

**MINUTES OF GAS & ELECTRIC COMMISSION MEETING**  
**REGULAR SESSION**  
**NOVEMBER 15, 2022**

A meeting of the Holyoke Gas and Electric Department was held on November 15, 2022 at 5:10 P.M. in the Department's offices. In attendance were Commissioners Hoey, Sutter and Marrero; Manager Lavelle; Superintendents Steve Roy and Brian Roy; Brooke McMahon, Kirk Jonah, Kate Sullivan, Lisa Rogers and Attorney John Ferriter.

**CALL TO ORDER:**

Chairman Hoey called the meeting to order at 5:00 P.M.

**MINUTES:**

On a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the minutes from October 18, 2022.

**REPORTS & RECOMMENDATIONS OF MANAGER:**

**Financial Report:**

Ms. McMahon reviewed the draft September 2022 statements. There was a brief discussion on the matter.

Ms. McMahon then presented the 2023 operating and capital budgets for approval. She stated that the budgets are consistent with those reviewed at the Staff Budget Meeting and stated that the operating budget includes \$89.6 Million in revenues and operating expenses and that the capital budget includes \$14.4 Million in planned capital improvements for 2023. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the 2023 operating and capital budgets as presented.

**DIVISION REPORTS:**

**GAS DIVISION**

Mr. Roy reported that wholesale natural gas procurement continues consistent with the hedging plan for the current 12-month procurement window. He stated that 68% of winter ('22-'23) gas supply is locked in price. He also reported that the Purchased Gas Adjustment (PGA) has been set for the winter at \$1.07/ccf for firm gas customers and at \$1.68/ccf for interruptible rate customers. He stated that the PGA is 79% higher than last winter due to the significant increase in wholesale natural gas costs and will result in an approximately 32% rate increase for residential customers compared to last year. He then reviewed the November natural gas rate comparisons and reported that the Department remains very competitive in all rate classes.

Mr. Roy gave a brief update on the County Road inter-connect upgrade project and stated that the project would be substantially completed by the end of the year. He also provided an update on the LNG reliability project and stated that staff were on schedule to submit the EFSB application by the end of November. He also gave an update on regulator station tertiary protection as well as cast iron

and bare steel service replacements. He then reported that the leak survey contractor has initiated surveying of the gas distribution system and that there is currently one minor leak on record that will be repaired shortly. There was a brief discussion on the matter.

## **ELECTRIC DIVISION**

### **Power Supply:**

Mr. Steve Roy reviewed the November electric rate comparisons and reported that the Department has the lowest rates in all rate classes compared to regional peers. He then reviewed the November Mark-to-Market report and reported that all transactions are within policy limits. He also gave an update on peak load reduction activities. He then reported that 2023 wholesale electricity prices are currently 19% higher than the average 2022 prices and capacity prices are significantly higher due to the Mystic Station RMR agreement with ISO-NE. He stated that, in order to keep pace with those increased costs, electric rates would have to be increased by approximately 10% for 2023. He noted that, even with the proposed increase, HG&E would still have the lowest rates in the area. Mr. Roy then gave an update on battery storage projects and the ESG power generating project. There was a brief discussion on the matter.

### **TRANSMISSION & DISTRIBUTION**

Mr. Roy gave an update on transmission and distribution projects and noted that 13 of 36 commitments have been completed and the balance is ON schedule for completion by the end of the year. He reported that the second section of the H-4 circuit was completed last week and that work will continue in the area of Northampton St./Shawmut Ave/St. James Ave. to complete prep work for the circuit conversion on early Spring 2023. He also provided an update on other circuit upgrades and vacuum switch removals, as well as an update on the new SCADA system installation. There was a brief discussion on the matter.

### **ELECTRIC PRODUCTION**

Mr. Roy reported that hydro generation is projected to be 25%-30% below plan for November due to low flows and unplanned maintenance on the canal dike. He stated that year-to-date production is approximately 10.4% below plan through October. He stated that the canal dike repairs are on schedule to be completed by early December. There was a brief discussion on the matter.

### **TELECOMMUNICATIONS**

Mr. Jonah gave an update on the status of sales activity and capital projects. He then gave an update on wholesale ISP services. There was a brief discussion on the matter.

### **CUSTOMER SERVICE**

Ms. Rogers gave an update on fuel assistance communications, accounts receivable and credit and collections activity. There was a brief discussion on the matter.

### **MARKETING AND COMMUNICATIONS**

Ms. Sullivan gave an update on the customer outreach efforts for the upcoming winter energy costs and measures that customers can take to mitigate exposure to those increases. She then reported that the Department would participate in an upcoming Career Day event at Holyoke High School and that the Department's first plug-in hybrid fleet vehicle is now in service. There was a brief discussion on the matter.

**OLD BUSINESS:** None

## **NEW BUSINESS:**

**ELECTRIC RATE ADJUSTMENTS:** Mr. Roy presented a recommendation that the Commission approve adjustments to the Residential Electric Rate (ER, CS), the General Service Electric Rate (EC, F4, MC) and the Small Industrial Electric Rate (SI). He stated that the adjustments are required to reflect the actual cost of service for each rate and reflect the current market costs for both fuel and non-fuel components of those rates. He stated that the proposed adjustments would amount to an approximate 10% increase for residential customers, a 03%-10% increase for commercial customers, and an approximate 10% increase for small industrial rate customers. He noted that, even with the recommended increases, those rates would still be some of the lowest rates in the region. Commissioner Marrero asked if the recommended rate adjustments were proportionate to the necessary cost recovery for each specific rate, or if the rate increases are based on the aggregate cost recovery. Steve Roy stated that the recommendations are proportionate to the cost recovery requirements for each specific rate. Mr. Marrero stated that he would be interested in discussing split rates that provide an incentive for customers to reduce consumption. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the rate adjustments as presented.

