

*Chicopee Municipal Lighting Board  
Minutes of Meeting  
Wednesday, December 6, 2023*

Chairman Pasternak called a regular meeting of the Chicopee Municipal Lighting Board to order at 4:01 PM on Wednesday, December 6, 2023.

Present for this meeting were Commissioner Carl E. Sittard, Commissioner Joseph F. Pasternak, III, Commissioner Daniel J. Mashia, and General Manager and Clerk of the Board, James M. Lisowski, Assistant General Manager, Daniel R. Faille, and Accounting Manager, Ken Labrie.

**Approval of Minutes from October 30, 2023 Meeting**

Commissioner Mashia made a motion to accept the minutes of the October 30, 2023 Municipal Light Board Meeting, as presented. Commissioner Sittard seconded the motion. Discussion: None; Motion was passed 3 to 0.

**Warrants – Concurs, Bills & Customer Refunds and Power Bill approval**

Commissioner Sittard made a motion to concur with the payment of **Warrant #E111023** dated 11/6/2023 in the amount of \$101,782.24; **Warrant #E111023** dated 11/2/2023 in the amount of \$293,635.41; **Warrant #E111723** dated 11/9/2023 in the amount of \$363,816.31; **Warrant #E111723** dated 11/13/2023 in the amount of \$55,221.35; **Warrant #E112423** dated 11/16/2023 in the amount of \$378,145.05; **Warrant #E112423** dated 11/20/2023 in the amount of \$3,380,183.59; **Warrant #E120123** dated 11/28/2023 in the amount of \$86,405.54; **Warrant #E120823** dated 11/30/2023 in the amount of \$233,798.76 and **Warrant #E120823** dated 12/4/2023 in the amount of \$63,889.85. Commissioner Mashia seconded the motion. Discussion: None; Motion was passed 3 to 0.

Commissioner Mashia made a motion to pay **Bills & Customer Refunds** in the amount of **\$381,013.10**. Commissioner Sittard seconded the motion. Discussion: None; Motion was passed 3 to 0.

**Bid(s) Approval**

The Assistant General Manager presented the Commissioners with CEL Bid #23-0508 for new Calix Central Office Equipment. The equipment will allow CEL to increase the bandwidth *between* fiber central offices tenfold in order to keep pace with increasing bandwidth needs resulting from customer growth. The equipment is available and not affected by supply chain delays. The only bidder is Calix, Inc. at bid price of \$178,286. Staff have recommended awarding this bid to Calix, Inc. Commissioner Sittard made a motion, to award the bid consistent with staff's recommendation. Commissioner Mashia seconded the motion. Discussion: None. Motion was passed 3 to 0. *Document CEL Bid 23-0508*

The Assistant General Manager presented the Commissioners with CEL Bid #23-0509 for a new Bucket Truck for the Telecom Department. The equipment will allow CEL to continue bringing installation tasks in-house as the project approached completion. There is a 10-12 month lead time on receiving this equipment due to supply chain delays. There were 2 bidders, with CUES the lowest at a bid price of \$169,882.00. Staff have recommended awarding this bid to CUES. Commissioner Mashia made a motion, to award the bid consistent with staff's recommendation. Commissioner Sittard seconded the motion. Discussion: None. Motion was passed 3 to 0. *Document CEL Bid 23-0509*

**REGULAR SESSION:**

**2023 End of Year Projected Financials**

The General Manager presented the projected end of year Income Statement to the Board. The projection uses actual, or draft actuals for January through October, and estimates/budget for November and December. It should be noted that the Operating Income after Taxes of \$4.90M is approximately \$950K over the 2023 budget of \$3.95M. The large majority of the difference can be attributed to lower than budgeted Power Supply costs and Operating Expenses projected for the year. As mentioned at a prior Board Meeting, we are planning a rate stabilization replenishment of \$1M-\$1.5M, depending on actual Sales and Power Costs for November and December, which will result in a final Net Income of \$3.5-\$4.0M. CEL's investments (Rate Stabilization, Depreciation and OPEB Funds) have not performed well in what continues to be a very volatile market. *Document: 2023 Projected Financials.pdf*

