

PUBLIC UTILITIES COMMISSION

WALLINGFORD TOWN HALL

TOWN COUNCIL CHAMBERS

45 SOUTHMAIN STREET

WALLINGFORD, CT 06492

Thursday, February 24, 2022

6:30 P.M.

MINUTES

PRESENT: Chairman Robert Beaumont; Commissioner Patrick Birney (arrived at 6:45 PM) and Commissioner Joel Rinebold; Director Richard Hendershot; Electric Division General Manager Tony Buccheri; Electric Division Business Office Manager Marianne Dill; Water and Sewer Divisions General Manager Neil Amwake, Water and Sewer Divisions Business Manager Brian Naples and Recording Secretary Bernadette Sorbo.

Absent - None

Members of the public – None

Mr. 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 Meeting Minutes of January 18, 2022.
- b. Consider and approve Meeting Minutes of February 1, 2022.

Motion to approve the Consent Agenda

Made by: Mr. Rinebold
Seconded by: Mr. Beaumont
Votes: 2 ayes

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

43

44

45

46 **4. Discussion and Action: Approval of the Director’s Report for the Month of**
47 **January 2022**

48

49 Mr. Beaumont questioned, if there is money involved from the State in regards to the
50 Wallingford South Broad system and are annual reports submitted?

51

52 Mr. Amwake stated that the Wallingford Water Division is required to provide annual reports to
53 the Department of Public Health.

54

55 **Motion to approve the Director’s Report for the Month of January 2022**

56

57 **Made by: Mr. Rinebold**

58 **Seconded by: Mr. Beaumont**

59 **Votes: 2 ayes**

60

61

62

63 **Public Question and Answer Period**

64

65 None

66

67 **Public Question and Answer Period Closed**

68

69

70

71 **Correspondence/Committee Reports**

72

73 None

74

75

76

77 **5. Workshop for the purpose of discussing the PUC, Water Division, Sewer**
78 **Division and Electric Division 2022/2023 Budgets**

79

80 **Motion to Open the Budget Workshop at 6:44 p.m.**

81

82 Mr. Hendershot reviewed the PUC budget.

83

84 Mr. Beaumont questioned, if there was a change in the salary for the Executive Secretary?

85

86 Mr. Hendershot advised that there was not a change in the salary. The contract in place does not
87 reflect an increase until January 2024.

88 Mr. Amwake reviewed the Water Division Budget.

89

90 In regards to Operating Revenues the water consumption rate remains unchanged since June 1,
91 2015 at \$4.09 per ccf. The Water Division's Basic Service Fees remain unchanged since June 1,
92 2007. The Water Division continues to see a downward trend in billed water consumption.
93 Between FY21-22 and FY22-23 the Water Division is calculating -2.68% decrease. Mr.
94 Amwake noted that there is also one cellular company at the Westside Tank that has terminated
95 their agreement with the Town and removed their equipment as of January 30, 2022. This
96 represents a loss of \$60,216.00 in revenue.

97

98 In regards to the Operating Expenses the FY21-22 budget included no wage or salary increases
99 except for contractual step and merit increases due to the expired collective bargaining
100 agreements at the time the FY21-22 Water Division budget was prepared. The FY22-23 Water
101 Division budget includes retroactive wage increases for FY21-22 as well as negotiated wage
102 increases for FY22-23 for Water Operations staff. This is an increase of 1.95% per year. The
103 FY22-23 Water Division budget also includes retroactive salary increases for CY21 and
104 negotiated salary increases for CY22 and CY23 for the Manager's Union. This is an increase for
105 each of these calendar years of 1.95%.

106

107 Mr. Rinebold questioned, if this is the primary reason that the Operating Expenses are up?

108

109 Mr. Amwake responded yes. Operating Expenses are down -2.68% but the wage and salaries are
110 increasing approximately 4.00 - 5.00%.

111

112 Mr. Amwake stated that the Water and Sewer Divisions are continuing to monitor the chemical
113 prices, specifically the unit costs.

