

Westfield Gas & Electric Municipal Light Board Regular Meeting Minutes May 3, 2023

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WESTFIELD CITY CLERK

Location: Gas & Electric Operations Center, 40 Turnpike Industrial Rd. Conference Room,
Westfield, MA

The meeting was called to order at 6:30 p.m.

I. Call to Order

II. Chairman Mitchell stated that this meeting of the Municipal Light Board is being electronically recorded in both video and audio by the Municipal Light Board. As stated in the WG+E MLB Video Policy the recording will be available on the WG+E website within one week. Is anyone, other than the Municipal Light Board, recording the meeting and if so state whether it is an audio or video recording and whether the recording is being live streamed.

III. ROLL CALL was taken as follows:

Present: Ward #2 Commissioner, Ray Rivera
Ward #3 Commissioner, Dawn Renaudette
Ward #4 Commissioner, Francis L. Liptak
Ward #5 Commissioner, Joseph B. Mitchell
Ward #6 Commissioner, Robert C. Sacco
Appointed Commissioner, A. Edward Roman
Ward #1 Commissioner, Kevin M. Kelleher

Present: 7 Absent: 0

IV. PLEDGE OF ALLEGIANCE

V. READING OF THE RECORD OF:

On motion by Commissioner Rivera, seconded by Commissioner Liptak it was unanimously;

VOTED: To accept the minutes of the April 5, 2023, Regular Session Meeting of the Municipal Light Board as presented.

VOTED: To accept the minutes of the April 5, 2023, Executive Session Meeting of the Municipal Light Board as presented, but not release to the public at this time.

VI. PUBLIC PARTICIPATION: During public participation, the General Manager asked Chairman Mitchell for permission to speak briefly and give recognition to the department and efforts to employees involved with work provided for the Pipeline Hazardous Materials Safety Administration (PHMSA) grant; the federal government awarded \$10 million dollars to the Westfield Gas & Electric from the PHMSA grant for the purpose of protecting people and the environment from the risks of hazardous materials transportation. General Manager also gave kudos to employees involved with work on the American Public Power Association's Reliable Public Power Program (RP3) the program recognizes utilities that demonstrate high proficiency in reliability, safety, workforce development, and system improvement; Westfield Gas & Electric was awarded Platinum status.

VII. COMMUNICATIONS RECEIVED BY GAS AND ELECTRIC:

- a) **Acknowledgement- Mayor Michael A McCabe -MMA Legislature Breakfast-**
Mayor McCabe sent a thank you letter to the Westfield Gas & Electric for providing complimentary gift bags to the attendees at MMA Legislature Breakfast that the City of Westfield hosted at Mestek Inc. on March 24, 2023.
- b) **Customer Compliment- 204 Russell Rd-Unit E-** Compliments from resident at 204 Russell Rd-Unit E relayed to Customer Service Specialist, Renee Chechile on the professionalism and quality of service of Utility Service Technician, Michael Sears.

VIII. REPORTS FROM THE GAS & ELECTRIC

A. Action Required Items

- a) **Gas and Electric Price Projections for the City** – Senior Quantitative Risk Analyst, Keziah Bednarsky gave a brief overview to the Board for the Gas and Electric Price Projections for the City of Westfield for fiscal years 2023 and 2024.
- b) **Energy Supply Outlook-** Senior Quantitative Risk Analyst, Keziah Bednarsky gave the monthly Energy Supply Outlook summary to the Board through a PowerPoint presentation for the Gas and Electric Division, summarizing the 2022-2023 temperature outlook.
- c) **Monthly Financial Reports-** Jamie Naughton, Finance Manager provided a brief overview for the March 2023 financial reports that reflect our actual monthly supply expenses stating the March Gas Division income of \$2.697k exceeds the original projection of \$2.12m by \$576k, while the March Electric Division income of \$1.63m is tracking above the original forecast by \$993k. Both positions reflect lower than anticipated supply costs. March revenue budget and actuals include the application of the \$1m deferral installment for the electric division. We also continue our \$50k monthly contributions to the gas and the electric stabilization funds.

The Finance Manager further explained May NYMEX Henry Hub Gas Futures contract traded as high as \$5.934/MMBtu in June 2022 and settled at \$2.117/MMBtu. Mild weather and robust production have kept daily prices in check for the most part of the year. The lack of intimidating weather-driven demand heading into May and strong storage levels appeared to take some risk out of market pricing. Low Henry Hub Futures prices provided an opportunity to hedge Zone-4 gas out the curve through 2028.

Forward electric and Zone-6 gas pricing have increased slightly for the next year as the January 2024 Algonquin delivery basis rose from the \$13/MMBtu level to the \$15/MMBtu level recently. These gas prices translate to January 2024 on-peak power trading near \$160/MWh, up from \$150/MWh trading levels seen since February. We will continue to monitor winter pricing as the market anticipates growing storage levels, low industrial production, and a mild to warm summer.

The Finance Manger conclude by saying the Telecom Division NI gain of \$233k exceeds our original budget by \$285k due to lower than anticipated expenses; however, these expenses are expected to be realized over the next few months. Also, other Hilltown revenue and expense continues to show a disparity due to timing of billings.

B. Informational Items

- a) **Utility Issues-** as presented.
- b) **Utility News-** as presented.
- c) **Utility Courses Update-** as presented.

IX. OLD BUSINESS:

X. NEW BUSINESS:

a) **Deferral of funds 2022 into 2023-(verbal)-** Howard Cheney and Eric Pinsoneault Accountants from Meyers Brothers Kalicka were present at the Municipal Light Board meeting.

Howard Cheney gave a verbal accounting opinion on three items (below) that were requested by Commissioner Sacco at the April 5, 2023 Municipal Light Board meeting.

