

1 **DRAFT**

2 Public Utilities Commission

3 Wallingford Electric Division

4 100 John Street

5 Wallingford, CT

6 Tuesday, July 16, 2019

7 6:30 p.m.

8 **MINUTES**

9
10 **PRESENT:** Chair Robert Beaumont; Commissioners Joel Rinebold & Patrick Birney; Director
11 Richard Hendershot; Electric Division General Manager Tony Buccheri; Office Manager Tom
12 Sullivan; Water and Sewer Divisions General Manager Neil Amwake; Recording Secretary
13 Cynthia Kleist; **Public – None**

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

16 1. Pledge of Allegiance

17 2. **CONSENT AGENDA**

18 a. Consider and approve Minutes of July 2, 2019

19 Motion to approve Consent Items.

20 Made by: Birney

21 Seconded by: Rinebold

22 Vote: 3 ayes

23 3. **Items Removed from Consent Agenda – None**

24 4. Discussion and Action: Approval of the Director's Report for the Month of July, 2019

25 **Mr. Birney made a motion to approve the Director's Report for the Month of July,**
26 **2019. Mr. Rinebold seconded the motion.**

27 **DIRECTOR'S OFFICE/DEPARTMENT WIDE**

1 Mr. Hendershot noted on June 11, along with Mr. Amwake and Mr. Buccheri, Mr. Hendershot
2 attended a meeting in Mayor Dickinson's office regarding hazard mitigation; on June 20, the
3 second quarter ERMOC meeting took place at 100 John Street, at which time ACES Power
4 Marketing presented their draft report on Agree-Upon Procedures for Calendar Years 2017-
5 2018; the ERMOC approved the Draft Report subject to certain specific changes and
6 corrections; the Final Report will be presented to the PUC on August 6; on June 25, along with
7 Water and Sewer Divisions GM Mr. Amwake and Assistant Town Attorney Geoff Einhorn,
8 attended the Town Council meeting and obtained Council approval of the Land Lease
9 Agreement between the Town/Water Division and Everest Infrastructure Partners regarding the
10 existing communications tower on Young's Apple Orchard Road.

11 **ELECTRIC DIVISION**

12 Wallingford Renewable Energy ("WRE") Solar-PV Interconnection

13 Mr. Hendershot reported the WED remains on schedule to have all three interconnection points
14 constructed by Sept. 1. He noted that WRE is working with DEEP on obtaining its storm water
15 permit.

16 Hall Avenue Streetscape

17 Mr. Hendershot said the Town's Contractors continue to work on this project, which includes
18 three new streetlight service risers and multiple new ornamental streetlight locations.

19 Service work during June included 10 new services, 17 service changes and five retired
20 services; street light work included 47 LED street light conversions and two street light repairs;
21 to-date, 1,678 LED streetlights have been installed, with 2,957 HPS streetlights remaining to be
22 replaced.

23 Personnel

24 Mr. Hendershot noted the WED's new Distribution Superintendent Jacob Arborio, began work
25 on June 28; the vacant System Operator position has been re-advertised, and testing is
26 scheduled for July 26; Tom Costa was promoted to Chief Meter Technician. The Electric Division
27 has posted and advertised for both a Meter Technician and an Apprentice Meter Technician in
28 response to the new vacancy created by Tom's promotion; the new Distribution Engineer
29 position has been posted and advertised. the Division awaits a candidates list from Human
30 Resources. The new Assistant Office Manager Job description was taken up by the Town
31 Council on July 9 and approved without question or comment and was posted this week.

32

33

1 Electric System Metrics

2 Mr. Hendershot reported System Input for June totaled 47,005 MWh, a decrease of 4.2% from
3 2018; Maximum system demand for the month was 109.3 MW, a decrease of 2.8% from last
4 year; Average System Availability Index ("ASAI") for June was computed at 99.999%.

5 **May Wholesale Power Supply**

6 Mr. Hendershot said in May, 96.09% of WED's total energy was hedged. The forecasted
7 hedging level for the month was 91.4%; WED's all-in purchased power costs per MWh: May
8 Actual = \$96.11; 2018-2019 FY Budget forecast (1/15/19) for April = \$104.73; Prevailing six-
9 month average PCA forecast (1/1/19 – 6/30/19) = \$104.02;

10 WED's generation cost per MWh: Average cost for hedged volume = \$42.60; Average cost for
11 total volume = \$42.00; the WED purchased 1.714 MWhs of "short" energy at an average price
12 of \$24.98 and realized a \$5,700 benefit due to locational spread. These factors contributed to
13 the total cost of energy being 60 cents/MWh less than the cost of the hedged volume.

