

MINUTES OF GAS & ELECTRIC COMMISSION MEETING
REGULAR SESSION
JANUARY 25, 2017

A meeting of the Holyoke Gas and Electric Department was held on January 25, 2017 at 5:00 PM in the Department's offices. In attendance were Commissioners Hoey, Griffin and Sutter; Manager Lavelle; Superintendent Beauregard, Kirk Jonah, and Brian Richards.

CALL TO ORDER: Commissioner Hoey called the meeting to order at 5:00 PM.

MINUTES:

On a motion from Commissioner Griffin, seconded by Commissioner Hoey, it was unanimously voted to approve the minutes from January 4, 2017.

REPORTS & RECOMMENDATIONS OF MANAGER:

Financial Report:

Mr. Richards reported that the auditors continue to work on the 2016 audit, and that draft year-end statements should be available for the next Commission meeting. There was a brief discussion on the matter.

Mr. Lavelle reported that the Department received the Pension Appropriation allocation from the retirement board and that the Department's allocation of \$3,780,352 represents 21.87% of the City's total allocation of \$17,288,112. He stated that the allocation is 3.8% higher than the Department's prior year allocation. There was a brief discussion on the matter.

Mr. Lavelle further reported that the Collective Bargaining Agreement with the Holyoke Municipal Gas, Light, and Power Guild, Inc. expires on March 31, 2017, and that staff will be negotiating a successor agreement with the union. There was a brief discussion on the matter.

DIVISION REPORTS:

GAS DIVISION

Mr. Lavelle reported that wholesale natural gas procurements continue consistent with the hedging plan for the current 12-month procurement window and that the Department has secured over 85% of required winter natural gas. He stated that recent activity has involved spot purchases to cover open positions. There was a brief discussion on the matter.

Mr. Lavelle handed out a recent Bureau of Labor Statistics report that detailed natural gas and electricity costs for the Boston/Brockton/Nashua region as compared to national averages. Mr. Lavelle also pointed out how the Department's rates for the same period compare favorably with the regional and national data. There was a brief discussion on the matter.

ELECTRIC DIVISION

Power Supply:

Mr. Beauregard gave an update on various distributed generation and energy storage initiatives, including several solar projects that are either being proposed or are under construction by various solar developers. There was a brief discussion on the matter.

Mr. Beauregard reviewed the 4th Quarter Solar production report. There was a brief discussion on the matter.

Mr. Beauregard reported that staff has negotiated a PPA for a roof-mounted solar array on the Department's Hydro Maintenance Facility at 30 Water Street. He stated that a lease agreement, including a nominal rental value for the roof space, was also negotiated. Mr. Lavelle recommended that the Commission approve the Lease Agreement and authorize him to execute the agreement. Attorney Ferriter commented that he has reviewed the agreement and has approved it as to form. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the PPA and associated Lease Agreement as presented by Management.

TRANSMISSION & DISTRIBUTION

Mr. Beauregard reported that design and planning for the Holyoke 17L Substation is progressing. He stated that staff is making final edits on an application to ISO-NE for certification as a Qualified Transmission Project Sponsor (QTPS), as required by ISO-NE through the Open Access Transmission Tariff (OATT). He further reported that staff continues efforts to get the project on the agenda for the February ISO-NE Planning Advisory Committee (PAC) meeting for review. There was a brief discussion on the matter.

Mr. Beauregard reported that the RFP for 886 AMI Meters has been published and bids are due Friday. He reminded the Commission that this is one of the larger capital projects planned for 2017 and that the plan is to install all meters by the end of the year.

Mr. Beauregard reported that staff has initiated planned maintenance activities in several areas including annual battery maintenance at Highland Substation, and Electric Station wire demolition related to the recent SCADA upgrade and remote generator control panel installation.

ELECTRIC PRODUCTION

Mr. Lavelle reported that river flows have increased recently and that production remains slightly below plan for the month. He reported that Voith was on-sight to perform governor maintenance this week and that Unit #1 was off-line for 8 hours. He also stated that the visitor center building construction is underway and that the project is scheduled to be completed by June 2017. There was a brief discussion on the matter.

TELECOMMUNICATIONS

Mr. Jonah gave a brief update on commercial sales and ongoing projects. He also reported that MBI received 6 responses to their recent RFP for broadband services in underserved Western Massachusetts communities. There was a brief discussion on the matter.

OLD BUSINESS: None

NEW BUSINESS:

SPONSORSHIP REQUEST – GREATER HOLYOKE CHAMBER OF COMMERCE: Mr. Lavelle recommended that the Commission approve a sponsorship request from the Greater Holyoke Chamber of Commerce to support the promotion of Holyoke as the birthplace of volleyball by placing 20 fiberglass volleyballs at various gateways and locations within the City. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the sponsorship per the recommendation of management.

MMWEC SPECIAL PROJECT 2015A: Mr. Lavelle recommended that the Commission authorize the Department to participate in MMWEC Special Project 2015A, which is a 55 MW simple cycle peaking plant to be constructed at the Waters River Site in Peabody, MA. He stated that the both the Department and MMWEC have evaluated the economics of the project and the analysis indicates that the project would serve as an effective hedge against rising capacity prices, beginning in 2020. He indicated that the Department's share of the project is 4.8 MW. He stated that MMWEC requires the Commission to approve the attached Certificate of Vote and to authorize the Manager to execute the Power Sales Agreement (PSA), generally consistent with the PSA presented.

He stated that MMWEC plans to issue bonds to finance the project and that the Department would pay its share of the financing and operating costs through the MMWEC project billing process. There was a discussion on the project. On a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the Project 2015A Certificate of Vote as presented to the Commission, and to authorize the Manager to execute the PSA for the project, generally consistent with the PSA presented to the Commission.

BANDWIDTH PRICING CHANGES: Mr. Lavelle recommended that the Commission approve the new bandwidth pricing recommendations as outlined on the January 12, 2017 memorandum from Mr. Jonah. He stated that the recommendations include the elimination of lower tier rates and the modification of several other rates to keep competitive with the current market. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the rates as presented.

BID AUTHORIZATIONS: None

BIDS RECEIVED:

ANNUAL ASSOCIATION MEMBERSHIPS: Annual Association Memberships: Mr. Lavelle requested authorization for the expenditure for the Department's annual association memberships as outlined in the January 20, 2017 memorandum from Jon Zwirko. He stated that staff continues to review the value proposition for the NHA and BSHA association memberships and may choose to terminate them. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to authorize the expenditure per the recommendation of management.

HAZARDOUS WASTE/MATERIAL TRANSPORTATION & DISPOSAL ANNUAL CONTRACT: Mr. Lavelle recommended that the Commission reject the only bid received and authorize a re-bid for the services. He stated that some of the proposed rates were above market and a re-bid would include an expanded scope of services. After a brief discussion and on a motion from

Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to reject the bid and authorize a re-bid per the recommendation of management.

COMMUNICATIONS:

01/20/17 – Draft Commission Meeting Minutes from 01/04/17

01/20/17 – JL/JJ/Sponsorship Request – Greater Holyoke Chamber of Commerce

01/19/17 – BB/JS/MMWEC Special Project 2015A - Peabody Peaking Project

01/12/17 – JL/KJ/Proposed New Bandwidth Pricing

01/20/17 – BB/JZ/2017 Annual Association Membership Requests

01/19/17 – JL/YD/Bid Recommendation – Hazardous Waste/Material Transportation & Disposal Annual Contract

NEXT MEETING DATE:

It was agreed that the next Commission meeting would take place on Thursday, February 16, 2017 at 5:00 PM.

ADJOURNMENT:

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

HG&E Commission

