

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

**MINUTES  
Regular Session**

Time: 6:30 p.m.

Date: Wednesday, August 13, 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)

**CAB Members Absent:**

Mr. John Norton, Chair (North Reading); Mr. David Nelson, Secretary (Lynnfield)

**RMLD Commissioner(s) Present:**

Mr. David Talbot

**RMLD Staff Present:**

Ms. Jane Parenteau, Ms. Kathleen Rybak, Mr. Bill Seldon

**Public and Invited Guests Present:**

Mr. and Mrs. Tony Capobianco and family

**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. Presentation of Meter Lamp – G. Hooper, Vice Chair**

Vice Chair Hooper presented Mr. Capobianco with a Reading Light meter lamp and thanked him for his service on the CAB.

**3. Approval of Minutes– G. Hooper, Vice Chair**

*Materials: June 3, 2014, Regular Session CAB Minutes*

Mr. Mancuso made a **Motion** that the Citizens' Advisory Board approve the Minutes from the June 3, 2014, meeting as written, seconded by Mr. Kelley. Hearing no further discussion, **Motion carried 3:0:2 (3 in favor, 0 opposed, 2 absent).**

**4. Surplus Materials Policy Review – J. Parenteau, Director of Integrated Resources**

*Materials: Draft RMLD Policy No. 2 – Surplus Management*

Vice Chair Hooper asked if there was an on-going investigation. Ms. Parenteau reported that the Town has been working on this issue; the Town Accountant has requested additional information, which has been provided. All RMLD policies have been sent to legal for review. The Draft Surplus Materials Policy is being provided for CAB and Board input prior to the Policy Committee meeting scheduled for September 9. Comments should be submitted by August 29.

Mr. Mancuso suggested that the CAB submit aggregate comments rather than submitting individual comments. Mr. Mancuso offered, in Chair Norton's absence, to accept all CAB comments and aggregate them into one document representing the CAB's opinion. If another meeting is necessary, it will be scheduled. Vice Chair Hooper and Mr. Kelley agreed that that made sense.

Mr. Mancuso noted that he has heard from his selectmen (Reading) and has been asked to express concern as the owners of RMLD. Mr. Mancuso noted that the Town itself has limited authority over RMLD and relies on the Commissioners to do what is necessary to oversee the operation of the General Manager and rely on the General Manager. Mr. Mancuso noted that there is a significant amount of concern, less so about the sale and more so about the process that followed the sale.

Vice Chair Hooper added that the same applied to the Wilmington Board of Selectmen. There was concern on the Commissioners' lack of over-sight and their attitude about what was happening - they had a blind eye or they didn't have any concept about what was happening. Mr. Mancuso noted from the last (BOC) meeting, there was some conversation with legal about trying to make sure that we all understand what our roles are here, and where the responsibilities of the Commission sit - where the responsibilities of the General Manager and the organization sit and where the responsibilities of the CAB sit. Mr. Mancuso asked if that is continuing. Ms. Parenteau said she believes it is and that it is related to the Town of Reading Charter changes. Mr. Mancuso asked if the intention from the Commissioners and the General Manager was to report back what legal says about Chapter 164, what the state says about the responsibilities of the Commissioners, and what the responsibility of the CAB is as an advisory board. Is legal looking at the breadth of that or just Chapter 164 and the line between the Town of Reading as the owners? Ms. Parenteau noted that she believes it is the latter and noted that the 20-Year Agreement is really what defined the CAB. The group expressed concern about the Commission's response to the incident.

Mr. Mancuso expressed as the representative of Reading that the concern is sufficient and that people will be paying attention to what happens next. Mr. Mancuso acknowledged that the other communities could buy power anywhere. He noted that the Town is sensitive to the fact that this community owns this entity and even though we share in some of the proceeds, we're sensitive. Mr. Mancuso further noted that he had been asked to reiterate that Reading takes this very seriously as a community.

Vice Chair Hooper noted that it concerned all the communities involved once it came to light. Mr. Mancuso, suggested putting some thoughts together so that rather than just being critical the CAB could offer on behalf of the communities, constructive ideas about how information flows, what things make us curious, and how we might want to see that happened, so it's not just complaining. Vice Chair Hooper agreed that that was something that could be done when submitting comments on the Surplus Policy.

Mr. Mancuso suggested this may require another meeting. Ms. Parenteau cautioned if the CAB was going to be working collaboratively to be sure to comply with the Open Meeting Law. Vice Chair Hooper noted that a couple of members were not present and certainly would like to be involved.

Mr. Talbot apologized for being late and asked what had been discussed. Vice Chair Hooper responded that the discussion was around the Surplus Materials Policy review and the concerns

from the CAB. Vice Chair Hooper noted that the CAB would like to present their feedback as a group, rather than individually.

Mr. Talbot asked what concerns had been raised. The CAB members discussed the recent events and Mr. Talbot provided his insights. Mr. Talbot noted that as an organization, and with the CAB's help, we need to set the course for the RMLD for the future in a way that makes sure our business model is sustainable and that we are doing the things that save money, but makes sure that the business is sustainable over the long run.

Vice Chair Hooper added, that we all want to see RMLD succeed, but acknowledged that something like that gives a black eye - not only to the RMLD, but the Board of Commissioners and the CAB. People look to the CAB as the advisors from the other towns.

Vice Chair Hooper asked Ms. Parenteau to provide the CAB members with all information and documents relative to this matter. Ms. Parenteau agreed to do so.

