

MINUTES OF GAS & ELECTRIC COMMISSION MEETING
REGULAR SESSION
APRIL 18, 2023

A meeting of the Holyoke Gas and Electric Department was held on April 18, 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 March 28, 2023.

REPORTS & RECOMMENDATIONS OF MANAGER:

Financial Report:

Ms. McMahon reviewed the draft February financial statements, 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 49% of summer gas supply is locked in price and 13% of winter ('23-24) gas is locked in price. Mr. Roy noted that April gas sales are projected to be 9% below plan due to warmer weather. He then reviewed the April natural gas rate comparisons and reported that the Department remains very competitive in all rate classes.

Commissioner Marrero noted that rates were increased fairly significantly over the last year due to higher energy costs and asked if the Department ever reduces rates. Mr. Lavelle stated that both the natural gas and electric rate tariffs have fuel adjustment components that are raised or lowered depending on the wholesale cost of fuel. Mr. Roy noted that the Purchased Gas Adjustment was initially set at \$1.07/ccf for the past winter and lowered the PGA by approximately 30% half-way through winter and will lower the PGA again for the May billing cycle. There was a brief discussion on the matter.

Mr. Roy provided an update on the LNG reliability project and stated that the EFSB held a public meeting for the proposed project on March 29th. He stated that the meeting went very well, with several elected officials, local officials and one abutter speaking in support of the project. He stated that the hearing was held virtually and that no opposition to the project was presented at the meeting and that no parties have yet filed for intervenor status. He also stated that the EFSB has scheduled a site visit for May 4th. He then gave an update on cast iron and bare steel service replacements, and he reported there are currently no leaks on record. He then gave an update on planned cast iron main replacements and reported that the Department recently received notice that it will receive a \$10 Million grant from the Pipeline Hazardous Materials and Safety Administration (PHMSA) for Natural

Gas Distribution Infrastructure and Safety Modernization that will help offset the cost of cast iron replacements in Ward 1. He stated that the Department submitted a request for \$27 Million of grant funding to cover a 5-year planned improvement project in Ward 1 and that the \$10 Million received would cover the first phase of that proposed project. He noted that more specifics regarding the funding are expected to be made available in the coming weeks. Commissioner Marrero asked at what point does the Department consider alternatives to upgrading the leak-prone assets and investing in electrification alternatives. Mr. Lavelle stated that the Department always considers alternatives to leak-prone asset replacements and noted a recent federal grant application submitted by the city and which the Department participated in, for district geothermal system funding. Mr. Roy also noted recent situations where the Department determined that replacing leak-prone assets was less cost-effective than converting the gas load to electric appliances and staff worked with property owners on those conversions. There was a brief discussion on the matter.

ELECTRIC DIVISION

Power Supply:

Mr. Lavelle reviewed the April electric rate comparisons and reported that the Department remains very competitive in all rate classes compared to regional peers. He then reviewed the April 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 March peak occurred on March 7th, hour-ending 19, and that 6.086 MW were shed via Department load reducers. There was a brief discussion on the matter.

TRANSMISSION & DISTRIBUTION

Mr. Lavelle reported that 93% (2324 of 2500) of planned AMI meter deployments for the year have been completed through February. He further reported that crews completed the H-4 circuit conversion (from 4,800V to 13,800V) and they continue making upgrades to the H-3 circuit in the area of Dwight Street to Fairfield Ave, and Northampton Street to Nonotuck Street. He stated that the H-3 conversion is expected to be completed by the end of June. There was a brief discussion on the matter.

Mr. Lavelle also reported that two protective relays must be replaced at Ingleside Substation and fiber must be run from the substation to the Southampton inter-connect with Eversource, due to upgrades that Eversource is making to its protective relay communication system at its Gunn Road Substation. He stated that a purchase approval is on the meeting agenda to conduct necessary engineering on the updated protection scheme. He also noted that all project costs would be fully PTF reimbursed. There was a brief discussion on the matter.

