

*Chicopee Municipal Lighting Board  
Minutes of Meeting  
Thursday, September 22, 2022*

Chairman Sittard called a regular meeting of the Chicopee Municipal Lighting Board to order at 3:53 pm, Thursday, September 22, 2022.

Present for this meeting were Commissioner Joseph F. Pasternak III, Commissioner Carl E. Sittard and General Manager and Clerk of the Board James M. Lisowski. There is currently an open, unfilled position on the Board.

Commissioner Sittard made a motion to accept the minutes of July 27, 2022 as presented. Commissioner Pasternak seconded the motion. Discussion: None; Motion was passed 2 to 0.

Commissioner Pasternak made a motion to concur with the payment of **Warrant #E092322** dated 9/19/2022 in the amount of \$4,620,116.01; **Warrant #E092322** dated 9/15/2022 in the amount of \$167,162.08; **Warrant #E091622** dated 9/8/2022 in the amount of \$147,143.53; **Warrant #E091622** dated 9/12/2022 in the amount of \$247,731.87; **Warrant #E090922** dated 9/6/2022 in the amount of \$157,640.54; **Warrant #E090922** dated 9/1/2022 in the amount of \$186,087.54; **Warrant #E090222** dated 8/29/2022 in the amount of \$30,865.21; **Warrant #E090222** dated 8/25/2022 in the amount of \$193,202.03; **Warrant #E082622** dated 8/22/2022 in the amount of \$2,291,274.47; **Warrant #E082622** dated 8/18/2022 in the amount of \$193,610.25; **Warrant #E081922** dated 8/15/2022 in the amount of \$2,030,000.90; **Warrant #E081922** dated 8/11/2022 in the amount of \$149,213.31; **Warrant #E081222** dated 8/8/2022 in the amount of \$335,968.31; **Warrant #E081222** dated 8/4/2022 in the amount of \$299,875.02; **Warrant #E080522** dated 8/1/2022 in the amount of \$30,392.46 and **Warrant #E080522** dated 7/27/2022 in the amount of \$259,378.70. Commissioner Sittard seconded the motion. Discussion: None; Motion was passed 2 to 0.

Commissioner Pasternak made a motion to pay **Bills & Customer Refunds** in the amount of **\$195,885.11**. Commissioner Sittard seconded the motion. Discussion: None; Motion was passed 2 to 0.

**REGULAR SESSION:**

**DISCUSSION ITEMS:**

**Deposit Increase**

The General Manager informed the Board that we collect deposits for new customers if they do not own the property (i.e. renters) because we are unable to place a lien against the property should the customer go into default. Historically, we have 2 levels of deposits – one for non-electric heat and one for electric heat customers. The last increase we had in rates was in 2019 and prior to that was nearly 20 years prior. The deposit is based on anticipated usage/bills for a 3-month period because a customer can accumulate up to 3 months of charges prior to disconnection. The current rates are \$125 for non-electric heat customers and \$300 for electric

heat customers, which are far below the average 3-month average for both classes of customers, especially taking into consideration the increasing cost of providing service. Over the past 18 months, the average 3-month bill for non-electric and electric heat customers is approx. \$325 and \$900. It should be noted that these averages include all residential types – houses, condos and apartments, so the average may be slightly higher than the average for accounts that are renters, which are typically condos or apartments. A recent survey of the Massachusetts GM's went around inquiring about the deposit requirements for each utility. Of the respondents, it was pretty evenly split between calculating the 3-month deposit requirement based on actual historical bills at the location vs. having fixed deposits for each customer type. For those utilities that have fixed deposits, the average was \$225-250 for non-electric heat customers and \$400-500 for electric heat customers. CEL's rates were lower than any of the respondents. According to CEL's Customer Service Supervisor, these increased deposits would have covered approx. one-third of the potential write-offs for the last 3-month period (\$13K of the \$40K). The General Manager informed the Board that he feels deposits based on historical usage may place a significant burden on many customers who may not be able to afford the 3-month deposit, unless we establish a max deposit for non-electric and electric heat (\$350 / \$750?). The General Manager recommended to the Board an increase in the deposit rates to \$250 for non-electric heat and \$450 for electric heat customers.

Commissioner Pasternak made a motion to accept the General Managers recommendation to increase deposit to \$250/\$450 effective November 15<sup>th</sup>. Commissioner Sittard seconded the motion. Discussion: None; Motion was passed 2 to 0.