1. Deferring revenue from one period to another for rate stabilization purposes
2. Limiting annual change in net position to eight percent of the cost of plant assets as per Massachusetts General Law.
3. Creating internal designations for stabilization and other cash balances maintained by WGE.

After the presentation, the General Manager asked if the Board had any questions for Mr. Cheney. Commissioner Roman asked Mr. Cheney if there's a reason that any of the mentioned reserves become too high, would they deem unreasonable; Mr. Cheney explained from an audit and legal standpoint no, from a rate payer standpoint it may be a different opinion.

Commissioner Sacco thanked Mr. Cheney for the information provided and asked Mr. Cheney as the auditor is it a violation of the financial conditions if particular accounts are set up for stabilization to then put into a new fund or is just simply to reclassify that fund. Mr. Cheney stated stabilization funds in general can be used for the operation, from the accounting perspective, change made to the extent necessary should be approved by the Commissioner, unless it's clearly in violation of general law or fraudulent from an accounting perspective it is with in accounting standards.

Michael Hall, Attorney with Stackpole and French and Westfield Gas + Electric's Legal Counsel was also present at the Municipal Light Board meeting. Mr. Hall explained the General Manager asked Attorney Hall to provide his legal opinion on the interest in working with the City of Westfield officials and representatives for the purpose of making future discretionary distributions to the City of Westfield. Attorney

Hall explained that no amount is restricted, however, it would be a vote of the Board of Commissioners to decide.

Another option and precedent to do so would be to loan the monies to the City of Westfield with no legalities.

In conclusion, Westfield Gas and Electric is permitted to transfer to the City directly upon due authorization from its Board of Commissioners. The transfer need not be in form of a payment in lieu of taxes, but rather may be done at the simple direction of the Board of Commissioners with the intent being for the City to use the funds for the relief of general taxes.

Once the transfer is made, however, Westfield Gas and Electric will not likely be able to exercise any control over the use of funds by the City.

The Board thanked Mr. Hall for his legal opinion and information and Mr. Cheney and Mr. Pinsoneault for their accounting opinion.

Commissioner Sacco wanted to clarify with the General Manager that the intent of the monies in conversation is for discussions with the City for the rebuilt of the Westfield High School track. The General Manager clarified to Commissioner Sacco that the intent of discussions is for multiple athletic fields in the City.

Commissioner Sacco did express that he believes the monies belong to rate payers and should be given back to the taxpayer.

Commissioner Rivera noted that if this is something the City is seriously considering and monies are going back to the rate payers in a different form than he agrees with the monies going to multiple fields but only if it's intended for that purpose.

Commissioner Roman added after the last Municipal Light Board meeting, he gave it a lot of thought and can see the idea of given it back to rate payers however

Commissioner Roman is all in favor in giving back to the Community and express there will never be a perfect situation when it comes to paying back but believes reducing the tax rate seems to be the fairest way of giving back.

Commissioner Renaudette is viewing the monies discussed more as a community fund, if it's helping the community needs to offset the taxes to the rate payers, Commissioner Renaudette believes it is important and agrees to give back to the rate payers in that aspect.

Chairman Mitchell added that the Westfield Gas and Electric assists the City as a Municipal Light Board and supports so many events in the community. Chairman Mitchell concluded he does view the community fund as a continuation of what we're already doing but in a larger scope that will be memorable and will have a positive impact on the community.

XI. EXECUTIVE SESSION:

On a motion made by Commissioner Rivera, seconded by Commissioner Liptak and on the basis of roll call it was:

VOTED: To adjourn the regular meeting of the Municipal Light Board meeting and enter into executive session for the purpose of discussing trade secrets and competitively sensitive information and not to reconvene the Regular Session after adjournment from Executive Session

Rivera	"aye"
Renaudette	"aye"
Liptak	"aye"
Mitchell	"aye"
Sacco	"aye"
Roman	"aye"
Kelleher	"aye"
Motion passed 7-0	0-absent

Chairman Mitchell stated that the Municipal Light Board would be entering into executive session for the purpose of discussing trade secrets and competitively sensitive information or other proprietary information and would not reconvene the Regular Session after adjournment from Executive Session.

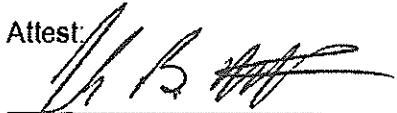
XII. ADJOURNMENT

On the motion of made by Commissioner Rivera, seconded by Commissioner Liptak it was unanimously:

VOTED: To adjourn the regular meeting of the Municipal Light Board meeting. Chairman Mitchell declared the regular session portion of the meeting adjourned at 7:54pm.

A TRUE RECORD.

Attest:



Joseph B. Mitchell, Chairman

	Documents Presented at REGULAR SESSION May 3, 2023 Meeting		
Municipal Light Board Regular Session Meeting Minutes —April 5, 2023			
Municipal Light Board Executive Session Meeting Minutes — April 5, 2023			
Acknowledgement- Mayor Michael A. McCabe- MMA Legislative Breakfast	Mayor Michael A McCabe- Letter		
Customer Compliment- 204 Russell Rd-Unit E	Customer Service received an email		
Gas and Electric Price Projections for the City	Keziah Bednarsky, Sr. Quantitative Risk Analyst	5/3/2023	
Monthly Financial Reports	Jamie Naughton, Finance Manager	5/3/2023	Financial Notes Monthly Financial Statements F-2.5
Utility News	Leanne Cloutier, Executive Administrative Assistant	5/3/2023	Communications/Customer Service/Community Affairs
Utility Course Update	Robin Krok, HR Coordinator/Records Manager	5/3/2023	Administration and Organization

