

SUBJECT TO BOARD APPROVAL
MINUTES OF THE
BOARD OF DIRECTORS OF
CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE

August 27, 2020

The Regular Meeting of the Board of Directors of Connecticut Municipal Electric Energy Cooperative (“CMEEC”) was held on Thursday, August 27, 2020 telephonically and via Zoom.

The meeting was legally noticed in compliance with Connecticut General Statutes and all proceeding and actions hereafter recorded occurred during the publicly open portions of the meeting.

The following Member Representatives / Alternate Member Representatives / Municipal Representatives participated telephonically or via Zoom

Groton Utilities: Ronald Gaudet, Jeffrey Godley, Keith Hedrick
Groton Municipal Representative: Mark Oefinger
Norwich Public Utilities: Christopher LaRose, Stewart Peil, Robert Staley
Norwich Municipal Representative: David Eggleston
Bozrah Light & Power: Scott Barber, Richard Tanger
South Norwalk Electric and Water: Eric Strom, David Westmoreland
South Norwalk Municipal Representative: Dawn DelGreco
Third Taxing District, East Norwalk: Kevin Barber
East Norwalk Municipal Representative: Pete Johnson
Jewett City Department of Public Utilities: Louis Demicco, Kenneth Sullivan
Jewett City Municipal Representative: George Kennedy

The following CMEEC Staff participated telephonically or via Zoom

Dave Meisinger, CMEEC CEO
Robin Kipnis, Esquire, CMEEC General Counsel
Bella Chernovitsky, CMEEC Director of Business Intelligence
Michael Cyr, CMEEC Director of Portfolio Management
Patricia Meek, CMEEC Interim Director of Finance and Accounting
Joanne Menard, CMEEC Controller
Michael Rall, CMEEC Director of Asset Management
Gabriel Stern, CMEEC Director of Technical Services
Heidi Winnick, CMEEC Treasury Analyst
Scott Whittier, CMEEC Director of Enabling Services
Margaret Job, CMEEC Executive Assistant / Paralegal
Ellen Kachmar, CMEEC Office and Facility Manager

Other participants

David Silverstone, Esquire, Municipal Electric Consumer Advocate (MECA)

Ms. Job recorded.

Chair Kevin Barber called the meeting to order at 10:00 a.m. He stated for the record that today's meeting is being held via Zoom and telephonically.

Chair Barber walked the Board through the conduct of today's meeting stating that all participants' audio should remain on mute unless speaking to eliminate confusion and background noise. He requested that those present announce their name and where they are from when speaking up for clarity of the record.

Standard Agenda Items

A Public Comment Period

No public comment was made.

B Conduct Voting Roster / Roll Call

Ms. Job conducted roll call with each member responding individually as their names were called. Following roll call, Ms. Job identified the voting persons at today's meeting. Chair Barber confirmed a quorum was present.

C Approve Minutes of the CMEEC Regular July 23, 2020 Board of Directors' Meeting

A motion was made by Member Representative Ronald Gaudet, seconded by Municipal Representative Mark Oefinger, to approve the Minutes of the CMEEC Regular July 23, 2020 Board of Directors' Meeting, with Member Representative Jeffrey Godley abstaining.

Motion passed.

20-08-01

D July 2020 Objective Summary

David Meisinger, CMEEC CEO, provided the Dashboard review noting that Regional Competitiveness performance for July was similar to last month. He noted that TMR view came in at 39% which was above the target of 35%. He added that these results reflect strong project portfolio performance despite Covid-19 load levels being lower and the impact of the larger-than-anticipated 2019 transmission true-up

The "All-In" Cost metric similarly realized a strong month resulting from increased energy requirements, energy hedges put in place while the forward energy market had been declining and increased unhedged energy clearing at a low spot market were key elements in lowering energy costs and improving these metrics for July. He added that

the proposed Eversource rate increase that was supposed to start July 1, 2020 has been removed from the Regional Competitiveness projections, given PURA's decision to temporarily roll those increases back pending further regulatory review. He added that Customer Fulfilment TMR View realized a strong month reflective of the strong project and portfolio performance. Despite the reduced load and other factures including the 2019 transmission true-up, Year-End projection is \$81/MWh versus a target of \$80/MWh, which he stated is moving in a good direction.

E July 2020 Project Portfolio Performance

Michael Rall, CMEEC Director of Asset Management, explained that a change was made to exclude Subase Fuel Cell from the CMEEC Project Portfolio line on the CMEEC Master Dashboard.

