

**MINUTES OF GAS & ELECTRIC COMMISSION MEETING**  
**REGULAR SESSION**  
**MARCH 1, 2023**

A meeting of the Holyoke Gas and Electric Department was held on March 1, 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, Kirk Jonah, 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 January 25, 2023.

**REPORTS & RECOMMENDATIONS OF MANAGER:**

**Financial Report:**

Ms. McMahon reviewed the draft December 2022 financial statements. She also reported that Moody's has recently affirmed the Department's A-1 credit rating and she gave an update on the 2022 financial audit. 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 99% 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. Mr. Roy then reported that the Purchase Gas Adjustment (PGA) was lowered from \$1.07/ccf to \$0.70/ccf effective for the February billing cycle. He stated that the adjustment would amount to an approximately 18% decrease for the average residential customer compared to the January rate. He stated that the PGA would be seasonally adjusted again in May. He then reviewed the February natural gas rate comparisons and reported that the Department remains very competitive in all rate classes. There was a brief discussion on the matter.

Mr. Roy 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 held during the last week of March. He also gave an update on planned cast iron and bare steel service replacements for 2023 and he reported there are currently three (3) leaks on record, as a result of a recent leak survey, and all are scheduled for repair by the end of March. He then gave an update on planned gas meter exchanges and PSMS implementation. There was a brief discussion on the matter.

## **ELECTRIC DIVISION**

### **Power Supply:**

Mr. Steve Roy reviewed the February electric rate comparisons and reported that the Department has the lowest rates in all rate classes compared to regional peers. He then reviewed the February 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. There was a brief discussion on the matter.

### **TRANSMISSION & DISTRIBUTION**

Mr. Roy gave an update on planned transmission and distribution projects for 2023. He stated that all planned padmounted transformer inspections have been completed and he noted that 68% (1699 of 2500) of planned AMI meter deployments for the year have been completed through February. 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 also provided a brief update on tree trimming activities inside of Ashley Reservoir. There was a brief discussion on the matter.

### **ELECTRIC PRODUCTION**

Mr. Steve Roy reported that hydro production is 24% ahead of plan through February and that the higher generation has been offset by average market power prices are approximately 30% below budget. He also reported that FERC has notified the Department that all project structures that FERC evaluated in August 2022 have been deemed to be generally in good condition. He further reported that staff is working on completing the Part 12 Inspection Report which is planned to be submitted to FERC by June 1<sup>st</sup>. There was a brief discussion on the matter.

Mr. Jonah gave an update on the status of sales activity and capital projects. He then gave an update on wholesale ISP services. Commissioner Marrero asked if there was any progress with the Department mapping out a plan for beginning to more broadly serve the residential sector in Holyoke. Mr. Jonah replied that the FTTH design would be completed in approximately two months. He stated that all fieldwork has been completed and that the detailed design is underway. Mr. Jonah noted that a large-scale launch in the near future would be very difficult to the difficulty with the supply chain for both materials and labor. Ms. Sullivan also reported that staff continues to monitor several potential funding opportunities that could help accelerate efforts towards residential deployments. 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 she reported on Green Team activity with regard to energy conservation and electrification outreach. There was a brief discussion on the matter.

### **Customer Service:**

Ms. Rogers gave an update on fuel assistance funding from various sources and collection activities. There was a brief discussion on the matter.

**OLD BUSINESS:** None

## **NEW BUSINESS:**

**SPONSORSHIP REQUEST – FIESTAS PATRONALES DE HOLYOKE:** Mr. Lavelle reported that the Department received a sponsorship request in the amount of \$5,000 from the organizers of the Fiestas Patronales de Holyoke event and he recommended that it be approved. Commissioner Marrero asked if there was a specific methodology for determining sponsorship levels. Mr. Lavelle commented that most recommendations are based on the amount of support requested while attempting to be consistent with events of similar size, scale and impact on the community. Ms. Sullivan stated that the recipient organizations must be an established 501C3 organization and that efforts are made to assist with as many organizations as the budget will allow. 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.

**SPONSORSHIP REQUEST – CITY OF HOLYOKE FIREWORKS DISPLAY:** Mr. Lavelle reported that the Department received a sponsorship request in the amount of \$20,000 from the Mayor to support the 2023 City of Holyoke July 4<sup>th</sup> Fireworks Display and he recommended that it be approved. 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.

**RESIDENTIAL ENERGY CONSERVATION ASSISTANCE REQUEST – 10-12 ARLINGTON STREET:** Mr. Lavelle reported that the Department received a Residential Energy Conservation Assistance request in the amount of \$10,580, from the owners of 10-12 Arlington Street, for the installation of a new efficient gas heating system. He recommended that the assistance be approved as requested. 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.

