

CITY OF GROTON UTILITIES COMMISSION

MINUTES OF SPECIAL MEETING

March 24, 2010

A special meeting of the City of Groton Utilities Commission was held this date at which Mayor Popp, Commissioners DeMuzzio, Duarte, and Dunbar-Rose; Director of Utilities Yatchko, Deputy Director-Administrative Services Collard, Deputy Director-Water/PAF Cummings, Deputy Director-Electric Roche; General Manager-Major Accounts and Rates & Revenue Requirements Conner, General Manager-Customer Care Daniels, General Manager-Operations Dipallina, General Manager-Commercial Accounts and Power Requirements Mediavilla, General Manager-Electric Operations Surprenant; Manager-Energy Services Wehner; and Executive Assistant Gaudette were present.

Also present were Ms. Robin Kipnis, Assistant Counsel, Connecticut Municipal Electric Energy Cooperative (CMEEC); and Mr. Chris P. N. Woodcock, President, Woodcock Associates.

The meeting was called to order by Mayor Popp at 5:36 p.m.

Commissioner DeMuzzio was appointed Clerk Pro Tem due to the absence of Commissioner Rabitaille.

Dunbar-Rose / DeMuzzio that the minutes of the special meeting of March 3, 2010 be approved. The vote on the motion was 3 Ayes and 1 Abstention (Commissioner Duarte). The motion carried.

Review and Acceptance of Treasurer's Report

The Treasurer's Report for the month of February showing the following balances was presented by Treasurer Dunbar-Rose.

Checking Account Activity for the month of February:

	<u>Ending Balance</u>
Electric General Fund	\$ 529,419
Water General Fund	\$ 34,506
Meter Deposit Fund	\$ 0
Electric Bond Fund	\$ 265
Water Bond Fund	\$ 789

Cash Investment Activity:

	<u>Beginning Balance</u>	<u>Ending Balance</u>
Electric General Fund	\$ 14,260	\$ 14,262
Water General Fund	\$ 0	\$ 0
Money Market Fund	\$ 239,193	\$ 100,834
Meter Deposit Fund	\$ 883,327	\$ 925,768
Electric Bond Fund	\$ 2,249,655	\$ 2,175,101
Water Bond Fund	\$ 891,132	\$ 887,215
Economic Development Reserve Fund	\$ 104,032	\$ 104,047
Electric Restricted Fund	\$ 1,463,371	\$ 1,463,578
Water Restricted Fund	\$ 444,649	\$ 444,712

At the end of the eighth month, total investment earnings should be at 66.64% and we are at 56.54%. Earnings for the Electric Division are 7.10%, 82.94% of budget for BL&P, and 26.38% of budget for the Water Division.

DeMuzzio / Duarte that the Treasurer's Report be accepted. So voted unanimously.

Communications and Correspondence

The following communications were received:

- Letter dated March 2, 2010 from Mr. Bill Bowen of Rowley, Massachusetts thanking Groton Utilities' Electric Division line crews for their assistance in restoring power to areas of Rowley, Massachusetts during the weekend of February 27-28, 2010.
- Letter dated March 4, 2010 from the Merrimac Municipal Light Department Manager Daniel Folding thanking Groton Utilities' Electric Division line crews for their assistance in responding to a mutual aid request during the weekend of February 27-28, 2010.

Public Communications

There were no members of the public present.

CMEEC Board of Directors Report

Commissioner DeMuzzio gave a brief update on the TRANSCO and Smart Grid projects.

Review of Monthly Financial Report

Total Electric Revenue for the Electric Division for the month of February was \$4,608,014 or 2.0% above expectations. In comparison to last year, Total Electric Revenue is 9.8% less. Total Electric Revenue for the Fiscal Year-to-Date was \$39,451,459, or 0.8% above budget and 0.9% above in comparison to last year. Operation & Maintenance Expense for February was \$603,669, or 12.5% below expectations. In comparison to last year, Operation & Maintenance Expense is 6.5% less. Operation & Maintenance Expense for the Fiscal Year-to-Date was \$4,986,907, or 9.6% below budget and 12.9% above in comparison to last year. Depreciation Expense for the month of February was

\$123,405, or 5.1% below budget. In comparison to last year, Depreciation Expense was 13.1% less. For the Fiscal Year-to-Date, Depreciation Expense was \$996,554, or 4.2% below budget and 0.5% less than last year. Net Income for the month of February was \$820,187 or 15.3% above budget. In comparison to last year, Net Income was 9.0% more. For the Fiscal Year-to-Date, Net Income was \$4,978,441, or 64.1% above budget, and 6.5% less than last year.

