A. PROCEDURE

1. Chairman Flynn called the meeting to order at 10:00 a.m. stating that a quorum was present.

Those present:

Directors and Officers:
Chairman Michael Flynn; President Peter Dion; Directors Joseph Sollecito, James Lavelle, Michael Hale, Jonathan Fitch, Luis Vitorino, Charles Orphanos, Kevin Kelly; General Counsel Peter Barry; CEO and Secretary Ronald C. DeCurzio; Executive Director, Energy & Financial Markets and Treasurer, Matthew J. Ide

Others:
Hull Manager, Panos Tokadjian; West Boylston Manager, Jonathan Fitch; Holden Manager, Jane Parenteau

MMWEC Staff:
Director, Financial Reporting & Corporate Technology, Carol Martucci; Director, Engineering & Generation Assets, Brian Quinn; Budget Manager, Kelly Joyce; Director, Communications and External Affairs, Kate Roy

2. Approval of Agenda

A motion was made by Mr. Lavelle, seconded by Mr. Sollecito and it was unanimously voted to accept the agenda as presented.
B. CURRENT AGENDA

1. 2020 Proposed Administrative and General Budget

Mr. DeCurzio introduced the proposed budget with a broad overview. There is an emphasis on the de-carbonization of the power portfolio throughout the budget.

Page 4 outlines the budget drivers. The last bullet on that page, “PEPP”, is now included on employee annual review forms. Page 5 shows the planned focus on smart home devices in 2020. Page 6 is a reminder that the 10-year strategic plan is halfway complete, and MMWEC is on-target with the exception of the right-hand column, which shows unanticipated initiatives.

Mr. Ide’s presentation began on page 9. Investment in the SMD project is almost complete. The next stage will involve the new power portfolio cost reports. Five year forecast reports will be rolling out, which will help with hedging strategy decisions. Mr. Fitch asked when to expect the updated reports, and Mr. Ide answered that the reports would be rolled out very shortly. In 2020, the major focus will be on implementation. Going forward, each MLP will have a support team assigned to its portfolio. Mr. Sollecito asked if this would be included as part of the service agreement. Mr. DeCurzio answered that it was. Mr. Ide stated that MMWEC is trying to widen each staff member’s responsibilities. The staff is deep in expertise, but not as broad as MMWEC would like. The team approach will enhance the experience for each MLP.

On the treasury side, the move to automation, keeping administrative costs down and using existing personnel on higher level work will be emphasized in 2020. Continuous work on regulatory strategies is also included in the 2020 plan.

Mr. Sollecito questioned whether there was any movement on the energy standards issue. Mr. Ide stated that the DEP is on record acknowledging nuclear power. MMWEC may challenge the allocation of benefits among owners of such power.

Mr. Quinn gave the presentation for Engineering and Generation Assets (page 10). He summarized the five main areas reflected in the 2020 budget for his department: 1) Project 2015A future engineering milestones; 2) perform maintenance and upgrades as needed at Stony Brook; 3) direct support to Members in distributed generation (solar, batteries, etc.); 4) development of innovative offerings to keep up with technological advancements and changes in the marketplace that benefit Members; and 5) stay on top of social pressures and offer guidance to Members to anticipate regulatory requirements.

Mr. Tokadjian questioned the ads running on the radio about bio-diesel and its benefits compared to thermal storage/heat pumps. Mr. Ide answered that historically, heat pumps have not performed well. The new technologies of the heat pumps today are far superior to what they were, but the propane and fuel dealers do not want to lose market share and therefore, focus on the poor performance of the past. Ms. Roy stated that
MMWEC has created a new one-page flyer showing 5 reasons to consider a heat pump that can be distributed to customers. Mr. Fitch stated that costs are shown, but information could be added about CO2 benefits.

Ms. Roy presented the Communications and External Affairs overview and proposed budget for 2020. This department provides communications and marketing materials support and web-based information for members, project participants, and the public. Focuses for 2020 include: emerging technologies – battery storage, electric vehicles, and smart homes and oversight of communications regarding legislative and regulatory activities as they relate to MMWEC. This department also maintains MMWEC visibility in meetings with FERC, state and federal officials, and ISO.

Ms. Parenteau questioned the status of the H2863 bill and what MLPs could do to move it forward faster. Ms. Roy answered that MMWEC has consulted with Ventry. Mr. Flynn and Mr. Dion suggested putting pressure on local legislators about the status of the bill. Discussion involving the proposed legislature ensued. Mr. DeCurzio stated that the DC “fly-in” was taking place today and MMWEC could not attend. However, Mr. DeCurzio participated in a two-hour phone call to be sure that MMWEC views were heard.

Ms. Martucci presented the Financial Reporting and Corporate Technology proposed budget. The major focus of this department is the upgrade of Oracle JD Edwards. MMWEC has not upgraded JDE in ten years and is anticipating another ten before needing an additional upgrade. The upgrade will happen from January to March 2020. MMP-SMD support post-implementation, refinements, and overseeing the automation of member meter reading is the second focus. In 2020 a Member/Participant website re-design will begin with a request for information and vendor selection. The final focus will be upgrading end of life data center servers using a phased approach, and all servers will be upgraded to Windows 10 in 2020.

Mr. DeCurzio presented the Business Support and Administrative Services budget. The Business Unit Development Plan is being presented to Mr. Flynn later this week and is highly confidential. It includes staffing requirements and succession planning.

Ms. Joyce presented the proposed 2020 Administrative and General budget. The total budget is $11.6 million. Of that, operating expenses total $11.4 million and $200,000 is budgeted for capital expenditures. Staffing levels remain the same as 2019. The operating expense budget is broken into four areas (shown on page 18). Optional service contracts have grown from 7% of the budget to 12% of the budget over the past 5 years. Mr. DeCurzio went over page 19 and how each category has grown or not. Lead operating expenses are shown in greater detail on pages 20-28. Pages 29-38 show the outside professional services budget. Pages 39-42 show the proposed 2020 Capital Project Budget. Each worksheet shows the information in greater detail. Mr. Sollecito questioned the potential capital project of solar on site at MMWEC. Mr. DeCurzio stated that updates would be provided at the regular Board meeting. Mr. Hale asked Ms. Martucci if enough funds were allocated to cyber security. Ms. Martucci responded that she feels the allocated amount is adequate. The last section in the proposed budget is Estimated Billings on page 44 and shows Capital Reserve Funding.
The proposed budget will be presented for approval at November 6th, 2019 Board of Directors meeting.

All business having been concluded, it was moved by Mr. Sollecito, seconded by Mr. Lavelle, and it was unanimously voted to adjourn the Board of Directors' meeting.

Chairman Flynn declared the Regular Session of the Board of Directors' Meeting adjourned at 11:10 a.m.

A TRUE RECORD

ATTEST:  

Peter H. Barry, General Counsel to MMWEC