



CMEEC Board of Directors' Meeting

February 27, 2014

MINUTES

The Connecticut Municipal Electric Energy Cooperative (“CMEEC”) Board of Directors (referred to hereafter sometimes as the “Board” or “BOD”) conducted a regular meeting of the Board on Thursday, February 27, 2014, at CMEEC’s offices. The meeting was legally noticed, in compliance with Connecticut State Law, and all proceedings and actions hereinafter recorded occurred during the publicly open portions of the meeting.

Chairman James Sullivan called the meeting to order at 9:31 A.M. and determined that a quorum was present.

The following Directors participated:

Jewett City – Louis Demicco, Kenneth Sullivan, Richard Throwe
Groton – Edward DeMuzzio, David Collard, Paul Yatcko
Norwich – James Sullivan, Stephen Sinko
East Norwalk – David Brown, James Smith
South Norwalk – John Hiscock, Mark Harris, Scott Whittier

The following staff and guests participated:

Drew Rankin, CMEEC, Chief Executive Officer
Edward Pryor, CMEEC, Chief Financial Officer
Philip Sussler, CMEEC, General Counsel
Brian Forshaw, CMEEC, Chief Regulatory and Risk Officer
Justin Connell, CMEEC, Director, Portfolio Management
Michael Cassella, CMEEC, Director, Customer Programs
Michael Rall, CMEEC, Project Manager
Thomas Solinsky, CMEEC, Director, Asset Management
Gabriel Stern, CMEEC, Director, Strategic Planning
Ellen Kachmar, CMEEC, Office and Facility Manager

Ms. Kachmar Recorded

Standard Action Items:

(A) Approval of the Minutes of the January 23, 2014 CMEEC Board of Directors' Meeting.

A motion was made by Director Whittier, seconded by Director Demicco, to approve the Minutes of the January 23, 2014 CMEEC Board of Directors' Meeting.

Vote passed unanimously.

(14-05)

Specific Agenda Items

(B) Review: Objective (s) Summary Report

Mr. Rankin discussed the Objective Summary Report (or “Dashboard Report”) of CMEEC’s performance relative to its performance metrics, included in the Board package (tab 2 of the Board package). He noted a change to the format, requested by Director Brown, which provides numbered references to the significant issues summary notes in the lower half of the report. This is provided as a succinct summary of the more comprehensive and detailed information supporting the Objective Summary Report also provided in the Board package. The Dashboard is a summary of the key Objectives and associated metrics defining the financial and operating health of CMEEC for the previous month, year-to-date (“YTD”), and year-end projections.

Mr. Rankin reviewed the status of the CMEEC Objectives including Regional Competitiveness, Customer Fulfillment, Financial Stability, and Maximize Asset Value. While reviewing the Regional Competitiveness metric, Mr. Rankin pointed out a cash flow issue affecting the Pierce Project which resulted from costs booked in December for natural gas that was not consumed until January. He noted that on a going forward basis, the overall Regional Competitiveness metric should be positively impacted, reflecting, in part, the fact that CMEEC incorporates the effects of cost impacts as they happen or close to the time when costs are incurred as opposed to the recognition of similar market impacts by CMEEC’s competitors, who only reflect such cost changes on a normalized basis over a period of time.

Mr. Rankin updated the Board on the Financial Stability metric, pointing out that the metrics are good, with the exception of the current month (December) with A&G being over 12%. This was also the result of the timing of certain expenditures. The year-to-date A&G, however, finished at 13% below budget.

With respect to the Maximize Asset Value metric, Mr. Rankin reported the metrics are good in relation to the budget and that the performance of Transmission Project No.1 strong.

(C) Vote on Project Entitlement Allocations consistent with RPSC for NYPA, RILF, HQ

Mr. Rankin reviewed three legacy projects which must be formally moved into project status in order to be compliant with the Replacement Power Sales Contracts (“RPSCs”) and General Transmission Service Agreements (“GTSA”) adopted in 2013. Because the term of the commitment for two of these projects (the New York Power Authority projects (the “NYPA Project”) and the Rhode Island Landfill Gas project (the “RILG Project”) exceeds five (5) years, under the RPSCs these commitments are treated as “Power Projects”. Because the Hydro-Quebec Phase II HVDC Transmission Line II (the “HQ” project) is transmission related, the HQ project is more appropriately considered an Additional Transmission Project under the GTSA. The matter of moving the legacy projects was previously vetted through the Budget and Finance Committee who agreed that the appropriate procedures should be followed to conform these projects to the requirements under the RPSCs and GTSA. Mr. Rankin reported the entitlement allocations of the Member Utility Systems (“MUS”) under the legacy projects were dissimilar noting that two of the projects were allocated by a fixed cost percentage, while one project was considered a long-term contract and utilized an adjusted net interchange allocation percentage. Mr. Rankin proposed the NYPA Project and the RILG Project be approved as Additional Power Projects under the RPSC, and that the HQ Project be approved for establishment as a Transmission Project under the GTSA and ultimately transferred to CTMEEC as Transmission Project No. 2, subject to the taking of an additional future vote approving such transfer by the Board of Directors of the Connecticut Transmission Municipal Electric Energy Cooperative (“CTMEEC”). A discussion among the Board Members transpired, and all questions were answered by Mr. Rankin, Mr. Pryor, and Mr. Sussler. During this ensuing discussion, it was noted that the form of the proposed resolutions contained in the Board package had been revised, with copies of the revised resolutions circulated to the Board members during the meeting. It was also noted that the descriptions of each project and the listing of the entitlement allocations by the participants in each project, which were included in the Board package, will be attached to the Board resolutions, when documentation of the Board vote is prepared.

