

1 **DRAFT**

2 PUBLIC UTILITIES COMMISSION
3 WALLINGFORD ELECTRIC DIVISION
4 100 JOHN STREET
5 WALLINGFORD, CT
6 TUESDAY, JULY 3, 2018

TOWN OF
WALLINGFORD
JUL 9 2018
DEPARTMENT OF
PUBLIC UTILITIES

7 6:30 P.M.

8 **MINUTES**

9
10 **PRESENT:** Chair Robert Beaumont; Commissioners Joel Rinebold & Patrick Birney; Director
11 Richard Hendershot; Electric Division General Manager Tony Buccheri; Office Manager Tom
12 Sullivan; Water and Sewer Divisions General Manager Neil Amwake; Recording Secretary
13 Cynthia Kleist; Public: Steve Gale.

14 Chair Beaumont called the Meeting to order at 6:30 p.m. and the Pledge of Allegiance was
15 recited.

16 **1. Pledge of Allegiance**

17 **2. CONSENT AGENDA**

18 Chair Beaumont noted that under the Consent Agenda, Item #2b – Budget Transfer – Water
19 Division – Misc. Income Deductions A/C 43100426 and Item #2c – Budget Transfer – Sewer
20 Division – Misc. Income Deductions A/C 46100426 were removed from the Consent Agenda.

21 Chair Beaumont said the only item remaining under the Consent Agenda was Item #2a –
22 Minutes of June 19, 2018.

23 Chair Beaumont entertained a motion to approve the Consent Agenda Item #2a.

24 **Mr. Birney made a motion to approve Consent Agenda Item #2a – Minutes of June**
25 **19, 2018. Mr. Rinebold seconded the motion.**

26 **Vote: 3 ayes.**

27 **3. Items Removed from Consent Agenda – Item 2b and Item 2c.**

28 Mr. Birney said he wanted background information on what gave rise to the violations and what
29 gave rise to the request for the budget transfers. Mr. Amwake explained that CONN-OSHA had

1 performed audits across several Town Departments in February and March; the Water
2 Treatment Plant; the Wastewater Treatment Plant; Parks & Recreation; the Dept. of Public
3 Works Maintenance Garage; the Police Dept.; Town Hall and the Animal Control Facility. Mr.
4 Amwake noted that out of all these departments, there were some items that CONN-OSHA
5 identified during the inspection at the Sewer Division, the Sewer Wastewater Treatment Plant.
6 He said all the items were corrected during the inspection.

7 Mr. Amwake explained some of the items included the 15-inch metal cutting saw band was not
8 securely anchored to the floor. He noted anchors were drilled into the floor to correct this
9 situation; parts washer had an extension cord so direct duplex outlets to install an actual
10 switch. He said on June 12, an informal conference took place in Wethersfield to discuss this
11 inspection. Mr. Amwake noted CONN-OSHA found at the Water Division, there were items that
12 could be corrected during the inspection, i.e., a respirator program that is used for the HazMat
13 School as well the dust mask. Mr. Amwake said the program needs to be formalized. He said
14 everyone filled out a medical evaluation form which was reviewed by a physician, and
15 determined who needed additional medical testing, which Mr. Amwake noted was in the
16 process of being done.

17 Mr. Amwake referred to the cover page included in the PUC's packets listed items which were
18 not completed at the time of the informal June 12, 2018 conference as of this day have been
19 completed. Mr. Amwake said regarding the financial aspect, this is a very specific line item that
20 the Division normally doesn't fund. He said the fine is \$1,470 on the Sewer side and \$1,330 on
21 the Water side.

22 Mr. Rinebold asked Mr. Amwake to go through the list of violations. He referred to the PUC's
23 packet. He went over violations which were not mentioned above which included a two-ton jack
24 in the garage which was not marked with the load rating which was then marked; the snap-on
25 parts washer which was plugged in with an extension cord. He said hard wiring was brought in
26 and a cord was added from the parts washer into the new duplex outlet; the large fume hood
27 and the acid fume hood, specifically the velocity profile tests. Mr. Amwake noted that on the
28 large fume hood, there was a leak between the fume hood and the exterior and once this leak
29 was plugged, the minimum feet per second requirement were met. Mr. Amwake said on the
30 acid fume hood, the hygiene safety plan was updated on the sewer side. He said the last
31 violation involved a sling to lift material, a lifting strap, with a slight fray to it and CONN-OSHA
32 requested that the sling be removed from service.

