

**City of Groton Utilities Commission
Annual Report for the
Fiscal Year Ending June 30, 2016**

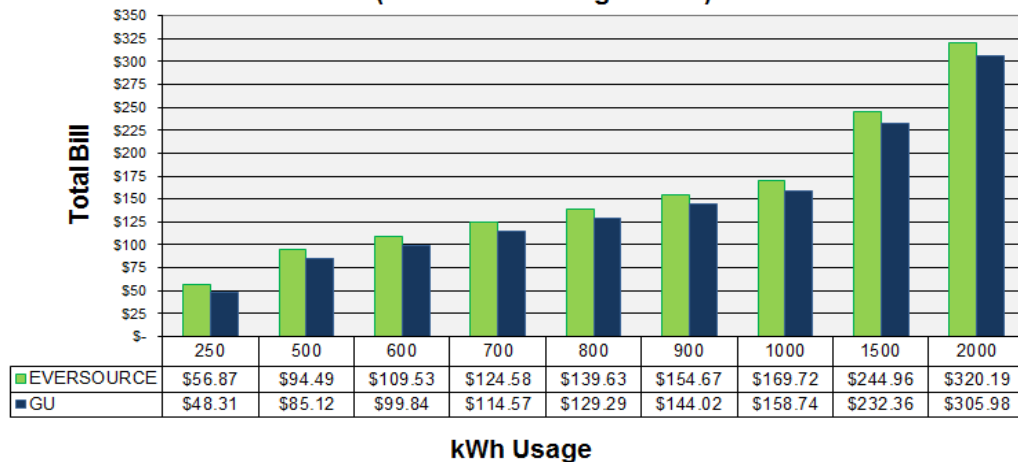
Mission:

Groton Utilities is a business 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.

Financial Transactions

- The Electric Division's net earnings, before transfers to the City, during this past fiscal year were \$3.3 million, or 49-percent higher than budget. The Electric Division transferred over \$3.5 million dollars of its net earnings to the City during the past fiscal year, which will decrease slightly for the next fiscal year. Over \$30 million has been transferred to the City over the past ten years while offering customers some of the lowest electric rates in the region.
- The Water Division's net earnings during the past fiscal year were \$1.9 million, or more than 3 times higher than budget. Higher revenues combined with lower Operational & Maintenance expenses drove the strong financial performance. Rates were increased on July 1, 2015, a good portion of this rate increase is for the purpose of upgrading the Water Treatment Plant, with that in mind \$233,000, was transferred to restricted funds for this purpose.

**Groton Utilities vs. EVERSOURCE
July 1, 2016 rates
Residential Bills
(various kWh usage levels)**



Highlights and Accomplishments:

- **Electric Reliability Projects**
 - ❖ *Voltage Conversion Project:* Groton Utilities had multiple substations at various voltages. Now all of the substations are at 13,800 volts. Performing this project has allowed each of the substations to have another substation back it up in the event of a failure. Line crews completed the voltage conversion project along Route 12, north of Interstate 95 to the Naval Submarine Base. Work consisted of replacing aging infrastructure such as poles, transformers and insulators.
 - ❖ *400 and 1410 Transmission Line Pole Replacement / Conductor Sag Elimination Project:* All of Groton Utilities' power comes into the distribution system via transmission lines to the Buddington substation. So, power supply to Buddington is required for us to keep the lights on. We replaced seventeen (17) high voltage transmission line poles in the Groton Utilities' right-of-way north of the

Buddington Substation. Work consisted of replacing poles, cross-arms, insulators and eliminating conductor sag.

- ❖ *Tree Trimming:* The number one cause of power interruptions in the Groton Utilities' service territory is fallen trees and tree limbs on power lines. In an effort to reduce power interruptions, a second tree trimming crew was hired. Both tree trimming crews are hard at work trying to reduce the potential of power interruptions by removing trees and tree branches away from power lines. Please call Customer Service if you ever see an issue or have concerns with vegetation near the power lines.
 - ❖ *Wildlife Protection:* After trees, animals are the next highest contributor to electric outages. Electric Operations personnel continue to install various types of animal protection equipment on power lined, overhead transformers and substation equipment. The goal is to reduce power interruptions and protect wildlife.
 - ❖ *Reliability Statistics:* Over the last 12 months, the power was available to Groton Utilities' customers on average 99.97% of the time.
- **Water Projects**
 - ❖ *Water Treatment Plant Rebuild Project:* This project has been a center of effort for the Water Division for several years. To insure future water treatment capacity and quality as regulations are tightened, the Water Division has completed design of a rebuilt Water Treatment Plant facility. Management is working 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. The construction of the plant upgrades are expected to begin in 2016, and should be fully operational in 2019.
 - ❖ *AMI Meter Program:* Please be patient with us as we come by to swap out your water meter. The Water Division continues replacing / upgrading its metering system with more efficient meters. The meter change out is required by regulations, to improve water quality.
 - ❖ *Upgrades:* The Water Division is working on design to upgrade both Long Hill Pump Station and Walker Hill Standpipe, which are both greater than 50 years old. The project will improve reliability and fire protection to our customers including the Naval Submarine Base. These projects will be funded from bond funds.

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

Ron Gaudet
Director of Utilities