**2024 Revenue and Expense Budget Review**

The General Manager presented the proposed 2024 Revenue and Expense Budget to the Board. The following assumptions went into the development of the Budget:

- kWh Sales have been forecasted at 449,500,000 which is a slight decrease compared to 2023, but higher than projected actuals, and marginally higher than the 5-year average
- The NYPA hydro credit has been reduced from \$0.00511 to \$0.00275/kWh, due to the decrease in "value" in 2023. The number was estimated using 2023 and 2022 figures, and weighted 2X for 2023, as it appears the 2024 energy market will be more in line with 2023 than 2022.
- Purchase Power Adjustment set to zero (\$0.00/kWh)
- Rates were developed assuming a \$1.8M replenishment of the Rate Stabilization Fund, as we have pulled significant funds out over the past 3-5 years.

2024 Budgeted Revenue of \$75.44M – revenue decrease of \$8.41M due to significant decrease in energy prices, 2024 compared to 2023 budgeted

- Telecom Revenues budgeted at \$4.036M for year compared to \$3.13M for 2023
- Proposed Rate decrease of approx. 1.5-1.75%, across all Rates compared to the average rate for 2023

2024 Budgeting Purchase Power Cost \$51.82M vs. 2023 Budget of \$60.95M – actual costs for 2023 coming in much lower than budget due to significant decrease in energy costs and reduction in load (sales) due to mild weather, compared to when budget was prepared in November '22

- 7% increase in Transmission Costs; 20% decrease in Capacity Costs due to "bad" long-term contract expiring in June and 23% decrease in Energy costs due to market change
- Projected end-of-year 2023 Purchase Power Costs are comparable to 2024 Budgeted

Salary increase based on previously approved Compensation Plan for non-union personnel and comparable increased to Union staff based on comparison with other Western Massachusetts MLP's. Union negotiations scheduled for this Spring.

Payment in Lieu of Taxes of \$758,000

Depreciation Expense is level for 2024

Overall Budgeted Operating Expenses (Transmission + Distribution + Customer Account + A&G – excluding Millstone Amortization) comprises approx. 25% of total budget and is an increase of 3.5% compared to 2023 due to the decreased cost of energy. Remaining 75% related to Purchased Power (Transmission + Capacity + Energy + Millstone Amortization).

2024 Projected Net Income of \$6.004M, prior to proposed \$1.8M disbursement into the Rate Stabilization Fund. After Rate Stabilization replenishment, estimated net Income of \$4.204M, which is slightly below the allowed 8% ROE. In developing the rates, the rates were set allow for the Rate Stabilization Disbursement.

The Rates, as proposed, which are lower than the average for 2023, will still allow flexibility in 2024 to accommodate modest increases in actual energy costs, without having to implement a PPA increase. Increases can be accommodated by a reduction in the Rate Stabilization replenishment and/or reducing our Net Income position at year-end.

After discussion, Commissioner Mashia made a motion to approve the 2024 Expense Budget as presented. Commissioner Sittard seconded the motion. Discussion: None; Motion was passed 3 to 0. *Documents: 2024 Expense Budget Summary.pdf and 2024 Rev+Exp Budget Assumptions.pdf*

### **2023 Rate Establishment**

The General Manager presented the proposed 2024 Electric Rates to the Board. The rates were developed using the previously presented Expense Budget and were the rates used to budget for the 2024 Electric Sales Revenue.

The General Manager presented the new rates compared to the Rate as of 1/1/23, as of 12/31/23 and the average Rate for 2023:

- Compared to rates as of 1/1/23, there is a projected decrease of approx. 8-10%.
- Compared to rates as of 12/31/23, with the removal of the PPA adjustment of -\$0.025/kWh effective in July, there is an increase of 6-8% between December 2023, and January 2024.
- Compared to the Average 2023 Rates, where the PPA is levelized across the year, there is a projected decrease of 1.5-1.75%% to each rate class, which will result in a decrease of approx. \$1.24M in sales revenue compared to 2023 average cost.

