

1 **DRAFT**

2 **PUBLIC UTILITIES COMMISSION**

3 **100 JOHN STREET**

4 **WALLINGFORD, CT**

5 **FEBRUARY 20, 2018**

6 **6:30 p.m.**

7 **MINUTES**

TOWN OF
WALLINGFORD

FEB 26 2018

DEPARTMENT OF
PUBLIC UTILITIES

8
9 **PRESENT:** Chair Robert Beaumont; Commissioners Joel Rinebold & Patrick Birney; Director
10 Richard Hendershot; General Manager Tony Buccheri; Office Manager Thomas Sullivan; Water
11 and Sewer Divisions General Manager Neil Amwake; Office Manager William Phelan; Recording
12 Secretary Cynthia Kleist; Public: Steve Gail, Adelheid Koepfer.

13 Chair Beaumont called the Meeting to order at 6:30 p.m.

14 **1. Pledge of Allegiance**

15 **2. Consent Agenda**

- 16 a. Approval of Meeting Minutes of February 6, 2018
17 b. Approval of Meeting Minutes of February 9, 2018
18 c. Review of Electric Division Disbursements for the Month of January 2018
19 d. Review of Water/Sewer Divisions Disbursements for the Month of January 2018
20 e. Electric – Revision to Renewable Energy Policy

21 Chair Beaumont pointed out that Items 2a & 2b were pulled off the Consent Agenda because
22 they are not voted on and should not be on the Consent Agenda. Mr. Rinebold said he also had
23 a question on Item 2e. Chair Beaumont noted that Items 2a & 2b should remain on the Consent
24 Agenda and entertained a motion.

25 **Motion to approve Consent Items 2a & 2b.**

26 **Motion made by Mr. Birney, seconded by Mr. Rinebold**

27 **Vote: 3 ayes**

28 Chair Beaumont asked the Commission to consider the placement of Items 2c & 2d. The
29 Commission agreed to place these items under "Correspondence". There were no questions
30 from the Commission on Items 2c & 2d.

1 **3. Items removed from Consent Agenda – Items 2c, 2d, and 2e.**

2 **2e. Electric – Revision to Renewable Energy Policy**

3 In his Feb. 14, 2018 memo, Mr. Hendershot said the renewable energy projects have been
4 incentivized based on available proceeds from WED’s previous participation in ISO-New
5 England’s Forward Capacity Market. He noted that WED’s inactivity in the Forward Capacity
6 Market in recent years has not replenished the available pool of incentive monies and a number
7 of projects in the past four years have significantly eroded this incentive funding source,
8 therefore the following changes to WED policy No. E-76, Renewable Energy Police are required
9 to reflect the current situation:

10 The remaining balance of funds to incentivize for renewable energy projects will be available to
11 only residential customers. This change will allow more customers to take advantage of the
12 remaining funds

13 The CT Clean Energy Finance and Investment Authority (CEFIA) evolved into the CT Green
14 Bank thus requiring an update to the text within this Policy

15 WED alone has been and will continue to be responsible for the management of the remaining
16 funds to incentivize qualified renewable energy projects.

17 Mr. Rinebold said he was looking for an explanation of where have the funds been used and if
18 there were any demands for these funds for commercial or industrial customers in town. He
19 said he appreciated Mr. Hendershot’s explanation that there may be an ability to have a greater
20 number of residential customer participation. Mr. Rinebold said there may also be some
21 valuable commercial and industrial customers which might seek this type of power supply.

22 Mr. Hendershot noted that since WED left CMEEC, it no longer receives payment for forward
23 capacity auction revenues based upon demand reduction from the C&I program, and the funds
24 have not grown. He said WED is down about \$100,000 in the renewable part. Mr. Hendershot
25 said unless WED comes up with a mechanism to make more available funding, WED won’t do
26 this all once the funds are exhausted. Mr. Birney said there is a proactive policy change to make
27 the dollars stretch further. Mr. Hendershot said this revision to the Renewable Energy Policy is
28 more of a financial housekeeping and believes more customers can be touched by doing more
29 of a social good than an economic good with this policy.

