

**PUBLIC UTILITIES COMMISSION
WALLINGFORD ELECTRIC DIVISION
100 JOHN STREET
WALLINGFORD, CT 06492**

The Public Utilities Commission meeting of **June 16, 2020** will take place **REMOTELY** only. It shall commence at 6:30 p.m. At least 24 hours ahead of the meeting, a notice will be posted on the Town's website providing specific instructions on how to access and participate in the meeting. Materials for this meeting will also be posted on the Town's website for viewing prior to the meeting.

**TUESDAY, JUNE 16, 2020
6:30 P.M.**

AGENDA

1. Pledge of Allegiance
2. **CONSENT AGENDA**
 - a. Consider and Approve Meeting Minutes of May 19, 2020
 - b. Consider and Approve Electric Transfer – Account 586 – Distribution Operations – Meter Expense.
3. Items Removed from Consent Agenda
4. Discussion and Action: Approval of the Director's Report for the Month of May, 2020.

ELECTRIC

5. Discussion and Action: Approval of Electric Vehicle Project.
6. Discussion and Possible Action: PCA Adjustment.

WATER/SEWER

7. Discussion and Action: Set Date and Time for the Public Hearing for the Water/Sewer Rate Changes.
8. Discussion: WPCF Upgrades Project.

PUC

9. Discussion and Action: Approval of Proposed Settlement Agreement Regarding FERC Docket EL 16-19-000.

RECEIVED FOR RECORD 6-11-2020
AT 12:55 AND RECEIVED BY
Darius Thompson TOWN CLERK

10. Correspondence
11. Committee Reports

PUBLIC QUESTION AND ANSWER PERIOD: 7:00 P.M. – 7:15 P.M.

Individuals in need of auxiliary aids for effective communication in programs and services of the Town of Wallingford are invited to make their needs and preferences known to the ADA Compliance Coordinator at 203-294-2070 five days prior to meeting date.

NOTICE

MEETING ACCESS INSTRUCTIONS

ADDENDUM TO THE AGENDA OF THE PUBLIC UTILITIES COMMISSION

TUESDAY, JUNE 16, 2020

6:30 P.M.

The Public Utilities Commission meeting will be held **TELEPHONICALLY (AUDIO ONLY)** on June 16, 2020 at 6:30 p.m.

The meeting will be accessed through:

Conference Dial in Number: USA Toll Free 877-309-2073

Access Code: 888-829-405

Link: <https://global.gotomeeting.com/join/888-829-405>

Please announce your arrival when you join the call.

Please wait for Chairman Beaumont to instruct the attendees as to how the meeting will be conducted.

Robert N. Beaumont
Chairman
Public Utilities Commission

DRAFT

**PUBLIC UTILITIES COMMISSION
WALLINGFORD ELECTRIC DIVISION**

100 JOHN STREET

WALLINGFORD, CT

Tuesday, May 19, 2020

6:30 P.M.

MINUTES

**TOWN OF
WALLINGFORD**

MAY 26 2020

**DEPARTMENT OF
PUBLIC UTILITIES**

The meeting was held via teleconference. In attendance were:

Chairman Robert Beaumont (TC); Commissioners Patrick Birney and Joel Rinebold (TC);
Director Richard Hendershot (TC); Electric Division General Manager Tony Buccheri (TC),
Office Manager Tom Sullivan (TC); Water and Sewer Divisions General Manager Neil Amwake
(TC); Office Manager William Phelan (TC); Recording Secretary Bernadette Sorbo (TC). (TC-
TELECONFERENCE)

members of the public – Steve Gale

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 Minutes of April 21, 2020

Motion to approve the Consent Agenda:

Made by: Mr. Rinebold

Seconded by: Mr. Birney

Votes: 3 ayes

3. Items Removed from Consent Agenda – None

**4. Discussion and Action: Approval of Director's Report for the Month of April,
2020**

No questions or comments were presented.

Motion to approve the Director's Report

Made by: Mr. Birney

Seconded by: Mr. Rinebold

Votes: 3 ayes

5. Discussion and Action: Request for PUC Action in Regard to the Electric Division's Compliance with Executive Orders 7S and 7W

Mr. Buccheri spoke on the memos from Mr. Hendershot and Mr. Sullivan on the Deferment Program and Late Payment Charges. He advised that the Electric Division customers would receive late payment notices for bills that were generated after the bills that were affected by Executive Order 7S. The system cannot handle taking a payment and applying it to a previous bill. The requested action would allow the WED to process electric bills as follows: Five percent of the computed billing or minimum charge will be added to the bill if not paid by the late date of twenty days from the rendition of the bill or the due date of the previous bill.

Mr. Sullivan clarified that the issue is that the late payment charge on the newer bills would come due sooner than the bills issued a month or two prior. Not only would this confuse the customers but CIS would apply the payment that the customer intended for the bill with the more recent due date, to the older bill and penalize the more recent bill.

Motion to approve the requested relief contained in the memorandum dated May 5, 2020 for the reason stated therein

Made by: Mr. Birney

Seconded by: Mr. Rinebold

Votes: 3 ayes

6. Discussion and Action: Approval of a Resolution – Costa

Motion to approve the Resolution for Thomas Costa

Made by: Mr. Birney

Seconded by: Mr. Rinebold

Votes: 3 ayes

7. Discussion and Action: Approval of a Resolution – LeTourneau

Mr. Beaumont commented that he wishes Barbara and John the best.

Motion to approve the Resolution for Barbara LeTourneau

Made by: Mr. Birney

Seconded by: Mr. Rinebold

Votes: 3 ayes

8. Discussion and Action: Approval of a Resolution – Szymanski

Mr. Beaumont commented that Walt will be missed very much and that Walt has done an excellent job for the Wallingford Electric Division.

Motion to approve the Resolution for Walt Szymanski

Made by: Mr. Birney

Seconded by: Mr. Rinebold

84 **Votes: 3 ayes**

85
86 **9. Discussion and Action: Continuation of the Water and Sewer Divisions Town**
87 **Center Zone Economic Development Program – Reduced Units of Connection**
88

89 Mr. Amwake spoke on the memorandum dated April 24, 2020 regarding the Town Center Zone
90 Economic Development Program for the Water and Sewer Divisions. Mr. Amwake stated that
91 this was previously approved by the PUC two years ago. There are no changes to the program
92 other than rolling it forward for a term of four years. In the past two years there has been one
93 location that took advantage of this program which was the Center Street Brewery located at 25
94 Wallace Avenue. They did receive discounted water and sewer connection charges when they
95 upgraded their meter due to their larger demand for brewing operations. The Water and Sewer
96 Divisions are looking to move this program forward for another four years in the downtown
97 development district.

98
99 **Motion to approve the extension of the Water and Sewer Divisions Town Center Zone**
100 **Economic Development Program**

101 **Made by: Mr. Birney**

102 **Seconded by: Mr. Rinebold**

103 **Votes: 3 ayes**
104

105 **10. Discussion: WPCF Upgrades Project**
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107 Mr. Amwake reviewed the logistics. The Sewer Division plans to submit an application to the
108 Inland Wetlands and Watercourse Commission for acceptance at the IWWC June 3, 2020
109 meeting for a permanent soil stockpile area between the RBCs and the Low Level PS driveway.
110

111 Mr. Amwake reviewed the building and facility construction. He stated that all sheeting that is
112 planned to be removed has been pulled from along the western, northern and eastern sides of the
113 Anaerobic Basin has been completed. The backfill has been placed to within approximately 6
114 feet of the top of the AB walls. Today they were continuing to install the handrails around the
115 basin.
116

117 At the Intermediate Pump Station, the qualitative hydrostatic test was successfully completed.
118 Please note that the quantitative hydrostatic test was performed prior to the April, 2020 update.
119 The contractor is in the process of installing a 36-inch pipe from the Primary Settling Tanks
120 splitter box to the new IPS.
121

122 At the Tertiary Phosphorous Building the Contractor continues to place rebar and form the
123 exterior and interior walls. Approximately 30% of the exterior walls are in place, and about 10%
124 of the interior concrete walls have been poured.
125

126 At the UV Disinfection/Post Aeration Building all the exterior and interior concrete walls have
127 been formed and poured. The hydrostatic test for the exterior walls is planned to begin next
128 week.
129

Construction Contract Payment Applications – C. H. Nickerson

Original Contract Sum	\$45,507,000.00	
Net Change by Change Orders	(\$47,432.14)	
Contract Sum to Date	\$45,459,567.86	As of April 15, 2020

Construction Contract Schedule

Original Completion Date	February 10, 2022
Net Change Schedule Days	0
Contract Completion Date	February 10, 2022

Mr. Birney questioned what a quantitative hydrostatic test is? Mr. Amwake responded that a basin is filled with a known volume of water and then over a series of days a measurement of the volume of water or the vertical difference in the volume of water is done to see if there are any cracks or water loss specifically in the base slab. The quantitative test focuses on the base slab and the qualitative test focuses along the all of the exterior walls because they are not back filled yet and you can see seepage coming through.

Mr. Birney questioned if there has been any Covid related impact on construction? Mr. Amwake responded No. Governor Lamont classified construction as an essential business. We are working in multiple areas around the site. C.H. Nickerson is practicing social distancing as much as possible. All workers have masks and/or face coverings. On a logistical basis construction has not been impacted. The only delay currently is the replacement of the fuel oil tank at the Pistapaug Pond Water Treatment Plant. This is due to staffing and ordering of the materials.