**2023 NON-GUILD MERIT:** Mr. Lavelle recommended that the Commission approve a budget for non-guild merit adjustments per the following: 4.1% pool for merit adjustments; 1.5% for performance recognition and 1% for equity adjustments and promotions. He stated that this recommendation is consistent with the 2023 budget approved by the Commission and consistent with the recommendations of the Department's wage consultant. There was a brief discussion on the request. On a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the request per the recommendation of management.

**MMWEC SPECIAL PROJECT 2023A:** Mr. Lavelle reported that the Massachusetts Municipal Wholesale Electric Company (MMWEC) has negotiated a power sales agreement with NextEra Energy to purchase carbon-free output from the Seabrook nuclear plant on behalf of MMWEC's members. He stated that the contract includes Emission-Free Energy Certificates (EFEC's) as well as around-the-clock (ATC) energy starting in 2028 and running through 2049. He stated that based on the Department's current portfolio with respect to the State's Climate Bill and carbon-free requirements, it has been determined that additional carbon-free energy will not be required until 2036. Therefore, staff is recommending that the Department participate in the MMWEC Project 2023A at a level of 10 MW beginning in 2036 and continuing through 2049. He stated that the proposed contract rates are aligned with current market forecasts. He recommended that the Commission authorize the Department's participation in the project at a level of 10 MW and authorize him to execute the necessary documents required for participation in the project, and authorize the Commission Secretary to execute the Certificate of Vote in the form presented to the Commission. Commissioner Hoey disclosed that NextEra is a client of his employer and he abstained from deliberations on the matter. Commissioner

Marrero asked why the Department was looking to execute a contract for power so far in advance of the contract start date (2036). Mr. Roy stated that the recommendation is based on the Department's current portfolio status and the requirement to be 75% carbon free by 2040. He further stated that there are not many carbon-free power purchases currently available and the Seabrook opportunity fits well with the portfolio requirements. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was voted 2-0 (with Commissioner Hoey abstaining):

1. City of Holyoke, as a member of the Massachusetts Municipal Wholesale Electric Company ("MMWEC"), acting by and through its municipal light department, hereby agrees to participate in MMWEC's Special Project 2023A; and

2. City of Holyoke, acting by and through its municipal light department, hereby agrees to pay its *pro rata* share of the monthly costs for carrying out Special Project 2023A pursuant to the scope of work and budget for such Project as developed by MMWEC and received by the manager of the municipal light department ("Manager"); and

3. Manager is hereby authorized and directed to make payments to MMWEC calculated on the basis of the City of Holyoke's *pro rata* share of the expenses as set forth in the budget for Special Project 2023A; and

4. Manager is hereby authorized and directed to execute the Participation Acknowledgment, a copy of which has been presented at this meeting and is filed with the permanent records hereof; and

5. Power Purchase Agreement with MMWEC for Special Project 2023A, is hereby approved substantially in the form of the Power Purchase Agreement ("PPA") presented to the Commission at this meeting and made a part of the record of this meeting; and

6. Manager is hereby authorized to execute and deliver the PPA, substantially in the form of the PPA presented to the Commission at this meeting, with such changes and amendments thereto as the Manager, may deem necessary or appropriate, without need of further approval or action from this Commission; and

7. Actions previously taken by the Manager which are consistent with the purpose of this vote are hereby ratified and confirmed; and

8. The Manager is hereby authorized to execute any other documents he/she deems necessary or appropriate to carry out the purposes of this vote without need of further approval or action from this Commission.

### **BID AUTHORIZATIONS:**

**RIVERSIDE 8 ROOF REPLACEMENT:** Mr. Lavelle requested authorization to solicit bids for the replacement of the Riverside 8 roof, which is at the end of its useful life. 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.

## **BIDS RECEIVED:**

**ELECTRICAL SERVICE ANNUAL CONTRACT – EXTENSIONS:** Mr. Lavelle recommended that the Commission authorize a second one-year extension, consistent with the existing contract, to the Electrical Services annual contract with Hickman & Sgroi Electric, Inc., subject to a 3.01% increase in labor rates and all other rates, terms and conditions consistent with the existing contract. He further recommended that the Commission authorize a one-year extension to the secondary contract with Universal Electric Co. Inc., under the same rates, terms and conditions 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 of the contracts per the recommendation of management.

**ELECTRICAL PREVENTIVE MAINTENANCE TESTING SERVICES ANNUAL CONTRACT – EXTENSIONS:** Mr. Lavelle recommended that the Commission authorize a second one-year extension to the Electrical Preventive Maintenance Testing Services annual contracts with Osrose Utility Services, Inc. (#21-04) and USNE, Inc. (#21-09) subject to a 7.5% adjustment to rates, which is consistent with the current CPI index increase. All other terms and conditions remain consistent with the current contract. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the extension to the contracts per the recommendation of management.

