

CITY OF GROTON UTILITIES COMMISSION

Minutes of Regular Meeting

June 26, 2013

1. CALL TO ORDER

Chairperson Galbraith called the meeting to order at 9:00 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-IT 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-Key Accounts Richard A. DeLorenze
Manager-Water Richard M. Stevens
Executive Assistant Deborah J. Gaudette

2. APPROVAL OF MINUTES

Commissioner Dunbar-Rose moved, **Commissioner Fafard** seconded that the minutes of the regular meeting of May 22, 2013 be approved. **So voted unanimously.**

3. REVIEW AND ACCEPTANCE OF TREASURER'S REPORT

Commissioner Fafard moved, **Commissioner Duarte** seconded that the Treasurer's Report be accepted as presented. **So voted unanimously.**

4. COMMUNICATIONS AND CORRESPONDENCE

Commissioner Dunbar-Rose expressed concern over the speed of the traffic being diverted up Baker Avenue due to the Thames Street construction. There was a discussion of posting additional signs or traffic control to slow the traffic down. Manager Stevens responded he would contact the Chief of Police regarding the traffic concerns and discuss possible methods to reduce the speed of the additional traffic.

5. PUBLIC COMMUNICATIONS

There were no members of the public present.

6. CMEEC BOARD OF DIRECTORS REPORT

Commissioner DeMuzzio reported the Board of Directors continues to work on the reporting system. A regulatory stewardship report will now be included in the monthly packages. The report details member utilities participation in "green" and / or renewable energy programs. Commissioner DeMuzzio reported Groton Utilities' participation rate is slightly lower than other members, although Groton's energy consumption is the highest. Director Yatcko stated he is not satisfied with metrics used for the regulatory stewardship report and feels a more comprehensive spectrum of measures would present a different picture.

Commissioner DeMuzzio also reported on the issue regarding Energy New England and the Town of Wallingford's participation in CMEEC. The Board of Directors will be meeting on June 27th and will be discussing the issue.

Mayor Galbraith inquired what percent of the Subbase Microgrid project Groton Utilities' had committed to participating in. Director Yatcko stated Groton has 61.261% of project.

7. REGIONAL WATER UPDATE

There was no regional water meeting this month. Manager Stevens reported the subcommittee had met, and are continuing to move forward with evaluation of potential water sources. There was a discussion of East Lyme possibly looking to Groton Utilities for additional water in the future.

8. MONTHLY FINANCIAL HIGHLIGHTS

General Manager Collard presenting the following financial highlights:

Electric:

- Effective July 1, purchased power cost was reduced from \$96.28 to \$92.51/mWh, which will continue for the fiscal year according to the budget plan. This improved cash flow from May operations by about \$98,000 and year-to-date by \$1.2 million.
- A TCA surplus of \$106,000 was added to the TCA Fund leaving a balance of \$547,000. A PPA surplus of \$59,000 was added to the PPA fund leaving a balance of \$1,191,000.
- Overall revenues were up 3.7% from budget. The increased revenues could be related to the 50% increase in heating degree days over last year. Operating Expenses were 21% more than budget, mostly driven by the recent issuance of bonds and TVC closing transactions. The resulting Net Income from Operations is almost 64% more than budget for the month.
- Revenues are 5% above budget primarily due to the one Non-manufacturing Industrial class customer up 9.4%, followed by the Residential class up 2.3%. That, combined with Operation and Maintenance Expenses that were 5% more than budget, resulted in Net Income from Operations 2% more than budget for the fiscal year to date.
- The City Finance Department received confirmation that \$216,000 will be recovered from the Federal Emergency Management Agency (FEMA) for Hurricane Sandy costs, to be divided among Electric, Water and BL&P divisions. The Electric Division expenses for that storm were \$240,000 of which \$133,000 (55%) will be recovered from FEMA. This has been reflected in the fiscal year-to-date Other Income and contributes to the Net Earnings from Operations of 2% more than budget for the fiscal year-to-date. FEMA has not confirmed reimbursement for the February snow storm to date.

