

# BOZRAH UTILITIES COMMISSION

Minutes of Regular Meeting

October 26, 2016

## 1. CALL TO ORDER

Chairperson Galbraith called the meeting to order at 9:03 a.m.

## ROLL CALL

**Present:** Chairperson Marian Galbraith

**Commissioners:** Seymour Adelman, Scott Barber, Shirleyann Dunbar-Rose, Edward E. DeMuzzio, Jeffrey Godley, Ralph Winslow

**Staff present:** Director of Utilities Ronald A. Gaudet  
General Manager-Utility Finance David F. Collard  
General Manager-Key Accounts Leonard J. Mediavilla  
Manager-Engineering Brian J. Roche  
Office Manager Mary L. Polaski  
Project Management Engineering Aide Martin Cloudas  
Utility Analytics Specialist Aaron K. Brooks  
Executive Administrator Deborah J. Damm

## 2. APPROVAL OF MINUTES

**Commissioner Godley** moved, **Commissioner Adelman** seconded that the minutes of the regular meeting of July 27, 2016 be approved. **Motion carried.**

## 3. COMMUNICATIONS AND CORRESPONDENCE

There were no communications or correspondence to report.

## 4. PUBLIC COMMUNICATIONS

Mr. Raymond Barber, 25 Goshen Road, Bozrah – Mr. Barber stated he understands the rates charged to Bozrah customers are 6% lower than the rates charged by Eversource, and also understands the rates charged to Groton Utilities customers are 10% lower than Eversource and he would like to know why there is a difference in rates. When the utilities buy power do they include the large users in Bozrah like Hillendale, MidCity Steel, Airgas, Collins and Jewel and others to get a better rate. It seems the better rates in Groton could be passed on to Bozrah ratepayers as well, and Mr. Barber feels the rates should be the same.

Mr. Barber also requested a response to what has become known as “Derbygate” and he hopes this matter will be discussed during this meeting and someone can explain why the \$1 million the Connecticut Municipal Electric Energy Cooperative (CMEEC) has spent over the past four years to entertain people could not have been better used to lower rates. CMEEC has stated that it has saved ratepayers over \$100 million, maybe it could have been \$2 million more if they had used some of that money to lower the residential rates and help promote commercial growth instead of wasting it on lavish trips. The Norwich Bulletin ought to be commended and given a lot of credit for exposing this issue to the public, and he hopes Chairperson Galbraith, as head of the Utilities Commission, and also the Board of Selectman in Bozrah will call for a thorough investigation into this issue with full disclosure to all residents.

Chairperson Galbraith responded the issue regarding the CMEEC retreats is on the agenda for this meeting. And as to the question about the difference between rates, General Manager Collard has responded to this question in a previous meeting and was asked to answer the question again.

General Manager Collard stated the simple answer is that being two (2) entirely different structures of territory, the cost of providing service for the customers in Bozrah is a little more expensive in due to the rural nature of the territory and customers per mile of line, and where the allocation of cost is spread out over less customers than in Groton, which has a much denser population.

Director Gaudet stated we are currently going through a cost of service study for both utilities, which actually defines which costs go to different customer classes. Seventy percent (70%) of the power costs actually goes to electricity and thirty percent (30%) goes to the maintenance of the distribution infrastructure. In Bozrah, the system is a heavily lined, long run area. Per capita or per customer the different rate classes are supposed to pay their appropriate fair share of the infrastructure that supports them. There is a special joint Bozrah and Groton Utilities commission meeting scheduled for November 3, 2016 at Groton Utilities' Julio H. Leandri Operations Complex to discuss the cost of service study.

Commissioner Adelman replied that while Bozrah may be very rural, Lebanon is a lot worse and wouldn't that make Lebanon very costly. There are miles of lines and very few customers. General Manager Collard replied that while talking about Bozrah in general, he is referring to the entire Bozrah service territory, which includes Lebanon and parts of Montville as well. Commission Adelman asked if the section in Lebanon was worth having as part of the service territory. Mayor Galbraith responded that question is another topic and not part of this discussion.

#### **5. CMEEC BOARD OF DIRECTORS REPORT**

Commissioner DeMuzzio reported the Board voted on an addendum to the Norwich Inn and Spa fuel cell project and added another participant into the project. The project was now fully approved. A project update is expected at the next Board meeting scheduled for October 27, 2016.

