

**MINUTES OF GAS & ELECTRIC COMMISSION MEETING**  
**REGULAR SESSION**  
**DECEMBER 14, 2022**

A meeting of the Holyoke Gas and Electric Department was held on December 14, 2022, at 5:10 P.M. in the Department's offices. In attendance were Commissioners Hoey, Sutter and Marrero; Manager Lavelle; Superintendents Steve Roy and Brian Roy; Kirk Jonah and Attorney John Ferriter

**CALL TO ORDER:**

Chairman Hoey called the meeting to order at 5:10 P.M.

**MINUTES:**

On a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the minutes from November 15, 2022.

**REPORTS & RECOMMENDATIONS OF MANAGER:**

**Financial Report:**

Mr. Lavelle reviewed the draft October 2022 financial statements. 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 87% of winter ('22-'23) gas supply is locked in price and 23% of summer ('23) gas is locked in price. He then reviewed the December natural gas rate comparisons and reported that the Department remains very competitive in all rate classes.

Mr. Roy gave a brief update on the County Road inter-connect upgrade project and stated that the project would be substantially completed by the end of the year. He provided an update on the LNG reliability project and stated that the EFSB application for the project was submitted on December 7<sup>th</sup>. He also gave an update on cast iron and bare steel service replacements. He stated that cast iron abandonments will equal 1.75 miles, and bare steel service abandonments will equal 213, both exceeding plan for the year. He then reported that the leak survey contractor has initiated surveying the gas distribution system and that there are currently seven minor leaks on record that will be repaired by the end of the year. He also reported that he received the consultant review of the October mock drill and is incorporating a few minor suggestions for improvement into the emergency action plan. He further reported that he conducted training with Police and Fire personnel at the LNG facility to raise awareness. There was a brief discussion on the matter.

**ELECTRIC DIVISION**

**Power Supply:**

Mr. Steve Roy reviewed the December electric rate comparisons and reported that the Department has the lowest rates in all rate classes compared to regional peers. He then reviewed the December 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. He then gave an overview of ISO New England's recent winter outlook for regional power supply and stated that the ISO has concerns about grid stability under a prolonged cold snap scenario but does not anticipate calling for controlled power outages at this point. There was a brief discussion on the matter.

### **TRANSMISSION & DISTRIBUTION**

Mr. Roy gave an update on transmission and distribution projects and noted that 15 of 36 commitments have been completed and the balance is on schedule for completion by the end of the year. There was a brief discussion on the matter.

### **ELECTRIC PRODUCTION**

Mr. Roy reported that November hydro generation was below plan largely due to the unplanned maintenance on the canal dike to repair a minor leak. He stated that year-to-date production is approximately 11% below plan through November. He stated that the canal dike repairs are on schedule to be completed by the end of the week with plans to fill the canal Friday and place canal generators back in service by Saturday. He then reviewed details of the canal repairs. There was a discussion on the matter.

### **TELECOMMUNICATIONS**

Mr. Jonah gave an update on the status of sales activity and capital projects. He then gave an update on wholesale ISP services. There was a brief discussion on the matter.

### **MARKETING AND COMMUNICATIONS**

Mr. Lavelle gave an update on the United Way employee drive that raised \$26,700 for the United Way and reported that HG&E provided 500 bags, that include information on energy efficiency and fuel assistance, to OneHolyoke CDC's Community Dinner event. There was a brief discussion on the matter.

**OLD BUSINESS:** None

### **NEW BUSINESS:**

**SPONSORSHIP REQUEST – GREATER HOLYOKE YMCA:** Mr. Lavelle reported that the Department received a sponsorship request in the amount of \$1,500 from the Greater Holyoke YMCA and recommended that the request be approved as it is consistent with the sponsorship level for the past several years. 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.

