

**CITIZENS' ADVISORY BOARD
MEETING MINUTES
Regular Session**

TIME: 6:30 P.M.
DATE: Monday, June 15, 2009
PLACE: Wilmington Town Hall, Room 4, 121 Glen Road, Wilmington
PRESENT: CAB: A. Carakatsane, Chairman, (Lynnfield), J. Norton, Secretary, (North Reading),
Q. Vale (Wilmington), T. Sopchak, (Reading), G. Hooper (Wilmington)
RMLD Board: Chair Hahn
RMLD Staff: V. Cameron, P. O'Leary

1. Call Meeting to Order – A. Carakatsane

Chairman Carakatsane called the meeting to order at 6:35 P.M.

2. Minutes of Meetings – A. Carakatsane

February 12, 2009

Mr. Norton made a motion seconded by Mr. Vale to approve the Regular Session Minutes of February 12, 2009, as written.

Motion carried 5:0:0.

3. Power Supply Update – V. Cameron

Mr. Cameron informed the CAB that the Energy Services Division (ESD) went out to bid for monthly amounts for 2010 to 2013, and the amounts were based on what the CAB had seen as far as the layering and laddering approach. Mr. Cameron stated that four companies submitted bids. He explained that prior to going out for bid, contracts are negotiated with the parties. Macquarie Cook Energy, a subsidiary of Macquarie Bank, was the lowest bid over four years received. The RMLD signed a contract with Macquarie Cook.

Mr. Cameron said that the Watson Unit in Braintree is being commissioned now on oil and on gas to make sure all the systems work, and the ISO has to determine what the rating of the unit will be. It appears that in early July, the RMLD will get capacity credit for the unit.

Mr. Cameron stated that the Taunton Municipal Light Plant is moving very slowly with its agreements. RMLD is looking at a possible entitlement only.

Regarding the Middleton Generating Peaking Plant, Mr. Cameron said that it is in its early stages. A meeting was held in February 2008 to determine what the interest was among municipalities. There was interest up to 140MW. A follow-up meeting was held in May 2009 and most of the same municipalities that came kept the same level of interest.

Discussion ensued.

Mr. Cameron continued with the update and told the CAB that ESD has made two contacts regarding the possibility of wind power.

Discussion ensued.

4. Green Power Communities Act – V. Cameron

Mr. Cameron attended a meeting regarding this Act. He stated that there are five prongs that a community has to meet to become a Green Community: permitting, siting (co-generation), benchmarking the carbon footprint, purchasing hybrid vehicles where the application permits, and one more. Mr. Cameron added that some items would have a financial impact. He sent seven questions to Mark Sylvia, who works for the Department of Energy Resources and is the director of the Green Communities Act. One of the questions he

asked was that the RMLD services four towns, and if one town becomes a Green Community, do the other three have to lock in. It is Mr. Cameron's understanding that if you become a Green Community, you have to support the Massachusetts Renewable Energy Trust, which is ½ mil (.005 cents) per kWh. He also asked what is the cost obligation for the Town of Reading and the RMLD. In the first sentence of the response it said that there were no cost obligations, and then in the last sentence it said that as it relates to charges, utilities and municipal light plants must adopt the renewable energy charge in the Massachusetts Renewable Energy Trust to be eligible to participate. Regarding the four town question, the response said that the RMLD cannot adopt a renewable energy charge for individual municipalities within a service area. The RMLD must adopt it for all municipalities. Mr. Cameron does not feel this is right. He does not see how he could charge the other communities that renewable energy trust charge if only Reading decides to become a Green Community. He intends to go back to Mr. Sylvia.

Mr. Vale asked how far along is Reading?

Mr. Cameron stated that the benchmarking is done and the Town is committed to the hybrid vehicles. He does not know about the permitting and siting.

Discussion ensued.

Mr. Cameron said that the Town of Reading did an energy conservation program for all of their facilities, and they are looking at doing retrofits that will cost about \$5 million. They are looking at getting some money from the stimulus, National Grid on the gas side, and they came to the RMLD. The RMLD is looking at a pilot municipal program that could be offered to all four service communities. The RMLD would give money to the municipal if the municipal had a similar program to Reading's where they were looking at all the facilities. For every kW demand that they can prove they got off the peak demand, the RMD would give them \$1,000 based on the Braintree Electric Light Department's peaking plant. What the RMLD would be doing is looking at the municipal like a generator minus kW's, so instead of paying to get a kW off the system on a long term basis and paying carrying charges, the RMLD is saying to someone taking kW's off the system, here's \$1,000 and that makes us indifferent. He believes a program such as this would encourage the towns to come up with some type of a program. He added that Jared Carpenter, the energy efficiency manager, Michele Benson, and Joe Bilicki are a great source of expertise in this area. He hopes the other three towns will become involved. \$50,000 is a cap for each town. The ESD identified about 79 kW's that the Town of Reading could remove from the system with lighting, HVAC retrofits, LED lighting for traffic lights, and some other changes.

Discussion ensued.

5. Financials Update – R. Fournier

Mr. Cameron gave the following update:

- Net Income for first 10 months - \$3.6 Million - ahead of budget by about \$235,000
- Base Revenues – ahead of budget by approximately \$900,000
- Purchase Power Expenses - \$1.8 Million
- O&M Expenses – over budget by about \$25,000
- Depreciation and Town Payments – on schedule
- Capital and Operating FY10 budgets approved by the RMLD Board
- Fuel charge is at \$.059 per kWh (hopefully it will stay at this for the summer)

Mr. Carakatsane asked for an update on the Gaw Substation Project.

