

INDEPENDENT CONSUMER ADVOCATE

1022 BOULEVARD

WEST HARTFORD, CT. 06117

QUARTERLY REPORT

JULY 1-SEPTEMBER 30, 2023

This quarter's activities largely revolved around financial matters, both short and long term. In addition to attending all committee and Board meetings, the Advocate spent time on Investment Policy issues and reviewing rate stabilization fund(rsf) and municipal competitive trust(mct) present and proposed policies.

CMEEC's cash position can include approximately \$50 million at any particular time. This includes operating cash, rsf, mct, and other funds maintained by CMEEC. Most of these funds are available to members for rate stabilization, capital projects, conservation and load management and other specified uses. These funds can be invested to earn returns but any investment policy needs to balance liquidity needs, returns, and risk. CMEEC's investment policy strikes that balance appropriately.

Regarding the rsf and mct, CMEEC is discussing at the committee level revising its current treatment of these funds to increase transparency, establish clear guidelines for the use of these funds by members, and establish appropriate and recommended levels for such funds, including minimum and maximum levels for each member, and establish clear procedures for drawdown of such funds. These procedures are intended to provide flexibility to members and at the same time provide CMEEC more certainty regarding the expected amounts of such funds on deposit at CMEEC. Those discussions will continue into the fourth quarter and revisions to existing practices should follow in late 2023 and early 2024.

Monthly financial reports indicate that the budgeted load for 2023 has exceeded actual load by 10-15% for most months. There appear to be two reasons for this shortfall. The weather has been milder than forecasted and therefore heating and air conditioning loads have been less than budgeted. In addition, the NORESKO project which provides the subbase with a portion of its energy needs has come on line thereby reducing the amount of CMEEC electricity used at the base. This project was not included in CMEEC projections when the budget was compiled. In addition, the cost per kwh actually paid in 2023 has been substantially below the amount budgeted, primarily due to lower costs of natural gas than originally budgeted.

While the NORESKO project perhaps could have been anticipated, the impacts of weather and lower gas costs could not have been anticipated. Fortunately, the impact of both weather and gas prices were favorable resulting in lower than anticipated costs to consumers.

The criminal and insurance issues related to the indictments and convictions of two individuals continue with several issues still not resolved, e.g., insurance reimbursements for defense costs, final court restitution requirements, appeals of convictions, timing of second trial, to name a few. CMEEC has told the individuals convicted at the first trial who have appealed these convictions, that CMEEC would not

advance funds for such appeals or for the second trial. In addition, CMEEC has requested that these individuals reimburse CMEEC for costs incurred to date. The convicted individuals have filed lawsuits challenging CMEEC's actions. The timing of the resolution of these issues is out of CMECC's control and is uncertain at this time.

The 4th quarter activity will focus on 2024 budget issues and the resolution of the rsf and mct policies.

RESPECTFULLY SUBMITTED

INDEPENDENT CONSUMER ADVOCATE

BY David Silverstone

October 9, 2023