

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

A meeting of the Holyoke Gas and Electric Department was held on December 18, 2024, at 5:00 P.M. in the Department's offices. In attendance were Commissioners Hoey, Sutter and Marrero; Manager Lavelle; Superintendents Steve Roy and Brian Roy; Brooke McMahan, Kirk Jonah, Kate Sullivan, Lisa Rogers, and Attorney John Ferriter.

CALL TO ORDER:

Chairman Hoey called the meeting to order at 5:15 P.M.

MINUTES:

On a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the minutes from November 19, 2024.

REPORTS & RECOMMENDATIONS OF MANAGER:

Financial Report:

Ms. McMahan then reviewed the draft October 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 and noted that 84% of winter ('24-'25) gas supply is locked in price. He then reported that December unit sales are projected to be down approximately 5% below plan due to mild weather. He then reviewed the December natural gas rate comparisons, noting that the Department remains very competitive in all rate classes.

Mr. Roy gave a brief update on the LNG I&R project and reported that distribution crews continue with work to replace the coated steel main on Whiting Farms Road. He noted that the Gas Division exceeded the cast iron replacement goal of 1.75 miles by removing 1.9 miles of cast iron pipe. He also noted that the division will meet its goal of replacing 200 bare steel services and that there are currently no leaks on file. He reported the tertiary support upgrades have been completed at the Homestead Ave./Whitney Ave. regulator station and that all regulator stations now have tertiary support. He then gave an update on ongoing DPU audits and gave a brief update on the PSMS implementation, and the PHMSA grant process. There was a brief discussion on the matter.

ELECTRIC DIVISION

POWER SUPPLY

Mr. Steve Roy reviewed the December electric rate comparisons and reported that the Department remains competitive in all rate classes compared to regional peers. He then reviewed the December 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 November peak occurred on November 26th, hour-ending 18, and that 5.16 MW were shed via Department load reducers. He further reported that a contract has been executed with Lightshift Energy for a 4.99 MW/15 MWH battery energy storage

system to be installed at 369 Whitney Ave (Baystate Medical Center) and projected to reach commercial operation by April 2026. There was a brief discussion on the matter.

TRANSMISSION & DISTRIBUTION

Mr. Roy reported that 17 of 39 commitments have been completed to date, and that the remaining projects are substantially complete and on schedule for completion by the end of the year. He gave an update on several distribution projects and noted that contract tree crews are currently working at Ashley Reservoir to remove dead trees that are in danger of falling on transmission lines in that area. He reported that 16 of 24 new capacitors have been installed and that the new access road near Tokeneke Road is 50% complete and noted that completion of that project will allow the removal of approximately 1 mile of pole line along the railroad tracks. He also gave a brief update on several other ongoing electric distribution and transmission projects. There was a brief discussion on the matter.

ELECTRIC PRODUCTION

Mr. Roy noted that river flows have picked up over the past couple of weeks and hydroelectric production is estimated to be 5% ahead of plan by the end of the year. He then gave an update on capital projects, including the Hadley Falls Unit #2 rehabilitation project, inundation map updates, and Cobble Mountain maintenance activities. He also gave a brief update on the status of current grant applications. 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 reported that staff submitted a grant application through the Mass Broadband Institute Residential Retrofit grant program. He noted that the Department worked with Holyoke Housing Authority to develop the grant proposal. There was a brief discussion on the matter.

CUSTOMER SERVICE

Ms. Rogers gave an update on the status of fuel assistance activity and reported the latest funding and eligibility statistics. There was a brief discussion on the matter.

MARKETING & COMMUNICATIONS

Ms. Sullivan gave an update on recent legislative activity through MEAM to oppose an Energy and Environmental Affairs (EEA) proposal to establish a Decarbonization Clearinghouse and require all Municipal Light Plants (MLP's) to participate in the clearinghouse, and a Department of Environmental Protection (DEP) proposal to require all heavy-duty vehicles to meet California emissions standards by January 1, 2025. She noted that MEAM's opposition is largely due to both EEA and DEP attempting to usurp local control from MLP's which is the hallmark of public power. She reported that the clearinghouse proposal would require HG&E, and other MLP's, to raise rates by between 40% and 60% in order to provide incentives comparable to MassSave as required in the proposal. She also reported that there are currently no cost-effective heavy duty low emissions vehicles that meet utility operational requirements. Commissioner Marrero stated that "local control" is not a winning argument and that the MLP's must base their arguments on the better outcomes that their respective programs yield. Management noted agreement with that approach. Ms. Sullivan then gave an update on several state and federal grant applications that have been submitted including the MBI Residential Retrofit Grant, EPA Community Change Grant, and the DOE RMUC Cybersecurity Grant. She then gave an update on upcoming community outreach and discussed current Green Team activities including the evaluation of existing incentive programs. There was a brief discussion on the matter.

