

**City of Groton Utilities Commission  
Annual Report for the  
Fiscal Year Ending June 30, 2014**

In conformity with the requirements of Article XI, Section 4 of the City Charter, the City of Groton Utilities Commission hereby submit its annual report the fiscal year's transactions and the general condition of the Utility properties for Fiscal Year ending June 30, 2014.

**Groton Utilities** completed another successful year in providing safe, reliable, and economic electric and water services to its' diverse customers. Our efforts this year were directed towards serving our mission, achieving our vision, and were focused on the seven (7) strategic priorities identified in the GU Strategic Plan. These key elements of the plan are:

**Our Mission:**

As a leader in Southeastern Connecticut, we provide essential electric, water, and other services at prices which reflect exceptional customer value and quality. We enhance and support the vitality and livability of the communities we serve.

**Our Vision:**

**Groton Utilities** strives to be the leader among Connecticut's municipal utilities with a national reputation for excellence. We want to become the benchmark for creating customer value, anticipating the future, and embracing change while preserving our core values and heritage. We aim to become the employer of choice in the region

**Our Strategic Priorities:**

In order to be successful, **Groton Utilities** must continually address the following priorities:

- Workforce development
- Renewing our business model into the future
- Organization effectiveness
- Infrastructure
- Customer service
- Key customer development and retention
- Financial integrity and performance

**Our Core Values:**

Our future success will depend upon remembering that the foundation of our efforts are the following values:

- Ethics and Integrity
  - Ethics and integrity guide all of our decisions and actions. We treat everyone with respect and dignity.
- Our Customers
  - We exist to meet the service needs of our internal and external customers. All of our decision making puts the customer first, and we welcome customer input and feedback in that process.

- Our People
  - We recognize that a well-trained, diverse, and motivated workforce is critical to our success. Through leadership and teamwork, we create a safe and productive working environment where people can excel.
- Stewardship of our Resources
  - Our resources, both tangible and intangible, define who we are and we take the appropriate steps to preserve those assets for today and for the future.
- Strategic Partnerships
  - We value our partnerships and pursue opportunities to promote community vitality. We create solutions and value for both our customers and partners.
- Creativity and Innovation
  - We anticipate and influence change, crafting the necessary improvements to meet the evolving needs of our customers and to protect and enhance our resources.
- Visionary Leadership
  - We encourage forward thinking in considering the future needs of our organization and the communities we serve, while maintaining our commitment to operational excellence.

### **Strategic Plan Implementation**

***Groton Utilities'*** efforts to implement its strategic plan continued during the fiscal year, as significant progress was made across all of the strategic priorities. This progress included:

#### **Workforce Development:**

Within ***Groton Utilities'*** Information Technology Department, a pilot program in Professional Development Planning has been implemented. Although still in its early stages, the program has already proven itself to be an effective tool and, if deemed appropriate, will become the model for addition employee development across ***Groton Utilities.***

***Groton Utilities,*** like many other organizations, will be challenged by the evolving demographics of its workforce in the upcoming years. In anticipation of demographic trends, ***Groton Utilities*** has begun the process of succession planning for the management-level positions in the department, and is in the process of determining key positional competencies and requirements and is scanning the organization for potential future candidates and identifying their developmental requirements. Completion of the first iteration of the process is anticipated for late in calendar year 2014.

#### **Renewing our Business Model:**

***Groton Utilities'*** Water Division secured the water rights of the Haley Brook watershed and continues to make annual payments for that easement and rights, perform water quality testing and integrate this future source into local and State planning documents.

***Groton Utilities*** continues to study increasing impoundment to its Ledyard Reservoir. Recent studies included soil analysis, and topographical surveying, and the impact to Morgan Reservoir.

The water division also actively works with the Southeastern Connecticut Council of Governments (SCCOG) on the evolution of a regional water model and associated issues through its participation in the Technical Advisory Committee and as such makes reports available to the Regional Water Committee of SCCOG.

### **Organization Effectiveness:**

**Groton Utilities** has embarked upon an exciting initiative to involve employees in process and performance improvement, while giving them a better sense of ownership for changes in how work is performed. Three pilot teams were chartered, working on problems as diverse as: how to energize **Groton Utilities'** approach to key customer accounts, how to communicate with large numbers of customers simultaneously, and how to better measure and report organizational performance. Two of the teams have made final recommendations to management, which were accepted for implementation, while the third team's work continues. The initiative was so successful that three more teams are being chartered, and **Groton Utilities** has the objective of offering all employees the opportunity to participate in the initiative over the next several years.

