

1 **DRAFT**

2 **PUBLIC UTILITIES COMMISSION**  
3 **WALLINGFORD ELECTRIC DIVISION**

4 **100 JOHN STREET**

5 **WALLINGFORD, CT**

6 **WEDNESDAY, JANUARY 2, 2019**

**TOWN OF  
WALLINGFORD**

**JAN 7 2019**

**DEPARTMENT OF  
PUBLIC UTILITIES**

7  
8 **6:30 P.M.**

9  
10 **MINUTES**

11  
12 **PRESENT:** Chair Robert Beaumont; Commissioners Joel Rinebold and Patrick Birney (arrived  
13 at 6:33 p.m.); Director Richard Hendershot; Electric Division General Manager Tony Buccheri;  
14 Water and Sewer Divisions General Manager Neil Amwake; Recording Secretary Cynthia Kleist;  
15 Dennis Setzko, Project Manager and Nick Valinski, AECOM; Public: Steve Gale.

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

18 **1. Pledge of Allegiance**

19 **2. CONSENT AGENDA**

20 a. Consider and approve Minutes of December 18, 2018.

21 b. Consider and approve Minutes of December 21, 2018.

22 c. Discussion and Possible Action: Budget Transfer – Account 393 – Stores Equipment

23 Motion to approve consent items.

24 Made by: Rinebold

25 Seconded by: Beaumont

26 Vote: 2 ayes

27 **3. Items removed from Consent Agenda – None**

1 **ELECTRIC**

2 **4. Discussion and Possible Action: Electric Division - Budget Appropriation – Account 392 –**  
3 **Transportation Equipment**

4 Mr. Buccheri explained this item came to the PUC’s attention a few months ago, and after  
5 discussion, was removed from the Town Council agenda. Mr. Buccheri explained that after  
6 discussions with Mayor Dickinson, it was suggested that instead of requesting the entire  
7 \$20,000 appropriation which was received for last fiscal year’s vehicle trade-in, the Division wait  
8 for bid pricing to come back and request an appropriation for the amount needed. In his Dec.  
9 27, 2018 memo, Mr. Sullivan explained the budget appropriation was sought to increase  
10 Account 392 – Transportation Equipment in the amount of \$7,000. He noted in his memo the  
11 request is a result of a transaction to purchase a line truck during Fiscal Year 17/18. The  
12 purchase was to include a trade-in of an existing vehicle. Mr. Sullivan noted in his memo that as  
13 required by accounting rules, the budgeted purchase price had been calculated net of the  
14 expected trade-in value of the line truck the Division was replacing, however, the Public Works  
15 Dept. subsequently expressed an interest in the vehicle and it was agreed to sell them the  
16 vehicle for \$20,000 instead of trading it in on the new vehicle purchase. Mr. Sullivan’s memo  
17 explained that under accounting rules, it is required that the outright sale of vehicles be  
18 recognized under Account 411 – Gain on Disposition of Plant. This increased the use of funds  
19 from Account 392 by \$20,000 in order to account for the purchase of the line truck without the  
20 trade-in reduction.

21  
22 Mr. Sullivan’s memo went on to state the budget for FY 18/19 was prepared with the  
23 understanding there would be funds available to carry forward from the 17/18 transaction as  
24 originally planned and therefore a reduced amount was budgeted for FY 18/19. However, with  
25 the line truck purchase not being reduced by a planned trade-in and those funds from the sale  
26 instead being recognized under Account 411- Gain on Disposition, the anticipated excess funds  
27 were not available to be carried forward at year end. Instead, at the close of FY 17/18, those  
28 funds became a part of the Division’s retained earnings. Mr. Sullivan’s memo explains that in  
29 order to re-establish these funds for the 2018-2019 vehicle purchases, a budget amendment is  
30 necessary. He noted that while the original transaction involved a \$20,000 gain, only \$7,000 of  
31 that amount is needed to complete the purchases planned for this year.

32 Mr. Rinebold asked about pricing details. Mr. Buccheri explained a new vehicle was purchased  
33 last year, and the vehicle that was going to be traded in was sold to Public Works. He said  
34 those monies came into the WED from Public Works last year and went into retained earnings.  
35 He noted that when the 18/19 budget was prepared, it was assumed those dollars would be  
36 available in Capital Carry-Forward, and this didn’t occur last year. Mr. Buccheri said the \$7,000  
37 is being moved to cover the purchase of two vehicles.

