

APPROVED

3/7/23

1
2 PUBLIC UTILITIES COMMISSION
3 BUDGET WORKSHOP
4 WALLINGFORD ELECTRIC DIVISION
5 100 JOHN STREET
6 WALLINGFORD, CT 06492
7 Thursday, February 23, 2023
8 2:00 P.M.
9 **MINUTES**

10 **PRESENT:** Chairman Robert Beaumont; Commissioner Joel Rinebold; Director Richard
11 Hendershot; Electric Division General Manager Tony Buccheri; Electric Division Business
12 Office Manager Marianne Dill; Water and Sewer Divisions General Manager Neil Amwake;
13 Water and Sewer Divisions Business Manager Donald Langenauer and Acting Recording
14 Secretary Michelle Bracale

15
16 *Members of the Public – None*

17
18 Mr. Beaumont called the meeting to order at 2:04 P.M., and the pledge of Allegiance was
19 recited.

20
21 **1. Pledge of Allegiance**

22
23 **Motion to Open the Budget Workshop at 2:04 p.m.**

24
25 **Made by: Mr. Beaumont**

26 **Seconded by: Mr. Rinebold**

27 **Votes: 2 ayes**

28
29 **2. Discussion: Budget – Public Utilities**

30
31 Mr. Beaumont noted that the PUC Budget has not dramatically increased, only slightly due to the
32 addition of Mr. Rinebold's travel and education for the APPA Policy Maker's Council.

33
34 Mr. Hendershot agreed, adding that there is a small, additional increase budgeted for the
35 Executive Secretary's step increase as well. That is the only change.

36 Mr. Rinebold did not have any further questions regarding the PUC Budget.
37
38

39 **3. Discussion: Budget – Electric Division**

40
41 Mr. Buccheri began by outlining his memorandum to Mr. Hendershot dated February 17, 2023
42 which includes the Electric Division’s proposed Operations and Maintenance as well as Capital
43 Budgets for Fiscal Year 2023-2024.

44
45 Mr. Buccheri also explained that the budget funds the following notable expenditures:

46
47 • \$840,000 for labor and materials associated with the East Street Substation 15kV switchgear
48 bottle replacement/refurbishment. (He noted that during this current year, WED replaced 11 of
49 the 15 kV breakers themselves. During that process, it was noted that the bottles that were
50 actually part of the actual switchgear that they slide into, were leaking potting material).
51 Replacing them is something that needs to be done in order to maintain the switchgear.

52
53 Mr. Beaumont questioned “potting material”? He questioned if it was a fluid of some type? Mr.
54 Buccheri responded that it is, in fact, a type of fluid or material on the bottle.

55
56 • \$294,000 to implement transmission line relay upgrade projects for NERC/NPCC compliance
57 and to conduct a substation security compliance audit. This is necessary in order to remain
58 compliant.

59
60 • \$616,000 for distribution resiliency/reliability upgrades. This has to do with extending Feeder
61 8 which we have been doing some of that work this year, to bring a lateral out of a manhole to a
62 pole on the corner of Quinnipiac Street and State Route 5 by the train station and then rise Feeder
63 8 there and transfer some load. Mr. Beaumont added that this will enable us to have more
64 flexibility.

65
66 • \$300,000 for the anticipated CIS system upgrade or replacement. Mr. Buccheri noted that the
67 current CIS System is outdated and it either needs to be upgraded or replaced, which we are
68 currently exploring. This budget reflects that in the upcoming fiscal year, we anticipate an
69 appropriation of approximately \$300,000, and in the following fiscal year another appropriation
70 of \$300,000 to complete the implementation. This would be the Electric Division’s portion and
71 the Water and Sewer Divisions will each also show budgeting for this line item as well for their
72 responsibility as they use this same system.

73
74 Mr. Rinebold questioned, “What is CIS”, to which Mr. Buccheri responded “Customer
75 Information System”, mainly billing.

76
77 • \$300,000 for the replacement of a material handling bucket truck.

78
79 Mr. Beaumont went back to discuss the \$616,000. He reiterated that if the grid went down, that
80 would allow us more flexibility and be more readily able if that were to happen.

81 Mr. Buccheri answered that the stronger distribution ties you have, the better off you will be if
82 that situation were to arise.

83
84 Mr. Buccheri also noted that Operating Expenses, excluding power supply costs are budgeted to
85 increase by 9.54%, or \$1,787,238.