Commissioner Fafard asked about the Operating and Maintenance Expenses due to the TVC closing transaction. Director Yatcko stated Management is reviewing and evaluating final invoices pertaining to the closing transaction.

Water:

- The effects of positive earnings on Water Cash Due from Electric is \$1.7 million compared \$746,000 in May of 2012.
- Water Revenues are relatively flat for the month of May. Positive variances in the Residential and Commercial classes compensated for negative variances in other classes of service. That, combined with Operation & Maintenance Expenses that were about almost 8% less than budget, resulted in Net Earnings before Debt Principal 3 times better than the budget for the month.
- Water Revenues are 2.5% below budget and are driven by the Industrial class. That, combined with Operation & Maintenance Expenses that were 13.1% below budget resulted in Net Earnings before Debt Principal almost 117% more than budget for the fiscal year-to-date.
- The Water Division expenses for Hurricane Sandy were \$37,000 of which \$23,000 (62%) will be recovered from FEMA. This has been reflected in the fiscal year-to-date Other Income and contributes to Net Earnings before Debt Principal of 116.5% more than budget. FEMA has not confirmed reimbursement for the February snow storm to date.

General Manager Collard reported the anticipated FEMA check was received this week.

Commissioner DeMuzzio asked if there were statutory requirements regarding surplus funds for the Water Division. Director Yatcko and General Manager Collard will be reviewing the budget at the end of the year and will evaluate if funds that may be set aside for Reserves. Director Yatcko stated the rate increases that were implemented in 2010, along with good cost controls, have turned the Water Division into healthy business.

9. PROJECTS / INITIATIVES UPDATE

General Manager Cummings gave background on the Groton Townhouse Apartments (Litton Avenue) project. Management is working with the property owner to upgrade the existing service. Groton Utilities has agreed to pull the old meters with adaptors and replace with AMI meters while the property is being renovated. Director Yatcko reported that Conservation and Load Management funds will be utilized for the installation of the AMI meters.

General Manager Stevens reported that as part of the Water Supply Agreement with Aquarion Water Company, Aquarion will begin taking water as of July 8, 2013.

Commissioner Duarte as if the line upgrade work being done in the Pleasant Valley Road area is part of the SCADA project. General Manager Cummings replied SCADA has not been deployed at Pleasant Valley yet; some equipment from the Trails Corner Substation will be transferred to the Pleasant Valley Substation. Make ready work is being done at the site, and most of the wire will not need to be upgraded.

Commissioner DeMuzzio asked if Phase III of the SCADA project was complete. General Manager Cummings responded that only the testing for Phase III has been completed. Additional field work and training is still required. The project is on track to be completed in the spring of 2014.

Commissioner Dunbar-Rose asked if the Commission could be invited to the July 24th workshop on the Water Treatment Plan Rebuild Design project. Director Yatcko and Manager Stevens extended invitations to the Commission and encouraged them to attend.

Mayor Galbraith asked for an update on the Poquonnock Bridge Fire District payments. General Manager Daniels stated the outstanding balance is between \$70,000 - \$90,000, depending if their last bill has been processed, and the City Attorney has advised Management that payment of \$25,000 is expected. Director Yatcko said the District would like Groton Utilities to change the hydrant fee structure to be more favorable to the Fire District. Director Yatcko is reviewing and evaluating the details and will present his recommendation at the next Utilities Commission meeting.

10. OLD BUSINESS

There was no old business to discuss.

11. NEW BUSINESS

There was no new business to discuss.

12. ADJOURNMENT

There being no further business, at 9:40 a.m., **Commissioner DeMuzzio** moved, **Commissioner Duarte** seconded that this meeting adjourn. **So voted unanimously.**

Attest:

Paul A. Duarte
Clerk