33 Mr. Amwake pointed out the Town is contesting a citation involving the Police Dept. and
34 because of this, there was no reduction in the fine. Mr. Rinebold said that in his opinion, these
35 violations looked like good things to correct, but didn't seem like monumental violations. He
36 wondered why there was a fine. Chair Beaumont noted these are considered to be serious
37 violations in CONN-OSHA vernacular. Mr. Rinebold asked how these violations could be avoided
38 in the future. Mr. Amwake said the Divisions self-police and have a Health and Safety

1 Committee which meets monthly. He said it was a matter of due diligence. He said the Sewer
2 Division has a Safety Committee and the Water Division has a Safety Committee, there is a
3 Management Safety Committee, and there is a Health and Safety Manual Committee. Mr.
4 Rinebold asked if there were too many Committees. Mr. Hendershot said there are different
5 buildings and different people. Mr. Rinebold asked who was responsible to ensure all of the
6 Committees are coordinated. Mr. Amwake noted both the Sewer and Water Committees meet
7 on their own, and then on a bi-monthly basis he and all the managers meet for what is called a
8 Management Safety Committee meeting. He said injuries which occurred over the past two
9 months are reviewed and upcoming Town health and safety training is discussed.

10 Mr. Rinebold asked if CONN-OSHA undertakes these audits unannounced. Mr. Amwake said at
11 the beginning of the informal conference, CONN-OSHA said the inspection across Wallingford
12 were random inspections and no report of a specific issue. He said he wasn't informed until
13 CONN-OSHA was in town. Mr. Rinebold asked what mechanisms are in place so this doesn't re-
14 occur. Mr. Amwake said it is a matter of being observant and part of it is the interpretation of
15 the inspector. Mr. Rinebold asked to what extent we communicate to the Risk Manager that
16 advance notice would be valuable. Mr. Amwake noted that he has three Superintendents on
17 the Water Division side and two Superintendents on Sewer Division side and are expected to
18 run their facilities appropriately. Mr. Rinebold said he didn't believe these were big fines but in
19 the eyes of CONN-OSHA they are significant.

20 Mr. Hendershot said it has been a while since an inspection has occurred on this building and
21 campus, but the results have been similar. He noted it was largely housekeeping and routine
22 maintenance issues. Mr. Rinebold asked the last time CONN-OSHA did an inspection. Mr.
23 Hendershot said it had been a while since CONN-OSHA did an inspection in this building. Mr.
24 Amwake said the last inspection was July 9, 2009 in the Water Division.

25 **Mr. Birney made a motion for the reasons stated on the record including the review**
26 **of documents distributed to the PUC this evening related to the inspection and fines,**
27 **to approve the \$1,470.00 transfer. Mr. Rinebold seconded the motion.**

28 **Vote: 3 ayes**

29 Mr. Amwake went over the fine for the Water Division noting this had to do with the respirator
30 program. He said this comes down to documenting and formalizing this program. Mr. Amwake
31 noted that annual Fit testing on the respirators was being performed, but pointed out that one
32 of the respirators testing didn't occur within the 12 month annual period. He noted that each
33 employee has to fill out a medical questionnaire and get this questionnaire to a licensed health
34 care professional who then determines if the person can wear the respirator or if additional
35 testing is required or see a physician for a one-on-one screening. Mr. Amwake noted that once
36 a physician determines a person is qualified to wear the respirator, there must be annual Fit
37 testing within a 12-month period.

1 Mr. Amwake noted an updated chart was provided in the PUC packet and everything has been
2 completed. He said the Division is in compliance with everything except one item where the
3 deadline was extended and that item also has been completed. He said there isn't a similar
4 program in Sewer because there is no hazardous response team and no respirators are needed
5 because no pipe is cut, it is contracted out.

