

MINUTES OF GAS & ELECTRIC COMMISSION MEETING
REGULAR SESSION
JANUARY 25, 2023

A meeting of the Holyoke Gas and Electric Department was held on January 25, 2023, at 5:00 P.M. in the Department's offices. In attendance were Commissioners Hoey, Sutter and Marrero; Manager Lavelle; Superintendents Steve Roy and Brian Roy; Brooke McMahon, 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 Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the minutes from December 14, 2022.

REPORTS & RECOMMENDATIONS OF MANAGER:

Financial Report:

Ms. McMahon reviewed the draft November 2022 financial statements. 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 97% of winter ('22-'23) gas supply is locked in price and 38% of summer ('23) gas is locked in price. He also noted forward wholesale natural gas prices are currently down almost 35% since the December settlement. He then reviewed the January natural gas rate comparisons and reported that the Department remains very competitive in all rate classes. Commissioner Marrero asked when the PGA might be lowered due to current market prices. Mr. Roy stated that typically the PGA would be seasonally adjusted in May, but that staff would closely monitor to see if an earlier adjustment is warranted.

Mr. Roy gave a brief update on the County Road inter-connect upgrade project and stated that the project was substantially completed by the end of December. He provided an update on the LNG reliability project and stated that the next step in the process is for the EFSB to schedule a public hearing on the application. He stated that he expects the hearing to be sometime in the first quarter of the year. He also reported that cast iron and bare steel service replacements were slightly ahead of plan for the year with cast iron abandonments equaling 1.75 miles, and bare steel service abandonments equaling 213. He then reported there were no leaks on record at the end of the year. Mr. Roy also gave updates on the PSMS program development and the cumulative impact of the natural gas moratorium. He further reported that two DPU audit exit letters were received in December; one for the Distribution Integrity Management Program (DIMP) and one for the Drug and Alcohol Program management. He stated that the Department responded to findings in both letters and has been notified by the DPU that the response to the Drug and Alcohol exit letter was acceptable. The DPU has not yet replied to the Department's response on the DIMP audit findings. There was a brief discussion on the matter.

ELECTRIC DIVISION

Power Supply:

Mr. Steve Roy reviewed the January electric rate comparisons and reported that the Department has the lowest rates in all rate classes compared to regional peers. He then reviewed the January Mark-to-Market report and reported that all transactions are within policy limits. He also gave an update on peak load reduction activities and battery storage projects. He then gave an overview of December 24th capacity scarcity event reported by ISO New England explaining that the capacity shortage, which caused energy prices to exceed \$2,000/MWh for a period, was caused by a combination of a shortage of planned imports and failures with generators that were scheduled to be available for capacity. There was a brief discussion on the matter.

TRANSMISSION & DISTRIBUTION

Mr. Roy gave an update on planned transmission and distribution projects for 2023 and noted that electric division personnel are coordinating with the Marketing team to develop appropriate outreach efforts to customers that might be impacted by project activity. He also noted that the first of five phases of AMI meter deployment is underway with 841 of 2,500 meters installed so far this year. He further reported that prep work has started on the H-3 circuit conversion in the area of Dwight Street to Fairfield Ave, and Northampton Street to Nonotuck Street. He stated that the conversion is expected to be completed by the end of June. He further reported that Department staff recently met with representatives from the Holyoke Police Department, ISO-New England and the FBI to discuss substation security in light of recent substation attacks in other parts of the country. There was a brief discussion on the matter.

ELECTRIC PRODUCTION

Mr. Steve Roy reported that year-end hydro production was approximately 208,944 Mwh (11% below plan) and that the lower generation was offset by higher than planned power prices for the year. He noted that January production is slightly ahead of plan to date, but that prices continue to trail below plan. He also reported that staff sold Maine Class II RECs associated with the hydro assets to offset costs associated with canal dike repairs and lower energy production. He stated that the transaction lowers the amount of non-carbon energy recognized by the State, but that the Department is still comfortably in compliance with the renewable portfolio standard requirements. There was a brief discussion on the matter.

TELECOMMUNICATIONS

Mr. Lavelle gave an update on the status of sales activity and capital projects. He then gave an update on wholesale ISP services. There was a brief discussion on the matter.