86
87 Mr. Hendershot added that he was reminded that after Town Department budgets were prepared,
88 customer rate changes have not been figured in. That will change the electricity budgets
89 (including Board of Education) by about 3%.

90
91 Mr. Rinebold questioned Account 555 – Purchased Power which is increased by \$10,153,303 or
92 18.89%, to reflect forecasted higher wholesale power costs. He questioned how that works with
93 the PCA, as we update the PCA every six months (January 1st and July 1st)?

94
95 Ms. Dill explained that it is put in the revenue, then shown farther down at the bottom as an
96 expense.

97
98 Mr. Rinebold then questioned Account 585 – Operations, Street Lights, as the account is
99 essentially unchanged.

100
101 Mr. Buccheri answered that it is mainly inventory and labor on that account.

102
103 Mr. Beaumont added that Account 596 – Maintenance, Street Lights increased in budget by
104 \$24,418 due to the ornamental light reconditioning program.

105
106 Mr. Buccheri stated that these are owned and maintained by the Electric Division. The WED
107 charges a flat fee to the Town and get paid for the energy they consume and the money to
108 maintain them. The focus has been on the LED conversions and now that this task has been
109 completed, a lot of those lights have been installed for a long time. Between salt spray on the
110 bases, flags and ornamental snowflakes on the poles, the coating on the poles starts to flake off.
111 Once the salt gets under that, it just travels. So, those poles will have to be re-coated. He has
112 reached out to our vendor, with the vendor stating that once they sell them to us, they do nothing
113 to maintain them. He then reached out to a coating company who will sandblast them, coat
114 them, heat treat them all in a controlled environment and send them back to us for \$300 each
115 rather than having us go out in the elements to try and maintain them. The idea is that we
116 budgeted for having new ones, replace about 20 of them, take the old ones down, send them out
117 to be treated, and have another pile to do the next batch. He also mentioned that he'd like to
118 speak with Public Works to use some type of rubber cushion to avoid causing the coating to
119 flake.

120
121 Mr. Rinebold then questioned Account 909 – Conservation Information. This account is
122 increased by \$167,600 or 8.25%, due to an increase in funds received from the RGGI Program.

123

124 Ms. Dill explained this is a pass through.

125
126 Mr. Rinebold then questioned Account 391 – Office Furniture and Equipment – which is
127 increased by \$326,500. This is mainly due to the upgrade or replacement of the CIS System.

128
129 Mr. Buccheri stated that this is half of the Electric Division’s share in the cost (one quarter of the
130 total cost of approximately \$1.2 million).

131
132 Ms. Dill added that CIS is sunsetting the version that we are on, so essentially, we are being
133 forced to either upgrade the system, or get a new one. She added that, in the past, each time
134 there was an upgrade, it caused major problems with our system as we had customizations that
135 would be interrupted with each upgrade, causing all kinds of problems.

136
137 Mr. Hendershot added that the problem is that whatever system we get has to work for not only
138 Electric, but Water, Sewer and Town Hall as they all use this system as well. It will be a
139 difficult adjustment, but unfortunately, necessary.

140
141 *The meeting paused at 2:46 p.m. as the Electric Division portion was now complete. The*
142 *meeting resumed at 2:55 p.m. to introduce the Water and Sewer Divisions.*

143
144 Mr. Amwake began with the Water Division budget.

145
146 He stated that the Water consumption rate remains unchanged since June 1, 2015 at \$4.09 per
147 100 cubic feet. The Water Division basic service fee remains unchanged since June 1, 2007.
148 Included in the packet is a trend analysis. He noted that the Water Division has contracted with
149 NewGen Strategies and Solutions to undertake a financial forecast retail, cost of service study
150 and recommended retail rates. There will be four focus areas of the rate study: Basic Service
151 Fee, Fire Service Charges, Consumption Rates, and Debt Service. The project timeline is to
152 present the study recommendations in Fall 2023 with any new or updated rates for water bills
153 issued on or after July 1, 2024.

154
155 Basic Service Fee – Similar to the Sewer Division, it used to be charged on what is actually paid
156 for the meter versus the flow rate through the meter.

157
158 Fire Service Charges – Private fire services as well as private fire hydrants. . The size of the
159 system is built for fire service, not for domestic consumption.

160
161 Consumption Rates – These have not been changed since 2015.