6 Mr. Amwake spoke about pressure reducing valve pits and not using forced air ventilation
7 during the entire time. He said CONN-OSHA believed this was needed and the Division's
8 protocol was changed. Mr. Amwake said forced air is now used. He also noted CONN-OSHA
9 wanted the Division to use Atmospheric Stratification Testing. He said this came down to a
10 procedural conduct before entering the meter pit, air testing is done for oxygen levels. Mr.
11 Amwake said CONN-OSHA's concern is that when the tube is pulled up, are we getting the
12 reading on the bottom or on a different level. He said during Atmospheric Stratification Testing,
13 CONN-OSHA also wanted a sign-in sheet.

14 Mr. Amwake said was adjusting our protocol to meet their requirements. He noted the Division
15 was already doing testing. Mr. Amwake noted that two of the hand tools in the hand shop had
16 frayed electrical cords which were disposed of. He said another citation was because of the
17 Emergency Response Plan and ensuring that active employees were on the list. He said CONN-
18 OSHA cited their concern that safety goggles had slight dust on them. He said CONN-OSHA
19 would like these goggles stored in a cabinet.

20 **Mr. Birney made a motion for reasons stated on the record and Mr. Amwake's**
21 **documentation, to approve the transfer of \$1,330,000. Mr. Rinebold seconded the**
22 **motion.**

23 Mr. Birney said he appreciated the questions asked by Mr. Rinebold and staff's response. Mr.
24 Rinebold said he appreciated the staff's diligence. He said this was handled well.

25 **Vote: 3 ayes**

26 **PUBLIC QUESTION & ANSWER PERIOD**

27 Mr. Gale asked the balance in the retained earning account. Mr. Sullivan said the balance was
28 \$25.1 million as of the end of June with a minimum reserve of \$19.7 million. Mr. Gale asked
29 about Mayor Dickinsons possible plan to litigate out of complying with the phosphorous
30 requirements. Mr. Hendershot said this Division has plans to proceed and be under contract for
31 the phosphorus remediation that is necessary to meet the numbers by June 30 of next year.

32 **PUBLIC QUESTION & ANSWER PERIOD – CLOSED AT 7:04 p.m.**

33 **ELECTRIC**

34 4. Discussion and Action: PCA Calculation for July – December 2018

1 Mr. Hendershot noted that beginning June 1, the WED entered the power year with the
2 highest capacity costs in the horizon. He said this was the auction price. He said through
3 May of 2019 and go to June of 2019, WED will enter the next power year right at \$7 and
4 in July of 2019, the base rates are set with that power cost in mind. Mr. Hendershot
5 noted that six months from now, WED may be faced with not having as much above
6 minimum as would be necessary to fully fund a PCA of zero. He said he recommended
7 seeing where WED is in six months.
8

9 In Mr. Sullivan's June 26, 2018 memo, he explained the PCA to be effective July –
10 December has been calculated. The calculation includes actual purchased power costs
11 and sales volumes for January through May 2018 estimated purchased power costs and
12 sales volumes for June 2018 and the next six months projections from the Energy New
13 England (ENE) power forecast dated June 12, 2018, along with information from Energy
14 Initiatives (EEI), the CMEEC budget for calendar 2018 and WED's internal costs for
15 budget year 2018-2019. Mr. Sullivan said that the result of that prior period
16 reconciliation is an under-collection of purchased power costs in the amount of
17 \$2,315,841. This under-collection would normally be brought into the PCA calculation for
18 July to December 2018, however, based upon the action taken by the PUC on Dec. 19,
19 2017 to set the PCA to a zero value for the period of Jan. to June 2018, the under-
20 collection will not be brought into the PCA calculation for July to Dec. 2018. The result is
21 a PCA calculation based solely on the estimated purchased power costs and sales
22 projections for July to Dec. 2019 which amounts to \$0.011622 per kWh for Wallingford
23 customers and \$0.014010 for Northford customers.
24