**ELECTRICAL UNDERGROUND CABLE - #2 AWG EPR AL CONDUCTOR:** Mr. Lavelle recommended that the Commission award the contract for 10,000 feet of #2 AWG EPR AL electric cable to Prysmian Cables and Systems USA, LLC, the apparent low bidder meeting all requirements of the solicitation. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to award the contract per the recommendation of management.

**NATURAL GAS SYSTEMS WELDING SERVICES ANNUAL CONTRACT:** Mr. Lavelle recommended that the Commission award the annual contract for Natural Gas Welding Services to Jay's Mobile Welding, the apparent low bidder meeting all requirements of the solicitation. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to award the contract per the recommendation of management.

**ENGINEERING SERVICES – 2023 DAM BREACH INUNDATION MAPPING:** Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$59,700 for Engineering Services required to develop a Dam Failure Analysis (DFA) model and new Breach Inundation Mapping as required for the FERC Project #2004 license. 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.

**LNG TANK #3 INSULATION REPAIRS:** Mr. Lavelle requested authorization for the expenditure of up to \$68,003.20 for professional services, from Chart International, required to repair the insulation on LNG Tank #3 at the Mueller Road LNG storage facility. He stated that the 55,000-gallon tank was installed, and the tank insulation has deteriorated over time causing excessive boil-off of LNG. He stated that the recommended repairs have less than a one-year payback. 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 – 2023 UPSTREAM FISH & EEL PASSAGE ACTIVITIES:** Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$267,191 for Professional Services required by the FERC Project #2004 License to monitor and report on Upstream Fish and Eel Passage Activities. He stated that the request includes \$44,000 for data collection services by the HCC Biology Department; \$26,391 for third-party biological oversight by Normandeau Associates; \$147,500 for shortnose sturgeon radio tagging, monitoring and reporting by Kleinschmidt Associates; \$39,400 in public outreach activity by the Resource Connection; and \$9,900 for site security services from Liberty Security. 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 PROPERTY INSURANCE RENEWAL:** Mr. Lavelle requested authorization for the expenditure of up to \$516,851 for professional services, from Chart International, required to repair the insulation the renewal of the Department’s property insurance coverage premiums for 2023. He stated that Marsh USA, the Department’s property insurance broker solicited quotes from eight (8) different carriers, including the three incumbent carriers, on the expiring program. Due to difficult market conditions at present, quotes were received from the three incumbent carriers only, each at their expiring capacity including: Aegis at 40% coverage; ACE American (Starr) at 40% coverage; and Munich RE at 20% coverage. The quoted premiums amount to 23% over last year’s premium. The increase is primarily due to a 15.3% increase in insured property values as a result of a recently completed property appraisal. Aside from the increase in premium caused by updated property values, the blended increase amounted to 7.06% which, given current insurance market conditions, is very competitive. 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 01/25/22
- 12/26/22 – JL/DD/Financial Statements, Balance Sheet & Summary Report – December 2022
- 02/03/23 – JL/KC/Sponsorship Request – Fiestas Patronales de Holyoke
- 02/14/23 – JL/KC/Sponsorship Request – City of Holyoke Fireworks
- 02/15/23 – JL/KC/RECP (3-Family) – 10-12 Arlington Street
- 02/23/23 – SR/JS/MMWEC Special Project 2023A
- 02/24/23 – COMM/JL/2023 Non-Guild Merit
- 02/10/23 – SR/SL/Authorization to Bid – Riverside 8 Roof Replacement
- 02/17/23 – JL/CW/Recommendation – Extension of Electrical Services Annual Contract
- 02/01/23 – JL/CW/Recommendation – Extension of Electrical Preventative Maintenance Testing Services
- 01/31/23 – SR/CP/Bid Recommendation – Electric Underground Cable - #2 AWG EPR AL Conductor
- 03/01/23 – JL/CW/Bid Recommendation – Natural Gas Welding Services
- 02/08/23 – SR/RM/2023 Dam Breach Inundation Mapping
- 02/13/23 – BR/RB/Purchasing Approval: LNG Tank #3 Insulation Repairs
- 02/21/23 – SR/SL/2023 Upstream Fish & Eel Passage Activities
- 02/24/23 – JL/BM/Purchasing Approval: Property Insurance Renewal

**NEXT MEETING DATE:**

It was agreed that the next Commission meeting would take place on Tuesday March 28th at 5:00 PM.

Mr. Lavelle recommended that the Commission enter into Executive Session to discuss strategy with respect to contract negotiations and trade secrets. Chairman Hoey stated that the Commission would not return to regular session.

**ADJOURNMENT:**

On a motion from Commissioner Marrero, seconded by Commissioner Sutter, it was unanimously voted to adjourn the Meeting at 6:34 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 6:34 PM.

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HG&E Commission