

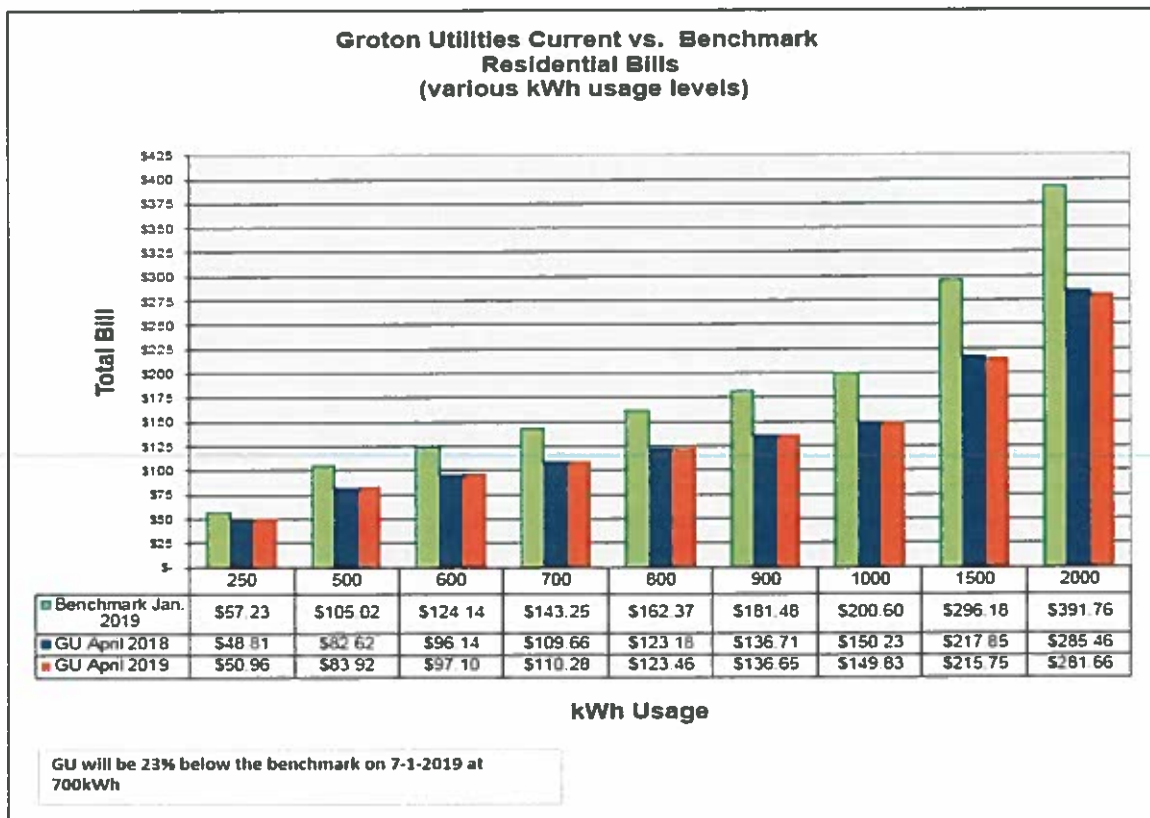
**City of Groton Utilities Commission
Annual Report for the
Fiscal Year Ending June 30, 2019**

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 \$7.9 million, which was 0.6% higher than budget. The Electric Division transferred over \$4 million of its net earnings to the City during the past fiscal year. Over \$38 million has been transferred to the City over the past twelve (12) years, while offering customers some of the lowest electric rates in the region.



- The Water Division's net earnings before the State of Connecticut Drinking Water State Revolving Fund (DWSRF) grant monies, during the past fiscal year were \$1.3 million. Total grants received from DWSRF during the past fiscal year were \$5.8 million. Lower revenues offset by lower Operation & Maintenance expenses drove the strong financial performance. Rates were increased on July 1, 2018, and total of \$750,000 was transferred to restricted funds for the purpose of upgrading the Water Treatment Plant during the past fiscal year.
- The Sewer Division was operated as a division of Groton Utilities for its first year. Due to the impact of the industrial deduct meters which was not included in the budget developed by Cost of Service Study (COSS), the Sewer revenues were 12% below budget. The Sewer Division's net earnings during the past fiscal year were \$1.4 million, which was 12% less than budget.

