HG&E

2024

ANNUAL REPORT

HG&E Board of Commissioners (from left): Francis J. Hoey III, Marcos A. Marrero, and James A. Sutter

TO THE HONORABLE MAYOR, MEMBERS OF THE CITY COUNCIL, AND VALUED CUSTOMERS:

Submitted herewith is the 122nd Annual Report of the City of Holyoke Gas & Electric Department (HG&E) for the year ending December 31, 2024.

HG&E delivered strong financial and operating performance in 2024 despite the evolving regulatory landscape and energy market uncertainty. The Department continued to offer some of the lowest utility rates in the region while maintaining very strong customer satisfaction ratings and receiving national recognition for excellence in reliability from the American Public Power Association. During the year, both Fitch Ratings and Moody's Investor Service affirmed HG&E's credit rating at AA- and A1, respectively.

HG&E continued to execute its energy transition plan to ensure compliance with Massachusetts climate legislation that commits the Commonwealth to reducing emissions below 1990 levels by 50% by 2030, 75% by 2040, and achieving net-zero emissions by 2050. HG&E's plan is a work in progress and will be updated annually to incorporate technological advances and other measures that will help ensure compliance with climate goals. The climate bill and associated regulations will continue to have a significant impact on electric and natural gas customers and rates over the coming years and will impact the building and transportation sectors as well. HG&E is well-positioned to meet the incremental carbon-free electricity targets laid out in the climate bill and is currently expected to be compliant with the established targets through 2040 without taking any additional measures.

The Electric Division made significant progress with grid modernization efforts during the year including continued deployment of its advanced metering infrastructure (AMI) system and completion of the removal of manhole vacuum switches. Additionally, significant distribution grid upgrades are expected to be required over the next several years to accommodate the electrification of heating and transportation sectors, and we appreciate our customers' patience as we conduct the necessary work.

The Gas Division continued efforts to upgrade leak-prone assets and other critical infrastructure and finished the year with zero active leaks. The Department also executed a contract with the Department of Transportation's (DOT) Pipeline and Hazardous Materials Safety Administration (PHMSA) in 2024 for a $10 million grant to replace aging infrastructure as part of its continued efforts to reduce emissions and provide continued safe and reliable energy delivery. After submitting a petition in December of 2022, the Department continues to await a decision from the Massachusetts Energy Facilities Siting Board for the approval of one additional liquid natural gas (LNG) storage tank at the West Holyoke LNG Storage Facility. HG&E's Green Team continues to reduce peak natural gas demand through conservation and electrification incentives.

In the Hydro Division, several projects were completed in 2024, including a major overhaul of Hadley Unit #2, which will help ensure the future generation capacity and reliability of the Department's hydroelectric facilities.

HG&E's Telecom Division continued to support the Department's information technology and network operations while expanding its wholesale network operator business. Staff continued to evaluate the viability of a full-scale fiber-to-the-home (FTTH) project, and there will be continued outreach in 2025 to better determine interest and potential funding opportunities.

This year, HG&E submitted several successful grant applications to the Department of Energy for the funding of hydroelectric and cybersecurity infrastructure improvements. The funds secured will help reduce the capital costs of these critical projects for HG&E ratepayers in the future.

We thank the city officials for their support and HG&E employees for their continued faithful service. We shall continue to work diligently to provide our customers with reliable utility services at competitive rates, backed by an unprecedented dedication to customer service.

Respectfully,

Francis J. Hoey III, Commission Chairman
James A. Sutter, Commission Treasurer
Marcos A. Marrero, Commission Secretary
James M. Lavelle, Manager

GAS DIVISION

Gavin O'Hara, Gas Service

LNG INFRASTRUCTURE & RESILIENCY PROJECT

In 2019, the Department was forced to institute a gas moratorium on all requests for new and increased gas load as the regional demand for natural gas has outpaced new supply over the past several years and the gas distribution operates at capacity under peak demand in the winter. In 2022, the Department identified the LNG Infrastructure & Resiliency Project as a potential resource to support system reliability during peak demand periods and filed a petition with the Massachusetts Energy Facility Siting Board (EFSB) for regulatory approval.

HG&E's natural gas portfolio is made up of both firm pipeline capacity from the Tennessee Gas Pipeline and liquefied natural gas (LNG), which is stored at HG&E's West Holyoke LNG Facility. The Department has safely operated a liquified natural gas (LNG) storage facility for over 50 years to supplement pipeline capacity to meet peak demand. The proposed project consists of the installation of a fifth LNG storage tank with a nominal capacity of 70,000 gallons to increase on-site storage by 5,000 dekatherms (Dth) to a total of 21,000 Dth.

The key objective of the project is to enable HG&E to continue to provide reliable service during cold weather periods by maintaining adequate, on-site storage capacity. The project will also help maintain stable rates and reduce environmental impacts of the heating sector throughout the energy transition to net-zero by 2050 by enabling HG&E to selectively add limited natural gas service with the aim to reduce consumption of higher-emitting fuel when a cost-justifiable alternative is not feasible. The project, which was filed in December 2022, still remains under EFSB review.

In 2024, the Department completed a system design to further enhance gas reliability through the installation of a secondary, backup vaporization system. This system will provide necessary redundancy to the peak-shaving system to support periods of increased demand, and contruction is tentatively scheduled to start in 2025.

GAS SUPPLY & FLOW CONTROL

The Department distributed 2,022,781 Dth of gas in 2024, with a peak daily send-out of 15,442 Dth on December 22, 2024. Of that, 12,246 Dth was delivered over the pipeline and 3,196 Dth was supplemented by LNG. As mentioned, HG&E continues to operate its LNG storage and vaporization system, providing the supplemental gas necessary to meet customer demand during the coldest winter days. LNG also serves as an emergency supply for the city.

The Department also completed its five-year plan to install tertiary protection at all gas regulating stations in the distribution system. This plan, which began in 2020, further enhances the safety of the distribution system by reducing the risk of over-pressurization of the downstream gas system in the event of equipment failure. Of the Department's 18 regulating stations, all locations are now currently equipped with tertiary protection.

GAS MAINS & SERVICES

The Department continued its cast-iron main replacement and abandonment efforts and eliminated approximately two miles of cast-iron pipes on Brightside Drive, Cleveland Street, Dartmouth Street, George Street, Jefferson Street, Lincoln Street, Northampton Street, Parkview Terrace, Vadnais Street, Water Street, Woodbine Lane and Yale Street. Where replaced, the new plastic mains are generally four, six, and eight inches in diameter.

The Department also executed a contract with the Department of Transportation's (DOT) Pipeline and Hazardous Materials Safety Administration (PHMSA) in 2024 for a $10 million grant to replace aging infrastructure in an environmental justice area; this project is part of its continued efforts to reduce emissions and provide continued safe and reliable energy. The Department anticipates breaking ground on this 3- to 5-year project in 2025 with the majority of work located in Ward 1A.

Per HG&E's Distribution Integrity Management Plan (DIMP), which was implemented in August 2011, the Department is continuing efforts on an accelerated bare steel service replacement program. There are currently fewer than 100 active bare steel gas services remaining in Holyoke, down from approximately 4,000 at the beginning of the program. At the conclusion of this program, anticipated for the end of 2025, all active gas services will be constructed of either polyethylene plastic or cathodically protected coated steel. Bare steel services were installed from the early 1900s through the late 1960s.

In all, the Department installed over 2.4 miles of new main infrastructure, 316 replacement services and abandoned 20 services. HG&E's natural gas distribution system now consists of 184 miles of mains and over 8,200 service lines.

LEAK SURVEYS

The Department prioritizes safety and is committed to reducing methane emissions. To help ensure the continued safe and reliable operation of the gas distribution system, HG&E completes an extensive series of compulsory and voluntary comprehensive leak surveys. Each year, the Department conducts public building, mobile patrols, walking service and specialized monthly winter surveys. The full-length walking survey over each individual gas service covered over 4,600 lines in 2024, or more than half of the service pipes in the system. The combined surveys accounted for the detection of 45 gas leaks, mostly minor. All leaks were investigated, prioritized, and repaired in accordance with applicable industry standards and regulations. At year end, the Department had zero leaks on file within the gas distribution system.

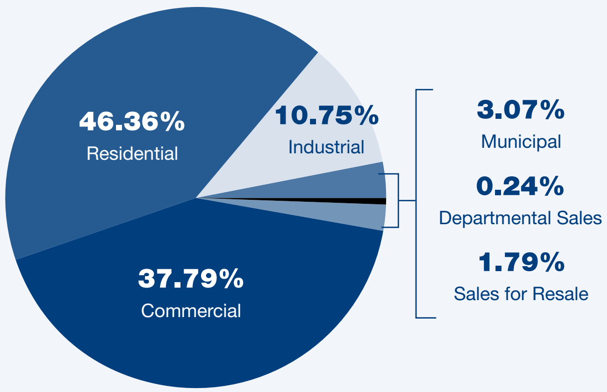
GAS SERVICE

The Department's gas service group offers 24-hour emergency residential heating and select appliance maintenance and repair services. In 2023, the team responded to 1,878 service calls from customers in Holyoke and Southampton. These calls included boiler/furnace, space/unit heater, water heater, and dryer repairs. In addition, a total of 2,734 atmospheric corrosion inspections were completed to evaluate the integrity of exposed service piping to maintain overall system and public safety.

PIPELINE SAFETY MANAGEMENT SYSTEM (PSMS)

The Department continues to strengthen its Pipeline Safety Management System (PSMS), a program developed in 2019. Safety management systems (SMS) have proven to help other industries and the adoption of API RP1173, Pipeline Safety Management Systems (PSMS), will allow the Department to systematically manage pipeline safety and continuously measure progress to improve overall pipeline safety performance, awareness, and vigilance. The Department continues to work with regional organizations and SMS experts on implementation and enhancement to further maintain operational and, more importantly, public safety. In 2024, the Department continued its practice of sharing lessons learned across industries with team members as understanding of past experiences helps organizations improve processes, increase the likelihood of success for projects, and reduce risks, which helps ensure public safety is maintained. The Department also conducted a natural gas emergency drill exercise with local emergency response officials to continue its journey toward enhancing emergency response, communications and demonstrating our continued commitment to safety with a goal of zero incidents.

2024 GAS REVENUES



ELECTRIC PRODUCTION

HYDROELECTRIC

The Hadley Falls facility contains two hydroelectric generating units with a total installed capacity of approximately 33 megawatts. The Holyoke Canal System is a three-tiered, 4½-mile system that runs throughout downtown Holyoke and provides water to generating stations that have a total combined capacity of approximately 17 megawatts. HG&E received Low Impact Hydropower Institute (LIHI) certification for its hydro system in 2012 and was recertified in 2017. The current LIHI certification extends through January 2030.

In addition to operating a source of carbon-free electrical generation and conducting various environmental studies, HG&E has made significant environmental enhancements since acquiring these assets. Several projects were completed in 2024 that improved or contributed to the future generation capacity and reliability of the Department's hydroelectric facilities, including:

- Hadley Falls #2: A major unit rehabilitation was completed, which included: unit disassembly, runner refurbishment, wicket gate replacement, electrical controls upgrade, rehabilitation of other major unit components, an upgrade of cooling water and lubrication systems, and unit reassembly and dry commissioning. Final wet commissioning is expected to be completed in January 2025, and upon completion this upgrade is expected to reduce maintenance downtime for Hadley Falls Unit #2 associated with wicket gate stem deterioration.
- Holyoke Dam: Repairs were completed to the plunge pool and dam apron. At both locations, concrete scouring was discovered due to exposure to high water velocities. The concrete was chipped out and replaced by new, higher-strength mixes, which could better resist the conditions at the bottom of the plunge pool and along the dam apron.

In addition, design drawings and specifications were completed for the planned replacement of the rubber bladder system on the crest of the Holyoke Dam.

- Holyoke Gatehouse: The design of new headgate operators at the Holyoke Gatehouse, which controls flows into the Holyoke Canal System, was completed. Purchase Orders were issued for new gate operators/stems. Design efforts commenced for the required emergency generator and electric service upgrades.
- Hadley Falls Station: Numerous maintenance projects were conducted at Hadley Falls, such as repairing a sinkhole near the entrance gate and upgrading the backup lighting at the station.
- City #3: The concrete slab at the entrance of the overhead door was replaced at City #3. In addition, the concrete along the building's rear exterior was repaired and painted.
- City #2: The exterior masonry wall at City #2 was pointed to fix the joints between adjacent bricks and increase the structural integrity and longevity of the building.
- Riverside Station: Maintenance was performed at Riverside, including concrete repairs at the forebay bridge and replacing the overhead lighting in the station.
- Boatlock Station: Two older, leaking, asbestos-containing windows at the station were remediated and replaced. Additional electrical maintenance was completed on one of the breakers in the station.

OTHER PROJECTS

Annually, HG&E typically performs two canal inspections, one in the spring and another in the fall. However, due to the Hadley Falls #2 rehabilitation project, only one week-long canal inspection was conducted in the spring in 2024. During this inspection, the canals were drained and assessments performed along canals and canal walls, including overflows, intakes, penstocks, powerhouses, and tailraces. No significant findings were reported in 2024.

HG&E continued its annual efforts to control the invasive water chestnut infestation at Log Pond Cove. As in previous years, this work was completed in partnership with Connecticut River Conservancy and the U.S. Fish and Wildlife Conte Refuge. Efforts consisted of hand-pulling by contractors and volunteers. In addition, in 2024, HG&E installed a benthic barrier in the Third Level Canal during the Spring canal outage in order to control the prominent water chestnut infestation.

In 2024, various repairs were made to the canal system. A 32-linear-foot section of wall on the First Level Canal at Open Square Way was repaired. Additionally, concrete apron-patch repairs were completed below Overflow #4.

The South Hadley Eel Ramp was taken out of service due to structural damage experienced by high flows during 2023 and 2024. The site underwent extensive preparation and significant concrete work during the 2024 passage season to fill in the remnants of the old pool and weir channel that the ramp had previously sat on, and a temporary ramp was installed.

A full damage assessment and rebuild strategy was initiated and is expected to be completed in 2025 with the construction of a new ramp structure and custom fabricated collection hopper.

Derick Seibold, Apprentice Lineman
Liam O'Brien, Apprentice Lineman
Ryan McMahon, Field Engineering Technician
Angel Maldonado, Working Foreman

Acoustic tag readers were installed in the vicinity of the Project to support the completion of a five-year study on federally endangered Shortnose sturgeon. In addition, another PIT tag reader was installed at the spillway fish lift entrance. The final year of the five-year study was completed in 2024.

HG&E maintained compliance with the terms of its Federal Energy Regulatory Commission (FERC) license for the Holyoke Hydroelectric Project, and multiple reports were finalized and filed with the FERC during 2024. These reports include the First Level Canal Dam Failure Analysis, annual fish and eel passage reports, annual Comprehensive Recreation & Land Management Plan report and the annual Cultural Resources Management Plan report.

An annual FERC inspection of HG&E hydroelectric assets was conducted in June 2024. FERC found the projects to be in satisfactory condition.

Alice Christman, Placed 8th in the
2024 Shad Derby Junior Division

2024 FISH PASSAGE

The passage of anadromous and resident fish species that were observed and monitored in the lift system this year included:

AMERICAN SHAD	433,009
BLUEBACK HERRING	723
GIZZARD SHAD	73
SEA LAMPREY	57,186
SHORTNOSE STURGEON	28
STRIPED BASS	458

ROBERT E. BARRETT FISHWAY

In 2024, HG&E continued its partnership with Holyoke Community College (HCC) for the collection of data on the number of species passed at the Robert E. Barrett Fishway. Activities included biological sampling, trapping, and loading of shad, trapping of shortnose sturgeon, and observations of lift operations and eel passage.

2024 HG&E SHAD DERBY

The annual HG&E Shad Derby offers both adult and youth fishing enthusiasts the opportunity to enjoy the recreational benefits of the Connecticut River. The 2024 HG&E Shad Derby was held on May 11, 12, 18, and 19. The event attracted 166 registrants in the Senior Division and 42 registrants in the Junior Division.

Andrew Carnevale of Enfield, Connecticut, led the Senior Division with a 4.56-pound shad. Matthew Ortiz of Springfield, Massachusetts, led the Junior Division with a 4.18-pound shad. The John DiNapoli Award for the first shad caught by a youth went to Grayson Danforth of Greenfield, New Hampshire.

In addition to the fishlift, there are a total of three juvenile American eel passage facilities on both the Holyoke and South Hadley shores below the dam (a third eel ramp was deployed on the Holyoke side when the South Hadley side eel ramp was out of service due to damage). A total of 18,687 American eels were passed upstream in 2024.

ELECTRIC DIVISION

ELECTRIC OPERATIONS

In 2024, a number of projects were completed that will increase the reliability of the Department's electric substation and transmission infrastructure as well as prepare the Department for future grid modernization and electrification efforts for the housing and transportation sectors, including:

- 1894 Line Rebuild – Phase I: This project involves replacing existing wood poles and associated hardware on the 115kV 1894 Line between Holyoke Substation and North Canal Substations. The line was built in the mid 1960s, and the structures and hardware are at the end of their useful life. All engineering was completed, and the structures and hardware were ordered. Construction is planned to commence in 2025.
- 1657 Line Relay Replacement – Phase I: In a joint project with Eversource, the 115kV 1657 Line protection, which currently consists of a legacy DCB carrier scheme and step distance backup, is being upgraded to a fiber-optic-based dual high-speed system. Preliminary engineering has been completed, and all materials ordered. Approximately five miles of ADSS fiber-optic cable was installed between Ingleside Substation and Southampton Junction in 2024. Installation and commissioning of the two new systems is scheduled to occur in 2025.
- RTU Replacements – Phase III: Two additional legacy Remote Terminal Units (RTUs) were replaced as part of a multi-year project. These devices aggregate I/O data from field devices (relays, meters, breakers, etc.) and send it to the SCADA Master for monitoring. The new RTUs have additional features, including event retrieval, and are integrated into the Department's distribution automation schemes. A total of 34 field devices were cut over to the new RTUs.
- Substation Preventative Maintenance: As part of the Department's preventative maintenance (PM) plan, major maintenance and testing was performed on various substation and plant equipment throughout the year. In summary, 181 maintenance orders were completed, including major maintenance and/or testing on:
  - Three 115kV circuit breakers at Ingleside Substation
  - Nine medium-voltage vacuum circuit breakers at Holyoke Substation
  - One power transformer at Ingleside Substation
  - Three station battery systems at Holyoke and Ingleside Substations
  - Six 115kV-voltage transformers at North Canal Substation
  - Nine relays, required for NERC compliance

Support for electric distribution and hydro production during the year included the preparation of 259 switching orders with clearances / permissions issued for planned and emergency medium and high-voltage work; assistance with the design, testing, and commissioning of four medium-voltage automated switchgears, two reclosers, six sectionalizers, nineteen switched capacitor banks; as well as assistance with the interconnection processes and protection of various battery energy storage projects. Maintenance/repair operations were also performed as required on distribution and hydro equipment, including inspections of line reclosers, sectionalizers, and capacitor switching controls. Support was again provided for the city-owned flood control pumping stations in the form of emergency maintenance and pumping operations, as required.

ELECTRIC DISTRIBUTION

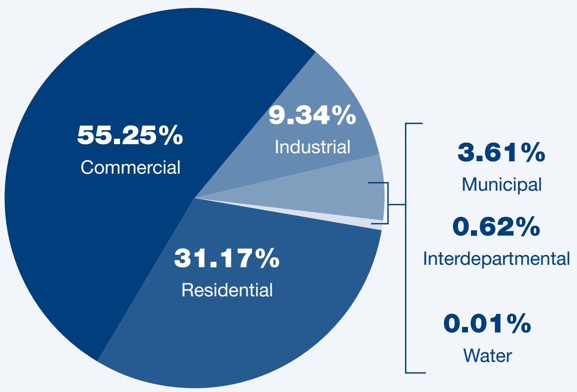
In 2024, HG&E continued to make important investments in both the reliability and future electrification of the electric distribution system. One such investment included the replacement and relocation of approximately a half mile of overhead facilities at Scotts Tower. As part of a city grant, the existing overhead facilities, originally constructed in the late 1960s, were placed underground with provisions for future load growth in and around Scotts Tower, while improving system resiliency and reliability in this area.

The Department completed the last phase of its work that began in 2016 involving the removal or replacement of existing vacuum switches in manholes. The project involves replacing all 94 existing 15 kV vacuum switches located in various manholes throughout the city that are used in isolating a circuit for the purposes of load shifting, outage restoration, and/or maintenance work. The nine remaining vacuum switches were removed or replaced with air break switches and/or padmounted air switchgear throughout the year. The Department has been using a combination of automated padmount, oil-filled and air-insulated switchgear that replace some of the remaining vacuum switches in the field. The new switchgear will also provide automation to isolate faulted sections of circuit more quickly and provide control of these devices from remote locations.

Backyard pole lines in the areas serviced mainly from Highland Substation were constructed in the 1950s and 1960s. The aging infrastructure has created reliability and access issues, which is a vulnerability to the overall system. Based on reliability data, tree-trimming expenses, and known hazard areas, locations with backyard facilities were reviewed in 2018. The Department determined if new facilities are to be installed underground or overhead based on the type of distribution infrastructure existing nearby. There were 33 services, 30 single-family and three multifamily, that were relocated from the backyard to the street in various locations, including Vadnais Street, Lexington Avenue, Lincoln Street, Arlington Street, George Street, Camp Jahn Road, Allyn Street, Williams Street, Sargeant Street, and Northampton Street. This work will provide customers with a more reliable electric service, as well as protection from potential safety hazards during extreme weather-related events. Additionally, about 1,400 feet of new underground secondary main and service cable was installed on Vadnais Street in preparation for the removal of all existing overhead backyard wire between Vadnais Street and EN White School; which will reduce some of the tree-trimming and outage costs for the Department.

Despite ongoing supply chain issues and the high cost of transformer replacements, there were only 24 transformers that were replaced as part of our ongoing age-based asset replacement program. This program is a proactive approach to replacing assets in the field found to be beyond the expected asset life span before a problem arises that causes an outage. Transformers of at least 40 years in age have been initially targeted to be replaced as part of this project. A net 450 kVA was removed from the system as a result of the program.

2024 ELECTRIC DIVISION REVENUES



A number of preventative maintenance (PM) activities continued throughout the year. Testing was performed on six sectionalizers, seven padmounted switchgears, and one fuse saver. HG&E also performed 280 manhole inspections and 660 wood pole inspections throughout various areas of the city. Stray voltage testing of approximately 20% of the city was completed in the Jarvis Avenue/Easthampton Road/ Lindor Heights/Fruit Bowl areas and in the Highlands. There were 185 padmount transformers and 20 termination cabinets on various circuits inspected by the Department line crew. Annual visual inspections on all three transmission lines were performed by in-house staff to ensure reliable operation of the transmission system. Infrared inspections were performed on all distribution circuits throughout the city. There were nine services in poor condition that were either upgraded or replaced.