162
163 Debt Service – Capital projects (particularly one-off capital projects) cannot continue to be paid
164 for with cash (retained earnings). The Water Division is requesting NewGen Strategies to put
165 together some charts for us.

166

167 Two and a half weeks ago, there was a kick-off meeting with NewGen face to face.

168

169 Mr. Amwake then went on to explain Operating Expenses. There is a wage increase across the
170 board, effective July 1, 2023 of 1.95%. There was a wage increase for management of 1.95%
171 effective 1/1/2023 that expires on 12/31/2023. Health insurance is up 13.8%

172

173 Mr. Beaumont questioned what are “staff gauges” – pointed out on page 2?Mr. Amwake
174 answered that they are an approximate one-foot wide, 20 feet tall metal that is mounted on to the
175 side of the dam on the upstream side so water level can be measured.

176

177 Mr. Amwake then pointed out that Account 675 – Maintenance of Water Services is increased
178 \$58,275 (20.11%) which is due to an increase in regular labor and benefits that is associated with
179 this account. By October 2024, the Wallingford Water Division is required to provide to the
180 State of CT Department of Public Health Drinking Water Section, as well as the US EPA, an
181 inventory of all water service lines in the water distribution system (lead service line). Due to
182 this, the 23/24 Fiscal Year budget includes funding for water service line test pits as well as
183 inventory to repair or correct any lead services found at that time (although, based on experience,
184 knowledge and research, he does not expect any lead service lines in our system). There are,
185 however, lead goosenecks which we’ve included \$25,000 for test pits and \$5,000 for inventory
186 because if one is found, it will need to be replaced. Also included is money for a questionnaire
187 as DPH and US EPA wants us to log what is inside customers’ homes. A questionnaire would
188 show our due diligence in that effort.

189

190 The next item highlighted is Account 923 – Outside Services Employed which is down
191 (\$11,380). Last year, we funded for the regulatory dam inspections, a large portion of the rate
192 study, and an additional \$35,000 for the rate study into next fiscal year.

193

194 The next highlight is Account 932 – Maintenance of General Plant which is increased \$19,786
195 (23.91%) mainly due to \$16,000 for paving and curbing repairs, and crack sealing for the parking
196 areas of 377 South Cherry Street and for the paved work areas behind the building adjacent to
197 the material bins and storage buildings.

198

199 Mr. Beaumont questioned Account 473 – Connection Charges for Maintenance Reserve which is
200 an increase projected for FY 23-24. The correction was made from stating a “decrease”.

201

202 Mr. Rinebold questioned Mr. Amwake and asked for more information on “the lead” regarding
203 the goosenecks. Mr. Amwake stated that these are old connections back from the 40’s, 50’ and
204 60’s. The DEEP is basically stating that if it is lead, it’s bad. If it is unknown, assume it is lead.
205 There have been a lot of studies that show you can replace between the water main and the curb
206 stop. But if you don’t go from the curb stop to the house, that can cause more problems. A
207 leaded gooseneck is three to eight inches long and leaded water has to sit and be at a specific
208 temperature. Mr. Amwake went on to explain more about the leaded goosenecks and the

209 minimal risks involved as compared to costs. More discussion ensued regarding these materials
210 versus the water quality.

211
212 Mr. Amwake then went on to discuss Capital Projects highlighting Account 310 – Land which
213 includes funding of \$115,000 to construct the access roadway, parking areas and wooden
214 guardrail for 264 Williams Road (Parcel B), as well as Account 343 – Transmission and
215 Distribution Mains where we are funding the second half of Contract 38.

216
217 Mr. Amwake went on to highlight a few other Capital Projects and gave brief explanations.
218

219 Mr. Amwake then discussed Account 392 – Transportation Equipment. Two vehicles are
220 budgeted to be replaced: WD-5 – 2005 Vehicle Replacement at \$65,000 (Current vehicle has
221 148,152+ miles and is in poor condition). Existing vehicle is being offered for trade-in. The
222 other is WD-13 – 2012 Vehicle Replacement at \$35,000. Current vehicle has 56,497+ miles and
223 is in fair condition.

224
225 He then pointed out Account 396 – Power Operated Equipment to fund \$90,000 to replace the
226 existing 1991 John Deere backhoe and loader. As a reminder, \$70,000 was funded in FY22/23
227 to replace the JD backhoe and loader.