Public Question and Answer Period

Mr. Beaumont stated that a question was emailed from Ms. Adelheid Koepfer of Whiffletree Lane requesting to be read for tonight's meeting. Mr. Beaumont stated that he would read this to the PUC. The email was as follows:

Background: I have seen a petition from a Sheehan student circulate the web, asking the Board of Education to bring electric school buses to Wallingford. I fully support this endeavor. I also imagine that if the school district or the bus company are taking on this idea, there will be questions relating to: the electric connection to the bus depot, what kind of charging infrastructure would be best, and how both could be installed or upgraded, etc..

Question: can the PUC/WED please name a liaison who can collaborate with the school district, Board of Ed, or the bus company on those considerations? How can this person be contacted?"

Mr. Buccheri stated that he will be the point of contact on this project. Mr. Buccheri has been contacted by the student about this and has provided her with information on the generator interconnection agreement and the studies that would have to be done for a facility like this to be built and interconnected into the system. Last week Mr. Buccheri participated with a call from the student and others from the town and he will remain the point of contact on this project.

Mr. Hendershot commented to keep in mind that Wallingford does not own their own school buses and that this would have to be provided by the bus services vendor.

Mr. Beaumont asked if there have been questions coming from the school district or if it is primarily coming from the student? Mr. Buccheri responded so far it's been coming directly from the student. There have been some pilots from New York and California for these types of electric bus programs. These have been done working with investors and grant funding.

Mr. Gale questioned if the Annual Energy Efficiency Report is out? Mr. Hendershot responded that this has come out and that he will have a copy mailed to him.

There were no further questions from the public

The Public Question and Answer Period Closed

Mr. Patrick Birney questioned if there will be a separate notice with an invoice starting in June or will there be a specific notation on a specific invoice starting in June in regards to the Deferment Program and late charges? Mr. Sullivan commented that as of right now the monthly bills are going out with the messages on it. Come June 12 and thereafter those bills will go out with the due date clearly stated as it normally is with 20 days and a bill message briefly explaining.

Mr. Patrick Birney questioned on the timeline for the next steps on the rates. Mr. Amwake advised that a draft schedule was provided to the Director yesterday. On June 16th Mr. Amwake would like to present the rates to the PUC again as a refresher and then set the date for the public hearing that evening. Mr. Amwake recommended that the public hearing on July 14, 2020 (one evening the second full week of July, 2020) and for the rates to go effective October 1, 2020. The three-month delay has an estimated revenue impact of approximately \$107,400.00. Mr. Phelan ran the numbers and if the usage rates increase by less than \$.05 cents (\$/ccf) for the first year it will account for the loss.

Mr. Birney questioned on item number 4-15 in regards to the negative numbers shown on the Daily Volume and Cost of Open Positions for the month March. Mr. Hendershot responded that he will work on the answer and have it ready for Mr. Birney when he reaches out to him directly. Mr. Hendershot commented that Mr. Keeney will at some point make a presentation at an ERMOC meeting on another table from the ENE Report.

Mr. Beaumont commented to remove any references to Bristol Meyers in Craig's report.

ADJOURNMENT

Motion to adjourn

Made by: Mr. Birney

Seconded by: Mr. Rinebold

Votes: 3 ayes

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The meeting was adjourned at approximately 7:16 p.m.

Respectfully submitted,

Respectfully submitted,

Bernadette Sorbo
Recording Secretary

Joel Rinebold
Secretary



Town of Wallingford, Connecticut

THOMAS SULLIVAN
BUSINESS OFFICE MANAGER

DEPARTMENT OF PUBLIC UTILITIES
ELECTRIC DIVISION
BUSINESS OFFICE
100 JOHN STREET
WALLINGFORD CT 06492
PHONE 203-294-2030
FAX 203-294-2027

Memo

To: Tony Buccheri, General Manager
Cc: Richard Hendershot, Director of Public Utilities
From: Thomas Sullivan, Business Office Manager
Date: June 9, 2020
Re: Fiscal 2019-2020 budget transfer
Account 586 – Distribution Operations - Meter Expense

Attached for your review is a request for a budget transfer in fiscal year 2019-2020 in the amount of \$11,100 to Account 586 Distribution Operations - Meter Expense. This account includes labor overhead, materials and expenses incurred in the operations and testing of customer meters. A review of the activity to date along with projections for the balance of the fiscal year indicate that additional funds will be needed to complete the year.

Funds are available for this transfer from account 926 Administrative and General –Employee Pension and Benefits due to vacancies and lower utilization of off-site training.

Please review the attached budget transfer request and forward as appropriate for action by the Public Utilities Commission and Town Council.

ITEM NO. 2b-1

PUC AGENDA 6/16/20

TOWN OF WALLINGFORD, CONNECTICUT

Honorable William W. Dickinson, Jr. Mayor
Wallingford, CT 06492

Date: June 9, 2020

1. Request for X transfer of funds
 appropriation of funds

Fiscal year 2019-2020

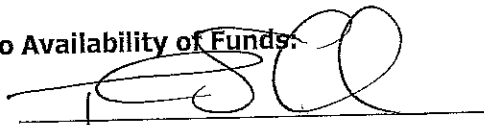
Funds: Electric X operating capital project
Water operating capital project
Sewer operating capital project

\$ 11,100 From: Employee Pension and Benefits Acct. No. 926

\$ 11,100 To: Meter Expense Acct. No. 586


Explanation: See attached memo

Certified as to Availability of Funds:

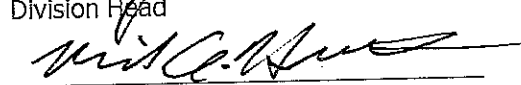

Office Manager

Date: 6-9-20

Submitted by:


Division Head

Date: 6-9-20


Department Head

Date: 6/9/20

Approved by vote of the Public Utilities Commission subject to the approval of the Mayor and Town Council

Chairman, Public Utilities Commission

Date: _____

Certified as to Availability of Funds:

Comptroller

Date: _____

Approved – subject to the approval of the Town Council

Mayor

Date: _____

II Certification of the Financial Transaction:

The transfer or appropriation of \$ _____ as detailed and authorized above and as approved by a vote of the Town Council in session is hereby certified.

I hereby certify that this is the motion approved by the Town Council at its meeting of _____, 20____.

Town Clerk

ITEM NO. 210-2
PUC AGENDA 6/10/20



Town of Wallingford, Connecticut

RICHARD HENDERSHOT
DIRECTOR

DEPARTMENT OF PUBLIC UTILITIES
100 JOHN STREET
WALLINGFORD, CONNECTICUT 06492

TELEPHONE 203-284-4016
FAX 203-294-2267

DIRECTOR'S REPORT May 2020

DIRECTOR'S OFFICE/DEPARTMENT-WIDE

All three Divisions continued with their modified work practices, and additional cleaning efforts, in response to the COVID-19 pandemic. These practices will continue for the foreseeable future. Employees are being kept separated as much as possible and everyone is now wearing a mask or face covering in the workplace per rules issued by the CT DECD. There is no public access to the buildings without an appointment, which means that all customers who continue to wish to pay their bills in person must make individual arrangements to be let into the buildings to make payment. Non-payment shutoffs remain suspended, as do in-the-field collection efforts as well as all on site meter work, to the extent possible.

As previously noted, budgets have been finalized and submitted. Utilities received one (1) general question about finances during the on-line Public Hearing on the Town's budget on April 29, and the department participated, via video and telephone, in the May 7 Town Council workshop on the utilities' budgets.

On May 19 the Director participated in a "Zoom" meeting of the NEPPA Board of Directors

ELECTRIC DIVISION

Office Building Review

The Architect has updated the plan-view drawings per staff's comments. The next step is for the WED to work with the Architect to determine if the first piece of work in this effort should be a new roof for the entire WED building, vs. converting the empty garage bays into office space. Effectively no change since last month.

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

WRE continues to hold its expected "go live" date of December 2020, with an overall scope for the PV-array of 15-MWs. The WED continues to refine its Facility Plan, especially as it pertains to system protection issues. This has resulted in WRE needing to install fiber optic lines on certain WED distribution poles for use by the WED, to adequately address the WED's distribution system protection requirements.

Primary URD Replacements

Ashlar Village has finally performed the necessary surveying work so that proper easements can be developed.

CTDOT

WED has reviewed the upcoming paving schedule and noted any potential areas of concern.

Staff has also begun to coordinate with CTDOT regarding their proposed effort to update various signal facilities along Colony Road.

WED awaits a Frontier pole replacement and as-built drawings before the new ornamental street lights along Hall Avenue can be energized.

Service work during May included four (4) new services, 11 service changes, and no (0) retired services.

Street light work included 62 LED street light conversions and seven (7) street light repairs. To date, 2,575 LED streetlights have been installed, with 2,060 HPS streetlights remaining to be replaced.

During April, 23 poles were replaced, along with 13 aged overhead transformers. In fiscal 2020, the Division has replaced 129 poles to date.

As of the end of the month, 80 A-base meter installations have been updated, three (3) have been removed, and 213 remain to be addressed.

Personnel

With the Town Council's approval of the revised Accountant I job description on April 28, the position was posted during May.

The vacant First Class Lineman position has been advertised and closed; the Division now awaits a candidates list from HR.

The Division awaits, from HR, a list of candidates for the vacant System Operator position. This posting closed February 18. HR is reviewing the applicants for qualified individuals.

It is our understanding that HR only tested internal applicants for the vacant Meter reader position, and a list of candidates has been forwarded to the Division. Interviews are scheduled for June.

The vacant Chief Engineer position was posted April 30. No date yet set for a screening exam.

The vacant Chief Meter Technician position has been posted, and the Division is seeking mayoral approval to fill a pending Account Clerk vacancy, due to a retirement.

