

MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY

BOARD OF DIRECTORS' MEETING

MMWEC  
LUDLOW, MA  
(VIA TELEPHONE CONFERENCE)

REGULAR SESSION  
APRIL 24, 2020

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 via telephone conference:

Directors and Officers:

Chairman Michael Flynn; President Peter Dion; Directors Joseph Sollecito, Michael Hale, Charles Orphanos, Sean Hamilton, John Driscoll, James Lavelle, 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:

Boylston Manager, Mark Barakian

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

It was requested that the agenda be modified to delete Executive Session.

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

It was unanimously voted to accept the agenda as amended.

3. Approval of February 11, 2020 Regular Session Minutes

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

The February 11, 2020 Regular Session Minutes were unanimously approved as presented.

B. CURRENT AGENDA

1. Member/Participant Comments

There were no comments.

2. Activities Report

Mr. DeCurzio opened the discussion asking if there were any questions on the current Activities Report. There were none. Mr. DeCurzio stated that the business continuity plan was updated in January for the eventuality of remote work. A test run was completed in early March unrelated to COVID. There were a few minor tweaks to be made but most users were running well.

Mr. Quinn provided the update on the Seabrook outage. There have been COVID related operational changes but the outage is 24 hours ahead of schedule and a return to service is expected on April 28<sup>th</sup>, with full power by May 1<sup>st</sup>.

Mr. DeCurzio spoke of the Seabrook decommissioning. There is no final schedule, and it does appear that MMWEC will be allowed to keep its funds in escrow. Other owners likely will be allowed to withdraw.

Mr. Quinn gave the update on Millstone, which entered an unplanned shutdown on April 1<sup>st</sup>. The unit was back online on April 11<sup>th</sup> and had a second automatic reactor trip. On April 14<sup>th</sup>, the unit was producing power, and by April 17<sup>th</sup> was producing a full load. Millstone 2 will be offline at the end of the month for a planned outage, and Millstone 3 will come down in the Fall for a transformer replacement. It is uncertain if the transformer will be delayed in manufacturing in South Korea.

Mr. Ide discussed oil inventory at Stony Brook and stated that there is sufficient oil in the tank for the foreseeable future. Even though prices are very low, LNPs/heat rate indicate that there is no reason to purchase additional fuel. The current negative prices are not the fuel that Stony Brook uses. Even at \$0.70 per gallon, oil prices would have to be \$0.28 per gallon to be cheaper than natural gas. There will be oil tank inspections in the near future, so the inventory must be low enough to fit all the oil in one tank and empty the other. Discussion ensued on the benefits of purchasing additional inventory and the limitations of the oil tank inspections.

Mr. Ide continued on, providing an update on the effect of COVID-19 on demand. He stated that demand was about 5% below what was expected at this time of year, but that number varies from MLP to MLP. Forecasting demand has become difficult and the new technology that was installed relies on historic data, and we are experiencing an unprecedented event that makes statistical data/models not very helpful. Staff has been

monitoring the situation daily and hourly and applying judgment, trying to stay within 5%. Mr. Hamilton stated that his MLP is sustaining an even 5% increase – with increased residential, the commercial/industrial load is down, and peak timing is different. Mr. Ide stated that the hourly demand resembles snow days.

Mr. DeCurzio began the discussion on energy efficiency programs. Mr. Ide reported that all in person energy audit appointments were suspended in early March. Virtual audits began in early April to avoid the anticipated audit backlog. Requests for audits are down about 40%, expected given the circumstances. The HELPS Connected Home program is expected to go-live in April 2020. Mr. Ide had a call yesterday to roll out the first 45 participants.

Mr. Hamilton asked if there was further movement likely on transmission. Mr. Ide stated that there was some progress with rulings from other markets that provide guidance for New England, but he is unsure of when FERC will make a final decision as the recent ISO filings regarding capacity will take priority. MMWEC's priority is a transparent formula and that seems to be the direction it is moving.

Mr. Hale asked if there was any update on Special Project 2015A. Mr. DeCurzio answered by explaining that currently MMWEC was working on a DEP permit that has been slowed by COVID, and Pratt & Whitney have been put on hold. Mr. Hale asked what the plan was regarding capacity commitments given the delay. Mr. DeCurzio responded that there are rules regarding circumstances that should allow no penalization from ISO.

### 3. Financial Statements

Ms. Martucci presented the Financial Statements for Years ended December 31 2019 and 2018. The discussion began by highlighting (p.4) the new GASB 83 requirement change to retirement accounting. On page 5, Ms. Martucci outlined liabilities and shared highlights.

