

CITY OF GROTON UTILITIES COMMISSION
Minutes of Regular Meeting
January 17, 2018

1. CALL TO ORDER

Chairperson Hedrick called the meeting to order at 10:01 a.m.

ROLL CALL

Present: Chairperson Mayor Keith Hedrick

Commissioners: Paul Duarte, Jeffrey Godley, George Scully

Staff present: Director of Utilities Ronald A. Gaudet
Executive Administrator Deborah J. Damm
General Manager-Information Technology Susan G. Blanchette
General Manager-Utility Finance David F. Collard
General Manager-Key Accounts Leonard J. Mediavilla
General Manager-Customer Service Tina M. Daniels
Manager-Engineering Brian J. Roche
Manager-Water/PAF Richard M. Stevens
Manager-Operations Randall S. Surprenant
Manager-Operations Raymond L. Valentini
Energy Engineer Hollis McKee
Utilities Analytics Specialist Aaron K. Brooks
Accounting Manager Janet A. Pawlikowski
Accounting Manager - Training – Yi Xiang

2. APPROVAL OF MINUTES

Commissioner Duarte moved, **Commissioner Godley** seconded a motion to approve the minutes of the regular meeting of December 20, 2017. Commissioner Godley noted for the record that he did not attend the meeting, as incorrectly noted in the minutes. The motion was amended to approve the minutes as corrected. **Motion carried.**

3. REVIEW AND ACCEPTANCE OF TREASURER'S REPORT

Commissioner Godley moved, **Commissioner Duarte** seconded a motion to approve the Treasurer's Report for the months ending December 31, 2017. **Motion carried.**

4. COMMUNICATIONS AND CORRESPONDENCE

There were no communications or correspondence to report.

5. PUBLIC COMMUNICATIONS

Mike Boucher, 16 Hillside Drive, Groton – Mr. Boucher asked a variety of questions regarding the transfer of funds from the Connecticut Municipal Electric Energy Cooperative (CMEEC), the breakdown of the cost of service study, the drop in Utilities revenue reported on the City Comprehensive Annual Financial Report (CAFR), the amount of return to the City that Groton Utilities would be anticipating, and Groton Utilities tree trimming policy. Mr. Boucher provide a written copy of his questions for the record.

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

Minutes of the CMEEC Board of Directors meeting were included in the Commissioners meeting packages for informational purposes.

Director Gaudet reported on a project involving fuel cells at the Subase, the hiring of an auditor, and the Governance Committee meeting.

The Commission discussed the new municipal representatives to CMEEC and that they would not be able to commit the municipal members to any financial obligations, and they would not be representing the municipal members' stake in any future projects.

Commissioner Godley reported the Ethics Committee has drafted an ethics policy and would be reviewing any comments received. Chairperson Hedrick stated he would look to the City attorney for guidance before commenting on the draft policy.

Director Gaudet asked the Commission if the list of meetings and attendees included in the Director's report was valuable. The consensus was that it was.

7. REGIONAL WATER UPDATE

Manager Stevens reported Aquarion Water Company was utilizing more water than average due to difficulties with chemical deliveries. Additionally, the Water Utility Coordinating Committee (WUCC) continues to work on long term regional water planning. It was noted Groton Utilities is well positioned to continue to supply water regionally due to our current capacity.

Chairperson Hedrick noted that Groton Utilities lobbyist is key to keeping an "eye open" for any pending legislation that could potentially be negative to the municipality in this regard.

Manager Stevens noted the Water division has a reserve account funded for the acquisition of critical watershed protection properties. Management has been informed that the Avalonia Land Conservancy is seeking funding for the acquisition of the Atkinson property, located west of the Morgan Reservoir, and is seeking support from Groton Utilities and the City. Management recommends supporting this request for funding and the proposed acquisition.