Effective January 1, 2010, the State of Connecticut's mandated Conservation Charge was increased from \$0.0019 to \$0.0022 per kWh and is added as a line item to customers' bills. More than \$70,000 was charged to customers in February, excluding the Navy and interruptible loads. This amount is included in revenue and expensed as Conservation Expense. This will be transferred to Groton Utilities' Conservation and Load Management (CLM) Account held at CMEEC in accordance with the Connecticut State Statute. Groton Utilities controls all expenditures from this fund. More than \$700 in energy rebates was paid to customers during the month of February with a total Fiscal Year-to-Date of \$340,106.

Total Water Revenue for the Water Division for the month of February was \$578,249, or 0.7% below budget projections. In comparison to last year, Total Water Revenue is 1.6% less. Total Water Revenue for the Fiscal Year-to-Date was \$5,247,014, or 4.8% below budget and 4.7% more in comparison to last year. Operation and Maintenance Expenses for the month of February were \$587,451, or 2.4% below budget. In comparison to last year, Operation and Maintenance Expenses are 17.6% more. For the Fiscal Year-to-Date, Operation and Maintenance Expenses were \$4,380,149, or 9.1% below budget, and 4.1% more in comparison to last year. Total Operating Expenses for the month of February were \$674,895, or 1.7% below budget. In comparison to last year, Total Operating Expenses are 16.7% more. Total Operating Expenses for the Fiscal Year-to-Date were \$5,136,313, or 6.5% below budget, and 5.7% more in comparison to last year. Net Earnings before Debt Principal for the month of February were \$(81,771) or 9.4% above the budgeted loss. For the Fiscal Year-to-Date, Net Earnings before Debt Principal were \$237,636 or 84.9% above budget, and 0.6% more than last Fiscal Year-to-Date.

Commissioner DeMuzzio presented graphs that compare total revenue and expenses versus total kWhs sold. Commissioner DeMuzzio proposed that the new graphs replace the current graphs provided to the Commissioners as part of the Executive Summary. Director Yatcko and Deputy Director Collard will meet to review the graphs and coordinate the inclusion of the graphs in the Executive Summary for future meetings.

Review of Director of Utilities' Report

The Director of Utilities' Report dated March 24, 2010 was presented as follows:

March 24, 2010

The City of Groton Utilities Commission
Groton, Connecticut

Ladies and Gentlemen:

*1. **GUC-10-03-144:** As reported at the December 16, 2009 Utilities Commission meeting, the Connecticut Municipal Electric Energy Cooperative's (CMEEC) 50 in 5 Project has progressed into the generator installation phase. There are nine (9) 2.5 megawatt units planned to supply a total of 22.5 megawatts of peak energy into the Groton Utilities, Bozrah Light and Power Company, and Fishers Island Electric host utility power distribution systems. All the participating host utilities will

have the same Interconnection and Operating Agreement and Joint Operating Agreement Procedures to maintain consistent, integrated operating procedures.

It is recommended that the City of Groton Utilities Commission approve the Connecticut Municipal Electric Energy Cooperative's (CMEEC) 50 in 5 Project Interconnection and Operating Agreement and the Joint Operating Agreement Procedures for the Bridge Street site.

2. Water Statistics:

	<u>Mar. 15, 2010</u>	<u>Feb. 15, 2010</u>	<u>Mar. 16, 2009</u>
Water in Usable Storage	2,573 M.G.	2,562 M.G.	2,570 M.G.
Daily Average Pumping Rate (Week)	5.0 M.G.	5.4 M.G.	5.4 M.G.
Annual Running Average per Day to Date (Year)	5.6 M.G.	5.6 M.G.	5.6 M.G.

Electric Statistics:

	<u>Feb. 2010</u>	<u>Jan. 2010</u>	<u>Feb. 2009</u>
kWhs Purchased	38,721,722	42,453,740	43,027,793
System kW Demand	67,883	79,002	77,583

3. During the month of February, there were fourteen (14) Call Outs for reported problems on Groton Utilities' power distribution system, resulting in two (2) power interruptions. One of the interruptions was caused by an overhead fuse burning for an unknown reason, resulting in the loss of 37 customer minutes. The second interruption, caused by tree contact, was felt by eleven (11) customers and accumulated a total of 693 customer minutes.