New electric services for future businesses within the former Specialty Looseleaf building on 1 Cabot Street, Red's Towing at 263 Clemente Street, three electric vehicle charging stations located on the sites of Barnes & Noble, D Hotel, and Pride gas station, and a new uninterrupted power supply for MIT Lincoln Labs were completed, resulting in a net additional connected load of 3,060 kVA. Service upgrades were performed at 130 Race Street for future business development in the canal district and an apartment block at 287 Elm Street, resulting in an additional connected load of 250 kVA. There were four new homes and/ or building structures constructed on available lots on Southampton Road, Rock Valley Road, Dwight Street, and South Bridge Street that required new electric services, resulting in a connected load of 25 kVA.

In summary, for 2024, HG&E set 199 poles and removed 170. A net 11,545 kVA connected load was installed onto the distribution system. Some 18,469 circuit feet of underground cable was installed, while 10,918 was removed. Similarly, 20,395 circuit feet of overhead wire was installed, while 33,685 was removed. Approximately 14,568 feet of PVC conduit was installed. There was a net decrease of 15 contract lights and 21 street lights.

RELIABILITY

Reliability statistics allow the Department to track its service reliability statistics and compare them from year to year with other municipal and private utilities. There are four statistics used to define the length and frequency of interruptions to customers, system availability, and the number of customers impacted by both unscheduled outages alone, as well as unscheduled and scheduled outages combined (see chart, below).

UNSCHEDULED OUTAGES ONLY

STATISTIC	2024	2023
ASAI	99.9959%	99.9924%
CAIDI	36.189 min	56.020 min
SAIDI	39.687 min	41.934 min
SAIFI	1.097 outages	0.749 outages

COMBINED OUTAGES

STATISTIC	2024	2023
ASAI	99.9918%	99.9803%
CAIDI	48.9694 min	86.0991 min
SAIDI	61.575 min	105.432 min
SAIFI	1.265 outages	1.212 outages

Average System Availability Index (ASAI)
Represents how much of the time a customer actually has service available.

Customer Average Interruption Duration Index (CAIDI)
Represents the average time expected to restore service after a sustained interruption.

System Average Interruption Duration Index (SAIDI)
Defines the average interruption duration per customer served.

System Average Interruption Frequency Index (SAIFI)
Defines the average number of times that a customer's service is interrupted during a given year.

HG&E's performance exceeds regional and national averages. In recognition of this accomplishment, the Department has received the American Public Power Associations' (APPA) Reliable Public Power Provider (RP3) designation since 2011. An RP3 designation is a sign of a utility's dedication to operating an efficient, safe, and reliable distribution system. Being recognized by the RP3 program demonstrates to community leaders, governing board members, suppliers, and service providers a utility's commitment to its employees, customers, and community. The Department has been either a Diamond or Platinum member, the highest awarded designations, since 2015.

In addition to the RP3 designation, the Department is also a five year recipient of the Certificate of Excellence in Reliability award from APPA. This award recognizes the Department for having achieved excellence in reliability by significantly outperforming the electric industry national average and achieving the top quartile of system outage duration from national reliability data collected by the Energy Information Administration (EIA).

METERING

In 2024, the Department continued its advanced metering infrastructure (AMI) system rollout, which provides real-time energy information, advanced metrics, and other operational benefits. The Department installed 2,592 AMI meters. In addition, the Department replaced 2,530 AMR meters with AMI meters for hard-to-access/safety locations and to facilitate the mesh network communication paths back to the field routers. Despite these replacements, the AMR system still maintained an average daily read rate of 99.58%.

Throughout the year, the metering group continued to support the Credit Department, performing delinquent customer ons and offs, tagging notifications, meter reads, and collections. In total, only 2,026 credit-related duties were performed in 2024.

In summary, there were a net total of 53 electric meters installed, 2,569 electric meters replaced, and 2,532 electric meters retired, having an average age of 18.43 years. A total of 180 electric meters were tested and calibrated, 129 turn-ons and 102 turn-offs, and 8 vacant consumption reports investigated for metering problems and/or theft of service. There were 27 current transformers installed and 9 current transformers removed, and there were three potential transformers installed and six potential transformers removed. In addition, 1 new surge protector was installed. On the gas side, 1,566 meters were removed and tested, 1,295 meters were sealed, and 281 meters were retired and tested, 2,267 meters were sealed, and 179 meters were retired.

WHOLESALE POWER

HG&E manages a diverse power supply portfolio, purchasing power to meet the ever-changing electric loads to supply Holyoke from all over New England. HG&E monitors potential monthly and annual peak hours and actively institutes load reduction measures to reduce its load, and thus costs, during these times. As part of the Energy Purchasing and Risk Management Plan, the Department monitors the available energy supply sources on a daily basis to stabilize and ensure price certainty for the future cost of power. The Department purchases power on both a short-term and long-term basis to take advantage of the fluctuating market, manage the risk of rising prices, and increase the stability of future energy costs, thereby stabilizing rates for all customers while maintaining a clean energy supply. HG&E is committed to protecting the environment and setting minimum percentages of carbon-free energy sold to its retail customers.

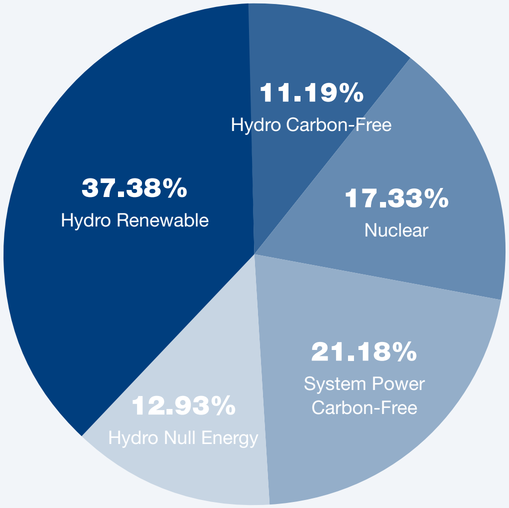
HG&E's goal is to maintain and increase clean energy within the fuel mix through sustainable, long-term business practices. For 2024 through 2035, HG&E is expected to meet and exceed greenhouse gas (GHG) emission reduction targets set by the state and will continue to generate and procure energy with the best interest of the ratepayers in mind.

The Carbon-Free Electric Program is designed for commercial and industrial customers who wish to have their electricity come from 100% carbon-free energy sources, made possible through the purchase and retirement of qualifying Renewable Energy Certificates (RECs). This program assists HG&E and commercial customers with achieving carbon-free goals. In 2024, this program had two customers, who purchased a total of 2,195 RECs.

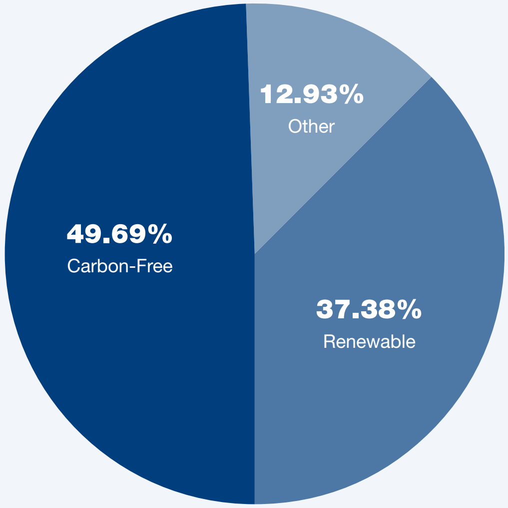
In 2024, 37.38% of HG&E's power supply production came from generation that qualifies as renewable, according to definitions set forth by the Renewable Portfolio Standards within the New England states. Additionally, 49.69% of HG&E's production came from generators that produce solar, hydro, battery storage, and wind power, but that HG&E cannot claim as green energy because the renewable energy certificates (REC) are not owned by or retired with HG&E. The Null Energy Label is used to signify non-REC ownership; 12.93% of Null Energy total production served to meet HG&E's electrical load in 2024. The pie chart shows Holyoke's supply by fuel type as a percentage of electrical load from retail sales. It can be collapsed into three categories to show 2024 emissions.

In 2024, 87.07% of HG&E's electrical load for the year was considered carbon-free. Of this, 37.38% was renewable and carbon-free, 49.69% was carbon-free (nuclear, carbon-free system power, and hydro), and 12.93% was considered carbon-emitting. The Department was able to sell enough hydro RECs to help offset high power supply costs and retain enough RECs to achieve the 87.07% carbon-free level. The revenue from the sale of these RECs allowed HG&E to maintain low electrical rates for our customers. Our load was up approximately 5% due to a new cannabis growing facility and increased demand from a large data center. Hydro generation was down approximately 25% from 2023 generation primarily

2024 ENERGY MIX AS PERCENTAGE OF RETAIL SALES



2024 ENERGY EMISSIONS CHART



due to a return to normal river flows and the major rehabilitation of Hadley Unit #2, which was out of service for seven months during the year.

The System Power represents various term-length bilateral contracts comprising system mix within ISO-NE that were procured during the summer months. System Power Carbon-Free represents long-term, around-the-clock bilateral contracts with nuclear carbon-free certificates attached that will end in December 2049 and a long-term, around-the-clock bilateral contract from Hydro Quebec with carbon-free certificates attached that will end in October 2025.

HG&E currently hosts two battery energy storage systems. One system totals 3 MW/6 MWh, and the other system, which began commercial operation in June 2021, totals 4.99 MW/10 MWh. These clean energy systems were successful in operating during 11 of 12 forecasted monthly hourly peak loads and the one annual hourly summer peak load, resulting in significant transmission and capacity cost savings to rate payers of approximately $435,000.

The Department continued to proactively pursue and host low-cost carbon-free projects to secure and further enhance the local energy portfolio. As of the end of 2024, HG&E has signed contracts with four additional battery storage systems totaling 17.6 MW/52.75 MWh. These systems are expected to become commercially operational in 2025 and 2026.

HG&E currently hosts 28 solar projects (17 utility-scale, nine residential, and two commercial), with a corresponding output load of 17.886 MW-dc, allowing the Department to purchase power at a low cost. Utility-scale projects resulted in 17,977 MWh of load reduction, while residential and commercial customer solar resulted in 125,462 kWh of load reduction on the system in 2024. The harnessing of solar energy from these projects within Holyoke is offsetting the Department's demand and reducing future costs for all customers.

HG&E's load reduction program, which includes demand response programs, solar, battery and other local generation, has resulted in $1.45M of net savings from 2024 activities.

In an effort to help foster the adoption of electric vehicles and meet the needs of many customers and city visitors, HG&E installed four public Level 2 electric vehicle charging stations throughout downtown Holyoke in 2021. Additional locations and funding sources continue to be analyzed as adoption levels and demand increase. HG&E has also begun to work with private charging station owners to determine the feasibility associated with location, installation costs, and rates. Three new Level 3 charging stations were installed in Holyoke in 2024 (Marcotte Ford, Rivian Adventure Networks at Holyoke Crossing, and Pride gas station on Dwight Street). Two additional Level 3 chargers near the Holyoke Mall are expected to be installed in 2025.

Beginning in February 2017, HG&E developed a Community Solar Program open to all residential customers who opted in to the program. In 2024, 2,453 customers participated in this program. This program allows residential customers to receive the benefits of solar without the expense of installing a system at their location. The Mt. Tom Solar project, totaling 4.988 MW-ac (increased in output during 2019 from prior 4.50 MW-ac rating), and the Kelly Way 2 project, totaling 0.603 MW-ac, were designated as community solar projects. Load reduction from community-shared solar generated net savings of $97,765 to those participating in the program. Additionally, in 2024, a total of $19,277 was provided to the Holyoke Housing Authority from three solar systems (Aegis, Gary Rome, and Hadley Mills) that were set up under the Low- or Moderate-Income (LMI) Solar Program.

A total of 228,802 MWh of net generation was produced from Department-owned hydro resources, which continued to help drive down the overall cost of power. During 2024, the hydro preference power credit to residential customers generated total savings of $1,134,983 ($805,790 from Department-owned hydro and $329,193 from New York Power Authority entitlements).

The hydroelectric system, including the Hadley Falls Dam and the Holyoke Canal hydro facilities, maintains Massachusetts Class I and II status, in addition to Maine Existing certifications. HG&E received MA Class I certification for 10.91% of Hadley Falls 1 and 2, and Hadley Falls 1 and 2 were certified as Clean Existing Generation Units in 2021. All of the canal units, with the exception of City 4J (which is 100% MA Class I) are MA Class II certified, and six canal units are certified with small percentages as MA Class I. Sale of these certificates resulted in $4,612,532 of revenue to the Department in 2024.

HG&E proactively works throughout the year to improve reliability by maintaining and making upgrades to its 9.25 circuit miles of pool transmission facilities (PTF). Ensuring that all transmission lines and processes are up-to-date allows HG&E to meet future needs and reduce transmission costs. Transmission Regional Network Service (RNS) rates increased approximately 9.0% from $141.65 kW/year to $154.35 kW/year in January 2024. The Department's RNS annual charge of $9,059,419 was offset by 9.25 circuit miles of transmission infrastructure, with three transmission substations. With PTF revenues of $4,348,418 and peak shaving solar, energy storage, and hydro offsets of $2,182,403 in 2024, the Department's annual RNS charge was reduced to $2,528,599.

Holyoke achieved Green Community status in 2010 and is committed to efficiency, conservation, and sustainability. The Department's replacement of high-pressure sodium lights with more efficient light emitting diode (LED) lighting technology has, on average, reduced the city's streetlight consumption by 60%. The city realized about $300,000 in direct energy savings from these lights in 2023 compared to pre-LED street lighting costs, although, when factoring in additional LED decorative and other lights added by the city to the capital investment list over the past several years, the total resulting savings was approximately $355,000 in 2024.

HG&E earned a Smart Energy Provider (SEP) designation from the American Public Power Association for demonstrating commitment to and proficiency in energy efficiency, distributed generation, and environmental initiatives that support a goal of providing low-cost, quality, safe, and reliable electric service. The SEP designation, which lasts for three years (December 1, 2023, to November 30, 2026), recognizes public power utilities for demonstrating leading practices in four key disciplines: smart energy program structure, energy efficiency and distributed energy programs, environmental and sustainability initiatives, and customer experience. HG&E is one of only about 100 of approximately 2,000 public power utilities in the nation to receive such designation.

In 2023, HG&E was recognized as one of a handful of utilities nationwide for its leadership in transforming to a carbon-free energy system by the Smart Energy Power Alliance (SEPA) and was listed on the 2023 Utility Transformation Leaderboard. This significant recognition was awarded to only 10 utilities nationwide. SEPA also ranked HG&E third nationally in energy storage per capita.

ENERGY EFFICIENCY & ELECTRIFICATION

In 2019, HG&E issued a natural gas moratorium, effectively discontinuing new or increased requests for natural gas services in HG&E's territory. Through additional efforts to keep Holyoke's carbon footprint low, HG&E continued to expand its energy efficiency and electrification incentives and programs in 2024 by continuing to encourage the installation of cleaner, more efficient alternative electric technologies, such as heat pumps, and expanding on its demand response programs.

HG&E's Green Team, established in 2020, continued to strategize its energy efficiency and electrification efforts and initiatives for both residential and commercial customers. In 2024, HG&E updated and added several eligible measures and equipment to its energy efficiency programs. Additionally, HG&E brought its HG&EV program completely in-house and launched a webpage dedicated to customers interested in HG&E incentives and other educational materials related to electric vehicles.

Demand response opportunities were also expanded in 2024 as HG&E added the added to option for customers to enroll certain batteries in the in the residential Connected Homes program, specifically the Tesla Powerwall. Customers are eligible for a one-time upfront rebate along with a monthly credit for enrolling in the Tesla Powerwall demand response program.

In 2024, HG&E continued to monitor the rebates and incentives offered through the Inflation Reduction Act. HG&E adjusted its heat pump incentive program eligibility requirements to align with 2024 tax incentive requirements. HG&E has been following the development of this new program closely; however, as of 2024, it has not been released.

Beginning in 2021, HG&E began managing all rebates in-house, a process previously handled by a third-party contractor. This not only reduced administration costs, but also assisted with expediting review and payment times. In 2024, HG&E approved 352 rebate and assistance requests, totaling approximately $762,000 in energy efficiency and electrification incentives for customers. Additionally,

Patrick T. Noonan, Journeyman Lineman

by processing all applications in-house, HG&E is able to collect the necessary data needed to track the energy and carbon emissions savings resulting from its incentive programs. HG&E will continue to analyze and evaluate the results of these incentive programs and continue to improve existing incentives offered in an effort to better understand how each program benefits the overall goal of reducing emissions.

In 2021, HG&E launched a Whole-Home Air Source Heat Pump (ASHP) Program, designed to support the installation of high-efficiency and optimally designed ASHP systems. Through this program, HG&E offers an enhanced rebate amount toward these systems along with an added incentive to improve weatherization in parallel. In 2024, ten customers installed whole-home ASHP systems, all of whom took advantage of a total of approximately $95,000 in incentives through assistance and rebates.

In 2022, HG&E soft-launched the Beat the Peak program, which is a voluntary peak load reduction program available for residential customers. Through this program, notifications are sent to customers enrolled in the program in an attempt to help reduce consumption during specific peak time frames. Thirty-nine customers have enrolled through the end of 2023.

HG&E will continue to revise and improve its energy efficiency programs and initiatives in 2025 to further promote energy savings, electrification, and emissions reduction. Several new and enhanced rebate programs are being pursued, which include lawn equipment and induction stove rebates, heat pump rebates for commercial customers, incentives for ground source heat pumps, and continuous improvements of incentives for energy efficiency and electrification measures.

HG&E's Hadley Falls Hydro Station

POWER SUPPLY

2024 POWER SUPPLY RESOURCES

PROJECT NAME	FUEL TYPE	PROJECT START DATE	CONTRACT CAPACITY (kW-AC) WINTER	SUMMER	CONTRACT END DATE
NYPA FIRM	HYDRO	1985	1,989	1,989	9/1/25
MILLSTONE 3 - MIX 1	NUCLEAR	1986	1,334	1,334	11/25/45 *
MILLSTONE 3 - PROJ 3	NUCLEAR	1986	2,325	2,325	11/25/45 *
SEABROOK - MIX 1	NUCLEAR	1990	147	147	3/15/50 *
SEABROOK - PROJ 4	NUCLEAR	1990	3,306	3,306	3/15/50 *
SEABROOK - PROJ 5	NUCLEAR	1990	408	408	3/15/50 *
HYDRO QUEBEC 1	N/A	1986	1,717	1,717	LOU **
HYDRO QUEBEC 2	N/A	1989	3,585	3,585	LOU **
NYPA PEAK	HYDRO	1985	426	426	9/1/25
STONYBROOK GT 2A	#2 OIL	1982	2,476	1,910	10/31/2040 * **
STONYBROOK GT 2B	#2 OIL	1982	2,413	1,850	10/31/2040 * **
NORTHEAST RELIABILITY PROJECT	GAS/OIL	2024	2,327	2,327	LOU *
HADLEY FALLS 1&2	HYDRO	1949	33,400	33,400	OWNED *
RIVERSIDE 8	HYDRO	1931	4,575	4,575	OWNED *
RIVERSIDE 4-7	HYDRO	1921	3,270	3,270	OWNED *
BOATLOCK	HYDRO	1924	3,313	3,313	OWNED *
HOLYOKE HYDRO/CABOT 1-2	HYDRO	1923	1,856	1,856	OWNED *
HOLYOKE HYDRO/CABOT 3	HYDRO	1940	450	450	OWNED * ****
HOLYOKE HYDRO/CABOT 4	HYDRO	1955	750	750	OWNED * ****
CHEMICAL	HYDRO	1935	1,600	1,600	OWNED *
SKINNER	HYDRO	1924	300	300	OWNED *
VALLEY HYDRO	HYDRO	2004	790	790	OWNED *
OPEN SQUARE	HYDRO	2004	525	525	2/29/16 ****
HANCOCK WIND	WIND	2016	6,032	6,032	12/14/41
LUMINACE, A BROOKFIELD CO. - MUELLER RD	SOLAR	2012	2,693	2,693	12/27/31****
LUMINACE, A BROOKFIELD CO. - MEADOW ST	SOLAR	2012	793	793	12/27/31****
CITIZENS - COUNTY RD	SOLAR	2013	615	615	2/5/33 ****
HPP MA, LLC - RICAR	SOLAR	2015	792	792	10/1/40 ****
C2 ENERGY CAPITAL - DINN	SOLAR	2016	475	475	12/27/36 ****
C2 ENERGY CAPITAL - KELLY WAY I	SOLAR	2016	475	475	12/27/36 ****
JACKSON CANAL, LLC - AEGIS	SOLAR	2017	833	833	1/4/37 ****
GROWING HOLYOKE, LLC - GARY ROME	SOLAR	2017	666	666	1/6/37 ****
MT. TOM SOLAR, LLC - ENGIE	SOLAR	2017	4,988	4,988	2/7/37 ****
SCANNELL SOLAR, LLC - CONKLIN	SOLAR	2017	633	633	2/24/37 ****
GEEPV - RIVERSIDE A/B	SOLAR	2017	133	133	5/8/37 ****
GEEPV - WALNUT	SOLAR	2017	100	100	11/22/37 ****
SUNWEALTH - HADLEY MILLS	SOLAR	2017	336	336	12/31/37 ****
C2 ENERGY CAPITAL - KELLY WAY II	SOLAR	2018	475	475	6/4/38 ****
GEEPV - BOYS & GIRLS CLUB	SOLAR	2018	150	150	4/20/38 ****
GEEPV - JACKSON	SOLAR	2018	120	120	3/15/38 ****
GEEPV - YMCA	SOLAR	2018	167	167	12/17/38 ****
MT. TOM SOLAR, LLC - ENGIE	STORAGE	2019	3,000	3,000	5/31/38 ****
HOLYOKE BESS, LLC	STORAGE	2021	4,999	4,999	7/31/36 ****

All capacity contracts follow the ISO New England calendar system.

* Investments continue for the life of the unit (LOU)

** After 8/31/01, there is no firm energy contract, only capacity and entitlement, which continue for the life of the unit and are based on full rating of the line.

