

*Chicopee Municipal Lighting Board
Minutes of Meeting
Monday, August 30, 2021*

Chairman Pasternak called a regular meeting of the Chicopee Municipal Lighting Board to order at 4:01 pm, Monday, August 30, 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 was Jeff Cady, former GM of CEL and present during the presentation of the 2020 Audited Financials was Ken Labrie CEL Supervisor and Howard Cheney of Myers Brothers Kalicka,

Commissioner Pajak made a motion to accept the minutes of July 26, 2021 as presented. Commissioner Pasternak seconded the motion. Discussion: None; Motion was passed 3 to 0.

Commissioner Sittard made a motion to concur with the payment of: **Warrant #E080621** dated 7/30/2021 in the amount of \$144,830.02; **Warrant #E081321** dated 8/6/2021 in the amount of \$248,169.30; **Warrant #E081321** dated 8/9/2021 in the amount of \$136,062.87; **Warrant #E082021** dated 8/12/2021 in the amount of \$86,728.22; **Warrant #E082021** dated 8/16/2021 in the amount of \$1,834,833.19; **Warrant #E082701** dated 8/23/2021 in the amount of \$1,780,659.16 and **Warrant #E082721** dated 8/20/2021 in the amount of \$205,877.72. Commissioner Pajak seconded the motion. Discussion: None; Motion was passed 3 to 0.

Commissioner Pajak made a motion to pay **Bills and Customer Refunds** in the amount of **\$453,706.57**. Commissioner Sittard seconded the motion. Discussion: None; Motion was passed 3 to 0.

The General Manager presented the Commissioners with a “**Resolution in Support of Addressing Environmental Justice Concerns**”, along with latest version of the Massachusetts 2020 Environmental Justice Population map. The language of the resolution is as follows:

Chicopee Electric Light (CEL), a community owned municipal utility, is dedicated to providing reliable, high quality services to the community at the lowest cost. Established in 1896, CEL operates in the best interest of its stakeholders, the ratepayers.

CEL provides numerous energy efficiency incentives for both residential and commercial and industrial customers, and has recently expanded its participation in programs aimed at adapting to a future with increased electrification and reduced carbon emissions.

The Commonwealth of Massachusetts has recently increased its focus on “environmental justice,” or rather, the economic, environmental and public health impacts on underserved communities. The Commonwealth has designated 27 Environmental Justice (EJ) block groups, or neighborhoods, in Chicopee, which are home to more than 65% of Chicopee’s population. These neighborhoods have been designated as EJ under two of the state’s three criteria: high populations of minorities and low-income residents. There are

currently no EJ neighborhoods that qualify under the 3rd criteria - English isolation, or households without someone older than 14 who speaks English well.

Senate Bill 9, the climate bill legislation signed earlier this year by Governor Baker, further defines Environmental Justice and how the Commonwealth will address it. This includes the establishment of Environmental Justice principles to be used by the Administration; the promulgation of regulations regarding carbon emissions that affect EJ populations; the creation of job training and employment opportunities for EJ populations, and an increase in informational outreach to EJ populations.

NOW, THEREFORE, BE IT RESOLVED, that Chicopee Electric Light supports the Commonwealth's effort to address Environmental Justice concerns in designated Environmental Justice communities, and;

BE IT FURTHER RESOLVED, that Chicopee Electric Light is committed to examining ways to improve access to information, programs and incentives for all of its ratepayers, including its underserved communities, as part of its mission to provide superior service at a low cost.

The General Manager informed the Commissioners of EJ opportunities including language translator on our websites, marketing material in multiple languages, customer outreach, etc. CEL's Educational and Safety Program provided by Ray Gouley, which is open to all students in public and/or parochial schools is an example of what we are already doing. CEL also works closely with Valley Opportunity Council (VOC) and Way Finders in providing financial assistance to those who struggle to pay their electric bill. We recently met with VOC to discuss other opportunities.

Commissioner Sittard made a motion to approve the resolution as presented. Commissioner Pajak seconded the motion. Discussion: None; Motion was passed 3 to 0.

Document: CEL EJ Resolution.pdf

DISCUSSION ITEMS

Audited Financials Presentation

- Howard Cheney of Meyers Brothers Kalicka, PC presented the 2020 Audited Financial Statements to the Commissioners. The financials are an unmodified/clean opinion which is the best type and that CEL has solid accounting policies, no internal control issues and there were no major adjustments to the draft financial statements except for OPEB and Pension. The report was reviewed with the General Manager and Commissioners. For the first time in approximately 5 years, we have two-year comparative financial statements/audit (2019 vs. 2020). The only change to accounting principles for 2021 is related to GASB 87, which addresses leases. This will have negligible impact on CEL since the only lease we currently have are for our copiers.

Commissioner Sittard made a motion to approve the Audited Financials as presented. Commissioner Pajak seconded the motion. Discussion: None; Motion was passed 3 to 0.

