

*Chicopee Municipal Lighting Board
Minutes of Meeting
Monday, September 27, 2021*

Chairman Pasternak called a regular meeting of the Chicopee Municipal Lighting Board to order at 4:00 pm, Monday, September 27, 2021.

Present for this meeting were Commissioner Robert L. Pajak, Commissioner Joseph F. Pasternak, III, Commissioner Carl E. Sittard and General Manager and Clerk of the Board James M. Lisowski. Also present for a portion of the meeting was Jeffrey Cady, former GM of CEL.

Commissioner Pajak made a motion to accept the minutes of August 30, 2021 as presented. Commissioner Sittard seconded the motion. Discussion: None; Motion was passed 3 to 0.

Commissioner Sittard made a motion to concur with the payment of **Warrant #E090321** dated 8/27/2021 in the amount of \$453,706.57; **Warrant #E091021** dated 9/7/2021 in the amount of \$21,487.73; **Warrant #E091721** dated 9/10/2021 in the amount of \$459,235.57; **Warrant #E091721** dated 9/13/2021 in the amount of \$439,960.22; **Warrant #E092421** dated 9/16/2021 in the amount of \$360,170.01 and **Warrant #E092421** dated 9/21/2021 in the amount of \$3,625,992.56. Commissioner Pajak seconded the motion. Discussion: None; Motion was passed 3 to 0.

The General Manager informed the Commissioners that the City was looking for a commitment on the Payment In-Lieu of Taxes (PILOT) for the 2021/2022 fiscal year. Commissioner Sittard made a motion that CEL increase the base PILOT amount of \$600,000 by 3%, increasing the gross PILOT to \$758,000 to the City. Commissioner Pajak seconded the motion. Discussion: It has been 8 years since the gross PILOT amount was increased. The agreed to new PILOT amount will be fixed unless the Board agrees to adjust the amount at future date; Motion was passed 3 to 0. *Document: In Lieu of Tax Payment Policy 21-001*

DISCUSSION ITEMS:

CLEAN ELECTRICITY PERFORMANCE PROGRAM (CEPP)

The General Manager informed the Board of a potential new Federal Program going through Reconciliation in Congress that would introduce a Grant and Payment program for Load-Serving Entities related to “greening” up their power portfolio. The Program would establish a baseline Clean Electricity percentage for each utility calculated as the average of your 2019-20 portfolio make-up (CEL – 11.83%) and then require a 4% annual increase starting in 2023 through 2030. If you increase your percentage by the 4%, you would be eligible to receive a grant in the amount of \$150 per MWh that exceeds a 1.5% increase, except for 2023 which will be above 2.5%. If you don’t meet your 4%, you would be penalized at a rate of \$40/MWh for all MW short. The baseline is a one-way ratchet and your next year obligation would be based on you previous highest percentage year. So a large increase in one year, will result in a high payment, but would result in a much higher base going forward. There is a provision for “over or under compliance” that could be smoothed out by a deferral for up to 2 years, but year 3 would require a 12% increase (3

years at 4%). Grants can only be used for 3 things – worker retention, Rate reduction or investing in future clean energy. There are many unknowns still, including will it actually make it through Congress, but we should know relatively soon. How it will be tracked, reported, monitored and window for the utility to spend any grant amount has not been defined yet – DOE would have to develop the program but it is believed some trading program will emerge based on Federal RECs. There is one piece of the legislation that flies in the face of the MLP Model – money for payments must come from shareholders or plant owners and cannot come from ratepayers – all MLP money comes from ratepayers so not sure how this would work. Also, not sure how this will play with or interact with the State’s plan for reducing carbon (2030 – 50%; 2040 – 75%, 2050 – 100%) and how CEL will simultaneously achieve both the state and federal programs. Preliminary figures indicate a potential large financial windfall in 2023 and 2024 based on our current portfolio makeup – this could create challenges on how to use it based on the limited ways you can spend the money.

FRONT ST. GENERATORS – EMISSION TESTING

The General Manager informed the Board that last week we undertook our every 3 year mandated EPA Emission testing on our 3 generators. The first unit passed with a 25-30% margin, but we ran into issues with the 2 other units as we ramped up for testing. It appeared that the catalysts, which reduce the emissions, were not performing as designed and we stopped both tests prior to officially commencing. We have been in contact with the original supplier and a firm in PA that cleans the catalysts with the hope that the cleaning restores the effectiveness of the catalysts and brings us into compliance. We are looking to ship them out in late October or early November with 3-4 week turnaround at a cost of \$9,000-\$13,000. Once we receive them back, we will reinstall them and have the compliance testing company perform test the 2 generators in late November, early December. The cleaning company has a 90-95% success rate in restoring the catalysts to close to their original effectiveness. None of the predictive indicators (differential pressure across the catalysts or operating hours) provided a heads up that the catalysts were not performing properly. If the cleaning is not successful, we will need to procure new units, which will result in an extended outage for 2 of the units.

1895 BUILDING RENOVATION UPDATE

The General Manager informed the Board that he has been in communication with the OPM and Architect concerning the construction market and where they see pricing at this time. There has been a bit of a price decrease on lumber, but most other materials remain at very high levels and many have very long lead times. We will need to make a decision by end of October on whether we want to put the package out to bid this winter with goal to construct in Spring 2022. If we chose to put it out to bid, the Board will need to have a vote at the November Meeting establishing a maximum “allowance” for the project. This is done to provide CEL an “escape” clause if the bids come in higher than we can afford to spend. Commissioner Sittard recommended we consider postponing the project until things return to a more “normal” state. The General Manager will have additional conversations with the Architect and OPM so a final decision on whether we delay or proceed with the project can be made at the next board meeting.

CROSSROADS FIBER UPDATE

The General Manager informed the Board that we have crossed over 1600 customers and continue to add approx. 100-125 customer per month. We are still projected *gross* telecom revenues in excess of \$1M with goal to double in 2022 as long as we do not experience additional challenges relates to availability of materials. Construction of new FSA's has officially been halted due to material supply issues. Fiber distribution cabinets, which are the hub for FSA's are currently unavailable. In February, we issued a PO for 20+ cabinets and were initially provided a delivery date of July. As of last week, we have been informed that best case in now early 2022 but they won't know for sure until early next year if/when we will receive them. We are looking for other suppliers for this product, fiber optic cable and other telecom related supplies, but lead times across the board are making things very challenging.

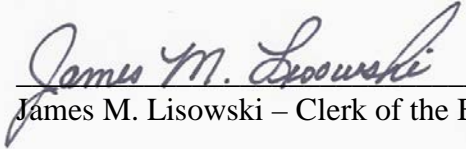
STAFFING / SUCCESSION PLANNING

A new telecom technician started work today and we also filled an open billing position. We are currently reviewing applications for front-office clerks and CSR's. Our goal is to start merging these function so a customer has "one stop shopping" and doesn't have to bounce between the 2 when they come into do business. We are posting for a new substation technician – we have been short 1 person for several years as we worked through a worker's comp case that was finally resolved this summer. We are still looking for a Senior Electrical Engineer and will post for a compliance manager by year end.

NEW BUSINESS

MCAN Report Card – We just received the MCAN Report Card late last week and CEL was ranked 12th out of the 40 MLP's and only 2-3 points out of the top 10.

Commissioner Pasternak made a motion to adjourn at 5:29 pm. Commissioner Sittard seconded the motion. Discussion: None; Motion was passed 3 to 0.


James M. Lisowski – Clerk of the Board

Approved: October 26, 2021