30 Mr. Birney asked if there was a request from monies from a business/commercial/industrial,
31 they arguably would be surprised there was no money in this fund, would Mr. Hendershot be
32 prevented from coming to the PUC to see if there were funds someplace else. Mr. Hendershot
33 said there is nothing preventing WED from using the classic energy conservation and load
34 management funds for this purpose but pointed out, this would not be an appropriate use of
35 these funds. He said in his opinion, these monies should not be spent to incentivize renewable

1 energy program projects that truly only assist that one customer. Mr. Hendershot acknowledged
2 Chair Beaumont's question that WED is not having any difficulty expending the funds, a quarter
3 cent a kilowatt hour. Chair Beaumont noted that if it got to the point where WED was having
4 difficulty, then some point in the future it would be worthwhile to look at getting into other
5 things.

6 **Mr. Birney made a motion to approve the changes to the Electric Division's**
7 **Renewable Energy Policy for reasons noted in Mr. Hendershot's Feb. 14, 2018**
8 **memo, as well as for reasons stated on the record tonight. Mr. Rinebold seconded**
9 **the motion.**

10 **Vote: 3 ayes.**

11 **4. Discussion and Action: Approval of the Director's Report for the Month of**
12 **January 2018.**

13 **Mr. Birney made a motion to approve the January 2018 Director's Report. Mr.**
14 **Rinebold seconded the motion.**

15 **DIRECTOR'S OFFICE/DEPARTMENT-WIDE**

16 The Director attended the Town's Legislative Briefing on Jan. 11. All four State Representatives
17 whose districts include Wallingford were in attendance, as was Sen. Fasano. The Director also
18 attended the Mayor's State of the Town address on Jan. 19. Mr. Hendershot in his Report
19 indicated that budget preparations in all three Divisions are underway, with a final review with
20 the Director to take place on February 9 and the PUC meeting is scheduled for Feb. 20 which
21 will include a Budget Workshop.

22 The Director and Water and Sewer General Manager attended the Jan. 29 session of the
23 Northeast Water and Environment Association ("NEWEA") in Boston.

24 **ELECTRIC DIVISION**

25 Mr. Hendershot reported that system input for January increased 5.3% from January 2017;
26 Service work during January included 36 LED conversions; and 11 street light repairs. Mr.
27 Hendershot said these repairs resulted from wiring problems. He noted the Division has posted
28 internally for a new Chief Electrician.

29 LS Power/Wallingford Energy Plant Expansion Project

30 Mr. Hendershot said the Second Amendment to the LS Power (Wallingford Energy)/Town of
31 Wallingford Agreement have been executed by both parties.

32 Line Truck Storage Facility

1 Mr. Hendershot said the Town Building Dept. issued the Certificate of Occupancy for the new
2 building on Feb. 1. He said PDS Engineering and Construction should be finished with all punch-
3 list items and off site by mid-March. He said final paving, and application of the epoxy floor
4 covering, will be done once ambient temperatures increase, likely late March.

5 LendLease Solar-PV Interconnection

6 Mr. Hendershot said the Division continues to meet with LendLease regarding the proposed
7 19.99 megawatt solar array. He said he is attempting to schedule another meeting before the
8 end of the month. He said one study is nearly completed which will lead to two more studies. In
9 answer to Mr. Rinebold's question, Mr. Hendershot said the Feasibility Study is nearly
10 completed, and then will come a System Impact Study and Facility Study in regards to the
11 distribution system. He said there will be a multi-party meeting will be scheduled with
12 Eversource, ISO-NE, Lend-Lease and WED to discuss a system impact study at the transmission
13 level.

