

MINUTES OF GAS & ELECTRIC COMMISSION MEETING
REGULAR SESSION
JULY 27, 2017

A meeting of the Holyoke Gas and Electric Department was held on July 27, 2017 at 5:08 P.M. in the Department's offices. In attendance were Commissioners Hoey, Griffin and Sutter; Manager Lavelle; Superintendents Beauregard and Ducheney; Daniel Smith, Kirk Jonah, Brian Richards, Kate Sullivan and Jim Jackowski.

CALL TO ORDER:

Chairman Hoey called the meeting to order at 5:08 P.M.

MINUTES:

On a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the minutes from June 15, 2017.

REPORTS & RECOMMENDATIONS OF MANAGER:

Financial Report:

Mr. Richards reviewed the draft May financial statements. There was a brief discussion on the matter.

DIVISION REPORTS:

GAS DIVISION

Mr. Smith reported that wholesale natural gas procurements continue consistent with the hedging plan for the current 12-month procurement window. He also presented the July natural gas rate comparisons and noted that the Department is very competitive in all classes. He then gave an update on ongoing capital and maintenance projects. There was a brief discussion on the matter.

ELECTRIC DIVISION

Power Supply:

Mr. Beauregard reviewed the June electric rate comparisons and noted that the Department remains very competitive in all rate classes. He also reviewed the June mark to market report for power supply and stated that all transactions are within policy limits. There was a brief discussion on the matter.

Mr. Beauregard gave an update on ongoing solar and storage projects. He reported that staff is working with Green Earth Energy on the design of a 148 kW rooftop solar array for the Gas Distribution Garage on Walnut Street, and that SunWealth is moving forward with a 348 kW ground-mount solar array at Hadley Mills Road. He also reported that negotiations on the Mt. Tom battery storage project are ongoing. Mr. Beauregard also gave a brief update on demand management activities. There was a brief discussion on the matter.

TRANSMISSION & DISTRIBUTION

Mr. Beauregard reported that planned preventive maintenance and capital projects were generally on schedule. He stated that the plan to deploy 886 AMI meters has been pushed into 2018 due to the fact that Itron cannot deliver the meters until December. He also reported that the wood pole inspection

schedule has been modified to account for 10% of poles per year. Mr. Beauregard then gave an update on the design and planning activities for the Holyoke 17L Substation, and stated that plans are currently being developed to accommodate a request by the MGHPCC for a capacity increase. There was a brief discussion on the matter.

ELECTRIC PRODUCTION

Mr. Duchenev reported that hydro production is slightly above plan for the month and year-to-date. He gave an update on the maintenance projects for Hadley Falls Units #1 and #2, and City #2 Hydro. There was a brief discussion on the matter.

TELECOMMUNICATIONS

Mr. Jonah gave a brief update on commercial sales and ongoing projects. He reported that FiberConnect recently activated the Monterey fiber network, for which HG&E is serving as network operator. There was a brief discussion on the matter.

OLD BUSINESS: None

NEW BUSINESS:

RESIDENTIAL ENERGY ASSISTANCE REQUEST – 2034 NORTHAMPTON STREET: Mr. Lavelle reported that the Department received an Energy Assistance request from the owners of 2034 Northampton Street, in the amount of \$10,000, for the installation of a new gas-fired energy efficient heating system. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the assistance per the recommendation of management.

COMMERCIAL ENERGY ASSISTANCE REQUEST – DAVIGNON PROPERTIES, LLC: Mr. Lavelle reported that the Department received a commercial energy assistance request from the owners of 1370-1376 Dwight Street, in the amount of \$20,000, for the installation of a new gas-fired energy efficient heating system for the property. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the assistance per the recommendation of management.

