

MINUTES OF GAS & ELECTRIC COMMISSION MEETING
REGULAR SESSION
NOVEMBER 16, 2017

A meeting of the Holyoke Gas and Electric Department was held on November 16, 2017 at 5:00 P.M. in the Department's offices. In attendance were Commissioners Hoey, Griffin and Sutter; Manager Lavelle; Superintendent Beauregard, Dan Smith, Brian Richards, Kate Sullivan, Brooke McMahon, Jim Jackowski, Terry Sweeney and Attorney John Ferriter.

CALL TO ORDER:

Commissioner Hoey called the meeting to order at 5:12 PM.

MINUTES:

On a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the minutes from October 25, 2017.

REPORTS & RECOMMENDATIONS OF MANAGER:

Financial Report:

Mr. Richards reviewed the draft September financial statements. There was a brief discussion on the matter.

2018 Budget:

Mr. Lavelle presented the draft 2018 budget and requested that the Commission approve both the overhead and capital budgets as presented. He stated that the operating budget reflects an estimated 8.5% increase in sales, largely due to increased fuel costs. He noted that non-fuel expenses are on par with 2017. He also stated that the capital budget of \$14.8 Million includes the replacement of the Holyoke 17L substation at approximately \$6 Million. There was a discussion on both the operating and capital budget assumptions. On a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the 2018 operating and capital budgets as presented.

DIVISION REPORTS:

GAS DIVISION

Mr. Smith reported that wholesale natural gas procurements continue consistent with the hedging plan for the current 12-month procurement window. He also presented the November natural gas rate comparisons and noted that the Department is very competitive in all classes. He further reported that the Winter PGA will be adjusted to \$0.37/CCF for all firm customers and that the Winter interruptible PGA will be set at \$0.98/CCF. He stated that current winter rates are approximately 9% higher than last year due to increased fuel costs. He then gave an update on ongoing capital and maintenance projects. There was a brief discussion on the matter.

ELECTRIC DIVISION

Power Supply:

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

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

Mr. Beauregard gave an update on ongoing solar and power supply projects and also gave a brief update on demand management activities. There was a brief discussion on the matter.

TRANSMISSION & DISTRIBUTION

Mr. Beauregard reported that planned preventive maintenance and capital projects are on schedule and he gave an update on the design and planning activities for the Holyoke 17L Substation. There was a brief discussion on the matter.

ELECTRIC PRODUCTION

Mr. Lavelle reported that Hadley Falls Unit #1 was taken out of service today for a turbine guide bearing adjustment as that the unit was back in service by the end of the day. He stated that year-to-date hydro production is slightly ahead of plan. He further reported that boat barrier has been removed from the river and that fishlift operations have been suspended for the season, in full accordance with the FERC license requirements. There was a brief discussion on the matter.

TELECOMMUNICATIONS

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

OLD BUSINESS: None

NEW BUSINESS:

ELECTRIC RATE ADJUSTMENT: Mr. Lavelle recommended that the Commission approve an adjustment to the Residential (ER), Commercial (EC, F4 and MC) and Small Industrial (SI) electric rates as outlined in the November 9, 2017 memorandum from Jeanette Sypek. He stated that the recommendation includes an adjustment to the Purchased Power Adjustment (PPA) from \$0.03419/kWh to \$0.03757/kWh which results in an approximately 2.5% increase in the overall rate. He further stated that the recommended non-fuel adjustments amount to an approximate 2% additional increase, for an overall increase of approximately 4.5% to the subject rates. He reminded the Commission that since 2014, the Department's transmission and capacity costs, which are outside of the Department's control, have increased by over \$10 Million, while rates have remained fairly constant. He stated that the recommended increase is required to keep pace with costs that the Department is required to pay for regional transmission service and generation capacity required by ISO-NE market rules. There was a discussion on the matter. On a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to approve the rate adjustments per the recommendation of management.

BID AUTHORIZATIONS: None

BIDS RECEIVED:

WASTE MANAGEMENT SERVICES: Mr. Lavelle recommended that the Commission award a two-year contract for Waste Management Services to Republic Services, Inc., the lowest responsive and eligible bidder. Commissioner Hoey stated that his employer has performed work in the past for both companies that submitted bids for the project and he abstained from the matter. After a brief discussion, and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was voted 2-0 to award the contract per the recommendation of management. Commissioner Hoey abstained.

GAS RF METER MODULES ANNUAL CONTRACT EXTENSION: Mr. Lavelle recommended that the Commission authorize a one year extension to the Gas RF Meter Modules Annual Contract with minor adjustments (1% increase) on the cost of residential and commercial ERT modules and consistent with all other terms and conditions of the existing contract. After a brief discussion, and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to authorize the contract extension per the recommendation of management.

PURCHASE APPROVAL – PROFESSIONAL SERVICES - MT. TOM TRANSFER TRIP SCHEME DESIGN: Mr. Lavelle requested authorization for the expenditure of up to \$54,800 for professional services required to design a relay protection scheme for the Mt. Tom Solar and Battery Storage project (Project). He stated that the trip scheme is required to protect the Department's distribution system in the event of a system fault at the project. Commissioner Hoey disclosed that his employer has performed work for the owner of the solar array and battery storage system and he abstained from the matter. After a brief discussion, and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was voted 2-0 to award the contract per the recommendation of management. Commissioner Hoey abstained.

