

MINUTES OF GAS & ELECTRIC COMMISSION MEETING
REGULAR SESSION
JUNE 18, 2024

A meeting of the Holyoke Gas and Electric Department was held on June 18, 2024, at 5:14 P.M. in the Department's offices. In attendance were Commissioners Hoey, Sutter and Marrero; Manager Lavelle; Superintendents Steve Roy and Brian Roy; Brooke McMahon, Kirk Jonah, Kate Sullivan, Lisa Rogers, and Attorney John Ferriter.

CALL TO ORDER:

Chairman Hoey called the meeting to order at 5:14 P.M.

MINUTES:

On a motion from Commissioner Marrero, seconded by Commissioner Hoey, it was unanimously voted to approve the minutes from May 14, 2024.

REPORTS & RECOMMENDATIONS OF MANAGER:

Financial Report:

Ms. McMahon introduced Dan LaHaye from BakerTilly, HG&E's outside auditor, who joined the meeting virtually. Mr. LaHaye was the lead auditor for the 2023 review and gave the Commission an overview of the audit process and findings. He stated that HG&E staff was well prepared and very cooperative throughout the audit. He also reported that BakerTilly issued an unmodified opinion on HG&E's audit which is the highest review that is issued. Mr. LeHaye noted that there was a material weakness documented regarding the preparation of the financial statements and he explained that it is not a serious issue and that 99% of public sector clients have the same finding because they rely on the outside auditor to prepare the annual footnotes and related GASB required information for the client. Ms. McMahon stated that it is more cost effective to have the auditors prepare the footnotes than to hire additional staff to do the task. There was a brief discussion on the matter.

Ms. McMahon then reviewed the draft April 2024 financial statements. There was a brief discussion on the matter.

DIVISION REPORTS:

GAS DIVISION

Mr. Brian Roy reported that wholesale natural gas purchases continue consistent with the hedging plan for the current 12-month procurement window. He stated that 81% of summer supply is locked in price and that 31% of winter ('24-'25) is also locked in price. He reported that unit sales are down approximately 5% below plan, year-to-date, due to mild weather. He then reviewed the June natural gas rate comparisons and reported that the Department remains very competitive in all rate classes. He also gave an update on the Asset Management Agreement (AMA) with ConEdison. Commissioner Marrero asked about the structure of the AMA agreement and Mr. Roy explained the details. There was a brief discussion on the matter.

Mr. Roy reported that distribution crews continue with main replacement work on Lincoln Street, Vadnais Street and George Street in advance of street paving work, and in the EN White area of the Highlands, in advance of sewer separation work. He also reported that bare steel service replacements

on progressing according to plan and that there are currently no leaks on file. He then gave an update on the PHMSA grant process and indicated that related construction is planned to start in 2025. There was a brief discussion on the matter.

ELECTRIC DIVISION

POWER SUPPLY

Mr. Steve Roy reviewed the June electric rate comparisons and reported that the Department remains competitive in all rate classes compared to regional peers. He then reviewed the June Mark-to-Market report and reported that all transactions are within policy limits. He also gave an update on peak load reduction activities and noted that the May peak occurred on May 22nd, hour-ending 19, and that 11.56 MW were shed via Department load reducers. There was a brief discussion on the matter.

TRANSMISSION & DISTRIBUTION

Mr. Roy reported that seven (7) of thirty-nine (39) planned commitments have been completed to date and that the remaining projects are on schedule for completion by the end of the year. He noted that the planned infrared analysis of the entire overhead distribution and transmission system was recently completed and that a few minor issues were discovered and corrected. He noted that crews have installed 1641 of 2500 planned AMI meters to date, have replaced 15 utility poles, which were identified to be in poor condition, on Jed Days Landing and that two additional vacuum switches were replaced with three (3) remaining to be replaced. He then reported that crews energized the transformer and main equipment for the Water Street UPS and that the system is scheduled to be commissioned by the end of the summer. He also reported that negotiations with Agilitas, on a shared savings agreement for a 3 MW/9 MWh battery storage project at Kelly Way, have been completed and that the PSA is ready for signature. He further reported that negotiations with DeLorean are progressing for a 4.99 MW/15 MWh battery storage system. He also provided an update on several grant funding opportunities. There was a brief discussion on the matter.