1 **Mr. Rinebold made a motion to move the \$7,000 from Retained Earnings to Account**  
2 **#392 – Transportation Equipment. Mr. Beaumont seconded the motion.**

3 **Vote: 3 ayes**

4 **5. Discussion and Possible Action: PCA calculation for January - June 2019.**

5 Mr. Hendershot referenced his Dec. 27, 2018 memo along with Mr. Sullivan's Dec. 27, 2018  
6 memo. Mr. Hendershot noted that it has been determined that there appears to be just enough  
7 cash available to keep the Power Cost Adjustment (PCA) at zero for an additional six months  
8 and remain above the forecasted minimum cash value as of June 30, 2019. He said this was  
9 always the plan, and noted the Division has been conservative as it should with the financial  
10 projection. He recognized the departure from Microgen over these six months, but do not  
11 recognize the FEMA payment may or may not occur before June 30. Mr. Hendershot said if the  
12 PUC decides to set the PCA at zero, there are available funds. Mr. Birney asked Chair  
13 Beaumont when historically, the Division has fallen below the minimum reserve, and the  
14 negative implications and what would happen if there was another big winter storm.

15 Chair Beaumont said that before Mr. Hendershot came to the WED, they were below minimum,  
16 which he believed at that time, was approximately \$9 million. He noted this was around 2005.  
17 Chair Beaumont said the Division was running about \$5.7 million. He said there weren't any  
18 major storms or incidents during this time. Chair Beaumont said that in the 13 or 14 intervening  
19 years, the funds accumulated reached approximately \$7 million above minimum two years ago  
20 and this didn't really have a direct impact on operations. Chair Beaumont said the Division  
21 doesn't want to go below minimum. Mr. Hendershot said this formula (for minimum reserves) is  
22 45 days of operating expenses at 100% of deposits; 15% of the Capital Budget and 15% of the  
23 five-year budget. He noted the 45 days of operating expenses also means 45 days of power  
24 supply. Mr. Hendershot said if all of these figures are added up, it comes to slightly under \$20  
25 million.

26 Chair Beaumont said getting the PCA down to this point shouldn't be a problem. Mr. Birney  
27 noted the Division is above minimum and the recommendation of the staff supports keeping the  
28 PCA at zero. Chair Beaumont said this was what was planned, but pointed out this may not be  
29 able to be done for 19/20. He said the Division is running slightly over \$9 per megawatt in  
30 terms of capacity. He said another determination will have to be made in June/July. He said if  
31 the FEMA money comes in at this point, that will be helpful and if there is no adverse weather.  
32 Chair Beaumont said currently, the Division is good.

33 **Mr. Birney made a motion to keep the PCA at zero for the next six months, (January**  
34 **to June 2019), for the reasons circulated in the PUC's packets, as well as the**  
35 **reasons stated on the record. Mr. Rinebold seconded the motion.**

36 **Vote: 3 ayes.**

1 **PUBLIC QUESTION & ANSWER PERIOD – 7:00 p.m.**

2 Mr. Gale asked how much money is in the current retained earnings account. Mr. Hendershot  
3 said he would have to research and get back to Mr. Gale with an answer. Mr. Hendershot  
4 pointed out that total cash reserves as of Nov. 30, 2018, which he estimated to be  
5 approximately \$24.3 million, is different than retained earnings. Mr. Gale asked how much the  
6 PCA by setting it to zero, would take out of this amount. Mr. Hendershot said the amount would  
7 be slightly over \$3 ½ million. Mr. Gale asked how much came out of retained earnings. Chair  
8 Beaumont noted the past year and a half has been zero because when capacity costs jumped  
9 into the \$7 and plus range, effective June 1, 2017, this is when the Division mitigating the  
10 impact began. He noted last year the figure jumped up last year to \$9.55. Chair Beaumont said  
11 this is the toughest year but drops next year. He said at this point, it is comfortable. Mr. Gale  
12 said he was surprised the PCA was kept at zero. Chair Beaumont said this is money that all the  
13 customers have paid into and have the good fortune of having it above minimum. Mr. Gale  
14 asked about the Minutes on Dec. 21 regarding the Microgen project and noted the Minutes  
15 were not posted on the Town's website and asked about the decision.

