

Connecticut Transmission Municipal Electric Energy Cooperative



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TRANSCO Board of Directors' Meeting

November 17, 2011

MINUTES

A meeting of the Board of Directors of the Connecticut Transmission Municipal Electric Energy Cooperative ("CTMEEC" or "TRANSCO") was held on Thursday, November 17, 2011, at the offices of the Connecticut Municipal Electric Energy Cooperative ("CMEEC"). The meeting was legally noticed in compliance with State law and all proceedings hereinafter were taken while the meeting was open to the attendance of the public.

Chairman J. Sullivan called the meeting to order at 11:46 A.M. and determined that a quorum was present.

The following were present:

Directors and Alternate Directors

| | |
|---------------|------------------------------------|
| Bozrah | E. DeMuzzio |
| East Norwalk | D. Brown, G. Leary |
| Jewett City | D. Throwe |
| Groton | E. DeMuzzio |
| Norwich | J. Sullivan, J. Bilda |
| South Norwalk | J. Hiscock, S. Whittier, M. Harris |
| Wallingford | G. Adair |

Also present were the following:

D. Rankin, Chief Executive Officer, TRANSCO.
P. Sussler, General Counsel, TRANSCO.

Mr. Sussler recorded.

A motion was made by Director Hiscock, seconded by Director Bilda to approve the consent agenda items submitted to the meeting with the meeting agenda; the Minutes of TRANSCO's September 22, 2011 Board of Directors' Meeting and the Schedule of Regular and Annual Meetings of the Board of Directors and Membership for Calendar Year 2012.

Vote unanimous.

(11-29)

A motion was made by Director Throwe, seconded by Director Leary to approve the resolution authorizing the CEO of TRANSCO to execute the Comprehensive Management Services Agreement (CMSA) with CMEEC.

Discussion was had regarding the authority of the CEO of TRANSCO to execute the CMSA on behalf of CMEEC in his role as CMEEC CEO, pursuant to a similar resolution previously adopted by the CMEEC Board of Directors, as well as on behalf of TRANSCO. Msrs. Rankin and Sussler responded that the question had been reviewed and because the Boards of Directors of each of the entities are separately approving the CMSA and authorizing the CEO to execute the CMSA on behalf of each entity, the resolution proposed for approval is legally proper.

Vote unanimous.

(11-30)

Mr. Rankin discussed various items relating to the operations and financial management report for TRANSCO. Mr. Rankin noted that TRANSCO continued to investigate the possibility of procuring property insurance to cover the TRANSCO Transmission Project No. 1 assets. Discussion with various transmission owners indicated that storm repair/recovery expense would likely be recoverable in transmission rates, although not certain; however, insurance coverage, if available at reasonable premium cost, could still provide some benefits. Mr. Rankin further advised that discussions with the new insurance broker and associated carriers providing insurance to CMEEC have produced potential reasonable options to procure up to a level of \$5 million of coverage.

It was noted that TRANSCO was in compliance with its NERC obligations as reported in the September and October NERC compliance reports submitted to the Board of Directors. Mr. Rankin noted the high level of importance of this compliance effort and TRANSCO and CMEEC staff commitment to assure this.

Several inquiries were raised by the Board regarding specific items disclosed in the materials submitted to the Board. Director Harris asked for clarification regarding the CMEEC Administrative Fees charged to TRANSCO. Director DeMuzzio requested that a flow chart be provided by TRANSCO staff in a future report indicating the flow of funds and the specific impact on each municipal system of the net benefit provided by participation in Transmission Project No. 1. In response to an inquiry from Director Adair, Mr. Sussler provided a brief summary of the status of the Federal Power Act, section 206 complaint filed by the Massachusetts Attorney General ("MAAG") and others seeking to lower the base rate of return on equity ("ROE") awarded to transmission owners ("TOs") under the ISO regional network service rate, stating that the TOs' response had been filed in late October at FERC contesting the

MAAG's request to reduce the base ROE and that the proceeding awaits an initial order from FERC deciding the next steps to be taken.

A motion was made by Director Bilda, seconded by Director Hiscock to adjourn the meeting.

Vote unanimous.

(11-31)

There being no further business of the Board, the meeting was adjourned at 12:05 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Philip L. Sussler".

Philip L. Sussler
2nd Assistant Secretary