*** In process of retiring assets

**** Load reducer

James P. Crowley: Senior Network Engineer

TELECOMMUNICATIONS

TELECOMMUNICATIONS DIVISION

HG&E's commercial network, now in its 25th year of operation, provides ppr high-speed internet and network connectivity through fiber-optic lines for business-class customers located in Holyoke, Chicopee, downtown Springfield, and throughout the Pioneer Valley. Additionally, the Department and the city receive services from the network. The service platforms are industry-standard Carrier Ethernet and Internet Protocol (IP), supporting speeds beyond 100Gbps (gigabits per second).

TELECOMMUNICATIONS HELP DESK

HG&E administers a centralized help desk, accepting support calls from customers and internal staff. As a telecom utility, HG&E offers 24/7 network monitoring services and an on-call support structure to ensure maximum network uptime, as well as the best possible customer experience.

In 2024, the help desk received 1,519 tickets:1,092 for HG&E Department employees and 427 for commercial customers; 1,440 tickets were resolved in 2024.

COMMERCIAL NETWORK UPGRADES

As customers' needs grow and application requirements evolve, HG&E's network investments continue to grow as well. In 2024, HG&E completed a 400G-capable transport network. HG&E completed two diverse 100G active/active uplinks to CEL Crossroads Fiber. HG&E completed a Chicopee citywide 100G transport ring on behalf of CEL Crossroads Fiber.

COMMERCIAL NETWORK EXPANSION

In 2024, the Department continued fiber-optic wide-area networking (WAN) services throughout the Pioneer Valley. Within this service territory, HG&E is focused on providing fiber-optic WAN services for large, complex institutions. For example, HG&E provides support for a regional healthcare organization with six locations, offering 10Gbps of bandwidth, ring-protection and carrier Ethernet over fiber connecting all locations. In 2024, HG&E provided professional services support and refreshed transport network nodes to next-generation 25G/100G/200G capability at all six locations for this customer.

The department also maintains its strategic partnership with a large regional financial institution by proving managed high-speed fiber WAN connections, internet connections, and a fleet of managed IP routers throughout nearly 40 locations.

Local support, network performance, and reliability are some of the factors that contribute to our customer loyalty.

CARRIER INTERCONNECTION

In 2024, HG&E continued its interconnection relationships with regional fiber Ethernet carriers in order to service core customers with locations outside of the existing footprint. These interconnections allow HG&E the flexibility to provide additional services outside of the previous service boundaries.

HG&E is a next-generation provider, having designed, engineered, and implemented full IPv6 internet routing and peering with upstream internet carriers. In 2024, the Telecom Division continued to scale into its primary wholesale internet feeds to 100Gbps-capable connections.

The Department has three 100G internet upstream connections, one operating at 50G, a second operating at 50G, and a third operating at 30G. For a total aggregate internet capacity of 130G, scalable to 300G in its current state. The current 12,000 wholesale connected subscribers utilize about 45G of capacity on average during daily peak-time hours of 8 to 10pm.

HG&E implemented an overhaul of the carrier transport network to 100% 100G with 400G capability in the core. The equipment is installed, commissioned and in full-service operation. For the first time, Telecom used network automation tools to stand up the infrastructure and provision of transport services.

UTILITY OPERATIONS NETWORK UPGRADE

In addition to maintaining commercial network customers, the Division continued its support for the design, operation, and maintenance of HG&E's internal network and information intelligence needs.

In 2024, HG&E Telecom provided initial and ongoing support for ERP business systems migration to a new platform.

Initial rollout of Microsoft Teams was completed in 2024, enabling enterprise-wide collaboration tools for both internal and external resources.

Plans were initiated for the Department's planned email platform migration to MS Outlook cloud in 2025.

The Division supports a wide variety of utility applications, systems, and platforms including computing, internet, telephone, collaboration, video surveillance, SCADA platforms, cybersecurity engineering, and user training and support.

Major changes, upgrades, and modifications were supported throughout the year with the rollout of several key SCADA applications and systems.

CYBERSECURITY

As cyber-threats continue to evolve, both internally and externally, HG&E remains committed to continually improving its cybersecurity posture. Pursuant to these goals, HG&E maintains an umbrella cyber-threat detection and mitigation system at its internet gateways. This system provides blanket attack protection, in real time, to all HG&E internet subscribers and users. In 2024, Telecommunications introduced complete endpoint security on its Utility operations computing platforms. HG&E also performs regular user awareness training and vulnerability testing to ensure compliance with cybersecurity policies and best practices.

In 2024, the department designed and engineered an OT and IOT cybersecurity segmentation plan. The Department also designed and engineered an observability and notification platform to aid in near real-time threat visibility. Currently, we are awaiting the results of a grant award from the Department of Energy to complete these projects.

WHOLESALE BROADBAND SERVICES

HG&E continued its development and execution of a last-mile strategy and wholesale service offerings, including the continued scaling of the residential wholesale broadband platform. Leveraging its current network infrastructure, HG&E is supporting several communities that sought to build their own networks but needed an experienced network operator.

In these communities, HG&E does not provide residential internet service, but rather wholesale internet services to internet service providers (ISPs), and those ISPs then sell internet services to residents. These engagements have helped HG&E develop additional expertise in the design, construction, and operation of fiber to the home (FTTH) networks and have provided additional revenue to HG&E. As of 2024, HG&E has a network operator or ISP presence in 12 rural and local communities. HG&E utilizes the Massachusetts Broadband Institute (MBI) regional fiber-optic network and Crown Castle Fiber to connect with these rural communities.

FIBER TO THE HOME

HG&E's marketing campaign continues into 2024. Last year the Department completed a citywide fiber to the home network design and associated construction cost estimates. While HG&E is capable of providing residential FTTH service and is currently providing residential broadband service within Holyoke on a limited basis, there must be sufficient interest in order for a citywide venture to be economically viable and not have an adverse effect on utility rates. Taking the time to fully understand the impact of a potential FTTH build is critical to meeting HG&E's mission to provide competitive rates, innovative and sustainable energy solutions, reliable service, and excellent customer care.

The test marketing campaign did not show sufficient interest in supporting a full system residential build-out. HG&E is processing the results of the design and will continue to assess all broadband opportunities within the service territory while studying the outcomes of similar projects in neighboring communities. The team is also evaluating funding opportunities to determine if segments of the system can be cost-effectively constructed. Recent grant applications include:

MBI Broadband Equity, Access, and Deployment Program Grant
- MBI Residential Retrofit Program
- WeLink Cities Challenge
- City of Holyoke ARPA Application

HG&E remains committed to monitoring market conditions and funding opportunities that could make municipal broadband a success for Holyoke.

GOODWILL

Community involvement is a central belief of the public power philosophy, and the Department is proud of the role it takes in making Holyoke a better place to call home. Key community events that were underwritten by HG&E in 2024 include the St. Patrick's Day Parade, the Holyoke Fireworks, and Fiestas Patronales de Holyoke. In total, $102,211 in sponsorships and $9,252 in labor were provided for nonprofit causes.

HG&E invited the local community to the annual Public Power & Public Natural Gas Week on October 9 from 3 to 6pm at the Holyoke Merry-Go-Round. This free celebration featured electric vehicles, HG&E's energy efficiency and audit incentives, information on the LNG Project, activities for kids, and several community and state partner organizations. Each October, community-owned utilities throughout the country celebrate Public Power & Public Natural Gas Week, collectively providing electricity and natural gas services to millions of Americans. This annual nationwide event is intended to build public awareness about the value of having a community-owned utility.

NEIL J. MORIARTY JR. SCHOLARSHIP FOR CADET ENGINEERS

The Cadet Engineer program is dedicated to the memory of our late commission Chairperson Cornelius J. Moriarty Jr. He often noted that the admission of new students into the program was one of the most rewarding actions that the commission took each year.

The program offers aid to Holyoke students who are pursuing Bachelor of Science degrees in engineering. Zachary Roy & Alexander Dumas were admitted as the 2024 cadet engineers.

In 2024, the Department provided

$15,138

in additional discounts to businesses that have relocated or expanded within the city under the Economic Development Discount Program.

This program provides an additional

10% off

participants' gas and electric bills for a three-year period.

The Department also offers a similar program for residential customers, under which first-time Holyoke homebuyers can receive 10% off of their first three years of gas and electric bills. In 2024, $117,640 was provided under this program.

$102,211
Nonprofit Sponsorships

$1,308,594
Payment in Lieu of Taxes

$9,252
Nonprofit Labor

$326,522
Municipal Payment Discounts

$53,569
Cadet Engineer Scholarship

$354,979
Discounted Street Lighting

$15,138
Economic Development Discount

$117,640
New Homeowner Discount

$630,476
Energy Conservation Assistance

Total Community Support

$2,918,381

Dawn Cadigan, Customer Service Representative

AWARDS & RECOGNITION

HG&E has been recognized as a leader in safety, utility transformation, and clean energy innovation, both regionally and nationally, by a wide range of agencies over the years, including but not limited to:

- **2023 UTILITY TRANSFORMATION LEADERBOARD** I from the Smart Electric Power Alliance (SEPA), also received in 2021
- **SYSTEM OPERATIONAL ACHIEVEMENT RECOGNITION** I from the American Public Gas Association (APGA)
- **RELIABLE PUBLIC POWER PROVIDER** I from the American Public Power Association (APPA)
- **SMART ENERGY PROVIDER AWARD** I from the American Public Power Association (APPA)
- **CERTIFICATE OF EXCELLENCE IN RELIABILITY** I from the American Public Power Association (APPA)
- **RANKED THIRD NATIONALLY IN ENERGY STORAGE** I by the SEPA

SEPA Utility Transformation CHALLENGE

RP3 RELIABLE PUBLIC POWER PROVIDER American Public Power Association

SOAR BRONZE

SMART ENERGY PROVIDER American Public Power Association

Holyoke Gas and Electric

(Enterprise and Fiduciary Funds of the
City of Holyoke, Massachusetts)

Financial Statements and
Supplementary Information

December 31, 2024 and 2023

Holyoke Gas and Electric
(Enterprise and Fiduciary Funds of the City of Holyoke, Massachusetts)

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December 31, 2024 and 2023

Independent Auditors' Report

To the Board of Commissioners of
Holyoke Gas and Electric

Opinions

We have audited the financial statements of Holyoke Gas and Electric and Holyoke Gas and Electric OPEB Trust, enterprise and fiduciary funds of the City of Holyoke, Massachusetts, respectively, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements. Hereafter, the funds will collectively be referred to as Holyoke Gas and Electric.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Holyoke Gas and Electric as of December 31, 2024 and 2023, and the changes in financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Holyoke Gas and Electric and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Holyoke Gas and Electric's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Holyoke Gas and Electric enterprise and fiduciary funds and do not purport to, and do not, present fairly the financial position of the City of Holyoke, Massachusetts, as of December 31, 2024 and 2023 and the respective changes in financial position or cash flows, where applicable, for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

Baker Tilly US, LLP

Madison, Wisconsin
April 22, 2025

Management's Discussion and Analysis

The management of Holyoke Gas & Electric (HG&E) offers all persons interested in the financial position of the utility this narrative overview and analysis of the utility's financial performance during the years ending December 31, 2024, 2023 and 2022. You are invited to read this narrative in conjunction with the utility's financial statements.

Financial Highlights

Operating Revenue

- Operating revenues for the utility increased by $1,101,440, or 1%, in 2024.

- Electric operating revenues increased by $4,139,520, or 6.7%. The increase was mainly due to additional residential and commercial sales revenue in 2024 (up 6.81% and 7.59% respectively) as result of planned rate increases and increased load during the year. The planned increase in rates was necessary to cover the Department's ongoing 2024 capital and operating costs. Renewable energy certificate (REC) sales increased by $941,328 in 2024 which further increased revenues.

- Gas operating revenues decreased by $3,038,079, or 11%. The decrease in gas revenues was due to a lower purchased gas adjustment (PGA) and lower unit sales in 2024. The PGA was down 36% from 2023 due to decreases in the market price for gas during the year. Unit (Mcf) sales were down 3% from 2023 as a result of warmer weather.

Fuel Cost

- Fuel costs increased by $363,573 or 1% in 2024.

- Electric fuel expenses increased by $3,750,213 or 17%. The increase was the result of higher load during 2024 and lower hydro generation resulting in less generation revenue to offset fuel costs during the year.

- Gas fuel expenses decreased by $3,386,638 or 28%. The decrease is a result of lower pipeline fuel prices and lower unit sales during 2024.

Non-Fuel Cost

- Non-fuel expenses increased by $192,833 or 1%, in 2024 and were overall in line with prior year.

- Depreciation expense increased by $279,157 or 3% in 2024 as a result of ongoing capital improvement and replacement projects undertaken by the Department.

Other Revenue

- Other revenues decreased by $583,453, or 10% in 2024 due to the performance of the Department's investment portfolios. Market performance in 2023 resulted in overall higher investment gains. In 2024, the Department had investment gains of $7,088,380 compared with investment gains of $7,710,430 in 2023.

Net Position

- The Departments' total net position increased by $21,166,966 in 2024 from the combined activities of HG&E, Holyoke Solar Cooperative, and the Massachusetts Clean Energy Cooperative. Overall, the Department continued to report strong operating results in 2024 with operating income in line with 2023 results. Operating income increased by $265,876 or 2% in 2024.

Overview of the Financial Statements/Using This Report

The HG&E Commission is a three-member board comprised of three local citizens. Nominated by the mayor and approved by the city council, each member has a six-year term when approved. One member comes up for re-appointment every two years on a rotating schedule. HG&E provides Electric, Gas and Telecommunications services to the City of Holyoke.

The gas division has a distribution system that covers the City and the eastern portion of Southampton, Massachusetts. There are approximately 11,500 meters and 184 miles of main pipes. The division also operates a liquefied natural gas plant that is used to meet peak demand during the winter months. In addition to these services, gas and electric appliance repair is offered to customers.

The electric division operates and maintains three substations, 148+ miles of pole lines, 45+ miles of underground distribution, 9.25 miles of overhead transmission, 2,555 transformers and 4,210 streetlights. There are 17,520 electric customers.

HG&E also owns and operates over 50 MW of hydro-electric generation capacity within the City of Holyoke. The Holyoke Gas & Electric hydroelectric system, including the Hadley Falls Dam and the Holyoke Canal hydro facilities, generated a total of 228,802 MWh of net generation which continued to help drive down the overall cost of power.

The Department is a member of the Massachusetts Municipal Wholesale Electric Company (MMWEC), a public corporation and a political subdivision of the Commonwealth of Massachusetts. Through MMWEC, HG&E has partial ownership (entitlements) to the following projects; Stony Brook Peaking Unit, Millstone Unit # 3, Seabrook Nuclear Power Station and Northeast Reliability Center.

In addition to offering some of the lowest electric rates in the Commonwealth, in 2024, 37.38% of HG&E's electricity sold at retail was considered renewable according to the Massachusetts Renewable Portfolio Standard (RPS) and 87.07% of HG&E's electricity sold at retail is considered carbon free.

Other

Please refer to the table of contents for the various sections included in this report. The utility is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short- and long-term financial information about the activities and operations of the utility.

- The Statement of Net Position includes all of the utility’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides information about the nature and amount of investments in resources and the obligations to creditors. This statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the utility.

- The Statements of Revenues, Expenses, and Changes in Net Position provide an indication of the utility’s financial health.

- The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of bonds and capital additions.

Utility Financial Analysis

An analysis of the utility's financial position begins with a review of the Statements of Net Position, and the Statements of Revenues, Expenses and Changes in Net Position. These two statements report the utility's net position and changes therein. The utility's net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is key to measuring the financial health of the utility. Over time, increases or decreases in the net position value are an indicator of whether the financial position is improving or deteriorating. However, it should be noted that the financial position can also be affected by other non-financial factors, including economic conditions, customer growth, climate conditions and new regulations.

A summary of the utility's Statements of Net Position is presented below in Table 1.

Table 1
Condensed Statements of Net Position

	2024	2023	2022
Current and Other Assets	$ 123,596,811	$ 120,439,382	$ 115,165,513
Capital Assets	198,389,560	183,069,190	177,194,056
TOTAL ASSETS	321,986,371	303,508,572	292,359,569
DEFERRED OUTFLOWS OF RESOURCES	10,190,967	11,373,451	11,051,550
Long-term Debt Outstanding	63,314,309	70,011,218	76,001,335
Other Liabilities	48,316,618	48,054,597	41,613,460
TOTAL LIABILITIES	111,630,927	118,065,815	117,614,795
DEFERRED INFLOWS OF RESOURCES	59,872,974	57,309,737	67,888,419
Net Investment in Capital Assets	137,584,621	124,597,493	108,170,525
Restricted for Debt Service	3,756,434	3,668,499	4,006,529
Restricted for OPEB	5,984,422	1,414,455	-
Restricted for Customer Deposits	37,117	28,094	-
Unrestricted	13,310,843	9,797,930	5,730,851
TOTAL NET POSITION	$ 160,673,437	$ 139,506,471	$ 117,907,905

Current and other assets increased by $3,157,440 or 2.6% in 2024 primarily due to increases in the Departments' investment accounts due to favorable market performance during the year and an increase in the Departments' actuarily determined other postemployment benefits (OPEB) net asset. Those increases were offset by a decrease in the Departments' Hadley Falls Project fund due to the expenditure of those funds on the project in 2024.

Net Capital assets increased by $15,320,370 or 8.37% in 2024. The Department continued with its aggressive capital improvement and replacement plan during 2024 investing $23,074,204 into capital. In addition, 2024 capital expenditures included $8,652,268 for the Hadley Unit #2 rehabilitation project which will be completed in early 2025. That increase, however, was offset by the recording of annual depreciation expense of $8,854,904 and the retirement of $278,628 in assets that were not yet fully depreciated as part of the Department's ongoing efforts to identify obsolete assets that are no longer in service.

Long-term debt outstanding decreased by $6,696,909 or 10% in 2024 due to scheduled debt repayments made during the year.

Other liabilities increased by $262,032 or 1% during 2024.

Table 2
Condensed Statement of Revenue, Expenses, and Changes in Net Position

	2024	2023	2022
OPERATING REVENUES	$ 89,781,092	$ 88,679,652	$ 84,941,702
OPERATING EXPENSES	72,778,968	71,943,406	73,997,561
Operating Income	17,002,124	16,736,246	10,944,141
OTHER REVENUES (EXPENSES)	5,473,436	6,056,889	(11,294,872)
Change in Net Position before Transfers	22,475,560	22,793,135	(350,731)
TRANSFERS	(1,308,594)	(1,194,569)	(1,195,613)
Change in Net Position	21,166,966	21,598,566	(1,546,344)
NET POSITION - Beginning of Year	139,506,471	117,907,905	119,454,249
NET POSITION - End of Year	$ 160,673,437	$ 139,506,471	$ 117,907,905

As previously noted, the Statement of Net Position shows the change in financial position. The specific nature or source of these changes then becomes more evident in the Statements of Revenues, Expenses and Changes in Net Position as shown above in Table 2.

During 2024, operating revenues increased by $1,101,440, or 1%. This increase in revenue was due to a combination of overall higher electric revenue and REC sales offset by lower gas revenues.

Operating expenses increased by $835,562 or 1% overall. This was due to an increase in Department depreciation expense and gas fuel costs during the year that were offset by overall lower electric fuel costs.

The Departments' total net position increased by $21,166,966 in 2024 from the combined activities of HG&E, Holyoke Solar Cooperative, and the Massachusetts Clean Energy Cooperative. This increase was primarily due to an increase in the market value of investments experienced during the year and overall strong operating results. Changes in the Department's net operating income and overall net position are discussed in more detail in the financial highlights section.

Table 3
Condensed Statements of Cash Flows

	2024	2023	2024
CASH FLOWS FROM OPERATING ACTIVITIES	$ 22,601,334	$ 21,994,904	$ 16,584,253
CASH FLOWS FROM INVESTING ACTIVITIES	10,559,319	7,012,029	(9,758,286)
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	(1,308,594)	(1,194,569)	(1,195,613)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(29,698,852)	(23,469,097)	(20,459,694)
Increase in Cash and Cash Equivalents	2,153,207	4,343,267	(14,829,340)
CASH AND CASH EQUIVALENTS - Beginning of Year	82,132,295	77,789,028	92,618,368
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 84,285,502	$ 82,132,295	$ 77,789,028
NONCASH FINANCING ACTIVITY			
Loss on retirement of fixed assets	$ 278,628	$ 373,306	$ 317,806
Amortization	$ 265,723	$ 257,384	$ 249,401
Lease receivable	$ -	$ -	$ 759,695

Cash flows from operating activities increased by $606,430 from 2024, primarily because of overall higher operating income during the year.

Cash flows from investing activities increased by $3,547,290 due to investment earnings resulting from favorable market performance during the year.

Cash flows used in capital and related financing activities increased by $6,229,755 in 2024. This was a result of higher capital expenditures in 2024 as a result of the Hadley Unit #2 rehabilitation as well as overall higher debt service payments during the year.

Cash and cash equivalents increased by $2,153,207,

Table 4
Capital Assets – Electric

Electric	2024	2023	2022
Capital Assets			
Land	$ 4,714,850	$ 4,709,783	$ 4,408,008
Plant, Property, and Equipment	239,707,124	234,467,451	229,072,294
TOTAL CAPITAL ASSETS	244,421,974	239,177,234	233,480,302
Construction Work in Progress	17,282,813	5,140,028	2,906,490
Less: Accumulated Depreciation	(102,740,925)	(96,680,918)	(91,750,024)
NET CAPITAL ASSETS - ELECTRIC	$ 158,963,862	$ 147,636,344	$ 144,636,768

Electric plant, property and equipment increased by $11,327,518 or 8% in 2024 as a result of ongoing replacements of the electric division's substation, transmission and distribution infrastructure as well as the expenditure of $8,652,268 on the ongoing Hadley Unit #2 rehabilitation project which will be completed in early 2025.

Table 5
Capital Assets – Gas

Gas	2024	2023	2022
Capital Assets			
Land	$ 236,856	$ 236,856	$ 236,856
Plant, Property, and Equipment	74,305,289	69,592,481	65,614,081
TOTAL CAPITAL ASSETS	74,542,145	69,829,337	65,850,937
Construction Work in Progress	2,207,776	1,233,905	658,144
Less: Accumulated Depreciation	(37,324,223)	(35,630,396)	(33,951,792)
NET CAPITAL ASSETS - GAS	$ 39,425,698	$ 35,432,846	$ 32,557,289

Gas plant, property and equipment increased by $3,992,852 or 11% in 2024 due to ongoing replacements of bare steel and cast iron services and mains and planned upgrades to the Department's liquified natural gas facility.

Further details on capital assets are included in Note 3.

Long-Term Debt

As of December 31, 2024, Holyoke Gas & Electric had $52,565,000 in bonds payable as well as $10,749,310 in notes payable. Bond and notes payable decreased by $5,820,000 and $876,908 respectively due to scheduled debt payments during the year.

