

1 **DRAFT**

2 Public Utilities Commission  
3 Wallingford Electric Division  
4 100 John Street  
5 Wallingford, CT  
6 Tuesday, July 2, 2019  
7 6:30 p.m.

8 **MINUTES**

9  
10 **PRESENT:** Chair Robert Beaumont; Commissioners Patrick Birney & Joel Rinebold; Director  
11 Richard Hendershot; Electric Division General Manager Tony Buccheri; Business Manager Tom  
12 Sullivan; Water and Sewer Divisions General Manager Neil Amwake; Business Manager William  
13 Phelan; Recording Secretary Cynthia Kleist; **Public:** Steve Gale; Jared Liu; Lauren Takores,  
14 Record-Journal.

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 Minutes of June 18, 2019  
20 3. Items removed from Consent Agenda – None

21 **Mr. Birney made a motion to approve the Consent items. Mr. Rinebold seconded the**  
22 **motion.**

23 **Vote: 3 ayes**

24 Upon request of Mr. Hendershot; Chair Beaumont took the agenda in the following order. Mr.  
25 Hendershot noted that item #6: Discussion and Action – Budget Transfer – Water – Land &  
26 Land Rights was no longer needed.

27 **Committee Reports**

28 Mr. Hendershot noted that last month, there was discussion regarding providing an update at  
29 this meeting about the sewer rate analysis effort. He said the Consultant is far along with the  
30 effort but staff isn't completely finished. Mr. Hendershot explained the Consultant is contracted

1 to leave the Division with a workable model so staff can go forward. He said the Division is  
2 looking for final rate design. Mr. Hendershot said in discussing this with staff, it was agreed  
3 there should be a workshop with the PUC regarding sewer rates which should probably be  
4 scheduled in early autumn when a full understanding of the working model will be achieved. Mr.  
5 Rinebold said he thought this was a good idea. He said he believed there will be variables and  
6 the Division is heading in the right direction.

7 Mr. Phelan said the Division isn't ready to set rates or establish rates. He noted there are a lot  
8 of variables that were provided to the Consultant which are subject to change and based on  
9 those changes, noting will be presented at this point until the Division is finalized with a five-  
10 year or 10-year plan. He said the Division wants to have the five-year plan set noting that a 10-  
11 year plan is a little optimistic.

## 12 **ELECTRIC**

### 13 4. Discussion and Action: Deposit Issue – Richello

14 In his June 26, 2019 letter to the PUC, Joseph Richello, who was not present at the PUC  
15 meeting, stated that he contacted the Division to get electric service for one of his properties  
16 and was told the account for 48 ½ Grove Street was delinquent. He said in his letter he was  
17 told a mandatory security deposit was required, which he paid. Mr. Richello noted that his  
18 tenant went to the Electric Division and immediately put the account in his name and paid a  
19 security deposit. Mr. Richello said his tenant also paid the delinquent balance on the account,  
20 noting the tenant said he wanted to take full responsibility for the delinquent credit history.

21 Mr. Richello in his letter requested the delinquent credit history be considered not pertinent  
22 since he had no idea the account was delinquent. He stated his tenant caused the delinquency.  
23 Mr. Richello said he provided documentation showing payment of rent and electric bills since  
24 2013 to the Electric Division. He said he would appreciate any consideration going forward  
25 when he calls for additional service and not penalized because of the credit history associated  
26 with 48 ½ Grove Street. He also requested a refund of the paid deposit.

27 Mr. Sullivan said he was informed by the tenant that he was leasing this property and he was  
28 responsible for that bill and he was the reason that account was delinquent for a 1 ½ years  
29 which caused the account under Mr. Richello's name to fall into delinquent status, affect his  
30 credit rating, which then generated the need for a deposit on a new residential account.

31 Mr. Sullivan noted that on residential accounts, a three-month deposit is required but if there is  
32 a good history with WED or another utility, this deposit can be waived on a residential. He said  
33 the landlord got in touch with the tenant who made good on the bill. Mr. Sullivan suggested this  
34 issue be addressed with the PUC.

1 **Mr. Birney made a motion based on statements made on the record tonight as well**  
2 **as the reasons stated in Mr. Sullivan's June 26, 2019 memo, to expunge Mr.**  
3 **Richello's credit rating and reset his credit and refund his deposit. Mr. Rinebold**  
4 **seconded the motion.**

5 Chair Beaumont said this is unique, noting in 20 years with the PUC, he has not seen something  
6 quite like this issue.

7 **Vote: 3 ayes**

8 5. Discussion and Action: Power Cost Adjustment (PCA)

9 Mr. Hendershot summarized noting the Division calculated the Power Cost Adjustment for the  
10 next six months and the worksheet for Rate 12 yields a positive number of .002163 cents per  
11 kilowatt hour. He said this is the estimate of what the Division will charge over the next six  
12 months without the adjustment. Mr. Hendershot pointed out there is no looking back and  
13 worrying about any over or under collection for the past six months because as has happened  
14 for the past four six-month periods, the PUC has seen fit to set the PCA at zero. Mr. Hendershot  
15 said absent any other action, a positive PCA for Wallingford customers at .002163 cents per  
16 kilowatt hours and North Branford customers at .005554 per kilowatt hours would go into effect  
17 as early as July 3. Mr. Hendershot said in his June 26, 2019 memorandum to the PUC, he  
18 recommended setting the Power Cost Adjustment at zero because of the WED's cash position.

