

APPROVED

3/19/24

PUBLIC UTILITIES COMMISSION
WALLINGFORD ELECTRIC DIVISION

100 JOHN STREET

WALLINGFORD, CT 06492

Wednesday, February 28, 2024

1:30 P.M.

MINUTES

PRESENT: Chairman Robert Beaumont; Commissioners Joel Rinebold and Laurence Zabrowski; Director Richard Hendershot; Electric Division General Manager Jake Arborio; Electric Division Business Office Manager Marianne Dill; Water and Sewer Divisions General Manager Neil Amwake; Water and Sewer Divisions Business Manager Donald Langenauer and Acting Recording Secretary Michelle Bracale

Absent – None

Members of the Public – None

Mr. Beaumont called the Meeting to order at 1:30 P.M., and the pledge of Allegiance was recited.

1. Pledge of Allegiance

2. Consent Agenda

- a. Consider and Approve Meeting Minutes of February 6, 2024
- b. Consider and Approve Budget Transfer – Sewer Division – FY 2023/2024 – Miscellaneous Pumping

Motion to Approve the Consent Agenda

Made by: Mr. Rinebold

Seconded by: Mr. Zabrowski

Votes: 3 ayes

3. Items Removed from Consent Agenda

43 None

44

45

46

47 **4. Discussion and Action: Approval of the Director’s Report for the Month of**
48 **January 2024**

49

50 Mr. Rinebold noted the average daily flow during January was 9.37 MGD. The rolling 12-month
51 average daily flow was 5.54 MGD, which is below the 90% permit threshold of 7.2 MGD. Mr.
52 Rinebold questioned if the WSD is close to exceeding the permit level?

53

54 Mr. Amwake stated that this is a 12-month rolling average and that there is nothing to worry
55 about.

56

57 Mr. Rinebold noted the nitrogen discharge at the WWTP averaged 698 pounds per day,
58 compared to 506 pounds per day during January 2023. The current permit level is 269 pounds
59 per day. Is this being paid into the regulatory permit scheme as a credit?

60

61 Mr. Amwake stated that this is a credit trading program.

62

63 Mr. Rinebold referenced the ISO Power report and noted that in 2032 there is a possible risk for
64 the natural gas supply. Is there a need to worry about the energy supply after 2032?

65

66 Mr. Arborio stated that there are a few years to go and there are two wind programs that the
67 shovel is still in the ground.

68

69 There was further discussion on increasing the natural gas supply to the New England region
70 (Connecticut) and what can be done to be proactive moving forward.

71

72 Mr. Zabrowski referenced Item No. 4-104 and stated that the legend on the graph for the red bar
73 should read 2024 not 2023.

74

75 Mr. Beaumont referenced Item No. 4-3 Water Division and stated that this should read 5 main
76 breaks not 3 main breaks.

77

78 Mr. Beaumont referenced Item No. 4-2 Water Division Metrics and stated that this should read
79 the total calendar year participation was 66.16 inches, which is 92.41% above the historic mean
80 for a month not a calendar year.

81

82 **Motion to Approve the Director’s Report for the Month of January 2024 correcting the**
83 **following: Item 4-104 – Red Line should read “2024”, Item 4-3 – top line should read five**
84 **(5) main breaks and last line of same item “Water Division Metrics” should read “the**
85 **historic mean for the month.”**

86

87 **Made by: Mr. Rinebold**

88 **Seconded by: Mr. Zabrowski**

89 **Votes: 3 ayes**

90

91

92

93 **5. Workshop for the purpose of discussing the PUC, Water Division, Sewer**
94 **Division and Electric Division 2024/2025 Budgets**

95

96 The Budget Workshop was opened at 2:06 p.m.

97

98

99

100 **6. Discussion: Budget - Public Utilities**

101

102 Mr. Hendershot noted that about one week ago he received a memorandum from the Director of
103 Human Resources suggesting that the utilities budget \$30,000.00 for a marketing consultant to
104 help with training and succession planning.

105

106 Mr. Zabrowski commented that he views providing the suggested funding as a start to a real
107 problem.

108

109 Mr. Hendershot read the memorandum from the Director of Human Resources to the PUC.

110

111 There was further discussion in regards to not wanting to budget the \$30,000.00 for a marketing
112 consultant. The PUC agreed that they fear the budget for \$30,000.00 will not accomplish
113 anything and that if more were to be budgeted for this it will impact rates. The PUC believes
114 that this can be managed internally.