14 Wholesale Power Supply

15 Mr. Hendershot noted that in December, total energy hedged was less than forecasted. He said
16 WED lately has been hedged more than anticipated. He said all-in prices were \$99.28;
17 2016/2017 FY budget forecast for December was \$100.85, more than the prevailing PCA value
18 of \$98.46 per MWh. With generation, total cost of energy at \$58.16 was well above the hedged
19 volume which he said was unusual because WED had to purchase short energy at a high price
20 average of \$94.42 because of December's cold weather.

21 Mr. Rinebold asked about the January 11 Legislative briefing. Mr. Hendershot said the booklet
22 from the Mayor's office can be provided to the PUC. He said Mayor Dickinson spoke about
23 funding for the phosphorus initiatives. He said on Electric, there is an important piece of
24 legislation which has been cleaned up which involves inadvertently putting in language considering
25 time of use rates, special rates for electric vehicles, which had been looked at a decade ago
26 when the Energy Policy Act first came out. He noted there was no need to redo these studies
27 but was inadvertently made to appear this was needed. Mr. Hendershot said WED made
28 comments about not clear details and some unfunded mandates in the state water plan.

29 **WATER DIVISION**

30 Mr. Hendershot noted that water production in January totaled 98.512 million gallons, a
31 decrease of 3.12% from January 2017; reservoir storage at months end was at 83.2% of total
32 effective impoundment, which is slightly below the historic average for January of 85.6,

33 Pond Hill Emergency Interconnection Station

34 Mr. Hendershot said design work and drawing submittals have begun. He noted crews
35 responded to five main breaks but noted there were no service leaks. Mr. Hendershot said due

1 to the excessively cold weather early in the month, the Division responded to 31 frozen meters
2 and 11 frozen pipes, (nine after hours); the vacant Maintainer II position was filled internally,
3 creating a vacant Maintainer I position. He said interviews for the vacant Maintainer II vacancy
4 in the distribution crew are anticipated for early March. He said the vacancy for Meterman II
5 was posted on January 19, 2018 and will close on Feb. 20. The North Main Street, et. al.,
6 project is on hold until warmer weather likely around April 1.

7 Chair Beaumont asked about the paving on North Main Street. He asked if WED was going to
8 be responsible for this or would it be jointly with Eversource because of the work they did
9 previously. Mr. Amwake said there is a split between the three roads on that contract. He said
10 one or two roads we are responsible which is a mill and overlay that is being shared with Public
11 Works. He said he would have to speak with the Project Manager to get the specific breakdown.

12 **WASTEWATER DIVISION**

13 Mr. Hendershot noted that the average daily flow during December was 5.48 MGD, a decrease
14 of 3.44% from January 2017; nitrogen discharge for the month averaged 517 pounds per day.
15 This amount is over the January 2017 discharge rate of 464 pounds per day as well as the
16 permit level of 269 pounds per day which he said was because of the cold weather; collection
17 system staff televised 7,319 linear feet of sewer main, with 7,973 feet having been flushed.

18 **WWTP Facility Plan**

19 Mr. Hendershot said AECOM provided their final draft of the 120-day Fast Track Plan regarding
20 phosphorus removal on Feb. 5. He said Sewer Division staff and Engineering are reviewing the
21 120-day Plan prior to submitting it to DEEP. Mr. Hendershot said a phosphorus workshop date is
22 being planned.

23 Mr. Birney noted there was discussion regarding conversations Mr. Hendershot had with one of
24 the representatives regarding phosphorous and discussions with DEEP about potentially having
25 a pipe. He suggested this be included in the workshop discussion.

26 **Private Side I/I Mitigation Program**

27 Mr. Hendershot noted Division Staff conducted 46 inspections and identified five total
28 connections.

29 **Vote: 3 ayes**

30 **PUBLIC QUESTION & ANSWER PERIOD – 7 p.m.**

31 Mr. Gale asked who was in attendance at the Feb. 6, 2018 Executive Session CMEEC arbitration.
32 Chair Beaumont said all three PUC Commissioners were in attendance along with the General
33 Manager, the Director, and Mayor Dickinson.

