

MINUTES OF GAS & ELECTRIC COMMISSION MEETING
REGULAR SESSION
MAY 10, 2022

A meeting of the Holyoke Gas and Electric Department was held on May 10, 2022 at 5:00 P.M. in the Department's offices. In attendance were Commissioners Hoey, Sutter and Marrero; Manager Lavelle; Superintendents Steve Roy and Brian Roy; Brooke McMahon, Kirk Jonah, Kate Sullivan, Lisa Rogers and Attorney John Ferriter.

CALL TO ORDER:

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

MINUTES:

On a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the minutes from April 12, 2022.

REPORTS & RECOMMENDATIONS OF MANAGER:

Financial Report:

Ms. McMahon introduced Dan LaHaye from BakerTilly, HG&E's outside auditor, who joined the meeting virtually. Mr. LaHaye was the lead auditor for the 2021 review and gave the Commission an overview of the audit process and findings. He stated that HG&E staff was well prepared and very cooperative throughout the audit. He also reported that BakerTilly issued an unmodified opinion on HG&E's audit which is the highest review that is issued. Commissioner Marrero asked for clarification on why it was noted that there was a material weakness documented regarding the preparation of the financial statements. Mr. LaHaye explained that it is not a serious issue and that 99% of public sector clients have the same finding because they rely on the outside auditor to prepare the annual footnotes and related GASB required information for the client. Ms. McMahon stated that it is more cost effective to have the auditors prepare the footnotes than hire additional staff to do the task. Chairman Hoey asked if remote audits have become the new standard and if there are any added risks to that approach. Mr. LaHaye stated that the new normal would likely be a hybrid approach and that BakerTilly ensures that there is no added risk to either a fully remote or hybrid audit. There was a brief discussion on the matter.

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

DIVISION REPORTS:

GAS DIVISION

Mr. Brian Roy reported that wholesale natural gas procurements continue consistent with the hedging plan for the current 12-month procurement window. He stated that 54% of summer supply is locked in price and that 16% of winter ('22-'23) is locked in price. He stated that wholesale natural gas prices are up 73% since the budget was set and that May-December gas prices are up 94% since January 1st; and up almost 300% from last year. He then reported that first quarter LNG production was 72,000 dth

which is 28% higher than all of 2021 production. He then reported that the PGA would be adjusted in May to \$0.30/ccf which is two times higher than the original budget, but reflective of current fuel prices. He then reviewed the May natural gas rate comparisons and reported that the Department remains very competitive in all rate classes.

Mr. Roy then reported that there is currently one natural gas leak on record which is scheduled for repair. He gave an update on cast iron main and bare steel service replacements. He also gave an update on PSMS implementation. He also gave an update on the County Road inter-connect reliability upgrade and the impact of the natural gas moratorium. There was a brief discussion on the matter.

ELECTRIC DIVISION

Power Supply:

Mr. Steve Roy reviewed the May electric rate comparisons and reported that the Department remains competitive in all rate classes. He then reviewed the May Mark-to-Market report and reported that all transactions are within policy limits. He also gave an update on peak load reduction activities and an update on in-progress and proposed Battery Storage projects. There was a brief discussion on the matter.

TRANSMISSION & DISTRIBUTION

Mr. Roy reported that the planned infrared survey of overhead infrastructure was completed in April and that efforts continue on the H-2 circuit conversion with current activity focused on the Highlands area. He reported that staff attended the City Council Public Safety Committee meeting last night to address resident concerns about the aesthetics associated with the infrastructure improvements and tree trimming. He stated that staff will be reviewing practices to make sure that best efforts are made to minimize the impact of any work moving forward and that no new pole lines will be installed on streets that do not currently have pole lines. He stated that underground facilities would be employed in those areas where possible, or the facilities would remain in the backyards. He then reported that installation of the four (4) electric vehicle (EV) chargers would begin this week and is expected to be completed by the end of June.

Mr. Roy reported that the Department will rent two (2) portable generators through MMWEC to assist with summer peak load reduction activities. He stated that each generator is rated for 2 MW and that the units would be installed near the battery storage facility on Water Street. Mr. Marrero asked why that location was chosen and Mr. Roy responded that the generators must be located close to a substation and that it is also much easier placing them on Department-owned property. Commissioner Marrero encouraged staff to evaluate other areas of the City for siting the temporary generators in the future so that one neighborhood is not consistently impacted. He also reported that staff is working with the Planning Department to craft language for a battery storage ordinance. There was a brief discussion on the matter.

ELECTRIC PRODUCTION

Mr. Roy reported that April hydro generation was 6% above plan and that year-to-date generation is currently 0.5% behind plan. He then reported that the buoys would be installed in the river this week and that the Shad Derby is scheduled for the next two weekends. He then provided a brief update on Cobble Mountain operations and maintenance activities. There was a brief discussion on the matter.

