

BERKSHIRE WIND POWER COOPERATIVE CORPORATION

JOINT BOARD OF DIRECTORS & MEMBERSHIP MEETING

**SHREWSBURY ELECTRIC LIGHT AND CABLE OPERATIONS
100 MAPLE AVENUE
SHREWSBURY, MA**

**NOVEMBER 18, 2019
10:00 AM**

REGULAR SESSION

MINUTES

1. CALL TO ORDER

Chairman Driscoll declared a quorum of the Board of Directors and a quorum of the Members were present and called the Regular Session of the Berkshire Wind Power Cooperative Corporation Joint Board of Directors Meeting to order at 10:05 AM.

Those present:

BOARD OF DIRECTORS

John Driscoll, Templeton; Peter Dion, Wakefield; Sean Hamilton, Sterling; Jon Blair, Ipswich; and Ronald C. DeCurzio, MMWEC.

MEMBERS

Jeffrey Cady, Chicopee; Jon Fitch, West Boylston; Michael Hale, Shrewsbury; Kevin Kelly, Groton; Jane Parenteau, Holden; Panos Tokadjian, Hull; John Driscoll, Templeton; Peter Dion, Wakefield; Sean Hamilton, Sterling; Jon Blair, Ipswich; and Ronald C. DeCurzio, MMWEC.

OTHERS

Nicholas J. Scobbo, Jr. Clerk; and Tammy Kane, Recording Secretary, Ferriter Scobbo & Rodophele PC; Brian Quinn, Director, Engineering & Generation Assets; Edward Kaczinski, Special Projects and Carol Martucci, Director of Accounting & Financial Reporting, MMWEC.

2. APPROVAL OF AGENDAS – MEMBERSHIP & BOARD

A motion to approve the Agenda of the Joint Meeting as presented was made by Kelly and seconded by Blair and it was unanimously voted to approve the Agenda as presented.

3. APPROVAL OF MINUTES OF PREVIOUS MEETINGS

- a. **Board only:** A motion to approve the Board of Directors Portion of the Regular Session Minutes of the November 29, 2018 Joint Membership & Board of Directors Meeting was made by Dion and seconded by Hamilton and it was unanimously voted to approve the Minutes as presented.
- b. **Board only:** A motion to approve the Regular Session Minutes of the January 17, 2019 Board of Directors Meeting was made by Dion and seconded by DeCurzio and it was unanimously voted to approve the Minutes as presented.
- c. **Membership only:** A motion to approve the Regular Session Minutes of the February 6, 2019 Membership Meeting was made by Hamilton and seconded by Kelly and it was unanimously voted to approve the Minutes as presented.

4. BOARD

a. Election of Officers

Driscoll asked Scobbo to remind everyone of the current officers of the Cooperative. Scobbo replied Dion is President; DeCurzio is Treasurer and Scobbo is Clerk.

Whereupon a motion was made by Hamilton and seconded by Blair to elect the slate of the officers as presented and, on a voice, vote it was unanimously voted by the Board of Directors that:

Vote: 19-01 The Board of Directors Elects: Peter Dion as President; Ronald DeCurzio as Treasurer; and Nicholas J. Scobbo, Jr. as Clerk all to serve for one year or until their successors are elected and qualified.

b. Election of Chairman

Hamilton nominated Driscoll as Chairman of the Board of Directors; Dion seconded the nomination.

Whereupon a motion was made by Hamilton and seconded by DeCurzio to elect Driscoll as Chairman of the Board of Directors and it was unanimously voted by the Board of Directors that:

Vote: 19-02 John Driscoll be re-elected as Chairman of the Berkshire Wind Power Cooperative Board of Directors to serve in accordance with the By-Laws and until his successor is elected and qualified.

5. BOTH BOARD AND MEMBERSHIP: REVIEW OF PROJECT AND OPERATION STATUS

Scobbo stated there is a typo on the Agenda in this section.

2019 O&M Budget for Membership approval then Board Vote below **should read**

2020 O&M Budget for Membership approval then Board Vote.

a. 2020 O&M Budget for Membership approval then Board Vote

Martucci reviewed the Budget to Actual for Construction Phase 2. The net amount financed is running about \$300,000 over, there is an O&M savings of \$200,000. MMWEC expects the maximum overages to be in the \$130,000 range. Martucci said Kaczenski explained the reasons for the overage.