1 Mr. Gale asked when the last date WED would be purchasing power from CMEEC including
2 hedging. Mr. Hendershot said this ended on Dec. 31, 2017. Mr. Hendershot pointed out that
3 CMEEC still handles the administrative aspect of bringing the NYPA energy to WED. He said we
4 are still in the Pierce, 50 in 5 and Microgen projects, but no more forward energy through
5 CMEEC. Mr. Gale asked if former Director of Public Utilities George Adair was still on the payroll
6 or being paid as a Consultant.

7 Mr. Hendershot said Mr. Adair is technically a part-time employee used on an as needed basis.
8 Mr. Gale asked how many home energy audits were done in January. Mr. Hendershot said he
9 believed 46 audits were done. Mr. Gale asked the current balance in the 923 Account/Outside
10 Services as of January 31. Mr. Hendershot said he would have to get back to him. He also
11 asked about Account #557. Mr. Gale asked the total megawatts purchased for 2017. Mr.
12 Hendershot said including NYPA, there was approximately 600,000 megawatt hours purchased.
13 Mr. Gale asked if the cost of the garage was over or under budget. Mr. Hendershot said the
14 cost was under budget by approximately 5%.

15 **END OF PUBLIC QUESTION & ANSWER PERIOD – 7:05 p.m.**

16 **ELECTRIC**

17 **5. Discussion and Action: Authorize the Director to Execute the Pole Attachment**
18 **License Agreement with Comcast**

19 In his Feb, 9, 2018 memo, Mr. Hendershot explained the proposed Agreement will accomplish
20 the following: completes the Electric Division's efforts to update all of its third-party Pole
21 Attachment Agreements; replaces legacy language from a pre-2000 pole attachment
22 administration Agreement with SNET; codifies and documents the procedures, processes, terms
23 and conditions for administering Comcast attachments to WED poles, solely-owned and jointly-
24 owned; provides up-to-date pole attachment fees (and the means to annually update these
25 fees), terms and conditions through at least December 2025, and possibly six months longer.
26 Mr. Hendershot noted this proposed Agreement is the result of nearly two-years of discussions
27 and review. He said Assistant Town Attorney Geoff Einhorn has assisted him throughout this
28 effort, and has reviewed the entire document and every proposed and accepted modification.

29 Mr. Birney asked how the term was figured, noting it was 6 ½ years. Mr. Hendershot said it
30 was longer when first started, but wanted to keep it under 10 years. He said this was a time
31 frame everyone was comfortable with. Mr. Birney asked about the pricing addendum. Mr.
32 Hendershot said the fee structure was a little arbitrary, but noted this doesn't happen often. He
33 said 99% of the revenues and charges are the actual pole attachments themselves. He said
34 there is a fee for analyzing their pole attachments. Mr. Hendershot noted the 1275 and 638 will
35 produce close to \$80,000 a year which is nearly double of what has been done in the past.

1 Mr. Birney noted there was discussion the last time an Agreement was approved with an
2 arbitration provision. He noted this Agreement has a mandatory arbitration provision. He said
3 he was not an advocate of arbitrations. He said this is a commercial contract, but there are
4 some technical issues which could support the concept of having a specialized arbiter, but
5 doesn't understand why we have to go to arbitration and use our transparent court system to
6 adjudicate any disputes with Comcast.

7 Mr. Hendershot said if he knew then what he knew now, he would have kept this out. He said
8 we are so far down the road with Comcast on this issue, that he didn't think to take this out or
9 did Asst. Town Atty. Einhorn. Mr. Hendershot said this language is in the other pole attachment
10 Agreements and would like to think this will be avoided in the future. He said the Agreement
11 has not been signed. Mr. Birney said he is certain the Law Dept. may have a middle ground
12 they could propose regarding taking this language out completely. Mr. Hendershot noted a lot
13 of time was spent with Comcast regarding penalties and the dis-incentives for them doing
14 things certain ways. He said as long as they have been hanging cables on poles in town, there
15 has been no history of Comcast violating the rules of this Agreement.