TELECOMMUNICATIONS

Mr. Jonah gave an update on the status of sales activity and capital projects. He also gave an update on cyber security training and monitoring activities. There was a brief discussion on the matter.

MARKETING AND COMMUNICATIONS

Ms. Sullivan reported that the Shad Derby is scheduled for the next two weekends. She also reported that staff assisted a customer in obtaining an MassEVIP grant to offset the cost of installing electric vehicle chargers at their site. She then provided a Green Team update on energy conservation activities. There was a brief discussion on the matter.

OLD BUSINESS: None

NEW BUSINESS: None

SPONSORSHIP REQUEST – FIESTAS PATRONALES DE HOLYOKE: Mr. Lavelle reported that the Department received a sponsorship request for the organizers of the Fiestas Patronales de Holyoke festival and recommended that the request be approved at \$5,000, similar to other similar summer festival sponsorships. After a brief discussion and on motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the sponsorship per the recommendation of management.

RESIDENTIAL ENERGY CONSERVATION ASSISTANCE REQUEST – 338-340 HILLSIDE AVENUE: Mr. Lavelle recommended that the Commission approve a Residential Energy Conservation Assistance Request in the amount of \$15,000 from the owner of 338-340 Hillside Avenue for the installation of whole-home air source heat pumps and heat pump water heaters. He stated that the request is in conformance with all program requirements. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the request per the recommendation of management.

COMMERICAL ENERGY CONSERVATION ASSISTANCE REQUEST – BOBALA TECH CENTER, LLC: Mr. Lavelle recommended that the Commission approve a Commercial Energy Conservation Assistance Request in the amount of \$77,257 from the owners of 55-59 Bobala Road for the installation of energy efficient LED lighting. He stated that the request is in conformance with all program requirements. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to approve the request per the recommendation of management.

PURCHASE APPROVAL POLICY: Mr. Lavelle presented a draft revised Purchase Approval policy which proposes to increase the current purchase approval limit from \$5,000 to \$25,000. He stated that the limit has not been changed since at least 1978 and that the proposed new limit is well below the threshold for public bidding required by the applicable Massachusetts General Laws. He further stated that the proposed change would have reduced the 2021 required approvals by 70% while still covering 73% of the dollar value approved. Commissioner Marrero suggested that the Commission's role in purchasing oversight should be more at a policy level and asked why the recommendation is not to set the limit at the current bid threshold level of \$50,000. Ms. McMahon stated that the limit has not been raised in several years and felt that the \$25,000 limit would be the first step to getting closer to the bid threshold. Commissioner Sutter suggested that the \$50,000 limit would be appropriate and asked if the approval documentation that staff uses for purchases over \$10,000 could be made available to the Commissioners in case they have a question on a particular warrant item. Ms. McMahon stated that she would be creating an internal approval process for staff for purchases over \$10,000 and that documentation would be made available to the Commission. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it

was unanimously voted to approve the revised Purchase Approval Policy with a limit of \$50,000 and subject to internal approval documentation for purchases over \$10,000 being made available to the Commission.

BID AUTHORIZATIONS: None

BIDS RECEIVED:

GATEHOUSE CRANE REPLACEMENT: Mr. Lavelle recommended that the Commission award the contract for the Gatehouse Crane replacement to Mass Crane & Hoist Services, Inc., the low 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 bid per the recommendation of management.

TRANSMISSION POLE REPAIRS: Mr. Lavelle recommended that the Commission award the contract for Transmission Pole Repairs to EXO Group, LLC, the low 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 bid per the recommendation of management.

MANHOLE 707 ROOF REPLACEMENT (HAMPDEN ST): Mr. Lavelle recommended that the Commission award the contract for the replacement of the Manhole #707 Roof to Rousseau Brothers, Inc., the low 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.

THREE PHASE SECTIONALIZING CABINETS: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$27,350 to purchase ten (10) fiberglass three-phase sectionalizing cabinets for ongoing electric distribution system upgrades. He stated that the immediate need is to increase current inventory levels of the product due to lead times exceeding one year at present. 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.

DISTRIBUTION CAPACITOR ENGINEERING STUDY: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$43,500 for engineering services required to perform power factor analysis and capacitor deployment recommendations for the electric distribution system. He stated that the study and recommendations are required to ensure that the Department maintains compliance with applicable ISO-NE standards. 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.

2022 LOG POND COVE WATER CHESTNUT REMOVAL SERVICES: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$20,000 for environmental services required for invasive species management at Log Pond Cove. He stated that the FERC Project 2004 license requires that the Department support the water chestnut removal at Log Pond Cove and that the Department has partnered with the Connecticut River Conservancy to perform the required annual maintenance. 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.