A motion was made by Director DeMuzzio, seconded by Director Demicco to Approve Resolution 14-06 to Ratify, Confirm, and Declare the New York Power Authority Projects (Long Term Resource) as an Additional Power Project under the Replacement Power Sales Contracts.

Vote passed unanimously.

(14-06)

A motion was made by Director Yatcko, seconded by Director Harris to approve Resolution 14-07 to Ratify, Confirm, and Declare the Rhode Island Landfill Gas Project (Long Term Resource) as an Additional Power Project under the Replacement Power Sales Contracts.

Vote passed unanimously.

(14-07)

A motion was made by Director Yatchko, seconded by Director Demicco to approve Resolution 14-08 to Transfer Rights in the Hydro-Quebec Phase II HVDC Transmission Line and Interconnection Project from the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) to the Connecticut Transmission Municipal Electric Energy Cooperative (“CTMEEC”) as Condition to the Creation of CTMEEC Transmission Project No. 2.

Vote passed unanimously.

(14-08)

(D) 2013 Cost / Value Review

Mr. Rankin stated that the value generated by CMEEC for the Members and the components contributing to this value had not, to date, been formally quantified and reported on and thought it a good idea to review with the Members the metrics for establishing and evaluating such value of Membership, utilizing the results from 2013. Based on 2013 performance, all Members received a net benefit (value) versus a net cost for CMEEC full requirements services, when summing the Net A&G, CMEEC Margin, and Equity contributions / creation.

Mr. Rankin began the discussion by describing the method by which the Members can evaluate their “equity” investment in CMEEC. He described the two types of equity as defined by the newly executed Membership Agreement, which categorizes all CMEEC equity into the categories of “Common Equity” and Municipal Electric Utility (“MEU”) “Contributed Equity.” Mr. Rankin noted that the CMEEC Membership Agreement (“MA”) adopted in June of 2013 also does not specifically and finally address the convention for determining each Member’s equity during the initial transition year following adoption of the MA mid-way during 2013. He wanted the Members to be aware of the options for establishing a convention for 2013 created Common Equity. Since the MA was adopted five months into 2013, there are several reasonable conventions for determining the equity for 2013, including utilizing, for the full year, the prior Fixed Cost Allocation methodology, the new convention under the MA, or a time-weighted use of the two conventions, anchored by the adoption date of the MA. The Board discussed the matter and asked questions and concluded the appropriate convention would be to assign Common Equity on the basis of 2013 Membership Interest Levels consistent with Attachment 1 in the Membership Agreement. Related to the potential distributions of MEU Equity, Mr. Rankin suggested the Board summarized the process of the Board acting within sixty (60) days of the finalized and approved 2013 CMEEC Audit Report. Mr. Rankin also noted, in response to questions, that he would review the calculations presented in the Board package and revise the calculations to rectify errors in the calculations, if any.

(E) January Market Analysis Review

Mr. Connell reported on the energy costs for January which were over budget by 36%. Mr. Connell explained that the loads were hedged to the level of 98% of budget projections, but the adverse weather, increased electric loads over budget values, high costs of natural gas and resulting electricity prices, and reduced output from a unit contingent resource caused the high costs relative to budget. The actual demand was 6,390 MWh higher and the unit contingent

resources delivered 2,500 MWh lower than budget, which exposed the incremental loads to higher than budgeted costs. These factors resulted in a Rate 9 energy cost of \$70.90 / MWh versus the budgeted \$52.01 / MWh. While not any consolation, the average market energy price for January was \$166.43 / MWh

Mr. Rankin reported on the eroding condition of New England energy markets and the negative economic impacts resulting from these circumstances facing the region. He noted the high cost of natural gas delivered into New England which, in January alone, was \$2.2 billion dollars, on a volume adjusted basis, more than the rest of the country. This topic was discussed by the Board in length, with significant commentary noting the lack of adequate natural gas pipeline infrastructure leading to bottlenecks in delivery capacity from gas producing areas to the south and west, particularly during winter periods. Mr. Rankin expressed his personal analysis of the situation as resulting from a deficiency of long term integrated planning from a regional perspective.

(F) Backus Hospital Microgrid Project Update

Mr. Rall reported the Backus Hospital Microgrid Project Request for Proposal (“RFP”) for construction was issued in mid-January, qualified bids were received, and a decision to engage AZ Corporation out of North Stonington was made, subject to negotiation and finalization of the CMEEC-AZ Corp. contract. The bid received is approximately \$105,000 under the budgeted cost projection for this component of the project. Next steps for the project will be negotiation and finalization of the contract, with specific attention to the liquidated damages clause. Mr. Rall stated the draft air permit had been submitted to the Department of Energy and Environmental Protection (“DEEP”), CMEEC’s comments had been incorporated, and the 30-day public comment period on the draft DEEP permit had commenced. Mr. Rall noted construction should begin in late March and be completed in July, assuming the draft permit comment period closes with no significant issues and the final DEEP permit is issued in a timely manner. The project team will be working closely with Norwich Public Utilities on cabling and high voltage connections. A detailed update of the project status will be provided to the Risk Management Committee in March.

