

1 **DRAFT**

2 **PUBLIC UTILITIES COMMISSION**

3 **WALLINGFORD ELECTRIC DIVISION**

4 **100 JOHN STREET**

5 **WALLINGFORD, CT**

6 Tuesday, April 2, 2019

7 6:30 p.m.

8 **MINUTES**

TOWN OF
WALLINGFORD

APR 8 2019

DEPARTMENT OF
PUBLIC UTILITIES

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; Office Manager William
13 Phelan; Recording Secretary Cynthia Kleist; Public: Steve Gale; Larry Morgenstein; James Hine;
14 Jared Liu.

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

17 **1. Pledge of Allegiance**

18 **2. Consent Agenda**

19 a. Consider and approve the Minutes of March 19, 2019

20 Motion: Approve consent items.

21 Made by: Birney

22 Seconded by: Rinebold

23 Vote: 2 ayes

24 **b. Items removed from Consent Agenda – None**

25 **3. ANNUAL REORGANIZATION**

26 **Discussion and Action: PUC – Annual Election/Reorganization**

27
28 Motion: Elect Robert Beaumont Chair of the Public Utilities Commission.

29 Made by: Birney

- 1 Seconded by: Rinebold
2 Vote: 3 ayes
3 Motion: Elect Patrick Birney Vice Chair of the Public Utilities Commission
4 Made by: Beaumont
5 Seconded by: Rinebold
6 Vote: 2 ayes
7 Motion: Elect Joel Rinebold Secretary of the Public Utilities Commission
8 Made by: Birney
9 Seconded by: Beaumont
10 Vote: 2 ayes

11 **WATER/SEWER**

12 4. Discussion and Possible Action: Billing Issue – Souza

13 In her letter to the Wallingford Department of Public Utilities received March 15, 2019, Alice
14 Souza, who was not present at the meeting, said the water bill they received was unusually
15 high and after checking in their home, could not find a reason. She noted in her letter that she
16 would have to have left the water running non-stop 24/7 for a bill this size. Ms. Souza stated in
17 her letter she has no pool and it is just herself and her disabled grandson residing at the home.

18 In his March 25, 2019 Interoffice Memorandum, Mr. Phelan noted that on Oct. 10, 2018, Alice
19 Souza contacted the Water and Sewer Divisions Business Office to discuss the high Oct. 1, 2018
20 bill. He noted that at that time, staff scheduled a property inspection for Oct. 10, which did not
21 identify a specific cause for the high consumption during the billing period. He noted in his
22 correspondence that a reading obtained at the time of the inspection indicated normal
23 consumption for the period of Sept. 19 – October 10. Mr. Phelan said in his correspondence
24 that on Oct. 18, 2018, he spoke with Ms. Souza and advised her that based on the check
25 readings, consumption had returned to normal and indicated he would like to keep the existing
26 meter in place and monitor consumption until the next actual billing read on Dec. 8, 2018. He
27 noted Ms. Souza agreed to this process.

28 Mr. Phelan stated in his correspondence that on Feb. 7, 2019, staff performed a meter change-
29 out and subsequently tested the removed meter on Feb. 25, 2019. He noted the meter test
30 results indicated that the meter was recording within the AWWA standards at all flow rates. On
31 March 1, 2019, Mr. Phelan stated he telephoned Ms. Souza advising her of the meter test

1 results and indicated that her consumption for the Jan. 1,2 019 bill, which was based entirely
2 on the removed meter, had returned to normal. Chair Beaumont pointed out that meters don't
3 speed up and then slow down; meters will slow down over time. Mr. Birney asked if there was a
4 situation last month where the PUC agreed to a re-payment plan on the Water Division side. He
5 asked if there was some authority the Commission could invest in the General Manager to
6 handle this situation as was done last month.

7 Chair Beaumont noted the draft proposal regarding Joseph and Alice Souza disputed Oct. 1,
8 2018 water and sewer bill which he read into the record. He said this is the first time the
9 Water/Sewer utility has come up with this recommendation to consider. Chair Beaumont said he
10 had no problem with this. He suggested the Water and Sewer Division contact the Souza's.

