

# CITY OF GROTON UTILITIES COMMISSION

Minutes of Regular Meeting

May 28, 2014

## 1. CALL TO ORDER

Chairperson Galbraith called the meeting to order at 10:02 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-Gergen  
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 Duarte** moved, **Commissioner Dunbar-Rose** seconded a motion to approve the minutes of the regular meeting April 23, 2014. **Motion carried.**

**Commissioner DeMuzzio** moved, **Commissioner Duarte** seconded a motion to approve the minutes of the special meeting of April 28, 2014. **Motion carried.**

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

**Commissioner DeMuzzio** moved, **Commissioner Duarte** seconded a motion to approve the Treasurer's Report for the month ending April 30, 2014. **Motion carried.**

## 4. COMMUNICATIONS AND CORRESPONDENCE

The Commission received a Thank You note from Ms. Trisha Walsh, President of the Greater Mystic Chamber of Commerce, thanking Groton Utilities' for its sponsorship of the annual Groton Business Update.

Mayor Galbraith reported on visit from Mr. Joe Kowalski, founder of the Major Steven Roy Andrews Fishing Outreach Program, who made a request to Groton Utilities to be able to bring an electric boat onto Morgan Pond Reservoir for an outreach program for veterans. Mr. Kowalski would like to request access for up to six (6) times per year.

The Commission discussed other areas where this activity could take place, how granting this request could open to door to other potential requests from other worthy organizations, and the potential liability Groton Utilities could incur should an individual be injured during an outing.

Commissioner Fafard suggested Management draft a policy, which could be adopted by the Utilities Commission regarding future requests.

The Commission recommended denying the request and looking into ways to fund donations to help the organization with transportation costs to other locations instead.

5. **PUBLIC COMMUNICATIONS**

There were no public communications.

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

Commissioner DeMuzzio reported the Subbase Enhanced Use Lease (EUL) was signed on May 2, 2014.

There was no Board of Directors meeting as a Member Delegation meeting was held on May 19<sup>th</sup>. The Member Delegation ratified all financial decisions made by the Board of Directors, and also discussed the potential Member distribution of the excess equity above 20% that will be presented to the Budget Committee. The Committee is working out the mechanics of the distribution. Commissioner DeMuzzio and Director Yatcko will keep the Commission updated on the issue.

Commissioner DeMuzzio also commented on an act passed by legislation that could have a potential impact on CMEEC. The act gives the State of Connecticut, Department of Energy and Environmental Protection (DEEP) the opportunity to create a “power pool” of State and municipal buildings that utilize electricity. A Request for Proposals (RFP) would go out to solicit Class 2 energy providers to bid on providing power to the pool. CMEEC was made a part of the potential energy providers for the RFP.

7. **REGIONAL WATER UPDATE**

Mayor Galbraith reported on discussions at the Southeastern Connecticut Council of Governments (SCCOG) regarding the realignment of the Southeastern Connecticut Water Utility Coordinating Committee (WUCC). A meeting with representatives from the State of Connecticut, Department of Public Health (DPH) is scheduled for June 2, 2014.

8. **MONTHLY FINANCIAL HIGHLIGHTS**

General Manager Collard presented the following financial highlights:

*Electric:*

- A PPA surplus of \$31,000 was added to the PPA Fund, leaving a balance of \$1.7 million. A TCA surplus of \$57,000 was added to the TCA fund, leaving a balance of \$1.6 million
- Overall electric revenues were up by 5.5% from budget. The positive variance is mostly driven by the Residential class, which was almost 21% more than budget. Heating degree days were 2% more than last month. In addition, the one Industrial Non-Manufacturing customer took almost 1 million more kWh than budgeted and their revenues were slightly less because of a lower PPA.
- O&M Expenses were 7.3% more than the adjusted/restated budget. The major driver for the increased expenses was a cumulative write-off of bad debt. Combined with increased power cost related to higher sales and the effects of the PPA/TCA accounting treatment, the resulting Net Income from Operations is 18.7% less than budget for the month.
- For the fiscal year-to-date, overall electric revenues were slightly more than budget. Residential revenues were 3.2% more than budget and more than offset declines in other classes. Commercial revenues were slightly below budget and one Industrial Non-Manufacturing customer is down almost 1% from budget.
- For the fiscal year-to-date, O&M Expenses were less than 1% below the adjusted/restated budget. The resulting Net Income from Operations is 3.8% more than the adjusted/restated budget for the fiscal year-to-date.

*Water:*

- The effects of positive earnings on Water Cash due from Electric \$2.6 million compared \$1.7 million in April of 2013.

- Water Revenues overall are 2.7% less than budget for the month of April and 2% less than last year. The negative variance is driven by Regional Water Sales. O&M expenses are 3% less than budget and almost 15% more compared to last year. This resulted in Net Earnings before Debt Principal being right on budget for the month.
- Total Water Revenues for the fiscal year-to-date are 3.5% more than budget and 3.7% more than last year. This is primarily due to revenues from Sales for Resale, which are driven by the unbudgeted special contract with Ledyard and increased consumption from Regional Water.
- O&M expenses that were 8.4% below budget, combined with higher than budget revenues, resulted in Net Earnings before Debt Principal for the fiscal year-to-date slightly more than 123% over budget.