(G) ISO-NE FCA #8 Update

Mr. Forshaw reported the status of the ISO-NE Forward Capacity Auction (“FCA”) #8, which occurred on February 3, 2014. A slight shortfall in resources bid into the auction caused an administrative pricing provision, under the ISO-NE Forward Capacity Market (“FCM”) rules called the “Insufficient Competition” (“IC”) rule to be applied. The auction concluded with a capacity clearing price of \$15 per kW-month for new resources, with existing resources being paid \$7.025 per kW-month due to the application of the IC Rule. Based on these results, capacity charges to Municipal Electric Utilities (“MEU”) loads are projected to increase from their current levels of approximately \$9 per MWh in 2013 to approximately \$27 per MWh beginning in June of 2017, the start of the commitment period for the resources which were bid into and cleared in FCA #8. Mr. Forshaw noted that last year, in preparation for FCA #8, ISO-NE had issued an informational filing stating that the amount to be procured in FCA #8 was 33,855 MW and that qualified existing resources totaled 35,877 MW. Subsequently, a significant amount of

generating resource capacity was declared to be exiting the market. Based on this information it became apparent to The New England Power Generators Association (“NEPGA”) that the IC rule would be triggered, so NEPGA filed a complaint with the Federal Energy Regulatory Commission (“FERC”) seeking to increase the administrative price applicable to existing resources when the IC rule is triggered. ISO-NE responded with an emergency filing called an Exigent Circumstances filing which sought to reset the administrative price at a level lower than that sought in the NEPGA complaint, but more than double the current FCM prices. FERC rejected the NEPGA complaint and accepted the changes proposed by the ISO-NE. In light of the very substantial future increases in capacity prices, Mr. Forshaw noted that a range of power supply and demand resource management actions, such as load curtailment and photovoltaic technology, could be cost effective in the future.

(H) CMEEC Rate Hearing Schedule / Plan

Mr. Rankin reported that, according to CMEEC’s enabling statutes, a publicly noticed hearing is required as part of the procedure for adoption of approved, formalized rate structures. In order to ensure compliance with procedures for adoption of rates, and with the requirements of the Connecticut Freedom of Information Act (“FOIA”), a new Rate 9 and Rate 10 public hearing, with the publication of appropriate notices, is being scheduled. The Rate 9 and Rate 10 versions applicable to the rate hearing are included in the Board materials, and were previously reviewed with the Budget and Finance Committee. The purpose of following these procedures is to address any deficiencies or possible deficiencies in procedure in light of prior experience. Mr. Rankin’s report on these matters during this meeting is to make the Board aware of the pending convening of the rate hearing and the associated procedures being following, including public notice of the hearing. Mr. Rankin noted the Budget and Finance Committee has recommended this action. The plan is to publicize and hold the rate hearing prior to the regular March Board meeting, at which time the written record of the Rate 9 and Rate 10 public hearing will be reviewed by the Board and Rate 9 and Rate 10 will be presented to the Board for approval as determined by the Board..

(I) Celebration of Leadership

Chairman J. Sullivan announced that former Chairman of the Board John Hiscock has left the position of Chair of CMEEC, but not the “table”, as Mr. Hiscock continues as a highly respected, contributing representative on the CMEEC Board. Chairman Sullivan took the opportunity to recognize the former Chairman’s leadership role and many accomplishments. Chairman Sullivan read Resolution 14-09, “Acknowledgement and Appreciation of Extraordinary Service by John Hiscock to the Connecticut Municipal Electric Energy Cooperative”. Former Chairman Hiscock said a few words expressing his sentiments.

A Motion was made by Director Throwe, seconded by Director Yatcko to approve Resolution 14-09.

Vote passed unanimously.

(14-09)

Motion to go into Executive Session

A motion was made at 11:41 a.m. to go into Executive Session by Director DeMuzzio, and seconded by Director Demicco, to update the Board on the status of; (1) The Wallingford Electric Division (“WED”) Dispute Resolution, and (2) The Energy New England (“ENE”) Dispute Resolution.

Vote passed unanimously. (14-10)

The basis for the going into executive session was Conn. Gen. Stat. Section 1-200(6) (B) (strategy and negotiations with respect to pending claims or pending litigation to which the public agency is a party) and (E) (entailing discussion of any matter which would result in the disclosure of public records or the information contained therein described in sub-sections (b) (1), (5) and (7) of section (1-210)). In addition to the Directors, Messrs. Rankin, Pryor, and Sussler remained in the meeting during the Executive Session.

A motion was made to come out of Executive Session by Director Demicco, seconded by Director Hiscock.

Vote passed unanimously. (14-11)

The meeting came out of executive session at 12:01 P.M.

Motion by Director DeMuzzio, seconded by Director Demicco, to adjourn the meeting.

Vote passed unanimously. (14-12)

There being no further matters to be discussed, the meeting was adjourned at 12:02 P.M.