A clean opinion was issued from Baker Tilly and will be provided to the banks after the Board approval vote. The audit committee met remotely and reviewed the auditor's report and management letter and issued no findings. The committee accepted all aspects of the audit. There is an internal audit planned, completion of that may be delayed due to COVID. Mr. DeCurzio stated that a return to work plan is being worked on. There was no further discussion on the audit or the management letter issued by Baker Tilly.

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

(VOTED 20-04):

The Board of Directors has reviewed and, as recommended by the Audit Committee and staff, hereby accepts the Massachusetts Municipal Wholesale Electric Company Financial Statements with Supplementary Information for the years ended December 31, 2019 and 2018 and the Independent Auditors' (Baker Tilly's) report on the December 31, 2019 and 2018 financial statements.

4. Management Letter issued Subsequent to the 2019 Annual Audit

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

(VOTED 20-05): The Board of Directors has reviewed and, as recommended by the Audit Committee and staff, hereby accepts the 2019 management letter by Baker Tilly Virchow Krause LLP subsequent to their audit of MMWEC's 2019 financial statements.

5. Project Budgets

Ms. Joyce presented the project budgets. Materials distributed prior to the meeting show that the 2020/21 budgets are based on 2020 calendar year operating budgets and the 2021-24 forecast. There are some transmission structures that are about 40 years old, seven will be replaced this Fall, which accounts for the increased capital expenditures there. There are very little capital expenditures for the next 5 years, which will allow for a build-up of reserves.

A motion was made by Mr. Sollecito, seconded by Mr. Hamilton and it was unanimously:

Mix No. 1

(VOTED 20-06): that the Board of Directors accepts the recommendation of staff and hereby approves the Nuclear Mix No. 1 Annual Budget of Monthly Power Costs for the contract year July 1, 2020 through June 30, 2021 in the amount of \$6,711,039 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.

Nuclear Project No. 3

(VOTED 20-07): that the Board of Directors accepts the recommendation of staff and hereby approves the Nuclear Project No. 3 Annual Budget of Monthly Power Costs for the contract year July 1, 2020 through June 30, 2021 in the amount of \$12,470,838, 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.

Nuclear Project No. 4

(VOTED 20-08): that the Board of Directors accepts the recommendation of staff and hereby approves the Nuclear Project No. 4 Annual Budget of Monthly Power Costs for the contract year July 1, 2020 through June 30, 2021 in the amount of

\$12,712,736, 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.

Nuclear Project No. 5  
(VOTED 20-09):

that the Board of Directors accepts the recommendation of staff and hereby approves the Nuclear Project No. 5 Annual Budget of Monthly Power Costs for the contract year July 1, 2020 through June 30, 2021 in the amount of \$3,270,116, 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.

Project No. 6  
(VOTED 20-10):

that the Board of Directors accepts the recommendation of staff and hereby approves the Project No. 6 Annual Budget of Monthly Power Costs for the contract year July 1, 2020 through June 30, 2021 in the amount of \$17,845,271, 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.

Wyman Project  
(VOTED 20-11):

that the Board of Directors accepts the recommendation of staff and hereby approves the Wyman Unit No. 4 Annual Budget of Monthly Power Costs for the contract year July 1, 2020 through June 30, 2021 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.

Intermediate Project  
(VOTED 20-12):

that the Board of Directors accepts the recommendation of staff and hereby approves the Stony Brook Intermediate Project Annual Budget of Monthly Power Costs for the contract year July 1, 2020 through June 30, 2021 in the amount of \$16,373,748 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.

Peaking Project  
(VOTED 20-13):

that the Board of Directors accepts the recommendation of staff and hereby approves the Stony Brook Peaking Project Annual Budget of Monthly Power Costs for the contract year July 1, 2020 through June 30, 2021 in the amount of \$3,958,559, 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.

Intermediate and Peaking Project Capital Additions  
(VOTED 20-14):

that the Board of Directors accepts the recommendations of staff and hereby approves the Stony Brook Intermediate and Peaking Projects - Capital Additions Budget of \$4,988,000 as allocated between the Intermediate Project (\$3,306,790) and Peaking Project (\$1,681,210) for the 2020/21 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.

It was discussed that the next Board meeting would be in mid to late May and Mr. DeCurzio stated it would most likely be remote again.

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 11.20 a.m.

A TRUE RECORD

ATTEST:

  
Peter H. Barry, General Counsel to MMWEC