**2023 GAS RATE ADJUSTMENTS:** Mr. Roy presented a recommendation that the Commission approve adjustments the Residential Gas Rate (A), the Small Business Gas Rate (GB-1), the Medium Business Gas Rate (GB-2), the Large Business Gas Rate (GB-3), Large Industrial Gas Rate (GB-4), the small Agricultural Gas Rate (AG-1), the Medium Agricultural Gas Rate (AG-2), the Large Agricultural Gas Rate (AG-3) and the Purchased Gas Adjustment Rate (PGA). He stated that the adjustments are required to reflect the actual cost of service for each rate and reflect the current market costs for both fuel and non-fuel components of those rates. He stated that the proposed adjustments would amount to an approximate 2.5% non-fuel increase for residential customers, and an approximate

non-fuel increase of between 1.3%-2.3% for commercial and industrial customers. He noted that, even with the recommended increases, those rates would still be some of the lowest rates in the region. Commissioner Marrero asked if the recommended rate adjustments were proportionate to the necessary cost recovery for each specific rate, or if the rate increases are based on the aggregate cost recovery. Mr. Roy stated that the recommendations are proportionate to the cost recovery requirements for each specific rate. Commissioner Marrero then questioned the general rate design of the tariffs which have declining charges for the higher tiers of consumption. He asked if those charges reflect the marginal cost of gas, particularly given that natural gas is a constrained resource on a peak day. He also questioned whether the lower cost for higher tiers creates an incentive for greater consumption and suggested higher costs at higher tiers may be more appropriate. Mr. Roy stated that the rate is designed to collect the actual cost of fuel as well as actual non-fuel costs. Mr. Lavelle stated that higher charges for the higher tiers would result in an over-collection of fuel costs which are intended to be a pass-thru cost to customers. After a discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the rate adjustments as presented.

**NEW INTERRUPTIBLE GAS TRANSPORTATION TARIFF (GIT):** Mr. Lavelle recommended that the Commission approve a new interruptible gas transportation tariff that is designed to permit customers, capable of meeting the terms of the tariff, to procure natural gas through a third-party energy supplier and coordinate transportation to the Department's distribution system. He stated that the tariff is only available from April to October as the Department's full pipeline capacity is reserved for firm customers from November through March. He stated that there is one customer that currently meets the terms of the tariff and is interested in signing up under the proposed tariff. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the proposed rate as presented.

**BID AUTHORIZATIONS:** None

**BIDS RECEIVED:**

**TREE TRIMMING & VEGETATION MANAGEMENT ANNUAL CONTRACT – EXTENSION:** Mr. Lavelle recommended that the Commission authorize a one-year extension, consistent with the existing contract, to the Tree Trimming and Vegetation Management annual contract with All Reliable Services, Inc. He said the extended contract would be subject to a 4.3% -5% increase in labor rates and an 8.7% increase in equipment rates, with all other terms and conditions remaining the same. He stated that even with the recommended rate increases the rates are still 3.8% below the second lowest bidder from the solicitation. 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.

**GENERAL CONTRACT WORK ANNUAL CONTRACT – EXTENSION:** Mr. Lavelle recommended that the Commission authorize a one-year extension to the General Contract Work annual contract with JSC Construction, LLC. He said the extended contract would be subject to a 4% increase in labor rates and equipment rates, with all other terms and conditions remaining the same. 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.

**SPILL RESPONSE & HAZARDOUS WASTE ANNUAL CONTRACT – EXTENSION:** Mr. Lavelle recommended that the Commission authorize a one-year extension to the Spill Response &

Hazardous Waste annual contract with Environmental Services, Inc. He stated that the extended contract would be subject to the existing labor and equipment rates, with disposal rates equal to invoice cost plus 10%. All other terms and conditions remain the same. 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.

**GAS ROTARY METERS ANNUAL CONTRACT – EXTENSION:** Mr. Lavelle recommended that the Commission authorize a one-year extension to the Gas Rotary Meter annual contract with DBI, Inc. He said the extended contract would be subject to a 6% increase in rates based on the current manufacturer price sheet, and that all other terms and conditions remain the same. 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.

**ELECTRIC LINE CONTRACTORS ANNUAL CONTRACT – EXTENSION:** Mr. Lavelle recommended that the Commission authorize a one-year extension to the Electric Line Contractor annual contract with Asplundh Construction, LLC. He stated that the extended contract would be subject to a 3.5% increase in labor rates, minor adjustments to equipment rates (as detailed in the 12/1/22 memorandum from Chi Wong, Purchasing Coordinator), and all other terms and conditions remaining the same. 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.