The General Manager informed the Board that the rates were set to accommodate the partial

replenishment of the Rate Stabilization Fund – total impact on the rates is approx. \$.004/kWh. The Transmission component increase approx. 7% based on new RNS Rates, along with a modest increase in the Distribution component, driven by increased cost to do business in the current economic environment. The rates set for Transmission and Distribution do not include any margin – collect what it is projected to cost. The Hydro Credit is also being reduced from \$.00511 to \$.00275/kWh due to increase costs to transport the power across the New York ISO Transmission system and the lower overall projected energy costs in the ISO-NE market in 2024

The General Manager informed the Board that the Street Light Rate charged to the City will remain the same.

With the approval of the rates, the General Manager will advertise the new rates and submit them to the Mass DPU in mid-December. Rates will become effective January 1, 2024.

After discussion, Commissioner Mashia made a motion to approve the 2024 Electric Rates as presented. Commissioner Sittard seconded the motion. Discussion: None; Motion was passed 3 to 0.

*Document: 2024 Rate Analysis.pdf*

### **Inventoried Energy Program**

The Assistant General Manager explained that in order to address winter energy security challenges, ISO-NE is offering an interim program to compensate certain resources that provide fuel security, such as CEL's diesel generators, based on procured fuel supply. Participation in the compensation program is voluntary and designed to provide incremental compensation for participants that maintain inventoried energy – fuel – for their assets during extreme cold periods when winter energy security is most stressed. The program is being offered during the 2023–2024 and 2024–2025 winters. To facilitate these programs, the expected charges from ISO-NE is \$75,000 per month for each of the three (3) winter months, and CEL will need to pay this regardless of CEL's choice to participate in the compensation portion. Therefore, CEL has opted to participate in the spot component of this program so that we receive a payment, but never a charge, when an Inventoried Energy Day is declared when the average of the high and low temperature is less than or equal to 17 degrees Fahrenheit as reported by the National Weather Service at Bradley International Airport. When this occurs, CEL must submit their real-time inventoried energy (fuel level) data, along with an affidavit, by 1:00 p.m. the second business day after the declaration for use in calculating the spot payment.

The Assistant General Manager requested that the board appoint current General Manager, James Lisowski as the primary signatory, and Assistant General Manager, Daniel Faille as the alternate signatory, effective immediately, for the purpose of fulfilling the affidavit requirement. Additionally, as the Assistant General Manager is transitioning to General Manager in January, to appoint Daniel Faille as the primary signatory, and Power Resources Analyst, Joseph Lynch, as the alternate signatory, to be effective on January 5, 2024.

Commissioner Mashia made a motion to appoint those named as signatories as requested. Commissioner Sittard seconded the motion. Discussion: None. Motion was passed 3 to 0.

### **Commissioner, Officer and Attorney Indemnification Recertification Vote**

While it is not necessary to adopt this vote every year, based on the suggestion of counsel and with a new GM taking the helm in January, the General Manager requested that CEL ratify and confirm the following vote last adopted by the board in 2021:

*“That any person made a party to any action, suit or proceeding by reason of the fact that he or she is or was a commissioner, officer or attorney of the City of Chicopee Municipal Lighting Plant ("CMLP"); or because he or she served at the request of CMLP on a committee or task force of any public corporation or organization, shall be indemnified by CMLP against all damages and reasonable expenses, including attorneys' fees, actually and necessarily incurred by him or her in connection with said action, suit or proceeding including any appeal therefrom. It is the intent of this vote to indemnify such commissioners, officers or attorneys to the fullest extent permitted by Chapter 258 of the Massachusetts General Laws. No one shall be indemnified under this vote for violation of any civil rights if he or she acted intentionally. The term "expenses" includes amounts paid in satisfaction of judgments or in settlement of any action, suit or proceeding other than amounts paid to CMLP itself. Such right of indemnification shall not be deemed exclusive of any other rights to which such commissioner, officer or attorney may be entitled apart from this vote. The indemnification provided for in this vote shall commence after all insurance proceeds or other indemnification proceeds have first been applied to a settlement or judgment awarded for a claim for which indemnification is provided under this vote. Any amount payable by way of indemnity hereunder shall be calculated and paid pursuant to a determination of the CMLP Manager.”*