**5. RFP – Wholesale Power Supply 2015-18 - J. Parenteau, Director of Integrated Resources and B. Seldon, Senior Energy Analyst**

*Materials: Memo Dated August 7, 2014*

Mr. Seldon began the presentation of the RFP for Wholesale Power Supply, noting this is the sixth year that RMLD has gone out to bid for power supply with this format in place. Mr. Seldon reviewed the materials included with the Agenda. Mr. Seldon stated suppliers that are current within the ISO market will be invited to provide indicative pricing. Integrated Resources will then finalize purchase power agreement language with those that meet specific price criteria, and go out for final pricing. The bid will be awarded to the organization that meets the entire matrix, including pricing, how environmental responsible they are, their credit risk, etc. Mr. Seldon noted that it appears from the information that we are receiving right now that it is a pretty attractive time to be going out for RFP for this type of product with gas prices potentially at a low for the season.

Mr. Mancuso asked if the constraint on gas affects any of this. Mr. Seldon responded, yes. There is only so much gas available, and from a regulated side, during the winter months, gas is used first for heating customers. During a cold snap that could be an issue and it seems to have been reflected in the pricing. Ms. Parenteau added, prices have been stable over the last two winter periods. Because of the restrictions on natural gas, the forward-pricing as well as real-time pricing in the winter periods (particularly December-February) have increased. Those have historically been around \$75-80 per megawatt hour. Currently, the forward-price curves are in the \$130 per megawatt hour for that same period. Using this strategy, we were able to hedge several of those periods because we pick up 25% each year - some is locked in at the lower price, and we will be subject to locking in another portion and leaving some to the open market. Last year when RMLD went out for RFP, on average, we spent about \$46 per megawatt hour and it is at \$56 right now based on our models.

Mr. Hooper asked for a quick explanation of the chart. Ms. Parenteau reviewed the spreadsheet. On average, RMLD has within its portfolio unit entitlements for some nuclear (MillStone and Seabrook) and some combined cycle units (Stoneybrook and Braintree Watson units – natural gas/oil fired units). We look historically at our average load, what our maximum load and minimum load is, both off peak and on. The bottom line assumes that we have some generation that is being dispatched, we have some power supply contracts that are signed, and a piece is

subject to the open market. We don't want to buy it all at one time because you lose out on the probability that prices may go down. Therefore, we've elected this strategy where we take a piece and we capitalize on those fixed prices. Some suppliers have been offering heat-rate contracts. When gas prices start trending up, we evaluate heat-rate index contracts and lock in a heat-rate, which is the average cost to run a unit or how much generation is needed – the heat-rate times the natural gas price will give you dollars per megawatt hour. We then monitor the natural gas market and when it hits a price threshold it is locked in. If we haven't hit the price threshold, but we are coming up to that period then we lock it at that point. We are always evaluating these prices in terms of when is the optimal time to lock in. Gas was at a historical low the last two years, but is starting to tick up. Additional gas capacity into this region could have a dramatic effect on that price. We follow the markets and trends and evaluate that, as well as the process to see how is it working – can we tweak it to make it better for our customers.

Mr. Mancuso asked how much is bought on the open market. Ms. Parenteau responded on average 20-25%. It fluctuates seasonally – in the shoulder months (April and May) when the prices tend to be less volatile we keep a bigger open position. However, in the more volatile periods like the winter or summer, we reduce that amount.

Mr. Mancuso made a *Motion* that the RMLD Citizens' Advisory Board (CAB) 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 2015 through 2018 and in amounts not to exceed 29 megawatts in 2015, 27 megawatts in 2016, 24 megawatts in 2017, and 23 megawatts in 2018, as presented by the Director of Integrated Resources, seconded by Mr. Kelley. Hearing no further discussion, *Motion carried 3:0:2 (3 in favor, 0 opposed, 2 absent)*.

6. **Election of Officers – G. Hooper, Vice Chair**

This item was tabled until a later date when all members are present.

7. **NEPPA Annual Conference – G. Hooper, Vice Chair:**

*Material(s): NEPPA Brochure*

Mr. Mancuso expressed interest in attending the NEPPA Annual Conference.

Mr. Kelley made a *Motion* to send one CAB member to the NEPPA Annual Conference, seconded by Mr. Mancuso. Hearing no further discussion, *Motion carried 3:0:2 (3 in favor, 0 opposed, 2 absent)*.

8. **Next Meeting – G. Hooper, Vice Chair**

The CAB agreed tentatively to meet on August 28 to compile comments on the Surplus Materials Policy. The next regular meeting was tentatively scheduled for September 10th.

Chair Talbot asked to speak and noted that moving forward he would like to be sure that if the CAB does spot something, that there is a full airing of issues. Discussion ensued around how to move forward in a constructive way so that information is flowing, within the boundaries of what is appropriate, between the CAB, the Commissioners, and the staff.

Mr. Mancuso asked about the status of the Organizational Study. Ms. Parenteau responded we are currently in final steps in the process of reviewing the bids.

**9. Motion to Adjourn – G. Hooper, Vice Chair**

Mr. Kelley made a *Motion* to Adjourn the Citizens' Advisory Board meeting, seconded by Mr. Mancuso. Hearing no further discussion, *Motion carried 3:0:2 (3 in favor, 0 opposed, 2 absent)*.

The Citizens' Advisory Board Meeting adjourned at 7:28 p.m.

Respectfully submitted,



George Hooper, Vice Chair

Minutes approved on: 10/22/14