

MINUTES OF GAS & ELECTRIC COMMISSION MEETING
REGULAR SESSION
JANUARY 9, 2024

A meeting of the Holyoke Gas and Electric Department was held on January 9, 2024, at 5:08 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 5:08 P.M.

MINUTES:

On a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the minutes from December 12, 2023.

REPORTS & RECOMMENDATIONS OF MANAGER:

Financial Report:

Ms. McMahon reviewed the draft November 2023 financial statements. There was a brief discussion on the matter.

DIVISION REPORTS:

GAS DIVISION

Mr. Brian Roy reported that wholesale natural gas purchases continue consistent with the hedging plan for the current 12-month procurement window. He stated that 94% of winter ('23-'24) supply is locked in price and that 25% of summer supply is locked-in. He noted that unit sales are down approximately 7% below plan through December, largely due to mild weather. He then reviewed the January natural gas rate comparisons and reported that the Department remains very competitive in all rate classes. He also reported that the Department finished 11 of 12 months in 2023 with no reportable health and safety incidents and he credited the EH&S staff and the Safety Committee for their commitment to safety. There was a brief discussion on the matter.

Mr. Roy provided an update on the LNG reliability project and noted that staff is working with counsel to submit the Department's brief on the project merits for the EFSB staff to review. Mr. Roy then gave an update on cast iron and bare steel service replacements, noting that 2023 goals regarding replacements were met or exceeded and he reported that there are currently no leaks on record. He further reported that staff has submitted the Department's response to the DPU's exit letter related to their recent audit of current operating procedures. There was a brief discussion on the matter.

Mr. Roy then gave an update on a draft framework recently released by the Massachusetts Department of Environmental Protection related to a proposed Clean Heat Standard (CHS). He stated that the CHS framework defines the DEP's plan to force fuel delivery companies to convert heating customers to electric heat or pay an alternative compliance payment. He stated that the framework would require gas, electric, oil and propane fuel providers to transition customers to electrification and would set annual conversion requirements based on their total annual unit sales starting in 2026. There would

also be minimum emission reduction targets to achieve, in addition to those gained from conversions. Mr. Roy noted that the Department conducted a high-level impact analysis on the proposed framework and found that compliance would cost a cumulative \$696M by 2050 and that electric rates would increase at least 81%, and that gas rates would increase by over 1000% by 2050. He noted that the alternative compliance payment option that could be employed in lieu of actual electrification would cost an estimated \$342M by 2050. He further noted that the Department worked with MEAM, MMWEC and APGA to submit comments on the proposed framework and will continue to follow this development closely as, if it becomes a requirement, it could force HG&E to tell customers their gas service is being taken away to comply with the standard. 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 remains competitive 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 further noted that average wholesale electric prices have dropped approximately 15% since the 2024 budget was established and that wholesale prices are currently running 5% below budgeted levels which will have a negative effect on excess hydro output that is sold to the market. He also gave an update on peak load reduction activities and noted that the December peak occurred on December 21st, hour-ending 19, and that 2.3 MW were shed via Department load reducers. There was a brief discussion on the matter.

TRANSMISSION & DISTRIBUTION

Mr. Roy reported staff is in the process of planning for 2024 project activity, including commencement of Phase 2 (of five) of the accelerated AMI meter deployment to improve system performance and data feedback. He noted that the first quarter activity will primarily consist of maintenance inspections (padmount transformers, termination cabinets, infrared analysis of transmission and distribution systems, etc.) and preparation for spring construction jobs. He stated that crews would begin work next week to remove backyard infrastructure and replace secondary conductors in the area of Madison Avenue and Dartmouth Street. He also reported that the investigation continues to determine the cause of failure of three primary disconnect bushings at North Canal Substation during 2023 and that recent test results of both failed and functioning bushings will be reviewed in the coming weeks. Mr. Roy then gave a brief update on two different parties that are interested in developing battery storage projects in the City. There was a brief discussion on the matter.

ELECTRIC PRODUCTION

Mr. Roy stated that hydro production for 2023 was 303,770 MWh which was 29.3% ahead of plan and 4.4% higher than the previous highest annual generation record. He noted that January production is off to a good start as well. He then gave a brief report on various FERC License compliance activities and the status of the Hadley Falls Unit #2 rehabilitation project that is scheduled to begin in the second quarter. There was a brief discussion on the matter.

TELECOMMUNICATIONS

Mr. Jonah gave an update on the status of sales activity noting that sales and net income continue to track ahead of plan, largely due to wholesale ISP service sales. He further reported that staff continues to summarize the findings of the FTTH design and will have recommendations on next steps in the first quarter of 2024. There was a brief discussion on the matter.

CUSTOMER SERVICE

Ms. Rogers gave a brief update on accounts receivable, fuel assistance and payment method statistics for 2023. There was a brief discussion on the matter.

MARKETING & COMMUNICATIONS

Ms. Sullivan gave an update on various grant applications that are in process or have been submitted. She reported that the annual Footprint Newsletter has been distributed to stakeholders and she provided a copy to the Commissioners. She then gave an update on the carbon-free indicia copyright status and reported on current Green Team activities. There was a brief discussion on the matter.