115

116 Mr. Hendershot noted that the draft Public Utilities Commission budget will reflect no wage
117 increase for the Executive Secretary as the contract in place expires June 30, 2024. The
118 Director's salary is awaiting a contract increase which was due in January 2024 and is subject to
119 another contractual increase on January 1, 2025.

120

121

122

123 **7. Discussion: Budget – Water Division**

124

125 Mr. Amwake referenced the hand outs for the water consumption and sewer usage. Mr.
126 Amwake reminded the PUC that the revenue projection for the consumption and usage is based
127 on a ten-year linear regression equation. The third and fourth quarters are estimated based on the
128 prior five years. The billed water consumption is a downward trend minus 5.25 between fiscal
129 year 2024 and projected fiscal year 2025. The basic service fee charge for 5/8-inch meter
130 customers was at \$15.51 and it has now been at \$15.11 since June 1, 2007.

131

132 The historical water consumption charge per ccf has not changed from \$4.09 for the past nine
133 years, since June 1, 2015.

134

135 Single-family residential customers account for approximately 95% of meters for the
136 Wallingford Water Division. The median quarterly charge for 5/8-inch meter residential
137 customers drops in 2019 to 2020. This was due to a statistical analysis with what the median
138 customer uses. Over 40,000 data points were put into the analysis.

139
140 Mr. Amwake reviewed with the PUC the Total System Expenses vs. Revenues. The blue line
141 shown on the graph is Revenue at Current Rates. Mr. Amwake noted that the WWD is barely
142 covering the operating expenses for FY 2024 and the WD does not cover the cash funded capital
143 projects or debt service with the current rate structure. In FY 2025, if the WWD continues on the
144 current revenue structure, the WD will not even be able to cover the operating expenses. This is a
145 ten-year model and as it moves forward the projected expenses vs. revenues gets worse. The
146 orange line shown on the graph represents the proposed rates. The proposed rates skim along the
147 top of the cash funded capital and future debt service.

148
149 Mr. Amwake referenced the Projected Water Fund End of Year Cash Reserves graph and stated
150 that the WWD continues to use cash reserves for rate stabilization. Mr. Amwake emphasized that
151 even though the rates are projected to go up, in the next 5-6 years the WWD will utilize another
152 three million in cash for rate stabilization. For FY 2030 to FY 2032, the difference between the
153 minimum cash reserve policy and cash on hand is less than one million dollars. The red line
154 shown on the graph does have a change in the minimum cash reserve policy. The WWD used to
155 keep 6 weeks of operating expenses on hand but after further discussion it was decided that a
156 better conservative number is 13 weeks, which is one full calendar quarter.

157
158 Mr. Amwake reviewed the Maine Curve graph with the PUC. This was developed by the Maine
159 Water Association in 1961. This is a percent of gross revenue that should be applied to public
160 fire protection charge. Fire protection is not about the flow that goes through the hydrant or
161 sprinklers but about how much bigger the overall water supply treatment and distribution system
162 was made to accommodate fire flow demand. This is based on what the ratio of the population
163 as well as the peak demand.

164
165 Mr. Rinebold questioned if treated water is being used and not raw water in the hydrants?

166
167 Mr. Amwake responded that is correct.

168
169 Mr. Amwake pointed out that the two redlines depicted on the graph is what you want to be
170 between (6.0% to 30.0%). Wallingford Water Division is shown as the green line on the graph
171 which is at 17.9%. Per the consultant and peak demand and the population served by the water
172 distribution system the WWD should be at 20.5% which is shown as the blue line on the graph.
173 In order to get to the 20.5%, the WWD will take private hydrants that are currently in condo
174 associations and hydrants located in shopping plazas for example and identify them as public
175 hydrants in the rate model. It is noted that these private hydrants will still be the responsibility of
176 the property owner to maintain and repair as needed. That fire protection revenue will then be
177 deemed from dollar per ccf or the consumption charge. Mr. Amwake noted that a further
178 discussion will be held on Monday, March 4, 2024 at the Water Division Rate Workshop.

179

180 Mr. Amwake reviewed the Water Division Proposed FY 2024-2025 Budget and stated that the
181 Town's collective bargaining agreement (CBA) with the Water Unit (UPSEU 424-16) expires on
182 June 30, 2024. Hence, no wage increases are included in the FY 24-25 budget for Water Unit
183 staff other than contractual step increases per the collective bargaining agreement.