11 Mr. Amwake said the Division normally does contact the customer and noted the reason the
12 recommendation included having the customer contact the Water and Sewer Division Business
13 Office within seven calendar days to set up the payment plan was because the last customer in
14 front of us refused to call us back for several weeks. Mr. Amwake believed the 12 months was
15 adequate. He said the Division has always been customer friendly and moving forward the
16 Division will recommended guidance to the PUC which they can always change or adjust.

17 **Chair Beaumont: Motion to recommend that Joseph and Alice Souza (Account**
18 **#54987) enter into a payment plan with the Water and Sewer Divisions concerning**
19 **the October 1, 2018 water and sewer bill of \$760.43.**

20 **The payment plan shall be a minimum monthly payment of \$62.50 with no interest**
21 **for 12 months for the balance of the October 1, 2018 bill amount, provided the full**
22 **amount of \$760.43 is paid by April 20, 2020; and the Souzas remain current with**
23 **future water and sewer bills. The Souzas shall contact the Water and Sewer**
24 **Divisions Business Office within seven (7) calendar days to enter into the payment**
25 **plan.**

26 **Failure by the Souzas to arrange for the payment plan within one (1) week or to**
27 **remain current on their future water and sewer bills as well as the above described**
28 **monthly payments will void this motion, and at such time interest will begin to**
29 **accrue on any outstanding balance and the Souzas may be subject to future lien(s).**

30 **Mr. Rinebold: Second**

31 **Vote: 3 ayes**

32 **ELECTRIC**

33 5. Discussion and Action: Set date for Public Hearing – Rate 11 – Traffic Signal Service.

1 In his March 27, 2019 memo, Mr. Hendershot explained that when the current rates were
2 formally adopted in the autumn of 2016, the Rate 11 pages for 2019-2020 incorrectly contained
3 values from the 2017-2018 pages for Rate 11. As a result, a brief Public Hearing about Rate 11
4 for the 2019-2020 fiscal year is needed in order to allow the Rate values to be corrected. He
5 noted WED staff would like to accomplish this as soon as possible to ensure the corrected Rate
6 can be advertised in an appropriate newspaper before the end of May and thus applied
7 beginning July 1, 2019. He said in his letter that WED staff requests the PUC set a Public
8 Meeting about Rate 11 for either the April 17 or the May 7 PUC meeting. He said this rate would
9 go into effect July 1, 2019.

10 Mr. Birney asked when the budget numbers were prepared for 2019-2020; the actual rate was
11 contained in those numbers. Mr. Hendershot said this was correct noting the revenues we said
12 this class of customer would produce were based on what should be the correct rate (Rate 11).

13 The service furnished under this rate shall be single-phase, 120/240 volts, three-wire, 60 cycle
14 alternating current, metered or unmetered supplied from existing aerial facilities. Rates per
15 month: Customer Service Charge - \$18.50; Energy Cost Adjustment - \$0.1114 per KWh.

16 **Mr. Birney: Motion to set the Public Hearing for April 16, 2019 at 6:45 p.m. based on**
17 **Mr. Sullivan's March 21, 2019 and Mr. Hendershot's March 27, 2019 memo and for**
18 **the reasons stated on the record, and to approve the Rate 11 which is limited**
19 **exclusively to Traffic Signals Service. Mr. Rinebold seconded the motion.**

20 **The Motion was amended to include the date of the Public Hearing for April 16, 2019**
21 **at 6:45 p.m.**

22 **Vote: 3 ayes**

23 6. Discussion and Action: Budget Transfer – Account 372 – Distribution Plant – Leased
24 Property – Private Lights

25 Mr. Buccheri explained this is for the Private Area Lights Account 372 mainly due to the audit
26 done prior to Daylight Savings Time which involved the linemen going out to patrol and identify
27 lights which needed replacement. He noted the list was much greater than anticipated so in
28 order to support the replacements of these lights, the Division is seeking a budget transfer in
29 the amount of \$14,000 to Account 372 Distribution Plant – Leased Property. He noted funds are
30 available from three Accounts - \$3,000 from Account 395 – General Plant Laboratory
31 Equipment; \$6,000 from Account 396 – General Plant-Power Operated Equipment and \$5,000
32 from Account 398 – General Plant – Miscellaneous Equipment. He said a review of the activity
33 and the plans for the balance of the year show these amounts will be unexpended and available
34 for transfer.