14 Mr. Rinebold said he continues to be favorably surprised at the low price of wholesale power.
15 Mr. Hendershot said the price of wholesale power is trending lower. He said the rates are
16 designed for the arena we are in now, but when capacity starts going down for the next three
17 years along with softening energy prices, this is not what was anticipated in 2014 – 2015. Mr.
18 Hendershot said there should be another good buying opportunity late summer, early autumn.
19 He said transmission has crept up, but less so. He noted that lately, the coincident peak has
20 been favorable. He said this will change as solar and wind comes into the market and when the
21 system peaks, along with the availability of resources, the dynamics will change.

22 Mr. Birney asked about the recent Hazardous Mitigation meeting with Mayor Dickinson. Mr.
23 Hendershot said this was the Mayor's meeting and is mostly a South Central Regional Council of
24 Governments process largely driven by the Fire Dept. because they are the Emergency
25 Response Coordinators.

26 Mr. Birney also asked if there was ever a report from ACES. Mr. Hendershot said there was a
27 report for the first 39 months. He said this was done at the end of Mr. Adair's tenure and at the
28 beginning of his (Mr. Hendershot's) tenure. Mr. Hendershot said this report covered the period
29 of last few months of 2013 and all of 2014, 2015 and 2016. Commissioner Birney said the
30 current report covered 2017 and 2018.

31 On page 4-15, under the "Wholesale Power Market Development, Section 2, "meeting with ISO-
32 NE Board Members and New England State Regulators at the NEPOOL Summer Meeting on
33 June 27th, members of the Publically Owned Entities"... Mr. Birney noted this goes through
34 meeting concerns by the Publically Owned Entities and wondered if anyone from WED goes to
35 these meetings. Mr. Hendershot noted that Craig Kieny, Energy Initiatives and Energy New

1 England attends these meetings. Mr. Hendershot, in answer to Mr. Birney's question, said it
2 didn't make sense for WED staff to attend these meetings. Mr. Birney said he sees these
3 comments and wondered if anything would ever come out with regards to the impact of overall
4 policy on the public-owned entity because these people are dealing with this at a much higher
5 level than we are and clearly have some sort of concern.

6 Mr. Hendershot said the issue is the disconnect between States who are fostering renewable
7 energy on the markets for policy reasons, and an ISO-NE market that is structured in an
8 attempt to impose economic theories and behaviors on the region and the two are not in any
9 way coordinated with each other. Mr. Hendershot said this is what is being discussed here so
10 the representatives of the Publically Owned Entities come to this and express their concerns to
11 ISO-NE because they have set market rules. Mr. Hendershot said WED is well represented and
12 he is notified.

13 **WATER DIVISION**

14 Mr. Hendershot reported the Water Division experienced one water main break during June.

15 Water Main Replacement

16 Mr. Hendershot noted regarding Contract 35: The Contractor installed roughly 850 feet of new
17 water main along South Orchard Street. This new section was also tied into existing water
18 mains at three locations.

19 Unidirectional Flushing

20 Mr. Hendershot said the Division expects the unidirectional flushing program document from the
21 Consultant by July 12; Staff will then review the proposed sequence.

22 Existing water facilities along Hall Avenue have been located and adjusted as needed in
23 advance of the start of work on pedestrian improvements in the area.

24 Water Main Flushing

25 Mr. Hendershot reported the Divisions annual water main flushing program continued in June,
26 with the flushing of Zones No. 2 and No. 3 accomplished. Efforts have now moved onto Zone 4,
27 and Zone 5 by July 12.

28 Personnel

29 Mr. Hendershot noted the vacant Electrical Technician (Water Treatment Plant) has been
30 posted, and closed on May 28. He said the Division is now awaiting a Candidate's List from
31 Human Resources; The Assist. Supt. – Water Supply and Treatment job description has been
32 updated, and the vacant position was posted and advertised internally beginning July 2; the

1 vacant Operator II position was advertised internally beginning June 21; the new Maintainer I
2 began work on June 10.