114

115 A leak detection survey will be completed late winter/early spring. Additional funds have been
116 included in the water main, water service and hydrant accounts to accommodate for any repairs
117 or replacements as a result of the leak detection survey.

118

119 Class C dams are inspected every two calendar years with the next inspection planned for Fall
120 2022. The FY22-23 budget includes funding of \$6,600.00 for regulatory dam inspection of
121 MacKenzie Reservoir Dam, Ulbrich Reservoir Dam and Pistapaug Pond Dam.

122

123 Healthcare costs are increasing 8.00% per correspondence from the Human Resources
124 Department.

125

126 Mr. Rinebold questioned, is this part of the Union negotiation?

127

128 The contracts are written that employees pay a percentage; for example employees pay 16% of
129 the premium and the rate payers pay the other 84%.

130

131 The Department of Public Health Safe Drinking Water fee has been temporarily suspended by
132 the State of Connecticut. Mr. Amwake noted that he expects this to come back at some point.

133

134 Mr. Beaumont referenced account 43100427 – Interest on Long Term Debt and questioned if it is
135 supposed to read “Greater clarification required from the Finance Department”?
136

137 Mr. Amwake stated the Water Division’s long term debt increased after the Town refinanced the
138 MacKenzie Reservoir dredging project last year. The difference between the old bond and the
139 new bond is that the Water Division will save in principal \$220,000.00. The interest rate went
140 from a floating interest rate of 2.75% - 3.75% to 5.00%. Due to the interest rate increasing the
141 Water Division’s interest increased by \$43,088.85. Even though the interest rate increased to
142 5.00% the Water Division is still saving \$176,911.15 overall between principle and interest
143 payments.
144

145 In regards to Capital Projects, Mr. Amwake noted that the raw water pumps are 29+ years old
146 and that there will be funding of \$10,000.00 to replace In-Plant Pump #1 at the Pistapaug Water
147 Treatment Plant. This pump operates two of the chemical feed systems; funding of \$43,000.00
148 to replace one of the raw water pumps at the MacKenzie Reservoir Pump Station. The second
149 raw water pump at the MacKenzie RWPS is scheduled to be replaced in FY23-24; Funding of
150 \$36,000.00 to replace one of the raw water pumps at the Ulbrich Reservoir Pump Station. The
151 second raw water pump at the Ulbrich RWPS is scheduled to be replaced in FY24-25.
152

153 In reference to Account 43300332 – Water Treatment Equipment, there is proposed funding of
154 \$25,000.00 to replace the existing backwash recycle flow control system at the Pistapaug Water
155 Treatment Plant. At Pistapaug Water Treatment Plant the back wash is designed to
156 automatically run though currently this system is being operated in manual mode.
157

158 Mr. Rinebold questioned, will this be something that continues year after or will this be a
159 replacement program for the next 5 years until the pumps are completed?
160

161 Mr. Amwake stated that moving forward the plan is that every 5 years the Water Division would
162 not fund a water main replacement project. Funding a water main replacement project each
163 fiscal year before other capital projects does not allow budget room for other capital projects. An
164 annual water main repalcment project also limits the availability of staff and engineering
165 resources to complete other capital. Mr. Amwake noted that the Division is not walking away
166 from the water main replacement program though the water main replacement project will not be
167 an annual knee jerk reaction, per se.
168

169 Mr. Amwake referenced account 43300343 – Transmission and Distribution Mains and stated
170 that the Water Division split Contract 38 into two parts (Contract 38.1 and Contract 38.2). The
171 Water Division’s intent is to fund Contract 38.1 this year and fund Contract 38.2 in FY23-24
172 with the bidding and construction of both as one (Contract 38.1 and 38.2) water main
173 replacement project in late FY23-24.
174

175 Mr. Birney questioned, if Mr. Amwake was in agreement with the importance of the deferred
176 maintenance and replacement for the water lines?
177

178 Mr. Amwake stated that he believes in the water main replacement program and would rather do
179 the replacement in a proactive than a reactive perspective. At some point when the Water

180 Division strives to replace 5,000 linear feet of water mains a year plus any of the additional
181 (capital) needs the Water Division will need additional dollars and will need additional staff.
182 The Division can temper the capital projects that are being proposed or look at utilizing
183 additional Retained Earnings as well as the rate increase request to support an annual water main
184 replacement project plus the other capital requests.