MARKETING AND COMMUNICATIONS

Ms. Sullivan gave an update on monitoring activities of various federal grant opportunities. She then gave an update on the 2023 plans and schedule for the Robert E. Barrett Fishway and presented HG&E's Sustainability Plan which is also posted on the Department website on the Clean Energy Dashboard (<https://www.hged.com/smart-energy/clean-energy/default.aspx>). Ms. Sullivan then gave an update on HG&E Green Team activities including and Electric Vehicle (EV) customer education update and an update on employee training on Air Source Heat Pumps (ASHPs). There was a brief discussion on the matter.

Customer Service:

Ms. Rogers gave an update on fuel assistance funding and participation levels by HG&E customers, indicating that approximately 6% of HG&E customers receive some sort of fuel assistance.

Commissioner Marrero asked if there is an accurate way to determine what percentage of HG&E customers are actually eligible for fuel assistance and Ms. Rogers noted that she could only make a rough approximation with a bit of analysis. There was a brief discussion on the matter.

OLD BUSINESS: None

NEW BUSINESS:

DISTRIBUTED GENERATION CREDIT ADJUSTMENT: Mr. Steve Roy presented a recommendation that the Commission approve an adjustment to the Distributed Generation Credit tariff by increasing the credit to customers who own qualifying distributed generation resources from \$0.065/kWh to \$0.085/kWh to accurately reflect the energy, capacity and transmission benefits that the Department currently realizes from those assets. Mr. Roy stated that the rate has not been adjusted since 2013 and, moving forward, will be reviewed and adjusted at least every six months as necessary due to the increased volatility in the energy markets. After a discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the rate adjustment as presented.

CARBON FREE ELECTRIC TARIFF: Mr. Lavelle recommended that the Commission approve a revised Carbon-Free Electric tariff that will allow commercial and industrial customers to purchase Renewable Energy Credits (RECs) to get their electricity supply to 100% carbon-free. He stated that on an average year, HG&E's electricity supply is over 90% carbon-free, but a few customers have inquired about how to get to 100% carbon-free for their own marketing purposes. He reminded the Commission that a pilot carbon-free tariff was approved in 2022 and two industrial customers signed-up for the program. He stated that staff is recommending that the Commission approve minor changes to the pilot carbon-free tariff, as presented, making the tariff available to all commercial and industrial customers. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the proposed rate as presented.

SPONSORSHIP REQUEST – ST. PATRICK’S COMMITTEE OF HOLYOKE: Mr. Lavelle reported that the Department received a sponsorship request in the amount of \$10,000 from the Holyoke Saint Patrick’s Parade Committee and recommended that the request be approved as it is consistent with the sponsorship level for the past several years. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the sponsorship per the recommendation of management.

BID AUTHORIZATIONS:

2023 ONE-TIME PURCHASES & ANNUAL CONTRACTS: Mr. Lavelle requested authorization to solicit bids for anticipated one-time purchases and annual contracts for 2023, as detailed on the December 30, 2022 memorandum from Purchasing Coordinator, Chi Wong. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the solicitation of bids per the recommendation of management. Commissioner Marrero noted that the Western Mass EDC is developing a municipal purchasing collaborative and suggested that staff reach out to them to see if there might be a benefit to the Department in participating.

BIDS RECEIVED:

FENCE MAINTENANCE, REPAIRS & INSTALLATIONS ANNUAL CONTRACT –

EXTENSION: Mr. Lavelle recommended that the Commission authorize a one-year extension, consistent with the existing contract, to the Fence Maintenance, Repairs and Installations annual contract with Brodeur Campbell Fence Co., Inc, under the same terms, conditions and rates as the existing contract. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the extension per the recommendation of management.

HYDRAULIC TURBINE MECHANICAL MAINTENANCE & REPAIRS ON CALL

SERVICES ANNUAL CONTRACT – EXTENSION: Mr. Lavelle recommended that the Commission authorize a one-year extension to the Hydraulic Turbine Mechanical Maintenance and Repairs with O'Connor Corporation under the same terms and conditions as the current contract and with a 3% increase in labor rates. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the extension per the recommendation of management.

