

CITY OF GROTON UTILITIES COMMISSION

MINUTES OF REGULAR MEETING

December 15, 2010

A regular 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 Yatcko, Deputy Director-Administrative Services Collard, Deputy Director-Water/PAF Cummings, Deputy Director-Electric Roche; General Manager-Information Technology Blanchette, General Manager-Major Accounts and Rates & Revenue Requirements Conner, General Manager-Customer Care Daniels, General Manager-Electric Operations Surprenant; Manager-Energy Services Wehner; Economic Development Manager Winkler and Executive Assistant Gaudette were present.

The meeting was called to order by Mayor Popp at 11:03 a.m.

DeMuzzio / Duarte that the minutes of the regular meeting of November 17, 2010 be approved. So voted unanimously.

Review and Acceptance of Treasurer's Report

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

Checking Account Activity for the month of November:

	<u>Ending Balance</u>
Electric General Fund	\$ 1,361,769
Water General Fund	\$ 123,247
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	\$ 14,277	\$ 14,282
Water General Fund	\$ 0	\$ 0
Money Market Fund	\$ 499,611	\$ 486,862
Meter Deposit Fund	\$ 926,779	\$ 927,047
Electric Bond Fund	\$ 1,226,965	\$ 1,175,968
Water Bond Fund	\$ 362,900	\$ 357,261
Economic Development Reserve Fund	\$ 104,161	\$ 104,191
Electric Restricted Fund	\$ 1,529,053	\$ 1,533,578
Water Restricted Fund	\$ 445,197	\$ 445,326

At the end of the fifth month, total investment earnings should be at 41.65% and we are at 40.61%. Earnings for the Electric Division are 17.61%, 41.67% of budget for BL&P, and 39.17% 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 December 1, 2010 from the United States Submarine Veterans, Inc. thanking Groton Utilities for its generous donation in support of the Thanksgiving Dinner for sailors at the Groton Naval Submarine Base

Public Communications

There were no members of the public present.

CMEEC Board of Directors Report

Commissioner DeMuzzio informed the Commission that the Governance Committee has proposed a slate of Officers. The proposed budget is in the final stages and will be voted on at the December 16, 2010 meeting. The new CEO for CMEEC will also be announced at the December meeting.

Groton Utilities has received a request from CMEEC to store the remaining four (4) generator units for the 50 in 5 project. Groton Utilities' management is reviewing the necessary requirements before responding to CMEEC's request.

Review of Monthly Financial Report

Total Electric Revenue for the Electric Division for the month of November was \$3,832,475 or 6.1% above expectations. In comparison to last year, Total Electric Revenue is 12.2% less. Total Electric Revenue for the Fiscal Year-to-Date was \$22,034,704, or 3.8% above budget and 11.2% below in comparison to last year. Operation & Maintenance Expense for November was \$644,816, or 11.8% below expectations. In comparison to last year, Operation & Maintenance Expense is 19.6% more. Operation & Maintenance Expense for the Fiscal Year-to-Date was \$3,287,425, or 9.9% below

budget and 7.3% more in comparison to last year. Depreciation Expense for the month of November was \$122,527, or 0.7% below budget. In comparison to last year, Depreciation Expense was 1.0% less. For the Fiscal Year-to-Date, Depreciation Expense was \$621,309, or 0.7% above budget and 1.0% less than last year. Net Income for the month of November was \$389,458 or 42.2% above budget. In comparison to last year, Net Income was 25.5% less. For the Fiscal Year-to-Date, Net Income was \$3,381,092, or 40.7% above budget, and 3.0% more 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 \$63,000 was charged to customers in November, 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 \$10,000 in energy rebates was paid to customers during the month of November, with a total Fiscal Year-to-Date of \$523,063.

Total Water Revenue for the Water Division for the month of November was \$723,347, or 2.4% above budget projections. In comparison to last year, Total Water Revenue is 19.1% more. Total Water Revenue for the Fiscal Year-to-Date was \$4,077,775, or 3.5% above budget and 18.7% more in comparison to last year. Operation and Maintenance Expenses for the month of November were \$509,536, or 17.1% below budget. In comparison to last year, Operation and Maintenance Expenses are 1.6% more. For the Fiscal Year-to-Date, Operation and Maintenance Expenses were \$2,711,768, or 11.8% below budget, and 2.1% more in comparison to last year. Total Operating Expenses for the month of November were \$597,191, or 15.0% below budget. In comparison to last year, Total Operating Expenses are 1.7% more. Total Operating Expenses for the Fiscal Year-to-Date were \$3,160,600, or 10.1% below budget, and 1.0% more in comparison to last year. Net Earnings before Debt Principal for the month of November were \$180,868 or 718.9% above budget. For the Fiscal Year-to-Date, Net Earnings before Dept Principal were \$1,111,128 or 116.0% above budget, and 189.7% more than last Fiscal Year-to-Date.

