

**Cape Light Compact JPE  
Governing Board  
Meeting Minutes  
Wednesday, November 9, 2022**

Pursuant to Massachusetts Governor Charles D. Baker's Order Suspending Certain Provisions of the Open Meeting Law on March 12, 2020, the Cape Light Compact JPE Board of Directors met on Wednesday, November 9, 2022, at 2:00 p.m. The meeting was held through a Zoom videoconference for members of the Board with audio call-in available for members of the public.

**Participating Remotely Were:**

1. David Anthony, Secretary/Executive Committee, Barnstable
2. Peter Doyle, Barnstable Alternate
3. Robert Schofield, Executive Committee, Bourne
4. Colin Odell, Executive Committee, Brewster
5. Peter Cocolis, Chatham
6. Brad Crowell, Dennis
7. Alan Strahler, Edgartown
8. Matthew Patrick, Falmouth
9. Valerie Bell, Harwich
10. Peter Meleney, Oak Bluffs Alternate
11. Martin Culik, Chair/Executive Committee, Orleans
12. Robert Higgins-Steele, Truro Alternate
13. Richard Elkin, Executive Committee, Wellfleet
14. Joyce Flynn, Vice Chair/Executive Committee, Yarmouth

**Absent Were:**

1. Forrest Filler, Aquinnah
2. Timothy Carroll, Chilmark
3. Meghan Gombos, Dukes County
4. Wayne Taylor, Mashpee
5. Dion Alley, Oak Bluffs
6. Nathaniel Mayo, Provincetown
7. Leanne Drake, Sandwich
8. Kirk Metell, Tisbury
9. Jarrod Cabral, Truro
10. Erik Peckar, Executive Committee, West Tisbury

**Legal Counsel Participating Remotely:**

Audrey Eidelman Kiernan, Esq., KO Law, P.C.

**Staff Participating Remotely:**

Maggie Downey, Administrator  
Margaret Song, Energy Efficiency Strategy and Policy Manager  
Melissa Allard, Senior Administrative Coordinator

**Public Participants:**

None.

Martin Culik called the meeting to order at 2:02 PM.

**PUBLIC COMMENT:**

No public comments were submitted to the Board in writing under the public comment guidelines.

**APPROVAL OF MINUTES:**

The Board considered the October 12, 2022, Open Session and Executive Session Meeting Minutes.

Brad Crowell stated that he left before the Executive Session and therefore should be removed from the participating list.

*Robert Schofield moved the Board to accept the minutes as amended and to release them as amended, seconded by Joyce Flynn.*

David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Peter	Cocolis	Chatham	Yes
Brad	Crowell	Dennis	Yes
Alan	Strahler	Edgartown	Yes
Matt	Patrick	Falmouth	Yes
Valerie	Bell	Harwich	Yes
Peter	Meleney	Oak Bluffs	Abstained
Martin	Culik	Orleans	Yes
Bob	Higgins-Steele	Truro	Yes
Richard	Elkin	Wellfleet	Yes
Joyce	Flynn	Yarmouth	Yes

*Motion carried in the affirmative (12-0-1)*

**CHAIRMAN’S REPORT:**

Martin Culik introduced the new Oak Bluffs Board Member, Peter Meleney. He stated that there is still an Eastham Board Member vacancy. He spoke to a member of the Eastham Energy Committee to help find a recruit.

**PRESENTATION ON THE PROPOSED CAPE LIGHT COMPACT 2023 ENERGY EFFICIENCY SURCHARGE (EES) FOR ELECTRIC RATEPAYERS ON CAPE COD AND MARTHA’S VINEYARD, MARGARET SONG:**

Margaret Song reviewed the 2023 Energy Efficiency Surcharge (EES) PowerPoint.

