

Chicopee Municipal Lighting Board

Minutes of Meeting

Wednesday, May 21, 2025

Chairman Pasternak called a regular meeting of the Chicopee Municipal Lighting Board to order at 2:13 PM on Wednesday, May 21, 2025.

Present:

- Chairman Joseph F. Pasternak, III
- Commissioner Daniel T. Maciolek
- Commissioner Daniel J. Mashia
- General Manager and Clerk of the Board, Daniel R. Faille

Approval of Minutes

Commissioner Mashia made a motion to accept the minutes of the Wednesday, April 23, 2025, meeting as presented.

Commissioner Maciolek seconded the motion.

Discussion: None.

Vote: Motion passed 3 to 0.

Financial Approvals

Commissioner Mashia made a motion to concur with the payment of the following warrants:

Warrant #E042525 dated 4/17/2025 in the amount of \$231,893.90; Warrant #E042525 dated 4/22/2025 in the amount of \$3,624.673.00; Warrant #E050225 dated 4/24/2025 in the amount of \$87,327.16; Warrant #E050225 dated 4/28/2025 in the amount of \$166,122.59; Warrant #E050925 dated 5/1/2025 in the amount of \$147,191.40 Warrant #E050925 dated 5/5/2025 in the amount of \$73,017.33; Warrant #E051625 dated 5/8/2025 in the amount of \$597,923.02; Warrant #E051625 dated 5/12/2025 in the amount of \$164,722.98; Warrant #E052325 dated 5/15/2025 in the amount of \$258,186.74; Warrant #E052325 dated 5/19/2025 in the amount of \$3,089,756.45;

Commissioner Maciolek seconded the motion.

Discussion: None.

Vote: Motion passed 3 to 0.

Commissioner Mashia made a motion to approve Bills and Customer Refunds in the amount of \$152,832.20

Commissioner Maciolek seconded the motion.

Discussion: None.

Vote: Motion passed 3 to 0.

2025 Power Supply Cost Update

CEL is currently projecting a shortfall in its 2025 power supply budget due to sustained volatility in energy markets. As of this month, total power costs—including wholesale purchased power and local generation—have exceeded budgeted expectations.

This variance is not the result of a budgeting error. The budgeted figures accurately reflect CEL's historical usage and consumption trends. The shortfall is instead attributed to higher-than-anticipated market prices for energy.

CEL believes this increase is tied to broader volatility in energy markets, driven in part by federal policy uncertainty and proposed tariffs. In periods of market uncertainty, energy suppliers often raise rates to manage financial risk, resulting in elevated prices—even for standard energy purchases.

Fortunately, CEL had budgeted conservatively for 2025. That fiscal discipline has helped cushion the impact of market fluctuations; without it, the overage could have been significantly greater.

Proposed Response: Power Purchase Adjustment

CEL is currently evaluating whether a Power Purchase Adjustment (PPA) effective as early as July 1, may be warranted to offset these unexpected costs. This adjustment represents the minimum increase that would be required to maintain rate stability and financial balance through the remainder of the year.

No action is being requested from the Board at this time. If CEL determines that a PPA is necessary, a formal recommendation will be brought to the June Board meeting, with the adjustment to take effect as early as July 1 and likely to remain in place for the rest of the calendar year in order to spread the correction out across the longest time period possible.

CEL continues to monitor energy market conditions closely and remains committed to protecting ratepayers through prudent financial management and strategic response.

Crossroads Fiber Update

Crossroads Fiber continues to see strong growth and operational momentum across multiple fronts.

- **Revenue & Customer Growth:** Gross revenue has exceeded budget projections by \$37,000 year-to-date. Total subscriber count stands at 5,511 customers.
- **Expansion Areas (FSA Buildout):** Six Fiber Service Areas (FSAs) are currently in various stages of construction, with FSA 2026 scheduled to open this weekend.
- **Multi-Dwelling Units (MDUs):** Construction is set to begin next week on Twin Oaks, an underground MDU project covering 86 passings. Letters sent to additional properties have received an excellent response, generating dozens of inquiries and productive conversations with property owners. Several projects are in active discussions, including 200 Lambert, pending signed agreements to proceed.
- **Small Business Segment:** The new business pricing structure is being well received. We've seen increased interest and new installations, particularly among customers selecting 1 Gbps service.
- **Loyalty Program:** The Crossroads Loyalty Program is now live. Materials are being distributed in both print and electronic formats. Due to COVID-related disruptions, no customer credits were issued in May, but they are expected to resume in June. Details are available on our website and were featured in the latest customer newsletter.
- **Colocation Development:** Work has begun on installing the fiber raceway, and a formal business plan is in development for colocation services.

- **Marketing & Community Outreach:** Ongoing initiatives include lobby redesign, mascot branding, and presence at community events through booths and sponsorships at city and Chamber of Commerce gatherings.
- **Central Office (CO) Upgrades:** A purchase order has been issued for electrical panel upgrades at CO2–CO4. Work is scheduled to begin in June, with backup air conditioning units to follow later in the summer.
- **Network Resiliency – Front Street MH Work:** A&R is actively installing new manholes on Front Street to establish an alternate fiber path out of the building, increasing network redundancy.
- **One-Touch Installs:** Crossroads is preparing to roll out one-touch installations this summer. This streamlined process eliminates the need for a separate site survey in most cases, reducing time-to-install. Internal work is underway with all stakeholders to prepare for the transition. Site surveys will still be used, when necessary, particularly for underground installs.
- **Front Lobby Engagement:** Customer Service and Cashier teams are actively engaging with new electric customers about Crossroads Fiber service. These efforts are yielding an average of 20 new applications per month.