4. Energy Assistance Program

Receipt and Allocation of Funds as of February 28, 2010
(As reported by Town Social Services)

	<u>This Month</u>	<u>To Date</u>
Initial Start-up Funds	N/A	\$ 2,000.00
Customer Donations	\$ 728.38	\$ 133,978.98
Groton Utilities' Matching Funds Paid	\$ 461.83	\$ 63,177.30
Allocation to Customers	\$ 1,373.38	\$ 194,145.97
Balance on Hand	>>>	\$ 5,010.31

Last 12 Months

Donations	\$ 7,895.25
Matching	\$ 3,907.53
Distributed	\$ 7,858.24

5. CONN-OSHA Recordable Accidents:

Division	Month of February		Year-to-Date		Prior (2009) Year-to-Date	
	LTA	Non-LTA	LTA	Non-LTA	LTA	Non-LTA
Electric	0	0	0	0	4	4
Water	0	0	0	0	1	1
Sewer	0	0	0	0	0	0
Admin/CC	0	0	0	0	0	2

LTA: Lost Time Accident
 Non-LTA – Non-Lost Time Accident

6. System reservoirs are at 100 percent of total usable storage with stream flows above normal levels.

Precipitation recorded for the month of February was 5.04 inches, which is 1.35 inches above the seventy-nine year Groton average for February. Total precipitation for the first two (2) months of 2010 was 7.87 inches, which is 0.08 inch below the seventy-nine year average for the same period.

7. The Summary of Operations at the Water Treatment Plant for the month of February 2010 is available for Commissioner review.

8. At its regular meeting held on March 16, 2010, the City of Groton Planning and Zoning Commission gave a positive referral under Section 8-24 of the State of Connecticut General Statutes for the purchase of property located at 882 Old Buddington Road, adjacent to the Poquonnock Reservoir. It is anticipated that approval for this purchase will be presented to the Committee of the Whole at its regular meeting scheduled for March 22, 2010 and to the Mayor and Council at its special meeting scheduled for March 22, 2010.

9. The Water Division submitted to the State of Connecticut, Department of Environmental Protection (DEP) the 2009 Tier II Emergency and Hazardous Chemical Inventory reports for the Water Treatment Plant and the City of Groton Water Pollution Control Facility. The reports were submitted in both hard copy and electronic format on February 26, 2010.

As required by state regulation, the City of Groton Fire Department and the Poquonnock Bridge Fire Department were provided copies of these reports, as well as the Local Emergency Planning Committee in Old Mystic, Connecticut.

10. The Water Division has filed its Annual Cross Connection and Backflow Preventer Survey results with the State of Connecticut, Department of Public Health (DPH), Drinking Water Section on March 1, 2010. The filings are necessary to meet the requirements of the State's Public Health Code.

11. The Water Division has filed its 2009 Sanitary Survey with the State of Connecticut, Department of Public Health (DPH), Drinking Water Section on March 3, 2010. A total of 168 residential parcels were inspected by the Water Division's Reservoir Patrolperson.

There were no violations detected during the survey.

The Watershed Survey also included the inspection of 38 commercial facilities and five (5) farms which are active with animals.

12. There were no water main breaks and no water service leaks during the month of February.

13. Groton Utilities' Project Management personnel are in the process of gathering information to present options for the Supervisory Control and Data Acquisition (SCADA) security and fiber optic infrastructure. It is anticipated that this information will be presented at the April 28, 2010 Utilities Commission meeting.

14. As part of the 13.8 kV Voltage Conversion Project, during the month of February, Groton Utilities' line crews continued the process of upgrading the distribution facilities on Thames Street. The project consists of replacing aging poles, cross arms, insulators, and fuse cutouts. Once completed, the system voltage will increase from 8.32 kV to 13.8 kV. The project is scheduled to continue until the spring of 2010. This is an approved 2000 Electric Bond Fund Project.

15. As part of the 308-Line Upgrade Project, during the month of February, Groton Utilities' Electric Operations' personnel continued the installation of the 35 kV underground cables. In the month of February, 3,764 feet of underground cable was installed and, to date 57,380 feet, or 65% of the 35 kV underground cables has been installed. The project is scheduled to continue through May 2010. This is an approved 1992 and 2001 Electric Bond Fund Project.