185

186 Mr. Birney stated that he is concerned with utilizing the Retained Earnings.

187

188 Mr. Amwake referenced account 4330342 – Distribution Reservoirs and Standpipes and stated
189 that additional funding of \$509,000.00 is needed to undertake exterior and interior painting, and
190 structural improvements at the Masonic Tank based on a revised and updated cost estimate; and
191 additional funding of \$181,000.00 to undertake exterior painting at the Westside Tank based on a
192 revised and updated cost estimate. Mr. Amwake noted that the revised and updated project cost
193 estimates were based on three independent opinion of probable costs prepared by separate
194 engineering consulting firms. The opinion of probable costs was based on the same work items
195 so there was an apple to apples comparison. With three data points for each bid item the
196 Engineering Section could then prepare a more refined cost estimate for the proposed scope of
197 work.

198

199 Mr. Rinebold questioned, if the total funding of \$1,184,000.00 is firm or is it an estimate?

200

201 Mr. Amwake stated that it is a pretty good estimate but not firm yet.

202

203 Mr. Amwake referenced account 43300346 – Meters and gave a reminder that at the February 1,
204 2022 PUC meeting the PUC approved a budget amendment in the amount of \$131,036 so the
205 Water Division could place an order for water meters as soon as possible due to the approximate
206 nine-month lead time for meter delivery after placing an order. The difference is shown in the
207 year to year line item for the account.

208

209 Mr. Rinebold questioned, if this is for the 5/8 inch meters?

210

211 Mr. Amwake responded correct.

212

213 Mr. Amwake referenced account 43300396 – Power Operated Equipment and stated that the
214 Water Division's backhoe is 30 years old. The Water Division is proposing to fund half of the
215 cost in FY22-23 for \$70,000.00 and fund the second half in FY23-24.

216

217 Mr. Beaumont questioned, what is the funding of metals digestion block in account 43300395?

218

219 Mr. Amwake stated that the laboratory at the wastewater treatment plant is state certified in both
220 the water and wastewater so the Division does a lot of the metal analysis (lead, nickel, chromium
221 and cadmium, etc.).

222

223 Mr. Birney questioned when was the last time the water rates were looked at?

224

225 Mr. Amwake stated that the consumption was updated in 2015 and the Basic Service Fee has
226 been unchanged since 2007.

227
228 Mr. Naples stated that the rates went into effect in 2015.

229
230 Mr. Birney questioned, when did it become a concern that a large percent of the budget is
231 coming from a large percent of the Retained Earnings?

232
233 Mr. Amwake stated that cash above minimum for the Water Division is 5.7 million dollars. The
234 Water Division does use Retained Earnings. The Director stated the Division budgets for 100%
235 staffing. There will be vacancies throughout the year which will effect wages, salaries, benefits
236 and pension. The Division will continue to use cash above minimum to balance the Water
237 Divisions budget as needed. At some point (two more fiscal years) the Division will need to take
238 a closer look at water rates.

239
240 Mr. Birney questioned, why two years?

241
242 Mr. Amwake stated based on the projections and the cash above minimum the Division believes
243 they can go two more years without concern.

244
245 Mr. Birney questioned, what about a rate study and when was the last time a rate study was
246 completed?

247
248 Mr. Amwake stated that he can guess at 2014 but would have to reach out to Mr. Phelan, the
249 former Water and Sewer Divisions Business Manager, to inquire.

250
251 Mr. Birney stated that he believes it is prudent to do a rate study in the fiscal year as this has not
252 been done in a while.

