

**MINUTES OF GAS & ELECTRIC COMMISSION MEETING**  
**REGULAR SESSION**  
**MAY 16, 2023**

A meeting of the Holyoke Gas and Electric Department was held on May 16, 2023, at 5:43 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, Kirk Jonah, Kate Sullivan, Lisa Rogers, and Attorney John Ferriter.

**CALL TO ORDER:**

Chairman Hoey called the meeting to order at 5:43 P.M.

**MINUTES:**

On a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the minutes from April 18, 2023, subject to minor edits suggested by Commissioner Marrero.

**REPORTS & RECOMMENDATIONS OF MANAGER:**

**Financial Report:**

Ms. McMahon introduced Dan LaHaye from BakerTilly, HG&E's outside auditor, who joined the meeting virtually. Mr. LaHaye was the lead auditor for the 2022 review and gave the Commission an overview of the audit process and findings. He stated that HG&E staff was well prepared and very cooperative throughout the audit. He also reported that BakerTilly issued an unmodified opinion on HG&E's audit which is the highest review that is issued. Commissioner Marrero asked for clarification on why it was noted that there was a material weakness documented regarding the preparation of the financial statements. Mr. LaHaye explained that it is not a serious issue and that 99% of public sector clients have the same finding because they rely on the outside auditor to prepare the annual footnotes and related GASB required information for the client. Ms. McMahon stated that it is more cost effective to have the auditors prepare the footnotes than to hire additional staff to do the task. There was a brief discussion on the matter.

Ms. McMahon then reviewed the draft March 2023 financial statements. Commissioner Marrero asked why fuel costs were significantly below budget. Mr. Steve Roy explained that when the budget was assembled last October, natural gas futures were nearly \$9/Dth and peak wholesale electricity prices were projected to exceed \$250/Mwh. He stated that current natural gas futures are below \$3/Dth and, as a result, peak wholesale electric prices have averaged below \$45/Mwh for the year to date. 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 56% of summer supply is locked in price and that 21% of winter ('23-'24) is locked in price. He then reported that the Purchased Gas Adjustment (PGA) was lowered from \$0.70/ccf to \$0.08/ccf effective for the May billing cycle. He

then reviewed the May natural gas rate comparisons and reported that the Department remains very competitive in all rate classes.

Mr. Roy then provided an update on options being considered to comply with the carbon reduction requirements in the State's Climate Bill. He stated that Renewable Natural Gas (RNG) and Hydrogen (H<sub>2</sub>) are both cleaner options that can substitute for typical natural gas, but both cost approximately 300% more than standard natural gas. He stated that electrification options are also being evaluated and that the Department's Energy Transition Plan/Pathways report would be updated accordingly on an ongoing basis to reflect intended strategies. There was a conversation on the matter.

Mr. Roy then provided an update on the LNG reliability project and stated that the EFSB staff conducted a site visit of the LNG plant on May 4th and that the meeting went well. He stated that efforts to complete the project design would begin in the coming weeks. Commissioner Marrero asked if the procurement process can begin prior to a decision by the EFSB. Mr. Roy stated that procurement can begin for the non-jurisdictional portions of the project, including the vaporizers and generator. He then gave an update on cast iron and bare steel service replacements, and he reported that there is currently one leak (minor Grade 3) on record that will be repaired this week. Chairman Hoey asked if there is a method to determine system losses. Mr. Roy explained that there is a process employed to estimate losses and that the process is typically conducted during the summer period when system demand is consistent. There was a brief discussion on the matter.

## **ELECTRIC DIVISION**

### **Power Supply:**

Mr. Steve Roy reported that the Purchased Power Adjustment (PPA) was increased from \$0.02891/kWh to \$0.03484/kWh effective for the May billing cycle. He noted that the increase is required due to a \$438K increase in Mystic 8&9 RMR charges from ISO-New England, coupled with a \$2.3 Million increase in NEPEX expenses due to lower than planned wholesale clearing prices for the excess hydro generation sold on the market. He then reviewed the May electric rate comparisons and reported that the Department remains very competitive in all rate classes compared to regional peers. He then reviewed the May Mark-to-Market report and reported that all transactions are within policy limits. He also gave an update on peak load reduction activities and noted that the April peak occurred on April 14th, hour-ending 18, and that 4.69 MW were shed via Department load reducers. There was a brief discussion on the matter.