Details of the existing debt are included in Note 8.

Currently Known Facts/Economic Conditions

HG&E continues its aggressive maintenance and capital improvement program to upgrade its infrastructure in order to maintain system reliability performance objectives for all facets of the operation. The Massachusetts Executive Office of Energy and Environmental Affairs (EEA) continues to promulgate rules relating to recent climate legislation that was passed by the State legislature and signed by the Governor. Municipal Light Plants (MLP's), such as HG&E, have historically been largely exempt from EEA regulation consistent with applicable statutes. Several of the draft rules currently under consideration contemplate that MLP's would be subject to the new regulations regarding electrification of the heating and transportation sectors as well as energy efficiency and reporting. There would be a significant impact on utility rates if MLP's are required to comply with the draft regulations and HG&E is working with several MLP industry groups to oppose the applicability to MLP's of the draft rules.

Contacting Utility's Financial Management

This financial report is designed to provide our customers, investors and creditors with a general overview of the Utility's finances. If you have questions about this report, or need additional financial information, contact Holyoke Gas & Electric Department at 99 Suffolk St, Holyoke Massachusetts 01040 or (413) 536 9300.

Holyoke Gas and Electric

Statements of Net Position
December 31, 2024 and 2023

	2024	2023
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	$ 35,584,019	$ 30,580,809
Restricted assets:		
Redemption account	4,299,726	4,242,067
Customer accounts receivable, net	8,573,499	8,223,270
Note receivable, current portion	391,143	359,734
Materials and supplies	5,702,205	5,701,646
Fuel for electric generation and gas in storage	531,969	845,084
Prepaid expense	4,085,845	3,530,281
Other receivables	1,159,308	1,118,064
Total current assets	60,327,714	54,600,955
Noncurrent Assets		
Restricted assets:		
Accounts required under bond indenture/note payable	7,389,088	13,847,064
Net OPEB asset	5,984,422	1,414,455
Customers' deposits	1,833,001	1,787,555
Note receivable, after one year	3,405,741	3,796,883
Customer Energy Conservation Assistance	1,716,777	1,704,004
Other assets:		
Purchased power accounts	405,186	371,258
Rate stabilization accounts	40,415,009	40,415,009
Regulatory asset, debt issuance cost	521,570	586,766
Costs recoverable in future, pollution	83,260	80,410
Other investments	188,390	188,390
Lease receivable	863,321	1,116,634
Intangible assets	463,332	529,999
Capital assets:		
Plant, property and equipment in service	318,964,119	309,006,571
Construction in progress	19,490,589	6,373,933
Total capital assets	338,454,708	315,380,504
Less accumulated depreciation	(140,065,148)	(132,311,314)
Net capital assets	198,389,560	183,069,190
Total noncurrent assets	261,658,657	248,907,617
Total assets	321,986,371	303,508,572
Deferred Outflows of Resources		
OPEB related amounts	324,388	1,442,294
Pension related amounts	9,866,579	9,931,157
Total deferred outflows of resources	10,190,967	11,373,451

See notes to financial statements

Holyoke Gas and Electric

Statements of Net Position
December 31, 2024 and 2023

	2024	2023
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	$ 7,743,513	$ 6,364,522
Accrued liabilities	1,172,585	910,378
Current portion, accrued compensated absences	383,769	365,153
Accrued environmental costs	83,260	80,410
Current portion, leases	205,368	196,661
Current portion, notes payable	912,369	876,908
Liabilities payable from restricted assets:		
Current portion, bonds payable	5,885,000	5,820,000
Customers' deposits	1,795,884	1,759,461
Accrued interest	543,293	573,568
Total current labilities	18,725,041	16,947,061
Long-Term Liabilities		
Bonds payable, long-term	46,680,000	52,565,000
Notes payable, long-term	9,836,940	10,749,310
Leases payable, long term	3,450,968	3,656,336
Accrued compensated absences	3,723,681	3,581,906
Unearned revenue	2,297,852	2,386,532
Net pension liability	26,916,445	28,179,670
Total long-term liabilities	92,905,886	101,118,754
Total liabilities	111,630,927	118,065,815
Deferred Inflows of Resources		
Regulatory deferral	11,896,756	11,036,133
Gain on refunding on debt	1,074,063	1,208,321
Lease related amounts	1,116,634	1,359,249
Pension related amounts	387,602	638,985
OPEB related amounts	4,982,910	2,652,040
Rate stabilization reserve	40,415,009	40,415,009
Total deferred inflows of resources	59,872,974	57,309,737
Net Position		
Net investment in capital assets	137,584,621	124,597,493
Restricted for debt service	3,756,434	3,668,499
Restricted for OPEB	5,984,422	1,414,455
Restricted for customer deposits	37,117	28,094
Unrestricted	13,310,843	9,797,930
Total net position	$ 160,673,437	$ 139,506,471

See notes to financial statements

Holyoke Gas and Electric

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Revenues		
Gas charges for service	$ 23,900,005	$ 26,938,084
Electric and telecommunications charges for service	65,881,087	61,741,568
Total operating revenues	89,781,092	88,679,652
Operating Expenses		
Gas operation and maintenance	18,660,086	21,830,298
Depreciation/amortization, gas plant and equipment	2,061,900	1,942,289
Total gas operating expenses	20,721,986	23,772,587
Electric and telecommunications operation and maintenance	45,263,978	41,537,362
Depreciation/amortization, electric and telecom plant and equipment	6,793,004	6,633,457
Total electric and telecommunications operating expenses	52,056,982	48,170,819
Total operating expenses	72,778,968	71,943,406
Operating Income		
Gas	3,178,019	3,165,497
Electric and telecommunications	13,824,105	13,570,749
Total operating income	17,002,124	16,736,246
Other Revenues (Expenses)		
Investment income, net of fees	4,233,797	3,357,898
Net gain (loss) on investments	2,854,583	4,352,533
Interest expense	(1,677,589)	(1,720,923)
Miscellaneous income (expense)	872,992	956,995
Amortization of intangible assets	(66,667)	(66,667)
Net gain (loss), plant retirements	(632,091)	(736,573)
Net gain (loss), merchandise jobbing	(31,460)	(6,606)
Taxes, other	(80,129)	(79,768)
Total other revenues (expenses)	5,473,436	6,056,889
Change in net position before transfers	22,475,560	22,793,135
Transfers		
Payment in lieu of taxes, City of Holyoke	(1,308,594)	(1,194,569)
Change in net position	21,166,966	21,598,566
Net Position, Beginning	139,506,471	117,907,905
Net Position, Ending	$ 160,673,437	$ 139,506,471

See notes to financial statements

Holyoke Gas and Electric

Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Cash received from customers	$ 89,950,837	$ 90,156,110
Cash paid to suppliers	(47,938,445)	(49,659,769)
Cash paid to employees	(19,411,058)	(18,501,437)
Net cash flows from operating activities	22,601,334	21,994,904
Cash Flows From Investing Activities		
Proceeds from sale of investments	6,975,869	4,871,227
Purchase of investments	(3,504,930)	(5,569,629)
Investment income (loss), net of fees	7,088,380	7,710,431
Net cash flows from investing activities	10,559,319	7,012,029
Cash Flows From Noncapital Financing Activities		
Payment in lieu of taxes and other property taxes	(1,308,594)	(1,194,569)
Net cash flows from noncapital financing activities	(1,308,594)	(1,194,569)
Cash Flows From Capital and Related Financing Activities		
Net investment in plant, property and equipment	(21,294,091)	(15,741,439)
Payments on bonds and notes payable	(6,696,908)	(5,990,117)
Interest paid on bonds, notes and leases payable	(1,707,853)	(1,737,541)
Net cash flows from capital and related financing activities	(29,698,852)	(23,469,097)
Increase in cash and cash equivalents	2,153,207	4,343,267
Cash and Cash Equivalents, Beginning	82,132,295	77,789,028
Cash and Cash Equivalents, Ending	$ 84,285,502	$ 82,132,295
Supplemental Noncash Financing Activity		
Loss on retirement of fixed assets	$ 278,628	$ 373,306
Amortization	$ 265,723	$ 257,384

See notes to financial statements

Holyoke Gas and Electric

Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Schedule of Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 17,002,124	$ 16,736,246
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	8,854,904	8,575,746
Amortization of regulatory deferral	336,513	334,767
Nonoperation Income	429,018	546,575
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(350,235)	392,178
Materials and supplies	(559)	(395,592)
Fuel for electric generation and gas in storage	313,115	295,762
Prepaid expense	(555,564)	(257,927)
Other receivables	318,489	1,263,484
Energy Conservation Assistance and Constellation loan	(12,773)	(487,028)
Accounts payable	1,043,528	(3,685,425)
Customers' deposits	36,423	72,570
Accrued liabilities	173,516	(117,550)
Accrued compensated absences	160,391	(20,746)
Rate stabilization related deferrals	(242,615)	(232,370)
Pension and OPEB related deferrals and liabilities	(4,902,091)	(1,022,676)
Accrued environmental costs	(2,850)	(3,110)
Total adjustments	5,599,210	5,258,658
Net cash provided by operating activities	22,601,334	21,994,904
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Cash and investments	35,584,019	30,580,809
Redemption account	4,299,726	4,242,067
Accounts required under bond indenture/note payable	7,389,088	13,847,064
Customer deposits	1,833,001	1,787,555
Purchased power accounts	405,186	371,258
Rate stabilization accounts	40,415,009	40,415,009
Other investments	188,390	188,390
Total cash and investments	90,114,419	91,432,152
Less noncash equivalents	(5,828,917)	(9,299,857)
Cash and cash equivalents	$ 84,285,502	$ 82,132,295

See notes to financial statements

Holyoke Gas and Electric OPEB Trust

Statements of Fiduciary Net Position - Fiduciary Fund
December 31, 2024 and 2023

	2024	2023
Assets		
Noncurrent Assets		
Investments	$ 24,558,592	$ 21,865,312
Total assets	$ 24,558,592	$ 21,865,312
Net Position		
Net Position Restricted for OPEB	$ 24,558,592	$ 21,865,312

See notes to financial statements

Holyoke Gas and Electric OPEB Trust

Statements of Changes in Fiduciary Net Position - Fiduciary Fund
Years Ended December 31, 2024 and 2023

	2024	2023
Additions		
Employer contributions	$ -	$ 351,799
Investment income (loss)	2,775,062	2,633,640
Employee contributions, direct payment of member benefits	405,771	397,464
Employer contributions, direct payment of member benefits	590,860	581,161
Total additions	3,771,693	3,964,064
Deductions		
Benefit payments, including refunds of member contributions	996,631	978,625
Advisory fees	81,782	70,649
Total deductions	1,078,413	1,049,274
Net increase in net position	2,693,280	2,914,790
Net Position, Beginning	21,865,312	18,950,522
Net Position, Ending	$ 24,558,592	$ 21,865,312

See notes to financial statements

1. Summary of Significant Accounting Policies

The accounting policies of Holyoke Gas and Electric (Department) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Reporting Entity

The financial statements present information on the activities of the Department, an enterprise fund of the City of Holyoke, Massachusetts (the City) and its component units, Holyoke Solar Cooperative (the Solar Cooperative) and Massachusetts Clean Energy Cooperative Corporation (the Clean Energy Cooperative).

The Department provides gas, electric, hydro and telecommunications services to its customers, substantially all of whom are local residents and commercial and industrial businesses. Approximately 71% and 70% of the Department's revenues were derived from its electric division in 2024 and 2023, respectively.

Blended Component Units

The Holyoke Solar Cooperative (Solar Coop) is a cooperative organized in Massachusetts, in December 2010 and is owned by the Department (its original Member). Solar Coop engages in transactions associated with the purchase, acquisition, distribution, sale, resale, supply and disposition of energy or energy-related services to wholesale or retail customers. The Solar Coop is included in the enterprise fund. The Solar Coop does not issue separate financial statements.

The Massachusetts Clean Energy Cooperative Corporation (Clean Energy Coop) was organized in Massachusetts, in March 2013. The initial members are the Department and the Massachusetts Municipal Wholesale Electric Company (MMWEC). The business of the Clean Energy Coop is managed by the board of directors, a majority of which consist of members of the Department's management or Commission. The Clean Energy Coop was formed to finance, purchase, own, lease or otherwise acquire, hold and use property; transact any business associated with the property; and the purchase, acquisition, generation, transformation, distribution, sale, resale, supply and provision of energy and telecommunications products and services, which will include, but is not limited to, the purchase and sale of the electrical capacity of the Hadley Falls Station hydroelectric generator unit #1 and #2 in Holyoke. The Clean Energy Coop is included in the enterprise fund. Separately issued financial statements of the Clean Energy Coop may be obtained from the Department's office.

The Cooperatives are organized under Chapters 157 and 164: Section 47C of the State of Massachusetts Statutes and are subject to the same federal and state laws and regulations applicable to municipal lighting plants or other public entities that provide those services.

All intercompany account balances and transactions have been eliminated in the basic financial statements.

Other Postemployment Benefit (OPEB) Trust

The OPEB Trust fund is a fiduciary fund that is used to account for and report resources that are required to be held in trust for the members and beneficiaries of the OPEB plan. The OPEB Trust was established in October 2014.

Rate Regulation

The rates of the Department are approved by the Department's Board of Commissioners. Rate schedules are filed with the Massachusetts Department of Public Utilities (DPU). While the DPU exercises general supervisory authority over the Department, the rates are not subject to DPU approval.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Department is presented as an enterprise and fiduciary fund of the City. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or when the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability. The OPEB trust fund is used to report resources that are held in trust by the Department for the members and beneficiaries of the defined benefit postemployment welfare plan. The financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized in financial statements prepared using the economic resources measurement focus for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This standard was implemented January 1, 2024. The prior year impact of the standard was not considered material to the financial statements; therefore the prior year balances were not adjusted for the change.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Deposits and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Department and OPEB trust, considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investments

Investments totaling $20,390 represent the cost of the Department's equity in New England HydroTransmission Corporation and New England Hydro-Transmission Electric Company. These investments represent 0.2653% of the issued common stock of these untraded companies. In addition, the Department has invested $168,000 with the Public Utility Mutual Insurance Company (PUMIC). See Note 14 for additional information related to PUMIC. These investments are carried at original cost.

Investments in debt and equity securities are recorded at fair value (see Note 2).

Investments of the fiduciary fund are limited to investing in assets as a prudent investor would, by considering purposes, terms, distribution requirements and other circumstances of the trust.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

Designated Accounts

Purchased power funds are on deposit with Massachusetts Municipal Wholesale Electric Company (MMWEC) to pay for energy and related services as required under existing agreements.

The Department established a rate stabilization reserve which will be used for rate stabilization in the development of future rates and allow the Department to remain competitive under various market conditions by either purchasing replacement power or using reserves to mitigate the Department's exposure. Each year the Department determines the amount to be charged or credited to the reserve. The Department has set aside funds which will be used to offset these reserves. The reserve balance at December 31, 2024 and 2023 is approximately $40,415,009, with corresponding amounts reported as deferred inflows of resources. In 2024 and 2023, the Department credited and charged a balance of $0.

Accounts Receivable

Accounts receivable are stated net of an allowance for uncollectible accounts of $749,267 at December 31, 2024 and 2023. Management provides for probable uncollectible amounts through a charge to earnings and a credit to the valuation allowance based on its collection history and its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Customer Energy Conservation Advance

Customer energy conservation assistance are receivables from residential and commercial customers for assistance provided by the Department to make energy efficient improvements to their property, secured by municipal liens. Assistance amounts and terms vary based on the project type but are required to be repaid to the Department over a term generally between three to five years with 0% interest.

Materials, Supplies and Fuel

Materials, supplies and fuel are valued at the lower of cost or market utilizing the average cost method. All materials are intended to be used in operations and are not intended for resale.

Prepaid Expense

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. This includes the purchase of prepaid power.

Plant, Property and Equipment

Capital assets (including right-to-use lease assets) are generally defined as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of five years. Additions to and replacements of plant, property and equipment are recorded at cost or the estimated acquisition value at the time of contribution. The cost of plant, property and equipment retired, less accumulated depreciation and salvage, is charged against revenue in the year retired. The cost of repairs and minor renewals is charged to maintenance expense.

Leases

The Department is a lessor because it leases capital assets to other entities. As a lessor, the Department reports a lease receivable and corresponding deferred inflow of resources in the financial statements. The Department continues to report and depreciate the capital assets being leased as capital assets. The Department has a policy to recognize leases over $100,000 as a lease receivable.

The Department is a lessee because it leases capital assets from other entities. As a lessee, the Department reports a lease payable and corresponding right of use asset in the financial statements. The Department has a policy to recognize leases over $100,000 as a lease liability and right of use asset. Lease assets are typically amortized over the lease term.

Intangible Assets

Intangible assets are recorded at cost. Intangible assets subject to amortization include a franchise area fee to sell the electrical output associated with the December 2001 hydroelectric project purchase. Franchise fees are being amortized on a straight-line basis over the remaining lives of the respective licenses.

Line of Credit, Margin Credit Account

The Department is able to draw funds through the use of a margin account with their investment advisor. The investments held in the Department's investment account with their investment advisor are considered collateral for the borrowing. If the investments in the margin account decline in value, so does the value of the collateral supporting the borrowing and, as a result, the investment advisor may take action, such as issue a margin call or sell investments or other assets held in any of the Department's accounts held with the investment advisor. These funds received are recorded as a current liability and the subsequent investment as a restricted asset. No funds were outstanding on the margin account in 2024 and 2023. The margin line of credit is still open and available for the Department to use in the future.

Environmental Matters

Expenditures that result from the remediation of an existing condition caused by past operations and that do not contribute to current or future revenues are expensed. Liabilities are recognized for remedial activities when the cleanup is probable and the cost can be reasonably estimated. A related asset for pollution costs recoverable in future has been recorded according to the General Standards of Accounting for the Effects of Regulation included in GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*

Pensions

For purposes of measuring the net pension liability and deferred outflows and inflows of resources related to pensions and pension expense, information about the fiduciary net position of the City of Holyoke Retirement System (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, investments are reported at fair value.

Net OPEB Liability (Asset)

For purposes of measuring the net OPEB liability (asset), deferred outflows and inflow of resources related to OPEB and OPEB expense, information about the fiduciary net position of the City of Holyoke's OPEB Plan (the Plan) administered to Department employees through the Department's Trust and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

Energy Tax

The Department is required to collect, on behalf of the State of Massachusetts, an energy tax based on 6.25% of gross sales to its commercial customers. The Department's policy is to exclude these energy taxes from revenue when collected and expenses when paid and instead, record the collection and payment of energy taxes through a liability account.

Compensated Absences

Substantially all employees receive compensation for vacations, holidays, illness and certain other qualifying absences. The number of days compensated in the various categories of absence is based generally on length of services. Compensated absences, which have been earned and more likely than not to be paid or used, have been accrued in the accompanying consolidated financial statements, based on current rates of pay.

Long-Term Obligations

Long-term debt and other obligations are reported as liabilities. Bond premiums, issuance costs and gains/losses on bond refunding are being amortized using the effective-interest method over the lives of the bonds. The balance at year-end for premiums is shown as an increase in the liability section of the statement of net position. The Department uses regulatory accounting to defer and amortize issuance costs in a manner similar to how they will be recovered in rates.

Unearned Revenues

In prior years, the Department collected charges from customers that will be used to pay for future pollution remediation costs. In the event that fees collected are in excess of actual pollution remediation costs, these charges may require refunds to customers and are therefore classified as a liability on the statement of net position. The Department stopped collecting charges from customers on January 1, 2019 as management believes the amounts collected to date are sufficient to cover future pollution remediation costs.

Regulatory Deferral

Regulatory deferral amounts represent reimbursements on infrastructure projects and customer/developer contributions that will be depreciated and recognized as revenue in matching amounts over future periods.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until that future time. Rate stabilization reserves are reported as deferred inflows of resources for regulated business-type activities.

Net Position

The difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources is net position. There are three components of net position: net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, less accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Net position is restricted when constraints placed on its use are either: (1) externally imposed by creditors [such as through debt covenants], grantors, contributors or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation. The Department's restricted net position, as of December 31, 2024 and 2023, is related to the bond debt fund requirements.

Unrestricted net position represents the net amount of assets and liabilities that are not invested in property, plant and equipment or restricted for debt service.

When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenues and Expenses

Revenue Recognition

The Department distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Department's principal ongoing operations. The principal operating revenues of the Department are charges to customers for sales and services. Operating expenses for an enterprise fund includes the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not making this definition are reported as nonoperating revenues and expenses.

Operating revenues are recognized on the basis of cycle billings rendered monthly, net of discounts. Revenues are not accrued for services delivered beyond such cycle billing dates.

Discounts reported for the years ended December 31, 2024 and 2023 that have directly reduced operating revenue in the statement of revenue, expenses and changes in net position are as follows:

	2024	2023
Gas	$ 2,265,440	$ 2,563,555
Electric	4,727,854	4,539,683
Total	$ 6,993,294	$ 7,103,238

Expense Allocation

Expenses associated with a particular division of the Department are charged to that division. For the years ended December 31, 2024 and 2023, shared expenses including administrative and supporting costs are allocated to each division as follows:

Gas	35 %
Electric and telecommunications	65 %

Depreciation

Depreciation is recorded on a straight-line basis using an annual rate of 3% of depreciable plant, property and equipment in service. The rate is in accordance with Massachusetts Department of Public Utilities regulations.

Effect of New Accounting Standards on Current Period Financial Statements

GASB has approved Statement No. 102, *Certain Risk Disclosures*, Statement No. 103, *Financial Reporting Model Improvements* and Statement No. 104, *Disclosure of Certain Capital Assets*.

When they become effective, application of these standards may restate portions of these financial statements.

Comparative Data

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

2. Deposits and Investments

The Department participates in a cash and investment pool maintained by the City. In addition, the Department holds certain cash separately from the pool.

Custody and use of restricted assets are subject to requirements and restrictions imposed under contractual agreements, bond indentures and the General Laws of the Commonwealth of Massachusetts and are not available for normal operating purposes. Postemployment benefit funds have been segregated by the Department to cover certain healthcare and life insurance benefits (see Note 10).

The Department invests various funds in debt and equity securities held by Flynn Financial Partners Ltd. and U.S. Bank. All investments must be made in securities or deposits as authorized by Massachusetts General Laws, Chapter 44, Sections 54, 55 and 55B. Investments are stated at fair value.

