

MINUTES OF GAS & ELECTRIC COMMISSION MEETING
REGULAR SESSION
MARCH 12, 2019

A meeting of the Holyoke Gas and Electric Department was held on March 12, 2019 at 5:00 P.M. in the Department's offices. In attendance were Commissioners Hoey, Griffin and Sutter; Manager Lavelle; Superintendents Beauregard and Duchenev; Acting Gas Superintendent Brian Roy, Kirk Jonah, Brooke McMahon, Kate Sullivan, Jim Jackowski, Terry Sweeney and Attorney John Ferriter.

CALL TO ORDER:

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

MINUTES:

On a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the minutes from February 5, 2019.

REPORTS & RECOMMENDATIONS OF MANAGER:

Financial Report:

Ms. McMahon reviewed the draft January financial statements. There was a brief discussion on the matter.

DIVISION REPORTS:

GAS DIVISION

Mr. Roy reported that wholesale natural gas procurements continue consistent with the hedging plan for the current 12-month procurement window. He also reviewed the March natural gas rate comparisons and noted that HG&E natural gas rates remain competitive in all classes. He also gave an update on planned maintenance and capital projects for the current year. There was a brief discussion on the matter.

ELECTRIC DIVISION

Power Supply:

Mr. Beauregard reviewed the March electric rate comparisons and noted that the Department remains very competitive in all rate classes. He also reviewed the March mark to market report for power supply natural gas supply and stated that all transactions are within policy limits. He then gave a brief update on load reduction activities through February and the final Forward Capacity Auction (FCA) results for FCA#13. He then reported that the Nuclear Regulatory Commission approved Seabrook Nuclear Power Plant's license extension request. He stated that the license will be extended to 2050. There was a brief discussion on the matter.

TRANSMISSION & DISTRIBUTION

Mr. Beauregard gave an update on the Holyoke 17L Substation construction and noted that Phase 1 of the project was completed on March 9th. He stated that switching orders will be conducted over the next several weeks to move load to the new transformer. He stated that demo of the existing plant would be completed by the end of May and that Phase 2 of the project is on schedule for completion in early November. He then gave a brief update regarding the February 25th wind storm and the Department's response to the damage that was sustained during that event. He further reported that the Department received recognition from the American Public Power Association (APPA) for exceptional electric reliability performance during 2018 based on APPA's eReliability Tracker Service which compares APPA member reliability performance. There was a brief discussion on the matter.

ELECTRIC PRODUCTION

Mr. Duchenev reported that hydro production is slightly ahead of plan year-to-date, and that staff is preparing for the spring canal draw-down. He further reported that staff continues to work with Voith Hydro to develop the scope of work for the replacement of the Hadley Falls Unit #2 runner. There was a brief discussion on the matter.

TELECOMMUNICATIONS

Mr. Jonah gave a brief update on commercial sales and ongoing projects. There was a brief discussion on the matter.

Marketing and Communications:

Ms. Sullivan gave an update on various marketing and communications activities. There was a brief discussion on the matter.

OLD BUSINESS: None

NEW BUSINESS:

PURCHASED GAS ADJUSTMENT: Mr. Roy reported that the Purchased Gas Adjustment would be lowered from \$0.37/ccf to \$0.33/ccf effective for the March billing cycle. There was a brief discussion on the matter.

PURCHASED GAS ADJUSTMENT- EMBEDDED FUEL RATE: Mr. Roy recommended that the embedded fuel rate in the Purchased Gas Adjustment tariff be reduced by \$0.0425/ccf, from \$0.375/ccf to \$0.3325/ccf. He stated that the embedded fuel rate was increased in 2003 for fuel related contingencies. He noted that the shift to distribution would cover anticipated increased distribution costs related to cast iron main replacements, bare steel service replacements and compliance matters. He presented a revised PGA tariff for approval. After a brief discussion, and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the rate modification per the recommendation of management.

2019 NON-GUILD MERIT: Mr. Lavelle recommended that the Commission approve a budget for non-guild merit adjustments per the following: 3.0% pool for merit adjustments; 1% for performance recognition, and 1% for equity adjustments and promotions. He stated that this recommendation is consistent with the 2019 budget approved by the Commission and consistent with the

recommendations of the Department's wage consultant. There was a brief discussion on the request. On a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the request per the recommendation of management.

BID AUTHORIZATIONS: None

BIDS RECEIVED:

PURCHASE APPROVAL – 2019 CUSTOMER SATISFACTION SURVEY: Mr. Lavelle requested authorization for the expenditure of up to \$12,500 professional services associated with performing a customer satisfaction survey through Great Blue Research. He stated that the Department has used Great Blue in the past and has negotiated a group discount through MEAM for the survey services. 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.

PURCHASE APPROVAL – ITRON MAINTENANCE SUPPORT: Mr. Lavelle requested authorization for the expenditure of up to \$24,385 for maintenance and support services for hardware and software associated with the Departments fixed metering network. 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.

ELECTRIC UNDERGROUND CABLE (REBID): Mr. Lavelle recommended that the Commission award the contract for Electric Underground Cable to Arthur J. Hurley Co., the lowest responsible 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 contract per the recommendation of management.