Electric System Metrics

System input for May totaled 40,572-MWh, which was 6.6% less than May 2019. Maximum system demand for the month was 74.5-MW. This value is 7.9% below the peak demand from May 2019.

Average System Availability Index ("ASAI") for May was computed at 99.9933%. Monthly values for the other tracked indices are as follows:

SAIDI (System Average Interruption Duration Index):	3.008 minutes
SAIFI (System Average Interruption Frequency Index):	0.0195
CAIDI (Customer Average Interruption Duration Index):	153.9 minutes

April Wholesale Power Supply

The percentage of the WED's total energy hedged was 94.1%. The forecasted hedging level for April was 90.2%.

WED's all-in purchased power costs per MWh:

- April actual = \$89.61
- 2018/2019 FY budget forecast (1/15/18) for April = \$93.23
- Prevailing six-month average PCA forecast (1/1/20-6/30/20) = \$90.84

WED's generation cost per MWh:

- Average cost for hedged volume = \$39.44
- Average cost for total volume = \$38.12

The WED purchased 2,434 MWhs of "short" energy at an average price of \$19.03, and it realized a \$14,591 net benefit due to locational spread. The result was the total cost of energy was \$1.32/MWh (3.3%) less than the cost of hedged energy.

WATER DIVISION

Water Division experienced no (0) water main breaks and one (1) service leak during May.

Stand-by Generators for Well 1, and Wells 2/3.

Conduit and transformer pad work at Well No. 1 is finished. Overall, the project is delayed due to the pandemic's impact on the supply of key components.

Milling work associated with the State's repaving of Route 150 (Center Street and Hall Avenue) resulted in damage to several Water Division facilities (water valve boxes and one service). The State's contractor will be invoiced for the costs to repair this damage.

State and Town milling and paving progressed in other locations as well. The Water Division located and prepared facilities for this work along Route 68 (Church Street) from Route 5 to the Cheshire town line.

Fuel Oil Tank Replacement at Pistapaug Water Treatment Plant. The majority of the shop drawings have been approved. Water Division staff saw to the tree removal and temporary light post removal as mentioned last month.

Contract 36R - Pond Hill Road, Wallace Street, Bonnie Court and Ward Street. The contractor, supported by Division staff, began field work during the last week of May.

Engineering Studies regarding Ulbrich Dam. This QBS effort is on hold pending decisions from the Purchasing Bureau regarding how and when to proceed, in light of COVID-19 safety protocols.

The annual water main flushing program, which began on April 7, has finished Zone 1 and has advanced into Zone 2.

The Water Quality team sent mailings to 1,240 property owners regarding inspection of the watershed. 1,218 field inspections were conducted during May. I would note that the Water Division received a very complimentary letter from one property owner regarding their contact with the Inspector.

Personnel

The Division submitted an Employment Authorization to fill the vacant Junior Engineer position on December 17. This vacancy was posted and advertised on February 7 and closed March 10. The Division received a candidates list from HR on May 18. Interviews will take place during June.

The Division submitted an Employment Authorization for a pending Chief Maintainer vacancy; the Mayor approved this form on February 4. HR advertised this opening with a closing date of March 3. *The Division received a list of candidates on June 2.*

An Employment Authorization Form was submitted to HR on January 3 for filling the vacant Water Treatment and Pumping Supervisor position. The position was advertised beginning February 21 and closed March 10. No external applicants passed the screening exam. During May, the Division received from HR a list of internal candidates, and Operator II Kyle DeGroat was promoted effective May 31.

The Operator I vacancy was advertised and closed on April 6. A list of candidates was received from HR on May 5, Interviews are underway and will extend into early June.

Water Division Metrics

Water production for May totaled 101.7-million gallons, a decrease of 11.3% from May 2019.

Reservoir storage at month's end was at 94.1% of total effective impoundment. The historical average for May is 93.1%.

Precipitation for the month totaled 2.2 inches, which is 1.8 inches below the historical average for May.

SEWER DIVISION

Sewer Division staff responded to and resolved a total of 11 WWTP alarms, collection system trouble calls and vehicle issues during May.

Durham Road sewer main replacement – the topographic survey was received June 3. Engineering staff continue to work on developing the plans and specifications for this project.

WPCF Upgrades Project

Staff will next provide a written update of the status of this effort at the telephonic PUC meeting on June 16.

During May, the collection system staff did not televise any sewer main, but 435 feet of previously televised sewers were flushed during the month.

Staff added numerous riser rings to manhole frames along Hall Avenue and Center Street to support the CT-DOT paving project.

Personnel

The screening exam for applicants to the vacant Sewer Superintendent position was held on May 15. A list of candidates list was provided by HR on May 18. Interviews have been conducted.

The Employment Authorization for the vacant Attendant I position was submitted to HR on February 3. This position was advertised on April 9, and closed May 11. Applicants will be tested June 25 and, eventually, a list of candidates will be submitted to the Division.

Wastewater Division Metrics

At the Wastewater Treatment Plant, the average daily flow during May was 6.1-MGD, which is 1.3-MGD less than the average daily flow of May 2019. The 12-month rolling average daily flow is 5.4-MGD, which is below the 90% permit threshold of 7.2-MGD.

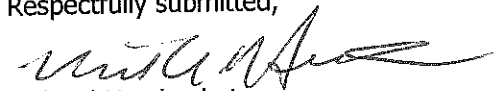
Average phosphorus concentration was 0.63 mg/L, which was 0.16 mg/L more than May 2019. The current permit level is 0.70 mg/L.

Nitrogen discharge for the month averaged 485 pounds per day. This amount is slightly less than the May 2019 discharge rate of 493 pounds per day, and is over the permit level of 269 pounds per day. The annual average so far is 499 pounds per day.

Private Side I/I Mitigation Program

During May, correspondence and inspections were suspended due to the pandemic. One (1) previous issue was corrected. Since inception, the I/I program has conducted 1,783 inspections, identified 213 locations with connections, and corrected 144 issues.

Respectfully submitted,



Richard Hendershot
Director – Public Utilities

RAH/kaw

RAHCorrespondence/director's report/Directors



Town of Wallingford, Connecticut

TONY BUCCHERI
GENERAL MANAGER

DEPARTMENT OF PUBLIC UTILITIES
100 JOHN STREET
WALLINGFORD, CONNECTICUT 06492

TELEPHONE 203-294-2265
FAX 203-294-2267

MEMORANDUM

To: Richard Hendershot, Director of Public Utilities
Public Utilities Commission

From: Tony Buccheri, General Manager-Electric Division

Date: June 8, 2020

Re: **Monthly Report – May 2020**

Below is a summary of reports and statistics from Electric Division Management staff for the month of May.

PROJECT UPDATES

Architectural Services RFP

- Next step will be to work with architect to determine if phase one should be the roof replacement. No status to report.

Expansion of 51 John Street into 228 East Street

- 20/21 Budget will include dollars to clean up the property and install the fence and shrubs that were approved by Planning & Zoning.

WED Primary Underground Facilities

- Ashlar Village – Ashlar Village has obtained surveying and legal services to document the required easement for WED facilities.
 - Surveying work was done in February 2019.
 - Surveying results have been submitted to WED engineering for review.
- Capital carry forward funds are available to support construction in the upcoming fiscal year.
- Chief Engineer will transition the work to his engineering group to move forward with finalizing the easement and engineering.
- Transformers will need to be ordered to facilitate this rebuild.

Wallingford Renewable Energy

- WED is working on finalizing the Facility Study. After an internal review of the protection settings, PLM has revised the protection and control design. The design drawings and a material list has been issued.
- WED still needs to review the fiber optic scope of work necessary for WED protection and control schemes. When the WRE's EPC contractor brings a fiber contractor on board, a walk down will be scheduled for this review. (No update on this – still waiting to schedule meeting with fiber contractor).

ITEM NO. 4-5

PUC AGENDA 6/16/20

CT DOT

- WED has reviewed CDOT's upcoming paving schedule and communicated any potential conflicts to the appropriate CDOT personnel.
- WED staff is working with CDOT staff on project the state is undertaking to update all traffic signals along Rt.5 in Wallingford.
- Hall Avenue Street light energization is pending the replacement of a frontier pole and as built drawings from the states electrical contractor.

Town Roads

- None at this time.

Personnel

- The Accountant I position was posted in May.
- HR scheduled the exam for the First Class Lineman vacancy. Waiting for results.
- HR scheduled the oral panel for the System Operator vacancy. Waiting for results.
- HR scheduled the Meter Reader exams. Results have been issued and WED has scheduled interviews.
- The Chief Engineer position was posted on April 30, 2020 – Waiting for HR to schedule oral panel.
- The Chief Meterman position has been posted.
- The Job Authorization to backfill the Account Clerk vacancy created by Barbara Letourneau's retirement is pending Mayoral approval.
- HR is working on interviewing alternatives that meet social distancing requirements; the process is currently taking longer than it normally does due to the pandemic.

Statistics/Metrics

- Total system energy input was 40.572 MwHr. This represented a decrease of 6.6% when compared to May 2019.
- System peak was recorded at 1600 hours on May 29, at 74.533 MW. This represented a decrease of 7.9% compared to May 2019.

• Service Reliability Indices

ASAI	Average System Availability Index	0.999933
SAIDI	System Average Interruption Duration Index	3.0080 Minutes
SAIFI	System Average Interruption Frequency Index	0.0195
CAIDI	Customer Average Interruption Duration Index	153.9 Minutes

- Total incidents for May were 27 affecting 492 customers for a total customer hours out of 11261.9 hours.
- A-Base Meters: As of May 31, 2020 80 services have been upgraded, 3 services have been removed, and 213 remain.
- May Services: 22 applications, 4 new installations, 11 service changes, 2 temporary services, and 0 retired.
- May Street Lights: 62 LED conversions, 7 repairs. To date 2575 LED's have been installed and 2060 HPS's remain.

