

CITY OF GROTON UTILITIES COMMISSION

Minutes of Regular Meeting

March 28, 2012

1. CALL TO ORDER

Chairperson Galbraith called the meeting to order at 10:07 a.m.

ROLL CALL

Present: Chairperson Mayor Marian K. Galbraith

Commissioners: Edward E. DeMuzzio, Paul A. Duarte, Shirleyann Dunbar-Rose,
Bruce J. Fafard

Staff present: Director of Utilities Paul Yatcko
General Manager-Information Technology Susan G. Blanchette
General Manager-Utility Finance David F. Collard
General Manager-Electric Herbert D. Cummings
General Manager-Customer Service Tina M. Daniels
General Manager-Water Richard M. Stevens
Manager-Major Accounts Leonard J. Mediavilla
Manager-Engineering Brian J. Roche
Manager-Energy Service Noel J. Wehner at 10:29 a.m.
Executive Assistant Deborah J. Gaudette

Absent:

2. APPROVE MINUTES OF SPECIAL MEETING OF FEBRUARY 17, 2012, REGULAR MEETING OF FEBRUARY 22, 2012, AND SPECIAL MEETING OF MARCH 6, 2012

Fafard / Dunbar-Rose that the minutes of the Special meeting of February 17, 2012 be approved. **So voted unanimously.**

DeMuzzio / Fafard that the minutes of the regular meeting of February 22, 2012 be approved. **So voted unanimously.**

DeMuzzio / Fafard that the minutes of the Special meeting of March 6, 2012 be approved. **So voted unanimously.**

3. REVIEW AND ACCEPTANCE OF TREASURER'S REPORT

Fafard / DeMuzzio that the Treasurer's Report be accepted as presented. **So voted unanimously.**

4. COMMUNICATIONS AND CORRESPONDENCE

Mayor Galbraith gave an update on the status of the proposed legislation regarding the Southeastern Connecticut Council of Governments (SCCOG) oversight over the Southeastern Connecticut Water Authority (SCWA). The proposal has been pulled from consideration during the current session of the General Assembly at the Council's request.

5. PUBLIC COMMUNICATIONS

There were no members of the public present.

6. CMEEC BOARD OF DIRECTORS REPORT

Commissioner DeMuzzio and General Manager Collard reported the Board of Directors reviewed the auditors' financial reports. The Board also approved resolutions regarding the bonding issues. CMEEC's bond council discussed the process with the Board. CMEEC's bond rating continues to be an Aa3 and is expected to be reflected in the interest rate of the bond sale.

The Board also requested Members' resolutions of approval to the Power Sales Contracts prior to the end of the year.

7. REGIONAL WATER UPDATE

General Manager Stevens reported on the most recent Technical Advisory Committee (TAC) meeting. The Committee is reviewing the revised Emergency Manual to include the Town of East Lyme, City of New London, and Aquarion Water Company. After the completed review, the documents will be filed with the State of Connecticut.

General Manager Stevens distributed a current map of the Regional Water plan and a map of potential priority watershed properties that may become available for purchase in the future.

General Manager Stevens also reported that the Aquarion Interconnection Agreement has been signed. The redesigned plans and permit applications are on the Town of Groton Inland Wetlands Agency agenda for their meeting scheduled for March 28, 2012.

8. MONTHLY FINANCIAL HIGHLIGHTS

General Manager Collard presenting the following financial highlights:

Electric:

- For February, a surplus of \$52,070 was added to the TCA made possible by returns from TRANSCO that reduced the transmission costs for January by 14%. A \$19,778 surplus was added to the PPA fund.
- The impact of Tropical Storm Irene expenses for Fiscal Year-to-Date is \$263,000. The Finance Department has submitted an application to the Federal Emergency Management Agency (FEMA) for aid which is presently being processed. Aid in the amount of \$180,000 is anticipated.
- A warmer February drove lower revenues in the residential class. Heating degree days were 16% below last year. However, the revenues from the commercial and industrial classes offset the revenue variance by 54%.
- For three (3) months beginning February 1, 2012, Management directed CMEEC to decrease the price paid for power by \$18/mWh from \$96.28 to \$78.28/mWh. Deficiencies in covering the actual monthly power cost that may occur as a result will be covered by Groton's Rate Stabilization Fund at CMEEC, which would ultimately be replenished by the Trust. Management expects this action to improve cash flow by approximately \$500,000 per month. The monthly PPA formula was adjusted to prevent the decrease in power cost from accruing into the local PPA Fund for future distribution to customers.
- For the month, net income is about 106% more than budget due to the reduction in power cost that would otherwise have been 5% above budget.

Water:

- Water Revenues are almost 5% below budget for the month driven by Industrial revenues that were 15% below budget.
- Despite lower than budget revenues, Net Earnings were more than 427% higher than budget primarily due to lower O&M expenses, which were almost double the negative revenue variance. For the Fiscal Year-to-Date, Net Earnings are more than 67% higher than budget.
- Net Earnings before Debt Principal and Depreciation are over \$1.8 million.

9. PROJECTS / INITIATIVES UPDATE

General Manager Stevens gave an update on operations with the Town of Ledyard. The Town has requested Groton Utilities' helped with the design of its new pump station as part of the Aljen Heights Project and to assist on the Operation and Maintenance (O&M) scope of the project. A draft proposal will be sent to the Town of Ledyard.

General Manager Stevens reported on the upcoming National Drinking Water Week (May 6-12, 2012). As part of the *Water, Water, Everywhere?* Program sponsored by the Groton Public Library and the Avalonia Land Conservancy, Inc., Groton Utilities Water Division will be offering several programs for the public including the following:

- Water Treatment Plant Tour
 - Saturday, May 5th 10:00 a.m. – 4:00 p.m.
- Special Water Storytime with Splash at Groton Public Library
 - Friday, May 11th 10:00 a.m.
- Reservoir Hiking Tour
 - Saturday, May 12th 10:00 a.m.

10. OLD BUSINESS

Agenda Item 9A GUC-12-03-01: Consideration of and Action to concur that the final draft General Transmission Services Agreement between the Connecticut Municipal Electric Energy Cooperative (CMEEC) and the City of Groton, Department of Utilities, as submitted to the City Council is consistent with the agreement approved by the Utilities Commission on March 6, 2012 and to concur with the Director of Utilities that the changes are consistent with the Commission's intent to facilitate the adoption process

Fafard / DeMuzzio that the City of Groton Utilities Commission concur that the final draft General Transmission Services Agreement between the Connecticut Municipal Electric Energy Cooperative (CMEEC) and the City of Groton, Department of Utilities, as submitted to the City Council is consistent with the agreement approved by the Utilities Commission on March 6, 2012 and to concur with the Director of Utilities that the changes are consistent with the Commission's intent to facilitate the adoption process.

Director Yatcko gave an overview of the necessity for this approval process. In order to render a legal opinion, the attorney for the municipalities, Attorney Joseph Fasi, has requested the finalized draft be submitted to the Utilities Commission to inform it of the changes and to obtain its concurrence that the agreement as submitted to the City Council is consistent with the agreement approved by the Commission on March 6, 2012 and to concur with the Director of Utilities that the changes are consistent with the Commission's intent to facilitate the adoption process.

The Commission discussed the changes incorporated in the final version and the member utilities that have already approved the final revisions.

So voted unanimously.

11. NEW BUSINESS

Mayor Galbraith wished to express her gratitude to the following departments:

- Electric and Water for their assistance in the Greater Thames Street Project
- IT for their assistance with the Colonel Ledyard School Project
- Thames Valley Communication for their assistance in providing fiber between Colonel Ledyard School and the Police Department for added surveillance of the property

13. ADJOURNMENT

There being no further business, at 10:40 a.m., **DeMuzzio / Dunbar-Rose** that this meeting adjourn. **So voted unanimously.**

Attest:

Paul A. Duarte
Clerk