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**DRAFT**  
**PUBLIC UTILITIES COMMISSION**  
**WALLINGFORD ELECTRIC DIVISION**  
**100 JOHN STREET**  
**WALLINGFORD, CT**  
**TUESDAY, September 18, 2018**  
**MINUTES**

**PRESENT:** Chairman Robert Beaumont; Commissioners Joel Rinebold & Patrick Birney; Director Richard Hendershot; Electric Division General Manager Tony Buccheri; Office Manager Tom Sullivan; Water and Sewer Divisions General Manager Neil Amwake; Office Manager William Phelan; Recording Secretary Cynthia Kleist; Public – Steve Gale.

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

- 1. Pledge of Allegiance**
- 2. CONSENT AGENDA**
  - a. Consider and approve Minutes of September 4, 2018

**Motion to approve consent item:**

**Made by: Mr. Birney**

**Seconded by: Mr. Rinebold**

**Vote: 3 ayes**

- 3. Items removed from Consent Agenda – None**
- 4. Discussion and Action: Approval of the Director’s Report for the Month of August 2018**

**Mr. Birney made a motion to approve the Director’s Report for the Month of August 2018. Mr. Rinebold seconded the motion.**

**DIRECTOR’S OFFICE/DEPARTMENT-WIDE**

Mr. Hendershot reported that the Transmission Cost Reduction (“TCR”) Program which began June 1, and resulted in a credit of approximately \$1,600 for the Water Division’s July bill. He noted that on August 19, through August 21, he attended the more informative portions of the NEPPA Annual Conference, and participated in the UPSEU-16 Water CBA negotiations on August 27. He said the Union

1 remains intractable on two issues and so a mediation session is scheduled for October 3. Mr.  
2 Hendershot pointed out that in living memory, the Water unit contract always ends up in arbitration.  
3 Mr. Hendershot reported that on August 29, he met with Energy New England/Craig Kienny (via  
4 telephone), and Energy Initiative Inc., at ENE's offices in Foxborough, Mass. to discuss changes  
5 recommended by the Sept. 8, 2017 Final Report on Agreed-Upon Procedures to the ENE service contract  
6 (prior to extending and the Risk Management Policy). He said there were modest wording changes to  
7 the Risk Management Policies

8 **ELECTRIC DIVISION**

9 Mr. Hendershot reported the Division continues to work through the remaining physical punch list  
10 items; as-built drawings have been returned to WED by LSP; WED is performing additional review.

11 Office Building Garage Bays, etc.

12 Mr. Hendershot said large wooden cable reels were moved along with other previously outside stored  
13 materials into the old building. He said Mr. Buccheri and staff have issued an RFP for architectural  
14 services for 100 John Street; a pre-bid meeting is scheduled for October 17.

15 Wallingford Renewable Energy Solar-PV Interconnection.

16 Mr. Hendershot noted that he and Mr. Buccheri met with a representative from the new owners of  
17 Wallingford Renewable Energy (CLENERA), on August 16. He said during August, WED's Consultant,  
18 provided data to ISO-NE so it could work on its regional transmission impact system study.

19 Mr. Hendershot reported that during August, work included seven new services; 17 service changes and  
20 three retired services; street light work included 41 LED street light conversions and three street light  
21 repairs; to date, 935 LED streetlights have been installed, with 3,700 HPS streetlights remaining to be  
22 replaced.

23

24 Personnel

25 Mr. Hendershot noted that two new Maintenance Electricians began work on August 6 and August 13.  
26 He said the Apprentice Lineman vacancy will be filled via the transfer of the Apprentice Maintenance  
27 Electrician into this vacancy effective September 4; The Distribution Superintendent Jeff Franson has  
28 provided notice of his intent to retire from the WED in early February 2019; he said WED has begun  
29 efforts to obtain approval to fill this impending vacancy.

30 Electric System Metrics

31 Mr. Hendershot said that system input for August totaled 62,029 – MWh, an increase of 11.4% from  
32 August 2017; Maximum stem demand for August was 120.5 MW, an increase of 8.4% from the August  
33 2017 peak.

1 July Wholesale Power Supply

2 Mr. Hendershot said in July, 90.6% of the WED's total energy was hedged, which was below the  
3 forecasted hedging level for July of 92.3%;

4 WED's all-in power costs for July:

5 \$89.83 per MWh; 2017/2018 FY budget forecast (1/15/18) for July = \$99.32; prevailing six-month  
6 average PCA forecast (7.1.18-12/31/18) = \$102.67

7 WED's generation cost:

8 Average cost for hedged volume = \$47.43

9 Average cost for total volume = \$47.14

10 Mr. Hendershot said lower unit costs (due to more than expected units over which to spread fixed costs)  
11 combined with favorable prices for "short" energy to yield the above result.

