

MINUTES OF GAS & ELECTRIC COMMISSION MEETING
REGULAR SESSION
MARCH 12, 2024

A meeting of the Holyoke Gas and Electric Department was held on March 12, 2024, at 5:08 P.M. in the Department's offices. In attendance were Commissioners Hoey, Sutter and Marrero; Manager Lavelle; Superintendents Steve Roy and Brian Roy; Brooke McMahon, Kirk Jonah, Kate Sullivan, Lisa Rogers, and Attorney John Ferriter.

CALL TO ORDER:

Chairman Hoey called the meeting to order at 5:08 P.M.

MINUTES:

On a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the minutes from February 13, 2024.

REPORTS & RECOMMENDATIONS OF MANAGER:

Financial Report:

Ms. McMahon reviewed the draft January 2024 financial statements. There was a brief discussion on the matter.

DIVISION REPORTS:

GAS DIVISION

Mr. Brian Roy reported that wholesale natural gas purchases continue consistent with the hedging plan for the current 12-month procurement window. He stated that 98% of winter ('23-'24) supply is locked in price and that 39% of summer supply is locked-in. He noted that the Purchased Gas Adjustment (PGA) was reduced from \$0.71/ccf to \$0.29 (~60%) for the March billing cycle as a result of energy costs being down 32% since the PGA was set in October. He reported that February unit sales are down approximately 8% below plan due to mild weather. He then reviewed the March natural gas rate comparisons and reported that the Department remains very competitive in all rate classes. There was a brief discussion on the matter.

Mr. Roy stated that distribution construction work would begin in late March given the favorable weather and that crews will begin on Woodbine Ave. He stated that the city modified the CSO project schedule which allows us to defer the replacement of a main segment on Northampton St and shift efforts upgrades in along Hillview and Meadowview streets. He then reported that there are currently zero leaks on file and that the leak survey contractor is conducting the March winter patrol survey this week. He then reported that the annual PHMSA program review and update is ongoing with the annual performance metrics completed and gave an update on key metrics.

Mr. Roy noted that the DPU conducted an operator qualification performance exam observation in February, and then raised a concern during the exit interview over an interpretation of manufacturer procedures. The DPU inspector noted that an electrofusion saddle was not completely centered in the clamp as required by procedure. Mr. Roy stated that upon review of the procedure with the equipment

manufacturer, the Department received letter from the manufacturer stating that the saddle does not have to be perfectly centered and provided reasonable off-center tolerances suggesting that the Department's interpretation was correct. He noted that the letter from the manufacturer was shared with the DPU, and that staff is waiting for feedback from DPU to determine if their concern has been satisfactorily addressed. Mr. Roy then stated that the DPU also requested a copy of our OQ plan this week ahead of this year's formal program audit. Finally, he noted that the O&M audit is ongoing and that the DPU plans to return in late March to conduct the records review portion of this audit, which started in Q4 2023.

Mr. Roy stated that staff continues to remain engaged with PHMSA on the \$10M provisional grant award and that PHMSA has not yet reviewed the revised HG&E application that was submitted in August 2023 at PHMSA's request. He noted that Westfield Gas & Electric recently received authorization for their revised plan so we should hear soon.

ELECTRIC DIVISION

POWER SUPPLY

Mr. Steve Roy reviewed the March electric rate comparisons and reported that the Department remains competitive in all rate classes compared to regional peers. He then reviewed the March Mark-to-Market report and reported that all transactions are within policy limits. He also gave an update on peak load reduction activities and noted that the February peak occurred on February 14th, hour-ending 19, and that 2.91 MW were shed via Department load reducers. There was a brief discussion on the matter.

TRANSMISSION & DISTRIBUTION

Mr. Roy reported AMI meter deployments are ongoing as part of the second year of a five-year deployment plan and he gave an update on various distribution projects and grant applications. He also reported that the investigation continues to determine the cause of failure of three primary disconnect bushings at North Canal Substation during 2023 and that the OEM will be on site this week to perform additional testing. There was a brief discussion on the matter.

ELECTRIC PRODUCTION

Mr. Roy stated that hydro production for February was 20% ahead of plan due to favorable river flows. He then gave an update on planned capital projects at Cobble Mountain Station and Hadley Falls Station, including the Hadley Falls Unit #2 rehabilitation project that is scheduled to begin in the second quarter. He also reported that the canal shutdown is scheduled for the week of March 23rd. There was a brief discussion on the matter.

TELECOMMUNICATIONS

Mr. Jonah gave an update on the status of sales activity, and he reported that staff continues to summarize the findings of the FTTH design and will have recommendations on next steps in the near future. There was a brief discussion on the matter.

CUSTOMER SERVICE

Ms. Rogers gave a brief update on accounts receivable, fuel assistance and payment method statistics for 2023. There was a brief discussion on the matter.

MARKETING & COMMUNICATIONS

Ms. Sullivan gave an update on how the Massachusetts Department of Energy Resources (DOER) plans to distribute federal IRA funds for Home Efficiency Rebates (HER) and Home Electrification Appliance Rebates (HEAR). She stated that the process is still in development and that plans are expected to be finalized by January 2025. She then gave an update on public activities for the fishway during the spring season and noted that staff is working with Heritage State Park and First Light Power due to the HG&E Visitor center being closed for the season for the planned Hadley Falls Unit #2 rehabilitation. There was a brief discussion on the matter.