253
254 Mr. Amwake stated that they can add funding to the budget, but with the departure of Mr. Naples
255 the Water Division will not have sufficient Business Office staff internally. Mr. Amwake agreed
256 with Mr. Birney that this does need to be done but the only option is to contract out the rate
257 study.

258
259 Mr. Birney noted that the Water Division is capping 20% of Retained Earnings on rates that have
260 not been looked at for over seven years.

261
262 Mr. Amwake reviewed the Sewer Division Budget.

263
264 In regards to Operating Revenues, on July 21, 2020 the PUC approved a four-year sewer rate
265 increase. As of July 1, 2022 the Usage Charge increases from \$6.24 per one hundred cubic feet
266 to \$7.02 per one hundred cubic feet. The Basic Service Fee across all meter sizes is projected to
267 increase modestly from FY21-22 to FY22-23. For example, the Basic Service Fee for a 5/8-inch
268 meter customer, including Sewer Flat customers, will increase from \$24.38 per quarter to \$25.34
269 per quarter. As a reminder, 5/8-inch customers account for 95.73% of Sewer Division
270 customers. What this means for our median customers with a 5/8-inch meter is an increase per

271 quarter of \$10.32. Usage based on billed water consumption continues on a downward trend
272 (projected at -2.72% between FY21-22 and FY22-23).

273
274 In regards to Operating Expenses, the FY22-23 Sewer Division budget includes retroactive wage
275 increases for FY19-20, FY20-21 and FY21-22. The current collective bargaining agreement
276 expires June 30, 2022 so no future wage increases are reflected in the FY22-23 Sewer Division
277 budget for sewer operations or clerical staff other than merit or step increases. The Town's
278 collective bargaining agreement with the Manager's Union expired on December 31, 2020. The
279 FY22-23 Sewer Division budget includes retroactive salary increases for CY21 and negotiated
280 salary increases for CY22 and CY23. Wages, salary, overtime, holiday pay and pension benefits
281 all increased plus an 8.00% healthcare increase.

282
283 In reference to account 46100643 – Electricity, Gas and other Utilities, Water and natural gas
284 costs at the wastewater treatment plant are projected to increase as the new processes and
285 buildings are brought online and occupied cognizant of unit prices for each specifically natural
286 gas.

287
288 In reference to account 46100645 – Sludge Disposal, an increase in sludge transportation and
289 disposal costs due to both an increase in sludge volume due to the tertiary phosphorus treatment
290 process as well as an increase in transportation and disposal costs as of January 1, 2022 and as of
291 January 1, 2023 per the existing agreement with Synagro Northeast, LLC.

292
293 In reference to account 46100928 – Regulatory Commission Expenses, an increase in the cost to
294 purchase nitrogen credits for the CY2021 nitrogen effluent discharge levels. For CY21 the
295 average daily nitrogen discharge was 397 pounds per day. The Wallingford WPCF permit limit
296 for nitrogen is 269 pounds per day. This line item assumes that the cost per nitrogen credit is
297 \$7.14, the highest rate in the previous ten years (worst case financial scenario).

298
299 In reference to account 46100403 – Depreciation Expense, an increase in depreciation expenses
300 due to facilities and equipment already installed as part of the WPCF Upgrades Project.

301
302 In reference to account 46100427 – Interest Expense, an increase in accrued interest expense for
303 the loan portion of the Clean Water Fund monies.

304
305 Mr. Beaumont referenced account 46100633 and questioned how often do the impellers on the
306 pumping station need to be replaced?

307
308 Mr. Amwake stated that he relies on the Maintenance Repair Technicians and Sewer Division
309 leadership to make those recommendations. It really depends on the flow volume and how often
310 the impellers are operating.

311
312 Mr. Beaumont referenced account 46100651 and questioned the funding of \$12,500 for new
313 building appurtenances and accessories?