At the TRANSCO Board of Directors meeting, the TRANSCO budget was approved and will be forwarded to the CMEEC Board of Directors for approval.

The contracts between CMEEC, Groton Utilities and Pfizer were extended to run coterminous with the contract between Groton Utilities and Pfizer. Both contracts are now for a period of twenty (20) years.

The Board also reviewed the market analysis to evaluate what is happening in the overall power markets.

Commissioner Barber asked how twenty (20) year contracts can be regulated. And is Airgas available to do the same type of contract with CMEEC. General Manager Collard replied the Commission could not discuss the various contracts due to confidentiality agreements with the customers, but Airgas could negotiate a contract if they decided to. Commissioner Barber asked how Management comes up with a twenty (20) year figure. Director Gaudet stated the contracts contains commercial terms that will change over the twenty (20) years, and the Pfizer contract isn't a part of the Bozrah Utilities Commission. Commissioner DeMuzzio said if Airgas wished to enter into a long term agreement with CMEEC, they could enter negotiations to discuss. Commissioner Barber asked if Airgas currently has a contract and if so what are the terms, and General Manager Collard replied they do, Director Gaudet stated the contract was renewed in the last year and it was a five (5) year agreement.

Mayor Galbraith read the following statement:

"I was disappointed to read for the first time from the Norwich Bulletin the article of October 15th that members of the CMEEC Board of Directors and others went on an all-expense paid trip

to the Kentucky Derby at a cost of over \$340,000 this past May. Several city employees and a GU Commission member who serve on the CMEEC Board of Directors were among the attendees.

I was not informed about this trip, which greatly concerns me, as I have also learned that it has been occurring for at least the past four (4) years. From the guest list published in the paper, there are a number of people who participated who have no active connection to GU, the member utilities, to Bozrah or to CMEEC.

I was grateful to the New London Day who graciously provided me the documentation of this Kentucky Derby trip, which included the fact there were apparently no business meetings, no agendas, and no minutes reflecting the purported meetings and strategic outcomes that would benefit our ratepayers. I requested additional information from CMEEC to ascertain whether this is indeed the case. Although I received some information that I requested, I have not received it all.

I was also disappointed to learn that the Day's FOI request was made to CMEEC in August of this year and no one made a strategic decision to share this fact with me or any of the other leaders of the member municipalities. It is only now I am learning that CMEEC and our city employees are highlighted in engaging in practices that do not reflect favorably on the City of Groton, Groton Utilities or Bozrah. While the damage was already done, had I learned of the trip or the FOI request earlier, it would have certainly allowed us to address these matters before this week.

We have a responsibility to the taxpayers of this city and the rate payers of Groton Utilities and Bozrah to function in a transparent and fiscally responsible manner that avoids any appearance of impropriety.

Accordingly, I am taking several steps to insure our accountability to the public and to avoid any appearance of impropriety.

First, I have begun an investigation to determine whether there has been a violation of our work rules. I will also review our work rules to determine whether they need to be updated. There has been an ethics complaint filed with the City of Groton Board of Ethics, which has been turned over to them to be dealt with under their rules and procedures.

The second step is that I have asked our council to revise our ethics policy, or to define the ethics policy as it exists in our Charter, and also to revise the standards of ethical behavior that exists in our work rules.

At the GU Commission and at this Commission meeting today, I am going to ask you to pass a motion which would direct our representatives to CMEEC to propose a resolution for the governance of CMEEC that will require that all future meetings will be conducted in a manner and location that conveys fiscal responsibility and accountability while still meeting the goals of CMEEC's strategic decision making.

I am also going to ask the Commission to consider a motion to that would request of CMEEC a full accounting, including names of attendees, of all expenditures relating to trips, events, or entertainment, no matter what the purpose, paid for by any funds administered by CMEEC for the years 2012 – 2016. And in addition, a copy of all resolutions and legal documents that deal with the establishment of the Margin Fund and its intended use.”

Mayor Galbraith stated she intends this period of the meeting to be a period in which the Commission may ask questions so that answers can be provided, to the extent possible. While there may be some things she can answer based on the information she has, Chairperson Galbraith stated she is more interested in finding out the questions the Commission has so that they can get the answers the Commission deserves to have.

