

CITY OF GROTON UTILITIES COMMISSION

Minutes of Regular Meeting

October 23, 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-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 / PAF Richard M. Stevens
Manager-Operations Randall Surprenant
Executive Assistant Deborah J. Gaudette

2. APPROVAL OF MINUTES

Commissioner DeMuzzio moved, **Commissioner Dunbar-Rose** seconded that the minutes of the regular meeting of September 25, 2013 be approved. The vote on the motion 3 ayes and 2 abstentions (**Commissioners Duarte and Fafard**). Motion carried.

Commissioner Fafard moved, **Commissioner Duarte** seconded that the minutes of the Special Joint Mayor & Council / Groton Utilities meeting of October 5, 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

Director Yatcko reported on the Tri Town Trail panel discussion held at the Groton Senior Center on October 7, 2013. Panelists included: Laurie Gianotti, Trails and Greenways Coordinator, (State of Connecticut, Department of Energy and Environmental Protection (DEEP)); Eric Hammerling, Director, (Connecticut Forest & Park Association); Lori Mathieu, Director, (State of Connecticut, Department of Public Health (DPH), Water Section); and Director Paul Yatcko.

Tri Town Trails representative, David Holdridge, met with Director Yatcko on October 17th to discuss what would be required to have the trails approved by the City of Groton. Among the issues previously discussed with the Tri Town Trails Committee, Utilities Commission and Mayor & Council, Director Yatcko suggested a forum, similar to the October 7th panel discussion, be held at the Municipal Building for City residents.

The Commission discussed the proposed trails, the existing trails already within the Town and City of Groton, the financial responsibility of building and maintaining the trails, and currently sanctioned reservoir activities.

5. PUBLIC COMMUNICATIONS

There were no public communications.

6. CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE (CMEEC) BOARD OF DIRECTORS REPORT

Commissioner DeMuzzio reported on CMEEC's Strategic Planning meeting and the Risk Management meeting. Director Yatcko attended the Governance Committee meeting and reported there would be upcoming changes in committees and committee chairpersons.

7. REGIONAL WATER UPDATE

Mayor Galbraith attended the Southeastern Connecticut Council of Governments (SCCOG) regional water meeting, which included an update on the East Lyme / New London project, and regional wastewater planning efforts.

Manager Stevens reported that the Southeastern Connecticut Water Utilities Coordinating Committee (WUCC) is being reconfigured to add new towns. Also the State of Connecticut, Department of Public Health (DPH) issued a Circular Letter regarding the Reduction of Lead in Drinking Water Act.

8. MONTHLY FINANCIAL HIGHLIGHTS

General Manager Collard presented the following financial highlights:

Electric:

- For September, a PPA surplus of \$72,000 was added to the PPA fund, leaving a balance of \$1,491,396. A TCA surplus of \$198,000 was added to the TCA fund, leaving a balance of \$1,167,199.
- Effective October 1, 2013, wholesale power cost to CMEEC was reduced \$5 per megawatt hour, which will provide for a \$.002 reduction in the PPA and \$.003 reduction in the TCA. The average residential customer at 700 kWhs will see a \$3.50 bill reduction.
- Overall electric revenues were down by 6.2% from budget. Residential revenues were almost 6% less than budget and Commercial revenues were down 4%. The negative variance is most likely due to a 15% decline in cooling degree days over last year. However, even though heating degree days were up 44%, customers obviously did not turn on heat during the seasonal shoulder month because kWh sales are down over 8%.
- Operation & Maintenance expenses were 11.4% less than budget. The resulting net income from operations is more than 24% less than budget for the month, mostly due to the lower revenues.
- For the fiscal year-to-date, overall electric revenues were down almost 2% from budget. Residential revenues were almost 4% less than budget and Commercial revenues were down almost 5%.
- Operation & Maintenance expenses for the fiscal year-to-date were 10% less than budget. The resulting Net Income from Operations is 22% less than budget for the fiscal year-to-date.

