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**SPECIAL MEETING**

**PUBLIC UTILITIES COMMISSION BUDGET WORKSHOP  
WALLINGFORD ELECTRIC DIVISION  
100 JOHN STREET  
WALLINGFORD, CT 06492**

**THURSDAY, FEBRUARY 13, 2020**

**5:00 P.M.**

**MINUTES**

**PRESENT:** Chairman Robert Beaumont, Commissioners Patrick Birney and Joel Rinebold, Director of Public Utilities Rick Hendershot, Electric Division General Manager Tony Buccheri, Electric Division Office Manager Tom Sullivan, Assistant Office Manager Brian Naples, Water and Sewer Divisions General Manager Neil Amwake, Water and Sewer Divisions Office Manager Bill Phelan and Recording Secretary Kathy White.

Members of the Public: A. Koepfer

1. Pledge of Allegiance recited and the workshop was called to order.

2. **Discussion: Public Utilities Commission Budget**

No questions from the Commission

3. **Discussion: Electric Division Budget**

An overview of the Electric Division Budget was presented by G.M. Buccheri.

- a. No increase in personnel
- b. No wage increases – production/clerical/manager’s contracts expire in 2020
- c. Notable expenditures – overhaul of power transformer (Colony #1), line truck and 2 pool vehicles
- d. Replacement of meter reading devices
- e. Allocation for transmission relaying line upgrade in conjunction with Eversource
- f. Allocation for distribution line transformers
- g. Office Renovation – Phase I
- h. Add to Retained Earnings - \$30,000 less than the 2019/2020 budget
- i. No rate changes
- j. Net Income down slightly
- k. PCA negative for 2020/2021
- l. Cash based on funds available after amount paid to Town based on 2018/2019 audited sales

1 Commissioner Birney has requested that a presentation be made on the office  
2 renovation project. Interested in total cost, duration of project, etc. Chairman  
3 Beaumont questioned when the Commission would see a set of plans.  
4

5 Mr. Buccheri advised that the construction has been divided into phases, and is being  
6 considered a 4 – 5 year project. Would like to limit the amount of disruption to both  
7 business and personnel, utilizing existing space rather than temporary trailers. Also the  
8 Architect will come in for a presentation.  
9

10 Mr. Buccheri indicated that the Operations/Maintenance portion of the memo listed the  
11 budget by line items. Are there any questions?  
12

13 Mr. Birney questioned Capital A/C #392 – Transportation Equipment. It looks like the  
14 WED is replacing a van, line truck and adding a new fleet vehicle. How are the funds  
15 allocated for these purchases?  
16

17 Mr. Buccheri replied that the Distribution Superintendent is responsible for the fleet.  
18 The line truck that is intended to be replaced might have only 50,000 miles logged;  
19 however the trade-in is not based on the amount of miles travelled but the amount of  
20 time that the truck runs (hours vs. miles). Also, one line truck is currently down, with  
21 the cost of repairs far exceeding the value of the truck.  
22

23 Mr. Beaumont noted that on A/C #555 – Purchased Power, there is a reflected decrease  
24 due to anticipated lower energy costs and capacity.  
25

26 Mr. Buccheri indicated that A/C #570 – Transmission Station Equipment – increase due  
27 to SF6 breaker reconditioning. Should be noted that this is maintenance and not a  
28 capital cost.  
29

30 Mr. Buccheri discussed A/C #926 – Employee Pension and Benefits. Noted increase due  
31 to health insurance costs, which is slightly offset by savings on pensions. New  
32 employees coming in have a lower pension rate.  
33

34 Electric Division budget completed, and all WED personnel left the budget workshop.  
35

### 36 **Discussion: Sewer Division Budget**

37

#### 38 Operating Revenue

39

40 Operating revenue increasing. Sewer usage rates (\$/ccf) are proposed to increase as of  
41 July 1, 2020. The Base Service Fee (BSF) across all meter sizes projected to increase as  
42 well.  
43

#### 44 Operating Expense

45

46 Several items have been increased. An example would be additional funding to the  
47 RBC's at the WWTP.

1 Traditionally, \$500,000 is budgeted for sewer lining. Decreasing in 2020/2021 to  
2 \$250,000 – offsetting with 2 projects of approximately \$115,000 each (North and South  
3 Turnpike like replacements).  
4