25 Mr. Sullivan said it has been the intention of the PUC to consider setting the PCA to zero,
26 he has calculated the financial impact of that action over the six-month period of July to
27 December 2018 to be \$3,339,023. As of May 31, 2018, the Division's cash and
28 investments totaled \$25.9 million with a minimum cash reserve calculated at \$19.7
29 million, resulting in \$6.2 million in excess of the minimum cash reserve. Mr. Sullivan in
30 his memo stated that he expects that the cash above minimum amount will be
31 somewhat less as of June 30, 2018 but an exact figure is now known. A conservative
32 estimate which includes the May 15 storm impact is that cash reserves will be \$5 million
33 above minimum as of June 30, 2018. Mr. Sullivan said calculating a 750 kWh residential
34 bill for a Wallingford customer for June 2018 at the current rates and at the current PCA
35 of zero would result in a bill of \$104.38. The same bill calculated for July 2018 with a
36 PCA of 0.011622 would total \$115.30, an increase of \$10.92. That change is comprised
37 of a previously adopted change to the base rates effective July 2018 which will increase
38 the bill by \$2.20 and the PCA change which would amount to \$8.72. He said if action
39 were to be taken by the PUC to keep the PCA value at zero that would limit the change
40 to the \$2.20 increase from the July 2018 rate.
41

1 Mr. Rinebold said this is a reasonable thing to keep the PCA at zero and not to stockpile,
2 noting there are some reserves and are above minimum. He said it makes sense to
3 move some of this money to zero out the PCA to benefit the ratepayers. Mr. Birney said
4 this was the grand plan two and half years ago when the rates were set. He noted this
5 is something everyone should know, that we are using cash above reserves to keep the
6 PCA at zero and keep the rates down. Chair Beaumont noted this is money already
7 collected from the rate payers and are utilizing this money to soften the blow.
8

9 **Mr. Birney made a motion based on comments of the PUC to keep the PCA for**
10 **the next six months July-through December 2018 at zero. Mr. Rinebold**
11 **seconded the motion.**
12

13 **Vote: 3 ayes.**
14

15 5. Discussion and Action: Approval of the Wallingford Renewable Energy LLC Generator
16 Interconnection Agreement

17 Mr. Buccheri said this Agreement with Wallingford Renewable Energy, LLC involves the
18 interconnection of the Generating Facility to the WED electric power system at each Point of
19 Common Coupling and the delivery of the Generator's electrical output to the ISO-NE Pool
20 Transmission Facilities in the vicinity of the Wallingford 13M substation. He noted in his June
21 27, 2018 memo that the Agreement has been reviewed by both Wallingford Renewable
22 Energy's Legal Counsel and the Town's Law Department. He said both the PUC and the Town
23 Council will have to approve this Agreement.

24 Mr. Birney said he reviewed this Agreement, noting a lot of work went into the Agreement. He
25 noted any dispute resolution will put disputes in front of the PUC which he is fine with. He said
26 the PUC would be an adjudicator. Mr. Rinebold said he didn't know how the PUC could do this
27 role because there could be a bias. He asked what a typical course of action would be and
28 wondered if it would have to go to Superior Court. Mr. Birney said he views the PUC akin to
29 when someone comes to request the water bill be modified. He said if the PUC issued an
30 adverse decision it would be believed under the administrative laws of the State, it would go to
31 Superior Court.

32 Mr. Hendershot said this interconnection Agreement is nearly a one-size-fits-all with minor
33 modifications along the way. Mr. Rinebold echoed Mr. Birney's comments, noting a lot of work
34 went into this Agreement. He asked about disconnect noting this seemed to be manual, as
35 opposed to auto disconnect if the grid goes down. Mr. Buccheri said there are three
36 interconnection points and at each point there are automatic reclosers with protective relaying
37 settings that can be controlled remotely. Mr. Hendershot pointed out that if our circuits to them
38 are interrupted, the invertors stop working. Mr. Rinebold asked about indemnification to the
39 Town noting Paragraph 14 "Indemnification of Generator" of the Agreement which states

1 "WED shall indemnify defend and hold harmless the Generator, its directors, officers, employees
2 and agents (including, but not limited to, the Town of Wallingford, affiliates, contractors and
3 their employees), from and against any and all damages for personal injury (including death) or
4 property damage arising from any and all actions relating to or arising out of any material
5 failure of the WED to observe or perform any term or provision of the interconnection
6 Agreement which it is the WED's obligation to observe or perform".

