

MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY

BOARD OF DIRECTORS' MEETING

MASSACHUSETTS MUNICIPAL WHOLESALE ELCTRIC COMPANY  
LUDLOW, MA

REGULAR SESSION  
DECEMBER 11, 2019

10:00 AM

MINUTES

A. PROCEDURE

1. Chairman Flynn called the meeting to order at 10:07 a.m. stating that a quorum was present.

Those present:

Directors and Officers:

Chairman Michael Flynn; Directors Joseph Sollecito, Sean Hamilton, Michael Hale, Charles Orphanos, Kevin Kelly, Charmaine White, James Lavelle, John Driscoll; General Counsel Peter Barry; CEO and Secretary Ronald C. DeCurzio; Executive Director, Energy & Financial Markets and Treasurer, Matthew J. Ide; Nancy A. Brown, Executive Administrative Assistant to BOD/Purchasing and Support Agent and Assistant Secretary

Others:

Hull Manager, Panos Tokadjian; South Hadley Manager, Sean Fitzgerald; Dennis Murphy and Anthony Abdelahad, Ventry Associates

MMWEC Staff:

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

2. Approval of Agenda

Chairman Flynn asked that Item C 2. Ventry Associates Report be added to the agenda.

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

3. Approval of October 16, 2019 Regular Session Minutes

Hull Manager, Panos Tokadjian, mentioned a typographical error on page 3 to change H28 to HB2863.

A motion was made by Sollecito, seconded by Hamilton, and with Driscoll abstaining, the October 16, 2019 Regular Session Minutes were approved as amended.

4. Approval of November 6, 2019 Regular Session Minutes

A motion was made by Hamilton, seconded by Sollecito and with Lavelle and Driscoll abstaining, the November 6, 2019 Regular Session Minutes were approved as presented.

B. CURRENT AGENDA

1. Member/Participant Comments

Director Sollecito mentioned that he has been on the NEPPA Advocacy Group for a period of time and is stepping down. Doesn't feel there is as much to watch over as there was in the past. Sollecito said that Kate Roy of MMWEC is on the Group and that one more MMWEC person should be on it. A question was asked as to how you get appointed to the group. Roy said that Jeff Cady is President of NEPPA and can make appointments.

A package was handed out entitled, "Pete Frates, who raised millions for ALS research by championing the Ice Bucket Challenge, dies at 34". DeCurzio said that Pete was the son-in-law of Joe Kowalik, manager of Marblehead.

2. Activities Report

Mr. DeCurzio began the discussion on the Activities Report by referencing page 15 in response to an earlier Transmission concern. Roy said that she sent out an update provided by Spiegel and McDiarmid stating that the recent FERC treatment of the New England ROE could result in refunds for rate payers going back to 2011. MMWEC has been advocating such a change for over five years.

Lavelle asked for status on Project 2015A. DeCurzio said that a meeting will be held mid-January to address Holyoke and Chicopee's interest in getting out of the project. DeCurzio said that Ide and Smith are meeting with systems individually to go over power portfolios and will have a better idea of the status after those individual sessions. Director Hale had concern about project 2015A coming in on budget and on time. DeCurzio reminded those present that 2015A was set up as a risk management perspective to hedge against the potential of capacity costs and a stop gap.

Due to a perception on the Berkshire Project having overruns and time extensions, DeCurzio reported that General Counsel Barry is going to be involved with the 2015A DPU process.

DeCurzio asked the Board for their input on the format of the Activities Report. Do they like the older information being left in the report as a reminder of the events that have occurred up to this point. It was asked that new information be put in color or be noted on the front page or table of contents to point the Board to those areas.

DeCurzio said that he was asked to prepare a vote on decommissioning funds. He said that he will provide a Seabrook vote in January.

DeCurzio said the APPA Legislative Rally is scheduled for February 24-26 in Washington. MMWEC staff attends and members are encouraged to attend. Director Hamilton recommends going stating attendance is very helpful to get the legislators to know who the MLPs are.