ELECTRIC RATE MODIFICATIONS: Mr. Beauregard reported that the Purchased Power Adjustment (PPA) component of the electric rates would be increased from \$0.03159/kWh to \$0.0349/kWh. He stated that the adjustment is required to keep pace with rising capacity and transmission costs. He reported that capacity costs will increase by 193% (\$3.25 Million) in 2017 over 2016 levels, and are expected to increase another 53% in 2018. He stated that transmission costs have increased 7.5% over 2016 levels and are anticipated to increase another 7.5% in 2018. He reminded the Commission that both capacity and transmission rates are outside of HG&E's control as capacity costs are set by an ISO-NE auction process and transmission costs are paid to the regional transmission operator. Mr. Lavelle stated that the Department has mitigated the increases somewhat with various peak load management and load reduction initiatives, but that an increase in the PPA is still required. Mr. Beauregard stated that the proposed PPA adjustment would amount to an approximate 2% increase for most customers. He further reported that additional details on the justification for the adjustment and the impact to various customers is included in the July 21, 2017 memorandum from Jeanette Sypek, Sr. Energy Resources Coordinator.

Mr. Lavelle further recommended that the Commission approve the revised Small Industrial Rate Schedule as proposed, and approve the revised General Service Rate Schedule as proposed. After a discussion on the matter, and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the Small Industrial Rate Schedule (SI) and the General Service Rate Schedule (EC) as proposed.

BID AUTHORIZATIONS:

SALE OF SURPLUS HYDRO GENERATION EQUIPMENT: Mr. Lavelle requested authorization to solicit bids for the sale of surplus hydroelectric generating equipment that is no longer functioning and beyond repair. He stated that the equipment is from old canal units that are no longer in service, and that the equipment includes wicket gates, rotors, accumulator tanks, turbine runners, shafts, and generators. 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.

CITY UNIT NO. 2 WICKET GATE ASSEMBLIES: Mr. Lavelle requested authorization to solicit bids for the replacement of the City Hydro Unit #2 wicket gate assemblies. He stated that the unit is currently undergoing a major rehabilitation and the current wicket gates are approximately 80 years old and are in need of replacement. He stated that a related purchase approval request for engineering design services is later on the agenda. 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:

ENGINEERING SERVICES – CITY UNIT NO. 2 WICKET GATES: Mr. Lavelle requested that the Commission authorize the expenditure of up to \$12,000 for the engineering services required to develop the new City #2 Wicket Gate fabrication drawings and bid package. 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.

2017 VEHICLE PURCHASES: Mr. Lavelle recommended that the Commission award the contract for 2017 Vehicle Purchases to Marcotte Ford, the lowest qualified and eligible bidder meeting all requirements of the solicitation. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to award the bid per the recommendation of management.

TREE RISK ASSESSMENT: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$12,568 for professional services required to perform a tree risk assessment along the 39C4 Distribution Feeder. 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.

COMMUNICATIONS:

- 06/09/17 – Draft Commission Meeting Minutes from 05/25/17
- 06/26/17 – JL/DD/Financial Statements, Balance Sheet May 2017
- 07/18/17 – JL/JJ/Residential Assistance – 2034 Northampton Street
- 07/18/17 – JL/JJ/Commercial Assistance – Davignon Properties, LLC
- 07/21/17 – BB/JS/Rate Recommendation – Electric PPA (fuel adjustment) and SI + EC Rates
- 06/15/17 – PD/SR/Authorization to Bid – Sale of Surplus Hydro Generation Equipment
- 07/18/17 – PD/SR/Authorization to Bid – City Hydro No. 2 Wicket Gate Assemblies
- 06/27/17 – BB/JB/Bid Recommendation – 2017 Vehicle Purchases
- 07/03/17 – BB/EH/Proposal Recommendation – Tree Risk Assessment along 39C4 Distribution Feeder

NEXT MEETING DATE:

It was agreed that the next Commission meeting would take place on Wednesday, August 16, 2017 at 5:00 P.M.

Mr. Lavelle recommended that the Commission enter into Executive Session for the purpose of discussing contract negotiations. On a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted, on a roll call vote, to enter into Executive Session. Chairman Hoey stated that the Commission would not return to Regular Session.

ADJOURNMENT:

On a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to adjourn the Meeting at 6:08 P.M.

On a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted, on a roll call vote, to enter into Executive Session to discuss strategy with respect to contract negotiations.



HG&E Commission