

CITY OF GROTON UTILITIES COMMISSION

Minutes of Regular Meeting

November 19, 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, Paul A. Duarte, Shirleyann Dunbar-Rose,
Bruce J. Fafard

Staff present: Director of Utilities Paul Yatcko
General Manager – Utility Finance David F. Collard
General Manager – Electric Herbert D. Cummings
General Manager – Customer Service Tina M. Daniels
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 of October 22, 2014. **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 October 31, 2014. **Motion carried.**

4. COMMUNICATIONS AND CORRESPONDENCE

The following correspondence was received:

- Letter dated September 30, 2014 from the Connecticut Housing Finance Authority regarding a reservation of tax credits under the Housing Tax Credit Contribution Program in the amount of \$174,695 for Pequot Village II.

5. PUBLIC COMMUNICATIONS

There were no public communications.

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

Commissioner DeMuzzio reported the Board is in the final process of approving the budget. All member municipalities have reviewed the proposed budget, and it is expected to be approved at the November 20th meeting.

7. REGIONAL WATER UPDATE

Mayor Galbraith reported the Southeastern Connecticut Council of Governments (SCCOG) has revised the Water Utilities Coordinating Committee's (WUCC) boundaries, which now extend to the Massachusetts border. Also, the Southeastern Connecticut Water Authority (SCWA) is expected to appoint a new executive director in January.

Manager Stevens reported that communication continues with the town of East Lyme regarding the potential to supply the town with water in the future.

8. MONTHLY FINANCIAL HIGHLIGHTS

General Manager Collard presented the following financial highlights:

Electric:

- CMEEC's power cost was increased October 1st to reflect the average forecasted cost through 2015; the PPA and TCA will be adjusted to customers effective November 1st.
- Overall electric revenues were 7% more than budget; the positive variance was driven by one non-manufacturing customer's revenue that was 21% more than budget; residential revenues were over 7% more than budget.
- Operational and maintenance expenses for October were 9% more than budget.
- Long term debt has been adjusted to reflect savings resulting from the July bond refinancing; the variance to budget reflects the savings.
- The 33% positive net income variance for October is the result of high revenues and lower interest expense; the fiscal year-to-date net income from operations is 5.8% above budget and is also the result of higher than budgeted revenues and lower interest expenses.

Water:

- Water revenues overall are 2% more than budget for the month of October and 1.5% more than last year; all classes of service, except residential and industrial, were below budget.
- Operational and maintenance expenses for October were almost 1% less than budget despite a five (5) pay-week month, and 1% more compared to October last year.
- Net earnings before debt principal is almost 5 times more than budget for the month and almost 132% more than budget for the fiscal year-to-date.

General Manager Collard passed out income statements for the adjusted / restated budget year ended June 30, 2014, updated on November 18, 2014. Total electric revenues were adjusted by \$119,000 for the annual true up of unbilled revenue. Total electric revenues were 50% more than budget. Operation and Maintenance expense is 3.2% more than the adjusted/restated budget.

Operations and maintenance expense for the fiscal year, updated on August 19, 2014, are 3.2% more than the adjusted / restated budget. The largest change was the posting of \$2.8 million from the equity distribution from CMEEC, resulting in net income from operations for the fiscal year 52.1% more than the adjusted / restated budget.

Total water revenue remained unchanged; overall 3.3% above budget, as unbilled revenue adjustment calculations are not performed for the Water Division.

Operation and maintenance expense was adjusted by \$107,000 for disallowance of accrued reserves and contributed to the variance of 5.5% less than budget despite the year-end adjustments for self-funded medical expenses and OPEB in excess of \$230,000. Net income from operations is 89.5% more than the adjusted / restated budget.

The Commission discussed the annual report of the Utilities Commission to the Council as described in the current Charter. In order to comply with the August 31st deadline, the Commission recommended giving the unaudited year end financials, with a notice that the final audited financials will be included in the City's Comprehensive Annual Financial Report (CAFR).

General Manager Collard passed out a status report on the CMEEC Equity Distribution. CMEEC has issued a check for the full amount of \$2,852,734. The funds have been recorded in Groton Utilities' Miscellaneous Non-Operating Income, the result improving the overall cash position to \$2,000,000.