**Connecticut Municipal Electric Energy Cooperative
Board of Directors Meeting
Resolution 14-06**

**RESOLUTION FOR RATIFICATION, CONFIRMATION AND DECLARATION OF A
POWER PROJECT (LONG TERM RESOURCE) UNDER THE REPLACEMENT
POWER SALES CONTRACTS WITH RESPECT TO THE NEW YORK POWER
AUTHORITY PROJECTS.**

WHEREAS, the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) previously entered into power purchase agreements (“PPAs”) with the New York Power Authority (“NYPA”) with respect to the purchase of Electric Products (as such terms are defined in the OPSCs and RPSCs, as further defined below) from the NYPA St. Lawrence and Niagara power projects (collectively, the “NYPA Projects”) on behalf of Groton Utilities, the Department of Public Utilities of the Borough of Jewett City, Norwich Public Utilities, Wallingford Electric Division (“WED”), the Second Taxing District of the City of Norwalk, and the Third Taxing District of the City of Norwalk (collectively, the Participating Municipal Electric Utilities or “PMEUs”).

WHEREAS, the commitments of each of the PMEUs to pay for the Fixed Costs (as such term is defined by the OPSCs and RPSCs and the WED PSA, as amended, all as further defined below) and to receive the corresponding benefits from the NYPA Projects (with such arrangement referred to herein as the “Project”) were originally made pursuant to (i) with respect to the PMEUs, other than WED, the Power Sales Agreements (the “Original Power Sales Contracts” or “OPSCs”), by and between each of the PMEUs, other than WED, and CMEEC, dated as of January 1, 2000, as thereafter amended prior to the effective date of the Replacement Power Sales Contracts (“RPSCs”), subsequently entered into by each of the PMEUs, other than WED, and CMEEC and replacing the Original Power Supply Contracts; and (ii) with respect to WED pursuant to the WED PSA, as further defined below.

WHEREAS, CMEEC entered in RPSCs with each of the PMEUs, other than WED, which RPSCs now define the arrangements for the supply of Electric Products by CMEEC to each of the PMEUs and supersede and replace the OPSCs.

WHEREAS, CMEEC previously entered into a Power Sales Agreement with WED, as amended (the “WED PSA”) and has entered in a Memorandum of Agreement (the “MOA”) with WED, further amending the WED PSA, which assigns a portion of the total contract capacity and associated energy of the Project to WED and responsibility of WED to pay for the Fixed Costs associated with such capacity and energy, under the WED PSA, as amended, based on the original convention applied in determining the portion allocated to WED pursuant to the WED PSA and to the other PMEUs pursuant to the OPSCs and RPSCs.

WHEREAS, pursuant to the RPSCs: (a) CMEEC may contract for and/or procure Electric Products under arrangements with a term equal to or less than five (5) years pursuant to the CMEEC Short and Intermediate Term Power Supply Program (as such term is defined in the RPSC); and (b) CMEEC may also enter into commitments to contract and or procure Electric

Products under contractual arrangements which have a term greater than five (5) years, where such arrangements have been designated a Power Project (Long Term Resources) under the RPSCs.

WHEREAS, the term of the NYPA PPAs is in excess of five (5) years.

WHEREAS, in order to conform to the requirements of the RPSCs, CMEEC and the PMEUs who have executed an RPSC desire to designate the Project as a “Power Project (Long Term Resource)” pursuant to the RPSCs and to otherwise document the Project so as to conform to the requirements of the RPSCs with respect to the Project.

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE AS FOLLOWS:

Section 1. The foregoing recitals are true and correct.

Section 2. The Project, as further defined by the Additional Power Project Parameters as set forth in Section 3 and Attachment A hereof, is ratified and confirmed for all periods prior to the date of this Resolution under the RPSCs, and otherwise approved under the RPSCs, subject to the terms of this Resolution.

Section 3. The Additional Power Project Parameters, as such term is defined in the RPSCs, are as set forth in Attachment A, attached hereto.

Section 4. The Power Project Participants, as such term is defined in the RPSCs, and who have executed an RPSC and their respective Entitlement Allocations (“EAs”) in the Project are as set forth in Attachment B, attached hereto. Each Power Project Participant through its duly authorized representatives on the Board has agreed and approved such Power Project Participant’s participation in the Project and the EA of such Power Project Participant as set forth in Attachment B.

Section 5. The EAs defined by section 4 and Attachment B are in capacity and associated energy in the Project which are net of the capacity and associated energy separately allocated to WED under the conventions referred to in the recitals of this Resolution.

February 27, 2014



Edward DeMuzzio
Secretary

ATTACHMENT A: PROJECT DESCRIPTIONS

ATTACHMENT B: POWER PROJECT PARTICIPANT ENTITLEMENT ALLOCATIONS

ATTACHMENT A

Project Descriptions for RPSC Exhibit

The NYPA project consists of a contract between CMEEC, as Bargaining Agent for the State of Connecticut and the New York Power Authority (NYPA), pursuant to which a total of 13.2 MW of preference power is delivered to the Connecticut municipal electric systems as required under federal legislation. The five (5) CMEEC Members' share (less Wallingford Electric Division's 32.32%) of the total 13.2MW is 8.93MW.

