

INDEPENDENT CONSUMER ADVOCATE

QUARTERLY REPORT

OCTOBER 1-DECEMBER 31, 2023

As in past years, the focus during this quarter was on the CMEEC budget and forecasts for the following calendar year. While the non-energy related operating expenses in 2023 were close to budget, the load forecast and energy related expenses were not. The load forecast in 2023 did not consider a large amount of self-generation in 2023 by a large customer. Warmer than normal weather also impacted the load forecast. The former problem has been corrected for 2024. The weather adjustment necessary for load forecasting is difficult given the increased vagaries of temperature due to climate change.

Regarding energy related costs, the actual experience in 2023 was significantly lower costs than had been forecasted. These lower costs were, of course, welcome news. They also demonstrate the difficulty of projecting energy costs in the current geopolitical climate and changing generation mix. CMEEC's current hedging strategy is much more flexible than that of the investor owned utilities in Connecticut and as a result it was better positioned to take advantage of these downward costs. That strategy will be used again in 2024 and as a result, CMEEC projects lower energy costs than the larger utilities in the State. The Advocate concurs with this strategy.

With regard to non-energy operating expenses the Advocate did raise the issue of the cost of fringe benefits for CMEEC employees and specifically the share of those expenses borne by CMEEC employees. The Advocate has questioned whether employees should be paying a larger share of those benefits. This issue will be pursued in 2024.

Discussion of the size of the rate stabilization fund(rsf) and the municipal trust(mct) continued in this quarter and will be addressed more fully as part of the discussion of the CMEEC 5 year financial plan in 2024. Under consideration is the appropriate size of these funds(minimum and maximum) and the use of the funds.

It should be noted that CMEEC has implemented a new format for its dashboard. This format provides a lot more information and CMEEC is to be commended for its implementation. The Advocate has spent some time understanding the format and determining how it can best be used.

During this quarter there was additional activity regarding the criminal cases. The trial judge issued a lengthy opinion ordering approximately \$1 million in restitution from the convicted defendants. Not surprisingly that order has been appealed and it will be several

years before the matter is resolved. One paragraph in that order raised questions as to why CMEEC has not sought restitution from other trip participants-board members, employees, and vendors. CMEEC discussed this matter at some length and further discussions are anticipated by the Advocate.

Finally, the annual Consumer Advocate's annual meeting was held in December 2023. Several consumers and one state representative attended in person and several more via zoom. There were several good discussions of various issues including the status of the criminal trials, reimbursement by the insurance company for the cost of those trials, and the timeline for the appeals. One suggestion was made that CMEEEC record its Board and Committee meetings. The Advocate has researched this issue and it is on the agenda for early 2024.

Respectfully submitted,

Independent Consumer Advocate

By : David Silverstone

January 30,2024