DeCurzio reminded the Board that each Board member can attend one conference each year funded by MMWEC.

3. Financial Statements (Unaudited) dated September 30, 2019

Chairman Flynn stated that there is a series of votes pertaining to financial statements and stated that they would be voted in a group, but recorded separately and would like to not have to read all the votes out loud. The consensus of the board was they did not have to be read out loud.

Martucci reported that the budget forecast through September 2019 was underbudget by \$1.4M. Martucci said this was mainly due to staffing openings, unexpected retirements; vacancies during 2019, succession plan alterations and timing. Medical and dental were under budget. Premiums were lower than those budgeted. Other legal fees were lower due to lower activity.

Stony Brook intermediate was under budget mainly due to lower fuel expense and lower than forecasted generation. The administration portion under budget was due to staffing openings.

Millstone was overbudget due to lead owner expenses – primarily from a voluntary separation package. Project Reserves were used to offset the project cost overrun

Seabrook was under budget except fuel expense.

As a result of MMWEC selling its ownership of Wyman, any on-going administrative cost will be paid by using Wyman Reserves.

A motion was made by Hamilton, seconded by Kelly and it was unanimously:

(VOTED 19-55): 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, 2019 and the Administrative and General Statement of Revenue and Expenses for the Nine Months Ended September 30, 2019, as submitted to and made a part of the permanent records of this meeting.

(VOTED 19-56): 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 Three Months Ended September 30, 2019, for Nuclear Mix No. 1 as submitted to and made a part of the permanent records of this meeting.

(VOTED 19-57): 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 Three Months Ended September 30, 2019, for Nuclear Project No. 3 as submitted to and made a part of the permanent records of this meeting.

(VOTED 19-58): 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 Three Months Ended September 30, 2019, for Nuclear Project No. 4 as submitted to and made a part of the permanent records of this meeting.

(VOTED 19-59): 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 Three Months Ended September 30, 2019, for Nuclear Project No. 5 as submitted to and made a part of the permanent records of this meeting.

(VOTED 19-60): 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 Three Months Ended September 30, 2019, for Project No. 6 as submitted to and made a part of the permanent records of this meeting.

(VOTED 19-61): 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 Three Months Ended September 30, 2019, for Stony Brook Peaking Project as submitted to and made a part of the permanent records of this meeting.

(VOTED 19-62): 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 Three Months Ended September 30, 2019, for Stony Brook Intermediate Project as submitted to and made a part of the permanent records of this meeting.

(VOTED 19-63): 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 Three Months Ended September 30, 2019, for Wyman Unit No. 4 Project as submitted to and made a part of the permanent records of this meeting.

#### 4. Revised Project Budgets

##### a. Comparison of 2019/20 Proposed Revised Budget to the 2019/20 Approved Budget

Budget Manager Joyce reported that the 2019/20 approved budget is being revised to reflect the impact of the sale of MMWEC's Wyman 4 asset. This sale was finalized July 19, 2019. The revised budget reflects the staff time for accounting activity, reserve management and project oversight, legal services related to the sale of the unit, bank service fees and other income.

The proposed revised budget for Stony Brook is 14% lower than the approved budget. The revised budget is allocated to Intermediate Unit (\$532,405) and Peaking Unit (\$212,405) to be paid out of Operations Reserve Funds. The approved capital budget, which included the purchase of two and installation of four oil circuit breakers (OCBs), phase II of the plant data acquisition system upgrade, purchase of a remote circuit breaker racking system and design modification requests, is being revised to add a maintenance truck and Lock-Out-Tag-Out software and remove one OCB purchase and installation.

Millstone Project budget is being revised for the January through June 2020 time frame to update fuel, transmission and property tax expenses, other income and incorporate Mix and Nuclear Project No. 3's share of the MMWEC 2020 A&G expenses and capital projects. The projected increase of \$33,865 (Mix 1 – Millstone) and \$88,138 (Nuclear Project 3) will be paid out of Operations Reserve for each of these projects.