Document: CEL 2020 Audited Financials, CEL 2020 Report to Management

Chicopee Hydro – O&M Contractor Update

- CEL received 2 qualified proposals for the Management, Operations and Maintenance of our Chicopee Hydro Site – Dichotomy Power and Ware River Power (WRP).
 - After thorough review of the proposals, including an analysis and evaluation by former GM, Jeff Cady, we have decided to execute a contract with Ware River Power of Barre, MA. There were a number of factors that went into the decision making process including:
 - Familiarity with the Site – the Lead Operator for WRH was the former operator for Swift River Hydro in the first 4-5 years of our ownership and therefore they are familiar with the site and its unique characteristics.
 - WRP has been in existence since 1980 and has a long history of operating and maintaining small-scale hydro facilities. They own 9 plants and manage 5 others through Central Rivers Power. Dichotomy Power is new to the industry having been formed in 2019
 - In the initial 2 year contract, we have estimated that WRP will be approx. \$125,000 less than Dichotomy, primarily due to the proposed monthly O&M charge. WRP proposed \$11,000/mo while the unit is brought back into operation and \$17,000 thereafter, while Dichotomy has proposed a monthly fee of \$23,500
- We had issues with the existing operator and their lack of cooperation in establishing an Agreement for the transition of the responsibilities from ECR to WRP. After over a month of requesting a final Transition Agreement, we finally received it on 8/25. We have a transition meeting between Eagle Creek and Ware River Power on Tuesday, 8/31 to review how things will work going forward
 - Additionally, we have been requesting final invoices for the Penstock project for over a month in order to submit to the insurance company for payment. The claim will exceed \$750,000

Purchase Power Adjustment

- Per July meeting, we were going to perform an analysis to determine/calculate a required increase of our Purchase Power Adjustment to be effective starting in August. Electric Revenues through July are up approx. \$700K, however Power Supply Costs are also up by approx. \$2M in the same period resulting in a Net Variance of approx. -\$1.3M Actual vs. Budget.
- As a result of the analysis, we have implemented an increase in the PPA from \$.00445/kWh to \$.00850/kWh. For reference, this will mean an increase of approx. \$3/mo. from \$96 to \$99 for a residential customer using 750 kWh/month. Even with the increase, CEL's residential rate will remain in the lowest quartile when

compared to other MLP's and IOU's in the state based on the prior 12 month average.

Power Supply Updates

- Off-Shore Wind
 - Negotiations between MMWEC for Off-shore Wind on behalf of CEL and other MMWEC Members has hit a snag with negotiations being suspended until the Massachusetts Solicitation #3 for up to 1,600 MW is complete this September and a successful bidder is identified.
 - As presented at the last Board Meeting, a tentative agreement was in place for 32 MW or approx. 28-30% of our requirements at \$71.23/MWh, which includes the energy, MA Class 1 REC's and the MA Clean Peak Certificates, but does not include any ISO Capacity. This was based on Solicitation #2, which we assumed was available, but have now been informed that MW are not available.
 - The State has placed a cap on Solicitation #3 of \$77.76/kWh with attributes. It is possible that the final figure will come in lower than the ceiling established by the State, due to potential tax incentives or other factors.
 - There are likely only a handful or less potential bidders and MMWEC has continued discussions with 2 of the potential bidders We have directed MMWEC to pursue a PPA with the successful bidder based on the final clearing price since Off-shore wind is a critical piece of our plan to meet the state requirement to reduce our carbon footprint in 2030 (50%), 2040 (75%) and 2050 (100%)
- MMWEC Project 2015A (Peabody)
 - On August 12th, the Mass DPU rejected the appeal of MCAN paving the way for MMWEC planned financing/funding of the project.
 - There is still an appeals process that can be pursued by MCAN

Crossroads Fiber Update

- Nearly 1500 installs have been completed with an additional 180+ still in the installation queue. There are currently 34 FSAs open and an additional 5 in some form of construction, testing or turn-up.
- Material availability continues to be an issue, resulting in the temporary halt in the construction of additional FSA's – we continue to do customer installs in the existing FSA areas and are preparing designs for additional FSA's to build when materials come back into stock. Fiber cable availability continues to be a major hurdle.

Staffing/Succession Planning

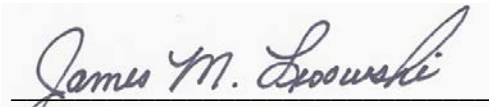
- Part time Telecom Engineer is working out well – preparing design of next series of FSA's
- Still searching for Sr. Electrical Engineer and Fiber Technician – had interview last week for technician.

- Telecom Scheduler/Coordinator – filled internally with employee in front office who has been doing the job. For the time being she will be splitting time between front office and Telecom, ultimately transitioning full time when we backfill her position. Many applications for billing clerk and front office/customer service
- Q4 – post for Compliance Officer/Manager due to planned August/September 2022 retirement of current employee
- Q4 – look at posting for Asst. GM → GM to have on board in Q1 2022. Need to fill Engineer position so some of the GM’s functions can be passed down to Engineering

New Business

- PURMA Property Insurance Captive (PEIC) – agreement has been executed
- Final DPU Report – Commissioner’s sign-off (2 originals)
- Westfield Bank – Commissioner’s sign off on “Add or Change Signers on a Business Account” (2 originals)

Commissioner Pasternak made a motion to adjourn at 5:30 pm. Commissioner Sittard seconded the motion. Discussion: None; Motion was passed 3 to 0.



James M. Lisowski – Clerk of the Board

Approved: September 27, 2021