

**MINUTES OF THE
MEETING OF THE**

**JOINT BUDGET & FINANCE COMMITTEE
OF THE
BOARDS OF DIRECTORS OF**

**CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE and
CONNECTICUT TRANSMISSION MUNICIPAL ELECTRIC ENERGY COOPERATIVE**

October 12, 2018

The Joint Budget & Finance Committee of the Board of Directors of Connecticut Municipal Electric Energy Cooperative (“CMEEC”) and Connecticut Transmission Municipal Electric Energy Cooperative (“CTMEEC”) met at the CMEEC offices on Friday, October 12, 2018.

Committee Chairman Barber called the meeting to order at 10:04 a.m.

The following Committee Members participated:

Groton Utilities – David Collard (joined meeting at 10:25)
Norwich Public Utilities – Stewart Piel
Third Taxing District – Kevin Barber (Committee Chairman)

The following Board Members participated:

Bozrah Light & Power – Ralph Winslow
Groton Utilities – Mark Oefinger
Jewett City – Louis Demicco (via phone)
Third Taxing District – Debora Goldstein (via phone)

The following individuals from CMEEC management participated:

Drew Rankin, Chief Executive Officer
Michael Lane, Director, Finance & Accounting
Pat Meek, Financial Planning & Analysis Manager
Joanne Menard, Controller
Michael Rall, Director, Asset Management
Ellen Kachmar, Office & Facility Manager

Other Participants

William Kowalski, MECA

Ms. Kachmar recorded.

Mr. Lane reported the meeting was being held to review the highlights of the proposed 2019 Transco Budget. Mr. Rankin noted the Budget & Finance Committee would thoroughly vet the Transco Budget, and a meeting would be held the following week for a full Board question and answer session, and the full Board would vote for approval of the Budget at the October 25 Transco Board meeting. He also noted the proposed 2019 CMEEC budget would be vetted by the Committee during the week of October 22, the full Board would review it during the week of October 29, and vote for approval would occur at the November 15 CMEEC Board meeting.

Ms. Meek conveyed the highlights of the Transco proposed budget, which included a 2% reduction in net income from the 2018 budget for Transco Project #1, resulting an overall 1% reduction from the projected 2018 year end. Projected 2019 RNS revenue was reported 4% lower than 2018 budget and 3% lower than projected 2018 year end. Transco Project #1 is projected to have a decrease in operating expenses primarily due to a reduction of Comprehensive Managerial Service Agreement charges from CMEEC to Transco, Outside Services, and “payment in lieu of taxes” to Wallingford. There is also an increase in interest on invested funds for Transco Project #1.

Ms. Meek reported the 2019 projected RNS Revenue for the MEUs transmission is 4% lower than the 2018 budget and 6% lower than projected 2018 year end. CMEEC’s 2019 transmission is projecting RNS charges 14% lower than the 2018 budget and 7% lower than projected 2018 year end due to a transmission rate decrease due to new tax laws, as well as a forecast of a 7% reduction from the 2018 budget for CMEEC’s transmission peak load, and a 5% reduction from the 2018 year end. LNS charges for 2019 are projected to be 30% lower than the 2018 budget and 25% lower than the projected 2018 year end due to a reduction in revenue requirements by Eversource and UI for local network services. Ms. Meek answered specific questions posed by Committee Members as they reviewed a Project Performance Statement and discussed details of the Transco 2019 Proposed Budget. A five year forecast of Transco’s budget was also presented.

The CMEEC 2019 Capital Budget was introduced to the Budget & Finance Committee Members. Overall, there are seven (7) projects proposed for 2019. Two (2) of the projects are to provide safer working conditions and meet building codes, four (4) projects are to keep computer hardware updated according to CMEEC’s standard replacement practice (which, according to Mr. Rankin, the schedule is condition based, with insight from industry guidelines, and went from 3 years to 5 years), and one (1) project to increase the financial performance of the MicroGen Project.

The Committee participants asked numerous questions and made several recommendations regarding the capitalization policy, multi-year spanning projects, Pierce Plant reserve account, and others. Primary action is to revise the slide deck to incorporate the Pierce Plant major maintenance and or capital project items. Those items were originally omitted to avoid confusion since they may be sourced from the reserve account versus incremental capital allocation, but ultimately, created more confusion. Thus, those items will be provided in the next set of Committee and Board materials for review.

A motion was made by Member Representative Collard, seconded by Member Representative Winslow to adjourn the meeting.

Vote passed unanimously.

There being no further business to come before the Budget & Finance Committee, the meeting was adjourned by 11:57 a.m.