12 Mr. Birney asked about 100 John Street and what would be done and the costs. Mr. Hendershot said this  
13 effort was budgeted. He noted there will soon be six empty garage bays, and that years ago, there were  
14 three conference rooms and presently there is one. He said the space is tight and is not being utilized  
15 correctly. Mr. Hendershot said customer privacy and security needs to be addressed; noting there is  
16 extra space and there are various needs. He said professionals to help plan for the most efficient use of  
17 this space should be brought on-board. Mr. Hendershot said this effort will utilize the best use of space.  
18 He said this will be a multi-year plan when it is completed.

19 Mr. Rinebold asked about installing underground cables at Ashlar Village and the Broadview sub-  
20 division. He asked how the underground circuits were holding up in terms of reliability. Mr. Rinebold  
21 noted the Division was under-budget for 17/18. He asked if things would hold up or would this be a  
22 "problem waiting to happen" with some of the older equipment. Mr. Buccheri noted that the Division is  
23 at the tail end of the project with Broadview. He said Phase 1 at Ashlar Village has to be completed,  
24 Phase 2 and Phase 3 is already newer cable which is in pipe. He explained the Division is replacing all the  
25 direct buried cable which is at the end of its useful life. Mr. Rinebold asked if there would be any big  
26 capital expenditures. Mr. Buccheri said this year is Broadview and are talking with getting the easements  
27 in place for Phase 1 of Ashlar Village, and the Division will have money budgeted for next year to do this  
28 project.

29 Mr. Rinebold said he shared Mr. Birney's interest in the architectural services and was glad that CMC  
30 was the successful bidder for the Home Energy Savings Program; the RFP process worked and they are a  
31 quality company and were competitive. Mr. Hendershot pointed out that CMC was the only respondent.

32 **WATER DIVISION**

1 Mr. Hendershot noted there were no water main breaks or service leaks during August.

2 Pond Hill Emergency Interconnection Station

3 Mr. Hendershot said a successful disinfection test has not yet been achieved on The Regional Water  
4 Authority side, so Wallingford water will be pushed through The Regional Water Authority facilities and  
5 another disinfection test performed.

6 Water Main Replacements

7 Mr. Hendershot said that Contract 35 work began in August. He said trenches on Ward Street and South  
8 Orchard Street were cut; pipe was delivered and field work is expected to begin the week of Sept. 10.

9 Mr. Hendershot said the design of water main supports and insulation replacement engineer project on  
10 Church and Main Streets and in Yalesville over the Quinnipiac River, have begun; the Consultant  
11 completed inspections on August 24; a draft report with 50% level cost estimates were delivered on  
12 August 31; Water Division crews continued their efforts to perform system-wide valve maintenance and  
13 main flushing; work within Zone 4 has been completed and Division crews have moved onto Zone 5; ten  
14 fire hydrants were repaired as a result of this effort.

15 Personnel

16 Mr. Hendershot said the vacant Account Clerk position was posted.

17 Water Division Metrics

18 Mr. Hendershot reported that water production for August totaled 126.2 million gallons, a decrease of  
19 6.0% from August 2017; reservoir storage at month end was at 84.4% of total effective impoundment,  
20 which is above the historical average for August of 81.7%; Precipitation for the month totaled 4.51  
21 inches, which is 4.7% above the historical average for the first eight months of the year.

22 **WASTEWATER DIVISION**

23 Mr. Hendershot reported that Sewer Division staff responded to a total of nine Wastewater Treatment  
24 Plant alarms and collection system trouble calls.

25 WWTP Facility Plan/Phosphorus Treatment Project

26 Personnel

27 Mr. Hendershot noted the Division is working with Human Resources to address two vacancies: an  
28 Attendant (I,II, or III, depending upon Applicant qualifications), and a Laboratory Technician. He said the  
29 postings closed September 11.

30 Wastewater Division Metrics

1 Mr. Hendershot said at the plant, the average daily flow during August was 4.09 MGD, a 6.4% increase  
2 from August 2017; nitrogen discharge for the month averaged 246 pounds per day, slightly above the  
3 August 2017 discharge rate of 240 pounds per day, but measurably below the permit level of 269  
4 pounds per day.

#### 5 Private Side I/I Program

6 Mr. Hendershot said during August, Division staff conducted 49 inspections, which identified four total  
7 connections; YTD I/I efforts have resulted in 359 inspections and 34 connections identified. Mr.  
8 Hendershot noted since inception, the I/I program has conducted 1,166 inspections, identified 147  
9 connections and corrected 78.