5 I/I program is currently in a good situation and will focus on the private side (condo  
6 complexes), sanitary sewer repairs and manhole cover repairs. Have started initiative to  
7 CCTV the 17 condo complexes in Town with which W/S has Community Sewerage  
8 Agreements. These Agreements allow the Sewer Division to check for I/I. We currently  
9 assume that there is no I/I in these complexes. I/I Reimbursement Program currently  
10 budgeted at \$350,000; reducing to \$50,000. Will be used to offset the Base Service  
11 Fee.  
12

13 Regulatory Commission Expense – projected decrease of \$211,200 due to the  
14 betterment of nitrogen treatment from CY 18 to CY 19. (Pay for the CY each July).  
15 Cost per nitrogen credit remains unchanged at \$7.07. (Not truly a final number but a  
16 good estimate).  
17

18 Mr. Rinebold stated that as the cost of the credits remains the same; do not have to buy  
19 as many credits. Correct? Mr. Amwake advised that unless someone revises the  
20 numbers, we know how many pounds we have to buy and it's just a question of unit  
21 cost.  
22

23 Mr. Beaumont inquired as to the cost of a new (replacement) RBC, with Bill Phelan  
24 advising that the range is between \$350,000 and \$500,000.  
25

26 Mr. Amwake advised that there is no change in the amount of personnel; change in one  
27 employee's allocation of time. No wage increases have been budgeted.  
28

### 29 Capital

- 30
- 31 • Collection System Lining - \$250,000
- 32 • North and South Turnpike like replacements at \$115,000 each
- 33 • Durham Road gravity sewer replacement at \$280,000 (associated with the I-91  
34 pump station and force main replacement project)
- 35 • \$125,000 to begin design of fine screens in WPCF Headworks. (Looking at  
36 approximately \$2.3 million to replace the fine screen. It is assumed that  
37 Division will pay cash for the design phase and bond the project).  
38

39 Mr. Rinebold stated that the EPA made an announcement for Clean Water Funds for all  
40 states, including territories. Would this affect Wallingford or the project?  
41

42 Mr. Amwake indicated that the State of Connecticut would submit on Wallingford's  
43 behalf. All projects would be pulled in and then submitted to the EPA based on a  
44 priority point system. Wallingford's projects would not qualify for State funds or  
45 DEEP/EPA based on the low priority points. Should be noted that any future bonding  
46 will be done by the Town.  
47

1 Mr. Birney asked what percentage of the 26% increase is attributable to the fine  
2 screens.

3  
4 Mr. Phelan stated that \$125,000 is for fine screens; \$60,000 for generator(s) and  
5 \$80,000 for the North and South Turnpike projects.

6  
7 Mr. Birney questioned a statement in Mr. Hendershot's memo (Page 3) - forecast cash  
8 above minimum. How will these funds be allocated. Mr. Phelan advised that the funds  
9 will be used to minimize the rate increase over a five year period.

10  
11 It should also be noted that there are still outstanding costs which are necessary for the  
12 budget and must be added in. These include items such as insurances, CPI for sludge  
13 disposal numbers, pension percentages, etc.

14  
15 Mr. Amwake advised that sewer rates requiring PUC approval will need to follow the  
16 following timetable.

- 17  
18 - March 3 Submit rates for review  
19 - March 17 Final review/approval/date for Public Hearing  
20 - April 7 Public Hearing at Hub Cap  
21 - April 21 Adoption of Rates

22  
23 Rate increase to be scheduled for bills rendered on or after July 1, 2020.

24  
25 **Discussion: Water Division Budget**

26  
27 Mr. Amwake advised that water sales continue to decrease; coupled with large assets  
28 which require significant funds to repair, maintain and replace. Appropriation from Cash  
29 for Rate Stabilization for a little over \$1,000,000 through 2021. This can be done  
30 because have cash on hand. . In 2 – 3 years, the Water Division is looking at either a  
31 rate increase or bonding more projects versus paying with cash.

32  
33 Mr. Phelan stated that the \$1,000,000 annually is a significant number. Looking at last  
34 year's actual, this is significant money not spent in W/S due mainly to staffing and some  
35 projects not being completed. Budget for 2020/2021 contains funding for full  
36 labor/benefit costs. Realistically, Bill don't see a million dollars being expended.

37  
38 Should note that last Fall, all Water facilities were toured with specific staff. Looked at  
39 where we are now, and where we need to go as it pertains to operating and capital  
40 budget.