16 Mr. Rinebold asked if the \$1 million insurance has been reviewed and is adequate. Mr.
17 Hendershot said this was reviewed by the Risk Manager. Mr. Rinebold asked about the 2%
18 escalation fee per year for the application fee, but for the attachment there is no escalation and
19 the reason for this. Mr. Hendershot said the other escalation was put in when the other
20 Agreements were developed and approved per suggestion of the former Director. He noted the
21 attachment fees themselves, update every year. Mr. Rinebold said he echoed Commissioner
22 Birney's concern over the arbitration. He said he didn't see this as a problem for this contract,
23 but going forward, should look at how negotiations and disputes should be dealt with.

24 Chair Beaumont said he also agreed and should be cognizant of this and keep away from this as
25 long as possible. He said with this situation, there have been two years of negotiations to get to
26 this point and noted that as of Feb. 5, it appears Comcast has signed this Agreement and
27 approved it. He said there have been no issues with Comcast with previous Agreements but in
28 the future, not have anything to do with arbitration unless there is a good reason. Mr. Birney
29 said this exact issue was discussed six months ago.

30 **Mr. Birney made a motion for the reasons stated in Mr. Hendershot's memo, reasons**
31 **stated on the record, and notwithstanding his concerns regarding the arbitration,**
32 **authorizes the Director to sign the Agreement. Mr. Rinebold seconded the motion.**

33 **Vote: 3 ayes**

34 **6. COMMITTEE REPORTS – NONE**

35 **7. CORRESPONDENCE – NONE**

36 **8. Workshop for the purpose of discussion the PUC, Water/Sewer, and Electric**
37 **Divisions 2018/2019 budgets.**

1 **PUC BUDGET**

2 Chair Beaumont noted Mr. Hendershot's comments on his Feb. 15 memo. He noted there were
3 few changes, but pointed out the different salary amount the current Director is receiving vs.
4 what the previous Director received.

5 **WATER**

6 Mr. Hendershot went over the highlights. He noted there is an appropriation from cash which
7 has been used for surplus funds which amounts to rate stabilization. He said there is still
8 significant cash above minimum. Mr. Hendershot said there is no wage increases included
9 because none of the contracts affecting the Water Division has been settled. Mr. Hendershot
10 said there will be no rate increase, but there will be a \$1 per water connection fee per quarter
11 and a new primacy fee coming down from the State Dept. of Health. Mr. Hendershot noted
12 lower sales based on the last five years trending average and removed Bristol Myers Squibb
13 water purchases. Mr. Amwake said it was actually a 10-year linear regression analysis.

14 Mr. Hendershot said operating expenses increased approximately 8%. He said previous to this
15 budget, there was a labor contract settled, so the wages used for this budget was higher than
16 what was looked at before. He spoke about water main installation to repair and replace under
17 I-91 and the paving for the water main breaks and a modest catch-up charge from Amtrak. Mr.
18 Amwake said this was for a license agreement which expired in 2006. He explained the Town
19 has three license Agreements, two with Water, one with Sanitary Sewer, which were all signed
20 at the same time and expired in approximately 2006. He said in between 2006 and the present,
21 the person at Amtrak who was in charge of License Agreements retired, and no one picked up
22 the existing License Agreements, they only focused on new License Agreements.

23 Mr. Amwake went on to say that Amtrak had some recent management changes and the new
24 CEO picked up on the fact there are expired License Agreements across the country. He said
25 Amtrak has been sending these Agreements out community by community. Mr. Amwake said
26 around Christmas, Amtrak wanted payment January 31, 2018. Mr. Amwake said payment will
27 be made by the end of the Federal Fiscal Year so this is being included in this year's budget. Mr.
28 Amwake said Amtrak asked us to sign a new 25-year License Agreement. He said there is a pre-
29 payment of approximately \$1,400 or \$1,500 a year depending upon the pipe, but if there is a
30 pre-pay, there is a 30% discount.