### **Purchase Power Adjustment**

The General Manager informed the Board that Power Supply costs continue to be at historically high levels and it will be necessary to implement a PPA increase in November and December to cover our costs to purchase the approximate 20% of our supply costs that “float” in the real-time market and the fixed contracts that were procured in 2022 as part of our hedging/layering strategy that were already at highly elevated values. The current forward market costs are running \$150 and \$260/MWhr, respectively for each month, while our average budgeted value for each month was approx. \$100. The anticipated total power supply costs for 2022 are projected to be over \$11M more than the average cost over the past 2-4 years. We were also just hit with a \$160K invoice for Mystic COS (cost of service) for the month of July (on the August ISO bill), which was \$120K more than the June invoice, which was the first month of this COS charge. ISO-NE has determined that this generating plant in Everett, MA is critical to the reliability of the grid therefore payments are made to the plant to keep it operational. These costs are load-based – for perspective, CEL makes up only approx. 0.34% of the total grid load and our piece was \$163K. MMWEC is currently trying to determine if the July invoice will be typical of costs that we will see through the balance of 2022 and 2023. If the costs remain constant, we will be exposed to an additional \$750K-\$1M in unanticipated power supply costs that weren't known at the beginning of the year and upwards of \$1.75-\$2.0M in 2023. Without these additional charges, the PPA increase will still need to be approx. 2.25 cents/kWh, bringing the total PPA to 5.25 cents. If these Mystic COS charges remain through the remainder of the

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year, it will add an additional 0.75-1.0 cents/kWh to the PPA for 2022 and could add 0.5 cents to our base rate in 2023. It should be emphasized that these PPA increases are purely a pass through charge. For comparison, National Grid just announced that the average customer using 600kW/month, will see their bill increase to \$293 or approx. \$.48/kWh starting November 1<sup>st</sup>. The proposed PPA increase being proposed will increase our rates to approx. \$.195/kW. With the anticipated PPA increase, a similar customer in Chicopee will see their bill increase to approximately \$120. The General Manager informed the Board that he will present the final recommended PPA increase to the Board at the October meeting. It may also become necessary to pull some funds from the Rate Stabilization Fund at year end.

### **Crossroads Fiber Update**

The General Manager informed the Board that we currently have approx. 2,800 active customers with an additional 115 residential in the installation/survey queue and approx. 8-10 likely new business customers. We currently have 55 FSA's open for applications, 1 ready to be opened, 2 waiting for delivery of material to complete and 2 more that are ready to be started. Supply chain issues continue to be our biggest challenge as fiber that we ordered in summer 2021 that we were anticipating in August has now been pushed back to mid-October. Additionally, electronics that are installed at the Central Offices, ordered in February, which were initially scheduled to ship this fall, are now scheduled for mid-February 2023. This has essentially halted our ability to construct new FSA's and therefore our focus has been adding customers in existing FSA's. It is still our hope to reach 3,000 customers by years-end, which would mean the addition of approx. 1,200 customers in 2022. We are working on the construction of new Tier 1 fiber out of CO #2 down Fuller Road to Sheridan St. This Tier 1 build will open up access to an additional 10 FSA's in the Sheridan St., Memorial Dr., and Grattan St. area of the City.

We are currently out to bid for fiber installation services as our existing contract expires at the beginning of October. During this transition, CEL forces will take on the responsibility for the installation of new services. We should have a new contractor mobilized and ready to go by November.

The General Manager informed the Board that we had a positive and productive meeting with key Westover ARB personnel on Crossroads providing internet services to the base. We are cautiously optimistic that this will lead to a contract between the CRF and the WARB.

### **Chicopee Hydro Update**

The General Manager informed the Board that the consultant has completed the initial investigation of the penstocks and has identified 5 different alternatives: (1) Internal Reinforced Concrete Liner, (2) Internal Carbon Fiber Liner, (3) Penstock encase in concrete, (4) New Steel Penstock and (5) Replace sections of steel and add stiffener rings. The 5 options have been provided to Structural Technologies, a construction estimate firm, to evaluate the costs and timelines for the various alternatives. Separately, DuBois & King will be assessing the permitting requirements and the hydraulic implications for each alternative - in other words, how

each measure will impact the flows in the penstock on into the turbines which dictates the plant production level.

### **Succession Planning Update**

The General Manager informed the Board that we haven't advertised the General Manager's opening yet, but will commit to having it out by the next Board meeting. We plan on posting at MMWEC, NEPPA, MEAM, MassLive, Worcester Gazette and possibly Hartford Courant.

We continue to work on the planned transition within operations with the planned retirement of our Ops. General Foreman in the Spring and are working on impacts that recently announced retirements in the accounting and meter departments will have and how to fill or not fill those vacancies in early 2023.

