

MINUTES OF GAS & ELECTRIC COMMISSION MEETING
REGULAR SESSION
DECEMBER 11, 2018

A meeting of the Holyoke Gas and Electric Department was held on December 11, 2018 at 5:00 P.M. in the Department's offices. In attendance were Commissioners Hoey, Griffin and Sutter; Manager Lavelle; Superintendents Beauregard and Ducheney; Acting Gas Superintendent Brian Roy, Kirk Jonah, Brooke McMahon, Kate Sullivan, Jim Jackowski, Lisa Rogers and Attorney John Ferriter.

CALL TO ORDER:

Commissioner Hoey called the meeting to order at 5:00 PM.

MINUTES:

On a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the minutes from November 13, 2018.

REPORTS & RECOMMENDATIONS OF MANAGER:

Financial Report:

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

DIVISION REPORTS:

GAS DIVISION

Mr. Roy reported that wholesale natural gas procurements continue consistent with the hedging plan for the current 12-month procurement window. He also reviewed the December natural gas rate comparisons and noted that HG&E natural gas rates remain competitive in all classes. He also reported that planned bare steel service and cast iron main replacements are ongoing according to plan. There was a brief discussion on the matter.

Mr. Lavelle reported that Governor Baker has filed legislation, in response to the Merrimack Valley natural gas incident on September 13th that would require natural gas work performed in the Commonwealth of Massachusetts to be reviewed and approved by a licensed professional engineer. He also reported that the Northeast Gas Association (NGA) has committed to adopting a Pipeline Safety Management System, American Petroleum Institute's (API) Recommended Practice 1173. He further stated that the Department of Public Utilities (DPU) has ordered the review of all natural gas systems in the Commonwealth and that the DPU has hired Dynamic Risk, from Texas, to oversee the review. He noted that the Department received a notice from Dynamic Risk yesterday that included information on the review process as well as a significant request for records that is due before January 4, 2019. There was a brief discussion on the matter.

ELECTRIC DIVISION

Power Supply:

Mr. Beauregard reviewed the December electric rate comparisons and noted that the Department remains very competitive in all rate classes. He also reviewed the December mark to market report for

power supply and stated that all transactions are within policy limits. There was a brief discussion on the matter.

TRANSMISSION & DISTRIBUTION

Mr. Beauregard gave an update on the Holyoke 17L Substation construction and noted that the project is on schedule with the first transformer planned to go on line in January. He also reported that the Mt. Tom Energy Storage Project, the YMCA Solar Project and load reduction efforts from November. There was a brief discussion on the matter.

ELECTRIC PRODUCTION

Mr. Duchenev reported that river flows have been fairly high for the month bringing annual electric production a bit closer to plan. He also commented that staff was preparing for several projects related to Cobble Mountain Station upgrades for the coming year. There was a brief discussion on the matter.

TELECOMMUNICATIONS

Mr. Jonah gave a brief update on commercial sales and ongoing projects. There was a brief discussion on the matter.

Marketing and Communications:

Ms. Sullivan gave an update on various marketing and communications activities. There was a brief discussion on the matter.

OLD BUSINESS: None

NEW BUSINESS:

2019 OPERATING & CAPITAL BUDGETS: Ms. McMahon presented the 2019 Operating Budget and 2019 Capital budgets for approval. She stated that the budgets are consistent with those presented at the Staff budget presentation meeting and reminded the Commission that the proposed operating budget amounts to \$71.1 Million and the proposed capital budget amounts to \$14.1 Million. She then reviewed the estimated revenues and expenses for each division as well as the main capital budget items. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the operating and capital budgets as presented by management.

SPONSORSHIP REQUEST – 2019 HISPANIC FAMILY FESTIVAL: Mr. Lavelle reported that the Department received a sponsorship request in the amount of \$5,000 from the promoters of the Hispanic Family Festival and he recommended that it 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.

SPONSORSHIP REQUEST – INTERNATIONAL VOLLEYBALL HALL OF FAME: Mr. Lavelle reported that the Department received a sponsorship request in the amount of \$4,000 from the International Volleyball Hall of Fame for the annual international induction ceremony and other events and he recommended that it 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.