Kaczenski stated issues regarding the heavy haul transport from the storage area in New York to Massachusetts arose and had to be addressed. These issues were a real challenge, in part due to the size of the blades, landowners, modifications and restoration to one area for the trucks to be able to turn around. Also, a jumper bridges had to be installed. Kaczenski showed pictures of what he described. A good deal of time was spent addressing these issues at the time they arose.

A second reason for the overage is Reed & Reed Change Orders. The Change Orders were associated with working through the winter, snow removal, special tooling and police escorts. Special tools were required to assemble the blades, the tools had to come from Mississippi, and it was very expensive to transport them. In addition, police escorts were needed from the laydown area in New York to Massachusetts. Kaczenski stated he is not in agreement with all Change Orders and he and Scobbo will be negotiating with Reed & Reed.

Kaczenski stated most of the line items under the heading of Wind Turbines are the Cooperative's costs, not Reed & Reed's costs. The Cooperative handled these issues directly with the Town of Hancock.

Kaczenski stated Project Management went over budget due to a major issue involving the use of a 635-volt breaker being used in a 690-volt converter application. This was discovered during a pre-commissioning walk-down with GE and Reed & Reed. The 635/690-volt breaker issue is described in Berkshire Wind Power Project: Phase 2 Update handed out at this meeting. Kaczenski asked GE to change each of the two (2) main breakers to 690 volts and GE refused. Kaczenski said this is a NEC violation and he views it as an OSHA violation. The Cooperative is going to make a formal request to OSHA, asking OSHA to give its opinion as to a 635-volt breaker being used with a 690-volt converter. This approach protects the Cooperative. GE has thousands of turbines out there. Consequently, GE does not want to change it and set a precedent. Scobbo stated the key point is GE contract compliance. An answer from OSHA takes six (6) months to nine (9) months. So, it is expected that an answer would be received before the GE warranty expires. If OSHA says it is a problem, then GE must change out the 635-volt breakers for 690-volt breakers otherwise GE will be in violation of the contract. Scobbo stated assuming compliance, at the end of the two (2) year warranty period the Cooperative can change out the 635-volt ABB breakers on its own at a total cost of about \$70,000. Scobbo further stated there could have been potential insurance issues if we thought this was an inappropriate application, notwithstanding what GE says. GE never explained why it installed a 635-volt breaker in a 690-volt application. All GE asserted was that it was tested at 690 volts. Scobbo stated discussions went up to the GE Executive Vice-President in charge of North

America operations. A question and answer period followed. Kaczenski said there is some margin in a design from an engineering perspective but now that design margin is eroded. Scobbo stated the insurance company does not know at this point because GE North America Renewables asserted in writing that it would honor the contract and the warranty is fine. OSHA will come down one way or another. Fitch stated voltage is really for insulation of the device. Kaczenski stated GE did provide CSA certification for the entire assembly which he sent to OSHA. Dion does not think OSHA will give an answer. After discussion of the pros and cons and based on the requirement in the contract for GE to meet all requirements of OSHA, the Board directed MMWEC to withhold the \$70,000 pending the outcome of the OSHA determination so if OSHA determines it is a violation, GE must replace the 635 volt breakers within the contract price. Kaczenski stated overall things were good regarding the budget. The potential overage of \$133,797 is expected to go down after disputing Change Orders. Cady asked about legal charges. Kaczenski broke down legal charges, and said a big component was addressing the GE and heavy haul issues. Cady asked why the Access Road was taken by eminent domain. Scobbo replied that with the addition of the two (2) new turbines Feronia wanted more money so the Board of Directors decided to ask MMWEC to take the land for \$100,000 plus wind easements.

Martucci reviewed the 2019 Budget to Actual Handout. She stated most of the activity in the O&M is driven by Phase 1. There was an overrun of \$338,000 for Phase 1 largely driven by maintenance issues.

Martucci reviewed key line items.