3 Water Division Metrics

4 Mr. Hendershot told the PUC that water production for June totaled 124.8 million gallons, a
5 slight increase of less than 1% from June 2018; Reservoir storage at month's end was at
6 95.6% of total effective impoundment; the historical average for June is 90.3%; precipitation
7 for the month totaled 4.7 inches, which is one inch above the historical average for June;
8 Precipitation to-date is 27.7 inches which is 3.5 inches above the historic mean for the first six-
9 months of the calendar year.

10 **WASTEWATER DIVISION**

11 Mr. Hendershot noted that Water Division staff responded to and resolved a total of five WWTP
12 alarms, collection system trouble calls and vehicle issues during June.

13 Real-Time Update of the status of the WWTP Facility Plan/Phosphorus Treatment Project

14 Mr. Amwake distributed his report.A. Bidding and Award

15 a. The Agreement (contract) with C.H. Nickerson & Co. of Torrington was signed on
16 June 21, 2019 with an effective date of June 26, 2019; start of construction timeline
17 (Day 0)

18 b. Contract amount of \$45,507,000 of which \$45,490,500 appears eligible for CWF
19 financing; items illegible for CWF financing include equipment and spare parts
20 (\$15,000), and extended warranties (\$1,500)

21 B. Engineering Services During Construction Agreement (aka Construction Administration (CA)
22 Agreement)

23 a. The proposed scope of services and fee, including level of effort assumptions, was
24 approved by DEEP on June 20, 2019.

25 b. AECOM and the Town are still working through the Agreement language
26 between the two parties; review by AECOM Legal Department and then the Town's Department
27 of Law.

28 c. Bid waiver request slated for the August 20, 2019 Town Council meeting ;
29 AECOM was selected via a Quality Based Selection (QBS) process to prepare the Facilities Plan
30 and the Town Council previously approved a bid waiver for AECOM for design and bidding
31 support services

32 C. Construction

1 a. Pre-construction meeting held on June 27, 2019

2 b. C.H. Nickerson (CHN) is preparing shop drawings, requests for information
3 (RFI'S) (clarification of design items and specifications), schedule of values, etc.; managed
4 electronically between CHN, AECOM and WSD; mobilization currently anticipated in August
5 2019. Mr. Amwake noted everyone was fully approved for the State bonding including Danbury
6 which missed the July 1 deadline.

7 Mr. Hendershot noted that during June, the collection system staff televised 4,894 linear feet of
8 sewer main and flushed 14,261 feet of sewer. To date, 10.8 miles of sewers have been
9 televised and 6.3 miles have been flushed in 2019; during staff inspected 79 manholes during
10 June.

11 Personnel

12 Mr. Hendershot noted there are currently no vacancies in the Sewer Division.

13 Wastewater Division Metrics

14 Mr. Hendershot noted that at the Wastewater Treatment Plant, the average daily flow during
15 June was 5.2 MGD, which is 0.8 MGD above the average daily flow of June 2018. The 12-month
16 rolling average daily flow is 6.4 MGD, which is below the 90% permit threshold of 7.2 MGD. For
17 June, the average level of phosphorus in the WWTP was 0.44 mg/L, which is 0.03 mg/L below
18 the June 2018 level. Recall that the current permit level is 0.7 mg/L. Nitrogen discharge for the
19 month averaged 334 pounds per day. This amount is slightly above the June 2018 discharge
20 rate of 324 pounds per day, and is still over the permit level of 269 pounds per day. Average
21 daily discharge in 2019 is 538 pounds through June.

22 Private Side I/I Mitigation Program

23 Mr. Hendershot noted that during June, Division staff conducted 24 inspections and identified
24 three connections and one issue was corrected. Since inception, the I/I program has conducted
25 1, 549 inspections, identified 188 connections, and corrected 119 issues.

26 **Vote: 3 ayes**

27 **PUBLIC QUESTION & ANSWER PERIOD – 7:06 p.m. – NO PUBLIC IN ATTENDANCE**

28 **WATER/SEWER**

29 5. Review of Water/Sewer Division Disbursements for the Month of June 2019 - **NO**
30 **ACTION TAKEN – DISCUSSION ONLY**

31 Mr. Amwake explained there was a charge to The Regional Water Authority because The
32 Regional Water Authority runs a contract lab. He said this was on page 5-4. He said The RWA

1 analyzes synthetic organics because the Division doesn't have the capacity to do synthetic
2 organics in house.