Review of Director of Utilities' Report

The Director of Utilities' Report dated October 27, 2010 was presented as follows:

December 15, 2010

The City of Groton Utilities Commission
Groton, Connecticut

Ladies and Gentlemen:

*1. **GUC-10-12-166:** Constant monitoring of legislation and lobbying efforts are needed to assure that proper legislation pertaining to electric, water, or gas services is approved by the State Legislature. In order to provide continuing lobbying services, Management recommends retaining the lobbying services of Medici, LLC of Hartford, Connecticut in an amount not to exceed \$100,000.00.

It is recommended that the City of Groton Utilities Commission authorize Management to retain the lobbying services of Medici, LLC of Hartford, Connecticut for lobbying services pertaining to electric, water, or gas services and any other utility matters as necessary in an amount not to exceed \$100,000.00 to be paid from the Professional Services – Lobbying account in the Approved Fiscal

Year 2010-2011 Budget, and furthermore, that the City Council be apprised of this action with the recommendation that it concur and Mayor Dennis L. Popp be authorized to execute the agreement.

*2. **GUC-10-12-167:** Director Yatchko has revised Groton Utilities' General Policy Number 1017-Request for Donations, to more accurately reflect Groton Utilities' focus on marketing and giving back to the community. Copies of the policy currently in effect and a draft of the proposed revised policy are included in each Commissioner's folder for review.

Management will seek approval for revised General Policy Number 1017 at the January 2011 Utilities Commission meeting.

3. Water Statistics:

	<u>Dec. 6, 2010</u>	<u>Nov. 8, 2010</u>	<u>Dec. 7, 2009</u>
Water in Usable Storage	2,132 M.G.	2,123 M.G.	2,565 M.G.
Daily Average Pumping Rate (Week)	5.2 M.G.	5.1 M.G.	5.2 M.G.
Annual Running Average per Day to Date (Year)	5.8 M.G.	5.7 M.G.	5.6 M.G.

Electric Statistics:

	<u>Nov. 2010</u>	<u>Oct. 2010</u>	<u>Nov. 2009</u>
kWhs Purchased	36,854,083	38,035,577	34,099,635
System kW Demand	69,111	69,111	58,590

4. During the month of November, twenty-four (24) Call Outs were received involving six (6) outages, five (5) of which were animal contacts, and one (1) was an advanced overhead equipment failure. One hundred and eighty-one (181) customers were without power due to these incidents for a total of 231 minutes. The Customer Minutes totaled 7,168 this month compared to 67,635 minutes for the same month last year, a 89.4% decrease.

5. Energy Assistance Program

Receipt and Allocation of Funds as of November 30, 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	\$ 1,860.73	\$ 140,239.05
Groton Utilities' Matching Funds Paid	\$ 306.10	\$ 65,740.82
Allocation to Customers	\$ 710.03	\$ 205,937.91
Balance on Hand	>>>	\$ 2,041.96

Last 12 Months

Donations	\$ 9,709.03
Matching	\$ 4,075.82
Distributed	\$ 15,946.11

6. CONN-OSHA Recordable Accidents:

Division	Month of November		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

7. System reservoirs are at 82.86 percent of total usable storage, with stream flows below normal levels.

Precipitation recorded for the month of November was 3.23 inches, which is 1.29 inches below the seventy-nine year Groton average for November. Total precipitation for the first eleven (11) months of 2010 was 49.49 inches, which is 5.85 inches above the seventy-nine year average for the same period.

8. Groton Utilities has completed an application for a United States, Environmental Protection Agency (EPA) grant in the amount of \$336,800 to extend our water main 2,600 feet towards Mystic. The purpose for this water line extension is to improve the water quality for our customers, reduce the number of customers out of service when repairs need to be performed, improve fire protection, and provide an emergency source of water to the Aquarion Water Company service territory. The total cost of this project is estimated to be \$750,000. There is a Bond Fund with a balance of \$618,220 that was approved for this project in fiscal year 2000 - 2001. Deputy Director Cummings will be prepared to give a short presentation on this project at the Utilities Commission meeting.