Margaret Song stated that the EES is the primary source of funding for Compact’s, and utility Program Administrators, energy efficiency programs. Also known as Energy Efficiency Reconciliation Factor (EERF). The Compact’s effective EES date is January 1<sup>st</sup> of each year and the proposed EES must be filed 60 days prior. She stated that EES is the difference between the expected revenue and expected expenditures. The EES is

designed such that, if revenue and expenditures are exactly as planned, then the Compact's energy efficiency fund would be \$0 at year end. However, both expenditures and revenue vary from the plan, and there is a positive or negative balance at year end.

Margaret Song stated that the Compact had to submit the filing with a variety of scenarios because at the time of submission the Compact was not sure what the Department of Public Utilities (DPU) was going to do about the Cape and Vineyard Electrification (CVEO) program. She stated that there is scenario one that is EES without CVEO, scenario two which is EES with CVEO residential budget only, and scenario three which is EES with full CVEO budget.

Margaret Song reviewed the Compact's 2023 budget and proposed 2023 EES comparisons for each scenario. She stated that compared to Plan the Compact is lower, even when looking at the full CVEO budget. She stated that in the past the Board has asked for monthly bill impacts. She stated that customers are going to see decreases in the EES, except for income eligible customers under scenario three.

Richard Elkin asked why there is a decrease in EES. Margaret Song stated that it was due to carryover of revenue from the previous year. She stated that the money was not fully spent and the DPU requires that you return or reconcile it. Richard Elkin asked in what areas did the Compact not spend all of the money. Margaret Song stated that it was in all energy efficiency programs, residential, income eligible and commercial and industrial.

Martin Culik asked when the Compact should hear about a decision on CVEO from the DPU. Maggie Downey stated that we are hoping for a decision early in the new year.

**PRESENTATION ON 2021 CAPE LIGHT COMPACT AUDITED FINANCIAL STATEMENTS, JENNIFER COOK, CLIFTON, LARSEN, ALLEN, LLP:**

Jennifer Cook reviewed the Cape Light Compact JPE 2021 Audit Exit Meeting PowerPoint.

Jennifer Cook reviewed the terms of engagement. She stated that the purpose of their review is to express an opinion on whether the Compact's financial statements are presented in accordance with GAAP and provide a report on the Compact's internal control over financial reporting and compliance with laws, regulations, contracts, and grants.

Jennifer Cook reviewed the highlights of the Compact's statement of net position. She stated that for current assets, the biggest driver of that increase this year was the EES revenue and reconciliation factors as there was about a \$2 million true up. She stated that the other big change was current liabilities, and that change was due to the timing of payments and increases in expenses.

Jennifer Cook reviewed the Compact's statement of revenues, expenses, and changes in net position. She stated that there is a 26% increase in operating expenses and a large reason for that was COVID. Other than that, change, she noted that there were not any big changes.

Jennifer Cook reviewed the Compact's net pension liability. She stated that the Compact is reporting a pension liability for about \$3.2 million. She stated that she included a sensitivity analysis because it is important to see how a change in the discount rate will change the liability. She stated that the Compact also has the reserve balance which is \$3.1 million. She stated that the Compact is pretty well funded from that perspective. However, if the rate changes it could either be over or under funded. She stated that previously she has spoke about how this balance does not reduce your liability because it is not in a GASB qualified trust.

Jennifer Cook reviewed the financial highlights for total OPEB liability. She stated that the Compact's total liability is around \$2.8 million, with a reserve balance around \$1.3 million. She stated that there are two sensitivity analyses. One for the discount rate and another for the trend rate. She stated that this reserve is not in a GASB qualified trust. She stated that if one was set up it could reduce the liability. Valerie Bell asked what the advantages and disadvantages of a trust would be. Jennifer Cook stated that the advantage would be that it would reduce the liability. The only disadvantage is that it is irrevocable. Valerie Bell asked if this was something they are recommending the Compact do. Jennifer Cook answered yes. Richard Elkin asked what the obstacles are to creating a trust. Jennifer Cook stated that she does not see any significant obstacles. Maggie Downey stated that she has been discussing this with both Phil Moffitt and Dan Sullivan. She stated that they are looking into it and will bring back their findings to the Board this winter for further discussion.

