

MINUTES OF GAS & ELECTRIC COMMISSION MEETING
REGULAR SESSION
NOVEMBER 9, 2021

A meeting of the Holyoke Gas and Electric Department was held on November 9, 2021 at 5:00 P.M. in the Department's offices. In attendance were Commissioners Hoey, Griffin and Sutter; Manager Lavelle; Superintendents Ducheney, 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 5:00 P.M.

MINUTES:

On a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the minutes from October 5, 2021.

REPORTS & RECOMMENDATIONS OF MANAGER:

Financial Report:

Ms. McMahon reviewed the draft September financial statements and gave an update on the proposed refinancing of outstanding bonds. There was a brief discussion on the matter.

DIVISION REPORTS:

GAS DIVISION

Mr. Brian Roy reported that wholesale natural gas procurements continue consistent with the hedging plan for the current 12-month procurement window. He stated that approximately 84% of winter ('21-'22) supply is locked in price. He stated that the Purchased Gas Adjustment for winter is still expected to be 22% higher than budget and will result in an approximate 24% increase in residential gas bills over last winter. He then reviewed the November natural gas rate comparisons and reported that the Department remains very competitive in all rate classes. He then gave an update on the status of leak reductions, cast iron main replacements and bare steel service replacements. He also gave an update on the Safety Management System program enhancements and the impact of the natural gas moratorium. There was a brief discussion on the matter.

ELECTRIC DIVISION

Power Supply:

Mr. Steve Roy reviewed the November electric rate comparisons and reported that the Department remains competitive in all rate classes. He then reviewed the November Mark-to-Market report and reported that all transactions are within policy limits. He also gave an update on peak load reduction activities and an update on the Citizens, Bay State Health, and Convergent Energy Battery Storage projects. There was a brief discussion on the matter.

TRANSMISSION & DISTRIBUTION

Mr. Roy reported that the Beech St and Sargeant Street manhole replacement project was abandoned due to unmarked facilities in the vicinity of that project. He stated that 24 of 50 commitments have

been completed to date and that all other planned Transmission and Distribution commitments are on schedule for completion by the end of the year. There was a brief discussion on the matter.

ELECTRIC PRODUCTION

Mr. Roy reported that October hydro generation was behind plan due to the leak in the fish bypass pipe and stated that year-to-date generation is approximately 13.3% ahead of plan. He noted that the repairs on the fish bypass pipe have been completed and that canal wall repairs were in process. He stated that canal operations are scheduled to return to normal by early next week. There was a brief discussion on the matter.

TELECOMMUNICATIONS

Mr. Jonah gave an update on the status of sales activity and capital projects. There was a brief discussion on the matter.

MARKETING AND COMMUNICATIONS

Ms. Sullivan gave an update on the Fiber-To-The-Home (FTTH) interest survey and stated that Great Blue Research submitted their draft data analysis report and will submit the final report in a few days. She also reported that the Department received the American Public Power Smart Energy Provider (SEP) award for demonstrating a commitment to and proficiency in energy efficiency, distributed generation, and environmental initiatives that support the goal of providing safe, reliable, low-cost, and sustainable electric service. She stated that only 90 public power systems (less than 5%) across the country receive the SEP designation. She then reported on the events for Public Power/Public Gas week at Veterans Park on October 6th, and stated that the event was reasonably well attended and went very well. There was a brief discussion on the matter.

OLD BUSINESS: None

NEW BUSINESS:

2021 HOLIDAY DISCOUNT: Mr. Lavelle recommended that the Commission approve an additional 10% Holiday Discount for the December billing. He stated that the Commission has approved the Holiday Discount for many years and the discount was factored into the annual budget. Chairman Hoey suggested that, due to projected energy cost increases for the coming winter, the Commission consider a 15% discount to assist customers with the rising costs. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve a 15% Holiday Discount for the December billing period.

SPONSORSHIP REQUEST – GREATER HOLYOKE YMCA: Mr. Lavelle reported that the Department received a sponsorship request from the Greater Holyoke YMCA for the annual programming of the organization, and recommended that the request be approved, consistent with the sponsorship level of the past several years. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the sponsorship request per the recommendation of management.

COMMERCIAL ENERGY CONSERVATION ASSISTANCE REQUEST – HOLYOKE BOYS & GIRLS CLUB: Mr. Lavelle reported that the Department received a commercial energy conservation assistance request from the Holyoke Boys & Girls Club to assist with the replacement of the HVAC system with a modern, energy efficient HVAC system that will significantly improve the

energy management at the facility. He stated that the total project cost is approximately \$600,000 and that the assistance request is for \$250,000. He stated that the Club is current on all accounts and that the assistance can be protected through a municipal lien and he recommended that the assistance be approved as requested. Chairman Hoey disclosed that he serves on the board of directors for the Greater Holyoke Boys and Girls Club and that the organization has been a client of his employer, and he abstained from deliberation on the matter. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was voted 2-0 to approve the assistance request per the recommendation of management. Commissioner Hoey abstained from voting.

