

***Chicopee Municipal Lighting Board
Minutes of Meeting
Tuesday, May 24, 2022***

Commissioner Sittard called a regular meeting of the Chicopee Municipal Lighting Board to order at 4:09 pm, Tuesday, May 24, 2022.

Present for this meeting were Commissioner Robert L. Pajak, Commissioner Carl E. Sittard, and General Manager and Clerk of the Board James M. Lisowski. Commissioner Joseph F. Pasternak, III was unable to attend.

Commissioner Pajak made a motion to accept the minutes of April 20, 2022 as presented. Commissioner Sittard seconded the motion. Discussion: None; Motion was passed 2 to 0

Commissioner Sittard made a motion to concur with the payment of **Warrant #E042922** dated 4/26/2022 in the amount of \$266,442.04; **Warrant #E050622** dated 4/28/2022 in the amount of \$222,322.87; **Warrant #E050622** dated 5/2/2022 in the amount of \$187,142.08; **Warrant #E051322** dated 5/5/2022 in the amount of \$141,479.00; **Warrant #E051322** dated 5/9/2022 in the amount of \$261,740.16; **Warrant #E052022** dated 5/12/2022 in the amount of \$185,967.78 and **Warrant #E052022** dated 5/16/2022 in the amount of \$1,376,560.25. Commissioner Pajak seconded the motion. Discussion: None; Motion was passed 2 to 0.

Commissioner Pajak made a motion to pay ***Bills and Customer Refunds*** in the amount of **\$528,664.29**. Commissioner Sittard seconded the motion. Discussion: None; Motion was passed 2 to 0.

Commissioner Sittard made a motion to pay ***Power Bills*** in the amount of **\$1,863,062.42**. Commissioner Pajak seconded the motion. Discussion: None; Motion was passed 2 to 0.

DISCUSSION ITEMS

Collections Update

The General Manager provided the Board an update of our CEL Delinquency and Collections as of the end of April. A total of \$380,000 was in arrears (298 accounts), with approx. \$267,000 related to 133 protected accounts. This figure compares favorably to values for the same month in the years prior to COVID.

City Retention Bonus Payment

The General Manager informed the Board that City Council approved the payment of the City Retention Bonus Payment, including CEL employees and the check was issued to all qualifying employees earlier this month.

Crossroads Fiber Update

The General Manager informed the Board that we are approaching 2300 total customers (2215 active). We currently have 186 residential and 5 business customers in the install/survey/schedule queue and are currently using 3 customer installation crews. There are currently 5 FSA's under construction – 1 will open up later this week and there are 2 others that will begin testing next week, with likely opening in mid-June. The 2 other FSA's will likely open late June / early July. Revenue slipped

slightly in April, but we anticipate to make up that shortfall come the June billing cycle. Material shortages are starting to have a significant impact on our construction effort (fiber) and our ability to deploy in the Central Office 1 area (GPON Cards – electronics). We are going to have to be creative in our construction approach over the next 3-4 months, likely partially constructing FSA's as we wait for materials to arrive in order to complete the construction.

Succession Planning Update

The General Manager informed the Board that he is willing to stay on until mid-June 2023 if they are agreeable to extending the existing contract by 6 months. The Board was agreeable to extending the existing contract until June. We will post the GM position starting in June.

Chicopee Hydro Update

The General Manager informed the Board that we have selected DuBois & King from Burlington, VT as the preferred consultant to guide us through the Penstock investigation and assessment, Alternative Analysis, Report and Design and Bidding process. We are currently working through the contract with the consultant and hope to have something in place within 2 weeks. We are estimating a cost of approx. \$50-75,000 for these services, with the goal to bid the selective approach in early 2023 with construction in Summer 2023. Ware River Power has experience with the consultant and is currently working with them on one of their other sites.