Commissioner Winslow began by asking why over the past four (4) years there have been sixteen (16) Utilities Commission meetings, and it seems like it's been dead silence from Groton about going to these fun things. He has talked to a few members of the Bozrah Utilities Commission, who knew nothing about this. It is an embarrassment, personally, when he goes to the dump and the guy at the dump, "dumps" on him about it. Commissioner Winslow stated his level of trust is gone. What you say and do, or what you don't say and what you do, is really disheartening and he is a little bit ashamed.

Commissioner Barber stated that back in January when it was announced that Bozrah Light and Power Company was joining CMEEC, he asked that one of the Bozrah ratepayer members be appointed to the Board of Directors. And was told the Board meetings were very complicated and that Director Gaudet and General Manager Collard were going to be appointed to the Board. Those opposing those proposed appointments were outvoted. Commissioner Barber also stated it feels like a cover-up and a "snow job". He still believes one of the Commissioners from the Bozrah ratepayers should be appointed to the CMEEC Board. And while he is aware at Commissioner Tanger is an alternate, Commissioner Barbers asked if he has attended any of the Board meetings and was he aware of the trip. Commissioner Barber stated he feels shorted that no ratepayer Commissioners were appointed and the impropriety of not appointing a Bozrah Commissioner is now coming to light.

Mayor Galbraith asked that the Commission separate their opinions or suspicions of things from the fact finding. There appear to be two (2) questions; the first being why was this never reported to this Commission, to which Mayor Galbraith stated she can assure the Bozrah Utilities Commission that this was never reported to the Groton Utilities Commission either.

Secondly, as to why a Bozrah Utilities Commission ratepayer was not appointed to the CMEEC Board of Directors, Mayor Galbraith replied that as neither she nor the majority of Groton Utilities Commission knew about the trips, it was not a factor in the vote to appoint a member to the CMEEC Board of Directors.

Commissioner Barber stated that while he believes Chairperson Galbraith did not know about the trips, he feels other members did know.

Commissioner DeMuzzio stated Commission Tanger is an alternate on the Board and does attend the CMEEC meetings. As such, he would be aware of all the business that goes on at the Board meetings. He was appointed as an alternate so he could become familiar with the technical aspects of CMEEC and once comfortable, would become a full member. Additionally, Commissioner Tanger would take the place of a voting member should anyone be absent. In effect, the Bozrah Utilities Commission does have a member on the Board.

Commissioner Adelman asked if the trips were part of the CMEEC meeting minutes. Commissioner DeMuzzio reported they were not, and when he reports on the CMEEC board meetings to the Utilities Commissions, his reports come from the minutes of the meeting because the minutes are the official recording of the meeting due to sometimes there are informal discussions that are not part of the official meeting. As already indicated with regard to certain customer contracts, the information should not be part of the public information.

Mayor Galbraith replied she asked CMEEC CEO Drew Rankin for any minutes in which these trips were discussed, approved, or voted on. Mr. Rankin replied there were no minutes which reflect any of those three (3) things.

Commissioner Barber asked if the CMEEC Board meetings were recorded. Commissioner DeMuzzio replied the meetings are recorded in written form and the minutes are published on the website. Mayor Galbraith said she has tried to find copies of the minutes on CMEEC's website but has been unable to open any of the minutes. Also, Mr. Rankin was invited to attend this meeting, as well as the Groton Utilities Commission meeting. And due to the short notice of her request, he was not able to attend this meeting but will be in attendance at the Groton meeting. All Commissioners are invited to attend.

Commissioner Barber requested that Chairperson Galbraith inform the Commission of her findings at the end of her investigation. Mayor Galbraith stated she would to the extent that she can within the law due to any personnel issues.

## **6. MONTHLY FINANCIAL HIGHLIGHTS**

General Manager Collard presented the following financial highlights:

- Overall electric revenues for the first quarter of the new fiscal year were 8.1% less than budget and just slightly less than the same quarter last year. Cooling degree day requirements were 44% greater for the period than last year. Inasmuch as the summer weather was oppressively hot, the negative revenue performance for the quarter was a result of over-budgeted revenues for July and August.
- Other Operating Expenses for the first quarter are almost 29% less than budget. Net Income before the Return to Groton for the fiscal year-to-date is almost 24% less than budget, primarily due to over-budgeted revenues for July and August and lower operating expenses.
- Cash in the bank at September 30th is \$2.3 million. The cash flow statement indicates a \$224,000 net cash improvement as a result of the first quarter operations.
- Fiscal year-to-date plant investments total \$408,000 for the quarter, mostly related to the completion of the Bishop Road upgrade project.
- Days Cash on Hand is 52 days, compared to the APPA benchmark of 90-120 days.