Seabrook Project budget is being revised for the January through June 2020 time frame to update transmission, property taxes and other income and incorporate shares of MMWEC's 2020 A&G expenses and capital projects. Projected increased or decreases will be paid out of or collected into each project's Operations Reserve.

A motion was made by Hamilton, seconded by White and it was unanimously:

- b. Nuclear Mix No. 1 – Revised Annual Budget of Monthly Power Costs for the Contract Year July 1, 2019 through June 30, 2020

(VOTED 19-64): 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, 2019 through June 30, 2020 in the amount of \$6,692,712 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.

- c. Nuclear Project No. 3 – Revised Annual Budget of Monthly Power Costs for the Contract Year July 1, 2019 through June 30, 2020

(VOTED 19-65): 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, 2019 through June 30, 2020 in the amount of \$12,401,376, 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.

- d. Nuclear Project No. 4 – Revised Annual Budget of Monthly Power Costs for the Contract Year July 1, 2019 through June 30, 2020

(VOTED 19-66): 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, 2019 through June 30, 2020 in the amount of \$13,434,605, 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.

- e. Nuclear Project No. 5 – Revised Annual Budget of Monthly Power Costs for the Contract Year July 1, 2019 through June 30, 2020

(VOTED 19-67): 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, 2019 through June 30, 2020 in the amount of \$3,441,284, 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.

- f. Project No. 6 – Revised Annual Budget of Monthly Power Costs for the Contract Year July 1, 2019 through June 30, 2020

(VOTED 19-68): 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, 2019 through June 30, 2020 in the amount of \$20,158,882, 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.

- g. Wyman Unit No. 4 - Revised Annual Budget of Monthly Power Costs for the Contract Year July 1, 2019 through June 30, 2020

(VOTED 19-69): 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, 2019 through June 30, 2020 in the amount of \$0, 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.

- h. Stony Brook Intermediate Project – Revised Annual Budget of Monthly Power Costs for the Contract Year July 1, 2019 through June 30, 2020

(VOTED 19-70): 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, 2019 through June 30, 2020 in the amount of \$16,413,406 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.

- i. Stony Brook Peaking Project – Revised Annual Budget of Monthly Power Costs for the Contract Year July 1, 2019 through June 30, 2020

(VOTED 19-71): 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, 2019 through June 30, 2020 in the amount of \$3,790,875, 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.

- j. Stony Brook Intermediate and Peaking Projects -Revised Capital Additions Budget for the Contract Year July 1, 2019 through June 30, 2020

(VOTED 19-72): that the Board of Directors accepts the recommendations of staff and hereby approves the Stony Brook Intermediate and Peaking Projects – Revised Capital Additions Budget of \$745,000 as allocated between the Intermediate Project (\$532,595) and Peaking Project (\$212,405) for the 2019/20 contract year 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.

## 5. Proposed 2020 Board Meeting Dates

DeCurzio said that this is a proposed schedule with a few meetings listed at MMWEC or annual conference. He said we are looking for locations to conduct the Board meetings so to please contact DeCurzio or Brown with any recommendations.

## C. EXECUTIVE SESSION

A motion was made by White, seconded by Hamilton, 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:

Orphanos	“aye”
Sollecito	“aye”
Kelly	“aye”
Hale	“aye”
White	“aye”
Lavelle	“aye”
Driscoll	“aye”
Hamilton	“aye”

It was:

(VOTED 19-73):

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 a.m.

The Board meeting reconvened Regular Session at 11:50 a.m.

Chairman Flynn recognized long-term employee Nancy Brown for 40 years of service. “Thanks for keeping us on track.”

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 11:55 a.m.

A TRUE RECORD

ATTEST:



\_\_\_\_\_  
Nancy A. Brown, Assistant Secretary