### **Infrastructure:**

Efforts continue within the Electric Division to improve customer reliability and reduce customer outage durations. A Supervisory, Control, and Data Acquisition (SCADA) system is nearing its final stages of testing and commissioning. This system gives **Groton Utilities** notification through alarms sent to our control center and to cell phones when problems are sensed on major parts of the electric distribution system. As a result, personnel are often responding to the disturbance even before we receive the first call from a customer. The SCADA system will continue to be improved upon and expanded in the upcoming year.

**Groton Utilities'** Advanced Metering Infrastructure (AMI) system is also in its final stages of deployment with most residential and many commercial accounts having meters that communicate with the customer and the Utility. If desired, a customer is now able to view their own usage through e-Care at any time and make informed decisions. The customer can set up an e-Care account on-line. AMI will also communicate with the Utility when a customer has a service problem such as low voltage or a loss of power, and will assist **Groton Utilities'** personnel with the service restoration process after an outage.

The Water Division also continued on its plan to replace / upgrade its metering system with more efficient meters. The meter change out is required by regulations which dictate lead levels in water meters. Continued deployment of AMI meters is a significant portion of the Water capital budget in the upcoming fiscal year.

To insure future water treatment capability, the Water Division has completed design of a rebuilt Water Treatment Plant facility to the 60% mark. **Groton Utilities** is also working very close with State regulators on financial options for funding this very important project. The project has been designated as the #1 priority project for the State of Connecticut Department of Public Health for the year 2015. The Water Division is working with authorities to assure receipt of State financial support in the form of low-interest loans and grants. The construction of the plant upgrades are expected to begin in 2015, and should be fully operational in 2018.

A considerable portion of **Groton Utilities'** 100 miles of distribution piping has been identified as a priority for upgrade and replacement, and a ten (10) year plan has been developed for that replacement. Funds have been appropriated in the budget for the upcoming fiscal year, and other sources of funding are being investigated.

### **Customer Service:**

The main focus of **Groton Utilities'** Customer Service Department continues to be the enhancement and improvement of the ways our customers can access their account information. **Groton Utilities** has

upgraded its online customer access system so not only can a customer pay their bill online, they have the ability to view historical usage. Customers can “drill down” to a particular hour and see their specific usage. Additional enhancements, such as Auto Pay and eBilling are expected to be available by the second quarter of 2015. **Groton Utilities’** continues to improve and expand its methods for communicating with customers to ensure there are multiple avenues for a customer to get information and assistance. Watch for us on Facebook and Twitter!

**Key customer development and retention:**

Energized by the recommendations of our employee involvement team, **Groton Utilities’** approach to key account management is being enhanced by expanding the definition of key accounts and incorporating a hybrid, top-down, bottom-up view to determine the customers’ immediate and long-term needs. **Groton Utilities’** objective is to help these customers maintain their vitality in the community and, where possible, help them grow. In addition, **Groton Utilities** will continue its efforts to provide these customers with specific, actionable information regarding energy conservation, load control, rates and billing, and economic assistance programs.

**Financial Integrity:**

In order to improve financial forecasting and analysis, **Groton Utilities** has developed and implemented a 5-year financial planning model for both the Electric and Water Divisions. This functional tool is instrumental in evaluating the current financial condition of the Utility Divisions as well as for planning and developing annual capital investment and expenditure budgets, determining revenue requirements that provide appropriate returns on investment and insure the financial integrity of the City’s most valuable asset.

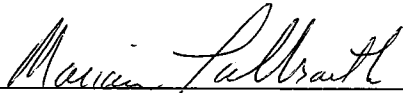
To better meet the information needs of its Utilities Commission, monthly financial reporting has been augmented with the addition of a dashboard of key financial performance indicators in a graphical presentation that includes comparisons with approved budgets and selected industry financial performance ratios. This information not only provides actual to budget performance but also provides bench mark comparisons with industry statistics that are helpful in the financial analysis process. Development of this system will continue in the upcoming year.

The Electric Division's net earnings, before transfers to the City, during this past fiscal year were \$8.677 million, or 33.8 percent higher than budget. A return of excess equity from the Connecticut Municipal Electric Energy Cooperative (CMEEC) was the primary driver for the strong financial performance.

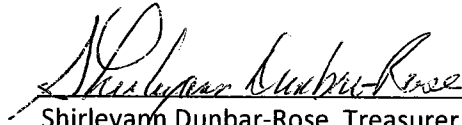
The Water Division’s net earnings during the past fiscal year were \$1.539 million, or 75% higher than budget. Lower revenues offset by the lower Operational & Maintenance expenses drove the strong financial performance.

In conclusion, we wish to acknowledge the cooperation received from all Utilities Department employees, City Department Heads, City Council, and City Officials.

Respectfully submitted,



Marian K. Galbraith, Mayor  
Chairperson



Shirleyann Dunbar-Rose, Treasurer  
Commissioner



Paul Yatcko  
Director of Utilities

