

CITY OF GROTON UTILITIES COMMISSION
Minutes of Regular Meeting
July 23, 2014

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: Shirleyann Dunbar-Rose, 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 - 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 Duarte moved, **Commissioner DeMuzzio** seconded a motion to approve the minutes of the regular meeting May 28, 2014. The vote on the motion was 4 ayes and 1 abstention (Commissioner Dunbar-Rose). **Motion carried.**

3. REVIEW AND ACCEPTANCE OF TREASURER'S REPORT

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

4. COMMUNICATIONS AND CORRESPONDENCE

There were no communications or correspondence.

5. PUBLIC COMMUNICATIONS

There were no public communications.

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

Commissioner DeMuzzio reported the Board has approved authorization for the Chief Executive Officer and Chief Financial Officer to submit an application for CMEEC to be approved as an energy supplier in Massachusetts. While there are no current projects in the works, the application will provide for any possible future opportunities.

General Manager Cummings gave an update on potential solar garden project. CMEEC, the City of Groton and Brightfields are looking into installing a 3 megawatt solar garden at Groton Utilities' Operation Complex. Customers would be allowed to subscribe to rent part of the solar garden as opposed to installing individual panels on their homes. This project would allow for green energy in CMEEC's portfolio. CMEEC would lease the land from the City. The project is still in the conceptual stage, and Management will keep the Commission apprised of its progress.

7. REGIONAL WATER UPDATE

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

Mayor Galbraith, Director Yatcko and Manager Stevens attended a meeting with the Town of

Montville regarding potential water sources.

8. MONTHLY FINANCIAL HIGHLIGHTS

Director Yatcko presented the following financial highlights:

Electric:

- The financial statements are not finalized for the fiscal year. Period 12 will remain open for accounts payable until August 1, 2014 for any remaining open invoices. Fixed asset work orders will be closed out and capitalized in Period 12.
- Overall electric revenues are almost 5% more than budget. The positive variance is primarily due to one Industrial Non-Manufacturing customer who took almost 2.8 million kWhs more than budgeted.
- Operation and Maintenance expenses were almost 33% more than the adjusted/restated budget and are primarily driven by the year-end adjustments for self-funded medical expense and other postemployment benefits (OPEB). Combined with flat sales, the resulting net income from operations is 58.3% less than budget for the month. Despite the higher O&M expense, the net income from operations was almost 10% more than the adjusted/restated budget for the month.
- For the fiscal year-to-date, overall electric revenues were almost 1% more than budget. Residential revenues were 3.3% more than budget, and more than offset declines in other classes. Commercial revenues were 1.1% below budget, and one Industrial Non-Manufacturing customer is 0.5% more than the adjusted/restated budget.
- O&M expenses for the fiscal year-to-date were 2.4% more than the adjusted/restated budget primarily driven by the year-end adjustments for self-funded medical expenses and OPEB. The resulting net income from operations is 7% more than the adjusted/restated budget for the fiscal year.
- After making adjustments to planned expenditures, the actual net income from operations was 2.7% below the original, approved budget.

Water:

- The effect of positive earnings on Water Cash due from Electric is \$2.2 million, compared to \$1.7 million due June 2013.
- Water revenues overall are 1.6% more than budget for the month, and 1.2% less than last year. The positive variance is driven by industrial sales, which are 10.4% more than budget. Hydrant sales are 33.1% less than budget due to one customer normally billed in June was billed in May. O&M expenses are 36.5% more than budget primarily driven by the year-end adjustments for self-funded medical expense and OPEB, and 3.4% less compared to last year. This resulted in net earnings before debt principal 185.3% less than budget for the month.
- For the fiscal year-to-date, total water revenues are 3.3% more than budget, and 3% more than last year. This is primarily due to revenue from sales for resale, which are driven by the unbudgeted special contract with the Town of Ledyard, and increased consumption from Regional Water, who increased their intake due to problems with their equipment for part of the year.
- O&M expenses for the fiscal year-to-date that were 4% below budget, combined with higher than budgeted revenues, resulted in net earnings before debt principal 73.5% over budget.

9. PROJECTS / INITIATIVES UPDATE

General Manager Cummings reported both the AMI and SCADA projects are moving along as anticipated. Staff is working on giving Managers “read-only” access to the SCADA system.

Manager Stevens reported the Value Engineering study has been completed and the project is moving to 60% design. The Commission discussed the recommendations made in the Value Engineering study, and the anticipated timeline of the project.

General Manager Daniels reported the Ledyard WPCA office is now closed, and all customer accounts have been migrated to Groton's Customer Service. Industrial / commercial accounts will be billed monthly, and residential customers will continue to be billed quarterly.

Commissioner Fafard asked for an update on the Poquonnock Bridge hydrant payments. General Manager Daniels stated the next payment is expected at the end of August.

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 10:56 a.m., **Commissioner Fafard** moved, **Commissioner Duarte** seconded a motion to adjourn. **Motion carried.**

Attest:

Paul Duarte
Clerk