

MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY

BOARD OF DIRECTORS' MEETING

MMWEC HEADQUARTERS
LUDLOW, MA

REGULAR SESSION
DECEMBER 5, 2018

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 Sean Hamilton, John Driscoll, Kevin Kelly, James Lavelle, Glenn Trueira, Charmaine White; General Counsel Peter Barry; CEO and Secretary Ronald C. DeCurzio; Executive Director, Energy & Financial Markets and Treasurer, Matthew J. Ide

MMWEC Staff:

Director, Engineering & Generation Assets, Brian Quinn; Director, Financial Reporting & Corporate Technology, Carol Martucci; Budget Manager, Kelly Joyce

Others:

South Hadley Manager, Sean Fitzgerald; Hull Manager, Panos Tokadjian; Peabody Assistant Manager, Charles Orphanos

2. Approval of Agenda

A motion was made by Mr. Hamilton, seconded by Mr. Lavelle.

It was unanimously voted to accept the agenda as presented.

3. Approval of September 12, 2018 Regular Session Minutes

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

The September 12, 2018 Regular Session Minutes were approved as presented, with two abstentions: Mr. Lavelle and Ms. White.

4. Approval of October 17, 2018 Regular Session Minutes

A motion was made by Mr. Hamilton, seconded by Mr. Driscoll.

The October 17, 2018 Regular Session Minutes were approved as presented with three abstentions: Mr. Lavelle, Mr. Kelly and Ms. White.

5. Approval of November 7, 2018 Regular Session Minutes

A motion was made by Mr. Hamilton, seconded by Mr. Lavelle.

The November 7, 2018 Regular Session Minutes were approved as presented with Ms. White abstaining.

B. CURRENT AGENDA

1. Member/Participant Comments

Mr. Hamilton thanked MMWEC and the Board for the support extended to his family following the loss of his brother.

2. Activities Report

Mr. DeCurzio reported there was nothing new on the Activities Report due to the November and December meetings being close together. Mr. DeCurzio did recognize a few retirements that occurred at MMWEC. Dave Tuohey, Kathy Bassford, and two long-term power plant employees, with 117 years collective experience have left MMWEC. The succession plan that has been in place for a couple of years is working.

There were no further questions or comments on the Activities Report.

3. Financial Statements

Ms. Martucci began the presentation on page four of the distributed handout. The A&G budget is coming in \$378,000 under budget due to salaries and wages due to retirements and open positions, and benefits costs lower than budgeted. Personnel agency fees are over budget due to staff openings and gaps in employment.

There was no further discussion, and it was thereby:

(VOTED 18-56): that the Board of Directors accepts the recommendation of the Treasurer and Director of Financial Reporting & Corporate Technology and hereby accepts the Consolidated Balance Sheet as of September 30, 2018 and the Administrative and General Statement of Revenues & Expenses for the Nine Months Ended September 30, 2018, as

submitted to and made a part of the permanent records of this meeting.

(VOTED 18-57): that the Board of Directors accepts the recommendation of the Treasurer and Director of Financial Reporting & Corporate Technology and hereby accepts the Review of Actual Power Costs and Statement of Revenues & Expenses for the Contract Year Ended September 30, 2018, for Nuclear Mix No. 1 as submitted to and made a part of the permanent records of this meeting.

(VOTED 18-58): that the Board of Directors accepts the recommendation of the Treasurer and Director of Financial Reporting & Corporate Technology and hereby accepts the Review of Actual Power Costs and Statement of Revenues & Expenses for the Contract Year Ended September 30, 2018, for the Nuclear Project No. 3, as submitted to and made a part of the permanent records of this meeting.

(VOTED 18-59): that the Board of Directors accepts the recommendation of the Treasurer and Director of Financial Reporting & Corporate Technology and hereby accepts the Review of Actual Power Costs and Statement of Revenues & Expenses for the Contract Year Ended September 30, 2018, for the Nuclear Project No. 4, as submitted to and made a part of the permanent records of this meeting.