Highlights and Accomplishments:

• Electric Reliability Projects

- ❖ *Tollgate Road Re-Conductor Project:* Groton Utilities Line crews completed the re-conductor project on Tollgate Road which consisted of replacing open wire (bare conductor) with tree resistant cable. Tree resistant cable has insulation covering the conductor which results in improved reliability and a reduction of power outages caused by tree contact. Also, aged utility poles were replaced and new secondary cables were installed.
- ❖ *Porcelain Fuse Cutout Replacements:* Line Crews have been replacing porcelain fuse cutouts with polymer type throughout the service territory. Porcelain fuse cutouts have been breaking apart due to manufacture defects resulting in power interruptions to customers. A total of 493 porcelain fuse cutouts have been replaced with polymer.
- ❖ *Maintenance Activities:* As part of a four year maintenance program, Groton Utilities personnel continue to conduct the following: relay cleaning and testing, substation breaker maintenance, infrared scanning that looks for loose connections, transformer testing and vegetation control.
- ❖ *Tree Trimming:* The number of power interruptions due to tree contact are on the decline due to extensive tree trimming. A second tree trimming crew was hired for a full year. Both tree trimming crews are hard at work reducing the potential of power interruptions by removing trees and tree branches away from power lines
- ❖ *Reliability Statistics:* Over the last twelve (12) months, the power was available to Groton Utilities' customers on average 99.98% of the time. On average, customers were without power 98.02 minutes over the same time period. When a power outage did occur, Electric Operations personnel restored power on average in 82.68 minutes.

• Water Projects

- ❖ *Water Treatment Plant Rebuild Project:* Work continues on the upgrade of the Water Treatment Plant. When completed in 2020, the plant will operate with state of the art equipment removing present and emergent contaminants. The original plant was built in 1939 with several expansions and improvements over the decades. The plant continues to be regulatory compliant during construction. The project was awarded to R.H. White Construction with a Notice to Proceed on August 22, 2017. The project is still forecasted to be completed in the fall of 2020, and still receives funding through state and federal programs.
- ❖ *Advanced Metering Infrastructure (AMI) Meter Program:* GU continues to upgrade its water meters with more efficient and lead-free meters. We apologize for any customer inconvenience during this change-out. This year we changed out 759 residential and 46 commercial meters. Since the change-out program began we have installed 5984 new lead-free, efficient water meters for our customers. This project was in the planning stage for several years and is identified as a capital bond project.
- ❖ *Distribution System Upgrades:* Walker Hill Standpipe, constructed in 1947 was replaced with a new standpipe capable of holding more water and improving water quality. The standpipe provides normal and emergency water to the US Navy base. In conjunction with the tank work, Phases II and III, consisting of installing a new 16" water main on Walker Hill Road and Tollgate Road, plus a new pump station are underway. The projects have been in the planning stages for several years and are bond funded projects, the dollars of which are supported by water rates. Going forward GU will shift its emphasis to rehabilitate the water distribution system. A ten year plan is being vetted and will require state approvals, and funding through Bond Funds.

• Water Division Highlights

- ❖ *Employee Development:* GU continues to develop and implement work force planning both in the hiring and training opportunities for all employees. This year GU added staff in Meter Service and Water Distribution sections replacing retired employees and preparing GU for future challenges within the field.
- ❖ *Emergent Contaminants:* GU takes very seriously its mandated responsibility to analyze for emergent contaminants such as harmful algae, and poly fluorinated compounds. GU continues to test for all parameters as defined by both federal and state regulators. GU will continue to test for the presence of lead in several locations in the water distribution system. GU recently enhanced its corrosion control treatment systems to protect consumers from products of corrosion in piping. GU remains regulatory compliant. This year witnessed our complete survey of all operations and water quality data performed by state regulators. No deviancies were noted. Our annual Water Quality Report is made available to our valued customers.
- ❖ *Watershed:* With new staffing previously hired, GU is improving the extent and detail of our watershed sanitary survey meeting residents who live or work within the watershed and evaluating systems and residences in the handling of chemicals, farm wastes, and septic wastes. GU is also continuing its partnerships and discussions with various environmental organizations who share our mission and vision of protecting water quality while still allowing access for scientific study and supervised recreation.

- **Wastewater Division Highlights**

- ❖ Groton Utilities is pursuing improvements to both the sewer collection system and plant. Facility Plans will be developed for proper short and long term planning. Financial planning has been performed to guide expenses and rates.

- **Key Accounts Customer Service**

- ❖ *Streetlighting Upgrade Project:* Groton Utilities completed upgrading the street lighting, along the public way, with light emitting diode (LED) technology; funded by Regional Greenhouse Gas Initiative funds (RIGGI). This upgrade enhanced nighttime visibility, reduced energy consumption, lowered the system's carbon footprint and also improved the community's nighttime safety.
- ❖ *The New London Submarine Base Renewable Energy Fuel Cells:* A total of 7.4 MWs of Connecticut's renewable energy fuel cells started construction on the Base's Enhanced Use Lease (EUL) property. The installation will integrate into a Micro-grid sponsored by a State of Connecticut multimillion dollar DEEP Grant, improving both Groton's and the Navy's overall energy resilience.
- ❖ *Electric Vehicle Pilot Rebate Program:* The evolution of the Electric Vehicle into Groton Utilities franchise area and its impact on the Electric Distribution System (EDS) initiated a study in July 2018. A Pilot Rebate Program offering 20 EV rebates for purchase or lease along with installation of a charger was offered to GU electric customers. The data derived will help establish the EVs' effect on the EDS and prepare GU to adapt to the changes.

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

Respectfully submitted,



Keith Hedrick, Mayor
Chairperson



Ronald A. Gaudet
Director of Utilities