31 Mr. Birney commented about the analysis regarding Bristol Myers and the historic downward
32 trend of consumption and therefore revenue. He said he would hate to increase rates but
33 dipping into reserves with the Bristol Myers Squibb issue was probably given a lot of thought
34 and discussion. He said he wanted to hear discussion about this and how the conclusion was
35 reached that rates would not have to be raised. Mr. Amwake said currently, there are retained
36 earnings above minimum. He said the Division has cash with which the rates can be stabilized.
37 He said one of the big items is that the Division is paying for the water main replacements with

1 cash. He said this is being funded fully, with no bonding or loaning. Mr. Amwake said based on
2 his analysis, there are probably one or two more years with which to continue this trend. He
3 noted the Division runs between \$1.25 and \$1.5 million a year for water main replacements. He
4 said the Division has some future costs upcoming with water storage tanks, which he noted are
5 very expensive to repaint. He said at some point, it needs to be decided when the operations
6 will be converted to a bond. He said this is one to three years away from being looked into.

7 Mr. Amwake noted that North Street will have to be repaved at a cost of \$48,000; Cheshire
8 Road was a hydrant with pavement at \$30,000; the water main break at N. Colony was \$5,000;
9 to repair the insulation above I-91 at the Center Street bridge is \$90,000, the majority of the
10 cost being traffic control. Mr. Amwake said we are paying for this out of operating funds and
11 are not bonding which he said is unique as far as municipalities go. He said this will be
12 unsustainable in two to four years. Mr. Amwake said a 10-year lookback was done as well as a
13 trend analysis and backed out Bristol Myers and are conservative about our revenue. He said
14 we would rather be conservative about our revenue and sell more water and be above our
15 budget than to have a very aggressive revenue approach and not sell that much water.

16 Mr. Phelan noted the comparison of current budget with sales revenue forecast for 18/19. He
17 noted there was not much of a change there between the two years because in the current
18 fiscal year, Bristol Myers was deducted in anticipation of them leaving in January of 2018. He
19 said this was done in the current budget as well as next year's budget. Mr. Phelan said we
20 might make out better this year because 90% of Bristol Myers was deducted. Mr. Phelan said
21 looking at the revenue forecast and the actual revenue received for the first two quarters of
22 17/18, both budgets are slightly under, but are on track. He said the revenue number
23 predicted for next year is a legitimate number.

24 Chair Beaumont asked about Acct. #612, the last item, funding for materials to replace flash
25 boards at MacKenzie Revenue, and if this was maintenance or should it be capital. Mr. Phelan
26 said he is trying to develop criteria so this discussion doesn't have to take place. He said the
27 Town's minimum capitalization rate is \$5,000. Mr. Phelan said when one looks at whether to
28 Capitalize; one of the things to be considered is the betterment and efficiency. Mr. Phelan noted
29 there are big ticket items in both Divisions that are maintenance, but a \$400,000 maintenance
30 item is a big number but there is no betterment. He said in the Sewer Division, \$25,000 motors
31 are bought for a piece of equipment that is worth a quarter of a million dollars, but provides no
32 betterment for the piece of equipment that it operates.

33 Mr. Phelan noted there are a number of items not finalized in either the Water or Sewer
34 budgets. He said he is waiting for numbers from insurance, pension contributions, proportionate
35 charges, audit fees. He said he will provide a tally sheet outlining any changes made in Water
36 or Sewer Divisions since the draft version. Mr. Hendershot emphasized these sort of things are
37 always unknown at this time. Chair Beaumont asked about Acct. #312, hydraulic analysis of
38 the spillway and asked if this was the amount that is above the water line. Mr. Amwake

1 confirmed this. He said the Division wants to raise the dam two to four feet which would give
2 greater storage especially in drought situations but want someone who specializes in this. Chair
3 Beaumont asked about meters, radio read units. He asked if they would be near the street or
4 being input on a walk by. Mr. Hendershot said this would be the same result as with Electric.