9. PROJECTS / INITIATIVES UPDATE

General Manager Cummings reported on the following projects:

- Management will be meeting with the Navy and CMEEC on November 20th regarding the proposed 6-megawatt ground solar array project at the Subase.
- The AMI project is coming to completion. Only a few meters still need to be replaced.
- Management met with representatives from Northeast Utilities to discuss recommendations to improve transmission reliability at Buddington Substation. A final recommendation is expected in the next six (6) months.

Manager Stevens reported on the following projects:

- The design for the Water Treatment Plant Design Rebuild Project has moved past 60% design.
- Management has received communication from the United States Environmental Protection Agency regarding Docket No. CAA-01-2014-0047. The proposed settlement has been forward to the City Attorney for review. The settlement also requires a Supplemental Environmental Project to be completed.

Commissioner Fafard inquired if Management has a firm amount of the grant award. Manager Stevens does not, but recommends drafting a letter to the Department of Public Health (DPH), detailing all the work that has been completed to date, and scheduling a meeting between the City and the DPH. It is anticipated that the issuance of the grant funding to the DPH will be conducted in December. The Commission discussed the potential grant funding and the risk of funding becoming unavailable due to the current State budget deficit. Director Yatcko and Mayor Galbraith recommended discussing the issue with the City lobbyists and local legislators.

General Manager Daniels reported on the following projects:

- The transition of the Town of Ledyard WPCA customers to month-to-month billing is complete.
- During the first quarter of calendar year 2015, Groton Utilities will launch an auto-pay feature for Groton customers.

10. OLD BUSINESS

There was no old business to discuss

11. NEW BUSINESS

Agenda Item 11A: GUC-14-11-10: Consideration of and Action to authorize Management to retain the lobbying services of Medici, LLC of Hartford, Connecticut for lobbying services pertaining to electric, water, and any other utility matters as necessary in an amount not to exceed \$100,000.00 to be paid from funds available in the Professional Services – Lobbying account in the Approved Fiscal Year 2014-2015 Budget, and furthermore, that the City Council be apprised of this action with the recommendation that it concur, and that Mayor Marian K. Galbraith be authorized to execute the agreement

Commissioner DeMuzzio moved, **Commissioner Dunbar-Rose** seconded a motion to authorize Management to retain the lobbying services of Medici, LLC of Hartford, Connecticut for lobbying services pertaining to electric, water, and any other utility matters as necessary in an amount not to exceed \$100,000.00 to be paid from funds available in the Professional Services – Lobbying account in the Approved Fiscal Year 2014-2015 Budget, and furthermore, that the City Council be apprised of this action with the recommendation that it concur, and that Mayor Marian K. Galbraith be authorized to execute the agreement. **Motion carried.**

Agenda Item 11B: GUC-14-11-11: Consideration of and Action to approved the Solar Power Site License with SolorCity Corporation for the installation and operation of a solar panel system at the Water Treatment Plant property, as presented to the Commission, together with such revisions,

clarifications and amendments as the City Attorney shall deem appropriate and furthermore, that the City Council be apprised of this action with the recommendation that it concur and Mayor Marian K. Galbraith be authorized to execute the agreement

Commissioner Dunbar-Rose moved, **Commissioner DeMuzzio** seconded a motion to approved the Solar Power Site License with SolorCity Corporation for the installation and operation of a solar panel system at the Water Treatment Plant property, as presented to the Commission, together with such revisions, clarifications and amendments as the City Attorney shall deem appropriate and furthermore, that the City Council be apprised of this action with the recommendation that it concur and Mayor Marian K. Galbraith be authorized to execute the agreement.

Director Yatcko stated there will be a conference call with the parties and City Attorney this afternoon. The agreement will also be contingent upon an approved Purchase Power Adjustment (PPA) agreement with CMEEC.

Motion carried.

12. EXECUTIVE SESSION

There was no Executive Session.

13. POLICY GOVERNANCE

The Commission has received workbooks and instructions on policy governance from Carver Policy Governance[®] Consultant, Eric Craymer.

Mayor Galbraith thanked General Manager Cummings for his years of service to City and wished him well in his upcoming retirement.

14. ADJOURNMENT

There being no further business, at 11:29 a.m., **Commissioner Dunbar-Rose** moved, **Commissioner Duarte** seconded a motion to adjourn. **Motion carried.**

Attest:

Paul Duarte
Clerk