



## Town of Reading Meeting Posting with Agenda

### Board - Committee - Commission - Council:

RMLD Citizens Advisory Board

Date: 2019-02-13

Time: 6:30 PM

Building: Reading Municipal Light Building

Location:  
General Managers Conference Room

Address: 230 Ash Street

Agenda:

Purpose: General Business

Meeting Called By: Dennis Kelley, Chair

Notices and agendas are to be posted 48 hours in advance of the meetings excluding Saturdays, Sundays and Legal Holidays. Please keep in mind the Town Clerk's hours of operation and make necessary arrangements to be sure your posting is made in an adequate amount of time. A listing of topics that the chair reasonably anticipates will be discussed at the meeting must be on the agenda.

**All Meeting Postings must be submitted in typed format; handwritten notices will not be accepted.**

### Topics of Discussion:

1. Call Meeting to Order – D. Kelley, Chair
2. Approval of Minutes – D. Kelley, Chair  
**Suggested Motion:** Move that the Citizens' Advisory Board approve the Minutes of the December 19, 2018, meeting as written.
3. General Manager's Update – C. O'Brien, General Manager
  - Report on attendance at the NextEra Energy Marketing Public Power Summit on February 4-6, 2019
4. Update – Sub-Committee for the Payment to the Town of Reading – J. Stempeck,  
Board of Commissioners

**Suggested Motion:** Move that the Citizens' Advisory Board recommend to the Board of Commissioners that it direct the RMLD to make certain voluntary payments to the Town of Reading from available below-the-line unappropriated earned surplus for the calendar years 2019 and 2020 as follows:

- (1) Each annual payment shall total \$2,480,506 and be paid in semi-annual installments, as follows: \$1,240,253 on June 30, 2019, \$1,240,253 on December 31, 2019, \$1,240,253 on June 30, 2020 and \$1,240,253 on December 31, 2020.
- (2) In the event RMLD's below-the-line unappropriated earned surplus is insufficient to make the full annual payment to the Town of Reading or is otherwise required for RMLD to meet its franchise obligations in a particular calendar year, the RMLD Board of Commissioners may vote to reduce the amount of one or both of such annual payments.

This Agenda has been prepared in advance and represents a listing of topics that the chair reasonably anticipates will be discussed at the meeting. However the agenda does not necessarily include all matters which may be taken up at this meeting.



## Town of Reading Meeting Posting with Agenda

5. Review of Coverage for Upcoming Meetings – D. Kelley, Chair
  
6. Executive Session – D. Kelley, Chair  
**Suggested Motion:** Move that the Citizens' Advisory Board go into Executive Session based on Chapter 164, Section 47D exemption from public records and open meeting requirements in certain instances, to discuss competitively sensitive issues, and return to regular session for the sole purpose of adjournment. *Note: Roll call vote required.*
  
7. Adjournment – D. Kelley, Chair

Attachment 1 - Agenda Item 3: Draft Minutes from December 19, 2018, Meeting



# Town of Reading Meeting Minutes

## Board - Committee - Commission - Council:

RMLD Citizens Advisory Board

Date: 2018-12-19

Time: 6:30 PM

Building: Reading Municipal Light Building

Location: Winfred Spurr Audio Visual Room

Address: 230 Ash Street

Session: Open Session

Purpose: General Business

Version: Draft

### Attendees: **Members - Present:**

Mr. Dennis Kelley, Chair (Wilmington); Mr. Jason Small, Vice Chair (North Reading); Mr. Vivek Soni, Secretary (Lynnfield)

### **Members - Not Present:**

Mr. Neil Cohen (Reading); Mr. George Hooper (Wilmington)

### **Others Present:**

Ms. Wendy Markiewicz, Mr. Charles Underhill, Ms. Kathleen Rybak, Mr. Phil Pacino, Board of Commissioners

**Minutes Respectfully Submitted By:** Mr. Vivek Soni, Secretary

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## Topics of Discussion:

### 1. Call Meeting to Order – D. Kelley, Chair

Chair Kelley called the meeting of the Citizens' Advisory Board to order at 6:30 PM and noted that the meeting was being audio recorded.

### 2. Approval of Minutes – D. Kelley, Chair

Materials: Draft Minutes from October 9, 2018, and November 14, 2018, meetings.

Mr. Soni made a motion that the Citizens' Advisory Board approve the Minutes of the October 9, 2018, and November 14, 2018, meetings as written, seconded by Mr. Small. Hearing no further discussion, **motion carried 3:0:2** (3 in favor, 0 opposed, 2 absent).

### 3. Financial Report – W. Markiewicz, Director of Business, Finance & Technology

Materials: Draft Annual Financial Statements for the Year Ended June 30, 2018

Ms. Markiewicz presented the results of the FY18 audit, which was performed by Melanson Health. There is no management letter, which means the RMLD received a clean opinion with no exceptions. This is the best opinion that could be received from an independent audit firm. Melanson Heath reported first to the Audit Committees and then to the Board of Commissioners. Ms. Markiewicz noted the following points made during the presentations:

- The financial statements are draft pending completion of the actuarial report (done in conjunction with the Town of Reading), which gives the OPEB and pension obligations and funding. The numbers will not change, however, some of the notes (highlighted) are not complete.
- Cash as reported on page 7, is below the industry standard of three months' worth of available cash; RMLD has 2.3 months. This is not detrimental, but it is something we

should work towards increasing, especially when considering a catastrophic event or any type of uncertainties.

