

# CITY OF GROTON UTILITIES COMMISSION

Minutes of Regular Meeting

March 26, 2014

## 1. CALL TO ORDER

Chairperson Galbraith called the meeting to order at 10:01 a.m.

## ROLL CALL

**Present:** Chairperson Mayor Marian K. Galbraith

**Commissioners:** Edward E. DeMuzzio via conference call at 10:07 a.m., 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 / PAF Richard M. Stevens  
Executive Assistant Deborah J. Gaudette

## 2. APPROVAL OF MINUTES

**Commissioner Dunbar-Rose** moved, **Commissioner Duarte** seconded that the minutes of the regular meeting of February 28, 2014 be approved. **Motion carried.**

## 3. REVIEW AND ACCEPTANCE OF TREASURER'S REPORT

**Commissioner Duarte** moved, **Commissioner Fafard** seconded that the Treasurer's Report be accepted as presented. **Motion carried.**

## 4. COMMUNICATIONS AND CORRESPONDENCE

Commissioner Dunbar-Rose inquired about a notice in The Day newspaper regarding a public hearing at the Connecticut Municipal Electric Energy Cooperative. Director Yatcko stated the public hearing was to formally adopt the Rate 9 schedule.

## 5. PUBLIC COMMUNICATIONS

There were no public communications.

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

Director Yatcko reported the Board of Directors reviewed the Backus Hospital microgrid project, and that the project was expected to be completed below budget.

## 7. REGIONAL WATER UPDATE

Mayor Galbraith reported there have been no recent regional water meetings.

Manager Stevens had no report from the Technical Advisory Committee.

Commissioner Duarte asked for an update on the proposed State of Connecticut stream flow regulations. Manager Stevens discussed the correspondence management had sent to the Department of Energy and Environmental Protection (DEEP). The proposed rules are written with several exceptions, and Groton Utilities had notified DEEP of its intent to apply for certain exceptions. The proposed minimum stream flow standards were incorporated into the Water Division's Water Supply Master

Plan.

## 8. MONTHLY FINANCIAL HIGHLIGHTS

General Manager Collard passed out new revised adjusted budget financials and discussed the following financial highlights:

### *Electric:*

- For the fiscal year-to-date, total electric revenue has significantly declined from the approved 2014 budget, almost \$1.6 million. In an effort to minimize the impact of the revenue decline, management has prepared a DRAFT of an adjusted/restated 2014 budget. To adjust and restate the 2014 budget, actual 7 months expense activity was combined with reduced expenditures for the remaining 5 months of the fiscal year. All managers participated in identifying where savings could be achieved in their respective areas.
- General Manager Collard also discussed the reductions in revenues, expenses, non-bonded capital projects, and the Information Technology department.

General Manager Collard and Director Yatcko responded to Commissioners questions regarding projected revenues for the remaining 5 months of the fiscal year, and whether the budget reductions were sustainable past the current fiscal year.

Mayor Galbraith and Director Yatcko have also met with a representative from First South West regarding looking for opportunities to refinance some of the outstanding debt.

### *Water:*

- The effects of positive earning on Water cash due from Electric is \$2.4 million, compared to \$1.2 million February 2013.
- Water Revenues are 9.1% more than budget for the month of February and 3.9% more than last year. Operation and Maintenance expenses are almost 15% less than budget and almost 3% less compared to last year. This resulted in Net Earnings before Debt Principal 504% greater than the budgeted loss for the month.
- Total Water Revenues for the fiscal year-to-date are 4% more than budget and 4.8% more than last year, primarily due to revenues from Sales for Resale which are driven by the unbudgeted special contract with Ledyard and increased consumption from Regional Water who increased their take due to problems in their equipment.
- Operation and Maintenance expenses that were 8% below budget, combined with higher than budget revenues, resulted in Net Earnings before Debt Principal for the fiscal year-to-date of almost 105% more than budget.

## 9. PROJECTS / INITIATIVES UPDATE

Manager Stevens reported management is filing a Scope of Notice to the State of Connecticut, Department of Public Health (DPH) as part of the grant application for the Drinking Water State Revolving Fund (DWSRF). The application now goes to the State of Connecticut, Office of Policy and Management.

### **Agenda Item 9A:** Management review of Potential Water Rate Increase Update

Director Yatcko gave a presentation on the various rate increase alternatives. Management has been working on a 5-year financial plan and this was used as a starting point for an extended model for an additional 5 years. Direct Yatcko proposed proceeding with a series of five (5) annual rate increases, beginning in January 2015, after the financing for the Water Treatment Plant upgrades have been finalized.

The Commission discussed the proposed process, the average rate increase in past years, and how the proposed rates would compare to rates of surrounding municipalities.

**Agenda Item 9B:** Management review of proposed Town of Ledyard Water Contract Proposal  
Manager Stevens attended the Town of Ledyard Water Pollution Control Authority meeting held on March 25<sup>th</sup>. The WPCA signed a three (3) month Interim Operating Agreement with Groton Utilities. At this time, the Authority has not yet reviewed the customer service portion of the proposed contract. The proposed operations portion of the contract would be for two (2) years, and then be put out to bid.

**10. OLD BUSINESS**

**Agenda Item 10A:** Commission Governance

Commissioner Fafard gave an overview of board governance, and handed out a description of various types of board governance and proposed questions regarding the governance aspect of the Utilities Commission. The Commission discussed various training options for Commissioners, and possible self-evaluation tools available. It was agreed the Commission would meet as a working committee to discuss governance.

**11. NEW BUSINESS**

**Commissioner Dunbar-Rose** moved, **Commissioner Fafard** seconded to amend the agenda to add Action Item GUC-14-03-0. **Motion carried.**

The amended Agenda reads as follows:

“**Agenda Item 11A:** Consideration of and Action to authorize Management to issue a purchase order for the purchase of granular activated carbon for filter No. 13 at the Water Treatment Plant to Calgon Carbon Corporation, 500 Calgon Carbon Drive, Pittsburgh, Pennsylvania, in the quoted amount of \$54,450.00, to be paid from the approved fiscal year 2013-2014 Water Division Non-Bonded Capital funds, and furthermore, that the City Council be apprised of this action with the recommendation that it concur.”

**Commissioner Dunbar-Rose** moved, **Commissioner Fafard** seconded that the City of Groton Utilities Commission authorize Management to issue a purchase order for the purchase of granular activated carbon for filter No. 13 at the Water Treatment Plant to Calgon Carbon Corporation, 500 Calgon Carbon Drive, Pittsburgh, Pennsylvania, in the quoted amount of \$54,450.00, to be paid from the approved fiscal year 2013-2014 Water Division Non-Bonded Capital funds, and furthermore, that the City Council be apprised of this action with the recommendation that it concur. **Motion carried.**

**12. ADJOURNMENT**

There being no further business, at 11:29 a.m., **Commissioner Dunbar-Rose** moved, **Commissioner Fafard** this meeting adjourn. **Motion carried.**

Attest:

Paul Duarte  
Clerk