2019 GAS RATE ADJUSTMENTS: Mr. Roy presented the proposed 2019 rate revisions to the Commission and explained that the rates reflect the current cost of service for all rates and help to improve the competitiveness of the GB2 and GB3 commercial rates. He stated that the proposed rates would increase the residential rate by 2.1%, decrease the GB2 rate by approximately 3.9%, decrease the GB3 rate by approximately 4%, and increase the GB4 rate by approximately 0.5%. After a discussion on the matter and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the adjustments to Natural Gas Schedules A, GB2, GB3 and GB4 per the recommendation of management.

2019 ELECTRIC RATE ADJUSTMENTS: Mr. Beauregard presented the proposed 2019 rate revisions to the Commission and explained that the rates reflect the current cost of service. He stated that the proposed rate adjustments would increase the residential rate (ER, CS) by 2.75%, increase the General Service (EC,F4, MC) rates between 0.2%-2.1% for loads over 15,000 kwh, and increase the Small Industrial (SI) rate by between 0.1%-1.5% for loads over 3,000 khw. After a discussion on the matter and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the adjustments to Natural Gas Schedules A, GB2, GB3 and GB4 per the recommendation of management.

BID AUTHORIZATIONS:

2019 ONE TIME PURCHASES & ANNUAL CONTRACTS: Mr. Lavelle requested authorization from the Commission to solicit bids for anticipated 2019 One Time Purchases and Annual Contracts as detailed on the November 20, 2018 memorandum from Procurement and Contracts Manager, Yocelyn Delgado. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to authorize the bids per the recommendation of management.

BIDS RECEIVED:

REPLACEMENT OF GOVERNORS COBBLE MT STATION (REBID): Mr. Lavelle recommended that the Commission reject the apparent low bid from Voith Hydro Inc., as non-responsive due to numerous exceptions taken, and award the bid for the replacement of all three governors (base bid plus alternate) to American Governor Company (AGC), the apparent lowest responsible and eligible bidder meeting all requirements of the solicitation. 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.

OVERHEAD CRANES & HOISTS INSPECTIONS ANNUAL CONTRACT: Mr. Lavelle recommended that the Commission award the bid for Overhead Cranes and Hoists - Annual Inspections Mass Crane & Hoists Services Inc., the lowest responsible and eligible bidder meeting all requirements of the solicitation. 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.

HYDRAULIC STRUCTURES MAINTENANCE & REPAIRS ANNUAL CONTRACT: Mr. Lavelle recommended that the Commission award the bid for Hydraulic Structures Maintenance & Repairs Annual Contract to Gardner Construction & Industrial Services, Inc., the only and lowest responsible and eligible bidder meeting all requirements of the solicitation. 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.

GENERAL CONTRACT WORK ANNUAL CONTRACT: Mr. Lavelle recommended that the Commission award the bid for General Contract Work Annual Contract to JSC Construction LLC, the lowest responsible and eligible bidder meeting all requirements of the solicitation. 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.

ROAD REPAIRS ANNUAL CONTRACT: Mr. Lavelle recommended that the Commission award the bid for Road Repairs Annual Contract to JSC Construction LLC, the lowest responsible and eligible bidder meeting all requirements of the solicitation. 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.

GAS ROTARY METERS ANNUAL CONTRACT (REBID): Mr. Lavelle recommended that the Commission award the bid for Gas Rotary Meters Annual Contract to Powell Controls, Inc. (PCI), the lowest responsible and eligible bidder meeting all requirements of the solicitation. 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.

WOOD POLES ANNUAL CONTRACT: Mr. Lavelle recommended that the Commission award two bids for Wood Poles Annual Contract. He recommended that the contract for Penta-treated wood poles be awarded to Koppers Utility and Industrial Products, and the contract for CCA-treated wood poles be awarded to McFarland Cascade holdings, the lowest responsible and eligible bidders meeting all requirements of the solicitation for the respective poles. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to award the contracts per the recommendation of management.

ELECTRIC LINE CONTRACTS ANNUAL CONTRACT –EXTENSION: Mr. Lavelle recommended that the Commission authorize a one year extension for the Electric Line Contracts – Annual Contract (No. 17-44) with Asplundh Construction LLC, per the terms of the existing contract allowing for an extension. He stated that Asplundh has agreed to a 3.5% increase in labor rates, except for the Driver Groundman rate which will decrease by 13.6%, and no increase in equipment rates. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to authorize the extension per the recommendation of management.