ENGINEERING SERVICES – CABOT STREET MCP: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$57,000 for Engineering Services required to prepare and file a Permanent Solutions with Conditions Statement (PSWC) with the Massachusetts Department of Environmental Protection (MassDEP) to complete response actions under the Massachusetts Contingency Plan (MCP) and to attempt to obtain approval of a risk-based disposal approval pursuant to CFR761.61c of the federal Toxic Substance Disposal Act (TSCA) for the Cabot Street (Electric Station) MCP site. Commissioner Hoey disclosed that his employer was contacted to submit a bid on the project and abstained from deliberations. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was voted 2-0 to authorize the expenditure per the recommendation of management.

PROFESSIONAL SERVICES- CATHODIC PROTECTION INSPECTION SERVICES: Mr. Lavelle requested authorization for the expenditure of up to \$100,000 for professional services required to comply with state and federal regulations for corrosion control on natural gas facilities. He stated that the work includes periodic inspection, monitoring and maintenance of the Department's cathodic protection systems. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the expenditure per the recommendation of management.

DISTRICT REGULATOR MATERIALS: Mr. Lavelle requested authorization for the expenditure of up to \$125,000 for the purchase of valves, regulators and associated equipment required to upgrade three district regulator stations with tertiary over-pressure protection during 2023. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the expenditure per the recommendation of management.

WORKERS COMPENSATION INSURANCE RENEWAL: Mr. Lavelle requested authorization for the expenditure of up to \$139,407 to renew the Department's workers compensation insurance policy for 2023. He stated that the policy premium increased 10% over 2022 rates, primarily due to increased estimated payroll, which is used to calculate the premium, and changes to class codes set by the State He stated that those increases were slightly offset by the Department's favorable claims experience. After a brief discussion and on a motion from Commissioner Sutter, seconded by

Commissioner Marrero, it was unanimously voted to authorize the expenditure per the recommendation of management.

PURMA/PUMIC INSURANCE POLICY RENEWAL: Mr. Lavelle requested authorization for the expenditure of up to \$118,578 to renew the Department's liability insurance policies through the Public Utilities Mutual Insurance Company for 2023. He stated that the policy premium decreased 2% from 2022 rates. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the expenditure per the recommendation of management.

2023 COMMERCIAL AUTO INSURANCE POLICY RENEWAL: Mr. Lavelle requested authorization for the expenditure of up to \$60,746 to renew the Department's commercial auto liability insurance policy for 2023. He stated that the policy premium increased by 14% from 2022 rates partially due to an increase in the number of insured vehicles and partially due to current market conditions. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the expenditure per the recommendation of management.

COMMUNICATIONS

01/19/23 – Draft Commission Meeting Minutes from 12/14/22
12/26/22 – JL/DD/Financial Statements, Balance Sheet & Summary Report – November 2022
01/06/23 – SR/JZ/Rate Recommendation – Distributed Generation Credit Increase
01/13/23 – SR/JS/Rate Tariff Recommendation – Carbon Free Electric Program
01/20/23 – JL/KC/Sponsorship Request – St. Patrick's Committee of Holyoke
12/30/22 – JL/CW/Authorization to Bid – 2023 One Time Purchases & Annual Contracts
01/11/23 – JL/CW/Recommendation – Extension of Hydraulic Turbine Mechanical Maintenance & Repairs On Call Annual Contract
01/19/23 – JL/CW/Recommendation – Extension of Fence Maintenance, Repairs & Installations Annual Contract
11/13/22 – SR/CP/Purchasing Approval: Cabot Street MCP OMMI Services
01/19/23 – BR/RB/Purchasing Approval: Cathodic Protection Inspection Services
01/18/23 – BR/WS/Purchasing Approval: District Regulator Tertiary Support Equipment
12/21/22 – JL/BM/Purchasing Approval: Workers Comp Insurance
01/04/23 – JL/BM/Purchasing Approval: PURMA/PUMIC Insurance Policy Renewal
01/24/23 – JL/BM/Purchasing Approval: 2023 Commercial Auto Insurance Renewal

NEXT MEETING DATE:

It was agreed that the next Commission meeting would take place on Wednesday, March 1st at 5:00 P.M.

ADJOURNMENT:

On a motion from Commissioner Marrero, seconded by Commissioner Sutter, it was unanimously voted to adjourn the Meeting at 6:16 PM.

HG&E Commission