

APPROVED

3/18/25

TOWN OF WALLINGFORD
PUBLIC UTILITIES COMMISSION
WALLINGFORD ELECTRIC DIVISION
100 JOHN STREET
WALLINGFORD, CT 06492

Tuesday, March 4, 2025

6:00 P.M.

MINUTES

PRESENT: Chairman Robert Beaumont; Commissioners Dr. 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; Water and Sewer Divisions Assistant Business Manager Scott Cleary and Acting Recording Secretary Michelle Bracale

Absent – None

Members of the Public – Eric Callocchia – NewGen Strategies & Solutions

Mr. Beaumont called the Meeting to order at 6:00 P.M., and the pledge of Allegiance was recited.

1. Pledge of Allegiance

2. Consent Agenda

- a. Consider and Approve Meeting Minutes of February 4, 2025

Motion to Approve the Consent Agenda

Made by: Mr. Zabrowski

Seconded by: Dr. Rinebold

Votes: 3 ayes

3. Items Removed from Consent Agenda

RECEIVED FOR RECORD

AT 3:00 PM AND RECEIVED BY
Kristen Pango TOWN CLERK

3/19/25

42 None

43
44
45
46 **4. Discussion and Action: Approval of the Director's Report for the Month of**
47 **January 2025**
48

49 Dr. Rinebold referenced Item No. 4-15 and thanked Mr. Hendershot for providing information
50 on the Inventoried Energy Program and how it works with ISO-NE.
51

52 Mr. Hendershot stated that possible tariffs on Canadian electricity start on March 4, 2025 and
53 therefore the WED does not have any additional information from ISO-NE regarding the impact
54 on tariffs for reported energy other than what was provided. ISO-NE has filed the mechanics on
55 how they might address this but whether or not the electric energy is subject to the proposed
56 tariffs, and this has not been clarified or resolved. No one has offered any example calculations.
57

58 **Motion to Approve the Director's Report for the Month of January 2025.**
59

60 **Made by: Dr. Rinebold**

61 **Seconded by: Mr. Zabrowski**

62 **Votes: 3 ayes**
63
64
65

66 **Public Question and Answer Period**
67

68 No Members Present
69

70 **Public Question and Answer Period Closed**
71
72
73

74 **5. Discussion and Action: Resolution – Lawrence Regan**
75

76 Mr. Amwake stated that Mr. Regan has been with the Town of Wallingford Water and Sewer
77 Divisions for over thirty years. Mr. Regan started out as an accountant and was then promoted to
78 the Assistant Business Manager.
79

80 Mr. Amwake introduced the recently hired Assistant Business Manager, Mr. Scott Cleary to the
81 PUC.
82

83 The PUC welcomed Mr. Scott Cleary.
84

85 Mr. Amwake stated that Mr. Regan was detailed orientated for a plethora of tasks including but
86 not limited to payroll, customer service and billing, water meters, work orders and inventory.
87 After thirty years, Mr. Regan had considerable skills, knowledge and experience.

Mr. Amwake stated that Mr. Regan will be missed and wished him the best moving forward.

Mr. Beaumont wished Mr. Regan well and that he may have many happy and healthy years in retirement.

Motion to Approve the Resolution for Lawrence Regan.

Made by: Mr. Zabrowski

Seconded by: Dr. Rinebold

Votes: 3 ayes

6. Discussion and Possible Action: Budget Amendment – Sewer Division – FY 2024/2025 – I-91 Pump Station Replacement Construction and Construction Administration (Account #46300331)

Mr. Amwake stated that the existing I-91 wastewater pump station was constructed in 1972 and as such has been in continuous operation for 52+ years. The I-91 Pump Station is located adjacent to southbound Interstate 91 just north of New Rock Hill Road and immediately south of the I-91 Wallingford rest area. personnel access is from New Rock Hill Road and the vehicle access is from the southbound I-91 Wallingford rest area. There is an I-91 sewershed or drainage basin that conveys wastewater to this pump station. The pump station was initially constructed for the rest area and over time as residential development has been built up the WSD has used this I-91 pump station as well. The existing site consists of a duplex pump station, 1,000-gallon wetwell, two underground wastewater containment tanks totaling 10,000 gallons and a small building housing a 45-kW standby generator and a 275-gallon diesel fuel tank. The I-91 Pump Station is located in the Mackenzie River watershed. The WSD's dry well and pumps are in two separate manholes. When the staff needs to do any work, the pumps are exposed to the elements as well as are staff.

Dr. Rinebold questioned if this is for potential spillage of the containment?

Mr. Amwake responded yes.

Mr. Amwake shared photos of the pump station and reviewed the project goals and objectives. The project goals and objectives are:

1. Address wetwell surcharge conditions particularly during precipitation events
2. Existing pump capacity and pump station piping constraints. These are the pumps as well as the elbows.
3. Increase the size and the flow rates of the pumps. The existing pumps are constant speed and the new pumps will be variable frequency drives (VFDs).
4. Increase the size of the containment tanks. The new containment tanks will operate on lead lag configuration.