10 Mr. Amwake provided a real-time update /report of the WWTP Phosphorus Treatment Project to the  
11 Public Utilities Commission. He noted that during the last month, a lot of the effort has focused on  
12 Ballasted Flocculation Phosphorus Removal System RFP. He explained DEEP requires the Division to put  
13 out one bid first for the treatment technology. He said the advertisement date through the Town's  
14 Procurement Portal was August 22, 2018 at 4 p.m.; the last day for bidders to submit questions was  
15 Thursday, Sept. 6, 2018. Mr. Amwake noted 31 questions (clarifications) were received, 30 within the  
16 last three hours. Mr. Amwake said that between AECOM and the Water and Sewer Division, all the  
17 questions were addressed. He said DEEP also has a review and approval of this, because it is a  
18 procurement. He said there was a formal approval and acceptance this morning of the addendum this  
19 morning (Tuesday, Sept. 18). Mr. Amwake said DEEP requires a minimum of five business days between  
20 when the addendum is posted and when the bids are due, and noted the bid date was moved from Sept.  
21 25 to Sept. 27. He said this is a large package with two large vendors.

22 Mr. Amwake pointed out the specifications are over 250 pages. Mr. Rinebold asked what the addendum  
23 was. Mr. Amwake said all 31 questions were typed up as they came in and were answered and the bid  
24 due date was moved from Sept. 25 to Sept. 27. He said there are two bidders at this point. Mr. Amwake  
25 noted that one geotechnical boring was done on Friday, Sept. 14 for the proposed location of the stand-  
26 by generator building. He said it appears the emergency generator building will be placed in a different  
27 location than originally conceptually planned.

28 In his report, Mr. Amwake said the next milestone: receive 50% design effort (early November 2018) and  
29 conduct 50% value engineering (VE) session and public participation workshop (after VE). He said 100%  
30 of the design to DEEP will be submitted the second week of January 2019 for review and approval by  
31 DEEP (45 days, reduced from the requested 90 days); bid advertisement by March 19, 2018; submit  
32 100% design to DEEP the second week of January 2019 for review and approval by DEEP (45 days  
33 reduced from the requested 90 days). He said the 30% PDR will continued to be used as a guide  
34 document. Mr. Amwake said DEEP needs 45 days to review and approve the design and the bid needs  
35 to be completed by March 19 in order to go through the bidding process as well as the Town funding  
36 ordinance process to execute the contract by June 28.

1 Chairman Beaumont asked on page 4-28, a loss of \$3 ¼ million approximately and asked how much of  
2 this is because of rate subsidization as far as the PCA is concerned. Mr. Sullivan said the figure is  
3 \$3,647,000. Mr. Hendershot said the Division would have finished \$400,000 in the black if it weren't for  
4 what is being done with the PCA. On page 4-27, Chairman Beaumont noted the disparity between the  
5 budget and actual year-to-date concerning actual electricity sales; approximately \$5 million on the  
6 commercial end. He asked how much of this was Bristol-Myers Squibb, (BMS).

7 Mr. Sullivan said BMS is approximately \$266,000 of this. He noted the demand ratchet still makes the  
8 Division some money. Chairman Beaumont asked about the streetlights, noting there are 3,700 of them  
9 left to do. Mr. Hendershot said the Division planned on replacing 800 to 1,000 streetlights a year. On  
10 page 4-33 Chairman Beaumont asked about the assets invested in Pierce and Microgen. Mr. Sullivan said  
11 there is no investment (Pierce & Microgen), it is just put through as cost.

12 **Vote: 3 ayes**

13 **PUBLIC QUESTION & ANSWER PERIOD – 7:10 p.m. – NO QUESTIONS – PUBLIC QUESTION & ANSWER**  
14 **PERIOD ENDED AT 7:10 p.m.**

15 **WATER/SEWER**

16 **5. Discussion and Possible Action: Proposed Water and Sewer Divisions Town Center Zone**  
17 **Economic Development Program – Reduced Units of Connection**

18 Mr. Amwake noted this was a continuation of the discussion from two weeks ago when the Water and  
19 Sewer Divisions presented the Town Center Zone Economic Development Program for discussion and  
20 questions. He said since there were no questions, comments or revisions, this is the same program from  
21 two weeks ago. Chairman Beaumont had a question on page 5-5 last line of the first paragraph, noting it  
22 should read “size or number of water meter(s) instead of “size of number of water meters”. Mr.  
23 Amwake pointed out “size or number of water meters” is correct written under #1 of Eligibility Criteria  
24 and Logistics.