OLD BUSINESS: None

NEW BUSINESS:

SPONSORSHIP REQUEST – CITY OF HOLYOKE FIREWORKS: Mr. Lavelle reported that the Department received a sponsorship request in the amount of \$20,000 from Mayor Garcia to support the City of Holyoke July 4th Fireworks Display and he recommended that the request be approved as it is consistent with the sponsorship level for the past several years. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the sponsorship per the recommendation of management.

BID AUTHORIZATIONS:

FY 2022 NGDISM GRANT FUNDING MATERIALS & SERVICES: Mr. Lavelle recommended that the Commission authorize the solicitation of bids for materials and services required to complete the replacement of leak-prone gas distribution infrastructure associated with the provisionally awarded FY 2022 PHMSA Natural Gas Distribution Safety and Modernization grant program upon execution of the grant contract agreement. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the bids per the recommendation of management.

BIDS RECEIVED:

TRUCK #12 REPLACEMENT: Mr. Lavelle recommended that the Commission award the contract for the Truck #12 replacement to Marcotte Ford, off the VEH110 State Bid List. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to award the contract per the recommendation of management.

ELECTRICAL SERVICES ANNUAL CONTRACT: Mr. Lavelle recommended that the Commission award the contract for Electrical Services Annual Contract to Collins Electric Co., Inc., the low bidder meeting all requirements for the solicitation. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to award the contract per the recommendation of management.

UTILITY LINE MATERIAL – 1894 LINE STRUCTURES: Mr. Lavelle recommended that the Commission award the contract for Utility Line Material – 1894 Line Structures to McWane Inc., the low and only bidder meeting all technical requirements of the solicitation, and contingent upon mutual

agreement of other contract terms and conditions. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to award the contract per the recommendation of management.

FENCE MAINTENANCE, REPAIRS & INSTALLATIONS ANNUAL CONTRACT -

EXTENSION: Mr. Lavelle recommended that the Commission authorize a one-year extension to the annual contract for Fence Maintenance, Repairs and Installations with Brodeur-Campbell Fence Co., Inc., subject to the same terms, conditions, and rates of the existing contract. He stated that this would be the second contract extension of the contract awarded on March 15, 2022, and would run through March 31, 2025. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the contract extension per the recommendation of management.

GAS LEAK SURVEYS ANNUAL CONTRACT - EXTENSION: Mr. Lavelle recommended that the Commission authorize a one-year extension to the annual contract for Gas Leak Surveys with Omark Consultants, Inc., subject to the same terms, conditions, and rates of the existing contract. He stated that this would be the second contract extension of the contract awarded on July 12, 2022, and would run through July 31, 2025. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the contract extension per the recommendation of management.

PURCHASE APPROVAL – JUNIPER HARDWARE SOFTWARE SUPPORT &

MAINTENANCE RENEWAL: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$195,361.74 for the renewal of software support and maintenance services for a variety of Juniper hardware deployed throughout the utility network for a period of five years. He stated that the recommended renewal will put all current Juniper hardware under the same support contract. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the expenditure per the recommendation of management.

COMMUNICATIONS

- 03/06/24 – Draft Commission Meeting Minutes from 03/12/24
- 03/06/24 – JL/DD/Financial Statements, Balance Sheet & Summary Report – January 2024
- 03/07/24 – JL/KC/Sponsorship Request – City of Holyoke Fireworks
- 03/05/24 – BR/WS/Authorization to Bid – FY2022 NGDISM Grant Funding Materials & Services
- 03/06/24 – CW/JB/Recommendation to Award/Technical Review – Vehicle #12
- 03/05/24 – SR/VO/Bid Recommendation – Electrical Services Annual Contract
- 03/05/24 – SR/SD/Bid Recommendation – Utility Line Material – 1894 Line Structures
- 02/26/24 – JL/CW/Recommendation – Extension of Fence Maintenance, Repairs & Installations Annual Contract
- 03/04/24 – JL/CW/Extension Recommendation – Gas Leak Surveys
- 02/29/24 – KJ/TH/Purchasing Approval: Juniper Next Day Core Support Renewal

NEXT MEETING DATE:

It was agreed that the next Commission meeting would take place on Tuesday April 9th at 5:00 P.M.

Chairman Hoey recommended that the Commission enter into Executive Session to discuss strategy with respect to executive compensation.

Chairman Hoey stated that the Commission would enter into Executive Session and return to Regular Session.

On a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted, on a roll-call vote, to enter into Executive Session at 6:20 P.M.

Chairman Hoey reconvened the Regular Session at 6:33 P.M.

Commissioner Hoey asked Ms. McMahon what guidance for compensation adjustments was used for staff. Ms. McMahon stated that, based on recommendations from the Department's wage consultant, the overall salary/merit increase budget for 2024 is 4%, with individual adjustments based on actual 2023 performance according to the following: Below Expectations 0%-2%; Meets Expectation 3%-4.2%; and Exceeds Expectation 5%-6%. Commissioner Sutter made a motion that the Commission consider an adjustment to the Manager's base salary of 5.5% and a one-time performance recognition payment of 10% based on his performance. Commissioner Marrero seconded the motion. After a brief discussion on the matter, the Commission unanimously approved the motion.

ADJOURNMENT:

Mr. Lavelle recommended that the Commission enter into Executive Session to discuss strategy with respect to real estate negotiations.

Chairman Hoey stated that the Commission would enter into Executive Session and return to Regular Session.

On a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted, on a roll-call vote, to enter into Executive Session at 6:10 P.M.

Chairman Hoey reconvened the Regular Session at 6:30 P.M.

Adjournment: On a motion from Commissioner Marrero, seconded by Commissioner Sutter, it was unanimously voted to adjourn the Meeting at 6:38 P.M.

HG&E Commission