5 **SEWER BUDGET**

6 On Acct. 665, Chair Beaumont asked about the increase of 1,700%. Mr. Amwake said the
7 Division took a closer look at who is assigned to the Call Before You Dig functions, which were
8 in administrative and general expenses but are really a part of miscellaneous expenses. Mr.
9 Hendershot said \$40,000 has been budgeted for the sewer version of a financial forecast and a
10 cost of service study in light of the phosphorous impacts. Chair Beaumont asked about Acct.
11 920 and the decrease in the NPDS. Mr. Amwake said every two years there is a larger permit
12 and this year there needs to be more testing and lab work. He said last year it was
13 administrative. Chair Beaumont asked what rate is being estimated for interest and dividend
14 income. Mr. Phelan said it is 1.6% but included in this proposed budget for each Division of
15 1.5%. He said the estimate for the current budget was .9%.

16 Chair Beaumont asked about boiler re-tubing on 331 and the life extension. Mr. Amwake said
17 the current one is losing efficiency. Mr. Hendershot said it was explained that future decisions
18 about what to do with the digesters are a Phase 2 project, meaning several years before we get
19 to them. Mr. Rinebold asked about the \$500,000 for the lining system. Mr. Amwake pointed out
20 that \$500,000 a year is put into lining and we get some benefit and helps with Inflow and
21 Infiltration. He said we are starting to use more data analytics where we do our I-9 inspections
22 and close caption television inspections of the piping. He said in the budget under 930, there is
23 money for the National Association of Sewer Service Companies for official training so the
24 Division can take a more robust and engineering judgment approach of what pipes we line. He
25 said the \$500,000 is sustainable. Mr. Phelan noted that when a Cost of Service Study was
26 conducted in 2008 for sewer, the \$500,000 was included as an operating item and the rate was
27 set to support the \$500,000. He said this should be an ongoing number the Sewer Division can
28 support.

29 Mr. Hendershot noted there is nothing in the Sewer Division budget regarding what will come
30 out of the Fast Track portion of the Wastewater Treatment Plant facility study because the
31 discussions so far internally and with the Comptroller's Office will likely result in producing a
32 funding ordinance. He said this would be the Town's approval to spend the money that is not in
33 the budget, but money had, i.e., cash reserves out of the Sewer Division, or the grant
34 funds/loan funds from the State as milestones are met. Mr. Phelan said there is some
35 information included in the Sewer Division debt service on page 8 of the budget. He said the
36 numbers are preliminary. He said in a few years, we will have to deal with this issue that there
37 is a big project coming and at that point, can take the necessary steps needed.

1 **ELECTRIC**

2 Mr. Hendershot said \$700,000 is being put in the bank and include no wage increases. Mr.
3 Hendershot said the Division acknowledges the not anytime soon hiring of a Wholesale Power
4 Procurement Manager, so it is not being budgeted for. Mr. Hendershot said a little money was
5 added what is being paid to Craig Kieny of Energy Initiatives. He said a part-time position for 12
6 hours a week, for Facility Coordinator. He said a job description has not yet been developed.
7 Mr. Hendershot said there is a need for this because someone is needed to deal with
8 landscaping, weed control, HVAC contracts and replacement, building painting, repairs, etc. He
9 said Water/Sewer will not participate in this for this year, but may want to take a run at a full-
10 time position in their budget next year, because of the complexities of the sewer plant for a
11 garage foreman.