Commissioner Mashia made a motion to confirm and ratify the statement. Commissioner Sittard seconded the motion. Discussion: None. Motion was passed 3 to 0.

### **Crossroads Fiber Update**

The Assistant General Manager informed the Board that we currently have nearly 4,200 active customers with an additional 55 residential/business in the installation/survey queue. There are currently 84 FSA's open for applications and 7 under construction or soon to be under construction. The Assistant General Manager indicated that the plan is to construct 20 FSA's in 2024, though they are tentative and will likely be adjusted during 2024. Much of the construction in 2024 will be focused in the section of the City near the Center. Crossroads Fiber met their target revenues for 2023. The Board was also notified that we're currently seeking to fill an Outside Plant Engineer position.

### **Chicopee Hydro Update**

The General Manager informed the Board that we received 4 bids for the Steel Penstock Replacement/Upgrade Project ranging in costs from \$4.3M to over \$7M. All bids were significantly higher than the previously voted on cap of \$2.75M. Following discussion with our Operator and consultant, we have “abandoned” the in-kind replacement of the steel penstock option. The bidders are being notified of this decision. We have turned our attention to 2 other options that were initially discussed – Fiberglass Reinforced Composite liner and Shotcrete/Gunite Sprayed concrete liner. These were not initially pursued because the estimator working with the consultant had estimated the steel option as similar in costs but with a longer anticipated life-span, if properly maintained. Based

on the actual bids, he obviously underestimated the steel option. The consultant has reached out to vendors that do the alternate approaches and they appear to be much closer to our \$2.75M cap. We are investigating a different approach to the bid this time around. Instead of putting out a bid asking how much something will cost, we are looking at putting out a “design-build” bid which will identify the methodology to use and the maximum budget we have and letting the bidders submit how much of the penstock can they do with that amount. Our attorney is checking to see if there are any issues with this type of bid according to the Mass State Bidding Laws. We should have a response next week. Another option that we might consider is putting this bid out where the bidders quote this on a linear foot basis and then determining how far our budget will go.

The General Manager informed the Board that we having preliminary discussions with our Operator (Ware River Power) on the possibility of selling/leasing the facility to them with a long-term PPA for the energy and attributes. It is very early in the discussions and we are unsure if this will go beyond the preliminary talks.

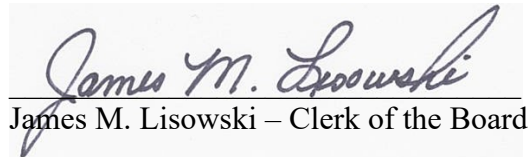
### **Front St. Generators Noise Testing Update**

As mentioned at the September Board meeting, the generators tested above the Mass DEP standards as it relates to noise levels at the property lines. Since our last Board meeting, one of the residents who initially complained about the noise reached out to DEP to voice their concerns after we ran several times in November. I had a preliminary discussion with DEP to provide them some history about our site and let them know that we engaged a consultant to perform the noise study. DEP was interested in how/why the units are dispatched and what type of situations would dictate their operation. CEL and our consultant, Tighe & Bond have a follow-up call with DEP on the 12<sup>th</sup> of December to determine the next course of action.

### **NEW BUSINESS:**

None.

Commissioner Sittard made a motion to adjourn at 5:35 pm. Commissioner Mashia seconded the motion; Discussion: None; Motion was passed 3 to 0.

  
James M. Lisowski – Clerk of the Board

Approved: January 24, 2024