## **7. PROJECTS / INITIATIVES UPDATE**

Manager Roche gave an update on the Stockhouse Road Substation 2X transformer, which has been back online for approximately six (6) weeks and is supplying Airgas' interruptible load. There was a minor issue with the transformer yesterday, but repairs will be completed today.

The Brush Hill Solar farm is ready to go online. Crews are waiting for CMEEC to program the meter before it is put into operation. The solar farm was online for a few hours this week, and it was pushing back about 2 megawatts of energy. One a sunny day like today, Bozrah's load is only about 4-5 megawatts, so almost 50% of the load could come from solar.

Crews are installing reclosures, some single phase reclosures, and take-down fuses, which will prevent line crews from having to respond when a squirrel gets on a transformer. Instead, the animal will receive a mild shock. This should prevent the fuse from blowing as it will reclose. Instead of an outage lasting an hour or two, this could allow for a temporary, ten (10) second outage.

Commissioner Adelman asked about the recent accident on Gager Road, specifically why Route 163 was out of power for so long. Manager Roche replied that at the time of the accident, crews were working on a circuit. Safety procedures when crews are working on circuits is to put the breakers at the substation on "hot line tag", which lowers the relay settings to prevent an incident should

personnel get caught up in the line while working. This makes the breaker very sensitive. If there is any problem with the circuit, the breaker will trip. This is what happened after the accident on Gager Raod, and why the outage lasted as long as it did. In the future when the breaker at Stockhouse Road Substation is put on “hot line tag”, substation personnel will be assigned to the substation to prevent this type of occurrence.

Utility Analytics Specialist Aaron Brooks passed out handouts on preliminary solar analysis samples, and gave an overview of the solar projects going on in the service territory. There are currently fourteen (14) solar units in the service territory, not including the Brush Hill solar array. The units produced approximately 10,000 kilowatts hours of energy during the month of September, with Bozrah Light and Power purchasing back approximately 64% of the produced electricity. The panels produce about 87%, in aggregate, of the household loads for those units.

Commissioner Barber stated he had asked at the July 27, 2016 meeting to have someone meet with Bozrah First Selectman Pianka regarding solar programs and potential rebates. General Manager Mediavilla apologized for not reaching out to Selectman Pianka, and stated Bozrah does support customers for solar credits. The business model of the specific solar installers is insufficient to be economically viable, as the utility does not pay at the full retail value. Also, Bozrah does not participate in lease programs because of the aspect of infringement into Bozrah’s franchise area. Commissioner Barber ask that some information regarding Bozrah’s solar program and rebates be put on Bozrah Light and Power’s website to help alleviate any customer / resident’s questions.

Engineering Aide Cloudas gave an update on the new facilities construction at the egg farm property.

#### **8. OLD BUSINESS**

Commissioner Barber asked about the status of having a qualified lineman as substation personnel in Bozrah. Director Gaudet replied the City has recently renewed the Union contract with the Electric Division personnel and the modification to the contract will allow that as personnel retire, new chief positions will be filled. The expectation is the chief positions will be well-rounded individuals who can perform multiple functions and supplement the current workforce.

Chairperson Galbraith stated the short answer is the Union contracts would have forbidden this in the past, but the new contracts will allow us to move towards that. Commissioner Barber asked for a timeframe. Director Gaudet replied that while we current have the qualified personnel, the Bozrah budget is tight and cannot allow the carrying of extra personnel in the current fiscal year without a retirement.

Commissioner Barber stated that the extent of the recent outages has increased because personnel have to come from Groton to service a substation when there is an outage. Commissioner Barber stated before Groton purchased Bozrah, Bozrah has dedicated personnel in Bozrah to work on the substations. Chairperson Galbraith reiterated that the current budget does not allow for that now, but it can be looked at for the next fiscal year budget.