16 Mr. Hendershot noted the PUC voted to not give notice to stay in the project. He said the WED  
17 abandoned its participation in the project at midnight, Dec. 31, 2018.

18 **END OF PUBLIC Q & A – 7:10 p.m.**

19 **WATER/SEWER**

20 **6. Public Workshop – 50% Design Review of the Proposed Phosphorus Removal Facilities**  
21 **at the Wallingford Wastewater Treatment Plant.**

22 Mr. Amwake said this workshop is to discuss where we are with the design. He said AECOM and  
23 staff have been racing forward. Mr. Amwake said at the end of December, staff was going  
24 through the design layout, redlining them, and turning over full drawing sets back to AECOM to  
25 ensure Sewer Division comments were incorporated. He said the goal is to turn over the design  
26 and specifications in late January to DEEP which needs to review and approve before the  
27 project can be advertised on the Purchasing Portal. Mr. Amwake said because of the aggressive  
28 schedule, he met with Mr. Setzko and mapped out the day-by-day bidding schedule. He said he  
29 looks forward to bidding and awarding this project by June 28.

30 Mr. Setzko presented the slide show and distributed handouts. He recapped the project, noting  
31 some of the items in the process of being completed, or have been completed is the RFP  
32 process by Kruger ACTIFLO which he said was the recommended alternative. Mr. Setzko said all  
33 the existing unit processes were also reviewed; included was the relocation of the UV and Post  
34 Aeration system as part of the project to replace aging equipment and address current flooding  
35 issues. Mr. Setzko said all of this is strictly related to the phosphorus project.

1 Mr. Setzko went over the current status, noting the most important things to be done was to  
2 track down items that needed to be completed so as to not fall behind. He said the RFP process  
3 went through fairly quickly and was approved by Purchasing and DEEP. He said the design of  
4 the structure has begun. Mr. Setzko noted the Inland Wetlands & Watercourses Commission  
5 approved the application; Planning & Zoning application was submitted with comments  
6 received, which he said will be addressed at the January 14, 2019 PZC regular meeting.

7 Mr. Amwake said Town Planner Kacie Hand gave them a list of questions they can work  
8 through. Mr. Setzko said the biggest thing is being at the January 14 PZC meeting and being  
9 ready to go. Mr. Amwake said Ms. Hand asked about parking, the roadway, the base and top  
10 elevation of the retaining wall around the emergency generator building and asked about other  
11 items that can be addressed.

12 Mr. Setzko noted a flood management certificate was determined not to be necessary and no  
13 filing is required. He said the Value Engineering session was completed December 14, 2018. Mr.  
14 Rinebold asked about the Value Engineering session, and if there were any significant changes  
15 to alter the schedule. Mr. Amwake said there were no significant changes. Mr. Setzko went over  
16 the project and how the pieces of the project are fitting together. He went over Phase 1. He  
17 referenced the slide showing the items in blue which he said are where the new work will be.

18 Mr. Setzko spoke about the fine screening at the headworks; the anaerobic basin and  
19 intermediate pump station, which he said will be located near the anaerobic tank to improve  
20 hydraulics and secondary settling tank operations; Mr. Setzko spoke about the additional  
21 secondary settling tanks, noting there will be two new tanks, identical to the existing tanks. He  
22 also spoke about the multipoint chemical addition; feed points – primary settling and secondary  
23 settling. He noted this is necessary to consistently reduce total phosphorus delivered to the  
24 tertiary treatment process to 0.5 to 0.7 mg/L. He pointed out this is the least expensive way to  
25 remove phosphorus out of the system.

26 Mr. Setzko spoke about the secondary pump station noting this includes screening to protect  
27 downstream equipment, pointing out that all tertiary systems need pumping; he spoke about a  
28 new UV system to replace current obsolete, flood prone UV system because replacement parts  
29 are difficult to procure for the current system. Mr. Setzko spoke about post aeration basins and  
30 the gravity thickener. He noted that in the solids handling area, the mechanism will be replaced  
31 that was installed in 1988.

32 Mr. Setzko said the high and low pressure plant water system will be replaced, noting the  
33 current system tends to go air bound. He said this will be corrected with the new location of the  
34 system. He mentioned electrical and noted increased service capacity is necessary to handle  
35 additional electrical load; a new larger generator will be installed in an enclosure; new  
36 switchgear and motor control center (MCC) will be installed for the secondary pump station and  
37 phosphorus treatment; with instrumentation, Mr. Setzko said this will include supervisory

1 control and data acquisition (SCADA) and instrumentation for all processes necessary for this  
2 project. He said the existing control system will be incorporated for the intermediate pump  
3 station.