(VOTED 18-60): that the Board of Directors accepts the recommendation of the Treasurer and Director of Financial Reporting & Corporate Technology and hereby accepts the Review of Actual Power Costs and Statement of Revenues & Expenses for the Contract Year Ended September 30, 2018, for the Nuclear Project No. 5, as submitted to and made a part of the permanent records of this meeting.

(VOTED 18-61): that the Board of Directors accepts the recommendation of the Treasurer and Director of Financial Reporting & Corporate Technology and hereby accepts the Review of Actual Power Costs and Statement of Revenues & Expenses for the Contract Year Ended September 30, 2018, for the Project No. 6, as submitted to and made a part of the permanent records of this meeting.

(VOTED 18-62): that the Board of Directors accepts the recommendation of the Treasurer and Director of

Financial Reporting & Corporate Technology and hereby accepts the Review of Actual Power Costs and Statement of Revenues & Expenses for the Contract Year Ended September 30, 2018, for the Stony Brook Peaking Project as submitted to and made a part of the permanent records of this meeting.

(VOTED 18-63):

that the Board of Directors accepts the recommendation of the Treasurer and Director of Financial Reporting & Corporate Technology and hereby accepts the Review of Actual Power Costs and Statement of Revenues & Expenses for the Contract Year Ended September 30, 2018, for the Stony Brook Intermediate Project, as submitted to and made a part of the permanent records of this meeting.

(VOTED 18-64):

that the Board of Directors accepts the recommendation of the Treasurer and Director of Financial Reporting & Corporate Technology and hereby accepts the Review of Actual Power Costs and Statement of Revenues & Expenses for the Contract Year Ended September 30, 2018, for the Wyman Unit No. 4 Project, as submitted to and made a part of the permanent records of this meeting.

4. Project budgets are on a contract year. The distributed materials and today's votes are only the first three months. The next project statement (12/31 end) will show a clearer picture of how projects are operating in relation to budgeted expenses.

Ms. Joyce presented the project budgets briefly and Mr. Flynn asked if there were any questions on the presented budgets. Mr. Kelly asked what the effect would be given the decline in the nuclear decommissioning fund. Mr. DeCurzio answered that, in relation to Seabrook, the fund is trued up annually, so it will not fall far behind. Mr. Kelly questioned if this would mean an increased budget item increase next year. Mr. DeCurzio responded that it is possible, but that given relicensing is also planned for next year, a no increase or a decrease also are possible. Mr. Quinn added that NextEra's final proposal relative to relicensing will be submitted and voted on in January of 2019. The proposal has the backing of the three most critical groups.

Ms. Joyce stated that the Wyman and Seabrook joint owners meetings are coming up and those two project budgets will be revised after that.

Mr. DeCurzio asked if this information was ready to be shared with the light departments so they can complete their budgets. Ms. Martucci replied affirmatively. Ms. Martucci also stated that increased transparency to members has helped to keep everyone updated and

increased confidence in MMWEC has helped. Mr. DeCurzio stated that this will also be addressed at the annual conference, as project participants will be invited.

There was no further discussion, and it was thereby:

(VOTED 18-65): that the Board of Directors accepts the recommendation of staff and hereby approves the Nuclear Mix No. 1 Revised Annual Budget of Monthly Power Costs for the contract year July 1, 2018 through June 30, 2019 in the amount of \$6,571,977 as submitted to and made a part of the permanent records of this meeting; and authorizes the Chief Executive Officer to carry out the programs and related expenditures as he deems necessary or advisable for the purpose of this vote.

(VOTED 18-66): that the Board of Directors accepts the recommendation of staff and hereby approves the Nuclear Project No. 3 Revised Annual Budget of Monthly Power Costs for the contract year July 1, 2018 through June 30, 2019 in the amount of \$12,208,128, submitted to and made a part of the permanent records of this meeting; and authorizes the Chief Executive Officer to carry out the programs and related expenditures as he deems necessary or advisable for the purpose of this vote.