Mr. Cameron provided the following:

- All three transformers are here.
- Contractor has been hired – Fischbach & Moore for \$1.0 million; one contractor was lower but the RMLD felt their testing company was not qualified. The bid was protested, and ruled in RMLD's favor.
- The station manager left to go to another municipal; Engineering will handle the project and it should not be delayed.
- Total cost of the project is \$8 Million and as of April about \$5 million had been spent.

- Bus work inside is being re-configured.
- As the foundations are set, the transformers will be placed.
- There will be collection areas for oil containment

Mr. Carakatsane asked where the Department is regarding the other capital projects?

Mr. Cameron responded that about 20% of the Step Down Areas in Reading will be carried over; the Station 4 Getaways, 96% will be carried over; Salem Street, Wilmington 60%; Reading Center, 10% on the underground and 10% on Haven Street.

6. Deferred Fuel Cash Reserve (DFCR) – V. Cameron

Mr. Cameron described the DFCR as the fund that is used to balance the fuel charge every month. If more is charged than what the fuel charge is, then money is put into the fund. If expenses are not met, then money comes out of the fund. He said that the Department would not adjust the fuel charge more than \$.005 either way in any month. The DFCR was set at a target range of \$1.75 million a few years ago, however, the prices have gone up and last July the fund went negative, because the Department could not adjust the fuel charge high enough or quick enough to meet expenses. Ms. Parenteau and Mr. Seldon came up with an analysis of the DFCR looking at the trends, kWh sales, sensitivity, and statistics concluding that the Department would like to adjust the range of the DFCR from \$1.75 million to \$2.5 - \$2.9 million. It was submitted to the Power and Rate Committee who voted 2:1 in favor of the adjustment. Mr. Cameron stated that he is bringing it to the CAB for information, because there is no evidence that the CAB had to make a decision regarding the DFCR levels before. Mr. Cameron deferred to the CAB.

Mr. Carakatsane in his opinion thought a recommendation from the CAB is needed in that it impacts rates.

Discussion ensued.

Mr. Vale made the following motion seconded by Mr. Norton:

MOVE that the Citizens' Advisory Board recommend to the RMLD Board of Commissioners that they establish a reserve target of a range of \$2.5 to \$2.9 million for the Deferred Fuel Cash Reserve Fund consistent with the same recommendation of the RMLD Board committee, the General Manager, and the staff.

Discussion-Ms. Sopchak commented that she has recently been reading a book about oil that is very scary and enlightening, and that we will only see more demand for a diminishing supply and for this reason she would vote for this.

Motion carried unanimously 5:0:0.

7. Twenty-Year Agreement Amendment – V. Cameron

Mr. Cameron explained the Twenty-Year Agreement to the new CAB Members. He said that part (the attachment) of the Agreement has to do with the amount of power supply the RMLD can go out for without the approval of the CAB. For the RMLD to do a deal, it has to be under 10 MWs, under less than six months duration, and does not contain full entitlements. In today's market, this is not productive. He noted that this part of the Agreement is not in the legislation so the Department would like to come up with some parameters that have to do with a percentage of the objective capability.

Mr. Carakatsane stated that the Board adopted a policy that mirrored the Agreement, and it is probably time to adjust it upward.

Note: Ms. O'Leary will scan the Twenty-Year Agreement for the members.

Mr. Cameron asked that the CAB members to look at the Agreement and particularly the Attachment. He thought the timing may be good since the renewal of the Twenty-Year Agreement is coming up.

Mr. Carakatsane had drafted an Amendment with Ms. Parenteau and thought that could be sent out electronically.

Mr. Norton thought that it would be good to go to the Selectmen and/or Town Meeting with both the amendment and the renewal.

8. Other Items for Discussion

a. 2009 NEPPA Annual Conference – September 20-23

Ms. O'Leary described the Conference to the new members and asked the members to let her know who is interested in attending. She added that the expense is deducted from the CAB's budget. Mr. Carakatsane went over the itinerary and encouraged the members to attend. Mr. Carakatsane, Mr. Vale, Ms. Sopchak, and Mr. Hooper are interested in attending.

Mr. Hooper made the following motion seconded by Mr. Norton:

MOVE that five members of the CAB be authorized to attend the 2009 NEPPA Annual Conference.

Motion carried unanimously 5:0:0.

9. Schedule Next Meeting

The CAB meetings will be held on the second Monday of every other month beginning on September 14, 2009. If additional meetings are required, they will be scheduled.

10. Executive Session

Mr. Norton made the following motion at 8:11 P.M. seconded by Mr. Vale:

Move that the CAB go into Executive Session based on Chapter 164, Section 47D, exemption from public records and open meeting requirements in certain instances, to approve minutes, and return to Regular Session for the sole purpose of adjournment.

Motion carried by a poll of the board: 5:0:0 – Mr. Hooper – Aye; Ms. Sopchak – Aye; Mr. Carakatsane – Aye; Mr. Norton – Aye; Mr. Vale – Aye.

11. Adjournment

Mr. Norton made a motion seconded by Mr. Hooper to adjourn Regular Session at 8:20 P.M.

Motion carried: 5:0:0.

Respectfully submitted,

John Norton, Secretary

Minutes approved on: 9/14/2009

/pmo