7 Mr. Hendershot said the developer is anxious to get this done and noted this also had to be
8 taken in front of the Town Council. Mr. Birney said the PUC could move to approve this based
9 on striking Paragraph 14. Mr. Hendershot suggested amending this paragraph. He suggested
10 striking the parenthetic paragraph which he said seems to have been copied from the above
11 paragraph but doesn't apply to this paragraph (14). Mr. Rinebold suggested eliminating "Town
12 of Wallingford "in Paragraph 14. Mr. Hendershot said this may be a cut and paste typo that has
13 been brought along over time. He said in response to Mr. Birney's question, that he would be
14 comfortable with the PUC approving this document subject to the Legal Dept. taking an
15 additional review of Paragraph 14.

16 Mr. Rinebold asked if this became taxable on the Grand List. Mr. Buccheri said he believed the
17 Law Dept. and the Tax Dept. worked on a tax Agreement and a property lease Agreement. Mr.
18 Hendershot said he understood there is a Lease Agreement and a Tax Agreement between the
19 Town and this entity.

20 **Mr. Birney made a motion for the PUC to approve the Wallingford Renewable Energy**
21 **LLC Generator Interconnection Agreement for the reasons stated on the record**
22 **subject to the Town's Legal Dept. taking additional review of Paragraph 14. Mr.**
23 **Rinebold seconded the motion.**

24 **Vote: 3 ayes.**

25 6. Discussion and Action: Electric Division – Bid Waiver Request – ACES Power Marketing

26 **NO ACTION TAKEN**

27 Mr. Hendershot referred to his June 27, 2018 memo in which he points out he failed to include
28 ACES on the bid waiver list on page 6-8 of his memorandum. He said he would like to add ACES
29 to the bid waiver list which requires Town Council approval. In his memo, Mr. Hendershot
30 pointed out that ACES provided the WED with a proposal for performing this audit at a cost of
31 \$27,500. He noted in his memo that in mid-2016, the WED solicited bids via the Town's
32 Purchasing Ordinance, for qualified firms to provide the Consulting Services Audit and received
33 two responses with ACES being qualified while the other firm was not. He said in the two years
34 since that original solicitation, WED has not become aware of any other firms who are qualified
35 and/or interested in performing a similar Audit. Mr. Hendershot noted ACES has successfully
36 completed one Audit covering the initial 39-month period (Oct. 2013 through Dec. 2016). He

1 said based upon this, he requested the PUC approve a Bid Waiver for ACES. Mr. Hendershot
2 based on Mr. Birney's questions; he did some research and noted how difficult it was to find a
3 company to do this work. Mr. Hendershot said the Qualification Based Selection Process was
4 initially approved in Dec. 2014, and an RFP was sent out and there were no respondents to the
5 bid opening of Dec. 2014. He said the Town Comptroller said he would look into this and over
6 the course of the year, he reported back to the then current Public Utilities Director, there was
7 no interest expressed in performing this process audit. He said this was attempted again in the
8 middle of 2016, and ACES and another firm did respond. Mr. Hendershot said ACES was
9 qualified and the other firm was not. Chair Beaumont said one of the biggest concern is that
10 ACES and ENE are essentially in the same business. He said ACES responded in 2013 when
11 WED considered getting into the power supply business.

12 Chair Beaumont said what was crafted here was something that didn't allow ACES to see
13 everything ENE could see in regards to power supply. He noted not many firms in the country
14 do this. Mr. Rinebold asked the consequence if we go out to bid; if there was a time constraint.
15 He said he was inclined to say go out to bid and have ACES bid this. Mr. Hendershot said it
16 would take staff time to do this when we have a provider WED is satisfied with. He said if he
17 had thought to include them on the list, ACES would be there with a bunch of related service
18 providers and the decision of whether to allow a bid waiver would be in the Mayor's staff
19 meeting where each Depts. bid waiver list is discussed and at the Council meeting where the
20 entire thing is voted on.