41  
42 Operating

43  
44 Have taken a hard look at staff utilization versus funds. For example, one item included  
45 in the operating budget is \$10,000 for to mow the upstream side of the Ulbrich  
46 Reservoir Dam. Staff looked at what is not getting down with two watershed caretakers  
47 performing this task, versus contracting this out and better utilizing the staff's time.  
48 Same with Pistapaug Pond.

1  
2 Money has also been put in the budget for Well #1; rather than putting in a small  
3 amount for repairs "just in case", have actually budgeted in 20/21.  
4

5 Note that Chemicals relatively the same, and Labor/Benefits have increased due to  
6 settlement of collective bargaining agreement(s).  
7

#### 8 Capital 9

10 Generally replace 4,000 linear feet of water mains per year. Am proposing not to do this  
11 for 2020/2021 but roll funds to three other projects.  
12

- 13 - SCADA Project (SCADA at Paug original to 1993)
- 14 - Paint interior/exterior of the large Masonic Tank
- 15 - Roof Exterior Painting – Westside Tank  
16

17 Meters – note that the number of meters that have been installed each year has  
18 increased. The meter replacement program is behind schedule and the Division has  
19 been working on correcting that over the past several years. Budget figures reflect the  
20 number of replacements that the Division anticipates can be accomplished; production  
21 actually increasing.  
22

23 Currently have eleven positions to staff at Paug; six are vacant. SCADA will not replace  
24 personnel but will assist in providing additional observation and monitoring. However,  
25 due to the age of the SCADA, just a matter of time before it breaks again. Note that the  
26 SCADA also services the pump stations and tanks.  
27

28 Mr. Birney spoke to the 5% decrease in water consumption projections; Mr. Phelan  
29 advised that it is more like 3 to 3.5%. Cash to supplement decrease in revenue. Have  
30 to increase rates or bond future capital projects. Serious labor shortage problem.  
31 Raising rates that cash isn't tapped and borrowing for infrastructure can't be the only  
32 answer. If have a 9% decrease in consumption over the last three years, need to think  
33 differently as to how managing. Could we staff with one shift permanently at Paug?  
34

35 Mr. Amwake advised that this is a long-term goal. This would only decrease the  
36 headcount at Paug by one person. Currently Water Division is a 24/7 operation.  
37 Presently, staff is running the plant but not performing any preventative maintenance.  
38 This may come back to haunt the Division in the future.  
39

40 The Water/Sewer system has been built-up over the past 25 – 30 years. Both the WPCF  
41 and the WTP were constructed within five years of each other utilizing State and Federal  
42 funding.  
43

44 Mr. Birney felt that it was necessary to look at the system and see what can be done to  
45 improve it.  
46

47 Mr. Hendershot stated that he had concerns and that water is the only consumed utility  
48 product, thus capable of creating health problems. In essence, water is the only utility

1 that the Department of Health, DEEP, etc. So, this is a corner that we do not want to  
2 cut.

3  
4 Mr. Phelan stated that water is the only commodity that you can have on demand and  
5 get as much as you want, when you want it. No other utility provides this service.  
6 There is a value for this service that most people do not understand.

7  
8 Mr. Hendershot said that the main is sized for fire service – need water on demand as  
9 necessary – system must comply.

10  
11 Mr. Phelan said that money is involved in providing this service. Chemical costs,  
12 pumping costs, etc.; not just labor.

13  
14 Discussion on replacement of fleet vehicles was held. MRTs at Sewer provide insight as  
15 to the condition of the vehicles and which should be included in the budget for  
16 replacement.

17  
18 Mr. Rinebold indicated that he shares Mr. Birney's concerns over increasing revenues  
19 and what is the cause behind the increase. Water has done a good job of stretching  
20 resources in order to avoid rate increases this year.

21  
22 Discussion as to enticing new companies into Wallingford was held. Would be very  
23 beneficial to have a company with a good deal of water usage, rather than a warehouse  
24 or office situation.

25  
26 **Adjournment**

27  
28 A motion to adjourn was made at approximately 6:43 p.m.

29  
30 Made by Mr. Birney  
31 Seconded by Mr. Rinebold  
32 Votes: 3 ayes

33  
34 Respectfully submitted,

Respectfully submitted

35  
36  
37 Kathy White  
38 Recording Secretary

Joel M. Rinebold  
Secretary