9. In fiscal year 2009 – 2010, staff identified the necessary requirements to renew the Granular Activated Carbon (GAC) filters at the Water Treatment Plant. Testing revealed there were three (3) filters at levels that require future maintenance. Staff is in the process of obtaining bid information. Previously, the product renewal was completed through a sole source bid to Calgon Corporation, which could meet the required specifications and perform all the required work. The approved fiscal year 2010 – 2011 budget for this item is \$100,000.

10. There was one (1) water main break and three (3) water service leaks during the month of November as follows:

- 12” water main break on Eastern Point Road (Pfizer) on November 2, 2010
- 2” water service leak at Laurel Hill Trailer Park on November 9, 2010
- 1” water service leak at 8 Birch Lane, Ledyard on November 10, 2010
- 1 ½” water service leak at 37-39 Midway Oval on November 27, 2010

11. As part of the Supervisory Control and Data Acquisition (SCADA) System Upgrade Project, Groton Utilities’ Electric Operations Project Management personnel are working with Thames Valley Communications, Inc. (TVC) regarding the programming of the switches that will control a separate SCADA communication channel. Installation of the switches is expected to be completed by

the first quarter of 2011. A tentative “kick-off” meeting with Project Management has been scheduled for January 2011.

12. As part of the 13.8 kV Voltage Conversion Project, Groton Utilities’ line crews are currently working in Midway Oval and Groton Long Point areas. Preparations are underway to convert the distribution voltage at the Groton Long Point Substation and Midway Substation to 13.8 kV.

13. As part of the 322-Line Upgrade Project, Groton Utilities’ Electric Operations personnel have installed six (6) 35 kV underground conductors at Buddington Substation. Operations personnel completed the six (6) splices and are working on the terminations. The project is scheduled to be completed by the end of December.

14. As part of the Connecticut Municipal Electric Energy Cooperative’s (CMEEC) 50 in 5 Project, replacement of the metering and 15 kV breaker at the Groton Long Point Substation is complete. The Fishers Island generator was tested and successfully ran on December 1, 2010.

15. As part of the Automated Meter Reading (AMR) Smart Grid Project, Groton Utilities’ Electric Meter Department personnel continue to install meters in Groton, and Groton Utilities’ Electric Division linemen are assisting in Bozrah. An additional 675 Form 2S residential meters are due to be delivered in December. The AMI repeater has been tested and installed during the first week of December. Approximately 200 meters were installed in Bozrah during the month of November. Form 12S meters are being installed at La Triumph and Country Glen apartment complexes. It is anticipated that approximately 2,000 meters will be installed during calendar year 2010.

16. As part of the Stockhouse Road Substation Upgrade Project, Howard Industries has delivered and installed the 2X transformer. Groton Utilities’ personnel are in the process of installing the control wiring and connecting the transformer to the power grid. Final testing will occur during the month of December. The transformer is scheduled to be placed into service before the end of the year.

17. As part of the Groton Utilities compliance with the North American Electric Reliability Corporation (NERC), Management attended a NERC Client Day Conference hosted by Utility Services, LLC. Topics included self-assessments and mitigations, as well as networking with fellow Connecticut Municipal Electric Energy Cooperative (CMEEC) members. Aurora mitigation plans are scheduled to be completed in December in response the NERC Alert of October 13, 2010.

18. 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	1,601	\$798,779	\$0	1,635,961	\$229,035	17,673,817	\$2,474,334
Appliance Rebates	263	\$15,300	\$166,545	94,973	\$13,296	1,084,965	\$151,895
Residential HVAC	15	\$11,700	\$178,606	0	\$0	0	\$0
Load Control High Efficiency Motors	0	\$0	\$0	0	\$0	0	\$0
Com/Ind HVAC	2	\$4,150	\$6,000	0	\$0	0	\$0
Com/Ind Lighting	8	\$41,363	\$131,020	268,655	\$37,612	3,980,440	\$557,262
Other	7	\$86,132	\$171,807	23,178	\$3,245	230,000	\$32,200
Program Totals	1,896	\$957,424	\$653,979	2,022,767	\$283,187	22,969,222	\$3,215,691

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.