The Rhode Island Landfill Gas project consists of a contract between CMEEC and Rhode Island LFG Genco, LLC pursuant to which the capacity, energy and environmental attributes of a landfill gas generator located in Rhode Island are delivered to CMEEC on a "take and pay" basis. The contact capacity is 5.072MW, and the five (5) CMEEC Members' share (less Wallingford Electric Division's 35%) is 3.29MW

Project Description for GTSA Exhibit

The Hydro-Quebec (HQ) Interconnection project represents CMEEC's 0.83958 percent (%) share of the 2,000 MW HVDC electrical interconnection and associated terminal equipment that connect the electric systems in New England with the electric system of Hydro-Quebec.

NYPA Entitlement Allocation Recommendation

Current Allocation Methodology - Historical Fixed 5

	<u>GU</u>	<u>NPU</u>	<u>JCDPU</u>	<u>TTD</u>	<u>SNEW</u>	<u>Total</u>
Entitlement Allocation	51.354%	31.864%	2.001%	6.198%	8.583%	100%

B&F Recommendation - Allocation based on Historical 5 Member Allocation

	<u>GU</u>	<u>NPU</u>	<u>JCDPU</u>	<u>TTD</u>	<u>SNEW</u>	<u>Total</u>
Historical Fixed 5	51.354%	31.864%	2.001%	6.198%	8.583%	100%
NYPA Cost	\$ 886,210	\$ 549,873	\$ 34,531	\$ 106,958	\$ 148,116	\$ 1,725,688
NYPA Revenues	\$ (1,667,345)	\$ (1,034,550)	\$ (64,968)	\$ (201,235)	\$ (278,670)	\$ (3,246,768)
Total allocation	\$ (781,135)	\$ (484,677)	\$ (30,437)	\$ (94,277)	\$ (130,554)	\$ (1,521,079)

Rhode Island Landfill Gas (RILG) Entitlement Allocation Recommendation

Current Allocation Methodology - ANI (Load Ratio)

	<u>GU</u>	<u>NPU</u>	<u>JCDPU</u>	<u>TTD</u>	<u>SNEW</u>	<u>Total</u>
ANI (Load Ratio)	43.32%	36.57%	2.69%	10.46%	6.96%	100%
Energy Cost / (Benefit)	\$ 418	\$ 353	\$ 26	\$ 101	\$ 67	\$ 964
Capacity Cost / (Benefit)	\$ 8,400	\$ 7,091	\$ 522	\$ 2,029	\$ 1,350	\$ 19,392
Total allocation	\$ 8,818	\$ 7,443	\$ 548	\$ 2,130	\$ 1,417	\$ 20,356

B&F Recommendation - Allocation based on Historical 5 Member Allocation

	<u>GU</u>	<u>NPU</u>	<u>JCDPU</u>	<u>TTD</u>	<u>SNEW</u>	<u>Total</u>
Historical Fixed 5	51.35%	31.86%	2.00%	6.20%	8.58%	100%
Energy Cost / (Benefit)	\$ 495	\$ 307	\$ 19	\$ 60	\$ 83	\$ 964
Capacity Cost / (Benefit)	\$ 9,959	\$ 6,179	\$ 388	\$ 1,202	\$ 1,664	\$ 19,392
Total allocation	\$ 10,454	\$ 6,486	\$ 407	\$ 1,262	\$ 1,747	\$ 20,356

Hydro Quebec (HQ) Entitlement Allocation Recommendation

Current Allocation Methodology - Historical Fixed 5

	<u>GU</u>	<u>NPU</u>	<u>JCDPU</u>	<u>TTD</u>	<u>SNEW</u>	<u>Total</u>
Entitlement Allocation	51.354%	31.864%	2.001%	6.198%	8.583%	100%

B&F Recommendation - Allocation based on Historical 5 Member Allocation

	<u>GU</u>	<u>NPU</u>	<u>JCDPU</u>	<u>TTD</u>	<u>SNEW</u>	<u>Total</u>
Historical Fixed 5	51.354%	31.864%	2.001%	6.198%	8.583%	100%
HQ Cost	\$ 219,966	\$ 136,484	\$ 8,571	\$ 26,548	\$ 36,764	\$ 428,332
HQ Revenues	\$ (186,569)	\$ (115,762)	\$ (7,270)	\$ (22,517)	\$ (31,182)	\$ (363,299)
Total allocation	\$ 33,397	\$ 20,722	\$ 1,301	\$ 4,031	\$ 5,582	\$ 65,033

**Connecticut Municipal Electric Energy Cooperative
Board of Directors Meeting
Resolution 14-07**

**RESOLUTION FOR RATIFICATION, CONFIRMATION AND DECLARATION OF A
POWER PROJECT (LONG TERM RESOURCE) UNDER THE REPLACEMENT
POWER SALES CONTRACTS WITH RESPECT TO THE RHODE ISLAND
LANDFILL GAS PROJECT.**

WHEREAS, the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) previously entered into a power purchase agreement (“PPA”) with respect to the purchase of Electric Products (as such terms are defined in the OPSCs and RPSCs, as further defined below) from the Rhode Island Landfill Gas Project, located in Johnston, Rhode Island (the “RILG Project”), on behalf of Groton Utilities, the Department of Public Utilities of the Borough of Jewett City, Norwich Public Utilities, the Wallingford Electric Division (“WED”), the Second Taxing District of the City of Norwalk, and the Third Taxing District of the City of Norwalk (collectively, the Participating Municipal Electric Utilities or “PMEUs”).