PURCHASE APPROVAL – 2019 UPSTREAM FISH & EEL PASSAGE ACTIVITIES: Mr. Lavelle requested authorization for the expenditure of up to \$321,545 with various vendors for professional services required to satisfy the Department's obligations under the FERC Project 2004 License for upstream fish passage activities. He stated that the specific activities are described in the February 4, 2019 memorandum from Richard Murray. Commissioner Griffin disclosed that he is employed by Holyoke Community College which is affiliated with the HCC Foundation, through which the recommended Data Collection Services are performed. Commissioner Hoey asked if staff evaluated options, other than the one recommended, for Sturgeon monitoring activities. Mr. Ducheny stated that the monitoring activity requires a permit from the National Marine Fisheries Service (NMFS) to handle shortnose sturgeon and that no other vendors in the area have the required permit. Mr. Ducheny stated that the Department contemplated applying for a permit as the Dam Operator, but stated that the approval process is lengthy and that NMFS has been reluctant to issue permits other than to principal investigators. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Hoey, it was voted 2-0 to authorize the expenditure per the recommendation of management. Commissioner Griffin abstained from deliberations and voting on the matter.

PURCHASE APPROVAL – 2019 PROPERTY INSURANCE RENEWAL: Mr. Lavelle requested authorization for the expenditure of \$278,517 for the premium associated with the Department's 2019 property insurance coverage. He stated that the premium increased by approximately 5% over 2018, mostly due to an increase in property values, due to plant additions. 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.

ELECTRICAL SERVICES ANNUAL CONTRACT - EXTENSION: Mr. Lavelle recommended that the Commission authorize a one year extension to the Electric Services Annual Contracts with Collins Electric Co., Inc. (primary) and USNE, Inc., (secondary) consistent with the provisions in the respective contracts and per the terms outlined in the March 6, 2019 memorandum from Yocelyn Delgado. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the contract extensions per the recommendation of management.

GAS WELDING SERVICES ANNUAL CONTRACT - EXTENSION: Mr. Lavelle recommended that the Commission authorize a one year extension to the Gas Welding Services Annual Contracts with Jay's Mobile Welding (primary) and Spath & Son, Inc., (secondary) consistent with the provisions in the respective contracts and per the terms outlined in the March 5, 2019 memorandum from Yocelyn Delgado. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the contract extensions per the recommendation of management.

ELECTRICAL PREVENTIVE MAINTENANCE TESTING SERVICES ANNUAL CONTRACT - EXTENSION: Mr. Lavelle recommended that the Commission authorize a one year extension to the Electric Preventive Maintenance Testing Services Annual Contracts with USNE, Inc., Osmose Utility Services, Inc., CE Power Engineered Services, LLC, and Brownhouse Enterprises, LLC consistent with the provisions in the respective contracts and per the terms outlined in the March 7, 2019 memorandum from Yocelyn Delgado. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the contract extensions per the recommendation of management.

EXCAVATIONS & RESTORATIONS ANNUAL CONTRACT: Mr. Lavelle recommended that the Commission award the contract for Excavations and Restorations to JSC Construction, the lowest responsible 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 contract per the recommendation of management.

COMMUNICATIONS:

- 03/07/19 – Draft Commission Meeting Minutes from 02/05/19
- 03/08/19 – JL/DD/Financial Statements, Balance Sheet January 2019
- 03/05/19 – JL/BR/Purchased Gas Adjustment – March 2019
- 03/01/19 – JL/BR/Purchased Gas Adjustment – Change in Embedded Fuel Contribution
- 03/07/19 – COMM/JL/2019 Non-Guild Merit
- 02/13/19 – JL/KS/2019 Customer Satisfaction Survey
- 03/04/19 – BB/RL/Purchasing Approval: Itron Maintenance Support
- 02/21/19 – BB/CP/Bid Ratification – Electric Underground Cable (Rebid)

02/04/19 – YD/RM/2019 Upstream Fish & Eel Passage Activities
02/19/19 – JL/BM/Purchasing Approval: 2019 Property Insurance Renewal
03/06/19 – JL/YD/Recommendation – Extension of Electrical Services Annual Contract
03/05/19 – JL/YD/Recommendation – Extension of Gas Welding Services Annual Contract
03/07/19 – JL/YD/Bid Recommendation – Extension of Electrical Preventative Maintenance Testing Services
03/08/19 – JL/YD/Bid Recommendation – Excavations & Restorations Annual Contract

NEXT MEETING DATE:

It was agreed that the next Commission meeting would take place on Tuesday, April 2, 2019 at 5:00 P.M.

Mr. Lavelle recommended that the Commission enter into Executive Session to discuss strategy with respect to real estate and to discuss competitively sensitive information which, if disclosed, could adversely affect the Department's ability to conduct business.

Chairman Hoey announced 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 6:03 PM.

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

HG&E Commission

A handwritten signature in black ink is written over a horizontal line. The signature is stylized and appears to be a name with a large initial. The text "HG&E Commission" is printed below the line.