Mr. Rall provided an overview of the asset performance stating that MicroGen realized a good month with a positive variance of 17%. He explained that the main driver to that performance was the capacity reserve for ISO-New England was higher than budget. He added that run time costs are below budget due to fuel cost per gallon being down to \$1.65 per gallon against a budget of \$2.25 per gallon.

Mr. Rall explained that over all the project portfolio was below budget due to lower than budgeted summer LFR payment rate and higher than budgeted maintenance expenses for Pierce. He added that the maintenance expenses for Pierce were associated with the fire event in June in the amount of approximately \$25,000.

Transmission Project #1 was under budget for the month due to lower than budgeted RNS transmission revenue due to lower loads. He addressed the slight budgeting error discussed at last month's Board of Directors' meeting which will be reported throughout the remainder of the year and which will be corrected by Year-End on the projects.

Community Solar Garden was also a driver in underperformance of the project portfolio due to no REC sales versus a budgeted sale for the month. He explained that the budget anticipates REC sales each month, however REC sales actually occur twice per year only. He stated that this will be corrected in the 2021 budget.

Mr. Rall highlighted that the monthly peak was realized on July 27, 2020 where MicroGen output was 49.5 MW which is the highest output over the ten years of the project and that this was the ISO-New England annual peak to date, which seems likely to hold for the rest of the year. He explained that the portfolio will realize a positive outcome from this event, assuming this holds as the peak hour for the year.

Discussion followed upon inquiry by Member Representative Stewart Peil for an update on the status of the Subase Fuel Cell project.

F July 2020 Energy Market Update

Michael Cyr, Director of Portfolio Management, reviewed the Energy Market Update for July highlighting that actual loads came in at 90,077 MWh which was 7.5% higher than budget and can be attributed to the significant hot weather experienced in July. Actual Energy Cost was \$31.22/MWh which was \$3.88/MWh lower than budget. Weighted Average Energy Cost at LMPs were \$24.90/MWh and Actual Average Daily Hub Day Ahead LMPs came in at \$23.88/MWh, ranging from \$17.00/MWh to \$41.64/MWh.

Natural Gas – Henry Hub Gas Price came in at \$1.70/MMBTU which was \$0.70/MMBTU lower than budget and ranged from \$1.55 to \$1.82/MMBTU. Algonquin Citygate Gas Price was \$1.63/MMBTU which was \$1.57/MMBTU lower than budget and ranged from \$1.47 to \$1.82/MMBTU.

West Texas Intermediate Oil price was \$40.71/Barrel which was \$2.40/Barrel higher than previous budget. Ultra-Low Sulfur Diesel oil price was \$9.00/MMBtu which was \$4.28/MMBtu lower than budget.

Mr. Cyr explained that in the month leading to July 2020, CMEEC purchased 55MW at \$23.98/MWh to comply with the Risk Management Policy minimum volume targets. He added that the price for the spot energy in budget was \$31.86/MWh. He further explained that within the month of July 2020, CMEEC purchased additional resources on three days, sold no excess resources and made no physical call option with the MicroGen fleet.

G Member Delegation Report

Member Representative Kenneth Sullivan, Member Delegation Chair, provided a brief overview of the Special Meeting of the Member Delegation held on July 23, 2020. He explained that Ms. Meek walked the Delegation through a slide deck that detailed equity distribution scenarios available to them related to the 2019 distribution of eligible equity. He continued that after lengthy discussion of the multiple scenarios of distribution eligible equity for 2019 utilizing 20%, 21%, 22% and 23% target equity, the Member Delegation determined the issuance of the 2019 Distribution Eligible Equity for 2019 would be based on a Target Equity value of 20%.

Ms. Meek provided a summary of how the Members each received their distribution.

H Budget & Finance Committee Report

Member Representative Christopher LaRose, Chair of the Budget & Finance Committee, stated that the Committee met on July 30, 2020 and were provided an overview of the CMEEC and Transco Income Statements for June and Balance Sheet. He added that the Committee discussed the Capital Policy and received a report on the current Capital Projects. He also added that the Committee discussed the five (5) year Financial Plan stating that the Plan will be discussed at future Committee meetings which will include discussion on how the Plan will support the Strategic Plan.

I Risk Management Committee Report

Member Representative Sullivan, Chair of the Risk Management Committee, provided a brief overview of the recent meeting of this Committee stating that it met on August 13, 2020. The Committee received a report from Robin Kipnis, Esquire, CMEEC General Counsel, on the recent Spring 2020 Quarterly Report of the ISO-Internal Market Monitor (ISO-IMM) whereby certain behind the meter generation was being excluded from monthly load reporting by market participants, potentially contrary to some interpretations of the ISO-NE transmission tariff.