WHEREAS, the commitments of each of the PMEUs to pay for the Fixed Costs (as such term is defined by the OPSCs and RPSCs and the WED PSA, as further defined below) and to receive the corresponding benefits from the RILG Project (with such arrangement referred to herein as the “Project”) were originally made pursuant to: (i) with respect to the PMEUs, other than WED, the Power Sales Agreements (the “Original Power Sales Contracts” or “OPSCs”), by and between each of the PMEUs and CMEEC, dated as of January 1, 2000, as thereafter amended prior to the effective date of the Replacement Power Sales Contracts (“RPSCs”), subsequently entered into by each of the PMEUs and CMEEC and replacing the Original Power Supply Contracts; and (ii) with respect to WED, pursuant to the WED PSA, as further defined below.

WHEREAS, CMEEC entered in RPSCs with each of the PMEUs, other than WED, which RPSCs now define the arrangements for the supply of Electric Products by CMEEC to each of the PMEUs, other than WED, and supersede and replace the OPSCs.

WHEREAS, CMEEC entered into a Power Sales Agreement with WED, as amended and as amended by a Memorandum of Agreement (“MOA”) (the “WED PSA”), which assigns a portion of the total contract capacity and associated energy to WED based on the convention as detailed in the MOA.

WHEREAS, pursuant to the RPSCs: (a) CMEEC may contract for and/or procure Electric Products under arrangements with a term equal to or less than five (5) years pursuant to the CMEEC Short and Intermediate Term Power Supply Program (as such term is defined in the RPSC); and (b) CMEEC may also enter into commitments to contract and or procure Electric Products under contractual arrangements which have a term greater than five (5) years, where such arrangements have been designated a Power Project (Long Term Resources) under the RPSCs.

WHEREAS, the term of the RILG PPA is in excess of five (5) years.

WHEREAS, in order to conform to the requirements of the RPSCs with respect to the Project, CMEEC and the PMEUs which have executed a RPSC desire to designate the Project as a “Power Project (Long Term Resource)” pursuant to the RPSCs and to otherwise document the Project so as to conform to the requirements of the RPSCs.

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE AS FOLLOWS:

Section 1. The foregoing recitals are true and correct.

Section 2. The Project, as further defined by the Additional Power Project Parameters as set forth in Section 3 and Attachment A hereof, is ratified and confirmed for all periods prior to the date of this Resolution under the RPSCs, and otherwise approved under the RPSCs, subject to the terms of this Resolution.

Section 3. The Additional Power Project Parameters, as such term is defined in the RPSCs, are as set forth in Attachment A, attached hereto.

Section 4. The Power Project Participants, as such term is defined in the RPSCs, and their respective Entitlement Allocations (“EAs”) in the Project are as set forth in Attachment B, attached hereto. Each Power Project Participant through its duly authorized representatives on the Board has agreed and approved such Power Project Participant’s participation in the Project and the EA of such Power Project Participant as set forth in Attachment B.

February 27, 2014



Edward DeMuzzio
Secretary

ATTACHMENT A: PROJECT DESCRIPTION

ATTACHMENT B: POWER PROJECT PARTICIPANT ENTITLEMENT ALLOCATIONS
2019

ATTACHMENT A

Project Descriptions for RPSC Exhibit

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Project Description for GTSA Exhibit

The Hydro-Quebec (HQ) Interconnection project represents CMEEC's 0.83958 percent (%) share of the 2,000 MW HVDC electrical interconnection and associated terminal equipment that connect the electric systems in New England with the electric system of Hydro-Quebec.

NYPA Entitlement Allocation Recommendation

Current Allocation Methodology - Historical Fixed 5

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B&F Recommendation - Allocation based on Historical 5 Member Allocation

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NYPA Cost	\$ 886,210	\$ 549,873	\$ 34,531	\$ 106,958	\$ 148,116	\$ 1,725,688
NYPA Revenues	\$ (1,667,345)	\$ (1,034,550)	\$ (64,968)	\$ (201,235)	\$ (278,670)	\$ (3,246,768)
Total allocation	\$ (781,135)	\$ (484,677)	\$ (30,437)	\$ (94,277)	\$ (130,554)	\$ (1,521,079)

Rhode Island Landfill Gas (RILG) Entitlement Allocation Recommendation

Current Allocation Methodology - ANI (Load Ratio)

	<u>GU</u>	<u>NPU</u>	<u>JCDPU</u>	<u>TTD</u>	<u>SNEW</u>	<u>Total</u>
ANI (Load Ratio)	43.32%	36.57%	2.69%	10.46%	6.96%	100%
Energy Cost / (Benefit)	\$ 418	\$ 353	\$ 26	\$ 101	\$ 67	\$ 964
Capacity Cost / (Benefit)	\$ 8,400	\$ 7,091	\$ 522	\$ 2,029	\$ 1,350	\$ 19,392
Total allocation	\$ 8,818	\$ 7,443	\$ 548	\$ 2,130	\$ 1,417	\$ 20,356