The Department's deposits and investments as of December 31, 2024 were comprised of the following:

	Statement Balances	Carrying Value	Associated Risks
Demand deposits	$ 7,961,171	$ 7,944,831	Custodial credit risk
U.S. agencies, implicitly guaranteed	2,644,558	2,644,558	Credit risk, custodial credit risk, interest rate risk, concentration of credit risk
U.S. treasuries	2,155,043	2,155,043	Custodial credit risk, interest rate risk
Mutual funds, bond funds	41,104,558	41,104,558	Credit risk, interest rate risk
Mutual funds, other than bond funds	34,524,408	34,524,408	N/A
Corporate bonds	915,331	915,331	Custodial credit risk, credit risk, interest rate risk, concentration of credit risk
State and local bonds	825,690	825,690	Custodial credit risk, credit risk, interest rate risk, concentration of credit risk
Total, department	90,130,759	90,114,419	
OPEB Trust, demand deposits	608	608	Custodial credit risk
OPEB Trust, mutual funds, bond funds	7,474,345	7,474,345	Credit risk, Interest rate risk
OPEB Trust, mutual funds, other than bond funds	17,083,639	17,083,639	N/A
Total OPEB trust	24,558,592	24,558,592	
Grand total	$ 114,654,472	$ 114,673,011	

Reconciliation to Statement of Net Position:	
Cash and investments	$ 35,584,019
Redemption account	4,299,726
Accounts required under bond indenture/notes payable	7,389,088
Customer deposits	1,833,001
Purchased power accounts	405,186
Rate stabilization accounts	40,415,009
Other investments	188,390
OPEB Trust, statement of fiduciary net position (separate financial statement)	24,558,592
Total	$ 114,673,011

The Department's deposits and investments at as of December 31, 2023 were comprised of the following:

	Statement Balances	Carrying Value	Associated Risks
Demand deposits	$ 11,198,593	$ 11,104,489	Custodial credit risk
U.S. agencies, implicitly guaranteed	2,176,482	2,176,482	Credit risk, custodial credit risk, interest rate risk, concentration of credit risk
U.S. treasuries	7,240,255	7,240,255	Custodial credit risk, interest rate risk
Mutual funds, bond funds	39,553,227	39,553,227	Credit risk, interest rate risk
Mutual funds, other than bond funds	30,539,004	30,539,005	N/A
State and local bonds	818,694	818,694	Custodial credit risk, credit risk, interest rate risk, concentration of credit risk
Total, department	91,526,255	91,432,152	
OPEB Trust, demand deposits	175	175	Custodial credit risk
OPEB Trust, mutual funds, bond funds	6,413,782	6,413,782	Credit risk, Interest rate risk
OPEB Trust, mutual funds, other than bond funds	15,451,355	15,451,355	N/A
Total OPEB trust	21,865,312	21,865,312	
Grand total	$ 113,391,568	$ 113,297,464	

Reconciliation to Statement of Net Position:	
Cash and investments	$ 30,580,809
Redemption account	4,242,067
Accounts required under bond indenture/notes payable	13,847,064
Customer deposits	1,787,555
Purchased power accounts	371,258
Rate stabilization accounts	40,415,009
Other investments	188,390
OPEB Trust, statement of fiduciary net position (separate financial statement)	21,865,312
Total	$ 113,297,464

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for time and savings accounts (including NOW accounts) and $250,000 for demand deposit accounts (interest-bearing and non-interest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of $250,000 for the combined amount of all deposit accounts.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

SIPC membership provides account protection up to a maximum of $500,000 per customer, of which $100,000 may be in cash. $500,000 of the Department's investments and $500,000 of the OPEB Trust investments are covered by SIPC. Additionally, through Lloyds of London, accounts have securities coverage subject to a $600 million aggregate firm limit. Coverage limits per customer are not available. The value of investments subject to Lloyds of London coverage was $5,557,614 in 2024 and $9,759,254 in 2023 for the Department; $0 in 2024 and $0 in 2023 for the OPEB trust.

Fair Value

The Department categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements as of December 31, 2024 and 2023 are as follows:

- Institutional bond quotes for U.S. government agency securities and state and local bonds
- Quoted market prices for identical assets for mutual funds, bond funds and mutual funds, other than bond funds
- Quoted market prices for similar assets for certificates of deposits
- Par value for U.S. Treasury investments

The valuation levels for investments held as of December 31, 2024 and 2023 are as follows:

	2024			
Investment Type	Level 1	Level 2	Level 3	Total
U.S. agencies, implicitly guaranteed	$ -	$ 2,644,558	$ -	$ 2,644,558
U.S. treasuries	-	2,155,043	-	2,155,043
Mutual funds, bond funds	41,104,558	-	-	41,104,558
Mutual funds, other than bond funds	34,524,408	-	-	34,524,408
Corporate bonds	-	915,331	-	915,331
State and local bonds	-	825,690	-	825,690
Total, department	75,628,966	6,540,622	-	82,169,588
OPEB Trust, mutual funds, bond funds	7,474,345	-	-	7,474,345
OPEB Trust, mutual funds, other than bond funds	17,083,639	-	-	17,083,639
Total, OPEB Trust	24,557,984	-	-	24,557,984
Grand total	$ 100,186,950	$ 6,540,622	$ -	$ 106,727,572

Investment Type	2023 Level 1	Level 2	Level 3	Total
U.S. agencies, implicitly guaranteed	$ -	$ 2,176,482	$ -	$ 2,176,482
U.S. treasuries	-	7,240,255	-	7,240,255
Mutual funds, bond funds	39,553,227	-	-	39,553,227
Mutual funds, other than bond funds	30,539,004	-	-	30,539,004
State and local bonds	-	818,694	-	818,694
Total, department	70,092,231	10,235,431	-	80,327,662
OPEB Trust, mutual funds, bond funds	6,413,782	-	-	6,413,782
OPEB Trust, mutual funds, other than bond funds	15,451,356	-	-	15,451,356
Total, OPEB Trust	21,865,138	-	-	21,865,138
Grand total	$ 91,957,369	$ 10,235,431	$ -	$ 102,192,800

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that the Department's deposits may not be returned to the Department. Uninsured, uncollateralized, deposits subject to custodial credit risk were $6,847,153 in 2024 and $9,609,422 in 2023.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Department will not be able to recover the value of their investments or collateral securities that are in the possession of an outside party. The investments listed on pages 15, and 16 associated with custodial credit risk, are exposed to this risk. The Department's investment policy addresses credit risk by defining allowable investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Department does not have a formal investment policy that limits investment maturities.

At December 31, 2024 and 2023, the Department's investments subject to interest rate risk were as follows:

	2024				
		Maturity in Years			
	Fair Value	Less Than 1	1-4	5-10	Over 10
U.S. agencies, implicitly guaranteed	$ 2,644,558	$ -	$ 244,494	$ 1,602,386	$ 797,678
U.S. treasuries	2,155,043	1,339,653	815,390	-	-
Mutual funds, bond funds	41,104,558	41,104,558	-	-	-
OPEB, Mutual funds, bond funds	7,474,345	7,474,345	-	-	-
Corporate bonds	915,331	-	-	307,172	608,159
State and local bonds	825,690	-	-	719,275	106,415
Total	$ 55,119,525	$ 49,918,556	$ 1,059,884	$ 2,628,833	$ 1,512,252

	2023				
		Maturity in Years			
	Fair Value	Less Than 1	1-4	5-10	Over 10
U.S. agencies, implicitly guaranteed	$ 2,176,482	$ 258,479	$ 354,540	$ 783,997	$ 779,466
U.S. treasuries	7,240,255	6,799,565	440,690	-	-
Mutual funds, bond funds	39,553,227	39,553,227	-	-	-
OPEB, Mutual funds, bond funds	6,413,782	6,413,782	-	-	-
State and local bonds	818,694	-	-	518,588	300,106
Total	$ 56,202,440	$ 53,025,053	$ 795,230	$ 1,302,585	$ 1,079,572

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Department does not have a separate formal policy regarding credit risk.

As of December 31, 2024 and 2023, the Department's investments were rated as follows:

	2024		
Investment Type	**Standard & Poor's**	**Moody's Investment Service**	**Composite**
U.S. agencies, implicitly guaranteed	AA+	AAA	N/A
Mutual funds, bond funds	N/A	N/A	B to BBB
Corporate bonds	A+	A1	N/A
State and local bonds	AAA	AA1	N/A
OPEB, Mutual funds, bond funds	N/A	N/A	B to BBB

	2023		
Investment Type	**Standard & Poor's**	**Moody's Investment Service**	**Composite**
U.S. agencies, implicitly guaranteed	AA+	AAA	N/A
Mutual funds, bond funds	N/A	N/A	B to BBB
OPEB, Mutual funds, bond funds	N/A	N/A	B to BBB

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Department's investment in a single issuer. In 2024 and 2023, there were no investments in any one issuer that represented greater than 5% of total investments.

3. Plant, Property and Equipment

Plant, property and equipment as of December 31, 2024 consist of the following:

	Balance January 1, 2024	Increase	Decrease	Balance December 31, 2024
Utility plant not being depreciated:				
Gas:				
Land	$ 236,856	$ -	$ -	$ 236,856
Construction in progress	1,233,905	6,236,087	5,262,216	2,207,776
	1,470,761	6,236,087	5,262,216	2,444,632
Electric/telecommunications:				
Land	4,709,783	5,067	-	4,714,850
Construction in progress	5,140,028	13,986,765	1,843,980	17,282,813
	9,849,811	13,991,832	1,843,980	21,997,663
Total utility plant not being depreciated	11,320,572	20,227,919	7,106,196	24,442,295
Utility plant being depreciated:				
Gas:				
Plant investment	65,415,032	4,864,524	409,552	69,870,004
Office furniture and equipment	1,849,697	38,337	-	1,888,034
Transportation and communication equipment	1,788,703	359,043	125,211	2,022,535
Other	539,049	-	14,333	524,716
	69,592,481	5,261,904	549,096	74,305,289
Electric/telecommunications:				
Plant investment	219,243,864	6,037,059	1,020,890	224,260,033
Office furniture and equipment	4,332,259	159,228	-	4,491,487
Transportation and communication equipment	5,722,095	188,713	146,223	5,764,585
Right-of-use asset	4,410,245	-	-	4,410,245
Other	758,988	21,786	-	780,774
	234,467,451	6,406,786	1,167,113	239,707,124
Total utility plant being depreciated	304,059,932	11,668,690	1,716,209	314,012,413
Total utility plant	$ 315,380,504	$ 31,896,609	$ 8,822,405	$ 338,454,708

Note: Immaterial differences may exist due to rounding.

	Balance January 1, 2024	Increase	Decrease	Balance December 31, 2024
Less accumulated depreciation:				
Gas:				
Plant investment	$ (32,569,397)	$ (1,885,008)	$ 254,401	$ (34,200,004)
Office furniture and equipment	(1,198,961)	(88,057)	-	(1,287,018)
Transportation and communication equipment	(1,510,241)	(89,285)	125,211	(1,474,315)
Other	(351,797)	(25,422)	14,333	(362,886)
	(35,630,396)	(2,087,772)	393,945	(37,324,223)
Electric/telecommunications:				
Plant investment	(87,578,622)	(6,518,070)	891,981	(93,204,711)
Office furniture and equipment	(2,628,895)	(222,956)	-	(2,851,851)
Transportation and communication equipment	(5,330,935)	(128,422)	146,223	(5,313,134)
Right-of-use asset	(557,248)	(196,661)	-	(753,909)
Other	(585,218)	(32,102)	-	(617,320)
	(96,680,918)	(7,098,211)	1,038,204	(102,740,925)
Total accumulated depreciation	(132,311,314)	(9,185,983)	1,432,149	(140,065,148)
Total utility plant being depreciated, net:				
Gas	33,962,085	3,174,132	155,151	36,981,066
Electric	137,786,533	(691,425)	128,909	136,966,199
	171,748,618	2,482,707	284,060	173,947,265
Total utility plant, net:				
Gas	35,432,846	9,410,219	5,417,367	39,425,698
Electric	147,636,344	13,300,407	1,972,889	158,963,862
Net capital assets	$ 183,069,190	$ 22,710,626	$ 7,390,256	$ 198,389,560

Note: Immaterial differences may exist due to rounding.

Plant, property and equipment as of December 31, 2023 consist of the following:

	Balance January 1, 2023	Increase	Decrease	Balance December 31, 2023
Utility plant not being depreciated:				
Gas:				
Land	$ 236,856	$ -	$ -	$ 236,856
Construction in progress	658,144	5,070,118	4,494,357	1,233,905
	895,000	5,070,118	4,494,357	1,470,761
Electric/telecommunications:				
Land	4,408,008	301,775	-	4,709,783
Construction in progress	2,906,490	6,185,409	3,951,871	5,140,028
	7,314,498	6,487,184	3,951,871	9,849,811
Total utility plant not being depreciated	8,209,498	11,557,302	8,446,228	11,320,572
Utility plant being depreciated:				
Gas:				
Plant investment	61,750,349	4,060,514	395,831	65,415,032
Office furniture and equipment	1,630,302	219,395	-	1,849,697
Transportation and communication equipment	1,712,758	97,430	21,485	1,788,703
Other	520,672	18,377	-	539,049
	65,614,081	4,395,716	417,316	69,592,481
Electric/telecommunications:				
Plant investment	214,593,820	6,623,354	1,973,310	219,243,864
Office furniture and equipment	3,578,401	865,110	111,252	4,332,259
Transportation and communication equipment	5,739,921	118,724	136,550	5,722,095
Right-of-use asset	4,410,245	-	-	4,410,245
Other	749,907	44,974	35,893	758,988
	229,072,294	7,652,162	2,257,005	234,467,451
Total utility plant being depreciated	294,686,375	12,047,878	2,674,321	304,059,932
Total utility plant	$ 302,895,873	$ 23,605,180	$ 11,120,549	$ 315,380,504

Note: Immaterial differences may exist due to rounding.

	Balance January 1, 2023	Increase	Decrease	Balance December 31, 2023
Less accumulated depreciation:				
Gas:				
Plant investment	$ (31,026,945)	$ (1,808,619)	$ 266,167	$ (32,569,397)
Office furniture and equipment	(1,129,837)	(71,290)	2,166	(1,198,961)
Transportation and communication equipment	(1,466,799)	(64,927)	21,485	(1,510,241)
Other	(328,211)	(23,586)	-	(351,797)
	(33,951,792)	(1,968,422)	289,818	(35,630,396)
Electric/telecommunications:				
Plant investment	(82,990,726)	(6,323,747)	1,735,851	(87,578,622)
Office furniture and equipment	(2,582,463)	(154,860)	108,428	(2,628,895)
Transportation and communication equipment	(5,237,168)	(227,745)	133,978	(5,330,935)
Right-of-use asset	(368,925)	(188,323)	-	(557,248)
Other	(570,742)	(43,085)	28,609	(585,218)
	(91,750,024)	(6,937,760)	2,006,866	(96,680,918)
Total accumulated depreciation	(125,701,816)	(8,906,182)	2,296,684	(132,311,314)
Total utility plant being depreciated, net:				
Gas	31,662,289	2,427,294	127,498	33,962,085
Electric	137,322,270	714,402	250,139	137,786,533
	168,984,559	3,141,696	377,637	171,748,618
Total utility plant, net:				
Gas	32,557,289	7,497,412	4,621,855	35,432,846
Electric	144,636,768	7,201,586	4,202,010	147,636,344
Net capital assets	$ 177,194,057	$ 14,698,998	$ 8,823,865	$ 183,069,190

Note: Immaterial differences may exist due to rounding.

Additional disclosures of the lease asset are included in the Lease Disclosure note (See Note 4).

4. Lease Disclosures

Lessee - Lease Liabilities

Electric and Telecommunications

Lease Liabilities Description	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/24	Balance 12/31/23
Solar power sales and energy storage services agreement	5/31/2018	5/31/2038	4.34%	$ 4,410,245	$ 3,656,336	$ 3,852,997
Total lease liabilities					$ 3,656,336	$ 3,852,997

Debt service requirements to maturity are as follows:

Years Ending December 31:	Principal	Interest	Total
2025	$ 205,368	$ 154,632	$ 360,000
2026	214,461	145,539	360,000
2027	223,956	136,044	360,000
2028	233,871	126,129	360,000
2029	244,225	115,775	360,000
2030-2034	1,393,217	406,783	1,800,000
2035-2038	1,141,238	88,762	1,230,000
Total	$ 3,656,336	$ 1,173,664	$ 4,830,000

Lessor - Lease Receivables

Electric and Telecommunications

Lease Receivables Description	Date of Inception	Final Maturity	Interest Rates	Receivable Balance 12/31/24	Receivable Balance 12/31/23
Lease of land for PODS	9/1/2012	8/31/2032	4.34%	$ 586,054	$ 649,126
Pole attachments	1/1/2017	12/31/2026	4.34	106,775	156,855
Lease of dark fiber	5/1/2022	12/31/2027	4.34	423,805	553,268
Total lease receivables				$ 1,116,634	$ 1,359,249

The Department recognized $250,839 and $237,829 of lease revenue as of December 31, 2024 and 2023, respectively.

The Department recognized $55,191 and $65,438 of interest revenue as of December 31, 2024 and 2023, respectively.

5. Note Receivable

	2024	2023
Note receivable from Massachusetts Institute of Technology due to Holyoke Gas and Electric in monthly installments of $57,937 including interest at 8.4%, matures April 2032.	$ 3,796,884	$ 4,156,617
Less amount due within one year	(391,143)	(359,734)
Note receivable, due after one year	$ 3,405,741	$ 3,796,883

6. Other Receivables

Other receivables, all due within one year, consist of the following as of December 31, 2024 and 2023:

	2024	2023
Springfield Water and Sewer	$ 147,161	$ -
Massachusetts Department of Transportation	13,689	772,620
Accrued interest receivable	45,160	29,995
Current portion of lease receivable	253,313	242,615
Miscellaneous other receivables	699,985	72,834
Total	$ 1,159,308	$ 1,118,064

7. Intangible Assets

		2024	
	Life in Years	Gross Carrying Amount	Accumulated Amortization
2001 franchise fees	30	$ 2,000,000	$ 1,536,668

		2023	
	Life in Years	Gross Carrying Amount	Accumulated Amortization
2001 franchise fees	30	$ 2,000,000	$ 1,470,001

Aggregate amortization expense was $66,667 for the years ended December 31, 2024 and 2023. Estimated annual aggregate amortization expense is $66,667 for the seven years subsequent to 2024.

8. Long-Term Obligations

Revenue bonds, issued through Massachusetts Clean Energy Cooperative Corporation: Original issue amount is $69,040,000 and date of issue is December 2021. Bonds mature annually 2021-2038. Interest rates range from 0.567% to 2.985%.	$	52,565,000
Less amount due within one year		(5,885,000)
Bonds payable, due after one year	$	46,680,000

Principal maturing and interest payments are anticipated to be as follows:

Years Ending December 31:		Principal		Interest		Total
2025	$	5,885,000	$	1,086,607	$	6,971,607
2026		5,960,000		1,006,100		6,966,100
2027		6,060,000		912,648		6,972,648
2028		6,170,000		802,356		6,972,356
2029		6,295,000		677,722		6,972,722
2030-2034		18,840,000		1,456,636		20,296,636
2035-2038		3,355,000		252,667		3,607,667
Total	$	52,565,000	$	6,194,736	$	58,759,736

The outstanding revenue bonds contain:

1. a provision that in the event of default not remedied, the Trustee may declare the principal of all the Bonds then Outstanding and interest accrued thereon to be immediately due and payable; and,
2. a provision that in the event of default not remedied, upon demand of the Trustee, all monies, securities and funds held by the Clean Energy Cooperative and pledged under the Bond Resolution and after receipt thereof, all revenues from the net capability of the Hadley Falls facility.

Revenue Bonds are payable solely from and secured solely by the revenues of the Clean Energy Cooperative derived from the sale of the Net Capability of the Hadley Falls Facility.

The Department is required to satisfy certain bond covenant requirements in connection with the bonds payable. In addition, the notes payable from direct placement detailed on the following page also have funding requirements. The following funds are required as part of the bond and note agreements:

	2024	2023
Revenue bonds:		
Debt service reserve fund	$ 6,095,260	$ 6,041,823
Hadley Falls construction account	1,293,828	7,805,241
Redemption account:		
Reserve and contingency fund	742,876	676,060
Principal account	2,905,108	2,509,305
Bond interest fund	651,742	514,627
Bond revenue fund	-	542,075
Total funds required under bond indenture/ note payable	$ 11,688,814	$ 18,089,131

The Department has the following notes payable from direct placements:

	2024	2023
Note payable to bank, secured by revenues of the Department with a lien on all business assets of the Solar Cooperative and a pledge of the service contract between the Department and the Solar Cooperative, monthly payments of $54,667 including interest at 3.30%, matures in April 2038.	$ 7,047,698	$ 7,459,720
Note payable to bank, secured by all assets of the Solar Cooperative, monthly payments of $4,707 including interest at 3.250%, matures January 2026.	60,035	113,576
Note payable to bank, secured by all assets of the Solar Cooperative, monthly payments of $48,493 including interest at 4.34%, matures April 2032.	3,641,577	4,052,922
Less amount due within one year	(912,370)	(876,908)
Notes payable, due after one year	$ 9,836,940	$ 10,749,310

Principal maturing and interest payments are anticipated to be as follows:

Years Ending December 31:	Principal	Interest	Total
2025	$ 912,370	$ 382,049	$ 1,294,419
2026	895,542	347,096	1,242,638
2027	926,028	311,903	1,237,931
2028	961,817	276,113	1,237,930
2029	1,000,662	237,268	1,237,930
2030-2034	3,986,543	651,307	4,637,850
2035-2038	2,066,347	120,334	2,186,681
Total	$ 10,749,309	$ 2,326,070	$ 13,075,379

The outstanding notes from direct placements contain:

1. a provision that in an event of default, outstanding amounts become immediately due and payable; and/or

2. a provision that in an event of default, the borrower shall reimburse the bank for any reasonable cost incurred by the Bank in connection to the collection and enforcement of the provisions of the loan agreement; and/or

3. a provision that in the event of default, all deposits, securities and other property in the possession of the bank belonging to the borrower shall be treated as collateral to secure payment of the notes; and

4. a provision that in the event of default, the entire outstanding principal balance of the notes shall bear interest, from the date of default at the default rate of 5%.