- 133 5. Improve access to the pumps for maintenance and repairs and improve the site layout.
134 The pumps will be located in the basement of the new building so that if work needs to be
135 done the WSD staff will not be exposed to the elements.
136 6. Replace aging infrastructure beyond its expected lifestyle. The pump station is 52+ years
137 old. This will increase reliability and reduce maintenance.
138

139 Mr. Amwake stated the wetwell volume will increase from 1,010 gallons to 3,700 gallons. The
140 containment basin will increase from 10,000 gallons to 33,500 gallons. The pump station will
141 consist of duplex pumps, an 80-kW standby generator and a 275-gallon double wall diesel tank
142 housed in a precast concrete building. The new replacement variable frequency drive (VFD)
143 pumps are rated at 410-gpm with 20 HP motors. The force main and the downstream gravity
144 sewer can handle the additional gpm.
145

146 The existing pump station will be demolished and disposed of or recycled after the new pump
147 station is fully operational. Other proposed site improvements include new chain link fencing
148 and a new asphalt driveway.
149

150 The construction-phase costs for the I-91 Sewage Pump Station Replacement Project are
151 estimated at \$3,400,000.00 with JL Raymakers & Sons, Inc. as the recommended contractor.
152 There is existing construction phase funding of \$1,415,085.00. As such, additional construction
153 phase funding of \$1,984,915.00 is required for the I-91 Pump Station Replacement Project. Per
154 the Comptroller's Office the project appropriation, aka bond ordinance, needs to be for the full
155 amount of \$3,400,000.00 recognizing that the Sewer Division has existing funding of
156 \$1,415,085.00. There will be three phases to a water or sewer capital project: the design phase,
157 the construction phase, and long-term operation and maintenance with long term operation and
158 maintenance being the largest time span. The project was advertised on November 14, 2024,
159 bids were opened January 21, 2025. There is a time period after this goes through the Town
160 Council for funding ordinance. This can be thirty days after the date of publication in the paper
161 or thirty days after the Town Council votes. Mr. Amwake stated that he will follow up with the
162 Bonding Council to confirm. The time period for the construction will be around twelve months.
163

164 Mr. Zabrowski confirmed that the WSD will use the second lowest bid based off of the
165 recommendation from the WSD's consulting engineer.
166

167 Mr. Amwake stated that is correct.
168

169 Dr. Rinebold questioned who will monitor the construction moving forward? Will this be done
170 by Tata & Howard?
171

172 Mr. Amwake stated yes, Tata & Howard does have a construction phase contract with the WSD
173 to provide construction administration services. They will just be another set of eyes.
174

175 Dr. Rinebold stated that the project is needed as it is a critical infrastructure. The design looks
176 like it is appropriate. The selection of the contractor was appropriate and well vetted. The
177 bonding is appropriate given the size of the project.
178

179 Dr. Rinebold also reiterated that he understands from the narrative that the bond ordinance needs
180 to be for the full amount of \$3,400,000.00, however he reminded the group that the PUC had
181 previously approved \$1.4 million dollars for this project which is capital carried forward and
182 should be used accordingly.

183
184 **Motion to Approve a project appropriation of \$3,400,000.00 for construction-phase**
185 **expenses for the I-91 Pump Station Replacement Project and authorizing the issue of**
186 **\$3,400,000.00 bonds of the Town to meet said appropriation and pending the issuance**
187 **thereof the making of temporary borrowing for such purpose.**
188

189 **Made by: Mr. Zabrowski**

190 **Seconded by: Dr. Rinebold**

191 **Votes: 3 ayes**
192
193
194

195 **7. Sewer Division Workshop for the purpose of discussing draft financial forecast,**
196 **retail cost of service and retail rates for the Wallingford Sewer Division along**
197 **with Miscellaneous Charges for the Wallingford Water and Sewer Divisions**
198

199 Mr. Amwake introduced Eric Callocchia from NewGen Strategies & Solutions.
200

201 Mr. Amwake stated that this workshop is for the Sewer Division retail rates and is similar to
202 what the Wallingford Water Division (WWD) did last year for the WWD retail rates. The WSD
203 has taken a look at the ten-year financial forecast and retail rate model. The goal for the
204 workshop is to go through the PowerPoint and the financial model and get feedback from the
205 PUC. On March 18, 2025 the WWD and WSD will be requesting that the PUC set a formal
206 public hearing. This public hearing will be held at the Town Hall in Room 315 on Tuesday,
207 April 15, 2025 beginning at 6:00 p.m. After the public hearing, the PUC can approve or
208 disapprove the rates. If there are additional comments, there is a fallback date of April 29, 2025
209 with the PUC taking action on that night in order to meet the effective date of July 1, 2025 for
210 the new retail rates.
211

212 Mr. Callocchia stated that the purpose and the principals of the study is to develop user retail
213 rates that result in a financially and operationally sustainable sewer system. NewGen Strategies
214 & Solutions looks into the Division's costs and customers in order to complete the study. The
215 objectives are as follows:

- 216 1. The Wallingford Sewer Division must be financially self-supporting.
- 217 2. Retail sewer rates shall be sufficient to ensure funding of an appropriate level of
218 proactive system rehabilitation, replacement and improvement.
- 219 3. The WSD shall maintain sufficient reserves to meet the Division's Minimum Cash
220 Reserve Policy to provide for rate stabilization and unplanned expenses.
- 221 4. WSD revenue and the strategic utilization of Retained Earnings shall meet the expenses
222 needs of the Sewer Division over time.

