 | 30,000 | 32,625 | 39,750 | 39,750 | 30,225 | 27,525 | 29,025 | 30,375 | 19,200 | 19,950 | 17,700 | 17,250 | 20,000 | 22,050 | 26,850 | 26,850 | 20,400 | 18,600 | 19,600 | 20,500 |
| (2) RFP On-Peak Purchases (kW) | 9,175 | 10,300 | 10,675 | 10,825 | 900 | 18,575 | 30,800 | 30,800 | 12,350 | 12,075 | 15,075 | 9,175 | 10,825 | 11,375 | 10,950 | 11,225 | 4,000 | 18,225 | 28,950 | 28,950 | 13,525 | 12,975 | 15,225 | 10,825 |
| (2) RFP Off-Peak Purchases (kW) | 3,875 | 6,950 | 7,725 | 8,325 | 10,000 | 7,075 | 6,150 | 6,150 | 11,175 | 8,675 | 9,975 | 1,725 | 5,325 | 7,800 | 8,025 | 8,475 | 10,000 | 8,100 | 8,025 | 8,025 | 11,025 | 8,925 | 10,025 | 3,875 |
| (3) Future On-Peak Purchases (kW) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13,925 | 13,175 | 11,200 | 11,725 | 10,250 | 17,125 | 24,500 | 24,500 | 15,475 | 14,425 | 15,175 | 13,925 |
| (3) Future Off-Peak Purchases (kW) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,175 | 9,250 | 8,575 | 8,575 | 10,000 | 10,050 | 11,625 | 11,625 | 10,475 | 9,175 | 9,875 | 8,125 |
| (4) Total Requirement On Peak (kW) | 55,000 | 52,000 | 44,200 | 46,300 | 40,500 | 67,700 | 96,800 | 96,800 | 61,100 | 57,000 | 60,000 | 55,000 | 55,700 | 52,700 | 44,800 | 46,900 | 41,000 | 68,500 | 98,000 | 98,000 | 61,900 | 57,700 | 60,700 | 55,700 |
| (4) Total Requirement Off Peak (kW) | 32,300 | 36,500 | 33,900 | 33,900 | 40,000 | 39,700 | 45,900 | 45,900 | 41,400 | 36,200 | 39,000 | 32,100 | 32,700 | 37,000 | 34,300 | 34,300 | 40,000 | 40,200 | 46,500 | 46,500 | 41,900 | 36,700 | 39,500 | 32,500 |
| Year Month | 50% | | | | | | | | | | | | 25% | | | | | | | | | | | |
| | 2018 Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec | 2019 Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec |
| (1) On Peak Entitlements (kW) | 15,650 | 14,225 | 11,450 | 12,100 | 13,525 | 16,750 | 22,500 | 22,500 | 16,625 | 15,300 | 15,300 | 15,650 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (1) Off Peak Entitlements (kW) | 9,700 | 10,075 | 8,950 | 8,725 | 10,000 | 11,150 | 13,575 | 13,575 | 10,300 | 9,400 | 9,900 | 10,350 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (2) RFP On-Peak Purchases (kW) | 12,500 | 12,425 | 11,200 | 11,600 | 7,175 | 17,850 | 27,000 | 27,000 | 14,675 | 13,850 | 15,350 | 12,500 | 14,200 | 13,450 | 11,425 | 11,975 | 10,450 | 17,450 | 24,975 | 24,975 | 15,800 | 14,700 | 15,475 | 14,200 |
| (2) RFP Off-Peak Purchases (kW) | 6,850 | 8,625 | 8,400 | 8,625 | 10,000 | 9,150 | 9,925 | 9,925 | 10,900 | 9,150 | 10,050 | 6,100 | 8,350 | 9,450 | 8,750 | 8,750 | 10,825 | 10,250 | 11,850 | 11,850 | 10,700 | 9,375 | 10,075 | 8,300 |
| (3) Future On-Peak Purchases (kW) | 28,150 | 26,650 | 22,650 | 23,700 | 20,700 | 34,600 | 49,500 | 49,500 | 31,300 | 29,150 | 30,650 | 28,150 | 42,600 | 40,350 | 34,275 | 35,925 | 31,350 | 52,350 | 74,925 | 74,925 | 47,400 | 44,100 | 46,425 | 42,600 |
| (3) Future Off-Peak Purchases (kW) | 16,550 | 18,700 | 17,350 | 17,350 | 20,000 | 20,300 | 23,500 | 23,500 | 21,200 | 18,550 | 19,950 | 16,450 | 25,050 | 28,350 | 26,250 | 26,250 | 32,475 | 30,750 | 35,550 | 35,550 | 32,100 | 28,125 | 30,225 | 24,900 |
| (4) Total Requirement On Peak (kW) | 56,300 | 53,300 | 45,300 | 47,400 | 41,400 | 69,200 | 99,000 | 99,000 | 62,600 | 58,300 | 61,300 | 56,300 | 56,800 | 53,800 | 45,700 | 47,900 | 41,800 | 69,800 | 99,900 | 99,900 | 63,200 | 58,800 | 61,900 | 56,800 |
| (4) Total Requirement Off Peak (kW) | 33,100 | 37,400 | 34,700 | 34,700 | 40,000 | 40,600 | 47,000 | 47,000 | 42,400 | 37,100 | 39,900 | 32,900 | 33,400 | 37,800 | 35,000 | 35,000 | 43,300 | 41,000 | 47,400 | 47,400 | 42,800 | 37,500 | 40,300 | 33,200 |

- (1) RFP Purchases in 2012, 2013 & 2014 (Exelon, BP Energy, & Shell)
(2) Proposed 2015 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