**INDEPENDENT CONSUMER ADVOCATE**

**1022 Boulevard**

**West Hartford, Ct. 06119**

**QUARTERLY REPORT FOR 4th QUARTER 2019**

Activities during this quarter included responding to several customer requests for information, monitoring various committee meetings, and participating in budget processes. In addition, the statutorily required meeting with consumers was held in October, 2019. Unfortunately only one consumer attended.

The requests for information centered on the status of the litigation (criminal and civil) growing out of the Derby trips. Primarily consumers wanted to know if any reimbursements had been made and the costs being borne by CMEEC related to the litigation. These issues remain unresolved. Additional attention to these issues is likely in 2020.

The ICA attended (via phone or in person) the Board meetings and almost all of the committee meetings. The ICA focused on budget matters, risk management, audit matters, and the implementation of the various proposals advanced by the special committee on governance. All of the proposals have either been adopted or are in development.

The budget process began in October. Of particular concern was the level of detail and appropriate categorization of expenses. In prior years a number of expense categories became implicated in the alleged wrongdoing which is the subject of criminal and civil proceedings. Hence management presented the budget in greater detail than in previous years. In addition, certain categories were redefined to provide greater transparency. At the suggestion of the ICA, funds to perform an ‘internal audit’ function were included in the budget.

The ICA also sought and obtained modifications to how the project portfolio was characterized on the monthly dashboard. Previously if a project under construction was delayed, the construction dollars not spent as budgeted was calculated as a positive budget impact. Clearly project delays rarely provide a benefit. This metric was adjusted so that this distorting effect was removed.

The ICA was pleased with the overall budget process and there appears to a solid understanding on both the board and staff level of the importance of budget transparency. The ICA will continue to monitor and measure performance against the budget during 2020.

During this quarter, a considerable time was spent on risk management. CMEEC has an established process for measuring and evaluating risk on both the staff and board level. There were several possible projects and undertakings to which the risk analysis was applied and discussed by the board level risk management committee. The ICA participated in these meetings and found them to be comprehensive.

One of the proposals of the special governance committee was the adoption of a policy regarding related party transactions and how such proposed transactions would be evaluated and either allowed to proceed or not. The policy itself is straightforward and if a transaction is determined to be a related party transaction it will be referred to the audit committee to determine whether it can proceed. At the December meeting of the committee one such transaction was put on the agenda. The audit committee discussed this in executive session on the grounds it involved an attorney-client communication. The ICA believes this approach is not in the public interest nor the interest of CMEEC consumers and has asked the audit committee to put on its next agenda a discussion of this use of executive session to discuss possible related party transactions. It is scheduled for discussion in January, 2020.

One item which has not been addressed by the ICA is how CMEEC benchmarks its performance. CMEEC uses several benchmarks which it believes demonstrate its performance in providing power to its members. The ICA has not had an opportunity to focus on these and will be doing so in 2020. The goal is to determine how best to benchmark CMEEC performance.

Respectfully Submitted,

David Silverstone

Independent Consumer Advocate

January 10, 2020