223 NewGen Strategies & Solutions looked into the beginning FY 2024-25 Cash Above Minimum,
224 the approved and adopted FY 2024-25 operating and capital budgets, the debt amortization

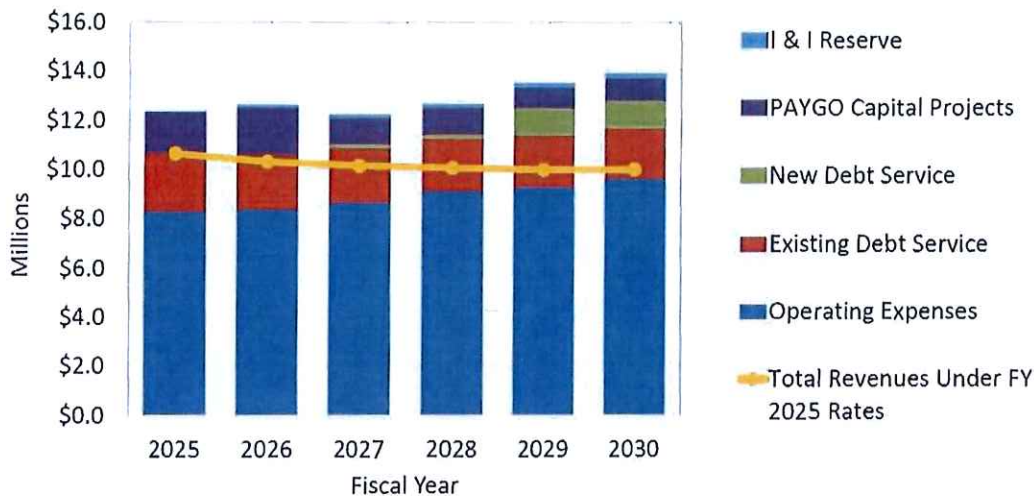
schedules for outstanding debt and the FY 2023-24 customer account and usage data. The key study assumptions are reasonable escalation in operating costs and capital expenses, declining water usage (1.0% per year FY 2025-6 through FY 2028-29) and no growth in customer accounts. The recommended minimum reserve for FY 2024-2025 are as follows:

1. O&M: 13 Weeks of O&M expenses: \$2,075,000
2. Outstanding Principal and Interest on Debt Service: \$2,350,000
3. Emergency Reserve: \$1,000,000
4. Current Liabilities: \$648,000
5. Prior Year Capital Carryover: \$4,000,000

As of June 30, 2024 the I/I Reserve Balance was at \$1,800,000.00 less the FY 2024-25 appropriation of \$800,000. This included the one-time appropriation for the Gaylord Hospital sanitary sewer lateral replacement project.

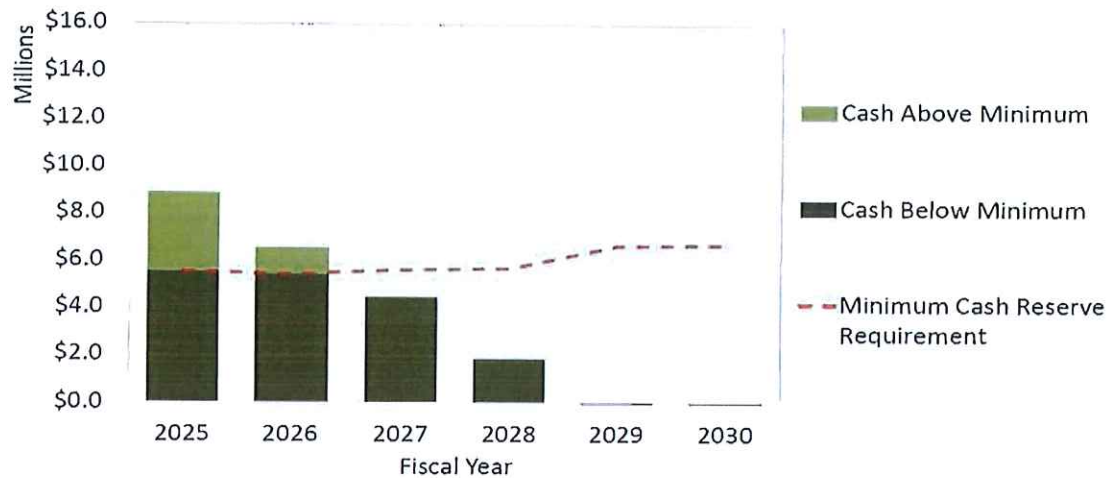
Mr. Callocchia reviewed the Sewer Expenses vs. Revenue (FY 2024-2025 Retail Rates) chart shown below and pointed out that the current revenues at the current rates are not meeting current expenses. These expenses will be increasing to about \$14,000,000.00 in FY 2029-30. The large increase from FY 2027-28 to FY2028-29 is the Divisions additional Debt Services related to the Capital Projects, specifically the Solids Handling Complex Rehabilitation Project.