184
185 The Town's CBA with the Manager's Union (UPSEU 424-17) expired on December 31, 2023.
186 As such, the FY 24-25 budget includes no salary increases for managers other than contractual
187 merit increases for specific staff. In addition, the collective bargaining agreement between the
188 Town and Teamsters, Local 443 expires on June 20, 2024. Thus, no wage increases are included
189 in the FY 24-25 budget for Clerk's, the Engineering Aide and the Draftsman staff other than
190 contractual step increases per the collective bargaining agreement.

191
192 The Water Division budget and the Sewer Division budget each include the addition of an
193 Account Clerk for the Business Office. The wages and benefits for this position are split
194 50%/50% between the two divisions, with wage and benefits expenses then assigned to various
195 accounts in each budget. The Account Clerk will assist the Water and Sewer Divisions Business
196 Office with numerous financial tasks, including though not limited to purchase requisition's,
197 accounts payable, journal entries and customer payments. Currently, the Business Office staffing
198 is too lean for the myriad of tasks and assignments to be completed on a daily, weekly, monthly
199 and quarterly basis to effectively operate two municipal utilities.

200
201 Mr. Amwake pointed out that the Electric Division has five people below their business manager
202 and assistant business manager, two junior accountants and three account clerks. The proposed
203 FY 24-25 Water Division budget includes funding for two Summer Help staff at 10 weeks each,
204 equal to 0.19 full-time equivalent (FTE) each as well as three Micro Internships of two weeks
205 each equal to 0.04 FTE each. Overall, part-time and seasonal help for the Water Division for FY
206 24-25 is equal to 0.50 full-time equivalents.

207
208 The 2024-2025 revenue forecast reflects a decrease in sales volume of 5.25% from the FY 2023-
209 2024 budget volume. This forecast is based on the average of the Division's most recent ten-
210 year sales history. The 2024-2025 budget calls for an appropriation from cash of \$830,225.00 vs.
211 the 2023-2024 budget of \$1,787,572.00 from cash.

212
213 There is a 15.00% increase of \$127,793.00 in Blue Cross & Blue Shield health insurance
214 expenses as compared to the FY 2023-2024 budget. As of today, February 28, 2024 the number
215 has been revised to reflect a 14.00% increase.

216
217 Mr. Beaumont referenced 43100642 – Operation Labor and Expense in regards to the Fifth
218 Unregulated Contaminant Monitoring Rule and questioned that there are 30 different
219 contaminants that the WWD is measuring? Are any of them regulated?

220
221 Mr. Amwake responded yes and that none of them are currently regulated.

222
223 Mr. Rinebold questioned if this is naturally occurring and would this also include lead on the
224 connections?

225

226 Mr. Amwake stated that he would need to speak with Water Quality Inspectors for clarification.
227

228

229 **8. Discussion Budget – Sewer Division**

230

231 Mr. Amwake stated that the 2024-2025 Budget includes two years of retroactive wage increases
232 for Teamsters Local 443. No other increases or salaries are increased. The management CBA
233 has expired; therefore, no wage increases are included for Managers.

234

235 The collective bargaining agreement between the Town and Teamsters, Local 443 expires on
236 June 30, 2024. Thus, no wage increases are included in the FY 24-25 budget for Sewer
237 Operations staff. Clerks, the Engineering Aide and the Draftsman other than contractual step
238 increases per the collective bargaining agreement. However, the recently (February 2, 2024)
239 settled CBA includes retroactive wage increases of 2.50% for FY 2022-2023 and 2.25% for FY
240 2023-2024 for Teamsters, Local 443 members. The current budget that was presented to the PUC
241 includes both retroactive wage increases but does not include any future wage increases as that
242 contract expires in four months.

243

244 Mr. Amwake noted the Sewer Division budget and the Water Division budget each include the
245 addition of an Account Clerk for the Business Office. The wages and benefits for this position
246 are split 50%/50% between the two divisions, with wage and benefits expenses then assigned to
247 various accounts in each budget.

248

249 Overall, part-time and seasonal help for the Sewer Division for FY 24-25 is equal to 0.31 full-
250 time equivalents.

251

252 The 2024-2025 revenue forecast reflects a decrease in usage volume of 1.80% from the 2023-
253 2024 budget volume. This forecast is based on the average of the Division's most recent ten-
254 year sales history. The Water and Sewer Division do not match. The Sewer Division has roughly
255 900 sewer flat customers that are single family residential properties that have an on site
256 groundwater well but are connected to the private sewer.