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- There were 23 pole replacements and 1 new pole installed in May.
- There were 13 pole top transformers replaced and 0 new transformer installations in May.

Energy Conservation

Residential

- There were 2 heat pump water heater rebates paid in May in the amount of \$1,000.
- There were 0 HES visits to residences in May.
- There were 0 attic insulation rebates paid in May.
- There were 2 higher efficiency HVAC projects completed in May resulting in customers receiving \$500 in rebates.

Commercial & Industrial

- There were 2 lighting retrofit project completed in May resulting in customers receiving \$20,042 in incentive payments.
- There was 1 process equipment project completed in May resulting in the customer receiving \$4,300 in incentive payments.

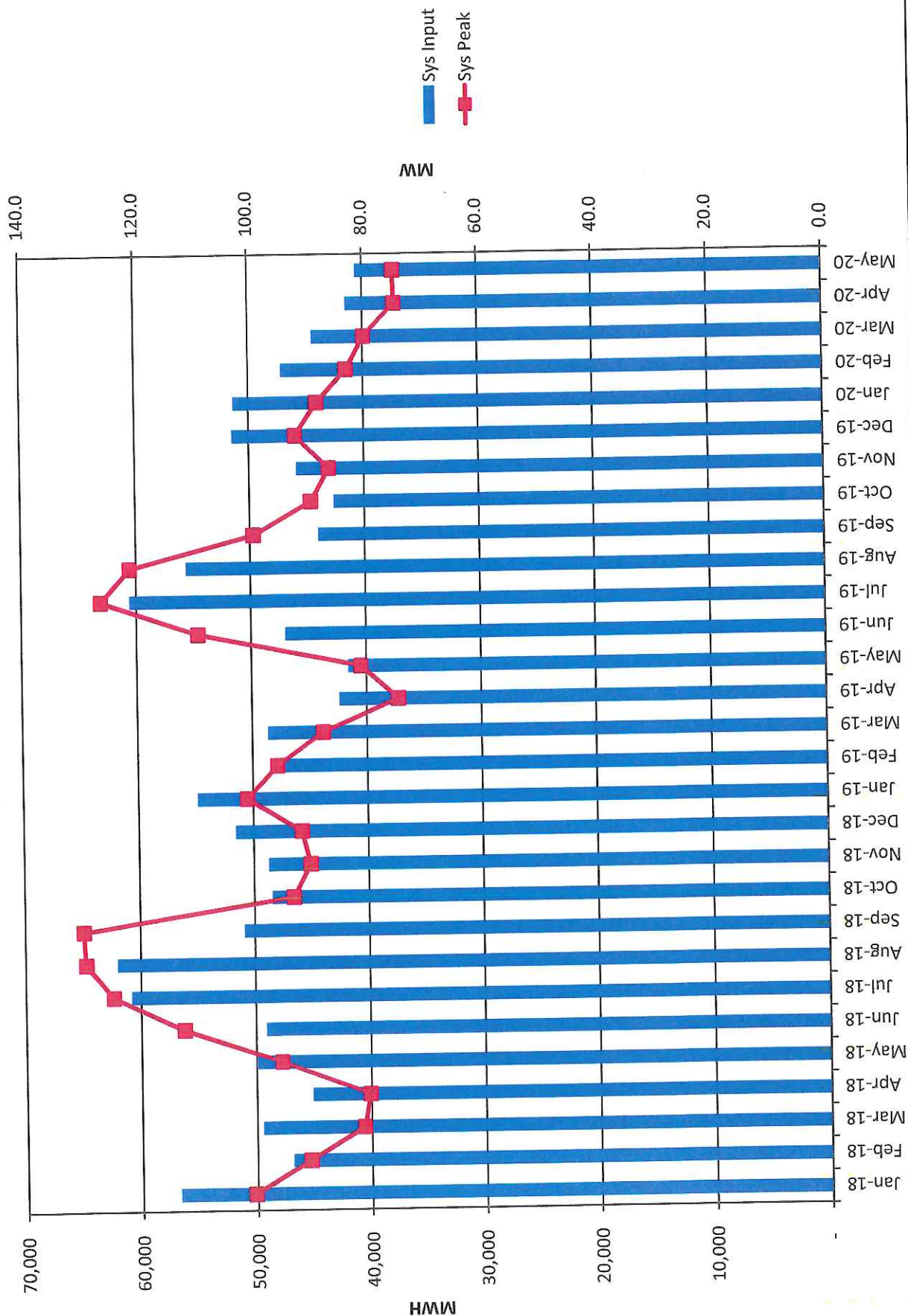


Tony Buccheri, General Manager-Electric

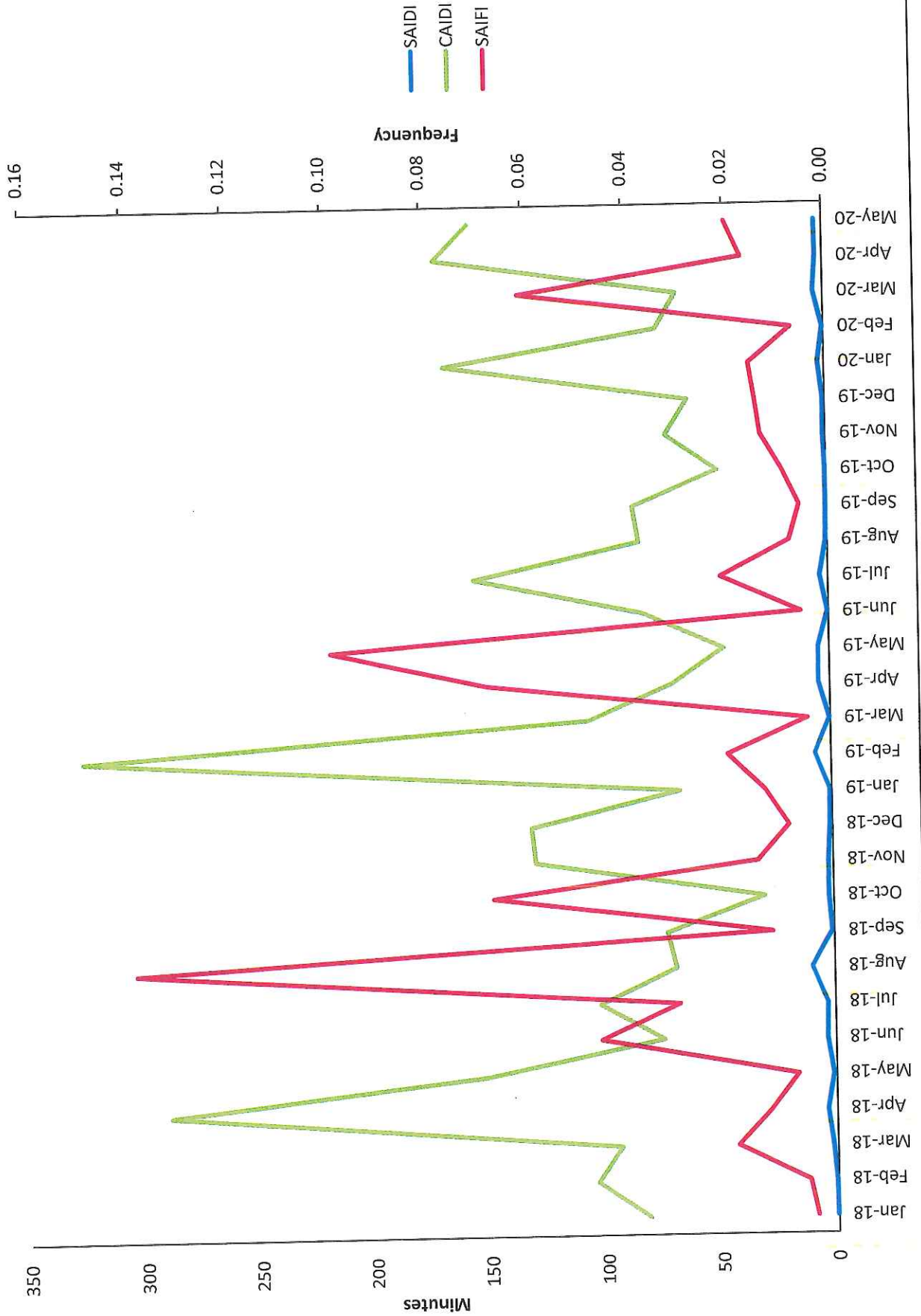
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Sys Input & Sys Peak



WED Reliability Data (excluding storms)



WALLINGFORD ELECTRIC DIVISION

APRIL

PRESENTED ON JUNE 8, 2020

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HEDGING RESULTS DISCUSSION

This memorandum summarizes the actual results for April from a portfolio hedging perspective. The analysis and statistics provided exclude the market price load for NuCor. While there is some market discussion involved to frame the spot market purchasing results, this is not intended to be a full settlements discussion, but rather to pick up on key aspects of the hedging policy including:

1. Hedge coverage levels
2. Market risk tolerance to and impact of spot market purchases
3. Locational price impacts to WED – congestion or LMP spreads
4. Treatment of unit contingent resources

In sum, the positions and approach for the month were in accordance with WED's Hedging Policy. The impact of the costs of the open position will inform hedging decisions going forward.