He continued to explain that Michael Rall, CMEEC Director of Asset Management, walked the Committee through the CMEEC Project Proformas adding that slides relating to CMEEC's behind the meter generation in the deck were discussed in executive session due to the potential for enforcement action by either the IMM or FERC.

He stated that the Committee met in Executive Session to discuss the Tesla dispute and the MTUA contract renewal. He said any Board members that would like more detail should contact him.

Discussion followed in connection with the future of the Pierce project.

J Audit Committee Report

Member Representative Stewart Peil, Chair of the Audit Committee, explained that this Committee held a special meeting on August 13, 2020. The Committee received a presentation by Joanne Menard, CMEEC Controller, of the auditing firm responses to the RFQ for preparation of the annual audited financial statements. Ms. Menard provided a brief overview of the discussion held at this Committee's meeting which included the process by which staff chose the auditing firm of Blum Shapiro to prepare the annual audited financial statements. She briefly explained the Kepner Trego (K-T) decision analysis that was used to rate the firms who responded to the RFQ. After lengthy discussion, the Committee agreed that Blum Shapiro would be the right fit given their history and experience with CMEEC. Ms. Menard explained that Blum Shapiro will replace the managing and concurring partners on the project.

She further explained that the Committee voted to select Blum Shapiro as auditor for up to a five-year engagement subject to entering into a mutually acceptable engagement letter.

Upon inquiry by Member Representative David Westmoreland, Ms. Menard confirmed that selecting Blum Shapiro was good governance in response to the SEC's requirement that auditing firms having a history of auditing an entity rotate the managing and concurring partners from time to time.

In response to Municipal Representative Mark Oefinger's question if the Board is required to take action on approving the audit firm to prepare the audited financial

statements, Ms. Kipnis stated that selecting an auditor is within the tasks delegated to the Audit Committee by its Charter.

K Strategic Planning Committee Report

Municipal Representative Oefinger, Chair of the Strategic Planning Committee, explained that this Committee met on August 18, 2020 with Tim Blodgett, Hometown Connections as facilitator, at the Groton Utilities Operations building, and via telephone and Zoom. He stated that the Committee reviewed and discussed the slide deck that had previously been edited by Tim Blodgett, this Committee and CMEEC staff. He added that the Vision, Mission, Values, Needs and SWOT analysis along with the strategic priorities and end statements and goals, as well as Board goals, were among the items reviewed.

Mr. Meisinger added that he had circulated the deck as revised by this Committee and staff to the Committee and Board for comment and had requested a response by September 3, 2020. He encouraged this Committee's members (and others who had attended this recent Committee meeting) to review the deck and provide any comment to him by the September 3 deadline. He added that there is not a future meeting date set for this Committee as of today.

Mr. Meisinger explained that CMEEC staff are forming groups to work on the action planning and goals around the strategic priorities. He added that this work will not be reflected in the final written strategic plan, but relates more to its implementation. He further explained that the schedule has changed slightly in that the Board will not be approving the Strategic Plan at its meeting on September 24, 2020, but rather that meeting will be utilized as a walk-through of the slide deck and review of the draft to ensure all the Board is given a chance to comment. This feedback will be incorporated into the final plan which will be brought to the October 22, 2020 Board meeting for discussion and approval of the Strategic Plan. He added that Mr. Blodgett will be invited to participate at the September 24, 2020 Board meeting via Zoom. Mr. Meisinger further explained that the slide deck will be provided to the Board prior to its September 24, 2020 meeting.

He added that staff is currently engaged in the 2021 budget process and will attempt to incorporate any appropriate items that come out of the strategic planning exercise.

L Hydro Quebec Use Rights Update

Gabe Stern, CMEEC Director of Technical Services, walked the Board through the slide deck outlining the twenty (20) year contract renewal of the CMEEC Hydro Quebec project. He provided an overview of the project and developments since the last Board review in June. He explained the award of Use Rights, the revised proformas, and noted that the support agreements are near final. He reminded the Board that at its meeting on June 25, 2020 a motion was made authorizing the Chief Executive Officer to finalize and execute the agreements for renewal of the CMEEC's rights and obligations to Hydro-Quebec Phase I and II Transmission Projects.