(VOTED 18-67): that the Board of Directors accepts the recommendation of staff and hereby approves the Nuclear Project No. 4 Revised Annual Budget of Monthly Power Costs for the contract year July 1, 2018 through June 30, 2019 in the amount of \$14,124,489, as submitted to and made a part of the permanent records of this meeting; and authorizes the Chief Executive Officer to carry out the programs and related expenditures as he deems necessary or advisable for the purpose of this vote.

(VOTED 18-68): that the Board of Directors accepts the recommendation of staff and hereby approves the Nuclear Project No. 5 Revised Annual Budget of Monthly Power Costs for the contract year July 1, 2018 through June 30, 2019 in the amount of \$3,628,622, as submitted to and made a part of the permanent records of this meeting; and authorizes the Chief Executive Officer to carry out the programs and related expenditures as he deems necessary or advisable for the purpose of this vote.

(VOTED 18-69): that the Board of Directors accepts the recommendation of staff and hereby approves the Project No. 6 Revised Annual Budget of Monthly Power Costs for the contract year July 1, 2018 through June 30, 2019 in the amount of \$23,679,966, as submitted to and made a part of the permanent records of this meeting; and authorizes the Chief Executive Officer to carry out the programs and related expenditures as he deems necessary or advisable for the purpose of this vote.

(VOTED 18-70): that the Board of Directors accepts the recommendation of staff and hereby approves the Wyman Unit No. 4 Revised Annual Budget of Monthly Power Costs for the contract year July 1, 2018 through June 30, 2019 in the amount of \$822,704, as submitted to and made a part of the permanent records of this meeting; and authorizes the Chief Executive Officer to carry out the programs and related expenditures as he deems necessary or advisable for the purpose of this vote.

(VOTED 18-71): that the Board of Directors accepts the recommendation of staff and hereby approves the Stony Brook Intermediate Project Revised Annual Budget of Monthly Power Costs for the contract year July 1, 2018 through June 30, 2019 in the amount of \$15,970,878 as submitted to and made a part of the permanent records of this meeting; and authorizes the Chief Executive Officer to carry out the programs and related expenditures as he deems necessary or advisable for the purpose of this vote.

(VOTED 18-72): that the Board of Directors accepts the recommendation of staff and hereby approves the Stony Brook Peaking Project Revised Annual Budget of Monthly Power Costs for the contract year July 1, 2018 through June 30, 2019 in the amount of \$3,590,537, as submitted to and made a part of the permanent records of this meeting; and authorizes the Chief Executive Officer to carry out the programs and related expenditures as he deems necessary or advisable for the purpose of this vote.

Discussion turned to the Berkshire Wind 2 project. Mr. Driscoll and Mr. DeCurzio gave the update on the construction. The lay down area is enclosed, all the land is cleared and blasting is completed. Even with a slew of outages, the project is on schedule, with a target completion date of March or April 2019. The taking of the Feronia land by eminent domain

is complete and a \$100,000 pro tanto payment has been made. Feronia still has a three-year period to contest the eminent domain taking on basis of either procedure or value, or both.

5. Proposed 2019 Board Meeting Dates

Mr. Flynn offered to hold meetings at any member locations to allow the opportunity to showcase different locations. Any interested members should let MMWEC know. Mr. DeCurzio stated that, absent any objections, the 2019 Annual Conference location will be in the Berkshires (due to Berkshire Wind). There were no objections to this plan, and a tour and/or ribbon-cutting on the project will be on the agenda.

C. EXECUTIVE SESSION

A motion was made by Mr. Hamilton, seconded by Mr. Lavelle, 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:

Hamilton	"aye"
Trueira	"aye"
Lavelle	"aye"
Kelly	"aye"
Driscoll	"aye"
White	"aye"

It was:

(VOTED 18-73): To enter Executive Session for the purpose of discussing strategy with respect to trade secrets under St. 1975, c. 775 Section 19(a) 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 10:29 a.m.

The Board meeting reconvened Regular Session at 10:35 a.m.

All business having been concluded, it was moved by Mr. Hamilton, 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 10:40a.m.

A TRUE RECORD

ATTEST: 
Peter H. Barry, Esq., General Counsel, MMWEC
Bulkley, Richardson, and Gelinas, LLP