

## **CMEEC Board of Director's Regular Meeting**

**March 24, 2016**

### **MINUTES**

A regular meeting of the CMEEC Board of Directors (sometimes referred to as the "Board" or "BOD") was held on Thursday, March 24, 2016 at The Spa at Norwich Inn, 607 West Thames Street, Norwich, Connecticut.

The meeting was legally noticed in compliance with the Connecticut State law and all proceedings and actions hereinafter recorded occurred during the publicly open portions of the meeting.

The Chairman, Kenneth Sullivan, called the meeting to order at 10:11 a.m. and determined a quorum was present.

#### **The following Member Representatives/Directors participated:**

Jewett City – Louis Demicco, Kenneth Sullivan, Richard Throwe  
Groton – Edward DeMuzzio, Ronald Gaudet, David Collard  
Norwich – John Bilda (arrived at 10:23 a.m.), Robert Groner, Stephen Sinko  
East Norwalk – David Brown, James Smith  
South Norwalk – Paul Yatcko

#### **The following individuals from CMEEC management participated:**

Drew Rankin, CMEEC, Chief Executive Officer  
Michael Cassella, CMEEC, Director, Customer Programs  
Justin Connell, CMEEC, Director, Portfolio Management  
Brian Forshaw, CMEEC, Regulatory and Risk Officer  
Ellen Kachmar, CMEEC, Office and Facility Manager  
Robin Kipnis, CMEEC Assistant General Counsel  
Edward Pryor, CMEEC Chief Financial Officer  
Michael Rall, CMEEC, Director, Asset Management  
Gabriel Stern, CMEEC, Director, Technical Services  
Philip Sussler, CMEEC General Counsel  
Scott Whittier, CMEEC, Director, Enabling Services

#### **Guest:**

John Stoops

Ms. Kachmar recorded.

## **Standard Action Items**

### **(A) Approve Minutes of the CMEEC February 25, 2016 Board of Director's Meeting.**

**A motion was made by Director Collard, seconded by Director Demicco, to approve the minutes of the February 25, 2016 Board of Directors' Meeting.**

**Vote passed unanimously.**

**(16-03-01)**

### **(B) Specific Action Items**

#### **February 2016 Objective Summary Review**

Mr. Rankin provided an overview of the exceptions to the summary dashboard report provided to the Board in advance of the meeting, reviewing the line items that reflected a deviation from the established target value for the performance month, year to date, and 2016 year end. Mr. Rankin noted the full Board has been invited to a Risk Management Committee meeting planned to be held in early April to review detailed pro forma projections on all CMEEC assets as well as of the transmission projects. Director DeMuzzio requested that an explanation of the adjustment of the secondary voltage loss factor to the Regional Benchmark metric be added to the table in the Regional Competitiveness section summary. Mr. Rankin updated the Board on new and potential increases to the CMEEC customer load.

### **(C) 2015 Audited Financials Report / Vote**

Mr. Pryor reported that CMEEC obtained an unqualified opinion of the CMEEC financial report and audit for calendar year, 2015. Related to that determination, the reporting format of the CMEEC financial report was changed from that of FASB, as used in prior calendar year audits and reports, to that of GASB for calendar year, 2015. Mr. Pryor explained the practices and standards of accounting are basically the same between the two reporting regimes. Mr. Pryor noted the decision to change formats from that of FASB to that of GASB was determined late in the year and due to the resulting time compression, a management discussion was not done and appended to the report. A management discussion in conformity with GASB generally reviews a three year period. This discussion will be provided in future annual audit reports. Mr. Pryor reported that the reporting format change identified no adverse impacts for CMEEC and that 2015 was generally a very strong financial year for CMEEC with marked improvements in CMEEC's financial metrics and significant increases in cash balances.

Director Collard, Chairman of the Joint Audit Committee, thanked the committee members, Jim Smith, Mark Harris, and Steve Sinko, for their efforts in assisting in the review of CMEEC's annual audit, and recommended on behalf of the Joint Audit Committee that the 2015 financial audit be approved by the CMEEC Board of Directors. Mr. Pryor thanked CMEEC staff members Pat Meek and Ruth Ouimet, for their work on the audit process.

**A Motion was made by Director DeMuzzio, seconded by Director Yatcko, to approve the CMEEC 2015 Audited Financials Report.**

**Vote passed unanimously.**

**(16-03-02)**

**(D) Market Impacts Report Summary.**

Mr. Forshaw reported that ISO-New England is preparing to file a proposal with the Federal Energy Regulatory Commission (FERC) which will change the Forward Capacity Market (FCM), and result in increased electric costs to New England in the order based on estimates of \$360 to \$600 million dollars over the next 3 years. Mr. Forshaw recommended that CMEEC, along with other public power entities, intervene in the FERC proceeding to review and consider the proposal by hiring FERC counsel to challenge the proposal.

Mr. Forshaw spoke about his and Director Bilda's recent visit to Washington, DC, during the APPA Legislative Rally earlier in the month. Mr. Forshaw met with the FERC Chairman and Commissioners and carried the message that the ISO-New England markets are not working effectively. Mr. Forshaw reminded the Board that a group of Board members and MEU Commissioners will be visiting Congress-(men/women) in April, and noted that Board members should try and arrange for one or more of the Mayors or other top public officials from their municipalities to attend the meetings.

**(E) February Market Analysis.**

Mr. Connell reported on February market prices and noted that energy costs were over budget, actual demand was lower, and unit contingent resources were lower than budget. A discussion ensued regarding what the costs would have been had CMEEC gone to the market to purchase power absent the contractual cover that CMEEC had procured in advance. Mr. Connell noted there were new customer margin graphs in the materials distributed to the Board members. Director DeMuzzio pointed out several items which may require correction. Mr. Connell stated that these items will be reviewed and corrected.

**(F) Policy vs. Market Influence of Power Cost Budget vs. Actual.**

Mr. Connell reported on an in-depth analysis and reconciliation of actual winter period power cost deviations between budgeted and actual results from 2013 to present conducted by CMEEC staff. Mr. Connell identified contributing factors of improved and reduced deviations of power cost budgeted vs. actual realized values. Mr. Connell reported on mitigating actions taken and preliminary conclusions. It was requested that a one-line written explanatory summary of each graph be provided in future such presentations. Director Yatcko, who had requested information on this topic at the prior February Board meeting, thanked Mr. Connell and his staff for the hard work put into analyzing the information. Director Yatcko stated that the self-analysis required, and the willingness to share it with the Board, as evidenced by the presentation of the staff, was truly a show of continuous process improvement and transparency.

**A motion to adjourn the meeting was made by Director Demicco, seconded by Director Yatcko.**

**Vote passed unanimously.**

**(16-03-03)**

There being no further business to come before the Board, the meeting was adjourned at 12:13 p.m.