SEWER EXPENSES vs. REVENUES (FY 2024-25 RETAIL RATES)



Mr. Callocchia reviewed the Retained Earnings Forecast (FY 2024-2025 Retail Rates) chart shown below and stated that this is including all of the expenses with no rate increases. The cash above minimum fund balance is drawn down and essentially extinguished in the five-year forecast.

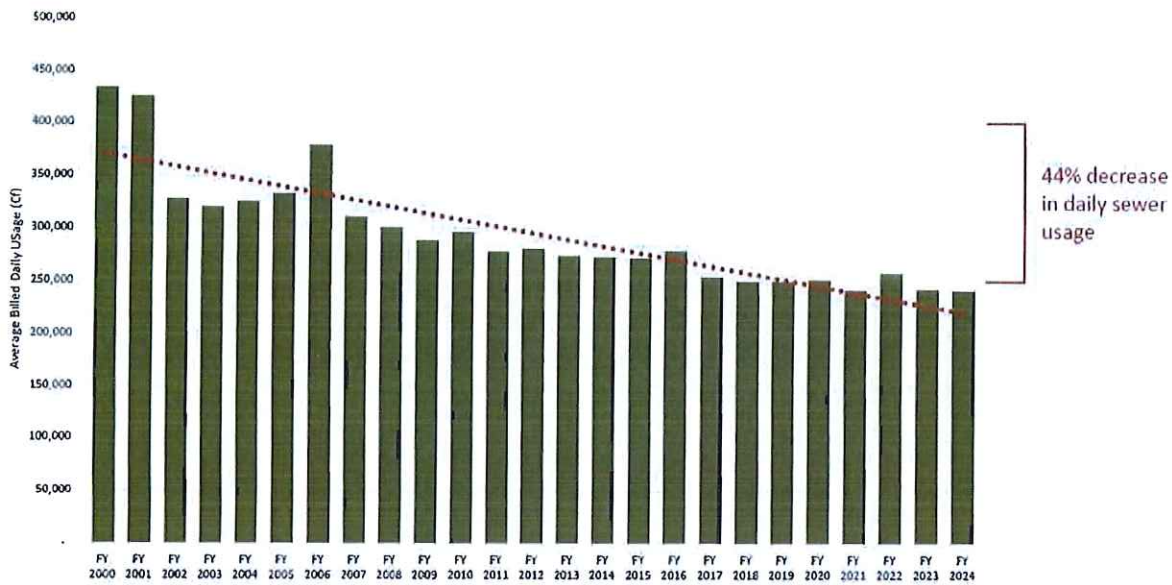
RETAINED EARNINGS FORECAST (FY 2024-25 RETAIL RATES)



Mr. Callocchia reviewed the American Water Works Association Meter Equivalents chart shown below and stated that these rates are based on flow capacity of the meters with the guiding principal being that the larger meters place a larger demand on the water system and contribute to a larger flow through the wastewater system. The vast majority of the WSD's customers are 5/8-inch meters.

Meter Size	Gallons per Minute	AWWA Meter Ratio	FY 2024-25 Wallingford Basic Service Fees
5/8"	20	1.0	\$27.09
3/4"	30	1.5	\$40.64
1"	50	2.5	\$67.73
1 1/2"	100	5.0	\$135.45
2"	160	8.0	\$216.72
3"	320	16.0	\$433.44
4"	500	25.0	\$677.26

Mr. Callocchia reviewed the Average Daily Billed Usage by Fiscal Year chart shown below and stated that this is billed usage per day going back to 2000 through 2024. There is a 44% decrease in daily sewer usage.