ELECTRIC PRODUCTION

Mr. Roy stated that hydro production through May was 8.4% ahead of plan due to favorable river flow. He then gave an update on capital projects, including the Hadley Falls Unit #2 rehabilitation project. He also reported that the annual FERC inspection of Project 2004 was performed last week with no apparent material findings. There was a brief discussion on the matter.

TELECOMMUNICATIONS

Mr. Jonah gave an update on the status of sales activity and ongoing maintenance projects. He noted that staff submitted a proposal for new surveillance cameras for the HPD. Commissioner Sutter asked if the proposal includes a provision for HG&E to get paid for any required police details associated with the project and Mr. Jonah confirmed that there was such a provision proposed. There was a brief discussion on the matter.

CUSTOMER SERVICE

Ms. Rogers gave a brief update on accounts receivable and fuel assistance activity. There was a brief discussion on the matter.

MARKETING & COMMUNICATIONS

Ms. Sullivan gave an update on upcoming outreach activities including the HG&E sponsored City Fireworks display on June 28th, Customer Appreciation night at the Valley Blue Sox on June 19th. She then gave an update on Green Team activities and an update on various grant opportunities being pursued by the Department. There was a brief discussion on the matter.

OLD BUSINESS: None

NEW BUSINESS: None

BID AUTHORIZATIONS: None

BIDS RECEIVED:

UTILITY LINE MATERIAL: Mr. Lavelle recommended that the Commission reject the only bid received for Utility Line Material (Line Reclosers, Sectionalizers and Controls), as the bid did not meet the required specifications, and authorize a re-bid. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to reject the bid and authorize a re-bid for the material per the recommendation of management.

PURCHASE APPROVAL – CISCO ROUTER HARDWARE & SOFTWARE SUPPORT & LICENSING: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$117,000 for the three (3) year renewal of the two (2) Cisco ASR9902 IP gateway router licensing, hardware and software support, and maintenance services contract. He stated that the current support contract expires in July and that the support contract renewal is required to ensure continued proper operation and management of the critical network routers. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the expenditure per the recommendation of management.

PURCHASE APPROVAL – NISC ENTERPRISE SOFTWARE: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$802,467 for implementation costs associated with converting to a new enterprise software solution from NISC. He stated that the Department's current enterprise software vendor, Central Square/Naviline, will no longer support the software in the very near future and that the NISC was selected as the successor enterprise software after an extensive bidding and review process of several different software vendors. He stated that the NISC solution includes: customer service and billing information, finance, and accounting, purchasing, material management, human resources and payroll, work management, outage management, data analytics, marketing, and several other functions that will all be improvements over the current enterprise software system. Commissioner Hoey noted the risks associated with any customization and asked what due diligence had been performed around that risk. Ms. McMahon stated that NISC discourages customization unless necessary and the Department intends to modify processes where possible to avoid customization of the software. She also noted that NISC does offer customization at reasonable rates and that the Department's reviews of other NISC customers indicate that those customers have been satisfied with customization services. Commissioner Hoey also asked what is being done to manage the risks associated with the cut-over to the new software. Ms. McMahon stated that the cut-over will be done one module at a time and that the existing software would be run in parallel with the NISC module until validation that the NISC module is performing properly. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the expenditure per the recommendation of management.

COMMUNICATIONS

06/07/24 – Draft Commission Meeting Minutes from 05/14/24

05/28/24 – JL/DD/Financial Statements, Balance Sheet & Summary Report – April 2024

06/03/24 – SR/VO/Bid Recommendation – Utility Line Material-Line Reclosers, Sectionalizers & Controls

06/11/24 – KJ/TH/Purchasing Approval: Cisco 3-Year Renewal Hardware & Software Support

06/12/24 – COMM/ERP/Recommendation to Transition to NISC as an Enterprise Software Solution

06/13/24 – JL/BM/Purchasing Approval: NISC Enterprise Software Solution

NEXT MEETING DATE:

It was agreed that the next Commission meeting would take place on Tuesday, July 16th at 5:00 P.M.

ADJOURNMENT:

On a motion from Commissioner Marrero, seconded by Commissioner Sutter, it was unanimously voted to adjourn the Meeting at 6:12 PM.

HG&E Commission