

Connecticut Transmission Municipal Electric Energy Cooperative



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MEETING OF THE BOARD OF DIRECTORS OF THE CONNECTICUT TRANSMISSION MUNICIPAL ELECTRIC ENERGY COOPERATIVE

September 22, 2011

CMEEC Offices

30 Stott Avenue, Norwich, Connecticut

MINUTES

A regular meeting of the Board of Directors of the Connecticut Transmission Municipal Electric Energy Cooperative (“CTMEEC” or “TRANSCO”) was held on Thursday, September 22, 2011 at 30 Stott Avenue, Norwich, Connecticut. 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 11:58 a.m. and determined a quorum was present.

The following were present:

Directors and Alternate Directors

Jewett City – Kenneth Sullivan, Louis Demicco
Groton – Edward DeMuzzio, Paul Yatchko, David Collard
Norwich – John Bilda, James Sullivan, Steve Sinko
East Norwalk – George Leary, David Brown
South Norwalk – John Hiscock, Mark Harris, Scott Whittier

Also present were the following:

Ellen Kachmar, CMEEC, Executive Assistant
Edward Pryor, CTMEEC, Director, Finance and Accounting
Drew Rankin, CTMEEC, CEO
Thomas Solinsky, CMEEC
Philip Sussler, CTMEEC, General Counsel

Mr. Sussler recorded

Action Item (1) Approval of Minutes of Meeting.

Motion by Director K. Sullivan, second by Director G. Leary to approve the minutes of the August 25, 2011 meeting of the TRANSCO Board of Directors (with an amendment to the draft presented to the meeting indicating that the Directors from Jewett City were also present and in attendance).

Vote unanimous.

(11-26)

Action Item (2) – Resolution Approving Creation of Joint Audit Committee

A motion was made by Director Hiscock, seconded by Director K. Sullivan to approve the proposed resolution to establish a joint audit committee, with the resolution in the form attached hereto.

Director DeMuzzio inquired about the estimated incremental cost of conducting a separate audit for TRANSCO and estimates of costs if there were two separate audit committees for each of CMEEC and TRANSCO and if two separate auditor firms were to be engaged to do separate audits of the two entities. Mr. Pryor indicated that CMEEC's current independent auditing cost is approximately \$60,000-70,000 on an annual basis. Staff is evaluating the possible incremental cost of conducting a separate audit for TRANSCO, which is currently contemplated to be done but with the same auditing firm that conducts CMEEC's audit.

Vote for approval (with Director DeMuzzio abstaining)

(11-27)

Agenda Item (1) Financial Statement Review.

Mr. Solinsky presented the financial performance for TRANSCO for the period from the closing at the end of May through July, 2011, with an estimate for August, 2011. It was reported that the reason for the delayed and estimated reporting periods stems from the fact that ISO-NE bills on a two-month lag. Mr. Solinsky also explained the reasons for discrepancies between prior estimates of TRANSCO revenue requirements and the current report (largely due to lower debt interest than originally anticipated). Staff is evaluating the feasibility and cost/benefit of procuring property insurance to cover the TRANSCO assets and reviewing the options for rate base additions and revenue recovery resulting from paying directly for capital replacement in the event of a property loss when compared to funding the recovery through insurance proceeds.

Agenda Item (2) Final Accounting of TRANSCO financing.

Mr. Pryor reported on the final numbers for costs incurred for the services of outside counsel, investment advisors and other consultants related to the TRANSCO formation and financing. Mr. Pryor and Mr. Sussler described in particular the basis for each line item presented in Mr. Pryor's written report of the expenditures. Inquiry was made to staff about the ability to capitalize internal staff time related to TRANSCO formation and the procedure for recovery in rates of such costs, if available and appropriate.

Chairman Sullivan and Mr. Rankin indicated that the discussion regarding the proposed long-term transmission agreement ("LTTA") was not required, as the subject matter had been addressed during the prior CMEEC Board of Directors meeting.

A motion by Director Brown was made to adjourn the meeting, second by Director K. Sullivan.

Vote unanimous.

(11-28)

There being no further business of the Board, the meeting was adjourned at 12:35 pm.

Respectfully submitted,

Philip L. Sussler
2nd Assistant Secretary