4 Mr. Setzko said the existing screens need to be replaced with finer one quarter inch screens  
5 with a multi-rake system. He went over the flow chart of the anaerobic basins. He said a no  
6 oxygen anaerobic environment will be created. Mr. Setzko spoke about the intermediate pump  
7 station which he noted will be located at the back end of the anaerobic tanks. He said this  
8 process is controlled by water levels over a weir and noted that SCADA is needed to run this  
9 process. He noted not much has changed with the secondary pump station. He said he is still  
10 talking five pumps to handle the range of flows at the wastewater treatment plant. Mr. Setzko  
11 spoke about the tertiary process which he noted was the Kruger ACTIFLO process. With regard  
12 to the drain pump station/existing UV & post aeration, Mr. Setzko said the plan is to replace the  
13 pumps and valves in the drain pump station for a future cross over and to demolish the existing  
14 UV and post aeration basins. He said the area will become a future grassed area and an area  
15 for additional treatment processes or tankage if needed. Mr. Setzko said the gravity thickener  
16 mechanism will also be replaced.

17 Mr. Setzko said the plan is to repurpose the existing generator to be transferred to the Board of  
18 Education and install new electrical service switchboard which is above the flood stage. Mr.  
19 Setzko discussed current cost estimates, noting this estimate is now built differently than it was  
20 in the facility planning stage because building numbers were assigned for every structure so it is  
21 built differently and every number may not match. He said currently when the numbers are  
22 added up, noting this is the 50% estimate given to the Value Engineering Team. He pointed out  
23 the estimate is built based upon pipe lengths, and a lot of other known items, i.e. (the ACTIFLO  
24 costs).

25 Mr. Setzko noted that at this point in time, we are at \$45.7 million which is approximately \$2  
26 million more than what was shown in the facility plan but still well within the contingency built  
27 into the project; our estimate percentage of total funding that is grant money is 41.92%. Mr.  
28 Amwake noted the 50% grant funding is phosphorus or phosphorus related items, the 30%  
29 grant funding is nitrogen treatment, and the 20% is for the remaining items. He noted the UV  
30 and post-aeration are the biggest items at 20%.

31 Chair Beaumont asked about SCADA, assuming it was all hard wired. Mr. Setzko said this will  
32 mostly be fiber throughout. Mr. Birney asked Mr. Setzko if he anticipated any pushback from  
33 DEEP regarding what is in the 50% bucket. Mr. Setzko said he didn't believe we would get  
34 pushed back into the 20% loan or ineligible. He said there might be some discussion as to  
35 whether this is truly a 30% or a 50%. He said a lot of these things are clear; the secondary  
36 pump station is needed because everything has to be pumped into the tertiary phosphorus  
37 treatment process and this has to be funded 100% with the 50% grant. He said there are a lot  
38 of items that are cut and dry and he has had discussions with DEEP. Mr. Setzko said there are

1 "fuzzy" items like the secondary settling tanks and screening. He said there will be some  
2 additional discussion with DEEP over this. He said DEEP has been good so far.

3 Mr. Rinebold noted we are still looking at \$45.7 million for the facility with funding around \$19  
4 million and the balance would be long term bonding. Mr. Amwake said the 42% gets applied to  
5 the AECOM design fee and towards the construction administration fee as well. He noted that  
6 DEEP takes the 42% and applies it to the soft cost as well. He pointed out the loan portion is a  
7 20-year loan at 2%. He noted bonding is currently hitting 3% plus or minus. He said the bond  
8 rate is a big savings. Mr. Amwake said this is a hard number, 20 years at 2%.

9 **DISCUSSION ONLY – NO ACTION TAKEN**

10 **PUC**

11 **COMMITTEE REPORTS/CORRESPONDENCE**

12 Mr. Hendershot had nothing to report.

13 **ADJOURNMENT**

14 Mr. Birney made a motion to adjourn the Meeting at 7:34 p.m. Mr. Rinebold seconded the  
15 motion which passed unanimously.

16

17 Respectfully submitted,

Respectfully submitted,

18

19 Cynthia A. Kleist

Joel Rinebold

20 Recording Secretary

Secretary