1 **Mr. Birney: Motion to approve the Budget Transfer for FY 2018-2019 based on the**
2 **reasons stated in Mr. Buccheri's March 27, 2019 memo. Mr. Rinebold seconded the**
3 **motion.**

4 **Vote: 3 ayes**

5 7. Discussion and Action: Budget Appropriation – Account 593 - Distribution Maintenance
6 – Overhead Lines

7 Mr. Buccheri explained this Account 593 was impacted by a number of factors this fiscal year
8 with the most significant impact being the January 2019 ice storm and the costs incurred in the
9 service restoration efforts. He explained these costs included overtime incurred by the Electric
10 Division staff in their restoration work, mutual aid crews brought in to assist in the restoration,
11 meals and lodging, and additional tree-trimming and traffic control crews. Mr. Sullivan, in his
12 memo noted the total cost of the storm charged to this Account was approximately \$174,000.
13 The budget appropriation being requested is \$220,000 to Account 593 for fiscal year 2018-
14 2019.

15 A second factor impacting the account, according to Mr. Sullivan's memo, was associated with
16 the zone tree-trimming work performed by the Division's tree-trimming contractor. Because of
17 the impact of the storm which occurred on May 2018, the contractor was unable to complete
18 the tree-trimming work on the assigned zone for fiscal year 2017-2018. The remaining work on
19 the 2017-2018 zone, which amounted to just under \$60,000 was a factor in the unexpended
20 amount in the fiscal 2017-2018 year-end balance for Account 593. With the work being delayed
21 until fiscal 2018-2019 and since the Electric Division had only budgeted for the work on the
22 2018-2019 assigned zone, an additional \$60,000 is needed in order to allow the contractor to
23 complete the 2017 - 2018 zone trimming.

24 Mr. Rinebold asked about the savings during the year because of personnel vacancies comes to
25 \$12,000. Mr. Sullivan said there have been vacancies and in some cases, Worker's Comp
26 charged to other accounts just in Account 593.

27 **Mr. Birney made a motion to approve the Budget Appropriation for FY 2018-2019**
28 **based on reasons stated on the record at the meeting and Mr. Sullivan's March 28,**
29 **2019 memo. Mr. Rinebold seconded the motion.**

30 **Vote: 3 ayes**

31 **PUBLIC QUESTION & ANSWER PERIOD – 6:55 p.m.**

32 Mr. Gale asked about the retained earnings current balance for the Electric Division. Mr. Sullivan
33 said the projection for the end of the year is approximately \$22 million. He said for January, the
34 figure is just under \$23.7 million with a minimum cash reserve of \$19 ½ million. Mr. Gale noted
35 new poles were being installed on Joseph Carini Road over in the Industrial Park and wanted to

1 know why they weren't buried. Mr. Buccheri said this was approved by the Planning & Zoning
2 Commission. He said the customer went in for approval to go overhead. Mr. Gale noted this line
3 is buried from one side to the other. Mr. Buccheri said the line will be buried from the corner of
4 Carini and Research into the customer's facility and the customer's expense but in the public
5 Right-Of-Way from Thorpe to Research on Carini it will be overhead. Mr. Buccheri said the
6 customer will pay.

7 Mr. Gale asked when a pole is taken down and is replaced and it belongs to Frontier, why isn't it
8 replaced with a WED pole and Wallingford would eventually own all the poles. Mr. Hendershot
9 explained that all of the poles in Wallingford are technically jointly owned either with Frontier or
10 Wallingford has jurisdiction over the pole, and that would be the party responsible for the care
11 and upkeep. Mr. Hendershot said whenever WED replaces a pole, this is WED jurisdiction, the
12 bill is sent to Frontier and they handle the pole that is their jurisdiction and they send the bill to
13 WED. He said Frontier doesn't wish to sell their jurisdiction because it is rate base that they can
14 earn a return on. He said because the poles are jointly owned, they receive a share of the third-
15 party attachment fees.