MICROSOFT 365 BUSINESS STANDARD: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$20,159 for the purchase of Microsoft 365 Business Standard, Microsoft 364 Apps for Business, Business Subscription licenses and Microsoft Visio Subscription licenses to replace the current Microsoft 2010 licenses. He stated that the Microsoft 2010 suite of applications is at the end of its useful life and must be replaced. 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.

CISCO ISR1100 ROUTERS: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$20,976 for the purchase of fourteen (14) Cisco ISR1100 routers to replace existing customer-deployed units that are at the end of their useful life. He stated that the purchase would be fully reimbursed by the customer benefitting from the appliances. 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.

WHITNEY AVENUE PAVEMENT RESTORATION: Mr. Lavelle recommended that the Commission award the contract for the Whitney Avenue pavement restoration to Palmer Paving, Inc., off of the State bid list. He stated that the restoration was required to address a temporary patch that the Department installed last year as part of the gas main replacement on that street. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to award the bid per the recommendation of management.

PRECAST NATURAL GAS VAULTS: Mr. Lavelle recommended that the Commission authorize the expenditure of up to \$37,862 for the purchase of three (3) precast concrete vaults as part of the reliability enhancements to the Westfield inter-connect. He stated that the purchase is part of the reconstruction of that vault. After a brief discussion and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to authorize the expenditure per the recommendation of management.

COMMUNICATIONS:

- 04/28/22 – Draft Commission Meeting Minutes from 04/12/22
- 04/26/22 – JL/DD/Financial Statements, Balance Sheet & Summary Report – March 2022
- 04/29/22 – JL/KC/Sponsorship Request – Fiestas Patronales de Holyoke
- 05/04/22 – KC/ST/Residential Energy Assistance Request – 338-340 Hillside Avenue
- 05/04/22 – KC/MC/Commercial Energy Assistance Request – Bobala Tech Center, LLC
- 05/10/22 – COMM/BM/Purchase Approval Policy
- 05/03/22 – JL/CW/Bid Recommendation – Gatehouse Crane Replacement
- 03/28/22 – SR/SD/Bid Recommendation – Transmission Pole Repairs
- 05/04/22 – SR/CP/RFQ Recommendation – Replacement of Manhole #707 Roof
- 04/27/22 – SR/TJ/Purchasing Approval: Three Phase Sectionalizing Cabinets
- 04/27/22 – CW/SD/Purchasing Approval: Distribution Capacitor Engineering Study
- 04/21/22 – SR/SL/Purchasing Approval: 2022 Log Pond Cove Water Chestnut Removal Services
- 04/14/22 – KJ/ED/Purchasing Approval: Microsoft 365 Subscription Licenses
- 04/29/22 – KJ/JC/Purchasing Approval: Peoples Bank Cisco Routers Refresh
- 05/06/22 – BR/WS/Purchasing Approval: Whitney Avenue Road Restoration
- 05/06/22 – BR/MK/Purchasing Approval: Interconnect Reliability Enhancement Precast Vaults

NEXT MEETING DATE:

It was agreed that the next Commission meeting would take place on Thursday, June 16th at 5:00 PM.

Mr. Lavelle recommended that the Commission enter into Executive Session to discuss strategy and trade secrets. Chairman Hoey stated that the Commission would 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 6:58 PM.

Chairman Hoey reconvened the Regular Session at 7:16PM.

MMWEC SPECIAL PROJECT 2021A (MAYFLOWER WIND):

Mr. Lavelle recommended that the Commission vote to participate in the MMWEC Special Project 2021A consistent with the discussion in Executive Session. After a brief discussion on the matter and on a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was

- Voted:*
1. that the City of Holyoke, acting by and through the Municipal Light Commission, in accordance with St. 1975, c. 775, § 1 hereby votes and agrees to participate in MMWEC's Special Project 2021A; and
 2. that the City of Holyoke, acting by and through the Municipal Light Commission, in accordance with St. 1975, c. 775 § 1 hereby agrees to pay its *pro rata* share of the costs of carrying out Special Project 2021A, as established by the MMWEC Board of Directors in the Special Project Fund for such Special Project 2021A, which *pro rata* share shall be based on the City's participation in Special Project 2021A; and
 3. that this vote does not obligate the City of Holyoke to sign a Power Purchase Agreement with MMWEC for Project 2021A or bind the City of Holyoke to any payments except those specifically set forth in the preceding paragraph 2; and
 4. that the Manager is hereby authorized and directed to make payments to MMWEC calculated as set forth in the preceding paragraph 2; and
 5. that the Manager is hereby authorized and directed to execute the Participation Acknowledgement, a copy of which has been presented at this meeting and is filed with the permanent records thereof; and

6. that any actions previously taken by the Manager, which are consistent with the purpose of this vote, are hereby ratified and confirmed.

ADJOURNMENT:

On a motion from Commissioner Sutter, seconded by Commissioner Marrero, it was unanimously voted to adjourn the Meeting at 7:22 PM.

HG&E Commission

Minutes 05/10/22