Mr. Stern discussed the bid process for the Use Rights, stating that of the first round of four bidders, three responded and they were asked to rebid due to low bid responses. Ultimately, Hydro-Quebec US was selected as they were most likely to achieve timely document finalization and offered competitive pricing and a known counterparty. He added that the base case NPV of the project through its now-extended term is now at \$3.3M using a 9% discount rate, compared to the base case NPV of \$2.7M on which the Board's motion approved at the June 25, 2020 meeting was based.

Mr. Stern explained that no known issues remain and that documents are expected to be filed next month.

M Municipal Electric Consumer Advocate Announcement of Annual Meeting of Rate Payers

David Silverstone, Esquire, Municipal Electric Consumer Advocate, announced that as required by statute, he has scheduled an annual meeting of the rate payers for Wednesday, October 14, 2020 at 2:00 p.m. via Zoom. He stated that he planned to attend in person at the CMEEC offices.

N Coronavirus Update

Mr. Meisinger took this opportunity to thank Mr. Stern, Ms. Meek and Ms. Kipnis in their collaboration and hard work on the Hydro-Quebec project and also mentioned that he was grateful for the collaboration with MMWEC stating that they were supportive and cooperative. He added that they were a valuable partner to CMEEC on this project.

Mr. Meisinger explained that CMEEC staff continue to work remotely with some staff coming into the office when they feel the need or when required. CMEEC is not requiring staff to return to the office at this time and will not do so for the foreseeable future. He added that as staff come to the office, they are required to complete a Covid-19 questionnaire prior to coming in and that contractors are also required to complete a similar questionnaire upon entering the building.

He stated that there will be no change in the meeting format between now and the Board meeting in September. That meeting and any meeting prior to that will be held via Zoom, including the Board On-boarding meeting on September 17, 2020. He explained that the Board On-boarding is the last Special Committee recommendation to be completed. He encouraged everyone to participate. A presentation and slide deck are being developed and will be provided to the Board in advance of the meeting. He added that On-boarding sessions will continue to be held for new board members as they are appointed going forward.

Mr. Meisinger noted that at last month's Board meeting, the General Managers provided an update on the impact of Covid-19 on their respective utilities and invited them to do

the same today. Discussion followed with each General Manager providing a further update.

O New Business

Mr. Meisinger announced that Justin Connell, CMEEC Director of Sustainability and Services, is currently on leave after welcoming his newborn son, Jackson Timothy Connell, last week. Mr. Meisinger let the Board know that if they needed anything from Justin to contact him or Mike Cyr in Justin's absence.

Ms. Kipnis led the Board through a high-level discussion of recent media coverage regarding Eversource's response to Storm Isaias. She highlighted several articles in The Day, Norwich Bulletin and the Hartford Courant praising municipal electric utilities' response to the storm versus Eversource's poor response. She noted that the MEUs have been portrayed very favorably and noted that CMEEC had distributed these articles to the Board.

She highlighted press reporting on a meeting with NPU and Representatives Joe Courtney and Cathy Osten where Rep. Osten inquired of NPU if they would consider expanding into other communities. She also highlighted an editorial in The Day that appeared on August 14, 2020 which praised all municipal electric utilities for seeing fewer outages, quicker restoration of power and lower cost.

She also highlighted a letter from Joe Courtney to PURA praising the municipal electric utilities' superb response and suggested that it compare Eversource and UI's performance against other local providers stating such a comparison might provide valuable information about what customers can and should expect from their retail electric providers.

She further explained that the Energy and Technology Committee of the Connecticut General Assembly is holding hearings with Eversource and that Member Representative LaRose will be testifying on behalf of Norwich Public Utilities' preparedness and response to the storm. She added that the DEEP and ISO-New England will also be called to testify.

Ms. Kipnis highlighted some bills being considered by the Energy and Technology Committee. She added that none of the bills implicate municipal electric utilities but stated that they will be watched.

Discussion followed in connection with Municipal Representative Oefinger's suggestion that a dialogue be started with the PURA and other related entities on why municipal electric utilities have better preparedness and response to catastrophic weather events.

Prior to adjourning, Municipal Representative Oefinger requested that any new material developed prior to a Board meeting, but after the Board package is distributed, be made available in advance of the meeting for Board review when possible.

There being no further business to come before this Board, Chair Barber entertained a motion to adjourn.

A motion was made by Municipal Representative Oefinger, seconded by Municipal Representative Pete Johnson to adjourn the meeting.

Motion passed unanimously.

20-08-02

The meeting was adjourned at 11:58 a.m.