8. MONTHLY FINANCIAL HIGHLIGHTS

General Manager Collard presented the following financial highlights:

Electric:

- Overall electric revenues for December are just \$14,000 less than budget. The negative variance was mainly driven by the one (1) Non-Manufacturing customer that was almost 5% less than budget. The effects of which was partially offset by positive variances from the Residential and Resale classes.
- Heating degree-day requirements were 25% more than last year, indicating a colder month than last year. Unbilled energy was over 19% larger than last year, which indicates that inasmuch as there was recovery of unbilled energy from November, there is energy purchased in December that will not be billed to customers until January due to weather and timing differences in billing cycles
- Operation and Maintenance expenses for the month are almost 21% less than budget. A purchased power variance of 15.5% indicates that there is energy purchased in December that will not be billed to customers until January due to timing differences in billing cycles and which contributed to the negative operating earnings for the month.
- In December, CMEEC issued the balance of \$2,569,686 in excess equity to Groton Utilities as a result of its 2016 earnings, of which \$569,686 was received in cash and \$2 million was deposited into the

Rate Stabilization Fund at CMEEC and will be used to offset power costs. The total excess equity received from CMEEC 2016 operations for Groton Utilities was \$4.6 million.

- The Net Income from Operation for the month is 157% more than budget and is 214% more than budget after the effects of TVC.
- Electric Revenues for the fiscal year-to-date are almost 4% below budget and 6% below the same period last year. All classes of service are below budget.
- Operation and Maintenance expenses are almost 12% less than budget, and Net Income is 7% less than budget. After the effects of TVC, Net Income before extraordinary item is almost 9% more than budget.
- Days' cash on hand for the Electric Division is 66 days.
- For the fiscal year-to-date, 1.3 million kWhs were purchased from solar customer production, which is 4.5% less than last fiscal year-to-date.

Water:

- Water Division cash due from Electric is almost \$3.6 million.
- Days' cash on hand for the Water Division is 282 days. The combined Electric and Water Utility days' cash on hand is 100 days.
- Now that all State of Connecticut Drinking Water State Revolving Fund (DWSRF) requirements have been fulfilled, the Water Treatment Plant Upgrade project costs are being reimbursed by both grant and loan proceeds.
- Total Revenues overall for December are 6% less than budget and almost 3% less than last year. All services except Commercial Sales were below budget. The negative variance is due to a decline in cubic feet sold, combined with the absence of a 4% rate increase that was budgeted to be effective October 1, 2017 and did not become effective until January 1, 2018.
- Operation and Maintenance expenses for December are 15% less than budget and almost 5% more than December of last year. Net Earnings before the DWSRF grant for the month are 305% more than budget. Lower revenues were more than offset by lower Operating & Maintenance expenses.
- The Net Earnings for the fiscal year-to-date, before the DWSRF grant, are almost 35% more than budget. The positive variance is driven by lower than budget Operation and Maintenance expenses that more than offset the almost 11% negative revenue variance.
- The Water Treatment Plant Restricted fund contains \$717,000 for collections through June 2017. From July through December, approximately \$411,000 was collected from customers and will be transferred to the Water Treatment Plant restricted fund, along with \$400,000 that was initially transferred to seed the Water Treatment Plant checking account.

General Manger Collard commended Accounting Managers Pawlikowski and Xiang for the tremendous job completing all the financial requirement of the Water Treatment Plant project and funding.

9. PROJECTS / INITIATIVES UPDATE

Director Gaudet reported on a vehicular incident at the gate to the Operations Complex. A claim for repairs has been submitted to the City's insurance carrier.

Utility Analytics Specialist Brooks gave a report regarding a customer who had contacted Management looking to lease their land for a solar project. Management discussed various projects with the customer; however, none of the proposed plans was fiscally advantages to the customer or in a partnership between the customer and CMEEC. It was noted that while it was commendable that the customer reached out to Groton Utilities as a solution provider, Groton Utilities rates are so competitive that it was not advantageous to utilize any other new technology for self-generation.

General Manager Daniels gave a recap of the Automated Meter Infrastructure (AMI) project and the meters that have yet to be upgraded. It is anticipated a project scope will be presented to the Commission in February.

Director Gaudet gave an update on the tree trimming crews and procedures. The Commission discussed how permission is requested from property owners when the utility recommends removal of a tree that could potentially fall on power lines. It was recommended that written denial should be obtained from the property owner should they refuse to allow tree trimming/removal on private property in the event the tree falls and damages the power lines.

Commissioner Scully noted that Eversource cuts back trees much further from property lines than Groton Utilities. Commissioner Godley asked if the trees needing addressed where surveyed. Manager Roche stated Groton utilizes a five-year rotating plan.

