

**MINUTES OF THE
MEETING OF THE**

**JOINT BUDGET & FINANCE COMMITTEE
OF THE
BOARDS OF DIRECTORS OF**

**CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE and
CONNECTICUT TRANSMISSION MUNICIPAL ELECTRIC ENERGY COOPERATIVE**

October 18, 2018

The Joint Budget & Finance Committee of the Board of Directors of Connecticut Municipal Electric Energy Cooperative (“CMEEC”) and Connecticut Transmission Municipal Electric Energy Cooperative (“CTMEEC”) met at the CMEEC office on Wednesday, October 18, 2018.

Committee Chairman Barber called the meeting to order at 12:05p.m.

The following Committee Members participated:

Bozrah Light & Power – Ralph Winslow
Norwich Public Utilities – Stewart Piel
Groton Utilities - Jeffrey Godley
Third Taxing District – Kevin Barber (Committee Chairman)

The following Board Members participated:

Jewett City – Kenneth Sullivan, Richard Throwe, Louis Demicco (via phone)

The following individuals from CMEEC management participated:

Drew Rankin, Chief Executive Officer
Michael Lane, Director, Finance & Accounting
Pat Meek, Financial Planning & Analysis Manager
Michael Rall, Director, Asset Management
Ellen Kachmar, Office & Facility Manager

Ms. Kachmar recorded.

Chairman Barber reported the Budget & Finance Committee met on Friday, October 12, 2018 to review the Transco Budget, and that the full Board of Directors was invited to this October 18th meeting to participate in a question and answer session.

Ms. Meek provided an overview of Transco, which she broke down into four (4) parts. They included: 1) **Transco Project #1**, which includes revenues and expenses that flow through Transco because of its ownership of 15.1 miles of transmission lines. The net benefit then flows to CMEEC; 2) **Transmission Project #1**, which includes the net benefit of Transco Project #1 reduced after factoring the debt expense CMEEC incurs for its investment in the project.; 3) **MEU Transmission** in which Transco acts as the agent for the Municipal Electric Utilities (MEUs) and files for, receives, and passes through the Regional Network Service (RNS) revenue the MEU's earned on their Pooled Transmission Facilities (PTFs); and 4) **CMEEC Transmission**. Transco's role in CMEEC Transmission is that Transco is billed by ISO-NE, Eversource, and United Illuminating for the transmission expenses incurred because of CMEEC's load. Transco then pays these expenses and bills them to CMEEC.

Ms. Meek reviewed the highlights of the Project Performance Statements noting the charge from CMEEC under the Comprehensive Management Services Agreement (CMSA) would be reduced in 2019 primarily due to a reduction in the overhead adder utilized in preparation of the 2019 CMSA than prior years, as a result of an arbitration ruling, which changed the labor adder from 100% to 60%, subject to any other formal study. Mr. Rankin inquired as to whether some of the incurred expenses could be recouped in the following CMSA year if an independent study determines a higher than 60% labor adder is more appropriate. That specific issue will be referred to CMEEC's General Counsel for review and opinion.

Ms. Meek pointed out that Transco also receives revenue from Eversource for use of Transco's transmission lines to which Eversource attaches various communication devices. Ms. Meek reported that the net benefit of Transmission Project #1 flowed back to CMEEC for distribution to the Project Participants.

Ms. Meek explained that the Five (5) Year Forecast would remain fairly level and she provided a chart depicting the Flow of Funds of Transco.

CMEEC staff assured the Committee that the detailed Budget, along with the condensed version, was sent to the full Board of Directors for their review. The Committee Members present agreed that the Committee had thoroughly vetted the Transco Proposed 2019 Budget and are recommending its adoption to the full Board of Directors at the Board of Directors' Meeting scheduled for October 25, 2018.

There being no further business to come before the Budget & Finance Committee, the meeting was adjourned by 12:54 p.m.