

MINUTES OF GAS & ELECTRIC COMMISSION MEETING
REGULAR SESSION
AUGUST 2, 2023

A meeting of the Holyoke Gas and Electric Department was held on August 2, 2023, at 5:05 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 5:05 P.M.

MINUTES:

On a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the minutes from July 12, 2023.

REPORTS & RECOMMENDATIONS OF MANAGER:

Financial Report:

Ms. McMahon then reviewed the draft June 2023 financial statements. Commissioner Marrero asked at what point does the Department begin to harvest earnings on the rate stabilization fund. Ms. McMahon responded that earnings are used to fund the Department's OPEB liability or to offset unusual budget situations such as unplanned fuel costs from time to time. She stated that the rating agencies recommend that the rate stabilization fund not be used for routine operations and that it be maintained at a level of a certain multiple of expected annual fuel costs. Commissioner Marrero asked if the Department prepares a comprehensive report to show the annual financial impact to the City from HG&E support including PILOT payments, sponsorships of City events, in-kind labor support for City activities, etc. Mr. Lavelle stated that the annual report does include some of the information but agreed that staff should do a more targeted report for City officials. 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 94% of summer supply is locked in price and that 35% of winter ('23-'24) is locked in price. He noted that unit sales are down approximately 8% below plan through July, largely due to a warmer winter. Commissioner Marrero asked about the cause of the Gas Division June revenue variance compared to last year. Mr. Roy explained that the variance is due to slightly lower industrial consumption coupled with a lower PGA. Mr. Roy then reviewed the August natural gas rate comparisons and reported that the Department remains very competitive in all rate classes.

Mr. Roy then provided an update on the LNG reliability project and stated that staff are waiting for a list of questions from EFSB as part of the interrogatory phase of the project petition. He also reported that maintenance is currently being performed on one LNG tank to add insulation to reduce LNG boil-off. He then gave an update on cast iron and bare steel service replacements, and he reported that there are currently four minor leaks on record that will be repaired by the end of the month. He also provided

an update on the reply to the DPU DIMP Audit Letter and the PHMSA grant funding applications. There was a brief discussion on the matter.

ELECTRIC DIVISION

Power Supply:

Mr. Steve Roy reviewed the August electric rate comparisons and reported that the Department remains very competitive in all rate classes compared to regional peers. He then reviewed the August 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 July peak occurred on July 6th, hour-ending 19, and that 13.91 MW were shed via Department load reducers. He further reported that a five-year contract extension for gas and electricity services has been negotiated with Sonoco products and that the new contract runs through June 30, 2028. There was a brief discussion on the matter.

TRANSMISSION & DISTRIBUTION

Mr. Roy reported that conversion prep-work continues on the H-1 circuit and that the H-3 circuit conversion prep-work has been completed. He stated that the overall conversion project is still on schedule for early fourth quarter completion. He then reported that crews will continue to install new underground cable Beech Street between West Franklin and Northampton Street for the next four weeks. He stated that the work also includes tie-ins to new termination cabinets and the removal of two vacuum switches. He also reported that five of six loop schemes have been cutover to the new Distribution Automation Controller (DAC), and he provided updates on several other construction projects. There was a brief discussion on the matter.

ELECTRIC PRODUCTION

Mr. Roy stated that hydro production is approximately 19.3% (29,170 MWh) above plan through July which was aided by strong July generation that exceeded plan by 11,831 MWh (117%). He also noted that the higher generation has been offset by average market power prices that are approximately 70% below budget year-to-date. Commissioner Hoey asked if, based on recent climatological models that suggest that the Northeast may see more rain in the coming years and more high-impact rain events, if staff is looking at strategic opportunities to take advantage of such a pattern. He asked, for example, if making structural improvements to the Hadley Falls intake racks would allow us to generate more during high-water conditions. Mr. Roy stated that the intake racks are not the only limiting factor during a high-water event. He noted that the tail water levels increase to a point where generation is very limited during those times and that the risk of heavy debris entering intakes and damaging the generating equipment is also a significant concern. Mr. Roy did say, however, that staff is looking at other opportunities to take advantage of a trend towards higher and more frequent water flows. He then provided an update on the Hadley Falls Unit #2 planned outage last week to perform testing on the generator stator windings, and rotor poles. He noted that test results were good, indicating that only minor maintenance will be required during the planned 2024 unit outage. There was a brief discussion on the matter.

