

Chicopee Municipal Lighting Board
Minutes of Meeting
Thursday, October 30, 2024

Chairman Mashia called a regular meeting of the Chicopee Municipal Lighting Board to order at 2:04 PM on Thursday, October 30, 2024.

Present for this meeting were Chairman Daniel J. Mashia, Commissioner Joseph F. Pasternak, III, Commissioner Daniel T. Maciolek, and General Manager and Clerk of the Board, Daniel R. Faille.

Approval of Minutes from October 3, 2024 Meeting

Commissioner Pasternak made a motion to accept the minutes of the October 3, 2024 meeting, as presented. Commissioner Maciolek seconded the motion. Discussion: None; Motion was passed 3 to 0.

Warrants – Concurs, Bills & Customer Refunds, and Power Bill approvals

Commissioner Maciolek made a motion to concur with the payment of *Warrant #E101124 dated 10/7/2024 in the amount of \$113,039.08; Warrant #E101824 dated 10/10/2024 in the amount of \$142,933.06; Warrant #E101824 dated 10/15/2024 in the amount of \$1,130,208.55; Warrant #E110124 dated 10/24/2024 in the amount of \$403,117.66 and Warrant #E110124 dated 10/28/2024 in the amount of \$1,973,377.10*. Commissioner Pasternak seconded the motion. Discussion: None; Motion was passed 3 to 0.

Commissioner Pasternak made a motion to pay ***Bills and Customer Refunds*** in the amount of \$835,795.70. Commissioner Maciolek seconded the motion. Discussion: None; Motion was passed 3 to 0.

Commissioner Pasternak made a motion to ***Write-off Uncollectables*** in the amount of \$71,157.24. Commissioner Maciolek seconded the motion. Discussion: None; Motion was passed 3 to 0.

2024 In Lieu of Tax Payment

The General Manager informed the Board that the City annually requests a commitment on the Payment in Lieu of Tax (PILOT) for the upcoming fiscal year. For the past 2 years the PILOT has been set at \$758,000 and the General Manager recommends CEL maintain the PILOT at its current level. Commissioner Maciolek made a motion to accept the recommendation from the General Manager. Commissioner Pasternak seconded the motion. Discussion: None; Motion was passed 3 to 0.

Community Caring Fund – Matching Vote

The General Manager updated the Commissioners on the Chicopee Community Caring Fund. The fund which is managed by the VOC provides fuels assistance to low-income Chicopee families. To date, the fund has received \$10,956.50 in donations. The

General Manager stated that CEL has historically matched the first \$10,000 of these funds, but matched the full amount received in 2023 in the amount of \$11,733.00. Commissioner Pasternak made a motion to match the full amount received in donations (\$10,956.50) for the Chicopee Community Caring Fund. Commissioner Maciolek seconded the motion. Discussion: None; Motion was passed 3 to 0.

2024 Purchase Power Adjustment

The General Manager informed the Board that real-time and day ahead energy pricing has remained below budget levels for much of 2024, and the estimated amount that is being withheld for Rate Stabilization funding continues to grow. During budgeting preparations last year, we accounted for a Rate Stabilization Contribution of approx. \$1.8M for 2024. Based on current figures, the contribution will likely be in excess of \$2M and the potential exists for this figure to ultimately exceed \$2.5M, if November and December temperatures are mild and/or real-time pricing remains lower than typical. The General Manager reminded the Board that we pulled approximately \$6M from the fund between 2018 and 2022 and the fund had decreased significantly over that period. Last year, we set a goal to increase the Rate Stabilization Fund back up to \$20M over the next 3-4 years by including approximately \$1.2M-\$1.5M in fund contributions annually. As of September 2024, the Rate Stabilization Fund has a balance of \$17M. Based on the potential 2024 contribution into the fund, we may be able to reduce the annual contribution going forward or complete the funding goal earlier. The General Manager informed the Board that one of the metrics S&P uses in evaluating our credit rating is the number of days of liquidity we have available. As a result of the Crossroads buildout and the pull from Rate Stabilization over the years, that figure has decreased. Refunding the Rate Stabilization will increase our liquidity and improve one of the metrics used in evaluating our credit rating. The General Manager suggested maintaining the PPA as is through the end of the year and making a larger Rate Stabilization Fund contribution for 2024. The Board suggested an alternative approach, where both a larger Rate Stabilization contribution could be made, as well as providing a Holiday Discount to customers on their December bills. The General Manager was asked to research and suggest a solution meeting this criterion for the November board meeting.