19. Customer Service Representative Barbara E. Fay tendered her notice to retire effective December 3, 2010. Barbara joined Groton Utilities in September 2002 as a Customer Accounting Clerk. She was promoted to Customer Service Representative in September 2003. Management thanks Barbara for her years of service and wishes her well in her retirement.

20. General Manager – Major Accounts and Rates & Revenue Requirements Donald L. Conner tendered his notice to retire effective February 1, 2011. Don joined Groton Utilities in June 1991 as Customer Service Manager. Don was promoted to Manager – Administration in 1996, Manager – Key Accounts in 2000, and to his current position in March 2004. Management thanks Don for his years of service and wishes him well in his retirement.

21. The bill for purchased power for the month of November 2010 as received from CMEEC is in the amount of \$3,490,250.29. Effective September 1, 2010, the Purchased Power Adjustment (PPA) decreased to \$0.008376 per kWh and was applied to customers' billings. For the month of November, \$197,415 was collected to help offset generation costs. For the month of November, a surplus of \$50,900 will be added to the PPA Fund. The PPA Fund now has a balance of \$621,470 and will be monitored and flowed through to customers at a later date. Effective September 1, 2010, the Transmission Cost Adjustment (TCA) was increased to \$0.008360 per kWh and \$197,038 was collected to help offset a transmission costs. For the month of November, \$54,018 was deducted from the TCA Normalization Fund and represents cost recovery fluctuations from the base costs included in the new rate design. The TCA Fund balance is \$126,123 and includes interest income on the Fund.

22. 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, Deputy Director Cummings briefed the Commission on the proposed water main extension. Management proposes increasing the existing 8" inch lines to a 12" inch lines. Benefits would include better water quality to residents in the area, no interruption in service when repairs are necessary, additional fire protection, and the potential for an emergency interconnection for the Aquarion Water Company.

Mayor Popp expressed his opposition to the project as he feels the main benefit would be to Aquarion through the potential emergency interconnection. Mayor Popp also reminded the Commission that this issue was discussed in 2007 and 2008 when Aquarion first requested an emergency interconnection. Mayor Popp also questioned the timing of the EPA grant. Deputy Director Cummings will discuss the proposed project with representatives from Aquarion and update the Commission at the next Utilities Commission meeting.

Regarding Report Item No. 15, Commissioner DeMuzzio asked how many meters have been installed to date. General Manager Conner replied that installation is already ahead of the anticipated 2,000 meters.

Regarding Report Item No. 16, Mayor Popp asked if the 2X transformer has been installed. Deputy Director Roche replied the transformer has been installed and is online.

Old Business

There was no Old Business to discuss.

New Business

Report Item No. *1, GUC-10-12-166: Consideration of and Action to authorize to authorize Management to retain the lobbying services of Medici, LLC of Hartford, Connecticut for lobbying services pertaining to electric, water, or gas services and any other utility matters as necessary in an amount not to exceed \$100,000.00 to be paid from the Professional Services – Lobbying account in the Approved Fiscal Year 2010-2011 Budget, and furthermore, that the City Council be apprised of this action with the recommendation that it concur and Mayor Dennis L. Popp be authorized to execute the agreement

Dunbar-Rose / Duarte that the City of Groton Utilities Commission to authorize Management to retain the lobbying services of Medici, LLC of Hartford, Connecticut for lobbying services pertaining to electric, water, or gas services and any other utility matters as necessary in an amount not to exceed \$100,000.00 to be paid from the Professional Services – Lobbying account in the Approved Fiscal Year 2010-2011 Budget, and furthermore, that the City Council be apprised of this action with the recommendation that it concur and Mayor Dennis L. Popp be authorized to execute the agreement. So voted unanimously.

Report Item No. 2, GUC-10-12-167: Management review of Revised General Policy Number 1017, Request for Donations

Director Yatcko gave an overview of the proposed revisions to General Policy Number 1017. Director Yatcko recommends a more focused distribution of funds with direct spending in key areas of interest and concern. All requests would be approved by the Director, with quarterly reports to the Utilities Commission.

The Commission discussed the proposed revisions and the possibility of forming a formal request process. Management will seek Commission approval at the January 26, 2011 Utilities Commission meeting.

Adjournment

There being no further business, at 12:21 p.m., DeMuzzio / Duarte that this meeting adjourn. So voted unanimously.

Attest:

David A. Rabitaille
Clerk