257

258 The Sewer Division has contracted with NewGen Strategies & Solutions to undertake a financial
259 forecast, retail costs of service study and recommended retail rates. The project timeline is to
260 present the study recommendations in the Fall with any new or updated rates effective for bills
261 issued on or after January 1, 2025. The three focus areas include, though are not limited to:

262

- 262 • Usage rate (\$/ccf)
- 263 • Basic Service Fee
- 264 • Operating expenses and debt service

265

266 As such, the Sewer Division revenue projections for FY 24-25 are based on the current rates for
267 the first six months of the fiscal year and projected rates from the prior WSD rate study for the
268 second six months of the upcoming fiscal year.

269

270 Mr. Rinebold referenced the Sewer Division Proposed Budget for FY 2024 – 2025 Net Income
271 Loss and questioned where and how this is resolved with reserves and depreciation?

272
273 Mr. Amwake stated that this is offset by depreciation. The net loss is \$2,037,549.00 and the
274 depreciation is \$4,131,543.00. This is due to the rates being slightly higher than they should be.
275

276 Mr. Zabrowski referenced 46100924 – Property Insurance and questioned why there is a 7.09%
277 decrease?
278

279 Mr. Amwake stated that he cannot guess at this and that Risk provides the Divisions with the
280 exact numbers. If for some reason these figures change in any of the Divisions, a budget
281 amendment would need to be requested as there is nothing else in the account to cover this with.
282

283
284

285 **9. Discussion Budget – Electric Division**

286

287 Mrs. Dill stated that the revenues for the Electric Division are based on the rate study that was
288 done approximately four years ago. Last year, the Electric Division deferred year four of that
289 rate study. This year the Electric Division is seeing the fourth year of the five-year rate study.
290 These are the rates that were put into effect for this FY 2025 budget. The budget reflects no
291 increase in full time personnel. It does reflect a decrease of two-part time employees; one in
292 customer service and one in engineering.
293

294 Management union wages are unchanged from 2023-2024 as the collective bargaining agreement
295 (CBA) with Management Unit expired December 31, 2023. The CBA with the Production Unit
296 expired August 31, 2020, the CBA with Clerical expired on June 30, 2020. The Production Unit
297 and the Clerical Unit unions are combining. This Budget includes the wage adjustments that
298 were recommended by the mediator. The 2024-2025 Budget includes contractual step increases
299 for certain newer employees in all groups.
300

301 Mrs. Dill pointed out in the Budget Summary Fiscal Year Ending June 30, 2024 that the
302 Operating Revenues have decreased by 5.1 million dollars. The total operating revenues went
303 from \$85,772,749.00 to \$80,608,967.00. The major driver to the decrease is the Power Cost
304 Adjustment.
305

306 Mr. Hendershot pointed out that there is a slight decrease in electric sales and this is not a
307 misnomer. Sales have not recovered from pre Covid levels.
308

309 Mrs. Dill stated that the purchased power is moving in the same direction as the WED revenues.
310 The purchased power is going to decrease by 3.338 million dollars. The 2024-2025 is 1.8
311 million dollars less than the WED spread for 2023-2024. One of the biggest factors that is
312 driving the spread down is the benefits package (wages, pensions, health insurance, worker's
313 compensation and payroll taxes). Those numbers amount to almost 1.7 million dollars.
314

315 Mrs. Dill referenced the Budget Summary Fiscal Year in regards to the working capital for the
316 sources and usage of funds. Depreciation is added back to the net loss of \$499,315.00. The
317 retained earnings are considered a balancing number. This is how much money that needs to be

318 taken out of the WED accumulated earnings to fund the capital that isn't being funded by net
319 income plus depreciation. The WED proposed cash at the end of 2025 will be 35.3 million
320 dollars and the cash above minimum will be 10.6 million dollars.

321
322 Mr. Arborio stated that there is an increase for labor, contractors and materials associated with
323 the refurbishment of two substation transformers at the East Street Substation (account 362).

324
325 Mr. Beaumont questioned that worker's compensation went up dramatically?
326

327 Mrs. Dill stated that is correct. There are different weights for different trades.
328

329 The Budget Workshop was closed at 4:16 p.m.
330

331 Mr. Rinebold stated that everyone did a great job!
332

333 **Committee Reports/Correspondence**
334

335
336

337 **ADJOURNMENT**
338

339 **Motion to Adjourn**
340

341 **Made by: Mr. Rinebold**

342 **Seconded by: Mr. Zabrowski**

343 **Votes: 3 ayes**
344

345 The meeting was adjourned at approximately 4:18 p.m.
346

347 Respectfully submitted,
348

349 
350

351 Michelle Bracale
352 Acting Recording Secretary

Respectfully submitted,



Laurence J. Zabrowski
Secretary