Executive Session

Motion for the Municipal Light Board to enter into executive session pursuant to M.G.L. c. 30A, § 21(a)(10) to discuss confidential contract terms related to a proposed power purchase agreement, where public discussion could compromise the utility's bargaining position. Additionally, for the purpose of approving the minutes from the prior executive session.

The Board will return to open session following the executive session.

Commissioner Pasternak made a motion to enter executive session.

Commissioner Mashia seconded the motion.

Roll Call Vote:

- **Joseph F. Pasternak, III** – Aye
- **Daniel T. Maciolek** – Aye
- **Daniel J. Mashia** – Aye

Vote: Motion passed **3 to 0**.

The Board entered executive session at 2:52 PM

The Board returned to open session at 3:29 PM

Regular Session (Resumed)

Chicopee Falls Hydro RFP and Lease

The General Manager explained that, although the Board had entered executive session to discuss the draft lease agreement and associated contractual terms for the Chicopee Falls Hydroelectric Facility—pursuant to M.G.L. c. 30A, § 21(a)(10)—the proposal submitted by Ware River Power, Inc. is a matter of public record, and the decision to move forward with that proposal should be made in open session whenever possible.

He noted that the purpose of the executive session was to allow Commissioners to ask questions and express any concerns about the lease terms or related power purchase provisions in a setting that would not compromise the utility's negotiating position, as the final lease agreement still has some details to iron out. Having had that discussion, the General Manager recommended that the Board return to open session to vote on whether to accept the bid and authorize execution of the lease agreement, consistent with the principles of transparency and good governance.

The General Manager then provided a brief summary of the proposal for the public record. He explained that earlier this year, CEL issued a public Request for Proposals (RFP) for the long-term lease, restoration, and operation of the Chicopee Falls Hydroelectric Facility. The goal was to secure a qualified partner to modernize the plant at no cost to CEL, while preserving public ownership and securing access to locally generated renewable energy.

One proposal was received, from Ware River Power, Inc. of Barre, MA. Their response included an approximate \$4.81 million capital investment to be completed over a 24-month timeline, funded through private financing. CEL would retain ownership of the facility, while WRP would be responsible for all permitting, compliance, operations, and staffing. The energy produced would be sold to CEL under a 30-year Power Purchase Agreement with fixed annual escalation, and CEL would retain the right of first refusal on Renewable Energy Credits at a particular point in the term when CEL would begin requiring them to meet the state's decarbonization goals.

He also noted that Ware River Power is the current contracted operator of the plant, and that this lease agreement will replace that contract for operation.

A draft lease has been prepared consistent with the terms outlined in the RFP and WRP's proposal, and is currently under legal review. The General Manager recommended that the Board vote in open session to accept the proposal and authorize him to execute the lease agreement, subject to final legal review and resolution of any material issues.

Commissioner Mashia made a motion that the Board accept the proposal submitted by Ware River Power, Inc. (WRP) for the long-term lease and operation of the Chicopee Falls Hydroelectric Facility. The motion included authorization for the General Manager to execute a lease agreement consistent with the terms reviewed in executive session and discussed during the meeting, pending final legal review.

During discussion, Commissioner Pasternak expressed concern about the potential implications if the agreement with WRP were to fall through. He noted that CEL had recently received an estimate of approximately \$14 million to decommission the hydro facility and suggested that, as a precaution, WRP be required to post a \$7 million bond—equal to half of the decommissioning cost. He proposed that the bond be held until the plant begins generating hydroelectric power, which could occur as early as this fall.

Following a discussion among the commissioners and the General Manager, the Board agreed that the General Manager should negotiate a bond arrangement to his satisfaction before executing the lease. While the Board authorized the General Manager to sign the lease agreement, that authorization is contingent upon the successful negotiation of the bond requirement. Commissioner Maciolek seconded the motion. **Vote:** Motion passed 3 to 0.

New Business –

E-Billing Implementation Update

Chicopee Electric Light (CEL) continues to make steady progress on its transition to electronic billing, with a planned rollout target of **July 1**.

Initial testing is underway with the vendor, and there have been no reported issues at this stage. System configurations have been validated, and CEL is prepared to generate and deliver electronic bills in the required format.

The project also includes new features to improve customer convenience, such as digital payment options. Some final testing remains related to how electronic and paper billing are handled within our systems, but this is expected to be minor.

CEL remains on track for a summer launch and will continue working closely with the vendor to finalize testing and deployment.

Commissioner Training on MLP Governance

At a prior meeting, the General Manager conveyed that the Massachusetts Municipal Wholesale Electric Company (MMWEC) had offered training for commissioners. This training, intended for both new and returning commissioners, provides an overview of Chapter 164 of the Massachusetts General Laws—the statute governing municipal light plants (MLPs)—and clarifies the distinct roles and responsibilities of General Managers and commissioners.

Although the session was previously delayed, the Board reaffirmed its interest and requested that the General Manager follow up with MMWEC to reschedule. The General Manager agreed to revisit scheduling options with MMWEC to ensure that commissioners have the opportunity to participate in this important governance training.

Adjournment

Chairman Pasternak made a motion to adjourn at 4:08 PM

Commissioner Maciolek seconded the motion.

Discussion: Next meeting tentatively set for June 18, 2025.

Vote: Motion passed Motion passed 3 to 0.



Daniel R. Faille, Clerk of the Board

Approved: June 18, 2025