

INDEPENDENT CONSUMER ADVOCATE

QUARTERLY REPORT APRIL 1-JUNE 30, 2020

This quarter's activities continued from the previous quarter including the robust schedule of committee meetings and board meetings. The strategic plan activities continued. In addition, considerable time was devoted to the issues raised by the large customer who continued to believe it was being unduly burdened with CMEEC costs for which, because it purchased its own power through a special arrangement with CMEEC, it received limited benefits. In further looking into this matter the Advocate reviewed numerous CMEEC documents including the Membership Agreement, the RSPC, and rate 9.

Two additional issues were addressed this quarter. First, CMEEC addressed the issue of the appropriate level of equity CMEEC members should be required to maintain at CMEEC. Generally, prior to 2020 the assumption had been that the 20% level of equity would be raised over time to 25%. The Advocate took the position that the increased level of equity would be costly to consumers and would not produce any benefits in terms of better access to capital markets or increased bond ratings (leading to lower interest costs). CMEEC members decided to maintain the 20% level of equity during the pandemic and revisit the issue in 2021. Second, CMEEC faced the decision on whether to renew its existing entitlement in Hydro-Quebec power. It determined that it was important to renew this entitlement, which the Advocate supported.

Meetings throughout this quarter continued to be electronic due to the pandemic.