19 Mr. Hendershot noted that when we include the impact of the \$3.67 million from the CMEEC  
20 settlement, the WED is more than \$8 million above minimum cash. He said in his opinion, there  
21 are sufficient funds to pay for this (zero PCA). Mr. Hendershot acknowledged in his opinion that  
22 Rate 12 doesn't speak directly to this one way or the other. He said it talks about times when  
23 costs are increasing, and if they increase more than 1/2 cent a kilowatt hour for a calculated  
24 PCA, the PUC may intervene in that instance.

25 Mr. Birney noted we are still in the fourth year of the scheduled rate increase because of the  
26 large capacity costs. . Mr. Hendershot noted this is the first year where capacity costs will come  
27 down. He noted that at the time the rate analysis were done, this was the last year, 19/20, we  
28 knew about. He said since then there have been three capacity auctions and the Division knows  
29 about those capacity charges, but the rates haven't been redone since over three years ago.

30 Mr. Birney thanked Mr. Sullivan and Mr. Hendershot for the analysis and noted there is \$3.6  
31 million from the arbitration settlement and the cost to the bottom line is \$748,000 and we are  
32 still \$8 million above minimum so he is supporting keeping the PCA at zero. Mr. Rinebold said  
33 he agreed with Mr. Birney and the numbers are right and is consistent with what we have done  
34 in the past to return some surplus and revenues to the customers. He said this was a good  
35 analysis and appreciated having Rate 12 in the books for a refresher.

1 Chair Beaumont noted the cash above minimum is customer money collected over time and by  
2 keeping the PCA at zero, we are giving the money back to the customers which is a good  
3 thing. He pointed out the PCA has traditionally been set up with the idea of dealing with  
4 energy, not capacity. Chair Beaumont said this has worked nicely to buffer the impact of  
5 capacity charges and is only appropriate to set the PCA at zero.

6 **Mr. Birney made a motion based on Mr. Hendershot's June 26, 2019 memo and Mr.**  
7 **Sullivan's June 25, 2019 memo, to keep the PCA for the next six months at zero. Mr.**  
8 **Rinebold seconded the motion,**

9 Chair Beaumont thanked Mr. Sullivan for his expert analysis.

10 **Vote: 3 ayes.**

11 6. Discussion and Action: Water Division – Budget Transfer – Land & Land Rights –

12 **REMOVED FROM AGENDA**

13 7. Discussion and Possible Action: PUC – Summer Meeting Schedule.

14 **NO ACTION TAKEN – MEETING SCHEDULE REMAINS THE SAME**

15 **PUBLIC QUESTION & ANSWER PERIOD – 7:03 p.m.**

16 Mr. Gale asked about the minimum required for cash. Mr. Sullivan said the latest calculation is  
17 \$19.4 million. Mr. Gale asked with the PCA set at zero, what would be taken off the cost. Chair  
18 Beaumont said the figure would be \$748,000 for six-months. Mr. Sullivan said these are costs  
19 that will not be recovered through the billing. Mr. Hendershot said this will end up making cash  
20 \$748,000 less than it would have been. Mr. Gale asked how much of the reserve will be given  
21 back. Mr. Hendershot said it would be the same \$748,000. Mr. Gale thanked the PUC for setting  
22 the PCA at zero.

23 Mr. Liu asked about the CMEEC arbitration process and wondered if a settlement was offered  
24 before the final settlement. Chair Beaumont stated no specifics could be given, noting this was  
25 a negotiated settlement. Mr. Hendershot said this must be discussed with the Town Attorney  
26 whether this can be discussed. Mr. Liu asked if the WED had looked at municipal fiber. Mr.  
27 Hendershot said this has not been looked at. Chair Beaumont said this hasn't been looked at  
28 during his tenure which goes back to the 1980's. He said there was nothing discussed in the  
29 90's and over the past 14 year period. He said if this was to be done, it should have been done  
30 many years ago, because now there is Comcast and the phone company. He said this would be  
31 very expensive up front. Chair Beaumont noted Groton went into this, but lost significant  
32 monies. He said the key is timing and that was years ago. He said this was his personal opinion.

33 Mr. Liu asked if there would be a potential conflict with Comcast and Frontier and such already  
34 having lines here, an agreement that was violated. Chair Beaumont said there wouldn't be any  
35 sort of conflict.

1 **END OF PUBLIC QUESTION & ANSWER PERIOD – 7:06 p.m.**

2 **Adjournment**

3 Mr. Birney made a motion to adjourn the Meeting at 7:06 p.m. Mr. Rinebold seconded the  
4 motion which passed unanimously.

5

6 Respectfully submitted,

Respectfully submitted,

7

8 Cynthia A. Kleist

Joel Rinebold

9 Recording Secretary

Secretary

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