BOND REFINANCING AUTHORIZATIONS: Mr. Lavelle stated that staff has been working for several weeks to take advantage of current market conditions and refinance outstanding bonds for the Department and for the Massachusetts Clean Energy Cooperative (MCEC). He stated that the proposed transaction includes the following components: refinancing approximately \$22 Million of outstanding 2012 Series General Obligation bonds of the City which were issued on behalf of HG&E (to refinance the 2001 Series HG&E revenue bonds that were issued to purchase the hydroelectric assets from Northeast Utilities); refinancing of approximately \$36 Million of outstanding Massachusetts Clean Energy Cooperative Corporation (MCECC) series 2013 bonds that were issued on behalf of HG&E to overhaul Hadley Falls Unit #1 (HF01); provide approximately \$11 Million of new money to conduct a major overhaul of Hadley Falls Unit #2 (HF02); and to pay associated closing costs for the refinancing.

Mr. Lavelle explained that the Series 2013 bonds issued by MCECC were used to pay HG&E for the net capability of HF01, through a Capacity Purchase Agreement (CPA), for the term of the bonds. He stated that MCECC then sells the net capability of HF01 to MMWEC, through a Power Sales Contract (PSC), and that MMWEC then sells the net capability of HF01 to HG&E through a Power Purchase Agreement (PPA). He stated that the new series 2021 bonds would be issued by the MCECC and that MCECC would purchase the net capability from HF02 from HG&E, through a HF02 CPA, and that MCECC would then sell the HF02 net capability to MMWEC through Amendment No. 1 to the PSC and that MMWEC would, in turn, sell the HF02 net capability to HG&E through Amendment No.1 to the PPA. A copy of both documents were presented to the Commission.

Mr. Lavelle stated that, although the Series 2021 bonds will be issued by MCECC, certain votes and approvals, including the HF02 Capacity Purchase Agreement and Amendment No.1 to the PSC, are required by HG&E in order to complete the proposed refinancing. Attorney Ferriter then described the required approvals. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted:

WHEREAS, the Holyoke Gas & Electric Department (“HG&E”) and the Massachusetts Municipal Wholesale Electric Company (“MMWEC”) are member of the Massachusetts Clean Energy Cooperative Corporation (the “Cooperative”);

WHEREAS, MMWEC and the Cooperative are parties to that certain Power Sales Contract, dated as of April 16, 2013 (the “Power Sales Contract”), pursuant to which MMWEC purchases 100% of the net capability of a hydro-generating unit owned by the City of Holyoke, Massachusetts, acting by and through HG&E. known as the Hadley Falls Station Unit #1 (“Unit #1”), which net capability initially is sold by HG&E to the Cooperative under a Capacity Purchase Agreement, dated as of April 16, 2013, between HG&E and the Cooperative (the “Unit #1 Capacity Purchase Agreement”);

WHEREAS, MMWEC and HG&E are parties to that certain Power Purchase Agreement, dated as of April 16, 2013 (the “Power Purchase Agreement”), pursuant to which MMWEC sells to HG&E and HG&E purchases from MMWEC, 100% of the net capability of Unit #1 that is purchased by MMWEC under the Power Sales Contract;

WHEREAS, MMWEC and the Cooperative wish to amend the Power Sales Contract to include the purchase by MMWEC of 100% of the net capability of a second hydro-generating unit and ancillary equipment owned by HG&E known as the Hadley Falls Station Unit #2, (“Unit #2”), which net capability will initially be sold by HG&E to the Cooperative under a second Capacity Purchase Agreement (the “Unit #2 Capacity Purchase Agreement”); and

WHEREAS, MMWEC and HG&E wish to amend the Power Purchase Agreement to include the sale by MMWEC and the purchase by HG&E of 100% of the net capability of Unit #2 purchased by MMWEC under the Power Sales Contract (as amended).

WHEREFORE, The Commission hereby votes to:

- a) authorize and direct the Manager of HG&E to execute and deliver the Unit #2 Capacity Purchase Agreement (CPA), substantially in the form of the Unit #2 CPA attached to this vote, presented at this meeting, and made a part of the records of this meeting, and to make such amendments, additions, or deletions to the form of Unit #2 Capacity Purchase Agreement as are deemed necessary or appropriate to complete the execution of the Unit #2 Capacity Purchase Agreement as contemplated by the parties thereto, all without the need for further action or approval by the Board of Directors;
- b) authorize and direct the Manager of HG&E to execute and deliver Amendment No. 1 to the Power Purchase Agreement (“PPA Amendment No. 1”), substantially in the form of the PPA Amendment No. 1 attached to this vote, presented at this meeting, and made a part of the records of this meeting, and to make such amendments, additions, or deletions to the form of PPA Amendment No. 1, as are deemed necessary or appropriate to complete the amendment of the Power Purchase Agreement, as contemplated by the parties thereto, all without the need for further action or approval by the Board of Directors;
- c) authorize and direct the Manager of HG&E and/or his designees to carry out, or cause to be carried out, all obligations of the Cooperative under the Unit #2 Capacity Purchase Agreement, and PPA Amendment No. 1 and to perform and undertake such other actions as they, in consultation with counsel, shall consider necessary or advisable to accomplish the execution of the Unit #2 CPA and the amendments to the Power Sales Contract and Power Purchase Agreement;
- d) That the Manager of HG&E is hereby authorized and directed to take any other action, and execute, deliver, and cause the Cooperative to perform its obligations under any other documents or contracts deemed necessary or desirable to effectuate the purposes of the 2021 Bond Purchase Contract, the Cooperative Agreement, the 2021 Unit #2 CPA, and the Power Sales Contract, all as amended, including without limitation any documents deemed necessary for and relating to the financing of the pre-payment of the Net Capability of Hadley Falls Unit #2 by the Cooperative and to carry out the purposes of this Vote;
- e) approve and authorize the Manager of HG&E and/or his designees, with the advice of counsel, to execute, deliver or accept such additional documents, and take any and all further actions, as may be necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated by and to carry out the intent of this Vote;
- f) indemnify all HG&E officers, directors and counsel for all actions taken in connection with the Unit #2 CPA, PSC Amendment No. 1 and PPA Amendment No. 1; and
- g) ratify and confirm all previous actions taken by the Manager, HG&E staff and counsel for the purposes of the Unit #2 Capacity Purchase Agreement, PSC Amendment No. 1 and PPA Amendment No. 1.

BID AUTHORIZATIONS:

102 CABOT BRICK SMOKESTACK DEMOLITION: Mr. Lavelle requested authorization to solicit bids the demolition of the old boiler smokestack at 102 Cabot Street. He stated that the boilers have been out of service for several years and the smokestack was partially demolished a couple of years ago to address deteriorating upper portion of the stack. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to authorize the bid per the recommendation of management.

BIDS RECEIVED:

INSULATION, ASBESTOS & LEAD ABATEMENT ANNUAL CONTRACT: Mr. Lavelle recommended that the Commission award the contract for Insulation, Asbestos & Lead Abatement to Atlantic Contracting & Specialties, LLC, the low bidder meeting all requirements for the solicitation. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to award the contract per the recommendation of management.

ELECTRIC LINE CONTRACTORS ANNUAL CONTRACT- EXTENSION: Mr. Lavelle recommended that the Commission authorize a one year extension to the Electric Line Contractor Annual Contract with Asplundh Construction, LLC, through December 31, 2022, subject to a 2.9% increase in labor rates and all other terms and conditions of the existing contract remaining the same. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to authorize the contract extension per the recommendation of management.

ELECTRIC METERS ANNUAL CONTRACT- EXTENSION: Mr. Lavelle recommended that the Commission authorize a one year extension to the Electric Meters with AvCom through December 31, 2022, with all pricing and terms and conditions of the existing contract remaining the same. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to authorize the contract extension per the recommendation of management.

GAS CONSTRUCTION CONTRACTOR ANNUAL CONTRACT- EXTENSION: Mr. Lavelle recommended that the Commission authorize a one year extension to the Gas Construction Contractor Annual Contract with Kudlic Bros., Inc., through December 31, 2022, subject to a 1.75% increase in all rates and all other terms and conditions of the existing contract remaining the same. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to authorize the contract extension per the recommendation of management.

COMMUNICATIONS:

11/05/21 – Draft Commission Meeting Minutes from 10/05/21
10/26/21 – JL/DD/Financial Statements, Balance Sheet September 2021
10/25/21 – JL/LR/2021 Holiday Discount
11/02/21 – COMM/JL/MCEC Re-financing Related Votes
11/04/21 – KC/MC/Sponsorship Request – Greater Holyoke YMCA
11/04/21 – KC/MC/Commercial Energy Assistance Request – Boys & Girls Club of Greater Holyoke
11/01/21 – SR/SL/Authorization to Bid – 102 Cabot Brick Smokestack Demolition
11/01/21 – JL/CW/Bid Recommendation – Insulation, Asbestos & Lead Abatement Annual Contract
10/29/21 – JL/CW/Recommendation – Extension of Electric Line Contractors Annual Contract

10/29/21 – JL/CW/Recommendation – Extension of Electric Meters Annual Contract

10/28/21 – JL/CW/Recommendation – Extension of Gas Construction Contractor Annual Contract

NEXT MEETING DATE:

It was agreed that the next Commission meeting would take place on Wednesday, December 8, 2021 at 5:00 P.M.

ADJOURNMENT:

On a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to adjourn the Meeting at 6:20 P.M.

HG&E Commission