**ELECTRICAL SERVICES ANNUAL CONTRACT – EXTENSION:** Mr. Lavelle recommended that the Commission authorize a one-year extension to the Electric Services annual contract (secondary) with Universal Electric Co., Inc. He stated that the extended contract would be subject to an approximate rate increase of 7.62% ( as detailed in the 12/5/22 memorandum from Chi Wong, Purchasing Coordinator), and all other terms and conditions remain the same. 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.

**GAS CONSTRUCTION CONTRACTOR – ANNUAL CONTRACT:** Mr. Lavelle recommended that the Commission award the contract for Gas Construction Contractor to Kudlic Brothers, Inc., the lowest responsible and eligible 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.

**ELECTRIC METERS ANNUAL CONTRACT:** Mr. Lavelle recommended that the Commission award the contract for Electric Meters to AvCom Inc., the lowest responsible and eligible 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.

**35 KV PADMOUNTED FOUR-WAY SWITCHGEAR:** Mr. Lavelle recommended that the Commission award the contract for 35 kV Pad mount Four-Way Switchgear to E.L. Flowers Associates, the lowest responsible and eligible 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.

**FIBER OPTIC INSTALLATION, SPLICING, TERMINATION & TESTING ANNUAL CONTRACT:** Mr. Lavelle recommended that the Commission award the annual contract for Fiber

Optic Installation, Splicing, Termination & Testing Annual Contract to Collins Electric Company, Inc., the lowest responsible and eligible 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.

**FINANCIAL AUDIT SERVICES:** Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$102,200 for Financial Audit Services required to conduct full financial audits for calendar year 2022 of the Department, Holyoke Solar Cooperative, Massachusetts Clean Energy Cooperative and the OPEB Trust. 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.

**ENGINEERING SERVICES- OLD GASWORKS OMMIR SERVICES – PURCHASE**

**APPROVAL:** Mr. Lavelle requested authorization for the expenditure of up to \$77,300 for engineering services required for performing Operation, Monitoring, Maintenance, Inspection and Reporting activities to comply with the Massachusetts Department of Environmental Protection requirements 310 CMR 40.0000, the Massachusetts Contingency Plan for the Old Gasworks Site. He stated that EKI Environmental is the lowest eligible bidder for the task and their personnel have been involved with the site, serving as LSP, since 1992. Commissioner Hoey disclosed that his employer submitted a proposal for the subject work and he abstained from deliberations on the matter. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was voted 2-0 to authorize the expenditure per the recommendation of management. Commissioner Hoey abstained from voting on the matter.

**COMMUNICATIONS**

12/09/22 – Draft Commission Meeting Minutes from 11/15/22

11/29/22 – JL/DD/Financial Statements, Balance Sheet & Summary Report – October 2022

11/23/22 – KS/MC/Sponsorship Request – Greater Holyoke YMCA

12/05/22 – JL/BR/Rate Recommendation – Gas Rate Adjustments for CY2023

12/08/22 – JL/BR/Rate Recommendation – New Gas Rate

12/06/22 – JL/CW/Extension Recommendation – Tree Trimming & Vegetation Management Annual Contract

12/06/22 – JL/CW/Recommendation – Extension of General Contract Work Annual Contract

11/30/22 – JL/CW/Extension Recommendation – Spill Response & Hazardous Waste Annual Contract

11/29/22 – JL/CW/Recommendation – Extension Gas Rotary Meters Annual Contract

12/01/22 – JL/CW/Recommendation – Extension of Electric Line Contractor Annual Contract

12/05/22 – JL/CW/Recommendation - Extension of Electrical Services Annual Contract

12/05/22 – JL/CW/Bid Recommendation – Gas Construction Contractor Annual Contract

11/21/22 – SR/RL/Bid Recommendation – Electric Meters Annual Contract

12/07/22 – SR/CP/Bid Recommendation – 35kV Padmounted Four-Way Switchgear

12/07/22 – JL/CW/Bid Recommendation – F.O. Installation, Splicing, Termination & Testing Services Annual Contract

11/23/22 – JL/CW/Purchasing Approval: Financial Audit Services – 2022 Annual Audits

12/05/22 – BR/CP/Purchasing Approval: Engineering Services – OMMIR Services at Old Gas Works Site

**NEXT MEETING DATE:**

It was agreed that the next Commission meeting would take place on Wednesday, January 25th 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 6:40 PM.

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HG&E Commission