Changes in Long-Term Liabilities

Long-term liability activities for the years ended December 31, 2024 are as follows:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Current Portion
Long-term bonds and loans:					
Bonds payable	$ 58,385,000	$ -	$ 5,820,000	$ 52,565,000	$ 5,885,000
Notes payable	11,626,218	-	876,909	10,749,309	912,369
Total long-term bonds and loans	70,011,218	-	6,696,909	63,314,309	6,797,369
Other long-term liabilities:					
Compensated absences	3,947,059	160,391*	-	4,107,450	383,769
Unearned revenue	2,386,532	-	88,680	2,297,852	-
Lease liability	3,852,997	-	196,661	3,656,336	205,368
Total long-term liabilities	$ 80,197,806	$ 160,391	$ 6,982,248	$ 73,375,949	$ 7,386,507

*Activity is shown net as is allowed by GASB Statement No. 101

Long-term liability activities for the years ended December 31, 2023 are as follows:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Current Portion
Long-term bonds and loans:					
Bonds payable	$ 63,530,000	$ -	$ 5,145,000	$ 58,385,000	$ 5,820,000
Notes payable	12,471,282	-	845,064	11,626,218	876,908
Total long-term bonds and loans	76,001,282	-	5,990,064	70,011,218	6,696,908
Other long-term liabilities:					
Compensated absences	3,967,805	-	20,746*	3,947,059	365,153
Unearned revenue	2,545,262	-	158,730	2,386,532	-
Lease liability	4,041,320	-	188,323	3,852,997	196,661
Total long-term liabilities	$ 86,555,669	$ -	$ 6,357,863	$ 80,197,806	$ 7,258,722

*Activity is shown net as is allowed by GASB Statement No. 101

In addition to the liabilities above. Information on the net pension liability and the net OPEB liability is provided in Notes 10 and 11, respectively.

Revenue Debt

The Department has pledged future revenues, net of certain operating expenses to repay revenue bonds. Proceeds from the bonds provided financing for improvements to the Hadley Falls generating station. The bonds are payable solely from revenues generated by the power purchase agreement with MMWEC through 2032. Annual principal and interest payments on the bonds are expected to require 100% of the Clean Energy Coop future gross revenues from MMWEC. The principal and interest remaining to be paid on the bonds is $58,759,736. Principal and interest paid in 2024 and 2023 were $6,967,135 and $6,325,372, respectively. Total customer net revenues in 2024 and 2023 were $6,572,895 and $6,410,098, respectively.

Line of Credit

The Department has a $17,800,000 commercial line of credit with Peoples Bank through the Solar Cooperative to fund three multiyear capital projects. No funds are outstanding on the line of credit as of December 31, 2023 and 2024. The Department anticipates drawing funds on the line of credit in 2025. The line of credit will be interest only for a period of two years and will have an annual term out at the loan closing anniversary date. The interest rate during the interest only period will be floating monthly at the tax-exempt equivalent of the Wall Street Journal prime rate. The term loans will have a term and amortization of 15 years.

9. Blended Component Units

The following schedules provide details of the blended component units' balances, activities and eliminations.

Combining Schedule of Net Position
December 31, 2024

	HGE	Holyoke Solar	Mass Clean Energy	Eliminations	Total
Assets					
Current assets:					
Cash and investments	$ 20,636,931	$ 14,943,638	$ 3,450	$ -	$ 35,584,019
Restricted assets:					
Redemption account	-	-	4,299,726	-	4,299,726
Customer accounts receivable, net	8,561,043	12,456	-	-	8,573,499
Note receivable, current portion	391,143	-	-	-	391,143
Materials and supplies	5,702,205	-	-	-	5,702,205
Fuel for electric generation and gas in storage	531,969	-	-	-	531,969
Prepaid expense	4,085,845	-	46,274,438	(46,274,438)	4,085,845
Other receivables	1,153,263	6,045	-	-	1,159,308
Total current assets	41,062,399	14,962,139	50,577,614	(46,274,438)	60,327,714
Noncurrent assets:					
Restricted assets:					
Accounts required under bond indenture/note payable	-	-	7,389,088	-	7,389,088
Customers' deposits	1,833,001	-	-	-	1,833,001
Net OPEB asset	5,984,422	-	-	-	5,984,422
Other receivables, after one year	3,405,741	-	-	-	3,405,741
Customer energy conservation assistance	1,716,777	-	-	-	1,716,777
Advances to other funds	431,000	10,357,301	-	(10,788,301)	-
Other assets:					
Purchased power accounts	405,186	-	-	-	405,186
Rate stabilization accounts	40,415,009	-	-	-	40,415,009
Regulatory asset debt issuance cost	-	-	521,570	-	521,570
Costs recoverable in future, pollution	83,260	-	-	-	83260
Other investments	188,390	-	-	-	188,390
Lease receivable	863,321	-	-	-	863,321
Intangible assets	463,332	-	-	-	463,332
Capital assets:					
Plant, property and equipment in service	318,964,119	-	-	-	318,964,119
Construction in progress	19,490,589	-	-	-	19,490,589
Total capital assets	338,454,708	-	-	-	338,454,708
Less accumulated depreciation	(140,065,148)	-	-	-	(140,065,148)
Net capital assets	198,389,560	-	-	-	198,389,560
Total noncurrent assets	254,178,999	10,357,301	7,910,658	(10,788,301)	261,658,657
Total assets	295,241,398	25,319,440	58,488,272	(57,062,739)	321,986,371
Deferred Outflows of Resources					
OPEB related amounts	324,388	-	-	-	324,388
Pension related amounts	9,866,579	-	-	-	9,866,579
Total deferred outflows	10,190,967	-	-	-	10,190,967

Combining Schedule of Net Position
December 31, 2024

	HGE	Holyoke Solar	Mass Clean Energy	Eliminations	Total
Liabilities					
Current liabilities:					
Accounts payable	$ 7,730,920	$ 12,593	$ -	$ -	$ 7,743,513
Accrued liabilities	1,172,585	-	-	-	1,172,585
Current portion, accrued compensated absences	383,769	-	-	-	383,769
Current portion, accrued environmental costs	83,260	-	-	-	83,260
Current portion, leases	205,368	-	-	-	205,368
Current portion, notes payable	-	912,369	-	-	912,369
Liabilities payable from restricted assets:					
Current portion, bonds and notes payable	-	-	5,885,000	-	5,885,000
Customers' deposits	1,795,884	-	-	-	1,795,884
Accrued interest	-	-	543,293	-	543,293
Total current liabilities	11,371,786	924,962	6,428,293	-	18,725,041
Long-term liabilities:					
Bonds payable, long-term	-	-	46,680,000	-	46,680,000
Notes payable, long-term	-	9,836,940	-	-	9,836,940
Leases payable, long-term	3,450,968	-	-	-	3,450,968
Accrued compensated absences	3,723,681	-	-	-	3,723,681
Unearned revenue	48,572,290	-	-	(46,274,438)	2,297,852
Advances from other funds	10,357,301	-	431,000	(10,788,301)	-
Net pension liability	26,916,445	-	-	-	26,916,445
Total long-term liabilities	93,020,685	9,836,940	47,111,000	(57,062,739)	92,905,886
Total liabilities	104,392,471	10,761,902	53,539,293	(57,062,739)	111,630,938
Deferred Inflows of Resources					
Regulatory deferral	11,896,756	-	-	-	11,896,756
Pension related amounts	387,602	-	-	-	387,602
Lease related amounts	1,116,634	-	-	-	1,116,634
OPEB related amounts	4,982,910	-	-	-	4,982,910
Rate stabilization reserve	40,415,009	-	-	-	40,415,009
Gain on refunding	-	-	1,074,063	-	1,074,063
Total deferred inflows of resources	58,798,911	-	1,074,063	-	59,872,974
Net Position					
Net investment in plant, property and equipment	194,191,898	-	-	(56,607,277)	137,584,621
Restricted for debt service	-	-	3,966,693	(210,259)	3,756,434
Restricted OPEB	5,984,422	-	-	-	5,984,422
Restricted for purchase of future power capacity	-	-	1,293,828	(1,293,828)	-
Restricted for customer deposits	37,117	-	-	-	37,117
Unrestricted (deficit)	(57,972,454)	14,557,538	(1,385,605)	58,111,364	13,310,843
Total net position (deficit)	$ 142,240,983	$ 14,557,538	$ 3,874,916	$ -	$ 160,673,437

Combining Schedule of Revenues, Expenses and Changes in Net Position Year Ended December 31, 2024

	HGE	Holyoke Solar	Mass Clean Energy	Eliminations	Consolidated Total
Operating Revenues	$ 89,781,092	$ 593,410	$ 6,572,895	$ (7,166,305)	$ 89,781,092
Operating Expenses					
Operation and maintenance	65,139,676	274,014	5,676,679	(7,166,305)	63,924,064
Depreciation/Amortization, plant and equipment	8,854,904	-	-	-	8,854,904
Total operating expenses	73,994,580	274,014	5,676,679	(7,166,305)	72,778,968
Operating income	15,786,512	319,396	896,216	-	17,002,124
Nonoperating Other Revenues (Expenses)					
Investment income, net of fees	3,251,883	892,140	507,284	(417,510)	4,233,797
Net gain (loss) on investments	1,757,093	723,553	373,937	-	2,854,583
Interest expense	(629,780)	(417,510)	(1,047,809)	417,510	(1,677,589)
Miscellaneous income (expense)	1,130,342	1,534	-	(258,884)	872,992
Amortization of intangible assets	(66,667)	-	-	-	(66,667)
Net gain (loss), disposal of assets	(632,091)	-	-	-	(632,091)
Net gain (loss), merchandise jobbing	(31,460)	-	-	-	(31,460)
Taxes, other	(339,013)	-	-	258,884	(80,129)
Total other revenues (expenses)	4,440,307	1,199,717	(166,588)	-	5,473,436
Change in net position before transfers	20,226,819	1,519,113	729,628	-	22,475,560
Transfers					
Payments in lieu of taxes, City of Holyoke	(1,308,594)	-	-	-	(1,308,594)
Change in net position	18,918,225	1,519,113	729,628	-	21,166,966
Net Position (Deficit), Beginning	123,322,758	13,038,425	3,145,288	-	139,506,471
Net Position (Deficit), Ending	$ 142,240,983	$ 14,557,538	$ 3,874,916	$ -	$ 160,673,437

Condensed Combining Schedule of Cash Flows
Year Ended December 31, 2024

	HGE	Holyoke Solar	Mass Clean Energy	Eliminations	Total
Net Cash Flows From (Used in)					
Operating activities	$ 15,757,088	$ 330,197	$ 6,514,049	$ -	$ 22,601,334
Investing activities	4,606,545	1,887,325	4,065,449	-	10,559,319
Noncapital financing activities	(1,308,594)	-	-	-	(1,308,594)
Capital and related financing activities	(12,917,099)	(2,985,136)	(13,796,617)	-	(29,698,852)
Net increase (decrease) in cash and cash equivalents	6,137,940	(767,614)	(3,217,119)	-	2,153,207
Cash and Cash Equivalents, Beginning	54,317,973	14,200,141	13,614,181	-	82,132,295
Cash and Cash Equivalents, Ending	$ 60,455,913	$ 13,432,527	$ 10,397,062	$ -	$ 84,285,502

Combining Schedule of Net Position
December 31, 2023

	HGE	Holyoke Solar	Mass Clean Energy	Eliminations	Total
Assets					
Current assets:					
Cash and investments	$ 14,593,444	$ 15,982,884	$ 4,481	$ -	$ 30,580,809
Restricted assets:					
Redemption account	-	-	4,242,067	-	4,242,067
Customer accounts receivable, net	8,211,678	11,592	-	-	8,223,270
Note receivable, current portion	359,734	-	-	-	359,734
Materials and supplies	5,701,646	-	-	-	5,701,646
Fuel for electric generation and gas in storage	845,084	-	-	-	845,084
Prepaid expense	3,530,281	-	45,062,799	(45,062,799)	3,530,281
Other receivables	1,110,017	8,047	-	-	1,118,064
Total current assets	34,351,884	16,002,523	49,309,347	(45,062,799)	54,600,955
Noncurrent assets:					
Restricted assets:					
Accounts required under bond indenture/note payable	-	-	13,847,064	-	13,847,064
Customers' deposits	1,787,555	-	-	-	1,787,555
Net OPEB asset	1,414,455	-	-	-	1,414,455
Other receivables, after one year	3,796,883	-	-	-	3,796,883
Customer energy conservation assistance	1,704,004	-	-	-	1,704,004
Advances to other funds	431,000	8,666,583	-	(9,097,583)	-
Other assets:					
Purchased power accounts	371,258	-	-	-	371,258
Rate stabilization accounts	40,415,008	-	-	-	40,415,008
Regulatory asset debt issuance cost	-	-	586,766	-	586,766
Costs recoverable in future, pollution	80,410	-	-	-	80,410
Other investments	188,390	-	-	-	188,390
Lease receivable	1,116,634	-	-	-	1,116,634
Intangible assets	529,999	-	-	-	529,999
Capital assets:					
Plant, property and equipment in service	304,596,326	-	-	-	304,596,326
Right-of-use asset	4,410,245	-	-	-	4,410,245
Construction in progress	6,373,933	-	-	-	6,373,933
Total capital assets	315,380,504	-	-	-	315,380,504
Less accumulated depreciation	(132,311,314)	-	-	-	(132,311,314)
Net capital assets	183,069,190	-	-	-	183,069,190
Total noncurrent assets	234,904,786	8,666,583	14,433,830	(9,097,583)	248,907,616
Total assets	269,256,670	24,669,106	63,743,177	(54,160,382)	303,508,571
Deferred Outflows of Resources					
OPEB related amounts	1,442,294	-	-	-	1,442,294
Pension related amounts	9,931,157	-	-	-	9,931,157
Total deferred outflows	11,373,451	-	-	-	11,373,451

Combining Schedule of Net Position
December 31, 2023

	HGE	Holyoke Solar	Mass Clean Energy	Eliminations	Total
Liabilities					
Current liabilities:					
Accounts payable	$ 6,360,059	$ 4,463	$ -	$ -	$ 6,364,522
Accrued liabilities	910,378	-	-	-	910,378
Current portion, accrued compensated absences	365,153	-	-	-	365,153
Current portion, accrued environmental costs	80,410	-	-	-	80,410
Current portion, leases	196,661	-	-	-	196,661
Current portion, notes payable	-	876,908	-	-	876,908
Liabilities payable from restricted assets:					
Current portion, bonds and notes payable	-	-	5,820,000	-	5,820,000
Customers' deposits	1,759,461	-	-	-	1,759,461
Accrued interest	-	-	573,568	-	573,568
Total current liabilities	9,672,122	881,371	6,393,568	-	16,947,061
Long-term liabilities:					
Bonds payable, long-term	-	-	52,565,000	-	52,565,000
Notes payable, long-term	-	10,749,310	-	-	10,749,310
Leases payable, long-term	3,656,336	-	-	-	3,656,336
Accrued compensated absences	3,581,906	-	-	-	3,581,906
Unearned revenue	47,449,331	-	-	(45,062,799)	2,386,532
Advances from other funds	8,666,583	-	431,000	(9,097,583)	-
Net pension liability	28,179,670	-	-	-	28,179,670
Total long-term liabilities	91,533,826	10,749,310	52,996,000	(54,160,382)	101,118,754
Total liabilities	101,205,948	11,630,681	59,389,568	(54,160,382)	118,065,815
Deferred Inflows of Resources					
Regulatory deferral	11,036,133	-	-	-	11,036,133
Pension related amounts	638,985	-	-	-	638,985
Lease related amounts	1,359,249	-	-	-	1,359,249
OPEB related amounts	2,652,040	-	-	-	2,652,040
Rate stabilization reserve	40,415,009	-	-	-	40,415,009
Gain on refunding	-	-	1,208,321	-	1,208,321
Total deferred inflows of resources	56,101,416	-	1,208,321	-	57,309,737
Net Position					
Net investment in plant, property and equipment	179,010,333	-	-	(54,412,840)	124,597,493
Restricted for debt service	-	-	3,890,322	(221,823)	3,668,499
Restricted OPEB	1,414,455	-	-	-	1,414,455
Restricted for purchase of future power capacity	-	-	7,805,241	(7,805,241)	-
Restricted for customer deposits	28,094				28,094
Unrestricted (deficit)	(57,130,124)	13,038,425	(8,550,275)	62,439,904	9,797,930
Total net position (deficit)	$ 123,322,758	$ 13,038,425	$ 3,145,288	$ -	$ 139,506,471

Combining Schedule of Revenues, Expenses and Changes in Net Position Year Ended December 31, 2023

	HGE	Holyoke Solar	Mass Clean Energy	Eliminations	Consolidated Total
Operating Revenues	$ 88,679,652	$ 587,034	$ 6,410,098	$ (6,997,132)	$ 88,679,652
Operating Expenses					
Operation and maintenance	65,182,564	173,930	5,008,298	(6,997,132)	63,367,660
Depreciation/amortization, plant and equipment	8,575,746	-	-	-	8,575,746
Total operating expenses	73,758,310	173,930	5,008,298	(6,997,132)	71,943,406
Operating income	14,921,342	413,104	1,401,800	-	16,736,246
Nonoperating Other Revenues (Expenses)					
Investment income, net of fees	2,449,729	862,210	495,260	(449,301)	3,357,898
Net gain (loss) on investments	3,133,480	875,922	343,131	-	4,352,533
Interest expense	(626,230)	(449,301)	(1,094,693)	449,301	(1,720,923)
Miscellaneous income (expense)	1,214,346	1,533	-	(258,884)	956,995
Amortization of intangible assets	(66,667)	-	-	-	(66,667)
Net gain (loss), disposal of assets	(736,573)	-	-	-	(736,573)
Net gain (loss), merchandise jobbing	(6,606)	-	-	-	(6,606)
Taxes, other	(338,652)	-	-	258,884	(79,768)
Total other revenues (expenses)	5,022,827	1,290,364	(256,302)	-	6,056,889
Change in net position before transfers	19,944,169	1,703,468	1,145,498	-	22,793,135
Transfers					
Payments in lieu of taxes, City of Holyoke	(1,194,569)	-	-	-	(1,194,569)
Change in net position	18,749,600	1,703,468	1,145,498	-	21,598,566
Net Position (Deficit), Beginning	104,573,158	11,334,957	1,999,790	-	117,907,905
Net Position (Deficit), Ending	$ 123,322,758	$ 13,038,425	$ 3,145,288	$ -	$ 139,506,471

Condensed Combining Schedule of Cash Flows
Year Ended December 31, 2023

	HGE	Holyoke Solar	Mass Clean Energy	Eliminations	Total
Net Cash Flows From (Used in)					
Operating activities	$ 15,591,237	$ 50,701	$ 6,352,966	$ -	$ 21,994,904
Investing activities	2,975,964	1,351,754	2,684,311	-	7,012,029
Noncapital financing activities	(1,194,569)	-	-	-	(1,194,569)
Capital and related financing activities	(14,756,748)	(1,321,506)	(7,390,843)	-	(23,469,097)
Net increase (decrease) in cash and cash equivalents	2,615,884	80,949	1,646,434	-	4,343,267
Cash and Cash Equivalents, Beginning	51,702,089	14,119,192	11,967,747	-	77,789,028
Cash and Cash Equivalents, Ending	$ 54,317,973	$ 14,200,141	$ 13,614,181	$ -	$ 82,132,295

10. Retirement Plan

General Information About the Pension Plan

Substantially all full-time employees participate in the Holyoke Contributory Retirement System, a cost sharing multiple employer defined benefit public employee retirement system. The system is partially funded by employee contributions. The Plan provides pension benefits, deferred allowances and death and disability benefits. Retirement allowance is based on the following factors: age, length of creditable service, level of salary and group classification. Age at retirement and group classification determine a benefit rate. Percentages are specified in Chapter 32 of the Massachusetts General Laws. Participants may elect to receive their retirement in one of three optional forms of payment.

Member employers are required by state statutes to make contributions to the Plan. Contributions are determined by the Commonwealth of Massachusetts Division of Public Employee Retirement Administrative Commission (PERAC).

Covered employees are required by state statute to contribute a fixed percentage of their earnings into the Plan. The percentage varies from 5 to 9% depending upon date of hire. All employees hired after January 1, 1979 contribute an additional 2% on all gross regular earnings over $30,000 per year.

Members hired on or after April 2, 2012 are covered by the provisions of Chapter 32 as amended by Chapter 176 of the Acts of 2011 and Chapter 139 of the Acts of 2012.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing or calling the Plan as follows: Attn: Anthony Dulude, Executive Director, Holyoke Retirement Board, City Hall Annex - Room 207, Holyoke, Massachusetts 01040, 413 534 2179.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources Related to Pensions

At December 31, 2024, the Department reported a liability of $26,916,445, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024. No material changes in the assumptions or benefit terms occurred between the actual valuation date and the measurement date. The Department's proportion of the net pension liability was based on the Department's share of appropriations of the pension plan relative to the appropriations of all participating employers. At December 31, 2023, the Department's proportion was 23.175412% which was an increase of 0.210467% from its proportion measured as of January 1, 2023.

At December 31, 2023, the Department reported a liability of $28,179,670, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. No material changes in the assumptions or benefit terms occurred between the actual valuation date and the measurement date. The Department's proportion of the net pension liability was based on the Department's share of appropriations of the pension plan relative to the appropriations of all participating employers. At December 31, 2022, the Department's proportion was 22.964945% which was a decrease of 0.015826% from its proportion measured as of January 1, 2022.

For the years ended December 31, 2024 and 2023, the Department recognized pension expense of $3,066,653 and $3,598,564, respectively.

At December 31, 2024, the Department reported deferred outflows and deferred inflows of resources from the following sources:

	2024	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Net differences between projected and actual earnings on pension plan	$ 3,999,250	$ -
Differences between projected and actual experiences	183,437	257,625
Changes of actuarial assumptions	804,697	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	364,512	129,977
Employer contributions subsequent to the measurement date	4,516,683	-
Total	$ 9,868,579	$ 387,602

At December 31, 2023, the Department reported deferred outflows and deferred inflows of resources from the following sources:

	2023	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Net differences between projected and actual earnings on pension plan	$ 3,377,495	$ -
Differences between projected and actual experiences	-	385,766
Changes of actuarial assumptions	1,722,143	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	547,919	253,219
Employer contributions subsequent to the measurement date	4,283,600	-
Total	$ 9,931,157	$ 638,985

Deferred outflows related to pension resulting from the Department's employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Years Ending December 31:	
2025	$ 559,146
2026	1,773,906
2027	2,645,213
2028	(85,870)
2029	71,899
Thereafter	-
Total	$ 4,964,294

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2024 and 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4:00-4.50%
Investment rate of return	7.00%
Cost of living adjustments	3% of first $15,000 (3% of first $14,000 in 2023)
Preretirement	RP-2014 Blue Collar Employee Mortality Table set forward one year for females projected generationally using Scale MP-2021
Healthy retiree	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year for females projected generationally using Scale MP-2021
Disabled retiree	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally using Scale MP-2021

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2024 and 2023 are summarized in the following table:

Asset Class	2024 Long-Term Expected Real Rate of Return	2023 Long-Term Expected Real Rate of Return
Domestic equity	6.29 %	6.59 %
International developed markets equity	6.39	6.87
International emerging markets equity	7.63	8.30
Core fixed income	1.72	1.53
High yield fixed income	N/A	4.01
Real estate	3.24	3.44
Hedge fund, GTAA, risk parity	2.87	3.06
Private equity	9.43	9.49
Private credit	5.91	6.01

Discount Rate

The discount rate used to measure the total pension liability was 7% for December 31, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed Plan member contributions will be made at the current contribution rate and the City of Holyoke Retirement system contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Department, calculated using the discount rate of 7.00% for 2024 and 2023, as well as what the Department's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

The sensitivity analysis as of December 31, 2024 follows:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
The Department's proportionate share of the net position liability	$ 40,412,390	$ 26,916,445	$ 15,555,743

The sensitivity analysis as of December 31, 2023 follows:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
The Department's proportionate share of the net position liability	$ 41,094,382	$ 28,179,670	$ 17,301,728

11. Other Postemployment Benefits, Holyoke Gas and Electric

General Information About the OPEB Plan

Plan Description

As part of the Department's Fiduciary Funds, the Department's policy is to provide certain healthcare and life insurance benefits to eligible retirees, their dependents or their survivors through the City of Holyoke's single employer postemployment welfare benefit plan.