16. As part of the Connecticut Municipal Electric Energy Cooperative's (CMEEC) 50 in 5 Project, Groton Utilities' Electric Project Management completed the cost estimate for the installation of the underground feeders from the overhead primary conductors to the generator at Gary Court. Project Management is currently working on the cost estimate for the installation of the primary conductors to the proposed generator site on Bridge Street.

At the Lebanon Pines site, Electric Operations' personnel are in the process of installing the transfer trip scheme. Once completed, the generator project will be complete. The two (2) generators are connected to the Bozrah Light and Power Company distribution system and, on several occasions, have successfully produced 5 MW of power onto the grid.

17. As part of the Stockhouse Road Substation Upgrade Project, Groton Utilities' Electric Project Management completed the public bid process for the replacement of the Stockhouse Road Substation 2X transformer. At its special meeting held on March 3, 2010, the Bozrah Utilities Commission authorized Management to issue a purchase order to Howard Industries for the purchase of a new 24/30/40 MVA transformer. The new transformer will be delivered in six months. In the meantime, the existing 2X transformer will be dismantled and removed to make room for the new transformer.

18. As part of the Automated Meter Reading (AMR) Smart Grid Project, Groton Utilities' Electric Meter Department personnel are ordering time of use flex net meters for residential and industrial use to prepare for the upcoming Connecticut Municipal Electric Energy Cooperative (CMEEC) Smart Grid grant project.

19. During the month of February, Electric Operations General Manager Surprenant took part in the monthly North American Electric Reliability Corporation (NERC) / Federal Energy Regulatory Commission (FERC) Homeland Security Cyber Security briefing regarding Critical Infrastructure

Protection topics within the electric sector. Members of the United States Department of Homeland Security's (DHS) Homeland Infrastructure Threat and Risk Analysis Center (HITRAC) provided updates on current events that the DHS is watching within the electric sector. In addition, the Chief Security Officer of NERC offered opportunities for various other updates that are relevant to the electric sector.

20. During the month of February, Asplundh tree crews trimmed and cut down trees along the 301 and 308 overhead lines on Pfizer property, near Bay View Avenue, after receiving permission from Pfizer. In addition, animal guards and bird spikes were placed on two (2) capacitor banks in order to improve reliability.

21. Three (3) of Groton Utilities' line crews responded to a mutual aide request on Friday, February 26, 2010. Two (2) line crews reported to Rowley Municipal Lighting Plant in Rowley, Massachusetts, and one (1) line crew reported to Merrimac Municipal Light Department in Merrimac, Massachusetts. Damage occurred to power lines when a large number of trees fell due to high winds. All three (3) crews returned safely on Monday, February 28, 2010.

22. The Conservation and Load Management Program results for the year to date are as follows:

YEAR TO DATE REPORT ON CONSERVATION & LOAD MANAGEMENT PROGRAMS

MEASURE	# Projects	\$ Incentive	Customer Costs	Annual kWh Savings	Annual Cust Savings	Lifetime kWh Savings	Lifetime Cust Savings
Residential Dwellings Retro	592	\$313,284	\$0	0	\$0	0	\$0
Appliance Rebates	51	\$3,060	\$36,933	17,049	\$2,387	190,727	\$26,702
Residential HVAC	2	\$2,100	\$49,698	0	\$0	0	\$0
Load Control High Efficiency Motors	0	\$0	\$0	0	\$0	0	\$0
Com/Ind HVAC	0	\$0	\$0	0	\$0	0	\$0
Com/Ind Lighting	0	\$0	\$0	0	\$0	0	\$0
Other	0	\$0	\$0	0	\$0	0	\$0
Program Totals	645	\$318,444	\$86,613	17,049	\$2,387	190,727	\$26,702

The \$\$\$ value of savings is based on \$0.14 cents per kWh and not the actual savings over the lifetime of the conservation measure. This is only an estimate based on today's customer costs.

23. The bill for purchased power for the month of February 2010 as received from CMEEC is in the amount of \$3,769,779.44. Effective January 1, 2010, the Purchased Power Adjustment (PPA) increased from \$0.00579 per kWh to \$0.007876 per kWh and was applied to customers' billings. For the month of February, \$237,752 was collected to help offset generation costs. For the month of February, a surplus of \$78,773 will be added to the PPA Fund. The PPA Fund is now a credit of \$29,538 and will be monitored and flowed through to customers at a later date. For the month of February, a Transmission Cost Adjustment (TCA) of \$0.00526 per kWh was applied to customers' billings and \$158,783 was collected to help offset a deficit of \$120,307. The net surplus of \$38,476

will be charged to the TCA Normalization Fund. The TCA Fund now is a credit of \$192,871 and includes interest income on the Fund.