Final 2021 + 2022 Q1 Financial Performance Update and PPA Discussion

The General Manager informed the Board that the Auditors have completed the Audit and are preparing the final report, which will be provided in June. Depending on the timing, the General Manager will have the Auditor present their findings either at the June or July meeting (to be determined). Major takeaways from the Preliminary Revenue and Expense Statement are:

- A&G Expenses were significantly lower than budgeted primarily due to the significant decrease (\$2M+) in our OPEB/Pension liability per the Actuarial Study and Auditor adjustments
- We are allowed an 8% return – for this year reporting year, our final figure is approx. 5.8% with a Net Income after unrealized Gains/Losses of \$3.19M
- Annually we target “Income After Taxes” of \$2.5M – prior to the large OPEB/Pension Adjustment, we would have come in at approx. \$2.25M
- Investments did not perform well during 2021 - \$1.27M Unrealized Loss during the year

Per the Balance Sheet, our end of Year Depreciation Fund was \$19.77M and the Rate Stabilization Fund was \$19.055M.

The General Manager reviewed our current financial position through Q1 of 2022 with the Commissioners. Revenues are up approximately 5% (\$845,000) compared to budget but Power Supply Costs are significantly higher than budgeted and historical averages, coming in approx. 20% higher than budget (\$+2.373M). Operating expenses are slightly lower (3.9%) than budget. Our net Operating Loss through the first 3 months is \$932.4K compared to a budget Income of \$421.2K (Variance of -\$1.354M). Losses after taxes and other income and deductions are slightly greater than \$1M. Our investment performance has been poor – through the end of April, our investments (OPEB, Pension, Rate Stabilization and Depreciation) are down approx. 8.9% (\$2.85 Million) year to date. It is

likely that our Net Income after Unrealized Losses will be in the red at the end of the year due to the poor investment performance. As mentioned previously, we target \$2.5M for Income after Taxes and before unrealized Gains/Losses on investments.

The PPA increase (\$.015/kWh) went into effect in March and we have started to see the positive cash flow impact of that in Q2, which has reduced our Operating losses. In January and February alone, prior to the PPA, our operating losses were approx. \$2M – we have pulled back approx. \$600K in March and April, with May projected to be a “neutral” month. Unfortunately, it will be necessary to increase the PPA again in July due to historically high energy prices projected through the end of 2022 and into 2023. For example December prices are hovering around \$.20/kWh and we are seeing January and February numbers around \$.24/kWh. We will review the data from April and May and will make a recommendation on the Purchase Power Adjustment (PPA) at the June Board Meeting to be applied starting in July. Current pricing indicates an additional PPA increase of approx. \$.015/kWh.

NEW BUSINESS

- The General Manager presented the MMWEC Philip W. Sweeney Public Service Award to Commissioner Pajak, recognizing him for his many years of outstanding public service advancing the values of Public Power
- The General Manager informed the Board that Jack Welch, our long-time local attorney passed away unexpectedly earlier this month. He informed the Board that we will need to find a new attorney and he is in discussion with one of our other attorney’s out of Boston.

EXECUTIVE SESSION

The General Manager recommended that the Commission go into executive session for the purpose of approving the Executive Session Meeting Minutes from April 20, 2022 and return to Regular Session after conclusion. The motion was seconded on the basis of a roll call vote as follows:

Pasternak	Absent
Pajak	Aye
Sittard	Aye

The motion was passed 2 to 0

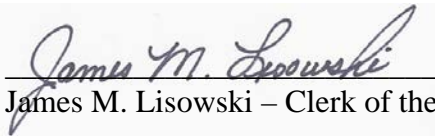
Commissioner Sittard made a motion at 4:50 PM to adjourn from Executive Session and enter into Regular Session. Motion was seconded on the basis of a roll call vote as follows:

Pasternak	Absent
Pajak	Aye
Sittard	Aye

The motion was passed 2 to 0

REGULAR SESSION

Commissioner Sittard made a motion to adjourn at 4:56 PM. Commissioner Pajak seconded the motion; Discussion: None; Motion was passed 2 to 0.


James M. Lisowski – Clerk of the Board

Approved: June 30, 2022