## **TRANSMISSION & DISTRIBUTION**

Mr. Roy reported that staff has completed the planned deployment of 2500 AMI electric meters as part of the first phase of a five-year plan to upgrade all meters to AMI. He also reported that crews have completed all planned inspections of transmission lines for the year and also completed the planned work associated with the replacement of capacitor controls which is Phase 1 of a multi-year project. He also reported that work continues on the upgrades to the H-3 circuit in the area of Dwight Street to Fairfield Avenue, and Northampton Street to Nonotuck Street. He stated that the H-3 conversion is expected to be completed by the end of July. He also provided updates on several other construction projects. There was a brief discussion on the matter.

## **ELECTRIC PRODUCTION**

Mr. Roy reported that river flows have decreased to approximately 10,000 cfs, well below the year-to-date average of approximately 25,000 cfs. He stated that hydro production is approximately 5% below plan for May and is approximately 8.5% ahead of plan year-to-date. He also noted that the higher generation has been offset by average market power prices that are approximately 30% below budget. Mr. Roy also reported that fishway operations have gone well since beginning on May 11th. He noted

that over 160,000 shad have been lifted so far and that the peak passage activity will likely occur over the next week as water temperatures rise. He then gave an update on grant funding opportunities and potential project applications. There was a brief discussion on the matter.

### **TELECOMMUNICATIONS**

Mr. Jonah gave an update on the status of sales activity and capital projects. He reported that the FTTH design work is substantially complete and that there is much work to process the design files to update the estimated construction costs. Commissioner Marrero asked when that work would be completed, and Mr. Jonah stated that he expected the work to be completed by the end of the year. 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 public outreach efforts associated with the Robert E. Barrett fishway, and the public safety outreach activities with the local schools. She reported that the Gas Division received the System Operational Achievement Recognition (SOAR) from the American Public Power Association (APGA) recognizing the excellence in the areas of system integrity, system improvement, employee safety, and workforce development. She noted that, of approximately 750 APGA members, HG&E was one of 25 utilities to receive the recognition. She then gave an update on the publication of the Annual Report. There was a brief discussion on the matter.

### **Customer Service:**

Ms. Rogers gave an update on collection activities and fuel assistance support. There was a brief discussion on the matter.

**OLD BUSINESS:** None

### **NEW BUSINESS:**

#### **COMMERCIAL ENERGY CONSERVATION ASSISTANCE REQUEST – 180 WHITING**

**FARMS ROAD:** Mr. Lavelle reported that the Department received a Commercial Energy Conservation Assistance request in the amount of \$250,000 from the owners of 180 Whiting Farms Road and he recommended that it be approved. He stated that the \$5 Million project involves the construction of a new car wash and detail center and will create 8-12 new full-time jobs, as well as expand the City's tax base. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the assistance as requested per the recommendation of management.

### **BID AUTHORIZATIONS:**

**SALE OF SURPLUS EQUIPMENT- COBBLE MOUNTAIN UNIT #2:** Mr. Lavelle requested authorization to solicit bids for the sale of surplus equipment related to the Cobble Mountain Unit #2 generator that has been disassembled and for which Springfield Water and Sewer Commission (SWSC) has no future plans to return to service. He stated that any proceeds would be directly payable to SWSC. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the bid per the recommendation of management.

**HADLEY FALLS UNIT #2 TURBINE GUIDE BEARING OIL PUMP SKID:** Mr. Lavelle requested authorization to solicit bids for a new oil pump skid for the Hadley Falls Unit #2 Turbine Guide Bearing. He stated that the oil pump skid replacement is part of the planned overhaul of the unit scheduled for 2024 and that the expenditure is included in the project budget. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the bid per the recommendation of management.

**COMMUNICATIONS**

05/11/23 – Draft Commission Meeting Minutes from 04/18/23  
04/27/23 – JL/DD/Financial Statements, Balance Sheet & Summary Report – March 2023  
05/10/23 – KS/MC/Commercial Energy Assistance Request – New Holyoke Realty, LLC  
05/11/23 – SR/KT/Authorization to Bid – Cobble Unit No. 2 Sale of Surplus Equipment  
05/11/23 – SR/KT/Authorization to Bid – Hadley Falls Unit No. 2 Turbine Guide Bearing Oil Pump Skid

**NEXT MEETING DATE:**

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

Mr. Lavelle recommended that the Commission enter into executive session to discuss strategy with respect to real estate.

Chairman Hoey stated that the commission would enter into executive session and would not return to regular session and that no votes would be taken in executive session.

**ADJOURNMENT:**

On a motion from Commissioner Marrero, seconded by Commissioner Sutter, it was unanimously voted to adjourn the regular session of the Meeting at 7:15 PM.

On a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted, on a roll call vote, to enter into executive session at 7:16 PM.

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HG&E Commission