OLD BUSINESS: None

NEW BUSINESS:

DISTRIBUTED GENERATION CREDIT ADJUSTMENT: Mr. Lavelle recommended that the Commission approve staff's recommendation to reduce the Distributed Generation Credit from \$0.070 \$/kwh to 0.052 \$/kwh. He stated that the credit is reviewed every six months and is adjusted based on wholesale electricity market conditions at the time. He noted that the recommended rate reflects the current forecast for 2025 wholesale electricity prices, specifically during solar generation hours. He further noted that the increase in supply of solar generation in New England over the past few years, coupled with slow growth in electricity demand, has driven electricity prices down during solar production hours. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the adjustment to the distributed generation credit, consistent with management's recommendation.

NATURAL GAS RATE ADJUSTMENTS – 2025: Mr. Lavelle recommended that the Commission approve the natural gas rate adjustments as outlined in the December 10, 2024, memorandum from Gas Superintendent, Brian Roy. He stated that the rate adjustments are required to keep rates consistent with the cost of service and are consistent with the rate recommendations that were included in the 2025 operating budget that was approved by the Commission. He noted that the average residential rate would increase by 3% and that the rates would still be among the lowest in the state. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the adjustment to the distributed generation credit, consistent with management's recommendation.

COMMERCIAL ENERGY ASSISTANCE REQUEST – WRIGHTS BLOCK, LLC: Mr. Lavelle reported that the Department received a Commercial Energy Assistance Request from the owners of Wrights Block, LLC (106-120 High Street) in the amount of \$90,000 for the installation of nineteen (19) energy efficient air source heat pumps. He stated that the total HVAC project cost is \$375,928 and noted that the owners have invested more than \$1 million in renovations since acquiring the property in 2019. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Hoey, it was voted 2-0 to approve the assistance as requested, consistent with management's recommendation. Commissioner Marrero abstained from the deliberations and vote.

BID AUTHORIZATIONS:

GAS METER TESTING EQUIPMENT: Mr. Lavelle recommended that the Commission authorize the solicitation of bids for the procurement of equipment necessary to test and calibrate gas meters. He stated that the existing test equipment is over 50 years old and is not compatible with current gas meter technology. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the bid per the recommendation of management.

BIDS RECEIVED:

ELECTRIC LINE CONTRACTORS ANNUAL CONTRACT (SECONDARY) – EXTENSION: Mr. Lavelle recommended that the Commission authorize a one-year extension to the annual contract for secondary Electric Line Contractors (No. 24-05) with Elecnor Hawkeye, LLC, subject to increases in labor and equipment rates as outlined in the December 9, 2024, memorandum from Purchasing Coordinator, Chi Wong, with other terms and conditions remaining the same. After a brief discussion

and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the contract extension per the recommendation of management.

2025 UTILITY LINE MATERIAL: Mr. Lavelle recommended that the Commission award the contracts for Utility Line Material to the lowest bidder meeting all requirements for each item as detailed in the December 11, 2024, memorandum from Purchasing Coordinator, Chi Wong. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to award the bids per the recommendation of management.

VEHICLE #47 REPLACEMENT: Mr. Lavelle recommended that the Commission award the contract for Vehicle #47 replacement to Marcotte Ford through the State contract #VEH110. He noted that the existing vehicle is a 2012 box truck that is beyond its useful life and reasonable repair. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to award the bid per the recommendation of management.

LNG VAPORIZATION SYSTEM CONTROL VALVES: Mr. Lavelle recommended that the Commission award the contract for LNG Vaporization System Control Valves to New England Controls, Inc., dba NECI, the low and only bidder meeting all requirements for the solicitation. He noted that, although there was only one bidder the bid price came in below the engineering estimate for the item. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to award the bid per the recommendation of management.

GLYCOL HEATERS: Mr. Lavelle recommended that the Commission award the contract for Glycol Heaters to Boiler Room Direct Sales, LLC, the low and only bidder meeting all requirements for the solicitation. He noted that, although there was only one bidder the bid price came within reason of the engineering estimate for the item given ongoing supply chain issues. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to award the bid per the recommendation of management.

