The Public Utilities Commission held a meeting on Tuesday, April 21, 2009 at the Wallingford Electric Division, 100 John Street, Wallingford, Connecticut. The meeting was called to order at 6:30 p.m.

PRESENT: Chairman Robert Beaumont ("Beaumont"); Commissioner David Gessert ("Gessert"); Electric Division General Manager Richard Hendershot ("Hendershot"); Water and Sewer Divisions General Manager Roger Dann ("Dann"); Water and Sewer Divisions Office Manager William Phelan ("Phelan"); Electric Division Office Manager Thomas Sullivan ("Sullivan"); Recording Secretary, Lois Pisani; Tom Cruz, 119 Norman Avenue, Wallingford; Moe Scully, Ed Prior, Glenn Wilson.

1. **Discussion and Action: Approval of PUC Meeting Minutes of April 7, 2009.**

   Motion made by Gessert to approve the PUC meeting minutes of April 7, 2009 (as amended); seconded by Beaumont.

   The following change to the April 7, 2009 meeting minutes is as follows:

   Page 1, line 14, change “Rick Triber” to “Kurt Treiber”.

   2 ayes.

2. **Discussion and Action: Approval of the Director’s Report for the month of March 2009.**

   Motion made by Gessert to approve the Director’s Report for the month of March 2009; seconded by Beaumont.

   Improvement has been noted in the billing software training.

   In the Electric Division, there was a decrease in system input for March and there was an increase in demand. Two linemen apprentices were hired.
In the Water Division, there was a slight decrease in water production for March. The reservoir is at normal range. There is a contract in place with LaRosa Construction Company for the McKenzie Reservoir project. There is a meeting in front of the Town Council on May 4 at 6:00 p.m. regarding the McKenzie Reservoir project.

A couple of calls were received regarding the smoke testing which was done in the sewers.

The front office construction project at the Electric Division will start in the fall.

2 ayes.


Motion made by Gessert to approve the Water/Sewer Division disbursements for the month of March 2009; seconded by Beaumont

Discussion took place with regard to Water/Sewer Division disbursements.

2 ayes.


Motion made by Gessert to approve the Electric Division disbursements for the Month of March 2009; seconded by Beaumont

Discussion took place with regard to Electric Division disbursements.

2 ayes.

5. Discussion and Action: PUC – Assignment of Policy Number – Identity Theft.

Motion made by Gessert to assign the policy number relating to identity theft to PUC Policy No. 3; seconded by Beaumont.

Identity Theft Policy was approved at the April 7, 2009 PUC meeting. At this point a policy number needs to be assigned. Policy No. 3 was assigned to the Identity Theft Policy.

2 ayes.
6. Discussion and Action: PUC – APPA National Conference

Motion made by Gessert to approve sending George Adair to APPA National Conference in Salt Lake City, UT; seconded by Beaumont.

A discussion took place regarding the APPA National Conference and it was approved to send Adair to the APPA National Conference in Salt Lake City, UT. The budget for this conference was provided and could be as much as $3,170.

2 ayes.
7. Discussion and Action: PUC – PUC Summer Schedule

Motion made by Gessert to table the summer schedule until first PUC meeting in May; seconded by Beaumont

A discussion took place regarding the availability of Commissioners and Managers for the summer schedule and it was agreed to table this matter until the first PUC meeting in May.

2 ayes.

PUBLIC QUESTION AND ANSWER:

Tom Cruz stated that he went to the Water Department to get his permit to fish in the McKenzie Reservoir and he was denied the permit. Dann stated that permits are not being given to residents because the construction on the McKenzie Reservoir will be starting soon and the Water Department will be posting signs to not fish due to hazardous conditions. Gessert stated that residents should be allowed to fish until the construction actually starts, even if it is only for 10 days.

Motion made by Gessert for Article I, Section I; seconded by Beaumont

2 ayes

Motion made by Gessert to allow temporary permits to allow fishing at McKenzie Reservoir until such time when the signs are posted to stop fishing due to construction; seconded by Beaumont.

2 ayes

8. Discussion and Action: Electric Division – Approval of 50 in 5 Contract.

Motion made by Gessert to approve the 50 in 5 Contract; seconded by Beaumont.

Adair mentioned that there have been several discussions and workshops on the 50 in 5 project. The CEO of CMEC-Moe Scully, the Chief Financial Officer of CMEC – Ed Prior and the CEO of SEA-Glenn Wilson was present for this meeting to answer additional questions on this matter.

Adair provided a memo dated April 16, 2009 which summarizes this project and provides an overview of the cashflow proforma which reflects changes from the prior proforma. The project of this case rounded up to $30 million. The interest rate and term is the same. The carrying cost line reflects the $30 million project cost, the financing as additional principal borrowed of an amount to set up a debt service reserve fund and the debt issuance fee. Also the carrying cost line reflects a P and I escalation of 10% based on the requirements going back to the 1993 bond
resolution of CMEEC. There is a decline in the gross 10 year net benefit of about $9 million and
the net present value of that difference is about $7 million, due to the increased amount of
borrowing hence higher interest cost and the 10% amount to satisfy the debt service ratio is about
$4.1 million over the life of the loan.

Beaumont questioned as to why there is a 10% debt service coverage. Moe Scully stated that the
rating agencies require this coverage to get an A+ rating. If you are not an A+ rated entity, the
premium on the interest rate would be higher and would drive the cost of the project much higher.
If we have the 10% debt service coverage, we will get a lower interest rate.

Gessert questioned why are we bonding $50 million for a $30 million project. Moe Scully stated
that the reimbursement resolution is an IRS requirement that states that if you are going to borrow
money, you need to have a resolution in place before you do the financing. If the project total
was more than $30 million we would not be able to get the financing if we only have a $30
million bond. By making the bond $50 million, it covers us if we go over the $30 million
estimated project cost. Gessert stated that Glenn Wilson did a great job explaining all of the
numbers on the proforma but now the proforma has changed 2 weeks prior to the project start,
adding $2 million and also adding another $4 million to the project. Gessert stated that $6
million on top of a $30 million project only being told about this at the last minute is
unconscionable. Someone should have known about the financing and bond costs when putting
the numbers on the proforma at the start of this project. Gessert mentioned that Wallingford will
be putting $4 million into this project and our share is $1.410 and the other towns involved in
CMEEC get to split the money. None of it comes back to Wallingford. Gessert stated that he will
not put $1.4 of Wallingford’s money to benefit other towns with CMEEC. Moe Scully said that if
Wallingford was a member of CMEEC, Wallingford would get a share in the benefit.

2 Nays

9. Discussion and Action: Electric Division – Approval of 50 in 5 Amendment
No. 3 to Power Supply Agreement.

No motion made – topic is moot.

Adjournment

Motion made by Gessert to adjourn at approximately 8:21 p.m.; seconded by Beaumont.
2 ayes

Respectfully submitted,

Lois Pisani
Recording Secretary to PUC

Richard Nunn
PUC Secretary