Jennifer Cook reviewed the required communications. There were no significant issues to report. She reviewed the internal control communications. There were no material weaknesses or significant deficiencies identified and no noncompliance reported. She stated that we did issue a management letter which had one item, the reconciliation of cash. That dealt with the timeliness and evidence of review of reconciliation of cash.

Jennifer Cook reviewed the upcoming GASB standards. Effective for fiscal years beginning after June 15, 2021, the Compact will have to comply with GASB 87. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. She stated that through initial review that the lease of the building may be impacted.

#### **DISCUSS PROPOSED 2023 OPERATING BUDGET, MAGGIE DOWNEY:**

Maggie Downey reviewed the 2022 operating budget as amended and the proposed 2023 operating budget. She stated that the 2023 operating budget request is for \$733,669. She stated that there is a significant decrease in the legal budget. The 2022 legal expenses included three supplemental budget increases for legal and technical consultants for DPU proceedings. The 2023 legal expenses are the Compact's general legal operating budget to continue our existing case load. She stated that most of the decreases are based on the DPU's directive and approval of shared costs. The DPU stated that shared cost expenses are to be split 94% to energy efficiency budget and 6% to operating budget.

#### **ADMINISTRATOR'S REPORT:**

##### **1. New staff Member Graham Piercey**

Maggie Downey introduced the Compact's new staff member, Graham Piercey and asked him to tell the Board about himself. Graham Piercey stated that he will be working as the Regulatory and Strategy Analyst. He stated that he has a Masters in Energy Regulation and Law. He stated that during the past couple of years he has been working in commercial solar doing project management.

##### **2. CVEO 3.0 Public Hearing and Public Comment Dates Set by MA DPU**

Maggie Downey stated that the Compact received a notice for a public hearing for CVEO on December 14<sup>th</sup> at 2pm. Audrey Eidelman Kiernan stated that the initial brief is due December 16<sup>th</sup>, and the reply brief is due December 23<sup>rd</sup>. Maggie Downey stated that staff are currently working on 19 information requests issued by the

DPU. She stated that both the office of the Attorney General and Department of Energy Resources have Intervened. Audrey Eidelman Kiernan stated that the last day to intervene is December 17<sup>th</sup>.

### 3. Memorandum of Understanding - Cape Light Compact and Commonwealth Wind

Maggie Downey stated that in the packet is the memorandum of understanding between the Compact and Commonwealth Wind. She stated that if the Compact has further dialogue with Commonwealth Wind regarding a Power Purchase Agreement (PPA), she will first discuss with several Board members who will advise Maggie Downey and she will then bring the findings back to the full Board for discussion on whether or not to pursue a PPA.

### 4. December Board Meeting: Nominations for Executive Committee

Maggie Downey stated that the December meeting will start later due to the public hearing in the CVEO docket DPU 22-137. She stated that the Board will open up for nominations for the Executive Committee that will then be voted on in January.

#### **ADJOURNMENT:**

*Motion to adjourn made at 3:05 PM moved by Robert Schofield, seconded by Joyce Flynn.*

David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Peter	Cocolis	Chatham	Yes
Brad	Crowell	Dennis	Yes
Alan	Strahler	Edgartown	Yes
Matt	Patrick	Falmouth	Yes
Valerie	Bell	Harwich	Yes
Peter	Meleney	Oak Bluffs	Abstained
Martin	Culik	Orleans	Yes
Bob	Higgins-Steele	Truro	Yes
Richard	Elkin	Wellfleet	Yes
Joyce	Flynn	Yarmouth	Yes

*Motion carried in the affirmative (12-0-1)*

Respectfully submitted,

Melissa Allard

#### **LIST OF DOCUMENTS AND EXHIBITS:**

- Meeting Notice/Agenda
- October 12, 2022, Draft Open Session Meeting Minutes
- 2023 Energy Efficiency Surcharge (EES) PowerPoint
- Cape Light Compact JPE 2021 Audit Exit Meeting PowerPoint
- 2022 Operating Budget

- Proposed 2023 Operating Budget