ELECTRIC PRODUCTION

Mr. Lavelle reported that fishway operations began on April 11th and that hydro production is 17.4% ahead of plan through March. He also noted that the higher generation has been offset by average market power prices that are approximately 30% below budget. He then reported that staff has submitted the latest Potential Failure Mode Analysis (PFMA) for the Holyoke Project to FERC on March 31st and is preparing submittals for FERC over the next month including: Project Supporting Technical Information Document (STID); Dam Break Analysis; and the Part 12 Inspection Report. He then gave an update on recent Voith Hydro preparations for the 2024 Hadley Falls Unit #2 outage, and plans by Hazen Paper Company to conduct demolition activities around Chemical Station. There was a brief 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

Ms. Sullivan gave an update on public outreach efforts associated with the Robert E. Barrett fishway. She then gave an overview of ARPA applications, including certain hydro electric upgrade projects and a Broadband Network Upgrade project, that were recently submitted to the City. She also gave an update on Green Team activity with regard to a recently announced DOER Grant Program for Low & Moderate Income Housing Decarbonization. There was a brief discussion on the matter.

Customer Service:

Ms. Rogers gave an update on collection activities and fuel assistance support. She also noted that staff would begin communicating with customers regarding the budget billing process and promote paperless billing options for customers. There was a brief discussion on the matter.

OLD BUSINESS: None

NEW BUSINESS:

COMMERCIAL ENERGY CONSERVATION ASSISTANCE REQUEST – 49 GARFIELD

STREET: Mr. Lavelle reported that the Department received a Commercial Energy Conservation Assistance request in the amount of \$161,432 from the owners of 49 Garfield Street and he recommended that it be approved. Mr. Marrero asked if there was a limit to the amount of assistance a customer could receive under this program. Mr. Lavelle stated that each request is evaluated on its own merit. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the assistance as requested per the recommendation of management.

TARIFF RECOMMENDATION – DEPARTMENT RULES & REGULATIONS: Mr. Lavelle recommended that the Commission approve the updated Department Rules and Regulations for Utility Services. He stated that the tariff was updated to include a new section for electric vehicle charging stations as well as several other updates. Commissioner Marrero asked several questions regarding the proposed changes and suggested that the language be made clearer in certain sections regarding applicable rates. Commissioner Marrero also recommended that staff consider making the electric vehicle charging tariff an interruptible rate if there is ever a curtailment risk for general service customers. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the updated Rules and Regulations as amended by the Commission recommendations.

COMMERCIAL DEMAND RESPONSE PILOT PROGRAM RECOMMENDATION:

Mr. Lavelle recommended that the Commission approve a two-year pilot Commercial Demand Response Program to gauge interest among the larger Commercial and Industrial electric customers in reducing loads during peak periods in order to reduce the Department's transmission costs and to share the benefits of any cost reduction with participating customers. Commissioner Hoey asked how many customers were likely to express interest in the program. Ms. Sullivan stated that there are approximately 100 customers that would qualify for the program and not all will be interested in participating. Commissioner Marrero asked if there are other Department-sponsored demand response

programs that C&I customers can participate in. Mr. Lavelle stated that the Beat the Heat program and the Connected Homes are available for customers. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the pilot program as presented.

BID AUTHORIZATIONS: None

BIDS RECEIVED:

2023 ELECTRIC DISTRIBUTION TRANSFORMERS: Mr. Lavelle recommended that the Commission award the annual contract for Electric Distribution Transformers to the low bidder meeting all requirements for each item as detailed on the April 11, 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.

RECONSTRUCTION MANHOLE NO. 128: Mr. Lavelle recommended that the Commission reject the only bid received for the project due to the bid exceeding the project budget. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to reject the bid per the recommendation of management.

ENGINEERING SERVICES- INGLESIDE SUBSTATION 1657 LINE RELAY UPGRADES:

Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$84,000 for engineering services required to replace the primary and backup protection systems for the 115kV 1657 line at Ingleside Substation. He stated that the project is PTF reimbursable. 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

04/13/23 – Draft Commission Meeting Minutes from 03/28/23

03/28/23 – JL/DD/Financial Statements, Balance Sheet & Summary Report – February 2023

04/06/23 – KS/MC/CECP – RICAR, LLC

04/11/23 – SR/JB/Bid Recommendation – 2023 Electric Distribution Transformers

04/13/23 – SR/JB/Bid Recommendation – Reconstruction of Manhole No. 128

04/11/23 – SR/SD/Purchasing Approval: Engineering Services – Ingleside Substation 1657 Line Relay Upgrades

03/20/23 – SR/JB/Tariff Recommendation – Rules & Regulations

03/22/23 – SR/JZ/Commercial Demand Response Program (Pilot)

NEXT MEETING DATE:

It was agreed that the next Commission meeting would take place on Tuesday May 16th 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 6:18 P.M.

HG&E Commission

Minutes 04/18/23