

MINUTES OF GAS & ELECTRIC COMMISSION MEETING
REGULAR SESSION
SEPTEMBER 8, 2021

A meeting of the Holyoke Gas and Electric Department was held on September 8, 2021 at 5:07 P.M. in the Department's offices. In attendance were Commissioners Hoey, Griffin and Sutter; Manager Lavelle; Superintendents Duchenev, 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 5:07 P.M.

MINUTES:

On a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the minutes from August 11, 2021 for approval.

REPORTS & RECOMMENDATIONS OF MANAGER:

Financial Report:

Ms. McMahon reviewed the draft July financial statements and gave an update on the proposed refinancing of outstanding bonds. She also reported that both Fitch and Moody's credit rating agencies have affirmed their credit ratings for the Department. 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 approximately 99% of summer supply has been locked in price and that 65% of winter ('21-'22) supply is locked in price. He stated that recent hurricane activity coupled with strong global demand for natural gas and tight supplies continue to put upward pressure on wholesale natural gas prices (NYMEX) and that the average December pricing is 43% higher than budget which will impact the winter fuel adjustment. He also reported that the LNG contracts for winter supply have been executed. He then reviewed the September natural gas rate comparisons and reported that the Department remains very competitive in all rate classes. He then gave an update on the status of leak reductions, cast iron main replacements and bare steel service replacements. He also gave an update on the Safety Management System program enhancements and the impact of the natural gas moratorium. There was a brief discussion on the matter.

ELECTRIC DIVISION

Power Supply:

Mr. Steve Roy reviewed the September electric rate comparisons and reported that there have been no significant changes to the peer group since last month and that the Department remains competitive in all rate classes. He then reviewed the September Mark-to-Market report and reported that all transactions are within policy limits. He also gave an update on peak load reduction activities and an

update on the Citizens and Convergent Energy Battery Storage projects. There was a brief discussion on the matter.

TRANSMISSION & DISTRIBUTION

Mr. Roy reported that fourteen (14) of fifty (50) Transmission and Distribution commitments have been completed to date, with the remainder in process and on schedule for completion by the end of the year. He also gave a brief update on the failure analysis of the Voltage Transformers (VT's) at North Canal substation and an update on the RNS reconstitution process at FERC. He then gave an update on discussions with MGHPCC regarding a new electric rate contract that will take effect when the existing contract expires in June 2022, and noted that MGHPCC has requested 100% carbon free power. Commission Hoey asked what types of generation qualify as carbon free and what the value of carbon free energy is. Mr. Roy stated that qualified renewable generators, nuclear and hydro qualify as carbon free currently and that current market values are approximately equivalent to the Massachusetts Class II REC's. Mr. Roy then gave an update on the ongoing work with UMass to analyze meter data to assist in identifying customers that would be good candidates for Air Source Heat Pump (ASHP) conversions. There was a brief discussion on the matter.

ELECTRIC PRODUCTION

Mr. Ducheny reported that August hydro generation was ahead of plan due to above normal water flows. He stated that year-to-date generation is now slightly ahead of plan. He further reported that the fall canal outage would take place from September 18- September 25th. He also reported that staff is recommending a sole source procurement from Voith Hydro (OEM) for the overhaul of Hadley Falls Unit #2. He stated that the unit is over 40 years old and has not undergone a major overhaul to date. He stated that the estimated cost for Voith's scope of work is approximately \$7.6 Million. He further stated that additional work on the unit will be performed by in-house staff and contractors in the amount of approximately \$1.1 Million and that the overhaul is expected to extend the life of the unit by at least 40 years. Mr. Ducheny stated that the payback on the investment is less than four (4) years. Chairman Hoey asked what statute allows for sole source procurement and Attorney Ferriter stated that the applicable procurement statute is MGL Chapter 149, which allows for sole source procurements under certain conditions. He further stated that Voith, the OEM, has proprietary drawings for critical components required for the project and that any other vendor would have to reverse engineer those components and would not be able to warranty the entire system, as Voith is proposing. There was a brief discussion on the matter.

TELECOMMUNICATIONS

Mr. Jonah gave an update on the status of sales activity and capital projects. He also gave an update on cyber security statistics and provided data on the performance of network security appliances. There was a brief discussion on the matter.