TELECOMMUNICATIONS

Mr. Jonah gave an update on the status of sales activity noting that sales and net income continue to track ahead of plan, largely due to wholesale ISP service sales. He further reported that the FTTH design, including build-out estimates, is scheduled for completion by the end of November. Chairman Hoey asked if staff has ever looked into utilizing the State's Community Compact Grant program to offset the cost of various IT initiatives. Mr. Jonah stated that he was not entirely familiar with the program. He stated that staff has looked into several funding opportunities on an ongoing basis and would look into the Community Compact program. There was a brief discussion on the matter.

MARKETING AND COMMUNICATIONS

Ms. Sullivan reported that a survey has been sent to customers that have recently utilized HG&E's energy conservation assistance program to install Air Source Heat Pumps. She stated that the purpose of the survey is to gauge how satisfied the customers are with the ASHP's and to develop any lessons learned that may assist in improving the assistance program and gaining greater participation in the deployment of ASHP's. She then gave an update on various community events including Public Power and Public Gas week which will be celebrated on October 4th. There was a brief discussion on the matter.

CUSTOMER SERVICE:

Ms. Rogers gave an update on the fuel assistance funding for the current year as well as a status on accounts receivable. There was a brief discussion on the matter.

OLD BUSINESS: None

NEW BUSINESS:

SPONSORSHIP REQUEST- GREATER HOLYOKE CHAMBER OF COMMERCE: Mr.

Lavelle reported that the Department received a sponsorship request from the Greater Holyoke Chamber of Commerce requesting that the Department continue its Corporate Leadership Sponsorship level, consistent with the past several years. Commissioner Marrero disclosed that his employer has a business relationship with the Chamber of Commerce and abstained from deliberation on the matter. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Hoey, it was voted 2-0 to approve the sponsorship as requested. Commissioner Marrero abstained from voting.

SPONSORSHIP REQUEST- HOLYOKE POLICE DEPARTMENT SENIOR HOLIDAY

EVENT: Mr. Lavelle reported that the Department received a sponsorship request from Chief David Pratt of the Holyoke Police Department to support the annual HPD Senior Holiday Event which includes a bus tour to the Forest Park Bright Lights and refreshments for the senior attendees. Mr. Lavelle recommended that the sponsorship be approved as requested, consistent with the support provided for the past several years. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the sponsorship as requested.

GAS RATE SCHEDULE (GB-5) ADJUSTMENT: Mr. Lavelle recommended that the Commission

approve a modification to the GB-5 natural gas rate schedule as recommended in the July 5, 2023, memorandum from Superintendent Brian Roy. He stated that the LDC component of the rate has not been adjusted since 2018 and requires a minor adjustment to keep pace with the cost of service under that tariff. He stated that there is only one industrial customer on the subject rate schedule and that the customer is aware of the proposed adjustment. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the rate modification as presented.

NEW YORK POWER AUTHORITY (NYPA) DESIGNATED VOTING REPRESENTATIVE:

Mr. Lavelle reported that the NYPA Designated Voting Representative list for the Department requires updating due to personnel changes over the past several months. He presented a written request addressed to the Massachusetts Municipal Wholesale Electric Company (MMWEC) to modify the

Department's Designated Voting Representative list and a Certificate of Vote for the Commission Secretary to execute to certify the Commission vote. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the NYPA Designated Voting Representatives and Certificate of Vote as presented.

BID AUTHORIZATIONS: None

BIDS RECEIVED:

BACKUP GENERATOR – MUELLER ROAD: Mr. Lavelle recommended that the Commission award the contract for the Mueller Road LNG Facility Backup Generator to M. L. Schmitt, the lowest responsible bidder meeting all requirements for the solicitation. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to award the contract per the recommendation of management.

COMMUNICATIONS

07/13/23 – Draft Commission Meeting Minutes from 07/12/23

07/25/23 – JL/DD/Financial Statements, Balance Sheet & Summary Report – June 2023

07/25/23 – JL/KC/Sponsorship Request – Greater Holyoke Chamber of Commerce

07/31/23 – JL/KC/Sponsorship Request – HPD Senior Holiday Event

07/05/23 – JL/BR/GB-5 Gas Rate Schedule Modification

07/31/23 – COMM/JL/NYPA Recipient's Designated Voting Representative

07/31/23 – JL/BR/Bid Recommendation – HG&E West Holyoke LNG Facility Emergency Generator & ATS Replacement

NEXT MEETING DATE:

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

ADJOURNMENT:

On a motion from Commissioner Marrero, seconded by Commissioner Sutter, it was unanimously voted to adjourn the regular session of the Meeting at 6:03 P.M.

HG&E Commission