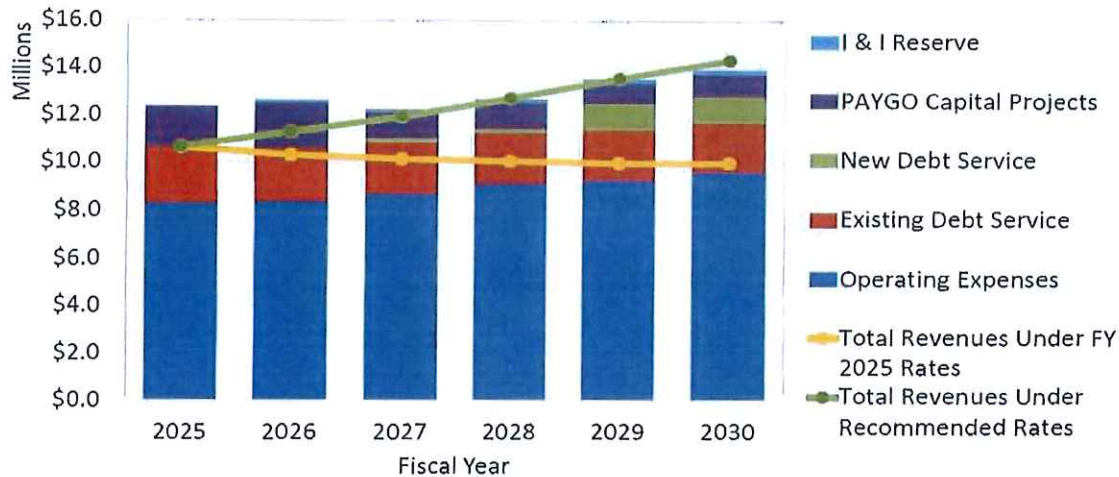
Mr. Callocchia reviewed the Recommended Quarterly Basic Service Fees chart shown below and stated that the chart shows the current quarterly Basic Service Fees for the meter sizes and the recommended quarterly Basic Service Fees increasing for the next six years. These are calculated amounts based on two components: the I/I program as a fixed cost and an allocation of fixed operating costs.

Meter Size	Current	As of 7/1/2025	As of 7/1/2026	As of 7/1/2027	As of 7/1/2028	As of 7/1/2029	As of 7/1/2030
5/8"	\$27.09	\$31.67	\$33.15	\$34.68	\$36.27	\$37.90	\$39.59
3/4"	\$40.64	\$47.51	\$49.73	\$52.03	\$54.41	\$56.86	\$59.39
1"	\$67.73	\$79.17	\$82.89	\$86.71	\$90.68	\$94.77	\$98.97
1 1/2"	\$135.45	\$158.34	\$165.76	\$173.42	\$181.35	\$189.52	\$197.93
2"	\$216.72	\$253.34	\$265.21	\$277.47	\$290.16	\$303.23	\$316.69
3"	\$433.44	\$506.68	\$530.43	\$554.93	\$580.32	\$606.46	\$633.38
4"	\$677.26	\$791.69	\$828.80	\$867.09	\$906.76	\$947.60	\$989.67

Mr. Callocchia reviewed the Recommended Volumetric Retail Rate Per CCF (\$/ccf) chart shown below and stated that the retail rate is increasing over the next six years as the WSD needs to generate additional revenue to meet the cash flow needs. This is a result of the variable cost allocations. These rates are calculated off of cash flow and net the basic service fee increases.

	Current	As of 7/1/2025	As of 7/1/2026	As of 7/1/2027	As of 7/1/2028	As of 7/1/2029	As of 7/1/2030
Usage Rate per CCF	\$8.07	\$8.74	\$9.46	\$10.24	\$11.08	\$11.77	\$12.22

Mr. Callocchia reviewed the Sewer Expenses vs. Revenue (Recommended Rates) chart shown below and stated that a new line was added to the chart. This line includes the recommended Basic Service Fees and user charges (\$/ccf). The line does not meet or exceed the crossbars until year three and four. In the first two years of this forecast the WSD will be making use of the retained earnings to smooth out the rate forecast rather than jumping up to the \$12,000,000.00 - \$13,000,000.00 immediately in the next fiscal year.

