

CITY OF GROTON UTILITIES COMMISSION

Minutes of Regular Meeting

June 25, 2014

1. CALL TO ORDER

Chairperson Galbraith called the meeting to order at 10:04 a.m.

ROLL CALL

Present: Chairperson Mayor Marian K. Galbraith

Commissioners: Edward E. DeMuzzio, Paul A. Duarte, 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 - Key Accounts Richard A. DeLorenze
Manager - Water / PAF Richard M. Stevens
Executive Assistant Deborah J. Gaudette

2. APPROVAL OF MINUTES

Commissioner Fafard moved, **Commissioner DeMuzzio** seconded a motion to approve the minutes of the regular meeting May 28, 2014. **Motion carried.**

3. REVIEW AND ACCEPTANCE OF TREASURER'S REPORT

Commissioner Duarte moved, **Commissioner Fafard** seconded a motion to approve the Treasurer's Report for the month ending May 31, 2014. **Motion carried.**

4. COMMUNICATIONS AND CORRESPONDENCE

5. PUBLIC COMMUNICATIONS

There were no public communications.

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

Commissioner DeMuzzio reported there had been no Board of Directors meeting since the last Utilities Commission meeting. An update on the Subase microgrid project is expected at the June meeting. The Backus microgrid project is progressing slowly and is expected to be completed under budget.

7. REGIONAL WATER UPDATE

Mayor Galbraith reported the Southeastern Connecticut Council of Governments (SCCOG) met June 2 with staff from the State of Connecticut, Department of Public Health (DPH) regarding the realigning of the Southeastern Connecticut Water Utilities Coordinating Committee (WUCC). The DPH has extended the period of time for comments on the topic.

A meeting has been scheduled on June 30, 2014 to meet with Mayor McDaniel from the Town of Montville regarding future potential water sources.

8. MONTHLY FINANCIAL HIGHLIGHTS

General Manager Collard presented the following financial highlights:

Electric:

- For the month of May, a PPA surplus of \$52,000 was added to the PPA Fund. The fund now has a balance of \$1.6 million. A TCA deficit of \$15,000 was charged to the TCA fund. The fund now has a balance of \$1.6 million.
- Overall Electric Revenues were just slightly below budget. The positive variance in the residential class mostly offset negative variances in all other classes of service. In addition the one Industrial Non-Manufacturing customer took almost 203,000 more kWh than budgeted and their revenues were slightly less because of a lower PPA.
- O&M Expenses were just 2.2% more than the adjusted/restated budget. May was a 5 week payroll month. Combined with flat sales, the resulting Net Income from Operations is 58.3% less than budget for the month.
- Overall Electric Revenues were slightly more than budget \$206,000 or 0.4%. Residential revenues were 3.5% more than budget and more than offset declines in other classes. Commercial revenues were slightly below budget, and the one Industrial Non-Manufacturing customer is down almost 2% from budget.
- O&M Expenses were less than 1% below the adjusted/restated budget. The resulting Net Income from operations is 6.8% more than the adjusted/restated budget for the FYTD

Water:

- The effects of positive earnings on Water Cash due from Electric for the month of May was \$2.6 million, compared \$1.7 million in May 2013.
- Water Revenues overall are 3.2% less than budget for the month of May, and 0.6% less than last year. The positive variance is driven by Industrial sales, which are 7% more than budget. Hydrant sales are 12% more than budget because on customer normally billed in June was billed in May.
- O&M Expenses are almost 1% less than budget and 4.2% more compared to last year. This resulted in Net Earnings before Debt Principal 11.4% more than budget for the month.
- Total Water Revenues for the fiscal year-to-date are 3.5% more than budget and 3.4% more than last year. This is primarily due to Revenues from Sales for Resale that are driven by the unbudgeted special contract with the Town of Ledyard and increased consumption from Regional Water who increased their take due to problems with their equipment.
- O&M Expenses that were 7.7% below budget, combined with higher than budget revenues resulted in Net Earnings before Debt Principal for the fiscal year-to-date slightly more than 118% over budget.

9. PROJECTS / INITIATIVES UPDATE

Director Yatcko gave an update on the Customer First Initiative. Three (3) teams were created on a pilot basis and all teams have given a presentation to the Project Management team. The Customer Information was tasked with designing methods, procedures, and systems to broadcast customer communication to all customers within an acceptably short period of time, under both normal and emergent circumstances. The team's recommendations have been accepted and are in the process of being implemented.

The Key Accounts team was tasked with designing, documenting, and recommending a comprehensive plan to understand the needs, usage and plans of the top twenty to twenty-five Electric and Water accounts. The team created a process to identify the accounts and create individual plans for each account. The team's recommendations were accepted and General Manager – Key Accounts Rich DeLorenze will begin the implementation process.

The GU Performance Dashboard team was tasked with defining key performance indicators for Groton Utilities that appropriately describe business performance in various areas, including safety and environment, financial health, competitive position, customer satisfaction and operations. The team is continuing to fine tune the process, analyze their findings and develop overall reporting metrics.

Director Yatcko congratulated the teams on their collective work. The teams worked well across organizational lines. The next steps will be to identify other issues to solve and train three (3) new team to begin the process again.

Commissioner DeMuzzio asked for an update on the Ledyard project. Manager Stevens reported attending the recent Water Pollution Control Authority (WPCA) meeting. The Authority expressed its gratitude regarding work on the customer service and billing contract. The operation and maintenance aspect of the project are going well.

Mayor Galbraith asked for a status update on the state funding for the Water Treatment Plant Upgrade Project. Manager Stevens reported the full loan application has been submitted, and a scoping notice has been completed. Management has received comments from the design engineers and is scheduled to meet with the Value Engineering consultants on June 27, 2014. It is anticipated that the project will move to 60% design by September 2014.

General Manager Cummings gave an update on the Voltage Conversion Project. Pole assessments are being completed. A lot of poles are owned by AT&T and the project is being delayed due to awaiting a response from AT&T regarding the relocation of the poles.

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 11:29 a.m., **Commissioner Duarte** moved, **Commissioner DeMuzzio** seconded a motion to adjourn. **Motion carried.**

Attest:

Paul Duarte
Clerk