

MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY  
BOARD OF DIRECTORS' MEETING/2021 PROPOSED A&G BUDGET PRESENTATION

MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY  
LUDLOW, MA

OCTOBER 21, 2020  
Via Go-To-Meeting  
10:00 AM

MINUTES

A. PROCEDURE

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

Those present:

Directors and Officers:

Chairman Michael Flynn; President Peter Dion; Directors Joseph Sollecito, James Lavelle, Christopher Roy, Charles Orphanos, Kevin Kelly, 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, Assistant Secretary; Maria McCarthy, Assistant Treasurer

Others:

Peabody Assistant Manager, Bryan Howcroft

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; Director Business Support and Administrative Services, Eric Womack; Budget Analyst Debra Riley

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. 2021 Proposed Administrative and General Budget

Mr. DeCurzio introduced the proposed budget with a broad overview. DeCurzio said that the MLPs are doing their budgets and rely on this budget to help with creating their annual budgets. He said the Project Budgets will be presented prior to the end of the

year. MMWEC's long-term objective is meeting the renewable portfolio standards (RPS) of 2050.

Page 4 outlines the budget drivers. Page 5 lists the New MLP Business Model items. Page 6 is a reminder that the 10-year strategic plan is more than halfway complete, and MMWEC is on-target with the exception of the right-hand column, which shows unanticipated initiatives, totaling approximately \$977,000.

Mr. Ide's presentation began on page 9 with a list of notable activities reflected in the 2021 budget. The preparation of Project 2015A and Special Project 2020A financings; Review of demand bidding strategy and risk mitigation with the SMD doing daily demand bidding into real time instead of day ahead. Mr. Ide said this service is included as part of the service agreement. He spoke about the development and publication of recurring power portfolio environmental attribute report; rolling out of energy efficiency programs targeted to hard to reach and underserved customers, including environmental justice communities. Ide said that at the recent HELPS annual meeting, the HELPS participants approved the budget and agreed to the hiring of a new staff person.

Ms. McCarthy reported on the treasury side, (page 10) stating that the move to automation, keeping administrative costs down and using existing personnel on higher level work was emphasized in 2020 and will continue into 2021. McCarthy said these changes will create efficiencies for the treasury team to focus on higher value functions. Continuous work on regulatory strategies is also included in the 2021 plan.

Mr. Quinn gave the presentation for Engineering and Generation Assets (page 11). He summarized the five main areas reflected in the 2021 budget for his department: 1) Support and Management Project 2015A engineering milestones including permitting and owner's engineer contract negotiations explaining that these costs are reimbursable through future financing; with the shovel into the ground anticipated May 2021. 2) perform maintenance and upgrades as needed at Stony Brook to ensure reliability and market availability for the next 10+ years; 3) direct support to Members in distributed generation (solar, batteries, etc.) from project scoping and justification through installation and commissioning; 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 customer and regulatory requirements.

Ms. Roy presented the Communications and External Affairs overview and proposed budget for 2021. Roy said the department works closely with Market Management and Planning and Engineering. This department provides communications and marketing materials support and web-based information for members, project participants, and the public. Focuses for 2021 include: emerging technologies – battery storage, electric vehicles, and smart homes and oversight of communications regarding legislative and regulatory activities as they relate to MMWEC. The department is looking at new ways to work with the State. This department also maintains MMWEC visibility in meetings with FERC, state and federal officials, and ISO.

Ms. Martucci presented the Financial Reporting and Corporate Technology proposed budget. One major focus of this department is the redesign the member/participant web site to improve business functionality, cybersecurity and ease of use. Also need to be sure it will work with the servers in member and participant browsers. Continuing to enhance cybersecurity programs is a major focus. In response to a question on cybersecurity insurance, Martucci said it is being looked at as a Best Business Practice. An internal audit of the SMD-MMP system will be conducted during 2021. The final focus will be upgrading end of life data center servers replacing end of life disk storage in datacenter.

Mr. Womack presented the Business Support and Administrative Services budget activities. Womack stated that a 10-year out plan has been put together in an ongoing effort to anticipate the needs of the Member Systems and Project Participants. Also looking to develop a redundancy program for single person functions and the establishment of cost-effective next generation record keeping by replacing obsolete systems and realigning internal processes and storage in order to meet mandated requirements.

DeCurzio said that a Business Unit Development Plan is presented to Mr. Flynn and is highly confidential. It includes staffing requirements and succession planning. It is not distributed to others due to the sensitivity.

Ms. Joyce presented the proposed 2021 Administrative and General budget. The total budget is \$11.2 million. Of that, operating expenses total \$11.1 million and \$100,000 is budgeted for capital expenditures. Staffing levels will change slightly with one less full time position and 5 part time positions. The operating expense budget is broken into four areas (shown on page 19). Lead operating expenses are shown in greater detail on pages 20-29. Pages 30-40 show the outside professional services budget. Page 42 shows the proposed 2021 Capital Project Budget. Each worksheet shows the information in greater detail. The last section in the proposed budget is Estimated Billings beginning on page 44 and shows Capital Reserve Funding. DeCurzio said if anyone has questions about the budget as presented to please contact him as soon as possible. The proposed budget will be presented for approval at the November 4, 2020 Board of Directors' meeting.

Board members thanked staff for the hard work and excellent job done to prepare and present this detailed package.

### C. EXECUTIVE SESSION

A motion was made by Mr. Orphanos, 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:

Driscoll            "aye"

Roy	“aye”
Lavelle	“aye”
Orphanos	“aye”
Kelly	“aye”
Sollecito	“aye”

It was:

(VOTED 20-42): 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 11:10 a.m.  
The Board meeting reconvened Regular Session at 11:15 a.m.

All business having been concluded, it was moved by Mr. Lavelle, seconded by Mr. Kelly, 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 11:15 a.m.

A TRUE RECORD

ATTEST:   
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Nancy A. Brown, Assistant Secretary, MMWEC