

MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY

BOARD OF DIRECTORS' MEETING

RICHARD D. CARNEY MUNICIPAL OFFICE BUILDING
SHREWSBURY, MA

REGULAR SESSION
NOVEMBER 6, 2019

10:00 AM

MINUTES

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, Sean Hamilton, Michael Hale, Charles Orphanos, Kevin Kelly, Charmaine White; 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; Marblehead Manager, Joseph Kowalik

MMWEC Staff:

Director, Financial Reporting & Corporate Technology, Carol Martucci; Director, Engineering & Generation Assets, Brian Quinn

2. Approval of Agenda

Mr. DeCurzio asked that two items be added to the Executive Session agenda: 1) Palmer paving project and 2) Project 2015A.

A motion was made by Mr. Sollecito, seconded by Mr. Hamilton and it was unanimously voted to accept the agenda as amended.

3. Approval of September 11, 2019 Regular Session Minutes

A motion was made by Mr. Kelly, seconded by Mr. Sollecito.

The September 11, 2019 Regular Session Minutes were unanimously approved as presented.

B. CURRENT AGENDA

1. Member/Participant Comments

There were no comments.

2. Activities Report

Mr. DeCurzio began the discussion on the Activities Report by asking if anyone had questions. Mr. Hamilton asked if the Seabrook decommissioning funds are adequately protected. Mr. DeCurzio stated that this is more of an issue with Millstone. MMWEC has elected to keep funds in escrow and not distribute any funds to participants in order to protect against the possibility of a NextEra bankruptcy. A Board vote will be taken next month to ratify this approach - keeping the funds in escrow. Ultimately, NDFC, and not MMWEC, has control over the amount of the escrow. Millstone is an identical plant to Seabrook – but their decommissioning requirements are completely different. Mr. DeCurzio explained that Millstone funds to the NRC minimum while Seabrook funds decommissioning to a higher level. MMWEC has followed prudent utility practice and has established a second fund outside to the trustees' NRC minimum fund. MMWEC has complete control over this internal/external decommissioning fund that was created to mirror Seabrook. The NRC minimum is \$36 million and the total funds available for MMWEC participants are currently \$54 million. Mr. Sollecito asked how the funds show up in the accounting books of MLPs. Ms. Martucci answered that they do not. The internal/external fund is carried as a trust on MMWEC's books because MMWEC is the owner. The cost of the fund is included as part of the MLP's power cost.

Mr. Hamilton asked whether MMWEC had a choice about the timing of the outage at the Partridge substation. Mr. DeCurzio stated that Eversource required that Berkshire be shut down from October 21 through the 31.

Mr. Hamilton then asked about the ROI and transmission ownership. Mr. DeCurzio stated that MMWEC did file to be qualified as a transmission owner and was accepted. MMWEC is considering two potential transmission opportunities now.

Mr. Sollecito stated that with respect to the DC fly-in, legislators apparently are looking for support for the White House bill, which provides that green energy would be prioritized over reliability. He stated that this seems contrary to MMWEC's position. Discussion on this topic followed. Mr. DeCurzio stated that the main disagreement between NEPA and MMWEC's positions is that reforming the capacity market could

take away the advantage of vertical integration. More information is needed to get a clearer picture.

Mr. Ide began the overview of the Activities Report on page 12 with the Applications Update and referred to the folder that was distributed regarding the introduction to the new reporting system. Visits from MMWEC teams to each member will happen in the next two weeks, but Mr. Ide provided a broad overview of what the reports will offer. A two-page handout referencing the new forecasting system was distributed. Forecasts will no longer be limited to 18 months, but rather can be reliable for up to five years, which is most important for hedging decisions.

Mr. Ide continued with the Activities Report on page 13, with an update on the proposed clean energy standard (CES) amendment. DOER proposed an amendment to the clean energy standard that would allow certificates generated from existing nuclear assets to be sold. However, because MLPs are exempt from the CES, the DEP is stating that MLPs would not be able to sell certificates. MMWEC feels that this could be discriminatory, discussion ensued.

Mr. Quinn reported on the Stony Brook outage (page 5). All maintenance inspections and repairs were completed, three transmission line structures were replaced, underground piping was inspected, the annual borescope inspection of the combustion turbine was completed. The outage was extended forty-eight hours to allow transmission line work to be completed and the unit was back online in stages on October 8th and 12th.

Mr. DeCurzio referred to the distributed Berkshire Wind phase 2 update. On September 25, MMWEC, GE and the general contractor completed the walk down and inspection. GE declared the wind turbine commissioned on October 2, 2019. An open house is scheduled participants for November 15th. The Berkshire Board meeting is scheduled for November 18th.

3. 2020 Administrative and General Budget (Vote)

Ms. Martucci presented the proposed 2020 A&G budget. The total proposed is an \$11.4 million operating budget and \$200,000 capital expenditure budget. This is an increase from \$11.5 in 2019. The increase is driven mostly by staffing related costs. Mr. Sollecito questioned the bank service charge. Ms. Martucci and Mr. DeCurzio explained the charge was offset by the interest credits (which are not shown).

There was no further discussion on the financial reports and:

A motion was made by Mr. Lavelle and seconded by Mr. Kelly, and it was unanimously:

(VOTED 19-53): _____ that the Board of Directors accepts the recommendation of the Chief Executive Officer who recommends approval of the

2020 MMWEC Proposed Administrative and General Budget and hereby approves the 2020 A&G Operating Expense Budget in the amount of \$11,411,099 and the Capital Budget of \$220,200 as submitted to and made a part of the permanent records of this meeting, and further authorizes the Chief Executive Officer to carry out the programs and related expenditures included therein, with quarterly presentation of actual to budget financial statements to the Board of Directors; and that the Chief Executive Officer is authorized to take such other action as he deems necessary or advisable to carry out the purpose of the vote within the overall budget amount.

C. EXECUTIVE SESSION

A motion was made by Mr. Hamilton, seconded by Mr. Sollecito, that the MMWEC Board meeting enter Executive Session for the purpose of discussing strategy with respect to discussing commercial or financial information the disclosure of which would adversely affect MMWEC’s ability to conduct business in relation to other suppliers of electric power and energy, under St. 1975, c.775 Section 19(a), and to reconvene the meeting in Open Session upon termination of the Executive Session for the purpose of adjournment. Based on roll call vote as follows:

Sollecito	“aye”
Lavelle	“aye”
Kelly	“aye”
Driscoll	“aye”
Orphanos	“aye”
Hale	“aye”
Vitorino	“aye”

It was:

(VOTED 19-54):


To enter Executive Session pursuant to St. 1975, c. 775 Section 19(a) for the purpose of discussing strategy and competitively sensitive commercial and financial information that would adversely affect its ability to conduct its business and that upon termination of the Executive Session, the Board Meeting will be reconvened in Regular Session to adjourn the meeting.

The Board entered Executive Session at 11:30 a.m.
The Board meeting reconvened Regular Session at 11:40 a.m.

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 12:15 p.m.

A TRUE RECORD

ATTEST: 
Peter H. Barry, General Counsel to MMWEC