## **9. PROJECTS / INITIATIVES UPDATE**

General Manager Cummings reported crews are actively working on Thames Street and the Odd Fellows / Fairview area.

Commissioner Duarte asked about the North American Electric Reliability Corporation (NERC) compliance obligations at Buddington Substation. Director Yatcko reported the NERC regulations are protruding deeper into distribution systems in regards to how equipment is maintained, and how utilities are protecting against potential cyber-attacks. General Manager Cummings reported work being done at Buddington Substation deals with the coordination and control of how energy travels into, through and out of the Substation.

Commissioner Fafard asked for an update on the Customer First Initiative. Director Yatcko reported the teams had meetings with our consultant last week. One team was reorganized due to work flow and availability issues, but is back on track. Each team will be reporting status updates to the Project Management team in the next few weeks.

Mayor Galbraith inquired about the status of the transfer of the Town of Ledyard billing operations to Groton Utilities. General Manager Daniels reported Ledyard would be offering limited office hours, staffed by Groton Utilities' personnel until August 1<sup>st</sup>. Groton Utilities' personnel are also going through Ledyard's process to document the procedures.

## **10. OLD BUSINESS**

**Agenda Item 10A: GUC-14-04-08:** Consideration of and Action to authorize Management to purchase fourteen (14) 35kV vacuum circuit breakers from Siemens Corporation, 300 New Jersey Avenue, Washington, D.C. for a total cost of Four Hundred Twenty-Seven Thousand, Four Hundred Fifty Dollars and No Cents (\$427,450.00) to be paid from the Approved 2012 Electric Bond Fund and furthermore, that the City Council be apprised of this action with the recommendation that it concur

**Commissioner Fafard** moved, **Commissioner Dunbar-Rose** seconded a motion to approve GUC-14-04-08. Commissioner Fafard asked if there were currently fourteen (14) circuit breakers at Buddington Substation and the proposed timeline of the replacement. General Manager Cummings replied there are currently fourteen (14) circuit breakers at the Substation and the work will be completed throughout the calendar year. **Motion carried.**

**Agenda Item 10B: GUC-14-05-09:** Consideration of and Action to authorize Management to issue a purchase order for the Value Engineering Evaluation to HDR Engineering, Inc., 1200 MacArthur Boulevard, Mahwah, New Jersey, in an amount not to exceed One Hundred Sixty-One Thousand, Two Hundred Dollars and No Cents (\$161,200.00) to be paid from funds available in the Approved 2012 Water Treatment Plant Design Rebuild Project Bond Fund, and furthermore, that the City Council be apprised of this action with the recommendation that it concur

**Commissioner Dunbar-Rose** moved, **Commissioner Fafard** seconded a motion to approve GUC-14-05-09. Manager Stevens the Value Engineering is required as part to the Drinking Water State Revolving Fund (DWSRF). Although HDR Engineering was not the lowest bidder, the company has Value Engineering specialists, are familiar with the State of Connecticut, Department of Public Health (DPH) process, and are experienced locally. **Motion carried.**

## **11. NEW BUSINESS**

**Agenda Item 11A: GUC-14-05-10:** Consideration of and Action to authorize the Water and Electric Departments to provide the following free services from July 1, 2014 to June 30, 2015: Water and electricity to Fort Griswold State Park and Groton Monument House in the amount of approximately Three Thousand, Six Hundred Dollars and No Cents (\$3,600.00), Water and electricity to Bill Memorial Library in the amount of approximately Seven Thousand Five Hundred Dollars and No Cents (\$7,500.00); Illumination of the United States Flag during hours of darkness at the Groton Monument in the amount of approximately Two Hundred Fifty Dollars and No Cents (\$250.00); Water and electricity to Washington Park in the amount of approximately Twenty-Two Thousand, Four Hundred Fifty Dollars and No Cents (\$22,450.00); and Water and electricity to Avery Copp Carriage House and Museum in the amount of approximately One Thousand, Five Hundred Dollars and No Cents (\$1,500.00)

**Commissioner Duarte** moved, **Commissioner Dunbar-Rose** seconded a motion to approve GUC-14-05-10. Commissioner Fafard asked if the quoted expenses were based on actuals. General Manager Collard stated the figures are very close estimates and are not very variable year to year. **Motion carried.**

**Agenda Item 11B: GUC-14-05-11:** Consideration of and Action to appoint a member of the Utilities Commission to serve as a member of the Community Service Award Selection Committee for the 11<sup>th</sup> Annual Jacqueline B. Nixon Community Service Award to be presented at City Day on August 1, 2014

**Commissioner Dunbar-Rose** moved, **Commissioner Duarte** seconded a motion to approve GUC-14-05-11. Commissioner DeMuzzio volunteered to serve on the Community Service Award Selection Committee. **Motion carried.**

## **12. ADJOURNMENT**

There being no further business, at 11:10 a.m., **Commissioner Fafard** moved, **Commissioner Duarte** seconded a motion to adjourn. **Motion carried.**

Attest:

Paul Duarte  
Clerk