16 Mr. Liu asked about his request for the Energy Conservation and Load Management Funds and
17 the Regional Greenhouse Gas Initiative (RGGI) sheet which was given to Mr. Liu by Mr.
18 Hendershot.

19 Mr. Morgenstein noted Mayor has spoken about the sewer rates going up for taxpayers about
20 \$150 on average and businesses \$4,000 for the phosphorus upgrades. He asked if there was
21 any information on what the rates would be for the other improvements at the wastewater
22 treatment plant and how much this would be for the ratepayers over time. Mr. Hendershot said
23 there is no specific rate increases yet proposed. He said once the debt service on the
24 improvements at the WWTP need to be paid, the rates would need to be increased to address
25 this. He noted the Sewer Division is currently engaged in a cost of service study to forecast and
26 plan rate design for future sewer rates with the phosphorus upgrade costs in mind.

27 Mr. Amwake noted the Phase 2 plans go from 2023 to 2033 and there are actually seven sub-
28 parts to that Phase 2. He said there has been miscommunication as to what has been published
29 in the newspaper about Phase 2. He said regarding the Sewer Division rate impact, currently
30 what would be driving this would be the capital costs, specifically the debt service that the
31 Town is going to incur on their loan portion outside the grant. He noted with the Water
32 Division, at this point, we have seen revenues continuing to decline and costs increasing.

33 Mr. Amwake said for FY 18/19, as well as FY 19/20, the Water Division has recommended and
34 the PUC has endorsed, using cash above minimum from retained earnings, close to \$1.15
35 million to stabilize rates for the Water Division. He said there will probably be a rate increase at
36 some point, but could not predict when this would occur. He noted there is no major Capital
37 project on the Water Division side driving a future rate increase at this time. Mr. Morgenstein

1 asked when all of these things would go into effect in terms of these upgrades for the 30 year
2 plant that will be improved over time.

3 Mr. Amwake said this is part of the rate study. He said in the fall of 2022, it is projected the
4 loan will close with the State and at that point we would begin to make the debt payments. He
5 said the question is do we wait until the Fall of 2022 and is it a "steep cliff" or do we have a soft
6 landing before this, build up retained earnings, cash above minimum for rate stabilization,
7 which cannot be answered tonight.

8 Mr. Gale asked if someone puts up a solar panel and excess electricity goes back to the grid,
9 what would be their rate. Mr. Hendershot said this is the time of the year when WED settles up
10 with these people. He said during the course of the year, these accounts are "net metered" and
11 WED keeps track of total "ins" and total "outs" and at the end of the year, the more total
12 energy flowed into the system then is sent to the customer, we monetize that difference on the
13 average Locational Marginal Price (LMP). He said averaged over the course of the entire year,
14 between the hours of 10 a.m. and 4 p.m. the maximum sun hours, whatever the price was
15 during those six hours on average over the course of the year, this is the price they receive for
16 the net plus energy they provide. Mr. Hendershot said the year that just ended, April 2018
17 through March 2019, it was just under 3.9 cents per KWh.

18 Mr. Hine asked about Phase 2 and wondered if Phase 1 was the phosphorus. Mr. Amwake said
19 this was correct; explaining that when we go forward with the phosphorus, the first item
20 required was the Facility Plan which he said is generally good for 20 years. He said the WWTP
21 came on line July 1, 1989. He said in addition to the phosphorus which is the focus because of
22 the grant money available, Wallingford Sewer Division focused on the phosphorus, but know
23 when we have a plant that is 30 years old and running 24/7 365, there are other upgrades that
24 will be required. He said when evaluating the Phase 2 projects that financial implications is a
25 big impact but also have to look at staffing. He said we also looked at other needs for the
26 future and how this could be put on a schedule so as to not overwhelm staff and the rate
27 payers. Mr. Amwake said this comes down to dollars and sense.