B&F Recommendation - Allocation based on Historical 5 Member Allocation

	<u>GU</u>	<u>NPU</u>	<u>JCDPU</u>	<u>TTD</u>	<u>SNEW</u>	<u>Total</u>
Historical Fixed 5	51.35%	31.86%	2.00%	6.20%	8.58%	100%
Energy Cost / (Benefit)	\$ 495	\$ 307	\$ 19	\$ 60	\$ 83	\$ 964
Capacity Cost / (Benefit)	\$ 9,959	\$ 6,179	\$ 388	\$ 1,202	\$ 1,664	\$ 19,392
Total allocation	\$ 10,454	\$ 6,486	\$ 407	\$ 1,262	\$ 1,747	\$ 20,356

Hydro Quebec (HQ) Entitlement Allocation Recommendation

Current Allocation Methodology - Historical Fixed 5

	<u>GU</u>	<u>NPU</u>	<u>JCDPU</u>	<u>TTD</u>	<u>SNEW</u>	<u>Total</u>
Entitlement Allocation	51.354%	31.864%	2.001%	6.198%	8.583%	100%

B&F Recommendation - Allocation based on Historical 5 Member Allocation

	<u>GU</u>	<u>NPU</u>	<u>JCDPU</u>	<u>TTD</u>	<u>SNEW</u>	<u>Total</u>
Historical Fixed 5	51.354%	31.864%	2.001%	6.198%	8.583%	100%
HQ Cost	\$ 219,966	\$ 136,484	\$ 8,571	\$ 26,548	\$ 36,764	\$ 428,332
HQ Revenues	\$ (186,569)	\$ (115,762)	\$ (7,270)	\$ (22,517)	\$ (31,182)	\$ (363,299)
Total allocation	\$ 33,397	\$ 20,722	\$ 1,301	\$ 4,031	\$ 5,582	\$ 65,033

Connecticut Municipal Electric Energy Cooperative

Board of Directors Meeting

Resolution 14-08

RESOLUTION FOR TRANSFER OF RIGHTS IN THE HYDRO-QUEBEC PHASE II HVDC TRANSMISSION LINE AND INTERCONNECTION PROJECT FROM THE CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE (“CMEEC”) TO THE CONNECTICUT TRANSMISSION MUNICIPAL ELECTRIC ENERGY COOPERATIVE (“CTMEEC”) AS CONDITION TO THE CREATION OF CTMEEC TRANSMISSION PROJECT NO. 2

WHEREAS, the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) previously entered a series of agreements including the Support Agreements (the “**Support Agreements**”) and the Third Amended and Restated Use Agreement with Respect to the Use of the Hydro-Québec Interconnection, originally dated as of December 1, 1981, as amended from time to time (“**Restated Use Agreement**”) for the participation by CMEEC in the financing and ownership of the HYDRO-QUEBEC PHASE II HVDC TRANSMISSION LINE AND INTERCONNECTION (the “**Project**”) (collectively the Support Agreements, Restated Use Agreement and other agreements entered into by CMEEC with respect the “Project” are referred to herein as the “**Project Agreements**”).

WHEREAS, pursuant to the **Restated Use Agreement**, CMEEC has rights (“**Use Rights**”) to use a portion of the transfer capability on the Phase II HVDC transmission lines and terminal facilities in the United States that connect the electric systems in New England with the electric system of Hydro-Québec (the “**Interconnection**”).

WHEREAS, CMEEC’s **Use Rights** consist of 0.83958 percent (0.83958%), combined percentage of 2000 MW, or 16 MW of capacity on the Interconnection from Québec to New England (southbound) and 0.83958 percent (0.83958%), combined percentage of 1200 MW, or 10 MW of capacity on the capacity of the Interconnection from New England to Québec (northbound), each rounded down to the next lowest whole MW value.

WHEREAS, subsequent to the entry by CMEEC into the Project Agreements, the Connecticut municipal electric utilities, comprising the then current members of CMEEC (the “**MMEUs**”) and Bozrah Light and Power Company (“**BL&P**”) and the Town of Wallingford, acting by and through its Department of Public Utilities Electric Division (“**WED**”), established CTMEEC under the provisions of chapter 101a of the Connecticut General Statutes (the “**Act**”) for, among other purposes, the joint ownership of interests in electric transmission assets, and, providing the benefits and supporting the costs of such ownership through the General Transmission Services

Agreements (“**GTSAs**”) by and between CMEEC and each of the MMEUs and BL&P and by and between CMEEC and CTMEEC through the Transmission Financing and Services Agreement (as defined in the GTSAs).

WHEREAS, each of the parties which are signatories to the GTSAs, i.e., the MMEUs and BL&P, are obligated to pay for the Fixed Costs of any Transmission Project pursuant to the terms and conditions of the GTSAs.

WHEREAS, the MMEUs have also entered into Replacement Power Sales Contracts (“**RPSCs**”) with CMEEC for the provision of Electric Products, as defined in the RPSCs, replacing and superseding the Amended and Restated Power Sales Contracts, previously then in effect; and

WHEREAS, CMEEC has determined that the Project meets the requirements of an Additional Transmission Project, as such term is defined in the GTSAs, pursuant to and in conformity with the applicable provisions of the GTSA and desires to initiate and arrange for the completion of the procedural and other requirements to designate the Project as Transmission Project No. 2 pursuant to the GTSA.

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE AS FOLLOWS:

Section 1. The foregoing recitals are true and correct.