**RESIDENTIAL ENERGY CONSERVATION ASSISTANCE – 132 PEARL STREET:** Mr. Lavelle recommended that the Commission approve a Residential Energy Conservation Assistance request in the amount of \$15,000 for the owners of 132 Pearl Street (2 family) for the installation of whole home air source heat pumps in both units. He stated that the request is consistent with the current program guidelines. Commissioner Marrero questioned why Energy Conservation Assistance requests that are below \$50,000 come before the Commission. Ms. McMahon stated that the \$50,000 threshold applies to purchase approvals and not assistance requests. Chairman Hoey stated that it was a policy matter that could be addressed if the commission is so inclined. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to and that terms are negotiated with the vendor. He further stated that a recommendation for an extension is not made unless the Department agrees with the terms proposed by the vendor. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the extension per the recommendation of management.

**HIGH ACCURACY WATTHOUR METERS ANNUAL CONTRACT – EXTENSION:** Mr. Lavelle recommended that the Commission authorize a one-year extension, consistent with the existing contract, to the High Accuracy Watthour Meter annual contract with Schneider Electric USA, Inc. He said the extended contract would be subject to rate increases as outlined in the November 2, 2022, memorandum from Purchasing Coordinator Chi Wong and with all other terms and conditions remaining the same. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the extension per the recommendation of management.

**INSULATION, ASBESTOS & LEAD ABATEMENT ANNUAL CONTRACT – EXTENSION:** Mr. Lavelle recommended that the Commission authorize a one-year extension, consistent with the existing contract, to the Insulation, Asbestos & Lead Abatement annual contract with Atlantic Contracting & Specialties, LLC. He said the extended contract would be subject to a 5% increase in labor and equipment rates with all other terms and conditions remaining the same. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the extension per the recommendation of management.

**LANDSCAPING SERVICES ANNUAL CONTRACT – EXTENSION:** Mr. Lavelle recommended that the Commission authorize a one-year extension, consistent with the existing contract, to the Landscaping Services annual contract with GTC Landscaping. He said the extended contract would be subject to existing labor and equipment rates with all other terms and conditions remaining the same. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the extension per the recommendation of management.

**OVERHEAD CRANES & HOISTS INSPECTIONS ANNUAL CONTRACT – EXTENSION:** Mr. Lavelle recommended that the Commission authorize a one-year extension, consistent with the existing contract, to the Overhead Cranes & Hoists Inspections annual contract with Mass Crane & Hoist Services, Inc. He said the extended contract would be subject to existing labor and equipment rates with all other terms and conditions remaining the same. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the extension per the recommendation of management.

**HYDRAULIC STRUCTURES MAINTENANCE AND REPAIRS – ANNUAL CONTRACT:** Mr. Lavelle recommended that the Commission award the contract for Hydraulic Structures Maintenance and Repairs to West Side Enterprises, the lowest responsible and eligible bidder meeting all requirements of 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.

**ELECTRIC UNDERGROUND CABLE:** Mr. Lavelle recommended that the Commission award the contract for Electric Underground Cable to Prysmian Cables and Systems USA, LLC, the lowest responsible and eligible bidder meeting all requirements of 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.

### **COMMUNICATIONS**

11/10/22 – Draft Commission Meeting Minutes from 10/18/22

10/27/22 – JL/DD/Financial Statements, Balance Sheet & Summary Report – September 2022

11/04/22 – SR/JS/Rate Recommendation – Electric Rate Increase for ER, CS, EC & SI

11/10/22 – KS/ST/RECP – 132 Pearl Street

11/09/22 – KS/ST/RECP – 30 Willow Street

11/09/22 – KS/ST/RECP – 77-79 Elmwood Avenue

10/24/22 – SR/SD/Authorization to Bid – Capacitors & Controllers

10/24/22 – SR/SD/Authorization to Bid – Remote Breaker Racking Systems

11/09/22 – JL/CW/Recommendation – Tree Trimming & Vegetation Management Annual Contract (Secondary)

11/02/22 – JL/CW/Recommendation – Extension of High Accuracy Watthour Meters Annual Contract

11/02/22 – JL/CW/Recommendation – Extension of Insulation, Asbestos & Lead Abatement Annual Contract

10/24/22 – JL/CW/Recommendation – Extension of Landscaping Services Annual Contract

10/27/22 – JL/CW/Recommendation – Extension of Overhead Cranes & Hoists Inspections Annual Contract

11/09/22 – SR/CP/Bid Recommendation – Electric Underground Cable

11/10/22 – JL/CW/Bid Recommendation – Hydraulic Structures, Maintenance & Repairs Annual Contract

**NEXT MEETING DATE:**

It was agreed that the next Commission meeting would take place on Tuesday, December 13th at 5:00 P.M.

**ADJOURNMENT:**

On a motion from Commissioner Marrero, seconded by Commissioner Sutter, it was unanimously voted to adjourn the Meeting at 6:24 P.M.

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HG&E Commission

Minutes 11/15/22