25 **Mr. Birney made a motion for the reasons stated two weeks ago, as well as Mr. Amwake’s memo of**  
26 **Sept. 12, 2018, to approve the Town Center Zone Economic Development Program – Reduced Units of**  
27 **Connection. Mr. Rinebold seconded the motion.**

28 **Vote: 3 ayes.**

29 **6. Review of Water/Sewer Division Disbursements for the Month of August 2018.**

30 On page 6-14, Mr. Rinebold asked about the “Emergency Interconnection”, \$46,422. He asked if this was  
31 storm related. Mr. Amwake explained this was the Pond Hill Emergency Interconnection.

32 **NO ACTION TAKEN – DISCUSSION ONLY.**

1 **ELECTRIC**

2 **7.** Review of Electric Division Disbursements for the Month of August 2018.

3 On page 7-5, Mr. Rinebold pointed out the contribution to the Town for \$158,404.

4 **NO ACTION TAKEN – DISCUSSION ONLY.**

5 **8.** Discussion and Possible Action: - Revision – Energy Risk Management Policy.

6 Mr. Hendershot referred to this in his Monthly Report. He provided a brief cover memo dated Sept. 12,  
7 2018. He noted minor changes on pages 9 and 10, specifically Section 8.2 “Credit Policy Characteristics”  
8 Paragraph 7, the addition of cash, as one of the ways the counterparties can provide credit assurance.  
9 He said this wasn’t included in the policy. Mr. Hendershot noted section 9.1, “Trading Sanctions – Policy  
10 Characteristics”, paragraphs 4 and 5, some slight wording changes to make the paragraphs better state  
11 what they mean and what Energy New England can actually do, since WED is not their only client, but  
12 are their only customer. Mr. Hendershot said this has been approved by the Energy Risk Management  
13 Oversight Committee (ERMOC).

14 Mr. Birney noted the policy has been in effect for a while. He asked what prompted the Division to  
15 recommend the implementation. Mr. Hendershot said there is nothing special about the timing, noting  
16 he finally sat down with the report on the agreed-upon procedures for the period of fourth quarter 2013  
17 through all of 2016 with said report received in 2017 and married some of the reports comments and  
18 recommendations on how this document is worded and how the ENE contract list of procedures is  
19 worded. He said this cleans up some of the disconnects. Chairman Beaumont said this was basically  
20 housekeeping.

21 **Mr. Birney made a motion to approve the proposed revisions to the Electric Division’s Energy Risk**  
22 **Management Policy. Mr. Rinebold seconded the motion.**

23 **Vote: 3 ayes**

24 **9.** Discussion and Possible Action: Electric Division – Independent Contractor Agreement with  
25 Utility Services Inc.

26 Mr. Birney asked for a recap of what this was about and what Utility Services does. Mr. Buccheri said  
27 NERC, (the Electric Reliability Organization) is governed by FERC (Federal Energy Regulatory  
28 Commission). He said Utility Services Inc. was brought on because WED was a distribution provider and  
29 had the responsibility to report. He said Utility Services assisted the WED through an audit. He said a few  
30 years back when WED became a transmission owner, there were requirements in reporting that Utility  
31 Services supported us with. Mr. Buccheri said Utility Services works with WED daily with minor one-  
32 scope items and guides WED through the audits. Mr. Hendershot said this is incredibly complicated and  
33 noted an organization of WED’s size would need a full-time person if it weren’t for Utility Services  
34 assisting WED, monitoring for us, developing templates and guiding WED through these efforts. Mr.

1 Birney asked how much WED spent annually prior to August 30, 2018, noting the Agreement began on  
2 Sept. 12, 2018. Mr. Sullivan said the amount was approximately \$30,000. Mr. Hendershot said the  
3 amount was less than \$30,000, noting the amount is typically less than \$2,000 a month. He said it is a  
4 flat fee and if more help is needed, the cost could go up. He noted an audit occurs once every six years.  
5 Mr. Buccheri said Utility Services assists the WED in ensuring the grid operates properly.

6 **Mr. Birney made a motion to approve the Independent Contractor Agreement with Utility Services**  
7 **Inc. Mr. Rinebold seconded the motion.**

8 **Vote: 3 ayes**

9 **10.** Discussion and Possible Action: Electric Division – Authorization to Execute Successor Market-  
10 priced Power Supply Agreement between the WED and Nucor Steel Connecticut.