#### **9. NEW BUSINESS**

**Chairperson Galbraith** made a motion to amend agenda to include the following:

“Motion that the Bozrah Utilities Commission directs its’ representatives to CMEEC to bring to CMEEC governance a resolution which would require all CMEEC’s meetings, including strategic retreats, to be held in a manner and location that conveys fiscal responsibility and accountability.”

**Commissioner Winslow** seconded. **Motion carried.**

**Chairperson Galbraith** made a motion to amend the agenda to include the following:

“Motion that the Bozrah Utilities Commission request a full accounting, including the names of attendees, of all expenditures relating to trips, events, entertainment no matter what the purpose, paid for by any funds administered by CMEEC for the years 2012 to 2016, and in addition a copy of all resolutions and legal documents to deal with the establishment of the Margin Fund and its intended use.”

**Commissioner Winslow** seconded. **Motion carried.**

**Chairperson Galbraith** moved, **Commissioner Winslow** seconded that the Bozrah Utilities Commission directs its’ representatives to CMEEC to bring to CMEEC governance a resolution which would require all CMEEC’s meetings, including strategic retreats, to be held in a manner and location that conveys fiscal responsibility and accountability.

Chairperson Galbraith stated she believes that CMEEC has an obligation to be fiscally responsible and there should be accountability. It concerns her that the Board of Directors never voted to have these trips or voted that there was a need to have these trips, and never reported on the outcome of the trips. To that end, Chairperson Galbraith believes there needs to be fiscal responsibility and accountability so that these things will be brought to the Utilities Commissions and be public knowledge.

Director Gaudet asked to comment. Director Gaudet gave the following statement:

“I want to apologize for this entire situation and lack of stewardship behind expenditures that have taken place. While being present and active within CMEEC is absolutely vital to the success of Bozrah Light and Power and Groton Utilities, a certain amount of restraint in spending should be expected due to the rooted community ownership of the organization. As a community owned utility, one of our most important goals is to ensure Bozrah and GU’s reputations are impeccable while providing the maximum value to our residents. I commit to do what is needed to ensure that GU continues to earn your trust. Over the past year, my first meetings where I really got involved in CMEEC was a year ago. And I did attend the Kentucky trip. I tend to have a view of life that tends to be more half full than half empty. I’ve watched a lot of things happen in life where I’ve watched a lot of people bully into submission to get where they need to go. My methods require that I be involved in being part of the solution. As such, I expect in the next month or two to be voted by the Board at CMEEC to be Chair of the governance committee at CMEEC, to help to go down the roads that we need to remedy and address any public concerns.”

Commissioner Winslow stated that while he appreciates what Director Gaudet said, and while he feels someone should be appointed to the governance committee, he believes it should be someone outside the group of attendees identified. Director Gaudet replied that with all due respect, getting involved and earning the trust of a group and earning enough respect to have enough “horsepower” to change an organization, any board is only as assemblance of multiple singular votes. As much as Bozrah and Groton own half of CMEEC, each one of us is only a vote of one on a board of many. Additionally, Director Gaudet has spoken to Mayor Galbraith regarding the revision of the ethics policy in Groton, and offered to help with that. However, the Mayor didn’t feel that would be appropriate.

Commissioner DeMuzzio asked that the motion be read back to the Commission. Commissioner DeMuzzio stated while he is not shirking the decisions he has made, the CEO of CMEEC scheduled this event, plans it, does everything related to the event and expects the Board of Directors to attend. And as the Mayor has indicated she did not know the cost of the event, neither did the Board

members at the time. To that end, Commissioner DeMuzzio will support Chairperson Galbraith's resolution as he feels he should have known what the event was costing before participating.

**Motion carried.**

**Chairperson Galbraith** moved, **Commissioner Barber** seconded that the Bozrah Utilities Commission request a full accounting, including the names of attendees, of all expenditures relating to trips, events, or entertainment, no matter what the purpose, paid for by any funds administered by CMEEC for the years 2012 to 2016, and in addition a copy of all resolutions and legal documents to deal with the establishment of the Margin Fund and its intended use. **Motion carried.**

**10. ADJOURNMENT**

There being no further business, at 10:12 a.m., **Commissioner Dunbar-Rose** moved, **Commissioner Duarte** seconded a motion to adjourn. **Motion carried.**

Attest:

Paul A. Duarte  
Clerk