- Capital assets (under non-current assets) net of accumulated depreciation (\$76,988,531) is an increase of about \$2.1m based on the capital projects completed. Approximately \$750,000 was due to the LED street light program.
- Non-Current Liabilities: The net pension liability (\$10,781,819) is RMLD's portion of the unfunded pension liability. It is an aggregate number with the Town and that portion represents 29% of the total pension liability for the Town.
- The statement is not a comparative statement this year because the AICPA standards changed, and they implemented the Governmental Accounting Standards Board Statement Number 75.

Ms. Markiewicz reported that outside of those items, we did great – they were impressed with the way we handle things – our controls are in great order and everything was clean. Mr. Soni asked if RMLD has had management letters in the past. Mr. Pacino noted that there have been no management letters in at least the past ten years. Mr. Pacino added that the audit was reviewed by the Town of Reading Audit Subcommittee, the BOC Audit Subcommittee, and the Board of Commissioners, and that all groups have voted to accept the report. Ms. Markiewicz noted that Melanson Heath will be doing a six-month short audit in preparation for moving to a calendar year.

4. Strategic Power Supply Pilot – C. Underhill, Director of Integrated Resources Division  
Materials: RMLD Report on NextEra Pilot Programs (Presentation Slides)

Mr. Underhill reported on Pilot 1, which was approved about a year ago. Under this pilot program, RMLD put forth Transaction Facilitation Agreements (TFA), to purchase blocks of power when it was indicated that the around-the-clock pricing was at an optimal range (using four-year historical average pricing as triggers) or if we were approaching a time trigger and wanted to set the price foregoing the volatility of pricing in the market. RMLD has locked in a number of these procurements. Through 2018, a price in 2019 was forecast as illustrated on Slide 3 (Calendar 2019 ATC Mas Hub Phys Day-Ahead). This would give around-the-clock price for the 8,760 hours of 2019. Slide 4 depicts the market values on different days, and the anticipated savings under the agreements. Mr. Underhill stated that as of the end of November, RMLD is looking at savings of just under \$2m using this model. Mr. Underhill noted that the TFAs (bilateral agreements) will continue into 2019, 2020 and 2021.

Mr. Underhill then presented Pilot 2, which will be a load following agreement with NextEra. Mr. Underhill noted that under this agreement, NextEra will cover whatever our exact load is with fixed pricing. This takes away the risk of RMLD mis-forecasting the load; RMLD will have a stable price going forward and the volatility of predicting the load is taken out of the equation. In order to do this, RMLD will maintain their intermittent resources (renewable - wind, solar and hydro); the remaining resources (including any TFAs with NextEra) will be sold to NextEra on the market. Essentially, the 15% exposure that we have in our portfolio is filled by NextEra under this load following agreement at a fixed price. Both parties are agreeing verbally to review how the pilot is going, and make tweaks as needed, and then come back and report whether this is an effective tool. Staff will then look at what kind of long-term power supply strategies RMLD would like to pursue going forward that will optimize the cost-effectiveness of the portfolio and the use of resources at RMLD.

Mr. Soni asked about the agreement with NextEra, noting that they are based in Florida. Mr. Underhill noted that the documentation was from NextEra Marketing. Subject to check, the Master Supply Agreement is with NextEra (the parent company); NextEra does not have an office in Massachusetts. The Master Supply Agreement lays out all of the terms between the parties, and the TFA and load following agreement are essentially appendices that lay out the terms of the specific projects or transactions. Everything is covered under the Master Supply Agreement.

Mr. Underhill stated that RMLD is looking to reduce the risk for the load to be short or long, and that gets resolved in the real-time market, which is more volatile than the day-ahead market that we typically transact in. Mr. Underhill noted that the market has moved a bit since the numbers were prepared in September, therefore, RMLD will not be executing with NextEra until we get back to a stable market. When prices get back to the range that they were for the rest of 2019, subject to approval, RMLD will execute the agreement.

Mr. Small made a motion that the Citizens' Advisory Board recommend to the RMLD Board of Commissioners to accept the Physical Load Following and Power Sale and Purchase Confirmation as presented, and authorize the General Manager to enter into purchase power agreements that satisfy the criteria set forth in the Risk Management Strategy. As a matter of protocol, the Department will provide a report on transactions relative to this strategy, seconded by Mr. Soni. Hearing no further discussion, **motion carried 3:0:2** (3 in favor, 0 opposed, 2 absent).

5. Next Meeting – D. Kelley, Chair

Mr. Pacino provided an update on the Subcommittee for the Payment to the Town of Reading. Mr. Pacino reported that at the last Commissioners meeting, a resolution was voted to recommend that effective July 2, 2019, the payment to the Town of Reading be frozen for two years. The Board also instructed the Department to hire a consultant to facilitate a transition payment review. Mr. Pacino noted that the Town is going to do an analysis, which probably won't have ready before January at the earliest. Mr. Pacino said that he would not be calling another meeting of the Subcommittee until February at the earliest. Once the analysis is received it will be provided to the CAB and the BOC.

The group agreed to tentatively meet on January 23<sup>rd</sup> depending on the availability of all members. Chair Kelley agreed to cover the January BOC meeting.

6. Adjournment – D. Kelley, Chair

Mr. Small made a motion to adjourn the Citizens' Advisory Board meeting, seconded by Mr. Soni. **Motion carried 3:0:2** (3 in favor, 0 opposed, 2 absent).

The CAB meeting adjourned at 7:04 PM.