3 **NO ACTION TAKEN – DISCUSSION ONLY**

4 **ELECTRIC**

5 6. Review of Electric Division Disbursements for the Month of July 2019 – **DISCUSSION**
6 **ONLY - NO ACTION TAKEN – NO QUESTIONS FROM THE PUC**

7 7. Discussion and Possible Action: Proposed EEI Master Power Purchase and Sales
8 Agreement with BP Energy.

9 In his July 9, 2019 memo, Mr. Hendershot said the WED wishes to execute this Agreement with
10 BP Energy so the Division may add an additional credit worthy counter party to the list of
11 entities with whom the WED may contract for future energy purchases. He noted in his memo
12 that these materials were reviewed by the Town's Department of Law, Risk Manager, the WED's
13 Energy Portfolio Manager (Energy New England), and expert outside Counsel, Atty. John Coyle
14 of the Washington D.C. office of Duncan & Allen.

15 Mr. Rinebold asked if the anticipated purchase is similar to purchases from Exelon, Shell and
16 NextEra. Mr. Hendershot said yes, and this makes BP a counter party to be able to solicit prices
17 toward the purchase of energy. He said when directed, ENE goes out for quotes. Mr.
18 Hendershot pointed out the hedging policy limits WED to no more than 35% of our energy
19 hedges with any one party in any one year. Mr. Hendershot said having more choices is better
20 than having less choices. Chair Beaumont said six counter parties would be desirable. Mr.
21 Hendershot said BP would be WED's fifth counter-party. He said Atty. Coyle is working on
22 Hydro-Quebec U.S. He noted the Agreements are open-ended. Chair Beaumont noted the PUC
23 is making a recommendation to the Town Council which requires Town Council approval.

24 Mr. Birney said he is in agreement that it makes sense for WED to enter into another Master
25 Agreement with another counter party. He asked the purpose of this Board and what we are
26 doing. He wondered if Atty. Coyle and the Town, Law and Risk Dept. send Mr. Hendershot a
27 memorandum stating they have reviewed these contracts and negotiated them in accordance
28 with our standard terms and conditions and they recommend that you recommend to the PUC
29 they authorize us to execute this. Mr. Hendershot said that in so many words Atty. Coyle did
30 this. He said he received a two-page memorandum from Atty. Coyle who articulated some
31 things he wanted to call out which might be slightly different from typical but gave an opinion
32 they were not of substance. He said Atty. Coyle noted there was one item in particular he
33 wanted the Law Dept. to give an opinion on which was obtained from Town Attorney Farrell.

34 Mr. Birney said he would rather have the letter from Atty. Coyle in his packet. Mr. Hendershot
35 said he thought of this but was concerned about keeping sensitive materials private. Mr. Birney
36 said he was confused, noting the cover sheet which was provided, didn't make any sense to

1 him because there was a multitude of changes and he had no idea what the changes relate to
2 because there is not the ability to see the sections. Mr. Birney asked for the Contract so he
3 could see this and reconcile it. Mr. Birney asked what type of questions would be expected
4 from the Town Council and what type of diligence are they expecting from the PUC to approve
5 this. Mr. Hendershot said this is a pro-forma document and is done. He said this is what
6 everyone uses. Mr. Birney pointed out the cover sheet has a multitude of changes. He noted
7 there were 28 changes to the Agreement and wouldn't call this pro-forma.

8 **Mr. Birney made a motion to approve the Master Agreement with BP Energy based**
9 **on the July 9, 2019 memo from Mr. Hendershot and for reasons stated on the record**
10 **tonight. Mr. Rinebold seconded the motion.**

11 **Vote: 3 ayes.**

12 **COMMITTEE/CORRESPONDENCE – No items**

13 **ADJOURNMENT**

14 Mr. Birney made a motion to adjourn the Meeting at 7:28 p.m. Mr. Rinebold seconded the
15 motion which passed unanimously.

16

17 Respectfully submitted,

Respectfully submitted,

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19 Cynthia A. Kleist

Joel Rinebold

20 Recording Secretary

Secretary

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