- Line 13 contains costs for Access Road repair work due to winter conditions
- Line 21 and 22 were not anticipated, this is the “fee” for WMECO transmission, which MMWEC expected. This will be an ongoing cost. DeCurzio stated we basically avoided any cost for (7) seven years and the cost is \$40,000 per year compared to Eversource’s original assertion of \$330,000 per year
- Line 22 GE frequency control, installation of a new SCADA allowing Phase 1 to comply with ISO standards
- Line 27 are MMWEC oversight costs

Quinn briefly reviewed the GE O&M. The Cooperative has two MRO contracts with GE. One for Phase 1 and another for Phase 2. The Phase 1 MRO includes maintenance, preventive maintenance and costs for the Remote Operation Center (ROC). The contract expired in May of this year and rather than renew the MRO agreement which has been in place since the wind farm was built, MMWEC decided the value from GE in the off months of spring and fall for preventative maintenance was not worth it. So, the Cooperative put in place just ROC monitoring for the rest of the year and locked in time and material rates for preventative maintenance. The value is the Cooperative can now go out for bids on preventative maintenance. There was about \$30,000 in high wind preventative wind (Whirlwind) for this year. The Phase 2 contract includes the ROC and maintenance. The GE warranty covers parts. Quinn stated GE is a different company from what it was in the past and the commitment level to service is not there. MMWEC has staff who are trained turbine technicians and using this staff can offset the need and cost associated with GE.

Quinn stated there were numerous guard signal trips with many of them occurring in the first quarter of this year. It took three months to recover from all the trips and to fix the problem.

MMWEC had meetings at the control house with Verizon to address and improve reliability. Then MMWEC worked with GE to make software upgrades to the RFL and SCADA system. Since the modifications were made in February, 68 abrupt park shutdowns were avoided. Now, when the Verizon signal is lost, the park goes through a controlled shutdown, the re-closer stays closed, and all turbines remain warm and energized until the Verizon signal is restored then the process of sequencing each turbine back online begins. Having the data of 68 events brought to light the realization that the copper line at the control house has been atrocious and the Cooperative needs to upgrade to fiber.

The other item of technology upgrade is frequency control. Quinn stated the ISO requested that the controller in each of the 10 turbines be replaced with Bachman controllers. The Cooperative complied. After installation, there were random issues and bugs that had to be worked out.

Quinn stated security costs were incurred at the wind farm. Graffiti was found at the site and there was an increase in ATVs at the site. Fencing and signage were installed.

Hale stated as he evaluates these projects, he likes to see per kilowatt costs to compare the headaches and risks of owning vs. a PPA. DeCurzio stated MMWEC can include that information on the monthly report.

11:14 AM Scobbo asks Hale to disconnect the open phone-in line because nobody had called into the meeting.

Martucci reviewed the proposed 2020 Operations & Maintenance Budget. She stated the budget proposed is \$ 2.2 million vs. \$1.8 million in 2019, an increase of about \$400,000.

- Line 14 Verizon fiber to replace copper with fiber
- Line 18 Foundation Anchor Check, this is a charge incurred every other year, this is the year and it is Prudent Utility Practice
- Lines 21 and 22 WMECO transmission charges for Phase 1 and Phase 2, Phase 2 has yet to be negotiated
- Line 23 pertains to repairs that need to be made to Building 904 which houses spare parts
- Line 24 is an estimated cost for OSHA compliance
- Line 25 are MMWEC's back office functions such as accounting, oversight and non-engineering costs
- Line 29 Landowner costs are based on estimates of revenues
- Line 31 there is a slight increase in the Hancock PILOT for Phase 2

Dion stated it seems we negotiated out of most of our issues and asked potentially what is left. Scobbo replied the Hancock and Lanesborough PILOTS are up for renewal. In addition,

Scobbo stated his thought process was who knows what will happen with Phase 2 and GE operational issues.

Martucci stated to summarize Phase 1 is going up \$200,000, driven by a one-time cost for changing from copper to fiber, building 904 repairs and OSHA compliance, \$40,000 for WMECO transmission and \$60,000 to explore Phase 3. Other costs are pretty much staying level.

Martucci stated the Cooperative is picking up the cost regarding the outstanding debt. This is a new cost allocated to the Cooperative. MMWEC has shouldered this cost in the past but it primarily benefits Berkshire.

Quinn then listed the items in the Proposed 2020 Operations & Maintenance Budget line by line. He called attention to Line Item 14, \$60,000 for the fiber optic start up. There were discussions earlier in the year with the Board of Directors regarding the frequent loss of guard signal and switching from copper lines to fiber. Also, there are phone line communication issues affecting the GE ROC and Stony Brook, when this happens the data that is being sent to the ISO is not valid. Hamilton asked about the lost revenue as a result of the frequent shutdowns. Quinn has the information and will get it to him.