12 Mr. Hendershot noted the operating budget increased by \$150,000 and the net income is
13 positive and increased from the current budget year; capital budget goes up by what appears to
14 be a high percentage. Mr. Hendershot noted that the 17/18 budget was reduced by \$900,000
15 during the planning process. He said the plan was to put the new building funding in the 17/18
16 budget, but at this time last year, the decision was made to not budget for it in 17/18, but
17 instead amend the 16/17 budget once the bids were in which came in during May.

18 Mr. Birney asked about statutory return between 5% and 8%. Mr. Hendershot said the 5% to
19 8% usually results in a bit more that what the Ordinance says we are to pay to the Town in lieu
20 of property taxes. He said the \$3.14 per megawatt hour is treated as a below the line expense
21 and is paid for out of the Division's return on equity. Mr. Hendershot said the depreciation is a
22 good approximate for appropriate capital spending.

23 Chair Beaumont asked Mr. Buccheri about the replacement of URD's for \$240,000 and the
24 purchase of a heavy duty digger and two pick-up trucks for \$290,000. He said on page 7 under
25 Acct. 392, the account has increased by \$240,000. He asked if these two items on the top of
26 page 2 were flipped. Mr. Buccheri said last year there was \$50,000 budgeted so it is increasing
27 by \$240,000 to \$290,000.

28 Chair Beaumont asked about Acct. 408, taxes increasing by \$75,000. Mr. Sullivan said this was
29 due to gross earning taxes because capacity charges are a taxable portion of the bill. He noted
30 there may be a change because of property taxes and recent assessment from N. Branford. Mr.
31 Hendershot said there is a separate PCA charge for N. Branford customers because of an
32 increase in the transmission costs.

33 Chair Beaumont asked on page 6, Acct. 367, underground conductors, noting this account had
34 decreased by \$65,000 due to a reduction in overhead line labor. Mr. Hendershot said it is line
35 labor but they may be on the ground. Mr. Hendershot noted page 7, Acct. 391 office furniture
36 and equipment. He said these were all technology driven. He noted the \$50,000 from the
37 Oracle upgrade is the database and engine which runs the electronic map and outage

1 management system and the work order system. He noted version 10 will soon not be
2 supported so the Division is bringing it forward to the current version. He said the other items
3 are routine PC replacement noting the engineering network needs them done at the same time
4 and is collectively 23 units. Mr. Hendershot spoke about the \$65,000 for distribution system
5 engineering analysis software which he said is overdue for purchase. Mr. Hendershot said it is
6 standard in the industry that there is software the engineers can use on a daily basis to analyze
7 the distribution system. He said the Division doesn't have this ability now. Mr. Buccheri said
8 this is valuable tools which will more than pay for itself and is overdue.

9 **9. Executive Session pursuant to CGS Sections 1-225(f), 1-200(6)(B), 1-**
10 **200(6)(E), 1-210 (b)(4) and (10) to discuss pending litigation/claim involving**
11 **CMEEC arbitration and legal advice related hereto.**

12 **Motion to move into Executive Session at 8:36 p.m. pursuant to CGS Sections 1-**
13 **225(f), 1-200(6)(B), 1-200 (6)(E), 1-210 (b)(4) and (10) to discuss pending**
14 **litigation/claim involving CMEEC arbitration and legal advice hereto.**

15 **Made by: Birney**

16 **Seconded by: Rinebold**

17 **Vote: 3 ayes**

18 **PRESENT:** Chair Robert Beaumont; Commissioners Patrick Birney and Joel Rinebold; Director
19 Richard Hendershot and Electric Division General Manager Tony Buccheri.

20 **ADJOURNMENT**

21 **Motion to adjourn the Meeting at 8:54 p.m.**

22 **Made by: Birney**

23 **Seconded by: Rinebold**

24 **Vote: 3 ayes**

25

26 Respectfully submitted,

Respectfully submitted,

27

28 Cynthia A. Kleist

Joel M. Rinebold

29 Recording Secretary

Secretary

30