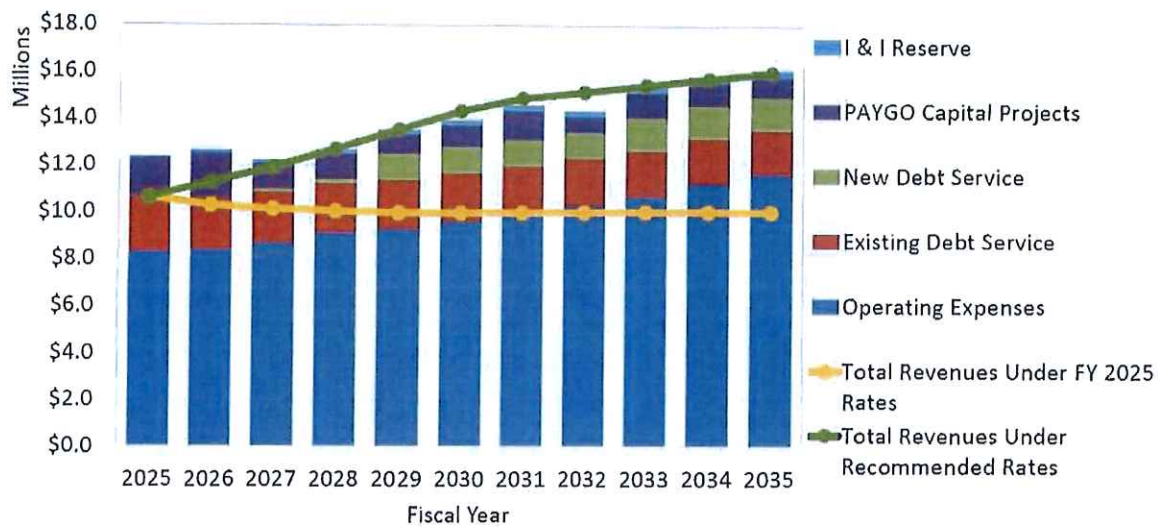


Mr. Callocchia reviewed the Sewer Expenses vs. Revenue (Recommended Rates) chart shown below and stated that this is a ten-year forecast. The steepness of the Revenue increase line falls off a little bit and smooths out at the five-year mark. Although there will be additional increases beyond the five-year mark, the ten-year model is really a five-year phase in to achieve rate stability.

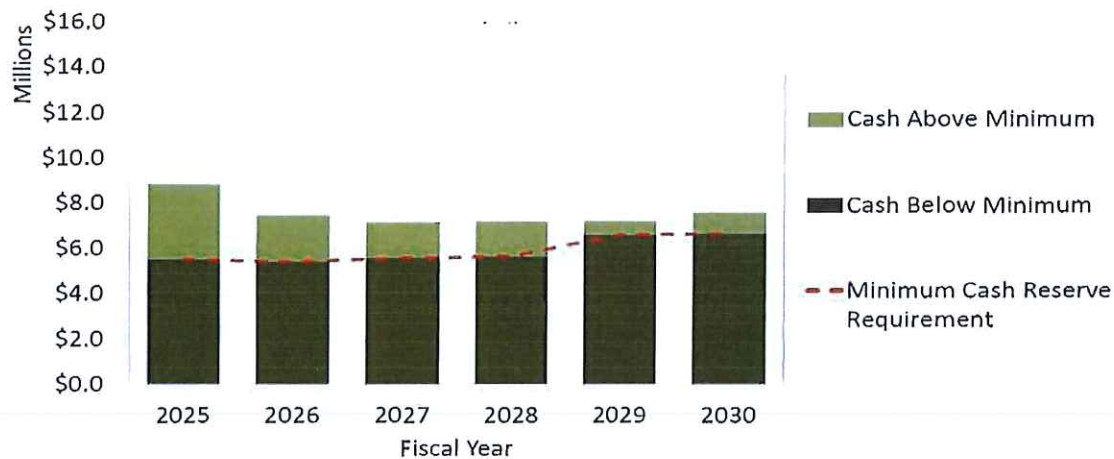
Mr. Amwake stated that in FY 2029 the New Debt Service portion of the bar is for the Solids Handling Complex Rehabilitation Project.

Mr. Hendershot questioned what is happening in year 2032?

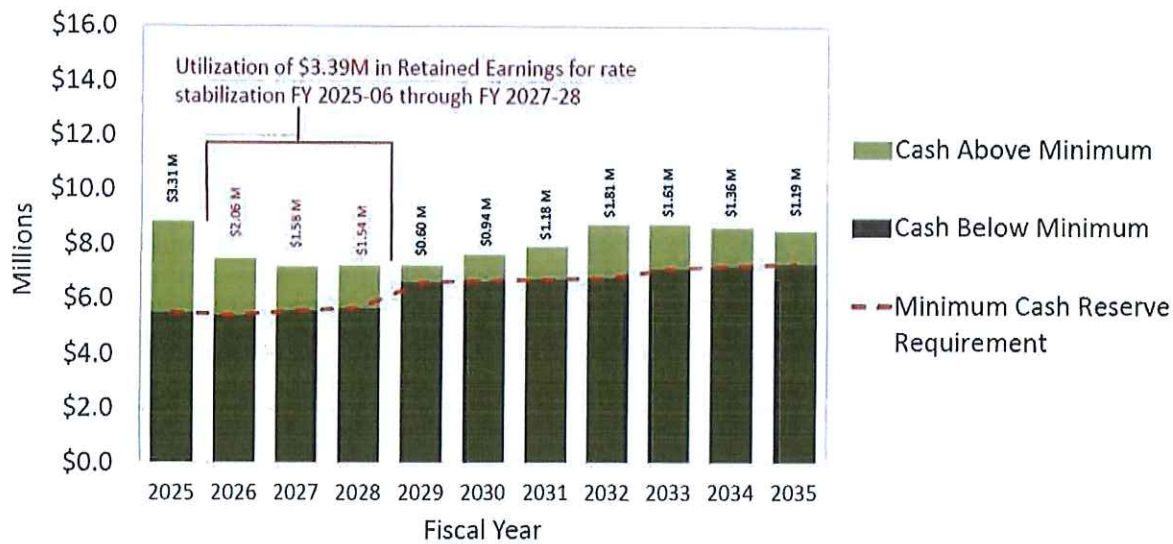
Mr. Callocchia stated that it looks like the Capital Project is going down which is due to the timing of the projects and how they were layered into the program.