The Department created a trust in 2014 to administer these benefits. The trust accounts for the portions of the active members retirees' premiums paid by the Department for health insurance, dental coverage and life insurance. Since the Department has established a separate trust to segregate assets to fund their portion of the City of Holyoke's single employer plan, the disclosures that follow, are consistent with an agent multiemployer plan.

Benefits Provided

Medical and prescription drug benefits are provided to all eligible retirees through a variety of Plans offered by Blue Cross Blue Shield of Massachusetts and Health New England. The Holyoke Gas and Electric Department also pays 50% of the retiree life insurance premium and 50% of the dental premium (non-Medicare retirees only).

Employees covered by benefit terms at December 31, 2024 and 2023, the following employees were covered by the benefit terms:

	2024	2023
Inactive plan members or beneficiaries currently receiving benefit payments	179	191
Active plan members	157	155
Total members	336	346

Contributions

For the years ended December 31, 2024 and 2023, the Department's average contribution rate was 3.51% and 5.88% of covered-employee payroll. Plan members are not required to contribute to the Plan, other than paying their portion of the health, dental and life insurance premiums.

Investments

Investment Policy

It is the policy of the Department to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Investments are limited to investing in assets as a prudent investor would, by considering purposes, terms, distribution requirements and other circumstances of the trust. The following were the Department's investment allocations as of December 31, 2024 and 2023:

Asset Class	2024 Allocation	2023 Allocation
Mutual funds, ETFs and closed-end funds	63.2 %	63.5 %
Other/Undefined	10.7	8.6
Fixed Income	23.1	27.5
Cash and cash equivalents	3.0	0.4
Total	100.00 %	100.00 %

Net OPEB Liability (Asset)

The Department's net OPEB liability (asset) was measured as of December 31, 2024 and 2023 and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2023 and December 31, 2022, respectively.

The components of the net OPEB liability (asset) of the Department at December 31, 2024 and 2023, were as follows:

	2024	2023
Total OPEB liability	$ 18,574,170	$ 20,450,857
Plan fiduciary net position	(24,558,592)	(21,865,312)
Department's net OPEB liability (asset)	$ (5,984,422)	$ (1,414,455)
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	132.22%	106.92%

Actuarial Assumptions

The total OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate	6.25%
Salary increases	Service-related increases for Group 1: 6.0% per year decreasing over 9 years to 4.25% per year Service-related increases for Group 4: 7.0% per year decreasing over 6 years to 4.75% per year
Investment rate of return	6.25%
Non-Medicare medical/prescription drug cost Healthcare cost trend rates	6.0% per year graded down by the Getzen model to an ultimate rate of 4.0% per year
Medicare medical/prescription drug cost Healthcare cost trend rates	6.0% per year graded down by the Getzen model to an ultimate rate of 4.0% per year
Dental/administrative Healthcare cost trend rates	6.0% per year graded down by the Getzen model to an ultimate rate of 4.0% per year
Mortality rates	PubG.H-2010 Mortality Table with MP-2021 Projection Scale

Below are the actuarial assumptions from the December 31, 2023 actuarial valuation.

Discount rate	6.25%
Salary increases	Service-related increases for Group 1: 6.0% per year decreasing over 9 years to 4.25% per year Service-related increases for Group 4: 7.0% per year decreasing over 6 years to 4.75% per year
Investment rate of return	6.25%
Non-Medicare medical/prescription drug cost Healthcare cost trend rates	6.50% per year graded down by the Getzen model to an ultimate rate of 4.14% per year
Medicare medical/prescription drug cost Healthcare cost trend rates	6.50% per year graded down by the Getzen model to an ultimate rate of 4.14% per year
Dental/administrative Healthcare cost trend rates	6.50% per year graded down by the Getzen model to an ultimate rate of 4.14% per year
Mortality rates	PubG.H-2010 Mortality Table with MP-2021 Projection Scale

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2024 and 2023 are summarized in the following table:

	2024	2023
Asset Class	**Long-Term Expected Real Rate of Return**	**Long-Term Expected Real Rate of Return**
Closed-end funds	6.25 %	6.25 %

Discount Rate

The discount rate is a blend of the long-term expected rate of return on OPEB Trust assets and a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher as shown in the S&P Municipal Bond 20-Year High Grade Obligation Index 4.28 and 4.00% as of December 31, 2024, and 2023, respectively. The blending is based on the sufficiency of projected assets to make projected benefit payments.

Changes in Net OPEB Liability (Asset)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance at December 31, 2023	$ 20,450,857	$ 21,865,312	$ (1,414,455)
Changes for the year:			
Service cost	684,489	-	684,489
Interest	1,248,175	-	1,248,175
Differences between expected and actual experience	(2,424,651)	-	(2,424,651)
Changes in assumptions	(793,840)	-	(793,840)
Contributions, employer	-	590,860	(590,860)
Contributions, employee	405,771	405,771	-
Net investment income	-	2,775,062	(2,775,062)
Benefit payments	(996,631)	(996,631)	-
Administrative expense	-	(81,782)	81,782
Net changes	(1,876,687)	2,693,280	(4,569,967)
Balance at December 31, 2024	$ 18,574,170	$ 24,558,592	$ (5,984,422)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance at December 31, 2022	$ 19,394,303	$ 18,950,522	$ 443,781
Changes for the year:			
Service cost	690,712	-	690,712
Interest	1,182,608	-	1,182,608
Differences between expected and actual experience	(316,267)	-	(316,267)
Changes in assumptions	80,662	-	80,662
Contributions, employer	-	931,160	(931,160)
Contributions, employee	397,464	397,464	-
Net investment income	-	2,635,440	(2,635,440)
Benefit payments	(978,625)	(978,625)	-
Administrative expense	-	(70,649)	70,649
Net changes	1,056,554	2,914,790	(1,858,236)
Balance at December 31, 2023	$ 20,450,857	$ 21,865,312	$ (1,414,455)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of the Department, as well as what the Department's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.25%) or 1-percentage-point higher (7.25%) than the current discount rate:

The sensitivity analysis as of December 31, 2024 follows:

	1% Decrease (5.25%)	Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB liability (asset)	$ (3,709,451)	$ (5,984,422)	$ (7,876,800)

The sensitivity analysis as of December 31, 2023 follows:

	1% Decrease (5.25%)	Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB liability (asset)	$ 1,105,940	$ (1,414,455)	$ (3,505,521)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability (asset) of the Department, as well as what the Department's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

The sensitivity analysis as of December 31, 2024 follows:

	1% Decrease (5.0%)	Healthcare Cost Trend Rates (6.0%)	1% Increase (7.0%)
Net OPEB liability (asset)	$ (8,173,898)	$ (5,984,422)	$ (3,267,160)

The sensitivity analysis as of December 31, 2023 follows:

	1% Decrease (5.50%)	Healthcare Cost Trend Rates (6.50%)	1% Increase (7.50%)
Net OPEB liability (asset)	$ (3,956,581)	$ (1,414,455)	$ 1,740,219

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the years ended December 31, 2024 and 2023, the Department recognized OPEB expense of $203,086 and $501,842. At December 31, 2024 and 2023, the Department reported deferred outflows and inflows of resources related to OPEB from the following sources.

	2024	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Net differences between projected and actual earnings on pension plan	$ -	$ 3,830,160
Changes of actuarial assumptions	324,388	791,072
Net differences between projected and actual investment earnings on pension plan investment	-	361,678
Total	$ 324,388	$ 4,982,910

	2023	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Net differences between projected and actual earnings on pension plan	$ 20,624	$ 2,440,580
Changes of actuarial assumptions	455,276	211,460
Net differences between projected and actual investment earnings on pension plan investment	966,394	-
Total	$ 1,442,294	$ 2,652,040

Deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending December 31:	
2025	$ (990,850)
2026	(700,538)
2027	(1,521,114)
2028	(944,928)
2029	(501,092)
Thereafter	-
Total	$ (4,658,522)

Funding Policy

The Department is not required to provide funding for OPEB, other than the pay-as-you go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. The cost of providing these benefits, paid by the Department and the retirees, was $996,631 for 179 retirees in 2024 and $978,625 in 2023 for 191 retirees. In 2024 and 2023, the Department contributed assets into a separate legal trust, Holyoke Gas and Electric OPEB Trust, for the payment of future OPEB obligations. Contributions were $0 in 2024 and $351,799 in 2023.

12. Related-Party Transactions

The Massachusetts Clean Energy Cooperative (Clean Energy Coop) signed a power sales contract in April 2013 with its member Massachusetts Wholesale Electric Company (MMWEC). Through this contract, MMWEC will purchase the net electrical capacity of the Hadley Falls Facility from the Clean Energy Coop at a monthly charge as defined in the contract. There were no sales to MMWEC during 2024 and 2023.

There is also an agency contract between the Clean Energy Coop and MMWEC, whereby MMWEC will act as agent for the Clean Energy Coop in the performance of its administrative obligations.

The Department transacted business with Tighe & Bond for engineering services in the amount of $20,150 in 2024 and $92,425 in 2023. One of the Department's commissioners has a financial interest in this company, requiring disclosure.

13. Commitments and Contingences

Purchased Power Contracts

Short-Term Power

On a continuing basis, the Department enters into several short-term power supply contracts for either the purchase or sale of capacity, energy, renewable certificates or ancillary services with various suppliers. This includes bilateral purchases to meet Department's shortfall position during the summer months of 2025 through 2026, where commitments were made by the end of 2024 in the amount of $162,699 for the period from 2025-2026.

Massachusetts Renewable Energy Certificates (RECs)

On a continuing basis, the Department enters into REC contracts for the sale of Massachusetts Class I, Massachusetts Class II and Maine Existing RECs from its hydro units. These commitments were made by the end of 2024. The summary of the resulting revenues to the Department by year and based on the total certificates sold is shown in the table below:

	2024		2025		2026	
Contract Date	Revenues	Total Certificates	Revenues	Total Certificates	Revenues	Total Certificates
2020 - 2024	$ 373,437	11,250	$ 1,453,000	45,500	$ 196,250	5,000

Canal Hydro Power

In November 2013, the Department entered into an agreement to provide electricity to the Open Square facility and purchase any excess electricity from the operation of the Open Square D and G wheels at a monthly charge as defined in the agreement. The Department does not have any liability associated with these energy purchases as any excess energy beyond contract water rights is at Department discretion under terms with the customer. The customer sold his property in December 2022 and assigned the contract to Open Square Reality LLC. The terms of this contract expired in December 2023.

Solar Power

In December 2010, the Department, through its subsidiary Holyoke Solar Cooperative, signed a 20-year solar Power Purchase Agreement (PPA) with Holyoke Solar, LLC. The Department has agreed to purchase the electricity produced by two grid-connected solar power facilities and for the remaining years to the contract, the total future commitment is $2,597,208. After the initial term, this agreement can be renewed for two consecutive five-year terms. In conjunction with this PPA, the Department is leasing, to Holyoke Solar, LLC, the property on which the solar power facility is located at $100 per usable acre per year for the first 20 years. After the initial term under the PPA, the rate shall be $3,000 per usable acre per year subject to a 2.5% annual escalation.

In June 2011, the Department signed a 20-year solar Power Sales Agreement with Rivermoor Citizens Holyoke, LLC beginning in February 2013. The Department agreed to purchase the electricity produced by the photovoltaic solar electric generation system and for the remaining years to the contract, the total future commitment is $526,225. After the initial term, this agreement shall automatically renew for successive one-year terms, up to a maximum of 10 such renewal terms, unless terminated by either party.

In December 2014, the Department signed a 25-year solar Power Sales Agreement with Healthy Planet Partners, LLC. beginning October 2015. For the remaining years to the contract, the total future commitment is $1,036,511.

The Department contracted for several 20-year solar PPA's during 2015 and 2016 with various solar developers and executed interconnection only agreements with a few others. Two C2 Special Solutions Group solar projects had COD of December 2016 under 20-year PPA's signed in October 2015. For the remaining years to the contracts, the total future commitment is $1,128,505. The Department contracted for several 20-year solar PPA's with various solar developers. Below is a summary for each solar project, which became commercial in 2017 or 2018.

Date of PPA	System Name	Annual Energy Payment	Commercial Operation Date
July 2016	Mt. Tom Solar	$ 3,915,732	02/03/17
October 2016	AEGIS	616,463	01/04/17
October 2016	Gary Rome	469,450	01/06/17
December 2016	Conklin	596,061	02/24/17
January 2017	Riverside Roof	127,252	05/08/17
June 2017	Walnut Roof	99,329	11/22/17
June 2017	Hadley Mills	314,182	12/29/17
September 2017	Jackson Street	113,942	03/15/18
November 2017	Boys & Girls Club	150,244	04/20/18
October 2015 and reassigned December 2017	Kelly Way 2	471,881	06/04/18
March 2018	YMCA	153,247	12/21/18

Long-Term Power Transactions

In August 2018, the Department signed an eight-year contract through December 2029 with NextEra Energy Power Marketing to purchase on-peak physical energy and clean nuclear tags each year at a remaining future commitment cost of $10,138,358. In November 2020, the Department extended this contract for another six years from January 2030 through December 2035 at an estimated cost of $11,846,265.

In November 2020, the Department executed a four-year contract starting November 1, 2022 and ending October 31, 2026 with NextEra Energy Power Marketing for around-the-clock energy. The total future commitment is $2,609,901. At the same time, the Department executed a four-year Second Amendment to the above contract with the Massachusetts Green High Performance Computing Center, Inc. locking in the Energy Only piece of the rate and extending the term to cover this transaction.

In October 2020, the Department executed a five-year, around-the-clock physical power and Hydro Quebec System Mix clean energy Tags contract starting November 2020 and ending October 2025 with Hydro Quebec through MMWEC. The total future commitment for the remaining 10 months to the contract is $758,315.

In December 2013, the Department signed a 25-year PPA for energy and capacity out of the Hancock Wind Project, located in Hancock County, Maine. The annual energy payment will be about $813,200 for this project that had an estimated commercial operation date of December 2016.

In October 2015, the Department contracted with MMWEC to participate in a new MMWEC owned simple cycle 55 MW peaking unit located in Peabody, MA. The Commercial Operation Date (COD) was June 2024 and the plant was named the Northeast Reliability Center. HG&E's estimated portion of construction costs was approximately $3,300,000. As the project is MMWEC owned, the Department will not carry project debt on its books. The annual total costs will vary between $290,832 and $322,269 over the estimated 30-year life of unit.

In December 2015, the Department contracted with Scuderi Clean Energy, LLC under a 20-year PPA for output from a natural gas generating facility. Expected Commercial Operation is unknown at this time. The Department mitigated market and development risk by ensuring interconnection costs are born by other party and that rates under PPA are discounted to full wholesale energy and resulting load reduction cost savings (where and if applicable).

In September 2017, the Department contracted with Mt. Tom Solar, LLC under a 20-year PPA for a lithium-ion battery-based energy storage system (ESS) located at the Mt Tom Solar facility. Testing and limited operation was completed in 2018 with fixed capacity payments beginning in June 2018. The Commercial Operation date was achieved in March 2019 after all City permitting. The annual fixed capacity payment will be $360,000 and for the 13 years and five months remaining to the contract, the total future commitment is $4,830,000. See Note 4 for more information.

In February 2020, HG&E contracted with Holyoke BESS, LLC under a 15-year PPA. This is our second utility-scale energy storage project totaling 4.99 MW/12 MWh with a commercial operation date in August 2021. This will be located across from our North Canal Substation. This will act as a load reducer to lower capacity and transmission costs. The annual capacity and transmission savings will be split between parties. The annual Department Payment will be around $682,030 and the total future commitment will be around $8,219,483.

In June 2021, HG&E contracted with Holyoke Energy Storage 1, LLC under a 15-year PPA. This will be our third utility scale energy storage project totaling 4.80 MW/14.40 MWh with an expected commercial operation date in fall of 2025. This will be located on Cabot Street and will act as a load reducer to lower capacity and transmission costs. The annual capacity and transmission savings will be split between parties. The annual Department Payment will be around $885,813 and the total future commitment will be around $17,710,267.

In October 2021, HG&E contracted with Holyoke Energy Storage 2, LLC under a 20-year PPA. This will be our fourth utility scale energy storage project totaling 4.80 MW/14.40 MWh and will act as a load reducer to lower capacity and transmission costs. This will be located at the Holyoke Landing and the COD is uncertain at this time. The annual capacity and transmission savings will be split between parties. The annual Department Payment will be around $905,375 and the total future commitment will be around $18,107,497.

In March 2023, the Department contracted with NextEra Energy Power Marketing through MMWEC under a fourteen (14) year Power Purchase Agreement for ten (10) MWs of around-the-clock energy and clean nuclear tags each year. The agreement starts January 1, 2036 and ends December 31,2049. The annual energy payment will start at $6,783,004 in 2036 and grow 2% per year to $8,594,436 in 2049. at a future commitment cost of $109,029,849.

In September 2024, HG&E contracted with AE-ESS Holyoke, LLC under a 20-year PPA. This will be our fifth utility scale energy storage project totaling 3.0 MW/9.0 MWh with an expected commercial operation date in 2025. This will be located on Kelly Way and will act as a load reducer to lower capacity and transmission costs. The annual capacity and transmission savings will be split between parties. The annual Department Payment will be around $565,859 and the total future commitment will be around $11,317,185.

In December 2024, HG&E contracted with Holyoke MA BESS 1 LLC under a 20-year PPA. This will be our sixth utility scale energy storage project totaling 4.99 MW/15 MWh with an expected commercial operation date in 2026. This will be located on Whitney Ave and will act as a load reducer to lower capacity and transmission costs. The annual capacity and transmission savings will be split between parties. The annual Department Payment will be around $941,212 and the total future commitment will be around $18,824,252.

Massachusetts Municipal Wholesale Electric Company

The Department is a Participant in certain Projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC), a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in and to issue revenue bonds to finance, electric facilities (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities. MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants.

MMWEC has the Nuclear Mix No 1 Project, Nuclear Project Three, Nuclear Project Four, Nuclear Project Five and Project Six, which comprise an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. The operating license for Seabrook Station extends to March 15, 2050. The operating license for the Millstone Unit 3 nuclear unit extends to November 25, 2045.

The Department is also a participant in the Northeast Reliability Center (formerly known as Project 2015A), a capacity reliability resource in Peabody, Massachusetts, which began commercial operations effective June 29, 2024. As of December 31, 2024, the Department contributed $471,186 for design and construction costs for the Northeast Reliability Center.

MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other utilities (Project Participants) under Power Sales Agreements (PSAs). The Department has entered into PSAs with MMWEC. Under the PSAs the Department is required to make certain payments to MMWEC payable solely from Municipal Light Department revenues. Among other things, the PSAs require each Project Participant to pay its pro rata share of MMWEC's costs related to the Project, which costs include debt service on the revenue bonds issued by MMWEC to finance the Project. In addition, should a Project Participant fail to make any payment when due, other Project Participants of that Project may be required to increase (step-up) their payments and correspondingly their Participant's share of that Project's Project Capability. Project Participants have covenanted to fix, revise and collect rates at least sufficient to meet their obligations under the PSAs. Each Participant is unconditionally obligated to make payments due to MMWEC whether or not the Project(s) is completed or operating and notwithstanding the suspension or interruption of the output of the Project(s).

Pursuant to the PSAs, the MMWEC Project Participants are liable for their proportionate share of the costs associated with decommissioning the plants, which are funded through monthly Project billings, as needed. Also, the Millstone and Seabrook Project Participants are liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act (Act). Originally enacted in 1957, the Act has been renewed several times. In July 2005, as part of the Energy Policy Act of 2005, Congress extended the Act until the end of 2025.

MMWEC is involved in various legal actions. In the opinion of management, the outcome of such litigation or claims will not have a material adverse effect on the financial position of the company.

The total capital expenditures and annual capacity, fuel and transmission costs (which include debt service and decommissioning expenses as discussed above) and amount of required debt service payments (if applicable) under the PSAs associated with the Department's Project Capability of the Projects in which it participates for the years ended December 31, 2024 and 2023, respectively, are listed in the table(s) below:

Projects	Percentage Share	Total Capital Expenditures 2024	Capacity, Fuel and Transmission Billed 2024	Capacity, Fuel and Transmission Billed 2023
Stony Brook Peaking Project	2.8342 %	$ 1,809,176	$ 201,941	$ 163,810
Nuclear Mix No. 1, Seabrook	7.2615	763,911	37,972	35,122
Nuclear Mix No. 1, Millstone	7.2615	4,727,217	501,146	415,484
Nuclear Project No. 3, Millstone	6.3500	9,977,639	870,244	720,628
Nuclear Project No. 4, Seabrook	6.1180	18,985,835	840,399	777,218
Nuclear Project No. 5, Seabrook	2.9821	2,501,100	105,833	98,067
Northeast Reliability Center	3.8790	3,220,361	346,286	87,738
		$ 41,985,239	$ 2,903,821	$ 2,298,067

Years Ended:	Total Project 2015A Debt Service 4.5200%
2025	$ 166,026
2026	165,850
2027	165,814
2028	165,604
2029	165,417
2030-2034	821,815
2035-2039	826,369
2040-2044	823,815
2045-2049	821,650
2050-2051	327,772
Total	$ 4,450,132

Long-Term Power Transactions - In March 2023, the Department contracted with MMWEC to participate in a long-term power contract beginning in January 2036 and ending December 2049 with NextEra Energy Power Marketing providing the power and clean nuclear tags. The Department will purchase up to 10 MW of around-the-clock physical energy and associated clean nuclear tags each year. The annual energy payment will start at $6,783,004 in 2036 and grow 2% per year to $8,594,436 in 2049. The total future commitment is $109,029,849.