228
229 Mr. Hendershot stated that in regards to the CIS Upgrade as mentioned earlier in the Electric
230 Division’s budget, he wanted to reiterate that the plan is to take the \$600,000 share of the CIS
231 System and spread it over two years due to the thought that it will not all be complete in FY
232 23/24. He wants the Water/Sewer Divisions to remain consistent with that, and asked Mr.
233 Amwake if that is feasible? Mr. Amwake replied that would be fine.

234
235 Mr. Amwake then moved on to the Sewer Division Budget where he first highlighted revenue.
236

237 There will be a sewer usage charge increase – as we’re going from \$7.02 per 100 cubic feet to
238 \$8.07 per 100 cubic feet on July 1, 2023. There is also a rate study funded for sewer. Most
239 likely, there will be two rate adjustments on July 1, 2024.

240
241 The basic service fee is going to increase from \$25.34 to \$27.09 per quarter for a 5/8 inch meter
242 customer (which is 96% of our residential customers). Overall, the median increase for that
243 typical customer will be approximately \$14.35 per quarter.

244
245 Mr. Amwake noted that water consumption is down, so therefore, usage on the sewer side is
246 down, however, it is not exactly a one to one match. There are nearly 1,000 flat sewer customers
247 that have their own private well, but rely on Wallingford Sewer for treatment and collection.
248

249 Mr. Rinebold questioned that Mr. Amwake is comfortable with the \$8.07 increase and Mr.
250 Amwake stated that he was and went on to discuss that in more detail.
251

252 Mr. Amwake then noted some of the highlights regarding the Operating Budget. Account 641 –
253 Chemicals has an increase of \$126,750 (70.12%) – Noted that the above and below noted year to
254 year comparisons are prior to the Chemicals budget amendment approved by the Public Utilities
255 Commission on January 17, 2023 for \$82,800. (With the January 17th budget amendment
256 included for this account, the year to year Chemicals account comparison is +\$43,950
257 (+16.68%).

258
259 More discussion ensued regarding upcoming open positions, current staffing and the use of
260 outside services.

261
262 Mr. Amwake went on to discuss Account 652 – Maintenance of Treatment Equipment. This
263 account includes funding of \$250,000 to repair multiple RBC shafts, which is critical to WPCF
264 operations and is a priority for the WPCF staff in the upcoming fiscal year. He elaborated on
265 particulars of this issue.

266
267 Mr. Amwake brought up Account 673 – Maintenance of the Collection System which is up
268 \$518,944 (59.54%). He went into detail stating that the Gaylord Hospital campus sanitary sewer
269 lateral is contributing approximately 6 million gallons of clean water through the collection
270 system into the wastewater treatment plant every year.

271
272 He went on to discuss in more detail several more Capital Projects with the Commissioners and
273 provided explanations, including Account 331 – Treatment Plant Structures and Improvements,
274 highlighting funding of \$60,000 for boiler re-tubing (Boiler #3). It also includes \$175,000 to
275 complete the design of the Fine Screens Headworks project, along with bidding support and
276 construction administration (CA) support services.

277
278 Account 332 – Treatment Plant Equipment. Funding for a spare emulsion mixer for the tertiary
279 phosphorus treatment process at \$20,000. There is only one emulsion mixer for the Actiflo
280 system, with no spare mixer provided as part of the WPCF Upgrades Project. This is a critical
281 piece of equipment and if it goes down, there will be a major problem as we have no back-up.

282
283 Account 392 – Transportation Equipment. SD-11 2002 Sterling Jet Vac replacement at
284 \$250,000. That is the second half of the funding for the Vac Truck.

285
286 Mr. Beaumont thanked Mr. Amwake and Mr. Langenauer for their time and effort.

287
288 **ADJOURNMENT**

289
290 **Motion to Close the Budget Workshop and Adjourn at 4:20 p.m.**

291
292 **Made by: Rinebold**

293 **Seconded by: Beaumont**

294 **Votes: 2 Ayes**

295

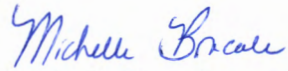
296 The meeting was adjourned at approximately 4:20 p.m.

297

298 Respectfully submitted,

299

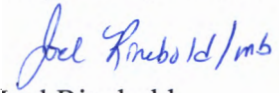
300

Handwritten signature of Michelle Bracale in blue ink.

301 Michelle Bracale

302 Acting Recording Secretary

Respectfully submitted,

Handwritten signature of Joel Rinebold/mb in blue ink.

Joel Rinebold

Secretary