

MINUTES OF GAS & ELECTRIC COMMISSION MEETING
REGULAR SESSION
OCTOBER 3, 2023

A meeting of the Holyoke Gas and Electric Department was held on October 3, 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 September 5, 2023.

REPORTS & RECOMMENDATIONS OF MANAGER:

Financial Report:

Ms. McMahon then reviewed the draft August 2023 financial statements. She also explained the recent establishment of a Capital Fund within the Self Insurance Rate Stabilization Trust. She stated that the Capital Fund would be funded with a portion of any of the earnings from the Trust and would be used to support ongoing required capital investments. 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 59% of winter ('23-'24) supply is locked in price. He noted that unit sales are down approximately 8% below plan through September, largely due to a warmer winter. Mr. Roy then reviewed the October natural gas rate comparisons and reported that the Department remains very competitive in all rate classes.

Mr. Roy then provided an update on the LNG reliability project and noted that the detailed design process is ongoing and that a request for authorization to solicit bids for the vaporizer is later on the agenda. He stated that vaporizer selection will allow for load and stress analyses to be completed for the system design. He also gave an update on the evaluation of the use of alternative fuels to reduce the carbon content of the gas distribution operations and noted that hydrogen injection is currently cost prohibitive as it requires a capital investment of up to \$1 Million and fuel costs would be approximately \$90/dth, compared to a current average of approximately \$4/dth based on natural gas futures prices. Commissioner Marrero mentioned that there is a startup hydrogen manufacturer working out of Fort Devens that claims to be able to significantly reduce the cost of hydrogen production through their process and that he would forward information on the company. Mr. Roy stated that he would follow up on that information to learn more about the company. Mr. Roy then gave an update on cast iron and bare steel service replacements and reported that there are currently two minor leaks on record that will be repaired by the end of the month. Mr. Roy then reported that crews continue to work on free winter heating system start-ups for customers that signed up for that

service and he gave an update on the PSMS implementation and the fall natural gas public awareness campaign. There was a brief discussion on the matter.

ELECTRIC DIVISION

POWER SUPPLY

Mr. Steve Roy reviewed the October electric rate comparisons and reported that the Department remains competitive in all rate classes compared to regional peers. He then reviewed the October 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 September peak occurred on September 7th, hour-ending 18, and that 10.58 MW were shed via Department load reducers. He further noted that his team supported City staff on an EPA grant application for Level 3 chargers and an electric dump truck. Commissioner Hoey noted that the Department of Transportation has published guidance on funding opportunities through their Charging Forward program and stated that he would forward information on that program to Mr. Roy. There was a brief discussion on the matter.

TRANSMISSION & DISTRIBUTION

Mr. Roy reported that all planned vacuum switch removals for the year have been completed and that 11 vacuum switches remain in the system. He also reported that conversion work continues on the H-3 circuit and noted that the first of three phases of that project have been completed with the second and third phases scheduled for the week of October 16th. He stated that the H-1 circuit conversion would be completed once H-3 is completed. He then gave an update on other outstanding projects. There was a brief discussion on the matter.

ELECTRIC PRODUCTION

Mr. Roy stated that hydro production is approximately 34% above plan through September. He also noted that the higher generation has been offset by average market power prices that are approximately 70% below budget year-to-date. He reported that the fall canal outage went according to plan except for the discovery of a 30-foot section of the first level canal wall, between Dwight Street and Lyman Street, that will require repairs during next year's spring canal outage. He noted that staff has developed a pilot plan for treating water chestnuts in the third-level canal and will test the plan during 2024. He also provided an update on DOE funding opportunities and stated that several grant applications would be submitted by the end of the week. 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 the FTTH design, including build-out estimates, is scheduled for completion by the end of November. He also reported that annual cyber security training is in process for all employees and will be completed by the end of the month. There was a brief discussion on the matter.

MARKETING & COMMUNICATIONS

Ms. Sullivan reported that Public Power and Natural Gas week activities are scheduled for tomorrow, October 4th at Veterans Park and she described the various energy conservation and carbon reduction activities and vendors that would be highlighted. She also gave an update on planned Energy Efficiency Rebate Program modifications for 2024. She then presented the results of the recent heat pump survey. Mr. Roy noted the impact that heat pumps will have on electricity demand stating that the early data shows that customers that switched to heat pumps for heating, saw an average increase in electricity demand of 3.81kW for the winter, compared to their electricity demand prior to switching to heat pumps. Ms. Sullivan then presented a draft summary of benefits that HG&E provides to the City,

both in direct financial support (PILOT, reduced rates, etc.) and indirect community benefits (Non-profit sponsorships, Fireworks Display Sponsorship, Cadet Engineer Scholarships, Energy Conservation Assistance, First Time Homeowner discounts, low utility rates, etc.). There was a brief discussion on the matter.

CUSTOMER SERVICE

Ms. Rogers gave an update on accounts receivable and fuel assistance programs for the upcoming winter. There was a brief discussion on the matter.

OLD BUSINESS: None

NEW BUSINESS:

SPONSORSHIP REQUEST – INTERNATIONAL VOLLEYBALL HALL OF FAME: Mr. Lavelle reported that the Department received a sponsorship request from the International Volleyball Hall of Fame requesting that the Department maintain its Corporate Sponsorship level of \$4,000. He recommended that it 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 sponsorship per the recommendation of management.

COMMERCIAL ENERGY CONSERVATION ASSISTANCE REQUEST- 284 HIGH STREET: Mr. Lavelle reported that the Department received a Commercial Energy Conservation Assistance Request from the owner of 284 High Street in the amount of \$10,580 for the installation of energy efficient windows. 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:

LNG VAPORIZER: Mr. Lavelle requested authorization to solicit bids for a new vaporizer for the West Holyoke Liquefied Natural Gas (LNG) Facility. He stated that the upgrade is part of the LNG Infrastructure and Resiliency Project aimed at modernizing and improving the reliability of the existing facility. He stated that the estimated lead for the unit is approximately 40-45 weeks. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the bid per management recommendation.

BIDS RECEIVED:

LANDSCAPING SERVICES ANNUAL CONTRACT – EXTENSION: Mr. Lavelle recommended that the Commission approve a one-year extension to the annual contract for Landscaping Services with GTC Landscaping with rates, terms and conditions remaining consistent with 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 management recommendation.

TRUCK #42 REPLACEMENT (ELECTRIC DISTRIBUTION BUCKET TRUCK): Mr. Lavelle recommended that the Commission award the contract for the replacement of Truck #42 to Allegiance Trucks. He stated that the purchase would be made from the Metropolitan Area Planning Council bid list as more thoroughly described in the September 19, 2023, memorandum from Jeffrey Brouillard. 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.

COMMUNICATIONS

08/30/23 – Draft Commission Meeting Minutes from 09/05/23
09/26/23 – JL/DD/Financial Statements, Balance Sheet & Summary Report – August 2023
09/13/23 – JL/KC/Sponsorship Request – International Volleyball Hall of Fame
09/28/23 – KC/MC/Commercial Energy Assistance Request – 284 High Street
09/28/23 – JL/BR/Authorization to Bid – LNG Vaporizer
09/27/23 – JL/CW/Recommendation – Extension of Landscaping Services Annual Contract
09/19/23 – SR/JP/Approval Request – Replacement of Bucket Truck #42

NEXT MEETING DATE:

It was agreed that the next Commission meeting would take place on Tuesday, November 7th at 5:00 P.M.

ADJOURNMENT:

On a motion from Commissioner Marrero, seconded by Commissioner Sutter, it was unanimously voted to adjourn the regular session of the Meeting at 6:16 P.M.

HG&E Commission