MARKETING AND COMMUNICATIONS

Ms. Sullivan gave an update on the Fiber-To-The-Home (FTTH) interest survey and stated that Great Blue Research is under contract to assist with data analysis and is scheduled to submit their report by the end September. She further reported that a new customer notification system, SpryEngage, was recently launched and is expected to allow Staff to more easily notify specific customers of service related issues and outages. She further gave an update on planned events for Public Power/Public Gas week including an event; open to the public at Veterans Park on October 6th. She stated that the event would include information on renewable energy, electric vehicles, safety and energy conservation, and economic development incentives. There was a brief discussion on the matter.

OLD BUSINESS: None

NEW BUSINESS:

SPONSORSHIP REQUEST – HPD SENIOR HOLIDAY EVENT: Mr. Lavelle reported that the Department received a sponsorship request from the Holyoke Police Department to assist with the annual Senior Holiday Event and he recommended that the sponsorship be approved as requested. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the sponsorship request per the recommendation of management.

BID AUTHORIZATIONS: None

BIDS RECEIVED:

DECORATIVE STREETLIGHT POLES & LED LUMINAIRES: Mr. Lavelle recommended that the Commission award the contract for decorative streetlights to Yale Electric, the lowest qualified bidder meeting requirements of the specification. 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.

DIVE SURVEYS, INSPECTIONS, MAINTENANCE & REPAIRS ANNUAL CONTRACT: Mr. Lavelle recommended that the Commission award the contract for Dive Surveys, Inspections, Maintenance and Repairs to Underwater Construction Corporation, the only responsible and eligible bidder. 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.

INSPECTION & REMEDIATION FOR GAS MAINS ATTACHED TO BRIDGES: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$49,720 for services to provide Inspection and Remediation for Gas Mains Attached to Bridges as required by State and Federal Code. 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.

EDUCATION & OUTREACH SERVICES – SAFETY AND CONSERVATION PROGRAM:

Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$18,500 for the Department's 2021-2022 Safety and Conservation Program through R. F. Gouley Co. 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.

HYDRAULIC CYLINDERS – HADLEY FALLS TRASH RAKE: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$54,257 for the purchase of three (3) hydraulic cylinders for the Hadley Falls Trash Rake from the OEM. He stated that all three cylinders are currently leaking and are beyond repair. 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.

HADLEY FALLS UNIT #2 REHABILITATION: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$9,500,000 for a major overhaul of Hadley Falls Unit #2, to extend the life of the unit. He stated that the unit was constructed approximately 40 years ago and has not undergone a major overhaul to date. He stated that the current proposal includes a cost of up to \$7,623,824 for a sole source procurement with Voith Hydro (OEM) to perform the majority of planned work. He noted that the Voith scope of work under this approval request includes disassembly, refurbishment of major components, inspection of various components (including OEM remaining life evaluation for the main components), project management, fabrication and installation of new wicket gates, and reassembly of the unit. He further noted that the Department will perform some work in-house, with support of outside contractors, to reduce overall project costs. He stated that the in-house scope of work includes, but is not limited to: upgrade to the generator and bearing cooling water system; replacement of the unit exciter; electrical upgrades in the wheel pit; rehabilitation of the wicket gate servomotors; bearing refurbishment; and generator cleaning. H stated that the Department estimates the cost for the in-house scope of work to be \$1,010,000. 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:

09/03/21 – Draft Commission Meeting Minutes from 08/11/21
08/26/21 – JL/DD/Financial Statements, Balance Sheet July 2021
08/20/21 – JL/KS/Sponsorship Request – HPD Senior Holiday Event
09/03/21 – SR/JB/Bid Recommendation – Decorative Streelight Poles & LED Luminaires
09/01/21 – JL/CW/Bid Recommendation – Dive Surveys, Inspections, Maintenance & Repairs Annual Contract
09/01/21 – BR/WS/Purchasing Approval: Inspection & Remediation for Gas Mains Attached to Bridges
09/01/21 – JL/KS/Purchasing Approval: 2021-2022 Electric Safety & Energy Conservation Program
08/26/21 – PD/KT/Purchasing Approval: Hadley Falls Hydraulic Cylinders
09/03/21 – PD/KT/Purchasing Approval: Hadley Falls Unit 2 Rehabilitation

NEXT MEETING DATE:

It was agreed that the next Commission meeting would take place on Tuesday, October 5, 2021 at 5:00 P.M.

ADJOURNMENT:

On a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to adjourn the Meeting at 6:29 PM.

HG&E Commission