Kelly departs at 11:45 AM.

Quinn reviewed his fiber handout and a discussion ensued on the options. Quinn stated the dark fiber seemed to be the best choice but due to the high cost this option was eliminated. Quinn stated the handout is a preliminary starting point, he needed to put a place holder in the budget. Quinn will continue to explore all options. Hamilton stated there might be an option with MBI as their fiber is at the bottom of the hill.

Parenteau asked about Line Item 25, going up 26%. Why is MMWEC's back office function going up 26%. Martucci replied this is due to a higher allocation of MMWEC attention across the board for the Cooperative and because there are more Berkshire funds between Phase 1 and Phase 2, there are additional accounting hours involved. Martucci stated she also wants to cross-train current accounting staff, so Sara Erwin is not the only staff who is familiar with all the accounting for the Berkshire Cooperative.

Driscoll temporarily departs the meeting at 11:50 AM and Dion, as President, chairs the meeting until Driscoll returns.

Whereupon a motion was made by Hale and seconded by Cady for the Membership to approve the 2020 Operations & Maintenance Budget and on the basis of a roll-call vote as follows it was voted:

Vote MEM 19-02 To approve the 2020 Operations & Maintenance Budget for the Berkshire Wind Power Cooperative Corporation as proposed and presented by the Board of Directors.

Blair	"aye"
Cady	"aye"
DeCurzio	"aye"
Dion	"aye"
Fitch	"aye"
Hale	"aye"

Hamilton	“aye”
Parenteau	“aye”
Tokadjian	“aye”

Whereupon a motion was made by Hamilton and seconded by Blair for the Board of Directors to adopt the 2020 Operations & Maintenance Budget as approved by the Membership and on the basis of a roll-call vote as follows it was voted:

Vote 19-03 To adopt the 2020 Operations & Maintenance Budget for the Berkshire Wind Power Cooperative Corporation as proposed and presented.

Blair	“aye”
DeCurzio	“aye”
Dion	“aye”
Hamilton	“aye”

6. OTHER

There was no other business to discuss at this time.

7. EXECUTIVE SESSION

A motion was made by Hamilton and seconded by Blair for the Board of Directors to enter into Executive Session for purposes of discussing, the potential purchase, exchange or lease of real property, trade secrets and confidential, corporate-sensitive information where the corporation has determined disclosure will have an adverse effect on the corporation’s ability to conduct its business with respect to competitors, to discuss strategy with respect to litigation and to reconvene the Board of Directors Meeting into Regular Session at the conclusion of the Executive Session for purposes of adjournment.

On the basis of a roll-call vote as follows:

Blair	“aye”
DeCurzio	“aye”
Dion	“aye”
Hamilton	“aye”

A motion was made by Dion and seconded by Hamilton for the Membership to enter into Executive Session for purposes of discussing, the potential purchase, exchange or lease of real property, trade secrets and confidential, corporate-sensitive information where the corporation has determined disclosure will have an adverse effect on the corporation’s ability to conduct its business with respect to competitors, to discuss strategy with respect to litigation and to reconvene the Membership Meeting into Regular Session at the conclusion of the Executive Session for purposes of adjournment.

On the basis of a roll-call vote as follows:

Blair	“aye”
Cady	“aye”
DeCurzio	“aye”
Dion	“aye”
Fitch	“aye”
Hale	“aye”
Hamilton	“aye”
Parenteau	“aye”
Tokadjian	“aye”

The Joint Board of Directors and Membership entered Executive Session at 11:59 AM.

The Joint Board of Directors and Membership re-entered Regular Session at 12:16 PM.

8. ADJOURNMENT

All business having been concluded, a motion was made by Hamilton and seconded by Dion to adjourn the Berkshire Wind Power Cooperative Corporation Joint Membership and Board of Directors meeting.

Chairman Driscoll declared the Berkshire Wind Power Cooperative Corporation Joint Board Directors and Membership meeting adjourned at 12:16 PM.

A TRUE RECORD

ATTEST:


Nicholas J. Scobbo, Jr.

Clerk, Berkshire Wind Power Cooperative Corporation