WED Power Cost Actual vs Budget Apr-20			
a	Forecast Load MWH on 1/15/19		41,903
b	Actual Load MWH		39,820
c	Load Forecast Accuracy %		-5.0%
d	Total Energy Cost Ave \$/MWH	\$	38.12
e	1/15/19 Projected Total Energy Cost Cost Ave \$/MWH	\$	39.87
Metric 1			
	DA Net Forecast Deviation % (Absolute Value)		4.68%
1.a	MWH Purchased in Real Time (DA forecast < Actual Load)		128
1.b	DA Net Forecast Deviation (of Total Load)		0.3%
1.c	MWH Sold in Real Time (DA Forecast > Actual Load)		(1,698)
1.d	DA Net Forecast Deviation (of Total Load)		-4.3%
Metric 2			
2.a	% Hedged (Total Resources/Load)		94.1%
2.b	% Hedged Forecasted (Forecasted Resources/Forecasted Load) on 3/16/20		90.2%
2.c	Average Energy Cost of Hedged Load (includes NYPA Capacity & Transmission)	\$	39.44
Metric 3			
3.a	Cost of Hourly Short Position (\$/MWH)	\$	19.03
3.b	MWH		2,434
3.c	Cost (Short MW * DA LMP @ HUB)	\$	46,306.26
Metric 4			
4.a	Basis \$/MWH for Resources purchased at HUB/Roseton node	\$	(0.49)
4.b	Total Energy Purchased MWH		29,516.95
4.c	Locational Spread Penalty (+) /Benefit (-)	\$	(14,591.00)
Metric 5:			
5.a	Value of Hourly Long Position (\$/MWh)	\$	(22.58)
5.b	MWH		(100)
5.c	Cost (-)/Benefit (+) (Long MW *(Ave Purchase \$ - DA LMP @ HUB))	\$	(2,256.84)

Table 1 Wallingford's Monthly Power Cost Actual vs Budget and Demand bidding results

* All information provided excludes the MWH consumption and the pass-through costs for the market NuCor special market contracts.

Actual versus Projected Total Energy Cost

Actual load came in 5.0% less than the monthly projection from January 15, 2019. Actual average of the total energy cost per MWH was 4.39% less than projected total Energy cost from the January 15, 2019 budget.

Overall Load Coverage

WED's Hedging Policy calls for between 80 and 100% of its energy requirements to be hedged for the current quarter, and there is a threshold limiting WED from being long energy on a must-take basis by more than 5% of its monthly native load requirements. Beyond that point, ENE is required to provide a report to WED describing the situation and the net impacts to WED.

WED's resources consist of NYPA, blocks and the load following purchases with PSEG, Exelon, NextEra, and Shell. Whereas both PSEG and Shell have bilaterals setting at the CT zone.

The hedged position for the month was 94.1% (does not include Pierce), and daily load coverage ranged between 90.16% and 98.58%. The forecasted hedged position from March 16, 2020 monthly projection was 90.2%.

The energy load following purchases WED made in its own name provides specific percentages of WED's hourly load requirements less the market price load. WED has also made some block bilateral purchases. Thus, on colder days as WED's load increased the load follow purchase volumes increased while the fixed block energy purchases remained constant volume, leading to lower hedged percentages on those days. The opposite will occur on milder temperature, lower load days.

WED's load forecast model, which is utilized for demand bidding, performed within an average absolute value percent of a 4.68% error rate for the month. This resulted in 1,569.51 MWH of WED's load being sold in the real-time market.

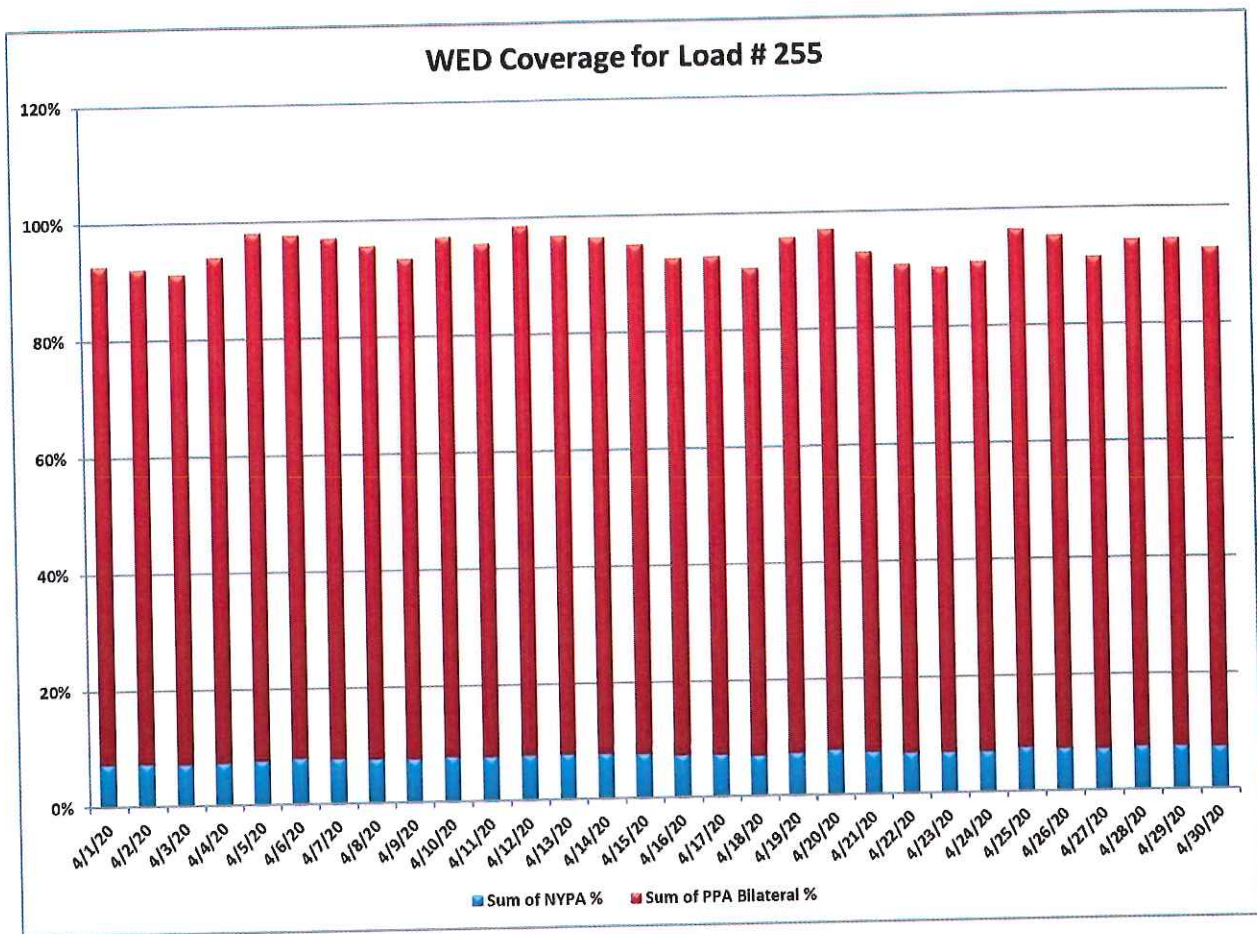


Figure 1 WED daily hedged percentages

Figure 1 illustrates WED's daily coverage throughout the month. colder weather days will show lower coverage amounts since some of the bilateral purchases are for a fixed volume. This illustrates the balancing required when a portfolio utilizes both block and load following purchases.

Spot Market Prices

As Figure 2 illustrates, Spot market natural gas (AGT) prices averaged between \$1.40 and \$2.00/MMBTU. The Day-Ahead On-peak Hub LMP for the month averaged \$20.13/MWH, and Day-Ahead Off-peak Hub LMP averaged \$16.67/MWH. MA Hub Max for the month was \$31.85/MWH.

* All information provided excludes the MWH consumption and the pass-through costs for the market NuCor special market contracts.

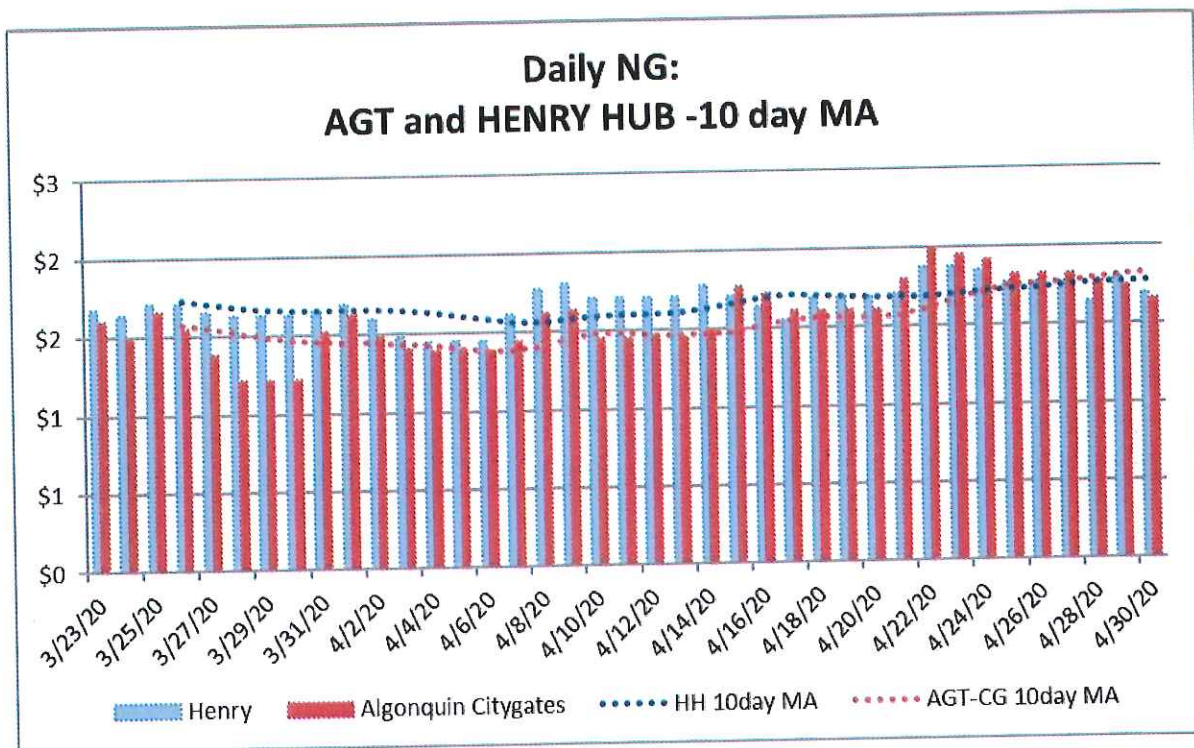


Figure 2 Daily and 10 day moving average Henry Hub and Algonquin Gas City Gate Prices

