

CITY OF GROTON UTILITIES COMMISSION

Minutes of SPECIAL Meeting

September 24, 2014

1. CALL TO ORDER

Chairperson Galbraith called the meeting to order at 10:35 a.m.

ROLL CALL

Present: Chairperson Mayor Marian K. Galbraith

Commissioners: Edward E. DeMuzzio, Paul A. Duarte, Shirleyann Dunbar-Rose,
Bruce J. Fafard at 10:38 a.m.

Staff present: Director of Utilities Paul Yatcko
General Manager – IT Susan 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 DeMuzzio** seconded a motion to approve the minutes of the regular meeting of August 27, 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 DeMuzzio moved, **Commissioner Duarte** seconded a motion to approve the Treasurer's Report for the month ending August 31, 2014. **Motion carried.**

4. COMMUNICATIONS AND CORRESPONDENCE

There were no communications or correspondence to report.

5. PUBLIC COMMUNICATIONS

There were no public communications.

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

Commissioner DeMuzzio reported on a Members meeting held on September 18, 2014. The members voted to continue plans to replace the loss of the Town of Wallingford's load. The Commission discussed the Lowell, Massachusetts project and other potential projects similar in nature to the Lowell project.

The Commission discussed having CMEEC representative meet with the Commission to discuss the projects in further detail.

7. REGIONAL WATER UPDATE

Mayor Galbraith reported there has been no update on the Federal Emergency Management Agency (FEMA) grant application for redundancy in the pipeline between the Towns of Ledyard and Preston.

Manager Stevens reported the City of New London publically thanked Groton Utilities for their assistance during the recent water main break in New London.

8. MONTHLY FINANCIAL HIGHLIGHTS

General Manager Collard presented the following financial highlights:

Electric:

- Overall electric revenues were almost 3.1% more than budget. The positive variance is primarily due to the one Industrial – Non-Manufacturing customer who took almost 2.8 million kWh more than budgeted, which more than offset declines in other classes of service.
- Lower cooling degree day requirements (34% less than last year) had an impact on revenue performance.
- O&M expenses for the second month of the new fiscal year are almost 15% more than budget. This is primarily due to bond refinancing expenses charged in the month of August, combined with a 5 week pay month. In addition, the accounting treatment of the PPA and TCA contributed to the (-10.4%) net income variance for the month.
- The (-14%) net income variance for the fiscal year to date is driven by the accounting treatment of the PPA and TCA, offset by increased revenues.

Water:

- Water Revenues overall are 4.6% below budget for the month of August and almost 6% less than last year. All classes of service are below budget, with the largest variance in the Sales for Resale customer class, driven by Regional Water.
- O&M expenses for the second month of the new fiscal year are almost 13% less than budget and flat compared to August of last year.
- Net Earnings before Debt Principal is almost 40% more than budget for the month and 46% more than budget for the fiscal year-to-date.

The Commission discussed the continued discrepancy between water pumped to system and the unbilled / T&D losses. Director Yatchko and Manager Stevens discussed the various processes that have been reviewed to try and discover the reason for the discrepancy. The industry standard is generally lower than a 10% differential.

Manager Stevens passed out a spreadsheet detailing the annualized differential for the past several years. Management will continue to investigate the cause of the discrepancy.

9. PROJECTS / INITIATIVES UPDATE

General Manager Cummings reported on the Fairview project and the Thames Street project. Also, the 1410 Transmission Line Project will be going out to bid in the near future.

Manager Stevens gave an update on the completed Ridgewood Drive water main replacement. A total of 1,600 lineal feet of pipe has been replaced. Manager Stevens also reported that the Navy Base Commander has sent a letter to the State of Connecticut, supporting the Regional Water grant for the Walker Hill Standpipe.

Commissioner DeMuzzio inquired about the apparent increase in outages as reported in the Outage Report graphs. General Manager Cummings stated the outages were due to potential transformer failures, which resulted in widespread outages and increased duration time of the outages. Many outages are being caused by nesting birds.

10. OLD BUSINESS

Agenda Item 10A: Brightfields Development LLC presentation – Proposed Solar

Mr. John Hanselman, Mr. Mike Singer, and Ms. Caitlin McSherry of Brightfields Development LLC, and Mr. Alex Sarley of Solar City gave a presentation on the proposed solar array project at the Water Treatment Plant.

The Commission discussed next steps required for the project, as well as the potential benefits to the City, required permits, and environmental concerns. It was proposed to have Brightfields give a presentation during a special joint Mayor & Council / Utilities Commission meeting.

11. NEW BUSINESS

There was no new business to discuss.

12. EXECUTIVE SESSION

There was no Executive Session.

13. POLICY GOVERNANCE

Director Yatcko reported on additional information, as requested by the Commission at the August meeting, regarding the policy governance proposal from Partners in Policy Governance. The Commission discussed the proposal and recommended Director Yatcko proceed with retaining Mr. Eric Craymer's services.

14. ADJOURNMENT

There being no further business, at 12:36 a.m., **Commissioner Fafard** moved, **Commissioner Duarte** seconded a motion to adjourn. **Motion carried.**

Attest:

Paul Duarte
Clerk