PURCHASE APPROVAL – MAIN OFFICE WINDOW TREATMENTS: Mr. Lavelle requested authorization for the expenditure of up to \$24,448 for window treatments at the main office building. He stated that 14 windows were recently replaced and all of the buildings window treatments are 25 years old, badly deteriorated and in need of replacement. He stated that the funds were included in the current capital expenditure plan. After a brief discussion, and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to authorize the expenditure per the recommendation of management.

PURCHASE APPROVAL – TEST SWITCHES: Mr. Lavelle requested authorization for the expenditure of up to \$15,029 for the purchase of 93 test switches that are required as part of a protective relaying upgrade on the 13.8 kV distribution system. After a brief discussion, and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to authorize the expenditure per the recommendation of management.

PURCHASE APPROVAL – STEEL UTILITY POLES: Mr. Lavelle requested authorization for the expenditure of up to \$13,428 for the purchase of 4 steel utility poles that are required to replace existing wood poles that were found to have sustained woodpecker damage. After a brief discussion, and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to authorize the expenditure per the recommendation of management.

PURCHASE APPROVAL – PROFESSIONAL SERVICES - GASWORKS

ENVIRONMENTAL MONITORING: Mr. Lavelle requested authorization for the expenditure of up to \$56,000 for professional services required to comply with all monitoring, maintenance, operation

and reporting for the Gasworks site for 2017. He stated the Apex Companies, LLC has served as the Licensed Site Professional for the project for several years and has done a very good job supporting the Department's compliance with the project requirements. He further requested that the Commission authorize the expenditure of up to \$59,000 for estimated 2018 efforts required by Apex on the project. After a brief discussion, and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to authorize the expenditures per the recommendation of management.

PURCHASE APPROVAL – PROFESSIONAL SERVICES – CABOT ST MCP SITE: Mr. Lavelle requested authorization for the expenditure of up to \$10,500 for all monitoring, maintenance, operation and reporting services related to the Cabot Street #6 Fuel Oil recovery system as required by the Massachusetts Contingency Plan (MCP) for 2017. He further requested that the Commission authorize the expenditure of up to \$12,000 for the same services for calendar year 2018. After a brief discussion, and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to authorize the expenditures per the recommendation of management.

PURCHASE APPROVAL – NETWORK FIREWALL: Mr. Lavelle requested authorization for the expenditure of up to \$214,048 for the purchase, installation and configuration of a new firewall system designed to protect the Department's network from malicious internet traffic. He stated that due to the migration of existing programs to the "Cloud", as well as a general increase in traffic, the existing firewall appliance does not have the capacity to handle current traffic patterns. He also stated that the existing firewall system has no redundancy. He further reported that the recommended solution will address both the capacity and redundancy concerns. After a brief discussion, and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to authorize the expenditures per the recommendation of management.

HOLYOKE 17L RELAY & CONTROL PANELS: Mr. Lavelle recommended that the Commission award the contract for the 17L Relay Control Panels to Keystone Electric Manufacturing Co., the lowest responsive and eligible bidder. After a brief discussion, and on a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to award the contract per the recommendation of management.

COMMUNICATIONS:

11/09/17 – Draft Commission Meeting Minutes from 10/25/17

10/25/17 – JL/DD/Financial Statements, Balance Sheet September 2017

11/09/17 – BB/JS/Rate Recommendation

11/09/17 – JL/YD/Recommendation – Waste Management Services

11/07/17 – JL/YD/Bid Recommendation – Extension of Gas RF Meter Modules Annual Contract

10/18/17 – BB/SD/Purchasing Approval: Professional Services for Transfer Trip at Mt. Tom Solar & Battery

11/08/17 – JL/KS/Purchasing Approval: Purchase and Installation of Curtains & Shade Replacements for Main Office Building

11/06/17 – BB/DV/Purchasing Approval: ABB Test Switches for Protection System Relays

11/07/17 – BB/CP/Purchasing Approval: Purchase Four (4) Ductile Iron Poles

11/09/17 – DS/CP/Purchasing Approval: Environmental Operation, Monitoring, Maintenance, Inspection & Reporting Services at Old Gas Works Site

11/09/17 – DS/CP/Purchasing Approval: Operation, Monitoring, Maintenance & Inspection Services at Cabot St MCP Site

11/07/17 – TH/AJ/Purchasing Approval: Checkpoint Security Gateways & Support Services

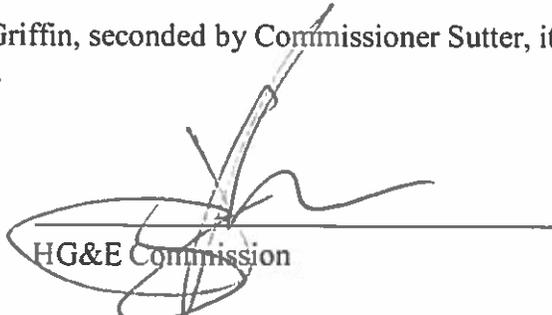
11/15/17 – BB/SD/Bid Recommendation: Contract 17-42 for Holyoke 17L Relay & Control Panels

NEXT MEETING DATE:

It was agreed that the next Commission meeting would take place on Wednesday, December 6, 2017 at 5:00 P.M.

ADJOURNMENT:

On a motion from Commissioner Griffin, seconded by Commissioner Sutter, it was unanimously voted to adjourn the Meeting at 6:12 PM.



HG&E Commission

Minutes 11/16/17