Manager Roche reported receiving a request from Eversource to run a circuit through Groton Utilities service territory in order to feed the Town of Groton. Commissioner Scully reported he was aware of the proposed project. Manager Roche stated there was no advantage to Groton Utilities other than the replacement of poles with new poles.

The Commission discussed brainstorming within City departments and the Town regarding long-term infrastructure plans to identify any projects that could coincide, such as main replacements, paving, etcetera.

Director Gaudet reported he would attending a meeting scheduled for later in day regarding the City proposing a sewer usage fee. Chairperson Hedrick updated the Commission on the proposed plan to move the sewer facilities to the utility instead of the City. The City Council has been apprised of the proposal and Management is working through the particulars, and will be socializing the issue so residents and customers are aware of the proposal and provided information. The Commission discussed user fees versus taxes, liabilities of taking on the infrastructure, capital and cash transfers, and the availability to apply for grants and state funding should the move be made.

Director Gaudet noted that with the moving of the Commission meetings to allow any action items to be presented at a Committee of the Whole (COW) meeting prior to be presented at a Council meeting, Management would also be presenting any action items to the Commission a month prior to requesting approval.

General Manager Collard informed the Commission that Accounting Manager Pawlikowski would be retiring at the end of the month and stated she has been a tremendous asset to the organization and had offered many great insights and idea. The Commission wished her well in her retirement.

10. OLD BUSINESS

There was no old business to discuss.

11. NEW BUSINESS

Agenda Item 11A - Management Review of Proposed Operations Complex LED Lighting Project

Energy Engineer McKee gave an overview of the propose LED lighting project at the Operations Complex. The project is estimated at \$24,000 and will be funded by Regional Greenhouse Gas Initiative (RGGI) funds held at CMEEC. It is anticipated Management will request Commission approval in February.

Agenda Item 11B: GUC-18-01-01: Consideration of and action to authorize Management to waive the bidding requirement of Groton Utilities Policy No. 1004, *Policy and Procedures Governing the Purchasing Practices of Groton Utilities* and issue a purchase order to Crowley Chrysler Plymouth, Inc., 1461 Farmington

Avenue, Bristol, Connecticut for the purchase of two (2) 2018 Dodge Ram 5500 Regular Cab Chassis 4x4 vehicles, with Altec Squirt Boom / Bucket Body Option package per Altec specification No. 387934-1 based on its quote of One Hundred Eighteen Thousand, Six Hundred Eighty Dollars and Sixty Cents (\$118,680.60) per vehicle for a total cost of Two Hundred Thirty-Seven Thousand, Three Hundred Sixty-One Dollars and Twenty Cents (\$237,361.20) to be paid from funds available in the Vehicle Replacement Fund, and furthermore, that the City Council be apprised of this action with the recommendation that it concur

Commissioner Duarte moved, **Commissioner Godley** seconded a motion to authorize Management to waive the bidding requirement of Groton Utilities Policy No. 1004, *Policy and Procedures Governing the Purchasing Practices of Groton Utilities* and issue a purchase order to Crowley Chrysler Plymouth, Inc., 1461 Farmington Avenue, Bristol, Connecticut for the purchase of two (2) 2018 Dodge Ram 5500 Regular Cab Chassis 4x4 vehicles, with Altec Squirt Boom / Bucket Body Option package per Altec specification No. 387934-1 based on its quote of One Hundred Eighteen Thousand, Six Hundred Eighty Dollars and Sixty Cents (\$118,680.60) per vehicle for a total cost of Two Hundred Thirty-Seven Thousand, Three Hundred Sixty-One Dollars and Twenty Cents (\$237,361.20) to be paid from funds available in the Vehicle Replacement Fund, and furthermore, that the City Council be apprised of this action with the recommendation that it concur.

Commissioner Scully asked if any vehicles were being disposed of and why one was not being purchased by Bozrah Light and Power Company. Manager Surprenant replied the trucks would be retired upon delivery of new vehicles, and all assets were now being purchased by Groton Utilities and would be billed out to Bozrah.

Motion carried.

12. EXECUTIVE SESSION

There was no executive session.

13. ADJOURNMENT

There being no further business, at 1:04 p.m., **Commissioner Duarte** moved, **Commissioner Scully** seconded a motion to adjourn. **Motion carried.**

Attest:

Paul Duarte
Clerk