

CITY OF GROTON UTILITIES COMMISSION
Minutes of Special Meeting
December 18, 2013

1. CALL TO ORDER

Chairperson Galbraith called the meeting to order at 10:00 a.m.

ROLL CALL

Present: Chairperson Mayor Marian K. Galbraith

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

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
Manager - Water Richard M. Stevens
Executive Assistant Deborah J. Gaudette

2. APPROVAL OF MINUTES

Commissioner Duarte moved, **Commissioner DeMuzzio** seconded that the minutes of the special meeting of November 20, 2013 be approved. **So voted unanimously.**

3. REVIEW AND ACCEPTANCE OF TREASURER'S REPORT

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

4. COMMUNICATIONS AND CORRESPONDENCE

There were no communications or correspondence to report.

5. PUBLIC COMMUNICATIONS

There were no public communications.

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

Commissioner DeMuzzio reported that CMEEC had distributed Governance Documents for each Member. The documents include membership agreements, bylaws, the Replacement Power Supply Contract, General Transmission Services Agreement, Rate 9 Schedules, and the State of Connecticut Enabling Statutes.

The Board of Directors approved the 2014 Operating Budget and reviewed the forecast for the next five (5) years. All Committee assignments were also approved.

7. REGIONAL WATER UPDATE

Mayor Galbraith reported there were no Regional Water meetings since the last Utilities Commission meeting.

Manager Stevens reported he attended a regional Task Force Members presentation on the City of New London's proposed reverse osmosis seawater presentation.

8. MONTHLY FINANCIAL HIGHLIGHTS

General Manager Collard presented the following financial highlights:

Electric:

- For November a PPA surplus of \$61,000 was added to the PPA Fund leaving a balance of \$1,615,631. A TCA surplus of \$74,000 was added to the TCA fund leaving a balance of \$1,362,321. 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 will at 700 kWh will see a \$3.50 bill reduction.
- Overall electric revenues were down by 11% from budget. Of the \$400,000 variance, \$121,000 is related to the reduction in the PPA/TCA. The largest contributor to this variance is the one Industrial – Non Manufacturing customer at almost 26% below budget. Residential revenues were 5% less than budget and Commercial revenues were down almost 9%. Even though heating degree days were up essentially the same as last year customers obviously did not turn on heat.
- O&M Expenses were 1.6% more than budget and there were five (5) weeks of payroll in November. The resulting net income from operations is 39% less than budget for the month, mostly to the lower revenues.
- Overall electric revenues were down almost 5% from budget. Residential revenues were 4% less than budget, Commercial revenues were down almost 5%, and Industrial non-manufacturing customer is down almost 9%.
- O&M Expenses were 7% less than budget. The resulting net income from operations is 25% less than budget for the fiscal year-to-date. It is all a revenue issue.

Water:

- The effects of positive earnings on Water Cash due from Electric \$2 million compared \$983k November of 2012.
- Water Revenues are 4.1% more than budget for the month of November and almost 4% more than last year. O&M expenses are 1.2% more than budget. This resulted in Net Earnings before Debt Principal 33% more than budget. The cost of the September water main break is in a CWIP work order and is in excess of \$182,000, of which \$77,000 was for in-house labor. Once all costs are identified, the work order will be capitalized.
- Total Water Revenues for the fiscal year-to-date are right on target and almost 2% more than last year.
- O&M expenses that were 9% 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 almost 46% more than budget.

Director Yatcko discussed the lower than budgeted kWh sales and revenue. Management is reviewing corrective steps that could be taken should this trend continue. General Manager Collard stated he has talked with management at Norwich Public Utilities, and they are experiencing a decline in the average customer usage as well. It has been hard to determine if cause is due to changes in weather patterns or increased conservation efforts.

Commissioner DeMuzzio inquired about the unbilled and T&D losses on the Water Division financials. Manager Stevens reported all major production meters at the Water Treatment Plant have been tested and are within acceptable accuracy (95-percent) for their respective ages. The Aquarion Water Company Interconnect has also been tested and verified. The Thames River Regional Interconnection remains to be tested.

9. PROJECTS / INITIATIVES UPDATE

General Manager Blanchette discussed the various teleconferencing options for the Bozrah Utilities Commission meetings. The IT Department will be installing temporary, portable equipment at the Bozrah Senior Center for the January 2014 meeting. Management is meeting with various vendors to determine the most efficient, cost effective solution.

General Manager Cummings gave an update on the Advanced Metering Infrastructure (AMI) project. In executing the data collection phase of the project, the number of 16S type meters needed to complete the project was underestimated by 110 units. These meters are the three phase commercial type and have a cost of \$285 each, for a total of \$31,350. Because this project is covered under a United States Department of Energy (DOE) grant, 50-percent of the cost or \$15,675 will be recovered. In addition, two (2) transceivers that collect data from the AMI system are in need of upgrading per the manufacturer. One (1) of these transceivers is in trouble and may fail in the near future. The cost of this upgrade is approximately \$28,000 including installation, of which \$14,000 is also recoverable under the DOE grant.

Both of these items were not in the approved fiscal year 2013-2014 budget and Management proposes to defer \$65,000 from the approved fiscal year 2013-2014 Non-Bonded Capital for Buddington Substation Intelligent Electronic Device (IED) Replacement Projects until the fiscal year 2014-2015 budget and use those funds for the AMI project. Management will request Utilities Commission approval at the January 2014 meeting.

General Manager Stevens reported staff is preparing for a pilot study at the Water Treatment Plant, utilizing a new media for manganese removal.

10. OLD BUSINESS

Agenda Item 11A: GUC 13-12-16: Consideration of and Action to Approve the Proposed Bond Fund Improvements not to exceed \$34,000,000 (Thirty-Four Million Dollars and No Cents) for the Reconstruction and Rebuilding of the Water Treatment Plant at 1268 Poquonnock Road, Groton, Connecticut and Authorizing the City of Groton to Enter into a Project Funding Agreement with the State of Connecticut under the Drinking Water State Revolving Fund (DWSRF) Program and furthermore, that the Proposed Bond Fund Improvements be forwarded to the City of Groton Planning and Zoning Commission and the City Council prior to Consideration by the City Freemen

Commissioner Dunbar-Rose moved, **Commissioner Duarte** seconded that the City of Groton Utilities Commission approve the Proposed Bond Fund Improvements not to exceed \$34,000,000 (Thirty-Four Million Dollars and No Cents) for the Reconstruction and Rebuilding of the Water Treatment Plant at 1268 Poquonnock Road, Groton, Connecticut and authorize the City of Groton to enter into a Project Funding Agreement with the State of Connecticut under the Drinking Water State Revolving Fund (DWSRF) Program and furthermore, that the Proposed Bond Fund Improvements be forwarded to the City of Groton Planning and Zoning Commission and the City Council prior to consideration by the City Freemen.

Director Yatchko gave a presentation on various options on potential future water rate increases that would be required as part of the reconstruction and rebuilding of the Water Treatment Plant.

So voted unanimously.

11. NEW BUSINESS

There was no new business to discuss.

12. ADJOURNMENT

There being no further business, at 11:45 a.m., **Commissioner Duarte** moved, **Commissioner DeMuzzio** this meeting adjourn. **So voted unanimously.**

Attest:

Paul Duarte
Clerk