24. Water Treatment Plant Senior Operator Joseph “Jay” Vaisin tendered his notice to retire effective February 26, 2010. Jay joined Groton Utilities in February 1989. A retired United States Navy Chief, Jay was a strong part of the Water Treatment Plant team. An excellent mechanic, Jay was called many times for emergency, as well as routine repairs. His fellow employees said Jay could fix anything. There was probably not one person from the WTP who did not receive help from Jay on a project they were baffled with or just needed help with. Management thanks Jay for his 21 years of service and wishes him well in his retirement.

25. Monthly reports as received from the Deputy Director-Electric Division, Deputy Director-Water Division, General Manager-Information Technology and Manager-Economic Development are available in the Director of Utilities’ office for Commissioner review.

Respectfully submitted,

/s/ Paul Yatcko
Director of Utilities

Regarding Report Item No. 8, Mayor Popp reported that the City Council has begun the ordinance procedure for the purchase of the property.

Regarding Report Item No. 15, Commissioner DeMuzzio asked for an update on the 308-Line Upgrade Project. Deputy Director Roche reported the project is expected to be completed within the next eight (8) to ten (10) weeks.

Regarding Report Item No. 17, Commissioner Dunbar-Rose asked for the expected delivery time for transformer. Deputy Director Roche replied the transformer is expected to be delivered within six (6) months. The old transformer is disconnected and is being removed.

Regarding Report Item No. 22, Commissioner DeMuzzio asked why there were no savings listed under Residential Dwellings Retro. General Manager Conner stated the Residential Dwellings Retro includes a mixture of electric, oil, and gas heating systems. Presently, the analysis has not been completed, but will be forthcoming as part of the annual Conservation and Load Management report.

General Manager Conner also reported that as part of the state funded project, Branford Manor Apartments had hot water pipes insulated, resulting in a substantial savings of British Thermal Units (BTUs).

Old Business

There was no Old Business to discuss.

New Business

Report Item No. *1, GUC-10-03-144: Consideration of and Action to approve the Connecticut Municipal Electric Energy Cooperative’s (CMEEC) 50 in 5 Project Interconnection and Operating Agreement and the Joint Operating Agreement Procedures for the Bridge Street site

Dunbar-Rose / Duarte that the City of Groton Utilities Commission approve the Connecticut Municipal Electric Energy Cooperative's (CMEEC) 50 in 5 Project Interconnection and Operating Agreement and the Joint Operating Agreement Procedures for the Bridge Street site.

Commissioner DeMuzzio asked who would be responsible to connect the generators. Ms. Robin Kipnis replied Groton Utilities' personnel would connect the generators, and would bill CMEEC for the labor.

Commissioner DeMuzzio asked if the agreement should state that Groton Utilities would own the generators at a certain date. Ms. Kipnis replied that Groton Utilities would not own the generators, but that CMEEC would own the generators permanently.

Commissioner Dunbar-Rose asked if, in Section 8.1, second paragraph, the term "promptly notify" should be a more concrete time frame in order to prevent confusion. Mayor Popp asked Director Yatcko and Deputy Director Roche if they were agreeable to the use of the term "promptly notify". Both Director Yatcko and Deputy Director Roche were agreeable to the term as written.

So voted unanimously.

At 6:13 p.m., DeMuzzio / Dunbar-Rose that this meeting go into Executive Session to discuss Water Division Business Strategies and that Director of Utilities Yatcko, Deputy Director-Administrative Services Collard, Deputy Director-Water/PAF Cummings, General Manager-Major Accounts and Rates & Revenue Requirements Conner, and Mr. Chris P. N. Woodcock be included. So voted unanimously.

Present in Executive Session were Mayor Popp, Commissioners DeMuzzio, Duarte, Dunbar-Rose; Director of Utilities Yatcko, Deputy Director-Administrative Services Collard, Deputy Director-Water/PAF Cummings, General Manager-Major Accounts and Rates & Revenue Requirements Conner and Mr. Chris P. N. Woodcock.

At 7:30 p.m., DeMuzzio / Dunbar-Rose that this meeting return to Open Session. So voted unanimously.

Adjournment

There being no further business, at 7:31 p.m., DeMuzzio / Dunbar-Rose that this meeting adjourn. So voted unanimously.

Attest:

Edward E. DeMuzzio
Clerk Pro Tem