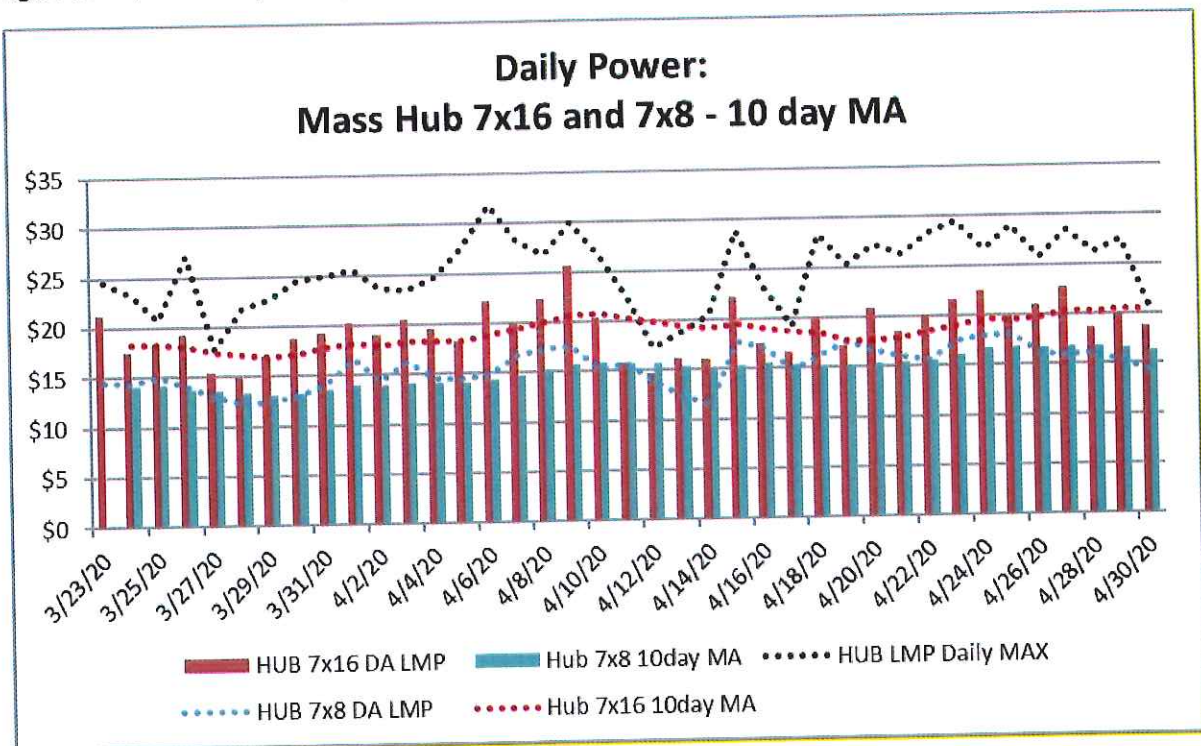


Figure 3 Daily and 10-day moving average HE 1-7, 24 and HE 8-23 MA Hub LMP

* All information provided excludes the MWH consumption and the pass-through costs for the market NuCor special market contracts.

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Volatility in the hourly spot market will affect WED's daily energy costs based on how much power was open to the spot market each day.

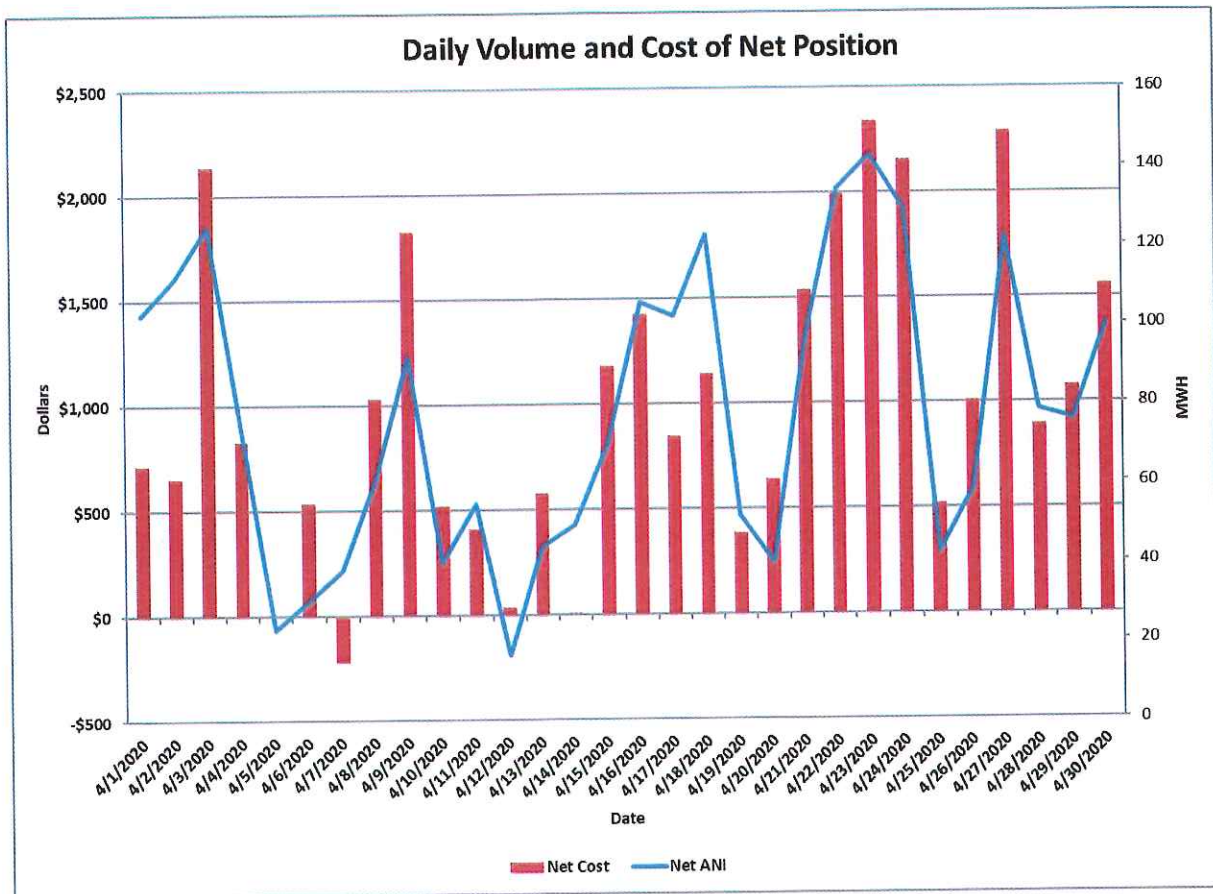


Figure 4 Daily cost of WED open position

Locational Marginal Price Spreads

As you can see in Table 2 WED's purchases at the MA Hub, and NYPA, bilaterals through ENE, resulted in a locational spread benefit of \$14,591.00. Locational spread is the difference between the average \$/MWH received for a resource versus the average \$/MWH paid for load.

The total for the month also includes the resettlement on the CMEEC invoice. The load is also reduced by NuCor with the .78% loss addition.

Table 2 Wallingford's Portfolio Summary

Portfolio Summary - ISO							
Settlement Date	Location ID & Name		Adjusted Net Interchange	Nodal Value	\$/MWH Nodal Value	Locational Spread (Penalty) Benefit	\$/MWH Spread
Apr-20	4004	Load	(39,819.87)	\$ (717,026.13)	\$ 18.01		
	4000	MASS HUB	26,542.61	\$ 494,950.22	\$ 18.65	\$ 18,016.04	\$ 0.68
	4004	CT	7,968.91	\$ 141,622.80	\$ 17.77		
	4011	NYPA	2,974.33	\$ 50,388.12	\$ 16.94	\$ (3,425.04)	\$ (1.15)
	RT Marg Loss/External Dist			\$ 627.60			
Totals			(2,334.02)	\$ (29,437.39)	\$ 12.61	\$ 14,591.00	\$ 0.49
December	Meter Reading Resettlement			\$ (9,880.86)			
	CMEEC Resettlement			(326.51)			
Totals			(2,334.02)	\$ (39,644.76)	\$ 16.99		

Pierce Entitlement

While CMEEC settles the Pierce project financially with WED, it is important to note that while the peaking resource provides capacity and locational forward reserve cost offsets and market revenues, it can be called upon to deliver energy as well. Pierce did not run this month. Pierce is a dispatchable resource and will run based on its variable price bids relative to higher-still locational marginal prices at its generation node. Due to the very high bidding requirements and the projected variable costs of running Pierce, and the fact that it is a dispatchable resource, any MWs that run will not be considered in developing WED's hedging purchases.