Telecommunications Contracts

The Department has entered into long-term contracts for dedicated point-to-point data lines and Internet Access services from several companies. These contracts have three-year terms.

In 2024, The Department extended an additional three-year contract with Lumen for 50Gig of Internet services. The Department entered into a five-year contract with a commercial customer for Colocation and ELAN services. The Department also entered into a three-year contract with a commercial customer for Internet and ELAN services. Lastly the Department entered into a three-year contract with five commercial customers for 1Gig of Internet.

In 2023, The Department entered into a three-year contract with Lumen and Verizon to provide 50Gig of Internet services. The Department also entered into a three-year contract with Comcast to provide 30Gig of Internet services. The Department also entered into a five-year contract renewal with a commercial customer to increase their Internet from 200M to 300M.

In 2022, The Department co-termed an existing three-year contract with Lumen to increase Internet speeds from 20Gig to 30Gig.

In 2021, The Department entered into a three-year contract with Lumen to provide 20Gig of Internet Services. The Department also entered into a five-year contract with WG&E to provide point-to-point services to a commercial customer. The Department entered into a three-year contract with Fiber Sonic to provide point-to-point services to multiple locations.

In 2020, The Department entered into a five-year contract with a commercial customer to provide Colocation Services. The Department also entered into a five-year contract renewal with a commercial customer to increase their Internet from 100M to 200M.

In 2019, The Department entered into a five-year contract renewal with Cross Roads a division of Chicopee Electric Light to increase wholesale internet from 2 gigs to 3 gigs. The Department also entered into a five-year contract renewal with a commercial customer to provide router management.

In 2018, the Department entered into a five-year contract with Cross Roads a division of Chicopee Electric Light and a one-year contract with Fiber Sonic a division of South Hadley Electric Light.

In 2017, the Department entered into a five-year contract with Fiber Connect, LLC to provide network operator services.

In 2002, the Department entered into a lease with Fiber Technologies Networks, LLC (Fibertech) for use of the Department's fiber optic lines. The lease provides for an annual payment per route mile for 20 years with an option to renew for an additional five years. That lease was extended in 2022 for a five-year period.

The Department has long-term contracts which range from one to five years with customers for telecommunications services.

Environmental Protection and Other Issues

In 1990, the Massachusetts Department of Environmental Protection (MDEP) sent a notice of responsibility to the Department and other parties regarding the presence of coal tar on property known as the gas works, adjacent to the Connecticut River. An investigation of the site has revealed concentrations of contaminants on the site and MDEP classified the area as a priority site. A second notice of responsibility was issued in September 1993 for gas tar deposits in the Connecticut River, effectively separating the gas works into a land site and a river site.

The current estimate for the 2025 clean up of only the land site is $83,260. Total remaining cleanup costs for the land only site are unknown as of December 31, 2024. No estimate is currently available for the river site. However, the cost of clean-up may be significant and material to the financial statements. The measurement of the accrual for remediation costs is subject to uncertainty, including the evolving nature of environmental regulations and the difficulty in estimating the extent and type of remediation activity that will be utilized. The utility is also in negotiations with another counterparty under a similar order to fund part of the clean-up efforts. A final agreement as to the cost-sharing methodology between the parties has not been reached. The impact of these negotiations may be material to the financial statements but cannot be estimated.

Sources of Labor Supply

Fifty-eight percent (58%) of the Department's labor force is covered under a collective bargaining agreement between the City of Holyoke Gas and Electric Department and the Holyoke Municipal Gas, Light & Power Guild, Inc. The agreement expires March 31, 2028.

Line of Credit, Margin Account

As of December 31, 2024 and 2023, the Department had a balance of $0 on an open line of credit facility (securitized by portfolio assets on deposit) from our investment adviser, LPL Financial. While currently at $0, the Department does, from time to time, access this line if and where beneficial. The current interest rate on the line of credit is 5%, which is a negotiated 2.5% discount versus Wall Street Journal Prime and a 0.75% discount versus LPL's rack rates. Note this is a variable rate and moves in line with the Fed.

14. Risk Management

Claims and Judgments

The Department is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; workers compensations; and health care of its employees. The Department participates in a public entry risk pool called the PUMIC to provide coverage for the above-mentioned risks except for workers compensation. The following details the coverage through the PUMIC. Settled claims have not exceeded the risk pool coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Public Entity Risk Pool

Public Utility Mutual Insurance Company (PUMIC)

The PUMIC is a liability insurance company, which is owned by its members. The PUMIC was formed in 1997 to provide general insurance to members of the Public Utility Risk Management Association (PURMA). PURMA is a 501(c)(6) not-for-profit association whose members include municipal utilities and rural cooperatives.

The PUMIC is self-insured up to a maximum of $1,000,000 of each insurance risk. Losses paid by the PUMIC plus administrative expenses will be recovered through premiums to the participating pool of municipal utilities and rural cooperatives.

Management of each organization consists of a board of directors comprised of representatives elected by the participants. The Department has an employee participating as a board member in each of the organizations.

Financial statements of PUMIC and PURMA can be obtained directly from PUMIC's offices.

The initial investment in PUMIC is refundable upon withdrawal from the organization and has been reported at the original amount of $168,000.

For general liability purposes, the Department is self-insured up to $50,000, has self-insurance trust coverage in the amount of $500,000 and general liability insurance through the risk pool for $500,000 to $25,000,000 per occurrence. The Department was also self-insured for workers compensation up to $250,000 per occurrence through December 31, 2014. The Department has since moved to commercial insurance for workers compensation.

15. Subsequent Events

The Department evaluated subsequent events through April 22, 2025, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Holyoke Gas and Electric

Schedule of Proportionate Share of the Net Pension Liability (Unaudited) -
City of Holyoke Retirement System
Last 10 Fiscal Years*

The required supplementary information presented below represents the proportionate information for the enterprise funds included in this report.

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Holyoke Gas and Electric's proportion of the net pension liability	23.1800000%	22.9600000%	22.9807710%	22.6007850%	23.0413940%	22.7516170%	21.8667720%	21.0663720%	20.7392330%	20.4671670%
Holyoke Gas and Electric's proportionate share of the net pension liability	$ 26,916,445	$ 28,179,670	$ 16,856,396	$ 22,849,646	$ 57,309,737	$ 34,387,346	$ 25,930,197	$ 30,715,656	$ 30,700,334	$ 27,426,467
Holyoke Gas and Electric's covered employee payroll	15,160,385	14,003,339	13,370,925	12,794,112	12,976,188	12,629,315	11,779,347	11,381,012	10,862,753	10,776,026
Plan fiduciary net position as a percentage of the total pension liability	77.58%	75.59%	85.04%	78.57%	71.79%	64.90%	71.67%	64.26%	62.55%	64.47%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

Schedule of Contributions - Pension
City of Holyoke Retirement System
Last 10 Fiscal Years *

The required supplementary information presented below represents the proportionate information for the enterprise funds included in this report.

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 4,353,483	$ 4,217,718	$ 4,094,911	$ 3,907,249	$ 3,983,422	$ 3,958,373	$ 3,856,839	$ 3,711,165	$ 3,596,091	$ 3,526,919
Contributions in relation to the contractually required contributions	(4,353,483)	(4,217,718)	(4,094,911)	(3,907,249)	(3,983,422)	(3,958,373)	(3,856,839)	(3,711,165)	(3,596,091)	(3,526,919)
Contributions deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Holyoke Gas and Electric's covered-employee payroll	16,245,743	15,160,385	14,003,339	13,370,925	12,794,112	12,976,188	12,629,315	11,779,347	11,381,012	10,862,753
Contributions as a percentage of covered-employee payroll	26.80%	27.82%	29.24%	29.22%	31.13%	30.50%	30.54%	31.51%	31.60%	32.47%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

See notes to required supplementary information - Pension (unaudited)

Holyoke Gas and Electric

Schedule of Changes of the Net OPEB Liability (Asset) (Unaudited) -
City of Holyoke Retirement System
Last 10 Fiscal Years *

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability (Asset)								
Service cost	$ 684,489	$ 690,712	$ 580,937	$ 570,324	$ 500,313	$ 518,484	$ 594,872	$ 526,946
Interest cost	1,248,175	1,182,608	1,247,108	1,211,804	1,162,953	1,119,602	1,008,278	998,426
Differences between expected and actual experience	(2,424,651)	(316,267)	(2,789,519)	(285,049)	(269,324)	(222,610)	289,069	-
Changes of assumptions	(793,840)	80,662	523,075	(356,356)	(50,171)	(83,641)	463,399	-
Benefit payments, including refunds of member contributions	(590,860)	(581,161)	(574,367)	(575,849)	(589,998)	(579,319)	(574,584)	(824,241)
Net change in total OPEB lability	(1,876,687)	1,056,554	(1,012,766)	564,874	753,773	752,516	1,781,034	701,131
Total OPEB Liability, Beginning	20,450,857	19,394,303	20,407,069	19,842,195	19,088,422	18,335,906	16,554,872	15,853,741
Total OPEB Liability, Ending	$ 18,574,170	$ 20,450,857	$ 19,394,303	$ 20,407,069	$ 19,842,195	$ 19,088,422	$ 18,335,906	$ 16,554,872
Contribution, employer	$ 590,859	$ 931,160	$ 656,916	$ 3,396,100	$ 2,708,768	$ 2,559,063	$ 1,774,584	$ 2,024,241
Net investment income (loss)	2,693,281	2,564,791	(3,435,258)	2,341,288	1,742,116	1,866,028	(593,694)	840,362
Benefit payments, including refunds of member contributions	(590,860)	(581,161)	(574,367)	(575,849)	(589,998)	(579,319)	(574,584)	(824,241)
Net change in fiduciary net position	2,693,280	2,914,790	(3,352,709)	5,161,539	3,860,886	3,845,772	606,306	2,040,362
Plan Fiduciary Net Position, Beginning	21,865,312	18,950,522	22,303,231	17,141,692	13,280,806	9,435,034	8,828,728	6,788,366
Plan Fiduciary Net Position, Ending	$ 24,558,592	$ 21,865,312	$ 18,950,522	$ 22,303,231	$ 17,141,692	$ 13,280,806	$ 9,435,034	$ 8,828,728
Net OPEB Liability (Asset)								
Net OPEB liability (asset)	$ (5,984,422)	$ (1,414,455)	$ 443,781	$ (1,896,162)	$ 2,700,503	$ 5,807,616	$ 8,900,872	$ 7,726,144
Plan's fiduciary net position as a percentage of the total OPEB liability	132.22%	106.92%	97.71%	109.29%	86.39%	69.58%	51.46%	53.33%
Covered-employee payroll	16,854,668	15,843,824	15,213,927	14,508,827	13,698,697	13,115,000	12,520,427	12,187,515
Net OPEB liability (asset) as a percentage of covered-employee payroll	-35.51%	-8.93%	2.92%	-13.07%	19.71%	44.28%	71.09%	63.39%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.
GASB Statement No. 74 was implemented effective January 1, 2017, and therefore only four years are available for disclosure.

See notes to required supplementary information - Other Postemployment Benefits (unaudited)

Holyoke Gas and Electric

Schedule of Contributions - Other Postemployment Benefits (Unaudited)
City of Holyoke Retirement System
Last 10 Fiscal Years *

	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 684,489	$ 755,677	$ 919,281	$ 580,935	$ 1,279,538	$ 1,732,455	$ 1,974,179	$ 1,978,662
Contributions in relation to the actuarially determined contribution	590,859	931,160	656,914	3,396,100	2,708,768	2,559,063	1,774,584	2,024,241
Contribution deficiency (excess)	$ 93,630	$ (175,483)	$ 262,367	$ (2,815,165)	$ (1,429,230)	$ (826,608)	$ 199,595	$ (45,579)
Covered-employee payroll	$ 16,854,668	$ 15,843,824	$ 15,213,927	$ 14,508,827	$ 13,698,697	$ 13,115,000	$ 12,520,427	$ 12,187,515
Contributions as a percentage of covered-employee payroll	3.51%	5.88%	4.32%	23.41%	19.77%	19.51%	14.17%	16.61%
Annual weighted rate of return on OPEB plan investments	12.72%	13.81%	-15.08%	13.02%	12.52%	18.32%	-5.97%	11.37%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.
GASB Statement No. 74 was implemented effective January 1, 2017, and therefore only four years are available for disclosure.

See notes to required supplementary information - Other Postemployment Benefits (unaudited)

Changes of benefit terms: Effective January 1, 2024 the Cost of Living Adjustment (COLA) base was increased from $14,000 to $15,000. Effective January 1, 2020 the Cost of Living Adjustment (COLA) base was increased from $12,000 to $14,000. There were no changes of benefit terms for any participating employer in the City of Holyoke Retirement System for the years 2015-2019.

Changes of assumptions:

The following changes were effective January 1, 2024:

- None

The following changes were effective January 1, 2023:

- None

The following changes were effective January 1, 2022:

- The investment return assumption was lowered from 7.25% to 7.00
- The mortality improvement scale was updated from MP-2017 to MP2021

The following changes were effective January 1, 2021:

- None

The following changes were effective January 1, 2020:

- The investment return assumption was lowered from 7.50% to 7.25

The following changes were effective January 1, 2018:

- Salary increases was lowered from 4.25%-4.75% to 4.00%-4.50%
- The inflation assumption was lowered from 3.50%-3.25%
- The investment return assumption was lowered from 7.625% to 7.50%
- The mortality assumption for healthy retirees changed from RP-2000 Healthy Annuitant Mortality Table projected using Scale BB2D from 2009, to RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year for females projected generationally using Scale MP-2017
- The mortality assumption for disabled retirees changed from the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale BB2D from 2015, to RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally using Scale MP- 2017

The following changes were effective January 1, 2016:

- The investment return assumption was lowered from 7.75% to 7.625%
- The mortality assumption for nondisabled participants was changed from the RP-2000 Employee and Healthy Annuitant Mortality Tables projected generationally using Scale AA from 2010 to the RP-2000 Employee and Healthy Annuitant Mortality Tables projected generationally using Scale BB2D from 2009
- The mortality assumption for disabled participants was changed from the RP-2000 Healthy Annuitant Mortality Table set forward three years for males only projected generationally using Scale AA from 2010 to the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale BB2D from 2015.

Factors significantly affecting trends in the amounts reported:

Inflation	3.50% for FY2024-FY2017
Salary Increases	Service-related increases for Group 1: 6.0% per year decreasing over 9 years to 4.25% per year for FY2024-FY2017 Service-related increases for Group 4: 7.0% per year decreasing over 6 years to 4.75% per year for FY2024-FY2017
Investment Rate of Return	6.25% for FY2024-FY2017
Healthy Mortality Rates	PubG.H-2010 Mortality Table with MP-2021 Mortality Scale for FY2024-FY2021. PubG.H-2010 Mortality Table with MP-2020 Projection Scale for FY2020. PubG.H-2010 Mortality Table with MP-2018 Mortality Scale for FY2019 and FY2018.RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2009 for FY2017.

Significant Methods and assumptions used in calculating actuarially determined contributions:

Valuation Date	Actuarially determined contribution for the fiscal year ending December 31, 2024 actuarial valuation. The fiscal years ending December 31, 2022 and 2023 were both determined with the December 31, 2022 actuarial valuation. The fiscal years ending December 31, 2021 and 2020 were both determined with the December 31, 2020 actuarial valuation. The fiscal year ending December 31, 2019 and 2018 were both determined with the December 31, 2018 actuarial valuation. The fiscal year ending December 31, 2017 was determined with the June 30, 2015 actuarial valuation.
Actuarial Cost Method	Entry Age Actuarial Cost Method for FY2024-FY2018. Projected Unit Credit Method for FY2017.
Amortization Method	Level percent of payroll for FY2024-FY2017
Remaining Amortization Period	6 years from December 31, 2024 for FY2024. 6 years from December 31, 2022 for FY2022 and FY2023. 6 years from December 31, 2020 for FY2021 and FY2020. 6 years from December 31, 2018 for FY2019 and FY2018. 7 years from December 31, 2015 for FY2017.
Asset Valuation Method	Market value for FY2024-FY2017
Discount Rate	6.25% for FY2024-FY2017
Inflation	3.50% for FY2024-FY2017
Healthcare Trend Rates* *Non-Medicare medical/prescription drug*	6.0% per year graded down by the Getzen model to an ultimate rate of 4,0% per year for FY2024. 6.5% per year graded down by the Getzen model to an ultimate rate of 4,04% per year for FY2023. 6.5% per year graded down by the Getzen model to an ultimate rate of 4.14% per year for FY2022. 6.00% per year graded down by the Getzen model to an ultimate rate of 3.94% per year for FY2021. 5.5% per year graded down by the Getzen model to an ultimate rate of 4.04% per year for FY2020. 6.00% per year graded down by the Getzen model to an ultimate rate of 3.84% per year for FY2019. 6.50% per year graded down by the Getzen model to an ultimate rate of 3.84% per year for FY2018. 10.0%, then 7.5% decreasing by 0.5% for 5 years to an ultimate level of 5.0% per year for FY2017.

Medicare medical/prescription drug	6.0% per year graded down by the Getzen model to an ultimate rate of 4,0% per year for FY2024. 6.5% per year graded down by the Getzen model to an ultimate rate of 4,04% per year for FY2023. 6.5% per year graded down by the Getzen model to an ultimate rate of 4.14% per year for FY2022. 6.00% per year graded down by the Getzen model to an ultimate rate of 3.94% per year for FY2021. 5.5% per year graded down by the Getzen model to an ultimate rate of 4.04% per year for FY2020. 6.00% per year graded down by the Getzen model to an ultimate rate of 3.84% per year for FY2019. 5.5%, then 7.5% decreasing by 0.5% for 5 years to an ultimate level of 5.0% per year for FY2018. 10.0%, then 7.5% decreasing by 0.5% for 5 years to an ultimate level of 5.0% per year for FY2017.
Dental/Administrative	6.0% per year graded down by the Getzen model to an ultimate rate of 4,0% per year for FY2024. 6.5% per year graded down by the Getzen model to an ultimate rate of 4,04% per year for FY2023. 6.5% per year graded down by the Getzen model to an ultimate rate of 4.14% per year for FY2022. 6.00% per year graded down by the Getzen model to an ultimate rate of 3.94% per year for FY2021. 5.5% per year graded down by the Getzen model to an ultimate rate of 4.04% per year for FY2020. 6.00% per year graded down by the Getzen model to an ultimate rate of 3.84% per year for FY2019. 5.0% for FY2018 and FY2017.
Contributions	Retiree contributions for medical and prescription drug coverage are expected to increase with medical trend for FY2024-FY2017.

**Trends reflect known increases for the first year*

SUPPLEMENTARY INFORMATION

Holyoke Gas and Electric

Schedules of Operating Revenues and Expenses - Gas Division
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Revenues		
Residential	$ 11,120,748	$ 12,006,133
Commercial	9,063,587	10,541,977
Industrial	2,578,619	2,969,063
Municipal	737,389	896,006
Departmental sales	56,497	80,131
Sales for resale	429,597	544,079
Uncollectible accounts	(86,432)	(99,305)
Total operating revenues	$ 23,900,005	$ 26,938,084
Cost of Gas Sold		
Purchases, natural gas	$ 8,207,597	$ 11,532,760
Liquid natural gas processed	303,478	338,823
Environmental response	88,690	158,719
Supplies and expenses	255,009	211,110
Total cost of gas sold	$ 8,854,774	$ 12,241,412
Distribution		
Salaries and wages:		
System control and load dispatch	$ 543,860	$ 411,374
Supervision and engineering	483,084	548,095
Customer installation	697,210	636,034
Operation	725,152	577,203
Maintenance	1,182,719	1,291,956
Supplies and expenses	1,787,025	1,762,134
Total distribution	$ 5,419,050	$ 5,226,796
Customer Accounts		
Salaries and wages:		
Meter reading	$ 34,399	$ 25,855
Accounting and collection	207,421	177,071
Supplies and expenses	109,325	108,410
Total customer accounts	$ 351,145	$ 311,336
General and Administrative		
Salaries	$ 1,230,099	$ 1,113,998
Pensions and benefits	1,543,300	1,784,190
Insurance	187,715	162,141
General supplies and expenses	1,074,003	990,425
Total general and administrative	$ 4,035,117	$ 4,050,754

Holyoke Gas and Electric

Schedules of Operating Revenues and Expenses - Electric and Telecommunications Divisions
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Revenues		
Electric sales:		
Residential	$ 17,929,270	$ 16,785,415
Commercial	31,776,384	29,534,978
Industrial	5,370,094	5,169,646
Municipal	2,073,914	2,560,803
Interdepartmental	356,336	299,596
Water	6,300	6,300
Renewable energy revenue	4,611,741	3,670,412
Cobble Mountain operation, net	553,477	544,569
Telecommunication sales	3,423,053	3,341,193
Uncollectible accounts, electric/hydro	(219,226)	(171,906)
Uncollectible accounts, telecommunications	(256)	562
Total operating revenues	$ 65,881,087	$ 61,741,568
Cost of Electricity/Steam/Water Sold		
Purchases, electricity	$ 13,215,113	$ 11,466,412
Salaries and wages:		
Production	1,635,239	1,489,094
Maintenance	1,967,345	1,818,182
Supplies and expenses	4,224,622	3,638,841
Cost of water sold	362,993	419,337
Total cost of electricity/steam/water sold	$ 21,405,312	$ 18,831,866
Electric Transmission		
Salaries and wages	$ 1,005,962	$ 970,793
Supplies and expenses	384,966	290,983
Transmission by others	3,832,300	3,285,673
Total electric transmission	$ 5,223,228	$ 4,547,449
Distribution		
Electric:		
Salaries and wages:		
Lines, equipment and street lights	$ 3,754,692	$ 3,614,399
Customer installations	261,112	252,673
Supplies and expenses	3,874,625	3,971,825
Telecommunications distribution	2,182,973	2,051,730
Total distribution	$ 10,073,402	$ 9,890,627
Customer Accounts		
Salaries and wages:		
Meter reading	$ 74,730	$ 44,656
Accounting and collection	385,210	382,157
Supplies and expenses	197,985	196,215
Total customer accounts	$ 657,925	$ 623,028
General and Administrative		
Electric:		
Salaries	$ 2,357,825	$ 2,055,402
Pensions and benefits	2,756,983	3,560,287
Insurance	797,660	721,842
General supplies and expenses	2,523,475	2,409,448
Telecommunications general and administrative	683,780	712,317
Total general and administrative	$ 9,119,723	$ 9,459,296