Review of September 2024 Draft Income Statement

The General Manager reviewed the September 2024 Draft Income Statement with the Board. A summary of the Statement is as follows:

- Electric revenues are up slightly year-to-date at \$379,500 through the end of September.
- RNS Revenues are lower than budgeted due to timing of distribution by ISO-NE
- Telecom Revenues are approximately 1.01% above budget
- Total Generation Costs are running approximately 1% below budget due to Front Street Generators running much less than anticipated, which drives down fuel costs incurred
- Purchase Power and Transmission Costs are down approx. \$2.4M compared to budget driven by 3 factors – lower Transmission costs due to lower loads than assumed when

developing the budget, lower total energy purchased due to the mild weather and lower real-time and day-ahead prices on the unhedged portion of our portfolio.

- Total Net Power Costs (Purchase Power + Generation) are down \$2.6M compared to budget
- As indicated on the report, Operating Expense are running approximately \$255K below budget (~1%)
- The Net Operating Income through September is \$6.75M, which is \$3.14M over budget (good). Of that total, ~\$1.8M can be attributed to the Rate Stabilization Fund “hold – back” strategy approved last year.
- Income in excess of the 8% ROI (~\$4.6M for 2024) allowed by Mass DPU will be put into the Rate Stabilization Fund.
- Investments are slightly up for the year by \$1.3M, but may be impacted by 2024 presidential election results

2025 Capital Budget Review

The General Manager provided the Board with the proposal capital budget of \$9.575M for 2025. Major costs include the following:

- We have budgeted for the ongoing deployment of Crossroads Fiber with the goal to construct an additional 14 FSAs in 2025 and install an additional 1200 customers during the upcoming year
 - These FSAs are mostly underground and will be some of the costliest to build of the project
 - Investment in telecom remains significant; the total telecom capital budget for 2025 is \$4.9M, approximately 50% of the total capital budget
- Vehicle purchases across all departments are estimated at nearly \$850K – this includes 1 line bucket, 1 telecom service bucket, and a dump truck replacement.
- \$200K has been included in the budget for noise mitigation efforts for the Front St. Diesels.
- Nearly \$500K in general plant (CEL building) repairs are planned including roof repair, boiler upgrade, window replacements, carpet replacement, signage, fuel storage, and a new asbestos storage structure.
- Capital Construction projects total \$1.3M – this includes an 18L UG feeder upgrade, 18L tie cable replacement, infrastructure for BESS interconnections, cap bank replacements, and a significant intersection reconfiguration at James Street and Johnson Road.
- Several capital costs are carry-over from purchases planned in prior years, but not yet received (vehicles, transformers, etc.).

The capital budget is approximately \$1.4M less than 2024, primarily due to no Hydro Penstock Project (\$750K) and the significant decrease in transformer purchases due to the fact that that our orders placed in 2022 and 2023 are all being delivered in 2024. Lead times have improved slightly. These transformer orders should cover most of our requirements for 2025 and 2026. The General Manager informed the Board that we will start the year with a Depreciation Fund Balance of \$25M and we project an end-of-year balance of \$20M, if everything goes as

planned. *Document: "2025 Capital Budget.xlsx"* Commissioner Maciolek made a motion to accept the Capital Plan as presented. Commissioner Pasternak seconded the motion. Discussion: None; Motion was passed 3 to 0.

Clerk of the Board Appointment

Commissioner Pasternak made a motion to reappoint **Daniel R. Faille** as the Clerk of the Municipal Light Board, effective January 1, 2025 for calendar year 2025. Commissioner Maciolek seconded the motion. Discussion: None; Motion was passed 3 to 0.

Executive Session

Commissioner Pasternak made a motion to enter executive session for the purposes of discussing trade secrets or confidential, competitively-sensitive or other proprietary information, and return to Regular Session after conclusion. Commissioner Maciolek seconded the motion.

Commissioner Mashia – Aye

Commissioner Pasternak – Aye

Commissioner Maciolek – Aye

The Municipal Light Board entered executive session at 2:49 PM

Regular Session

The Municipal Light Board returned to regular session at 3:40 PM

New Business – Items not previously known prior to posting of the agenda

1. Convergent Bulk Energy Storage System (BESS)

Commissioner Maciolek made a motion to authorize and instruct the General Manager to enter into shared savings agreements with Convergent Energy for bulk energy storage systems, represented as Chicopee Energy Storage 1 LLC, and Chicopee Energy Storage 2 LLC. Commissioner Pasternak seconded the motion. Discussion: None; Motion was passed 3 to 0.

2. The next meeting date was discussed and selected to be November 20, 2024.

Commissioner Mashia made a motion to adjourn at 3:48 PM Commissioner Pasternak seconded the motion. Discussion: None; Motion was passed 3 to 0.


Daniel R. Faille, Clerk of the Board

Approved: November 20, 2024