ENGINEERING SERVICES – INGLESIDE 1X & 2X TRANSFORMER REPLACEMENT: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$210,000 for engineering services required to design the replacement of the existing 52W-1X and 52W-2X transformers at Ingleside Substation. He noted that the existing transformers are original to the station (44 years old) and nearing the end of their useful life. He stated that the replacement project would occur over approximately 3-4 years depending on lead times for new transformers. 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.

PROFESSIONAL SERVICES – NERC COMPLIANCE (3 YEARS): Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$123,120 for professional services required to support the Department's NERC Compliance Program. He stated that the scope includes support for all actions required to be completed by NERC at regular intervals, including all applicable Critical Infrastructure Protection standards. He further noted that, since the NERC standards apply to the Bulk Electric System (BES) equipment, the cost is fully reimbursable through the pooled transmission facility reimbursement from ISO-NE. 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.

NATURAL GAS PERMASERT STAB FITTINGS: Mr. Lavelle recommended that the Commission approve the expenditure of up to \$200,000 for Permasert stab fittings from Honeywell. He stated that the fittings are required to complete planned gas distribution work for the 2025 construction season. 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.

ENGINEERING SERVICES – OLD GASWORKS OMMIR: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$83,260 for engineering services required to perform Operation, Maintenance, Monitoring, Inspection and Reporting (OMMIR) services required under the Massachusetts Contingency Plan for the Gasworks remediation. Commissioner Hoey abstained from deliberations on the matter noting that his firm has bid on related work at the site in the past. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was voted 2-0 to authorize the expenditure per the recommendation of management. Commissioner Hoey abstained from voting.

PROFESSIONAL SERVICES – EMAIL SYSTEM MIGRATION SUPPORT: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$58,860 for professional services required to support the migration of the Department’s email system from the current Domino platform to Microsoft’s Exchange Online servers; setup and secure the various Microsoft cloud applications; and train Department employees on the new system and how to best utilize the Microsoft collaboration tools. 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.

PROFESSIONAL SERVICES – CATHODIC PROTECTION SERVICES: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$100,000 for professional services, from New England CP, Inc., required to comply with state and federal regulations for corrosion control of natural gas facilities. He noted that the scope of services includes a battery of periodic field inspections and occasional design of cathodic protection systems. 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:

- 11/25/24 – Draft Commission Meeting Minutes from 11/19/24
- 12/02/24 – JL/DD/Financial Statements, Balance Sheet & Summary Report – October 2024
- 12/10/24 – SR/JZ/Rate Recommendation – Distributed Generation Credit Decrease
- 12/10/24 – JL/BR/Rate Recommendation – Gas Rate Adjustments for CY2025
- 12/11/24 – KC/MC/Commercial Energy Conservation Program Request – Wrights Block, LLC
- 12/06/24 – BR/WS/Authorization to Bid – Gas Meter Testing Equipment
- 12/09/24 – JL/CW/Extension Recommendation – Electric Line Contractors Annual Contract (Secondary)
- 12/11/24 – JL/CW/Bid Recommendation – 2025 Utility Line Material
- 12/04/24 – BR/WS/Purchase of Replacement Vehicle – Truck #47
- 12/10/24 – CW/BR/Technical Analysis & Bid Award Recommendation – LNG Vaporization System Control Valves
- 12/10/24 – CW/BR/Technical Analysis & Bid Award Recommendation –Glycol Heaters
- 12/04/24 – SR/SD/Purchasing Approval: Engineering Services – Ingleside 1X & 2X Transformer Replacement

12/04/24 – SR/SD/Purchasing Approval: Professional Services – NERC Compliance (3 Years)
12/11/24 – BR/WS/Purchasing Approval: Natural Gas Permasert Stab Fittings
12/09/24 – BR/CP/Purchasing Approval: Old Gas Works OMMIR
12/12/24 – KJ/WM/Purchasing Approval: Professional Services – Email Migration & User Training
12/16/24 – BR/RB/Purchasing Approval: Professional Services – Cathodic Protection

NEXT MEETING DATE:

It was agreed that the next Commission meeting would take place on Wednesday, January 15th at 5:00 P.M.

ADJOURNMENT:

On a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to adjourn the Meeting at 6:15 P.M.

HG&E Commission