28 Mr. Hine asked about the State grant and asked if this was limited to the phosphorus upgrade.
29 Mr. Amwake said regarding phosphorus, Wallingford along with other municipalities are
30 available for up to a 50% grant for phosphorus related work; nitrogen is available for a 30%
31 grant and everything else gets a 20% grant. He said if everything is put together it is a
32 weighted average which currently is around 40% to 41% but won't know until we get the bid
33 numbers. He said all of this is based on priority points and noted Wallingford is competing with
34 other WPCA's in the State for priority points. He said in order to meet the grant fund, one has
35 to be higher up on the priority points. Mr. Hine asked if the State funding was guaranteed for
36 the phosphorus but not for the rest. Mr. Amwake said , there are monies available via the Clean
37 Water Fund, with available funding based on priority points; combined sewer overflows get
38 priority points; phosphorus get priority points, simple upgrades do not. Mr. Morgenstein asked

1 for clarification regarding the 155 per year rate increase and whether this was just phosphorus.
2 Mr. Amwake said this was just phosphorus. Mr. Hendershot said this is the phosphorus project
3 but is the combination of 50% grants funded facilities, 30% grant funded facilities and 20%
4 grand funded facilities because they all touch the phosphorus process. He said the future
5 improvements will be more in the 20% range.

6 Mr. Amwake said the \$155 addresses capital costs for phosphorus as well as the additional
7 operating costs. He noted today is April 2, but won't be on line until April 1, 2022. Mr. Hine
8 asked if there was a better grasp on the phosphorus numbers. He said there is a cost estimate.
9 He said the future numbers are projected out but inflation factors were included for the Phase 2
10 projects.

11 **PUBLIC QUESTION & ANSWER PERIOD END – 7:13 p.m.**

12 Mr. Birney spoke about the September storm and asked if the figures could be consolidated. He
13 also spoke about rate stabilization and the reserves. He asked how the PCA impact the reserves
14 for the period January 1 2019 through June 30, 2019. Mr. Hendershot said this is calculated.
15 Mr. Birney asked for figures of how the PCA impacted reserves for the six months before this.
16 Mr. Hendershot the first half of the FY, he believes it will cost \$3.5 million to keep the PCA at
17 zero, the period we are in now, Jan. 1 through June 30, 2019. He said the previous six-months
18 was \$1.95 million. Mr. Birney noted close to \$5 million of Retained Earnings were utilized for
19 rate stabilization. Mr. Hendershot said \$5 1/2 million was used in the FY we are getting towards
20 the end of. Chair Beaumont noted we may get some money back from FEMA in the future.

21 **CORRESPONDENCE/COMMITTEE REPORTS – NONE**

22 Chair Beaumont noted that Item #9 – Discussion and Possible Action: WED v CMEEC Arbitration
23 as discussed in Executive Session **WAS WITHDRAWN**

24 **PUC**

25 **EXECUTIVE SESSION pursuant to CGS Sections 1-225(f), 1-200(6)(B), 1-200(6)(E),**
26 **1-201(b)(4) and (10) to discuss pending litigation/claim involving CMEEC**
27 **arbitration and legal advice related thereto.**

28 Motion to go into Executive Session at 7:16 p.m. to discuss pending litigation without further
29 motions until a motion to come out of Executive Session.

30 Motion by: Birney

31 Seconded by: Rinebold

32 Vote: 3 ayes

1 Attending the Executive Session: Chair Robert Beaumont; Commissioners Joel Rinebold, Patrick
2 Birney; Director Richard Hendershot; Electric Division General Manager Tony Buccheri.

3

4 **ADJOURNMENT**

5 Mr. Birney made a motion to adjourn the Meeting at 7:50 p.m. Mr. Rinebold seconded the
6 motion which passed unanimously.

7

8 Respectfully submitted,

Respectfully submitted,

9

10 Cynthia A. Kleist

Joel Rinebold

11 Recording Secretary

Secretary

12

13