OLD BUSINESS: None

NEW BUSINESS:

CADET SCHOLARSHIP AWARD LEVEL: Ms. McMahon presented a recommendation that the Commission increase the Cadet Engineering Scholarship award amount from \$7,500 per year to \$15,000 per year. She stated that the award amount has not changed in over twenty years and that the average college tuition cost has nearly doubled during that same period. She further described the recent difficulty in attracting strong engineering applicants for the program and noted that the increased award may attract stronger applicants. She also stated that management would likely be more selective in recommending the number of scholarship awards annually with a focus on attracting and retaining fewer, more qualified Cadet Engineers. Finally, she noted that the program would be managed in tandem with the newly developed Summer Trade Internship Program. Ms. Sullivan then described the details of the Trade Internship Program noting that, based on Department personnel needs, internship positions would be posted from time-to-time for eligible high school seniors, recent graduates and college students who are interested in learning about field operations. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to increase the Cadet Engineering Scholarship award to \$15,000 per year and to authorize the Summer Trade Internship Program as recommended.

GAS SERVICE WORK RATE ADJUSTMENTS – 2024: Mr. Lavelle recommended that the Commission approve the Gas Service work rate adjustments as outlined in the January 3, 2024, memorandum from Gas Division Superintendent, Brian Roy. He stated that the adjustments are required to keep rates aligned with the cost of provisioning service and that the proposed rates are still below market, particularly for the residential rates which average 45% below market rates. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the assistance per the recommendation of management.

BID AUTHORIZATIONS:

2024 ONE-TIME PURCHASES & ANNUAL CONTRACTS: Mr. Lavelle recommended that the Commission authorize the solicitation of bids for planned one-time purchases and annual contracts for 2024, as outlined in the December 26, 2023, 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 bids per the recommendation of management.

BIDS RECEIVED:

EXCAVATIONS & RESTORATIONS ANNUAL CONTRACT – EXTENSION: Mr. Lavelle recommended that the Commission authorize a one-year extension, consistent with the existing contract, to the annual contract for Excavations & Restorations with JSC Construction, LLC., subject to an 8% increase in labor rates and other terms and conditions remaining the same as detailed in the January 4, 2024, 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 extension per the recommendation of management.

HYDRAULIC TURBINE MECHANICAL MAINTENANCE & REPAIRS ON-CALL ANNUAL CONTRACT – EXTENSION: Mr. Lavelle recommended that the Commission authorize a one-year extension, consistent with the existing contract, to the Hydraulic Turbine Mechanical Maintenance & Repairs On-Call annual contract with O’Connor Corporation. He said the extended contract would be subject to a 3% increase in labor rates with all other terms and conditions remaining the same as detailed in the January 5, 2024, 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 extension per the recommendation of management.

ENGINEERING SERVICES - GASWORKS: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$80,410 for engineering services required to perform Operation, Maintenance, Monitoring, Inspection and Reporting (OMMIR) services required under the Massachusetts Contingency Plan for the Gasworks remediation. Commissioner Hoey abstained from deliberations on the matter noting that his firm has bid on related work at the site in the past. 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. Commissioner Hoey abstained from voting.

2024 COMMERCIAL AUTO INSURANCE RENEWAL: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$74,692 for the renewal of the Department’s commercial auto insurance policy written by the Glatfelter Insurance Group. 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.

2024 WORKERS COMPENSATION INSURANCE RENEWAL: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$138,711 for the renewal of the Department’s workers compensation insurance policy written by the Liberty Mutual Insurance Company. 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 \$104,926 to renew the Department’s liability insurance policies through the Public Utilities Mutual Insurance Company (PUMIC) and the Public Utilities Risk Management Association (PURMA) for 2024. He stated that the policies include Excess Liability Insurance, Fiduciary Liability Insurance, Public Officials Liability Insurance, and Errors and Omissions/Professional Liability through PUMIC, Employment Practices Liability Insurance through PURMA. He stated that the total policy premium decreased 12% from 2023 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.

PROFESSIONAL SERVICES - CATHODIC PROTECTION: Mr. Lavelle requested authorization for the expenditure of up to \$80,000 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.

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

01/04/24 – Draft Commission Meeting Minutes from 12/12/23
01/02/24 – JL/DD/Financial Statements, Balance Sheet & Summary Report – November 2023
01/09/24 – JL/BM&KC/Cadet Scholarship Award Level
01/03/24 – JL/BR/Gas Service Work Rates Adjustment – Phase IV
12/26/23 – JL/CW/Authorization to Bid – 2024 One Time Purchases and Annual Contracts
01/04/24 – JL/CW/Recommendation – Extension of Excavations & Restorations Annual Contract
01/05/24 – JL/CW/Recommendation – Extension of Hydraulic Turbine Mech. Maintenance & Repairs Annual Contract
01/01/24 – BR/CP/Purchasing Approval: Engineering Services – OMMIR Services at Old Gas Works Site
12/14/23 – JL/BM/Purchasing Approval: 2024 Commercial Auto Insurance Renewal
12/15/23 – JL/BM/Purchasing Approval: 2024 Workers Compensation Insurance Renewal
01/03/24 – JL/BM/Purchasing Approval: PURMA/PURMIC Insurance Renewal
01/03/24 – BR/RB/Purchasing Approval: Engineering Services – Cathodic Protection

NEXT MEETING DATE:

It was agreed that the next Commission meeting would take place on Tuesday, February 13th 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 6:17 P.M.

HG&E Commission