F.O. INSTALLATION, SPLICING, TERMINATION & TESTING SERVICES ANNUAL CONTRACT –EXTENSION: Mr. Lavelle recommended that the Commission authorize a one year extension for the Fiber Optic Installation, Splicing, Termination and Testing Services Annual Contract (No. 17-45) with Collins Electric Co., Inc. per the terms of the existing contract allowing for an extension. He stated that Collins has agreed to a 2% increase in rates, with other terms remaining the same. After a brief discussion and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to authorize the extension per the recommendation of management.

PURCHASE APPROVAL – 2019 WORKERS COMPENSATION INSURANCE: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$159,252 for Workers Compensation Insurance coverage for 2019 with Liberty Mutual Insurance Company. He stated that Ms. McMahon was able to reduce the premium by \$3,049 from last year's rate. 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.

UNIFORM SUPPLY & SERVICE CONTRACT: Mr. Lavelle recommended that the Commission award the bid for the Uniform Supply & Service Contract to Cintas Corporation, the only qualified bidder responding to the solicitation. 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.

PURCHASE APPROVAL - SECURITY INFORMATION AND EVENT MANAGEMENT

(SIEM) SOLUTION: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$394,632 for the purchase of a replacement Security Information and Event Management appliance to improve the Department's cyber security posture. He stated that the existing SIEM system was purchased in 2010 and is no longer supported. He further stated that the recommended option has been thoroughly reviewed by staff over several weeks and is available through the State bid list. 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:

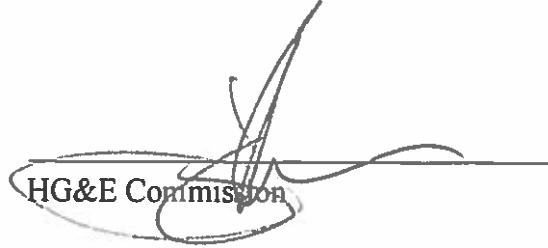
12/07/18 – Draft Commission Meeting Minutes from 11/13/18
11/28/18 – JL/DD/Financial Statements, Balance Sheet October 2018
12/07/18 – COMM/JL/2019 Operating & Capital Budgets
12/05/18 – JL/KS/Sponsorship Request – Hispanic Family Festival
11/27/18 – JL/KS/Sponsorship Request – International Volleyball Hall of Fame
12/06/18 – JL/BR/Gas Schedule Adjustments – A, GB-2, GB-3, GB-4
12/06/18 – BB/JS/Electric Rate Increase for ER, EC, and SI
11/20/18 – JL/YD/Authorization to Bid – 2019 One Time Purchases and Annual Contracts
12/06/18 – JL/YD/Bid Recommendation – REBID, Replacement of Governors Cobble MT Station
12/03/18 – JL/YD/Bid Recommendation – Overhead Cranes & Hoists Inspections Annual Contract
12/03/18 – JL/YD/Bid Recommendation – Hydraulic Structures Maintenance & Repairs Annual Contract
12/04/18 – JL/YD/Bid Recommendation – General Contract Work Annual Contract
12/04/18 – JL/YD/Bid Recommendation – Road Repairs Annual Contract
12/04/18 – JL/YD/Bid Recommendation – Gas Rotary Meters Annual Contract (Rebid)
12/05/18 – BB/CP/Bid Recommendation – Wood Poles Annual Contract
12/05/18 – JL/YD/Recommendation – Extension of Electric Line Contractors Annual Contract
11/19/18 – JL/YD/Recommendation – Extension of F.O. Installation, Splicing, Termination & Testing Services Annual Contract
12/03/18 – JL/BM/Purchasing Approval: 2019 Workers Compensation Insurance Renewal
12/06/18 – JL/YD/Bid Recommendation – Uniform Supply & Service Contract
12/07/18 – KJ/MS/Purchasing Approval: Juniper JSA Security Information Event Management Solution

NEXT MEETING DATE:

It was agreed that the next Commission meeting would take place on Tuesday, January 8, 2019 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 5:55 PM.

A handwritten signature in black ink is written over a circular stamp. The stamp contains the text "HG&E Commission" in a sans-serif font. The signature is a cursive-style name that is partially obscured by the stamp's border.