Section 2. That ownership of all rights, responsibilities, title and interest in the Project (as defined in this Resolution), and subject to the conditions as set forth herein, shall be transferred from CMEEC to CTMEEC, and to the extent required to constitute the Project as an Additional Transmission Project under the GTSAs (the “**Transfer**”) shall be designated as Transmission Project No. 2, pursuant to the GTSAs, in each case subject to such further procedural and other consents as may be required from CTMEEC, and, subject to such consents, Exhibit I to the GTSA shall be amended to establish Transmission Project No.2 pursuant to the GTSA in conformity with the provisions of this Resolution.

Section 3. The description of the Project, as an Additional Transmission Project, is as set forth in Exhibit A attached hereto.

Section 4. The Entitlement Allocations, as such term is defined in the GTSAs, in and to the benefits and responsibilities for the payment of associated costs of the Project by each of the MEUs participating in the Project (the “**Project Participants**”) are as set forth in Exhibit B.

Section 5. CMEEC shall act and cooperate with CTMEEC as is required and necessary to secure all third party consents, if and as required, under the Project Agreements and any other third-party approvals required to make the Transfer effective (collectively, the “**Third Party Approvals**”). During any interim period prior to the receipt of all such Third Party Approvals if and to the extent necessary for the effectiveness of the Transfer, (a) CMEEC and CTMEEC shall

cooperate with each other to administer the Project Agreements and the Project for the benefit of the Project Participants and in a manner in conformity with the GTSAs and to allow for the administration of the Project as an Additional Transmission Project pursuant to the GTSAs and (b) CMEEC shall continue to be jointly and severally responsible with CTMEEC for the Fixed Costs of the Project, if and as required for performance of the Project Agreements.

Section 6. The Chief Executive Officer of CMEEC is hereby authorized to take such further actions and negotiate and execute such further agreements on behalf of CMEEC as may be necessary and appropriate, if any, to make effective the arrangements set forth in this Resolution.

Section 7. The effectiveness of this Resolution is conditioned on approval of a parallel resolution of the CTMEEC Board of Directors accepting the arrangements described in this Resolution.

February 27, 2014



Edward DeMuzzio
Secretary

ATTACHMENT A: PROJECT DESCRIPTION

ATTACHMENT B: POWER PROJECT PARTICIPANT ENTITLEMENT ALLOCATIONS

ATTACHMENT A

Project Descriptions for RPSC Exhibit

The NYPA project consists of a contract between CMEEEC, as Bargaining Agent for the State of Connecticut and the New York Power Authority (NYPA), pursuant to which a total of 13.2 MW of preference power is delivered to the Connecticut municipal electric systems as required under federal legislation. The five (5) CMEEEC Members' share (less Wallingford Electric Division's 32.32%) of the total 13.2MW is 8.93MW.

The Rhode Island Landfill Gas project consists of a contract between CMEEEC and Rhode Island LFG Genco, LLC pursuant to which the capacity, energy and environmental attributes of a landfill gas generator located in Rhode Island are delivered to CMEEEC on a "take and pay" basis. The contact capacity is 5.072MW, and the five (5) CMEEEC Members' share (less Wallingford Electric Division's 35%) is 3.29MW

Project Description for GTSA Exhibit

The Hydro-Quebec (HQ) Interconnection project represents CMEEEC's 0.83958 percent (%) share of the 2,000 MW HVDC electrical interconnection and associated terminal equipment that connect the electric systems in New England with the electric system of Hydro-Quebec.

NYPA Entitlement Allocation Recommendation

Current Allocation Methodology - Historical Fixed 5

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CMEEC RESOLUTION 14-09

ACKNOWLEDGEMENT AND APPRECIATION OF EXTRAORDINARY SERVICE
BY
JOHN HISCOCK
TO THE
CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE

WHEREAS, John Hiscock has selflessly dedicated his vast talents and unrelenting commitment to exceptional customer service in the Public Power and Municipal Utility industry; and

WHEREAS, John has served in other leadership roles throughout New England, helping to form strong foundations and to advance the interests in New England Public Power and other regional affiliations; and

WHEREAS, John admirably served as CMEEC's Chairman of the Board for five transformational years, from 2009 through 2013, leading the Board of Directors and CMEEC through significant generation and transmission system investment, formation of Transco, execution of long term power supply agreements, comprehensive Bylaw revisions, and first generation Membership Agreement creation and execution. John's leadership in these fundamental structural advancements will serve the Municipal Electric Utilities through future generations.

NOW, THEREFORE, BE IT HEREBY RESOLVED, that John Hiscock is bestowed a life time achievement award for his outstanding leadership and significant accomplishments in South Norwalk Electric and Water, the Connecticut Municipal Electric Energy Cooperative, and, all individuals fortunate to know the "Chairman".

BE IT FURTHER RESOLVED, that, as we celebrate the overwhelming success of John Hiscock as the highly respected and admired professional, we acknowledge and celebrate more importantly, the equally respected and admired person, a person of impeccable standards and values we shall always emulate and appreciate, and our wishes for his continuing success in all endeavors.

Adopted by the Board of Directors of the
Connecticut Municipal Electric Energy Cooperative

February 27, 2014



Edward DeMuzzio
Secretary