11 In his Sept. 5, 2018 memo, Mr. Hendershot said he was requesting the PUC’s authorization to execute  
12 this Agreement which he noted would replace the current version of the Agreement which expires on  
13 midnight December 31, 2018. Mr. Hendershot said this Agreement was originally crafted by former  
14 Director George Adair and Atty. Robert O’Neill, and was reviewed by the Law Dept. Mr. Hendershot  
15 noted in his memo that Nucor has already accepted this proposed successor Agreement and has duly  
16 executed it.

17 Mr. Hendershot’s memo pointed out that the proposed successor Agreement is identical to the current  
18 Agreement, except for the following changes (all proposed by the WED and accepted by Nucor): the  
19 Agreement has a three-year term through Dec. 31, 2021; the customer charge increases each January 1  
20 in such a way as to produce additional revenue for the WED (approximately equal to what the Division  
21 would have realized if Nucor’s load was served 100% through retail rate 5-M; The WED is passing on to  
22 Nucor anticipated increased Agent Fees (ENE costs to administer each Market-Based Agreement while  
23 performing as the WED’s Agent at ISO-NE; Section 6 Dispute Resolution has been changed to remove all  
24 references to “arbitration” and instead describes how each party may proceed to litigation if earlier  
25 described dispute resolution efforts are not successful.

26 Mr. Birney said he reviewed the changes, and noted there were two changes on tonight’s agenda which  
27 modified the Dispute Resolution provisions which he appreciated. He noted the Agreement expired Dec.  
28 31, 2018, and asked what the urgency was to adopt this Agreement. Mr. Hendershot said time has a way  
29 of creeping up and he won’t be available for a few weeks. He said it will be business as usual with this  
30 Agreement. Mr. Hendershot said Nucor has an opportunity to tremendously reduce their electric costs  
31 and the risk is on them (Nucor). Chairman Beaumont said this is a win-win situation for the WED. Mr.  
32 Hendershot pointed out that how the WED administered this on a day-to day basis, was the impetus for  
33 the transmission cost production program. Mr. Rinebold said he liked this Agreement and believes this is  
34 the best of both worlds and allows Nucor to operate as a market participant that they couldn’t  
35 otherwise do without the Wallingford Division. He said WED will get paid in advance and there is a true-  
36 up. He said this was skillfully drafted to allow the Wallingford rate base to also get value out from this.



1 He said everyone wins on this; the Wallingford rate base and Nucor gets paid and the public is not  
2 exposed to risk.

3 **Mr. Birney made a motion for the reasons stated in Mr. Hendershot's Sept. 5, 2018 memo and for**  
4 **reasons stated on the record tonight, to approve this Agreement. Mr. Rinebold seconded the motion.**

5 **Vote: 3 ayes**

6 **Committee Reports – None**

7 **Correspondence – None**

8 Mr. Hendershot reminded the PUC of his August 2, 2018 memorandum to Mayor William Dickinson  
9 regarding his vacation from Sept. 19 to Oct. 10.

10 **11. Executive Session pursuant to Section 7-232a, 1-200 (6)(E), 1-225(f) and 210(b)(5)(B) of the CT**  
11 **General Statutes to discuss possible Successor Agreement for Energy Portfolio Management**  
12 **Power Supply Consulting Services.**

13 **Motion to go into Executive Session at 7:40 p.m. to discuss possible Successor Agreement for Energy**  
14 **Portfolio Management Power Supply Consulting Services without further motions until a motion to**  
15 **come out of Executive Session**

16 **Made by: Birney**

17 **Seconded by: Rinebold**

18 **Vote: 3 ayes**

19 **PRESENT:** Chairman Robert Beaumont, Commissioners Patrick Birney and Joel Rinebold, Director of  
20 Public Utilities Richard Hendershot, Electric Division General Manager Tony Buccheri and Electric  
21 Division Office Manager Tom Sullivan.

22 **12. Discussion and Possible Action: Electric Division – Authorization to Execute Successor**  
23 **Agreement for Energy Portfolio Management and Power Supply Consulting Services.**

24 Motion to authorize execution of the Successor Agreement for Energy Portfolio Management and Power  
25 Supply Consulting Services.

26

27 Made by Mr. Birney

28 Seconded by Mr. Rinebold

29 Votes: 3 ayes

1       **13.** Motion to adjourn at approximately 8:03 p.m.

2       Made by Mr. Birney

3       Seconded by Mr. Rinebold

4       Votes: 3 ayes

5

6       Respectfully submitted,

Respectfully submitted,

7

8       Cynthia A. Kleist

Joel Rinebold

9       Recording Secretary

Secretary

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