Water:

- The effect of positive earnings on Water Cash Due from Electric is \$1.6 million, compared to \$610,000 in September of 2012.
- Water revenues are 2.4% less than budget for the month of September and just slightly less than last year. Unbilled T&D losses, significantly better than last month, are 90% better than last year. Pumped to system numbers were adjusted to compensate for the major water main break.
- Operation & Maintenance expenses were almost 23% below budget and significantly offset the decline in revenues from budget for the month. This resulted in Net Earnings before Debt Principal almost 63% more than budget. The cost of the September water main break is in a Construction Work in Progress (CWIP) work order and is in excess of \$127,000, of which \$77,000 was for in-house labor. Once all costs are identified, the work order will be capitalized.

- Water Revenues for the fiscal year-to-date are 1.7% less than budget, however more than 1% more than last year.
- Operation & Maintenance expenses that were almost 16% below budget more than offset the fiscal year-to-date decline in revenues. This resulted in Net Earnings before Debt Principal for the fiscal year-to-date of almost 44% more than budget.

Director Yatcko reported that staff is meeting to continue working on the water volume numbers. Manager Stevens reported the leak detection survey has been completed, with minimal repairs and corrections to hydrants being completed.

9. PROJECTS / INITIATIVES UPDATE

As recommended at the Special Joint Mayor & Council / Groton Utilities Commission meeting, Director Yatcko invited Manager-Operations Randall Surprenant to give an update on the Supervisory Control and Data Acquisition (SCADA) project, as part of the Strategic Planning update.

Manager Surprenant gave a brief overview of the project and reported that the project is on track. Phases I through III have been completed, and are part of the United States, Department of Energy (USDOE) Smart Grid Investment Grant. Final commissioning of various substations will be completed by the end of December 2013, and a Phase IV pilot will begin in December.

General Manager Cummings reported staff has received a good demand read from the large customer meters, and installation of the large customer meter can now be completed.

Commissioner DeMuzzio asked when customers would be able to view their accounts online. General Managers Cumming and Daniels responded that staff are reviewing the online screenshots and it is anticipated that the system will go live January 1st. Customer Service has a test system available for Commissioners to view the system.

Commissioner Dunbar-Rose inquired about utility pole replacements within the service territory. Director Yatcko stated Groton Utilities' has a pole replacement program in place, and based on the availability of the crews, defective poles are replaced each week. General Manager Cummings stated that poles on Buddington Road had recently been replaced, and that some poles within the City do not belong to Groton Utilities, but are owned by the telephone company.

General Manager DeLorenze gave an update on the Strategic Plan as discussed at the Special Joint Mayor & Council / Groton Utilities Commission meeting. Director Yatcko stated implementation of the project will begin accelerating next month.

10. OLD BUSINESS

There was no old business to discuss.

11. NEW BUSINESS

Agenda Item 11A: **GUC-13-10-13** - Consideration of and Action to adopt the Schedule of Meetings for calendar year 2014 as presented by Management.

Commissioner Dunbar-Rose moved, **Commissioner Duarte** seconded that the City of Groton Utilities Commission adopt the Schedule of Meetings for calendar year 2014 as presented by Management. **So voted unanimously.**

12. POSSIBLE EXECUTIVE SESSION

At 10:21 a.m., **Commissioner Duarte** moved, **Commissioner DeMuzzio** seconded to this meeting go into Executive Session to discuss personnel issues and that Director Yatcko be included. **So voted unanimously.**

At 11:09, **Commissioner Fafard** moved, **Commissioner Duarte** seconded to return to Open Session.
So voted unanimously.

13. ADJOURNMENT

There being no further business, at 11:10 a.m., **Commissioner DeMuzzio** moved, **Commissioner Dunbar-Rose** this meeting adjourn. **So voted unanimously.**

Attest:

Paul Duarte
Clerk