314
315 Mr. Amwake stated that the Sewer Division has built an emergency generator building, a
316 secondary pump station, a tertiary phosphate building and a UV building. This money is for step

317 stools, ladders and tool cabinets in each location rather than have the staff transport the tools and
318 equipment around the wastewater treatment plant to and from each building.

319
320 Mr. Beaumont referenced account 46100652 and questioned out of the 56 RBC's how many
321 RBC's need to be replaced?

322
323 Mr. Amwake stated that he would need to check with Dan Sullivan.

324
325 Mr. Rinebold questioned that the \$200,000.00 will not be used as a proactive maintenance plan
326 but instead use it until it breaks?

327 Mr. Amwake stated that is correct. The Sewer Division will continue to monitor and maintain the
328 equipment.

329
330 Mr. Rinebold referenced account 46100923 and questioned what are the garage operations?

331
332 Mr. Amwake stated that there are 5 Maintenance Repair Technicians that work on the
333 approximately 130 fleet vehicles between the Water Division, Sewer Division and Electric
334 Division. Based on their time as well as administrative charges the Sewer Division charges back
335 to the Water Division and Electric Division.

336
337 In regards to Capital Projects, account 46300323 there is funding of \$100,000.00 for a new
338 underground electric service at the Tuttle Avenue pump station.

339
340 In reference to Account 46300331 – Treatment Plant Structures and Improvements there is
341 funding of \$414,000.00 for the design of Solids Handling Improvements at the WPCF and
342 funding of \$80,000.00 for upgrades to the existing Primary Settling Tanks to provide 'food'
343 (biological oxygen demand) for nitrogen and phosphorous biological removal processes. This
344 will enable Wallingford WPCF to make our own 'food' versus purchasing a biological oxygen
345 demand source such as methanol. This is also projected to lower our nitrogen effluent levels and
346 reduce Alum usage for phosphorous treatment.

347
348 In reference to Account 46300343 – Collection System and Appurtenances, Mr. Amwake stated
349 that the Sewer Division previously budgeted \$500,000.00 a year for funding. The Sewer
350 Division changed this, when the new rates became effective, to \$250,000.00 a year. The
351 Division does not think that the need is what it used to be to budget \$500,000.00 a year for
352 pipelining. The manhole repairs have also been moved to this account for funding of
353 \$75,000.00.

354
355 Mr. Rinebold questioned, does this work to reduce infiltration and leakage from the systems?

356
357 Mr. Amwake stated that with the CCTV program there are now formal manhole inspections.
358 The Sewer Division inspects the upstream and downstream manhole of each sewer segment.
359 Each manhole gets rated on criteria 1-5 by the Engineering Section. Every year these ratings are
360 collected for the manholes in the same geographical area and 25-30 manholes go out to bid to be
361 lined.

362

363 In reference to Account 46300392 – Transportation and Equipment, funding for SD-11 2002
364 Sterling Jet Vac replacement at \$250,000.00. The estimated replacement cost for this piece of
365 equipment is \$475,000.00+ dollars. The Sewer Division intends to fund 50% of the purchase
366 price in FY22-23, with the balance funded in FY23-24.

367
368 Mr. Buccheri reviewed the Electric Division budget.

369
370 Revenues included in the 2022-2023 budget are based on Energy New England’s projected
371 2022-2023 wholesale power purchases by the WED. The resulting projected retail sales are then
372 applied to the WED’s proposed 2022-2023 retail rates to produce projected annual retail revenue
373 for Fiscal 22-23.

374 The budget reflects no increase in personnel. This is budgeted as fully staffed.

375
376 All IBEW Clerical and Production wages are unchanged from 2021-2022. The collective
377 bargaining agreement with the Production Unit expired August 31, 2020, the CBA with Clerical
378 expired on June 30, 2020, and the CBA with Management Unit was signed in 2021 with wage
379 increases of 1.95% effective January 1, 2021, 2022 and 2023. Management wage increases are
380 included in the 2022-2023 budgets, as well as contractual step increases for certain newer
381 employees.