294 Mr. Callocchia reviewed the Retained Earnings Forecast (Recommended Rates) chart shown
 295 below and stated that this is on a five-year timeframe. The model for the cash above minimum
 296 forecast is tight. The increase in the reserve requirement is the additional debt service for the
 297 Solids Handling Project. The minimum requirement increases because the WSD will now need
 298 to cover the additional debt.
 299



300 Mr. Callocchia reviewed the Retained Earnings Forecast (Recommended Rates) chart shown
 301 below and stated that this is a ten-year forecast. The bump up for the minimum requirement
 302 levels off but the WSD continues to add cash flow to meet and exceed that requirement to FY
 303 2032. The cash flow then levels off and maintains after all of the capital investments.
 304



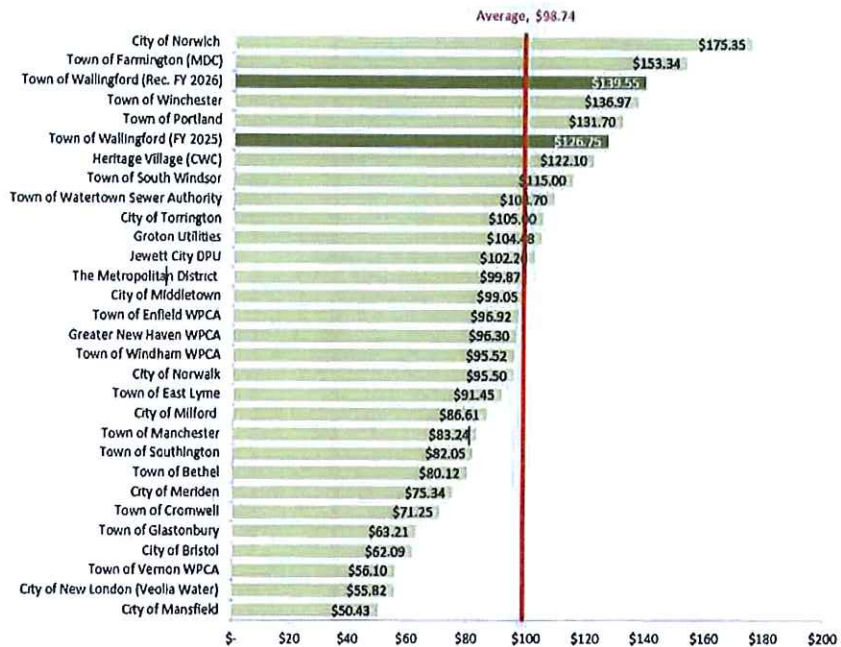
Mr. Callocchia reviewed the customer bill impacts chart shown below and stated that the 5/8-inch meter and sewer flat customers are about 94% of customers.

Mr. Amwake pointed out that currently everything is based on 1,200 cf. Mr. Amwake worked with Mr. Phelan, the former Water and Sewer Divisions Business Manager, to perform a statical analysis with over 40,000 data points. The cf has changed to 1,235 cf as of July 1, 2025. If the extra 35 cf per quarter was not allocated, particularly for the sewer flat customers, the benefit would then be assigned to the metered customers. The WSD did not think that this would be fair and equitable to the customers. The overall increase for the WWD and WSD rates combined for the average 5/8-inch meter customer is about \$22.00 per quarter.

	Current	As of 7/1/2025	As of 7/1/2026	As of 7/1/2027	As of 7/1/2028	As of 7/1/2029	As of 7/1/2030
Median Residential:							
5/8-Inch meter at 1,235 cf per Quarter							
[12,631 meters; 94.269%]							
Basic Service Fee (BSF)	\$27.09	\$31.67	\$33.15	\$34.68	\$36.27	\$37.90	\$39.59
Usage Cost	\$96.84	\$107.94	\$116.83	\$126.46	\$136.84	\$145.36	\$150.92
Total Quarterly Sewer Bill	\$123.93	\$139.61	\$149.98	\$161.14	\$173.11	\$183.26	\$190.51
Quarterly change (\$)		\$15.68	\$10.38	\$11.16	\$11.96	\$10.16	\$7.24
Monthly Equivalent Bill	\$41.31	\$46.54	\$49.99	\$53.72	\$57.70	\$61.09	\$63.50

Mr. Callocchia presented the PUC with a retail sewer bill comparison graph as shown below to review. What the customers are paying for and the financial stability of these communities are unknown. This does not drive the recommendations; this is just a result.