* All information provided excludes the MWH consumption and the pass-through costs for the market NuCor special market contracts.

TO: Rick Hendershot, Wallingford Director of Public Utilities

FROM: Craig Kieny, Energy Initiatives, Inc.

DATE: June 9, 2020

RE: **WHOLESALE POWER SUPPLY SUMMARY**

This memo provides summary-level information regarding: April 2020 Wholesale Power Costs net of charges to Bristol Myers¹ and NuCor; CMEEC charges for May 2020; Recent and Pending Transactions; Market Price Trends and Wholesale Power Market Developments.

Executive Summary

- April actual load was 5.0% below budget.
- Total Wholesale Power Costs for April were \$89.61/MWh; 3.9% lower than the 2019/2020 budget projection of \$93.23/MWh.
- April load was 94.1% hedged, compared to the March 2020 forecasted hedge percentage of 90.2%.
- Total Energy costs for April were \$38.12/MWh; 4.39% less than the budgeted value of \$39.87MWh.
- Basis credits totaled \$14,591 (\$0.49/MWh) for the 29,517 MWh of hedges purchased at the Hub and Roseton.
- The Pierce project resulted in a net benefit of \$42,254, or \$1.06/MWh of the WED's total load net of NuCor's market-priced load.
- No procurements were conducted since the last report.

April 2020 Wholesale Power Costs

The overall load forecasting error for April was 8.9% (actual load was 8.9% below budget).

The WED's total Wholesale Power Costs (including ENE administrative charges and WED charges to Account 557 excluding Market Priced Load charges) for April were \$89.61/MWh. This is 3.9% lower than the 2019/2020 budget (ENE 1/15/19 forecast) of \$93.23/MWh. Despite the lower loads to allocate fixed costs over, per-unit costs were lower than budget mainly due to: the unhedged load being served by spot market purchases that were less than budget (the actual cost of short energy was \$19.03/MWh compared to \$34.98/MWh in the budget) and lower than budgeted transmission expenses. NEPOOL OATT/ISO Tariff expenses were approximately \$110,300 under budget and LNS charges were approximately \$19,100 under budget, due to lower than projected billing peaks. In addition, Forward Capacity Market charges were approximately \$6,400 over budget.

¹ Although Bristol Myers is no longer an end-use customer, it is still being assigned Forward Capacity Market charges because it contributed to WED's load at the time of the New England peak in 2018. These charges will continue to be assigned until that billing determinant expires at the end of May 2020.

94.1% of WED's load was hedged, compared to the projected hedged level of 90.2% in the 3/16/2020 3-year Forecast prepared by ENE.

As noted in ENE's *Hedging Results Discussion*, the WED's overall average cost for Energy in April was approximately \$38.12/MWh, 4.39% less than the budgeted Energy cost of \$39.87/MWh. This figure includes the following:

- WED hedges purchased from Exelon, NextEra, NYPA, and Shell which averaged \$39.44/MWh.
- Purchases at spot prices for unhedged volume. In hours in which it was short energy, the WED purchased 2,434 MWh through the spot market at a weighted-average price of \$19.03/MWh, for a total cost of \$46,306. This is a decrease of \$49,687, or 51.8%, compared to had this energy been purchased at the WED's average hedge price.
- In hours in which it was excess, the WED sold approximately 100 MWh at an average price that was \$22.58/MWh less than its weighted-average hedge price in those same hours, for a total "loss" of \$2,257. This means the WED was excess in hours with low LMPs relative to its hedge price (hourly excesses and shortfalls are inherent in hedging with Blocks whose volumes do not change on an hourly basis as load changes).
- The on-peak DAM LMP at the Hub averaged \$20.13/MWh, while the off-peak LMP averaged \$16.67/MWh. DAM spot market prices ranged from \$7.39/MWh to \$31.85/MWh.
- Basis (difference in spot prices between the source of the energy and the CT Load Zone) credits and charges consisted of a credit of \$18,016 (\$0.68/MWh) for 26,543 MWh delivered to the MA Hub plus a charge of \$3,425 (\$1.15 /MWh) for 2,974 MWh of NYPA energy delivered to the Roseton Interconnection between New York and New England, for a net credit to the WED of \$14,591 (\$0.49/MWh) for 29,517 MWh purchased.
- All other ISO-NE costs or credits associated with the WED's load requirements for the month.

The DAM load forecasting error was 4.68%, resulting in 128 MWh purchased and 1,698 MWh sold in the Real Time Market (the intent is for 100% of the WED's load to clear in the DAM; inaccuracy in forecasting, which is inevitable to some degree, results in some load clearing in the RTM through either a purchase or a sale in most hours).

CMEEC Charges for May 2020

April participation in the Pierce project resulted in gross benefits of \$55,889 (recall that the benefits/costs are distributed on a one-month lag).

The charges for CMEEC Administrative and General Costs (A&G), in addition to the WED's contractual pro rata share of A&G costs allocated directly to the project, were as follows:

CMEEC Admin and General Cost Item	Monthly Charge
A&G Charge for Energy Contracts	\$793
Allocation of Pierce Ownership Interest	\$13,635
Total	\$14,428

These two amounts result in a net benefit of \$41,460. Net benefits associated with Pierce were \$42,254, or \$1.06/MWh of WED's total load for the month net of NuCor.

Recent and Pending Transactions

No transactions were conducted since the May report.

The following table shows the WED's current hedge position for 2020–2024 compared to the Q2 2020 minimum and maximum hedge levels per Table 1 of the Hedging Policy:

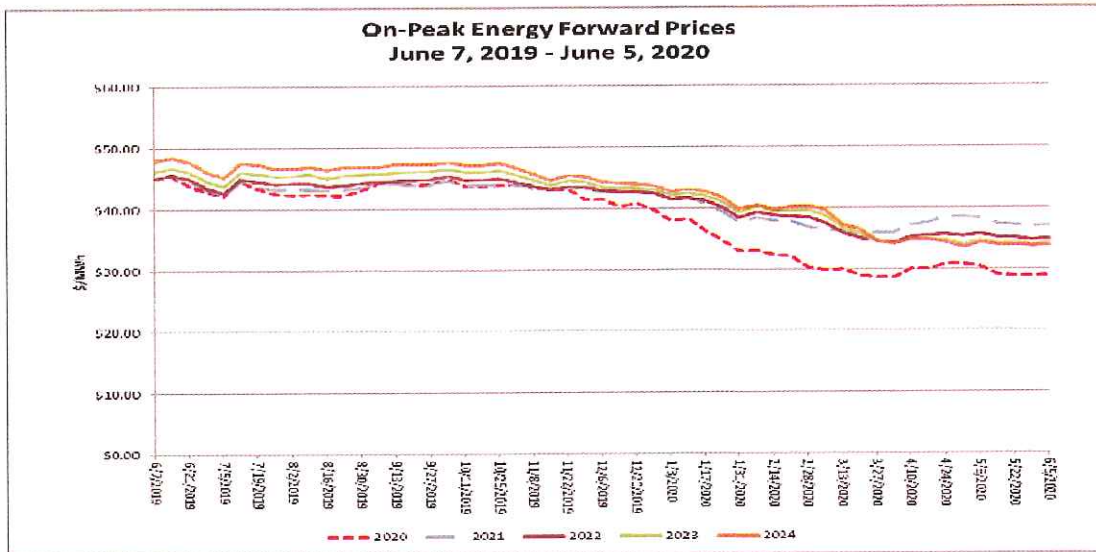
Year	Min Hedge % per Hedging Policy	Current Hedge Level	Max Hedge % per Hedging Policy
2020	80%	90%	100%
2021	60%	90%	95%
2022	40%	60%	80%
2023	20%	39%	60%
2024	0%	15%	40%

WED is not required to make another purchase to meet the minimum hedge level per the Hedging Policy until Q1 2021, by which point it will be required to make a minimum purchase of 5% for 2024. WED is not required to make purchases for 2022 and 2023 until Q3 2021 by which point a minimum purchase of 10% of each year's projected load is required.

With respect to the maximum hedge levels allowed per the Hedging Policy, WED could purchase up to 5% of the annual energy requirement in Q2 2020 for 2020 and 2021; however, it is already at its self-imposed limit of 90% for both years, so additional purchases are unlikely. For 2022–2024, WED still has room to make purchases of 20%–25% for each of those years in Q2 2020. Each of these volumes will increase by an additional 10% in Q4 2020.

Market Price Trends

The plot below shows forward market prices for calendar year strips of On-Peak Energy at the Hub for 2020–2024 at weekly intervals from June 7, 2019–June 5, 2020.



Forward energy prices for 2020 and 2021 increased noticeably during April and came back down in May, while prices for 2022-2024 remained fairly stable. Recall that the WED is already at the self-imposed hedge level of 90% for each of 2020 and 2021, but does have room for purchases in each of 2022-2024.

Wholesale Power Market Developments

1. Pierce Generation - April – The unit was not dispatched by ISO New England, nor were there any test runs for the month.

WED experienced a gross benefit from the unit of \$55,889, which was \$59,724 better than the net cost of \$3,836 assumed in the budget. The increased benefit is due mainly to lower operating expenses.

2. COVID-19 Load Impact – Total energy consumption for WED customers, net of the NuCor load that is served at market prices, was 39,317 MW in May 2020. This is a 5.42% decrease compared to May 2019 on a non-weather-adjusted basis, although there were 2 fewer weekdays and 2 more weekend-days/holiday in May 2020 compared to May 2019. Adjusted for days of the week, 2020 load was approximately 5.2% lower than 2019 on both the average weekday and weekend/holiday.

