

MINUTES OF GAS & ELECTRIC COMMISSION MEETING
REGULAR SESSION
OCTOBER 10, 2018

A meeting of the Holyoke Gas and Electric Department was held on October 10, 2018 at 5:10 P.M. in the Department's offices. In attendance were Commissioners Hoey, Griffin and Sutter; Manager Lavelle; Superintendents Beauregard and Ducheny; Kirk Jonah, Brooke McMahon, Kate Sullivan, Jim Jackowski, and Attorney John Ferriter.

CALL TO ORDER:

Commissioner Hoey called the meeting to order at 5:10 PM.

MINUTES:

On a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the minutes from September 11, 2018.

REPORTS & RECOMMENDATIONS OF MANAGER:

Financial Report:

Ms. McMahon reviewed the August financial statements. 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 executed contracts for winter LNG supply with two different suppliers. He reported that there were no material rate changes by the Massachusetts LDC's for October and that HG&E natural gas rates remain competitive. He reported that planned bare steel service and cast iron main replacements are ongoing according to plan. There was a brief discussion on the matter.

Mr. Lavelle stated that staff is awaiting the findings of the investigation into the cause of the natural gas over-pressurization situation in the Merrimack Valley on September 13, 2018. He stated that since that event was first reported, staff initiated a review of all system instrumentation in HG&E's gas distribution system. He reported that the in-house review discovered no material concerns and that the Department is now working with an outside consultant to review staff's findings. He further reported that several unruly protestors stormed the main office to demand, among other things, that HG&E rescind the MOU with CMA. He stated that the protestors disrupted operations and threatened both customers and employees. He added that approval of the CMA project, that includes an inter-connect with HG&E, may be delayed as a result of the over-pressurization situation. There was a discussion on the matter.

ELECTRIC DIVISION

Power Supply:

Mr. Beauregard reviewed the October electric rate comparisons and noted that the Department remains very competitive in all rate classes. He also reviewed the October mark to market report for power

supply and stated that all transactions are within policy limits. There was a brief discussion on the matter.

TRANSMISSION & DISTRIBUTION

Mr. Beauregard gave an update on the Holyoke 17L Substation construction and noted that the project is on schedule. There was a brief discussion on the matter.

ELECTRIC PRODUCTION

Mr. Lavelle gave an update on the Voith Hydro warranty repairs on Hadley Falls Unit #1. He stated that the unit was placed back in service on October 4th and has been operating nominally. He also reported that the Fall canal shutdown schedule was delayed by just over five days due to weather and unplanned maintenance requirements at Boatlock Station. There was a brief discussion on the matter.

TELECOMMUNICATIONS

Mr. Lavelle 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. She stated that both the Mt. Tom Battery Storage ribbon cutting and the MassCEC sponsored Clean Energy Day with Sullivan School were a success and she reviewed Public Power Week activities. There was a brief discussion on the matter.

OLD BUSINESS: None

NEW BUSINESS:

RESIDENTIAL ENERGY CONSERVATION ASSISTANCE REQUEST – 42 BROWN AVENUE: Mr. Lavelle reported that the Department received a Residential Energy Conservation Assistance Request, in the amount of \$9,600, from the owners of 42 Brown Avenue for the installation of a new energy efficient gas-fired 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- HOLYOKE PUBLIC LIBRARY: Mr. Lavelle reported that the Department received a Commercial Energy Conservation Assistance Request, in the amount of \$10,000, from the Holyoke Public Library for the installation of a new energy efficient lighting. 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.

CONTRIBUTED ASSETS REVENUE RECORDING: Mr. Lavelle stated that the Department's auditors have recently recommended that the Department modify its method of accounting for third party contributions to infrastructure assets. Ms. McMahon described two options for accounting for Contributed Assets and recommended that the Commission adopt Regulatory Accounting per GASB 62. Ms. McMahon also presented a form of vote for the Commission to take in order to formally adopt the use of Regulatory Accounting. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted:

- (1) Based on the information provided by staff, the Commission hereby approves the use of Regulatory Accounting by the HG&E Finance Department to record revenue from Contributed Assets; and
- (2) All Contributed Assets will be reviewed by the Director of Finance and Accounting to determine appropriate accounting treatment under GASB 62.
- (3) that the Director of Finance and Accounting is hereby authorized and directed to take any action and sign all documents deemed necessary or advisable to carry out the purposes of this vote; and
- (4) that any actions previously taken by the Director of Finance and Accounting or HG&E which are consistent with the purposes of this vote are hereby ratified and confirmed.

BID AUTHORIZATIONS:

PROTECTIVE RELAY TEST SET: Mr. Lavelle requested authorization to solicit bids for the replacement the Department's Protective Relay Test Set which is beyond its useful life and no longer supported by the manufacturer. 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.

VEHICLE REPLACEMENT #93: Mr. Lavelle requested authorization to solicit bids for the replacement of vehicle #93 which is over 12 years old and beyond reasonable repair. 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:

ELECTRIC DISTRIBUTION TRANSFORMERS ANNUAL CONTRACT: Mr. Lavelle recommended that the Commission award the contracts for Electric Distribution Transformers to the low bidder meeting all specifications for each item as identified on the September 26, 201 memorandum from Carl Peterson, Sr. After a brief discussion, and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted award the contracts per the recommendation of management.

COMMUNICATIONS:

09/28/18 – Draft Commission Meeting Minutes from 09/11/18

09/26/18 – JL/BM/Financial Statements, Balance Sheet August 2018

09/13/18 – JL/JJ/Multi-REAP – 42 Brown Avenue

10/03/18 – JL/JJ/CEAP – Holyoke Public Library

09/10/18 – COMM/BM/Recommendation to Approve the Use of Regulatory Accounting to Record Revenue from Contributed Assets

09/27/18 – BB/LS/Authorization to Bid – Protective Relay Test Set

09/07/18 – PD/KT/Authorization to Bid – 2018 Department Vehicle Replacement

09/26/18 – BB/CP/Bid Recommendation – Electric Distribution Transformers Annual Contract

NEXT MEETING DATE:

It was agreed that the next Commission meeting would take place on Tuesday, November 13, 2018 at 5:00 P.M.

Mr. Lavelle recommended that the Commission enter into Executive Session for a brief update regarding strategy with respect to legal matters. Commissioner Griffin stated that he would also like to discuss strategy with respect to compensation of nonunion personnel.

Chairman Hoey announced that the Commission would re-convene the Regular Session of the meeting after the Executive Session.

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 legal matters and strategy with respect to compensation of nonunion personnel.

Chairman Hoey re-convened the Regular Session of the meeting at 6:25 PM.

After a brief discussion, Commissioner Griffin stated that it had been 30 months since the General Manager's last pay adjustment and he made a motion that based on the Manager's performance he be given a 3% adjustment to base salary and 5% performance recognition for both 2017 and 2018, to be effective on or about April 1st of both years. The motion was seconded by Commissioner Sutter and was passed unanimously 3-0.

ADJOURNMENT:

On a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to adjourn the Meeting at 6:33 PM.

HG&E Commission

A large, stylized handwritten signature in black ink is written over the printed text "HG&E Commission". The signature is highly cursive and loops around the text.