RETAIL SEWER BILL COMPARISON



Mr. Callocchia reviewed the miscellaneous charges and stated that these are one-time fees. These charges are as follows:

1. Meter Installation Fees
2. Service Installation Fees
3. After-hours Call Out (For the convenience of the customer)
4. Service Turn On / Turn Off (More than one (1) on/off per calendar year)
5. Returned Check Fee
6. I/I Inspection Credit (New)

Mr. Hendershot stated the WED is subject to certain state statutes that require the WED to meet a certain rate of return on investment. There is no such requirement for water or sewer utilities within Connecticut.

Mr. Callocchia stated that this is correct. NewGen Strategies & Solutions analysis is cash flow-based; money in, money out. There is no depreciation, rate of return or cost of capital included as a line item in the analysis.

Mr. Amwake reviewed the packet with the PUC. Attachment A the Historical Average Billed Usage and stated that FY 2000 and 2001 could be dropped out to see what it does to the slope. The second page is the average daily billed consumption over the last ten years. The slope becomes shallower and gentler. Attachment B is the Historical Sewer Usage Charge per CCF, Historical Basic Service Fee Charge for 5/8-inch Meter Customers and Median Quarterly Charge for 5-inch Meter and Sewer Flat Customers. Between June 1, 2019 and October 1, 2020 there was a decrease because the sewer flats used to be billed based on 1,600 cf per quarter though that was updated to 1,200 cf per quarter as of October 1, 2020. Attachment C is a pie chart that shows the quantity of meters in the collection system. 95.20% of all sewer meters are 5/8-inch meters or sewer flat customers. Attachment D provides graphs of the proposed quarterly usage charges,

the proposed Basic Service Fee and what the 5/8-inch meter and sewer customers would be. The WSD went from 1,200 cf to 1,235 cf. Attachment E is proposed quarterly sewer rate increases. At the top there are six fiscal years highlighted in yellow. The WSD will be asking the PUC for a six-year rate adoption. The plan is to revisit the retail rates after four years. The last three fiscal years highlighted in the light yellow are from the model and was difficult to remove so they were just left on the spreadsheet. Attachment F shows the proposed quarterly combined water customer and sewer rate increases. With the adopted rates for FY 2025-2026 for the Water Division and the proposed rates for the Sewer Division the quarter over quarter increase will be \$22.21. Further out this year over year rate increase does taper down. The pivot point for the model is the debt service for the Solids Handling Complex Rehabilitation Project. It is prudent to put this into the financial forecast as this is coming. Attachment G is proposed miscellaneous charges. The Water and Sewer Division has one service turn off/turn on per calendar year that is a no charge service. If service is turned off for lack of payment and a full payment is then made by the customer the Division feels it is disingenuous to hit the customer with another charge. This was a decision made by the Division. The return check fee will be kept at \$35.00. The closing fee is when a customer is selling a home and the WWD staff will go out and take a custom meter read and create a custom bill for closing. There are expenses for this and should be borne for that specific customer and not the entire rate system. There are no changes to the tampering charges.

Mr. Hendershot made a suggestion to put a parenthesis around the \$50.00 I&I inspection credit to read (\$50.00).

Mr. Amwake noted that the new Water Unit collective bargaining agreement requires a minimum four hour call out at overtime rates which is an increase of the prior three hour minimum and has led to the increase in this fee. Attachment H is the draft Legal Notice of Public Hearing. Two weeks from tonight there will be an agenda item for the PUC to set the Public Hearing for Tuesday, April 15, 2025.

8. Executive Session pursuant to State of Connecticut General Statutes §1-200(6)(A), §1-210(b)(2) and §1-2225f to discuss the evaluation and performance of the Director of Public Utilities

Motion was made to move into Executive Session at 7:52 p.m. pursuant to State of Connecticut General Statutes §1-200(6)(A), §1-210(b)(2) and §1-2225f to discuss the evaluation and performance of the Director of Public Utilities

Made by: Mr. Zabrowski

Seconded by: Dr. Rinebold

Votes: 3 ayes

Attendance at Executive Session: Chairman Robert Beaumont; Commissioners Dr. Joel Rinebold and Laurence Zabrowski and Director Richard Hendershot

Time of Executive Session: 7:52 p.m. to 8:32 p.m.

9. Discussion and Possible Action: Evaluation and Performance of the Director of Public Utilities as discussed in Executive Session

Motion to Approve a 2.5% Increase to the Salary for the Director of Public Utilities retroactive to and effective January 1, 2025.

Made by: Dr. Rinebold

Seconded by: Mr. Zabrowski

Votes: 3 ayes

Committee Reports/Correspondence

ADJOURNMENT

Motion to Adjourn

Made by: Mr. Zabrowski

Seconded by: Dr. Rinebold

Votes: 3 ayes

The meeting was adjourned at approximately 8:35 p.m.

Respectfully submitted,

Michelle Bracale

Michelle Bracale
Acting Recording Secretary

Respectfully submitted,

Laurence Zabrowski /mb

Laurence J. Zabrowski
Secretary