21 Mr. Hendershot said he wouldn't prefer to spend staff time to go through this and it ends up
22 being ACES again. Mr. Rinebold asked how much staff time is being spent. Mr. Hendershot said
23 there is time putting the RFP together and time spent at the Purchasing Dept. Mr. Sullivan said
24 within the Audit there is a learning curve the first time through. Mr. Hendershot said ACES has
25 only been our Auditor once. He said the comfort level isn't to be dismissed because we have
26 been through the learning curve doing this one time with ACES. Mr. Rinebold asked when the
27 field would be looked at again. Mr. Hendershot noted the Risk Management Policy doesn't state
28 how often or frequently this should be done. Chair Beaumont said this is in the Risk
29 Management Policy because of what we have learned from ACES. Chair Beaumont said the
30 requirement for the auditing wouldn't have been in there except of what we learned from ACES.
31 He noted ACES goes through this every year and it is more stringent than what WED is being
32 put through.

33 Mr. Rinebold asked about the cost of doing this. Mr. Hendershot said WED gets paid either way.
34 He said the valuable commodity is the time. He said it takes a week between all the staff and
35 purchasing time. Mr. Birney said he wants to keep Item #6-8, the list to an absolute minimum.
36 He said regarding ENE having to open up their books, that is part of the deal and the books
37 have to be opened. He said he was concerned was because WED hasn't become aware of any
38 other firms that are qualified or are interested. He said based on Mr. Hendershot's analysis, we
39 haven't looked at this issue for quite some time. He said we really haven't gone out in the

1 marketplace to see if there is anyone interested in doing this in two or three years. Mr. Birney
2 said if we are going to justify to the Council that we are not going out to bid, we need to have
3 more due diligence. He said he didn't want the list expanded but appreciated staff time. He said
4 this list is stale data, noting two or three years shouldn't be a basis for us not going out to bid
5 again. Mr. Hendershot noted the list was two years old, noting he wouldn't know how to do this
6 except to go out to bid. Mr. Rinebold said he shared Mr. Birney's concerns noting he was
7 having a hard time saying ACES is the only one and the uniqueness is still there. He suggested
8 having people bid for a five-year term so they can be known and understood. Mr. Rinebold said
9 he is having a hard time seeing why this should not go out to bid. He said if ACES turns out to
10 be the only company, he would be fine with it but would feel good that we got the lowest bid.

11 Chair Beaumont said he is in total disagreement noting what we went through trying to get
12 someone in the first place. He said this was done on a national basis. He said he didn't have a
13 problem using ACES again but in some point in time he would suggest going out to bid. Chair
14 Beaumont pointed out that unless things have changed in the marketplace, it won't put us in a
15 place that we haven't seen before. He noted if ACES was on the list in the first place, this
16 discussion wouldn't be taking place. He said he generally tends to believe that if we go out to
17 bid one pays more than otherwise. Chair Beaumont said an audit can be done anytime and
18 there is nothing that states the audit has to be done every year. Mr. Hendershot said the last
19 audit occurred in October 2013 through December 2016.

20 Mr. Hendershot said we have a sense of the order of magnitude of the cost. He said the cost is
21 modest considering a year and a half of power supply costs which in round numbers would be
22 approximately \$80 million. He said this isn't a reason to do this in any particular way. Mr. Birney
23 said he hasn't seen the audit. Mr. Hendershot said there were no significant findings just
24 suggestions and recommendations, some of which WED implemented. Mr. Sullivan said overall
25 WED was pleased with the Audit and ENE also expressed their approval. He noted that going
26 out to bid, WED might get a lower price from someone who doesn't know what was involved.
27 Mr. Hendershot said the firm that did the best job would be why they were selected not cost.
28 Chair Beaumont strongly suggested this be on a qualification based selection process.

29 **NO MOTION MADE – NO ACTION TAKEN**

30 **PUC**

- 31 7. Correspondence
32 8. Committee Reports

33 Mr. Hendershot said a light increase in the amount eligible was made in the matching payment
34 program. He also gave an update on the energy transaction, purchasing 10% of calendar
35 2022's energy, just under 57,000 megawatt hours in shaped blocks and across all three types of
36 products. He said the weighted average was \$40.66 delivered in CT not the Mass Hub. He said
37 load following was a bit more than 6% premium and none was purchased for 2022.

1 **ADJOURNMENT**

2 Mr. Birney made a motion to adjourn the Meeting at 7:55 p.m. Mr. Rinebold seconded the
3 motion which passed unanimously.

4

5 Respectfully submitted,

Respectfully submitted

6 Cynthia A. Kleist

Joel Rinebold

7 Recording Secretary

Secretary

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