382
383 The budget funds the following notable expenditures:

- 384 • \$200,000.00 to implement transmission line relay upgrade projects for NERC/NPCC
385 compliance.
- 386 • \$250,000.00 Engineering and permitting for 115kV Lattice Tower Replacement.
- 387 • \$125,000.00 for System Substation Capacity Analysis.
- 388 • \$155,000.00 for overhead distribution system reliability upgrades. This includes the
389 addition of reliability and resiliency by providing the ability to better sectionalize and
390 isolate circuits when needed.
- 391 • \$290,000.00 for underground system reliability upgrades including replacement of direct
392 buried cable, cable riser additions and switch reconfigurations that will ultimately
393 improve system resiliency and reliability.
- 394 • \$310,000.00 for the replacement of a Digger Derrick.

395
396 Mr. Beaumont questioned, how many direct buried cable systems are left?

397
398 Mr. Buccheri stated that the only major one that is left is Ashlar Village.

399
400 Mr. Birney questioned, are there any items that can be rolled over from Capital Budgets of past
401 to allocate any one of these expenses so that there is not an increase in the WED’s year over year
402 Capital Expenditures?

403
404 Mr. Buccheri stated that is one of the exercises that was done and this budget reflects that
405 already.

406
407 Mr. Birney questioned, if the budget items will be competitively bid out?
408

409 Mr. Buccheri responded that these items are estimates and that the items will be competitively
410 bid out. Anything over \$16,000.00 has to be bid.

411
412 Mr. Birney questioned, if the funding of \$310,000.00 for the replacement of the Digger Derrick
413 can be pushed to a later time in the future?

414
415 Mr. Buccheri stated that as of now it is nearly impossible to obtain a truck. Earlier in the fiscal
416 year it was brought to the PUC for authorization and approval to not trade in one of the line
417 trucks due to the chip shortage. The WED has two diggers but if one fails it will slow down pole
418 replacements and all of the distribution projects that were outlined in the budget.

419
420 Mr. Hendershot questioned, how old is the truck you want to replace?

421 Mr. Buccheri stated that the truck is a 2011 and old for a digger.

422
423 Mr. Hendershot stated that during the severe storm events the broken poles are the biggest
424 repairs and the Digger Derrick's are the most important piece of equipment as they set the new
425 poles.

426
427 Mr. Birney stated that the Water Division has not had a rate study in over 7 years and are
428 utilizing 20% of the cash above minimum this year to offset rates. Why wouldn't the prudent
429 approach that was taken with the Electric Division be adopted with the Water Division as soon as
430 possible? Mr. Birney noted that he is concerned.

431
432 Mr. Rinebold referenced account 555 – Purchased Power and questioned where does the 7.77%
433 increase come from?

434
435 Ms. Dill stated that those numbers come from Energy New England, who provides WED a three
436 year forecast.

437
438 Mr. Rinebold referenced account 426 – Community Welfare and questioned what is this for?

439
440 Mr. Buccheri stated that this account is for things that are done for the town i.e. hanging banners,
441 Celebrate Wallingford, Park and Rec Department, Project Graduation.

442
443 Mr. Rinebold referenced account 369 – Services and questioned what is this for?

444
445 Mr. Buccheri stated that this is for redistribution of labor for the Distribution Engineer and the
446 Chief Engineer. This deals with upgrading services, new services and wiring into businesses.

447
448 **Motion to Close the Budget Workshop at 8:34 p.m.**

449
450
451
452 **ADJOURNMENT**

453
454 **Motion to adjourn**

455

456 **Made by: Mr. Birney**

457 **Seconded by: Mr. Rinebold**

458 **Votes: 3 ayes**

459

460 The meeting was adjourned at approximately 8:34 p.m.

461

462 Respectfully submitted,

Respectfully submitted,

463

464

465 Bernadette Sorbo

Joel Rinebold

466 Recording Secretary

Secretary