### **Environmental Justice Activities**

The General Manager informed the Board of a number of Environmental Justice activities that will be undertaken over the next several months. We will be implementing a translation service on both our CEL and Crossroads Fiber websites – called Userway. We are also working on identifying various customer leave behinds, publications, forms, etc. utilized by both CEL and CRF that will either be provided in multiple languages or will have a QR code on the document that when scanned with your phone will bring you to a website that will allow you to select one of 5 different languages to get it translated into (Spanish, French, Polish, Portuguese and Russian). On the electric side of the house, this will include our T&C's, Application for Service, Cromwell Waiver, Financial Hardship, Shut off Notices, Door Tags and Newsletters. There are costs associated with these services - \$1,000/year for the website and several thousand \$ for each document that needs to be translated. Our next marketing campaign, called "Buckle Up", which will go out during November will be our first postcard to be sent out with the QR code. The Board requested that consideration be given to the costs to deploy these measures.

### **New Commissioner Update**

The General Manager informed the Board that he reached out to the Mayor's office to get an update on the identifying candidates for the open Commissioner position and they have yet to identify an appropriate candidate.

### **New Attorney Discussion**

The General Manager informed the Board that CEL's has signed an Engagement Letter with Ferriter & Ferriter, LLC in Holyoke to provide legal support related to services that Jack Welch provided prior to his death this Spring. Ferriter represents both Holyoke G&E and South Hadley ELD and is very familiar with Municipal, Energy, Real Estate and Employment law. We will continue to utilize Duncan & Allen in Boston and Washington, DC for other legal support.

### **NEW BUSINESS:**

- The General Manager informed the Board that a consultant representing the Restaurant Depot, who has a warehouse off Burnett Rd., has requested that the GM and the Board

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consider the approval of a rate change from Small General Service to Large General Service. Per our DPU Rate filing, a customer must maintain a consistent demand of 300kW or above to qualify for this rate class. Over the last 12 months, the customer only exceeded the 300kW value 1X with a peak of 311. The average over the 12 months was below 250kW. The customer agreed to pay the 300kW demand charge if we moved them to the LGS Rate Class. Assuming this, the LGS rate would result in monthly charges of approx. \$1000-1200 less than the SGS rate. The customer does not meet the requirements of the LGS Rate Class and would be in “violation” of the LGS Rate. The General Manager informed the Board that it is important to apply the rates consistently across the customer base and would recommend that we reject this request. The Board agreed with the General Manager that consistent application of the rates is important, but added that we should check with them if there is anything we can do as it relates to energy conservation measures.

- As a follow up to July’s notification that a customer called to complain about the noise that are generator’s made, they filed a formal noise complaint with the Chicopee Department of Health. CEL is working with the Health Department and our environmental consultant, Tighe & Bond, on what the next steps may be
- The General Manager informed the Board that we are looking to change the way we do final collections due to safety concerns. There was a recent incident that put one of our collector’s at risk that is prompting this change. On the day of the proposed disconnect, our collector hung a door tag as final notice of disconnect (after 2 prior notices) and knocked on the door. The customer answered the knock and was very aggressive and belligerent. We are going to stop this practice – we are looking at hanging a door tag the day prior to disconnect and on the morning of disconnect (without knocking) – this will meet all DPU requirements for customer disconnections and provide the customer an additional day of advanced notice. The Board was agreeable to the new approach.

**EXECUTIVE SESSION:**

The General Manager recommended that the Commission go into Executive Session for the purpose of discussing trade secrets, commercial and financial information and strategy related to potential power supply/contract opportunities and return to Regular Session after conclusion. The motion was seconded on the basis of a roll call vote as follows:

Pasternak     Aye  
Sittard        Aye

The Motion was passed 2 to 0

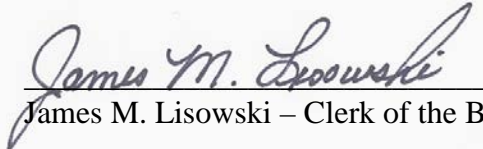
Commissioner Pasternak made a motion at 5:41 PM to adjourn from Executive Session and enter into Regular Session. Motion was seconded on the basis of a roll call vote as follows:

Pasternak     Aye  
Sittard        Aye

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The Motion was passed 2 to 0

Commissioner Pasternal made a motion to adjourn the meeting at 5:42 pm. Commissioner Sittard seconded the motion. Discussion: None; Motion was passed 2 to 0.

  
James M. Lisowski – Clerk of the Board

Approved: October 26, 2022