May 2020 had 206 Heating Degree Days (HDD) and 44 Cooling Degree Days (CDD), compared to 181 HDD and 32 CDD in May 2019. With more HDD and CDD, we would expect the load for May 2020 to be at least, and perhaps higher than, that of May 2019 when adjusted for days of the week; given this, it is possible that COVID-19, or some combination of that and load lost due to other reasons, was greater than 5.2% in May.

ISO-NE continues to estimate that COVID-19 has had a 3%-5% impact on a total New England load on a non-weather-adjusted basis.

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TOWN OF WALLINGFORD
DEPARTMENT OF PUBLIC UTILITIES
WATER AND SEWER DIVISIONS
377 SOUTH CHERRY STREET
WALLINGFORD, CT 06492
203-949-2670

interoffice MEMORANDUM

TO: RICHARD A. HENDERSHOT, DIRECTOR OF PUBLIC UTILITIES
FROM: NEIL H. AMWAKE, P.E., GENERAL MANAGER *if*
SUBJECT: WATER DIVISION GENERAL MANAGER'S REPORT FOR MAY
DATE: JUNE 10, 2020

Major activities in the Water Division for May, 2020 included the following:

Water Main Breaks, Service Leaks and Emergencies

- * There were no water main breaks during the month. There was one water service leak during the month at 344 Center Street (1-1/4" W.I. installed in 1932).

Project Updates (Engineering Section)

- * Water Main Replacement Contract 36R: Morias Concrete Service, Inc. of Springfield, MA started construction on Wallace Street at the end of May. Division crews worked to locate, repair and operate gate valves which will be needed for the upcoming water main replacement projects at Pond Hill Road, Wallace Street, Ward St. Ext, and Bonnie Court. Crews also excavated and repaired a twelve-inch gear valve on South Elm Street at Wall Street. The contractor began work the last week of May, 2020.
- * Replacement of the Underground Fuel Oil Storage Tank (UST) at Pistapaug Pond Treatment Plant: The majority of the shop drawings for the project have been submitted and approved. The new above ground storage tank has been ordered. The AST has a lead time of 6± weeks. The existing electrical transformer was replaced by the Electric Division.
- * Stand-by Generators at Well No. 1 and at Well Nos. 2 and 3: The Contractor has finished installing the underground conduit and transformer pad at the Well No. 1 site. Work is delayed due to supply chain issues associated with the ongoing pandemic.
- * RFQ No. 19-072 - Engineering Studies of the Ulbrich Reservoir Dam: At the direction of the Town's Purchasing Agent, the evaluation and interview process for has been put on hold while the Town determines an efficient, effective and safe path forward for both Town staff and RFQ respondents cognizant of the current safe workplace rules. The Engineering Section is currently projecting to conduct interviews with firms beginning in late June or early July, 2020. Please

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note that this is a qualifications based selection (QBS) per prior recommendation of the PUC and Town Council approval.

Operations, Maintenance and Water Quality

- * Pistapaug Pond Water Treatment Plant: Staff replaced a diaphragm hypochlorite pump at Well #1 and installed and re-plumbed a new positive displacement pump at Well #1.

- * Roadway Paving Projects: Milling and paving by the CT-DOT was completed on Center Street and Hall Avenue (Route 150). All work was performed at night. Much damage was incurred to the water valve boxes and one water service leak was caused by the milling crew. CT-DOT has been advised that their milling contractor, Tilcon CT, will be invoiced for this damage.

The CT-DOT is in the process of milling and paving Church Street (Route 68), from the Route 5 overpass to the Cheshire Town line. Water Division crews have been actively working to locate, repair and adjust valve boxes along this corridor. A water leak was reported by CT-DOT while their crew was replacing a catch basin top at 424 Church Street. This water was sampled and confirmed to be from the Town supply by fluoride analysis. This leak was repaired by WWD staff. Work continues.

The Town also milled and paved the following streets: Pond Hill Road (from Quigley Rd. to Scrub Oak Rd.); Grandview Avenue; Hope Hill Road and Fairlawn Drive. One Town road, Ward Street, will be scheduled for milling and paving (from South Main St. to South Colony St.) once the Water Division's contractor completes the permanent trench repair from the new water main installation.

- * Water Main Flushing Program: Division crews continued flushing of the distribution system. Flushing of Zone 1 has been completed, and crews are now flushing in Zone 2. Work will continue until the entire distribution system is flushed.
- * Disposal of Clean Fill: Division crews began hauling accumulated fill material to an approved disposal site in North Haven. This material is comprised mostly of excavated earth and pavement from maintenance activities, leak repairs, and new installations within roadways. Approximately 224 cubic yards of material were disposed of during the month. Work will continue until all of the remaining material has been hauled out.
- * Driveway Paving Projects: The contractor has begun excavating, installing a processed stone base, and paving at the Sunrise Circle Pump Station and at the Barnes Tank. Work at Sunrise Circle Pump Station consists of removing approximately 210 L.F. of existing pavement and existing sub-base to a depth of ten-inches, installing six-inches of compacted processed stone sub-base, and paving a 2-1/2" binder with a 1-1/2" wearing course. Once the sub-base was installed by the contractor, it was noticed that an area of the driveway was not suitable for paving due to soft ground conditions. Paving work here was

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delayed, and Division crews worked to excavate and install geotextile and additional processed stone in this area. Work was also performed to determine if there was a leak on the water main and /or force sewer lateral, as ground conditions were wet. No leak was detected. We are now waiting for dry weather to pave this site. Division crews also worked to remove a large tree stump at this site.

Work at Barnes tank consists of removing approximately 700 L.F. of existing roadway millings and sub-base to a depth of ten-inches, installing six-inches of compacted processed stone sub-base, paving a 2-1/2" binder with a 1-1/2" wearing course, and installing approximately 560 L.F. of bituminous curbing. The processed stone sub-base, binder course of pavement and curbing at the Barnes Tank has been completed.

Division crews worked to clear the discharge point of the twelve tank drain, which crosses under the driveway, and Sewer Division crews worked to flush out this line from the discharge point to the existing catch basin, which was clogged with millings. Remaining work at Barnes will consist of paving the 1-1/2" wearing course. Division crews will then work to backfill the new curb, regrade the areas adjoining the new driveway, and establish turf. Work continues.

- * The Water Quality Inspectors responded to three telephone complaints in regard to pressure, taste and odor. Concerning the pressure complaint, the Water Quality Inspectors calculated the water pressure at the home and recommended to install a pressure reducing valve. Water Quality determined that the taste complaint was due to chlorine and resolved the matter through an explanation of the water treatment process. Water Quality identified the color complaint as pink bio-growth on the customer's fixtures. All customer concerns were satisfactorily resolved.

The Inspectors administered the Cross Connection Control Program with:

- two cross connection surveys, one of which was for a corrected violation, and
 - one cross connection device test.
- * The Water Quality Inspectors administered the Watershed Sanitary Survey by contacting residents and managers of 1,240 watershed properties through the mail. Water Quality then conducted field inspections, identifying potential watershed concerns and informing stakeholders on how to implement best management practices. Inspectors surveyed for concerns such as erosion, septic tank failure, motorized equipment storage, and the storage of hazardous materials. A total of 1,218 field inspections were conducted in the month of May.
 - * The Water Quality Monitoring Program includes weekly distribution system sampling, source water monitoring, and analyses of the water entering the system from Pistapaug Water Treatment Plant.

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- * Engineering Section staff responded to 314 Call Before You Dig (CBYD) tickets (requests) during the month compared to 364 in May 2019.

Personnel

- * An Authorization for Employment for the Engineering Section Junior Engineer was transmitted to the Human Resources Department on December 17, 2019. The position was advertised internally and externally on February 7th and closed on March 10, 2020. A Certified Open Competitive Register and a Certified Promotional Register of candidates was received by the Water and Sewer Divisions on May 18, 2020. Interviews will be conducted in June.
- * An Authorization for Employment for the Chief Maintainer - Distribution Crew was transmitted to the Human Resources Department in January. The Human Resources Department advertised the Chief Maintainer - Distribution Crew position on February 14th with a closing date of March 3, 2020. The merit exam was held on May 29, 2019. A Certified Open Competitive Register and a Certified Promotional Register of candidates was received by the Water and Sewer Divisions on June 2, 2020. Interviews will be conducted in June.
- * An Authorization for Employment for the Water Treatment and Pumping Supervisor was transmitted to the Human Resources Department on January 3, 2020 for recruitment of external candidates. Please note that there currently is a list of internal candidates. The Human Resources Department advertised the position externally on February 21st with a closing date of March 10, 2020. No external candidates passed the oral panel which was conducted via telephone. Kyle DeGroat, Water Treatment and Pumping Operator II, was promoted to this position effective May 31, 2020.
- * An Authorization for Employment for a Water Treatment and Pumping Operator I was transmitted to the Human Resources Department on February 3, 2020. The job posting for the Water Treatment and Pumping Operator I was advertised on March 2nd with a closing date of April 6, 2020. A Certified Open Competitive Register on candidates was received by the Water Division on May 5, 2020. Interviews with qualified candidates were conducted in late May and are scheduled for early June as well.

At this time there continues to be five full-time Water Treatment and Pumping Operator vacancies at the Pistapaug Water Treatment Plant. Operator staffing is presently being supplemented by two retired Operator II's who are each working 16 hours per week.

Statistics and Metrics

- * Precipitation for the month was 2.23 inches, 1.83 inches below the historic mean of 4.06 inches for May.
- * Effective reservoir storage at the end of the month stood at 94.1% (1,808.5 MG) of total effective impoundment (full 1,921.0 MG), versus the historical average of 93.1% for May (a difference of 20.5 MG). This represents

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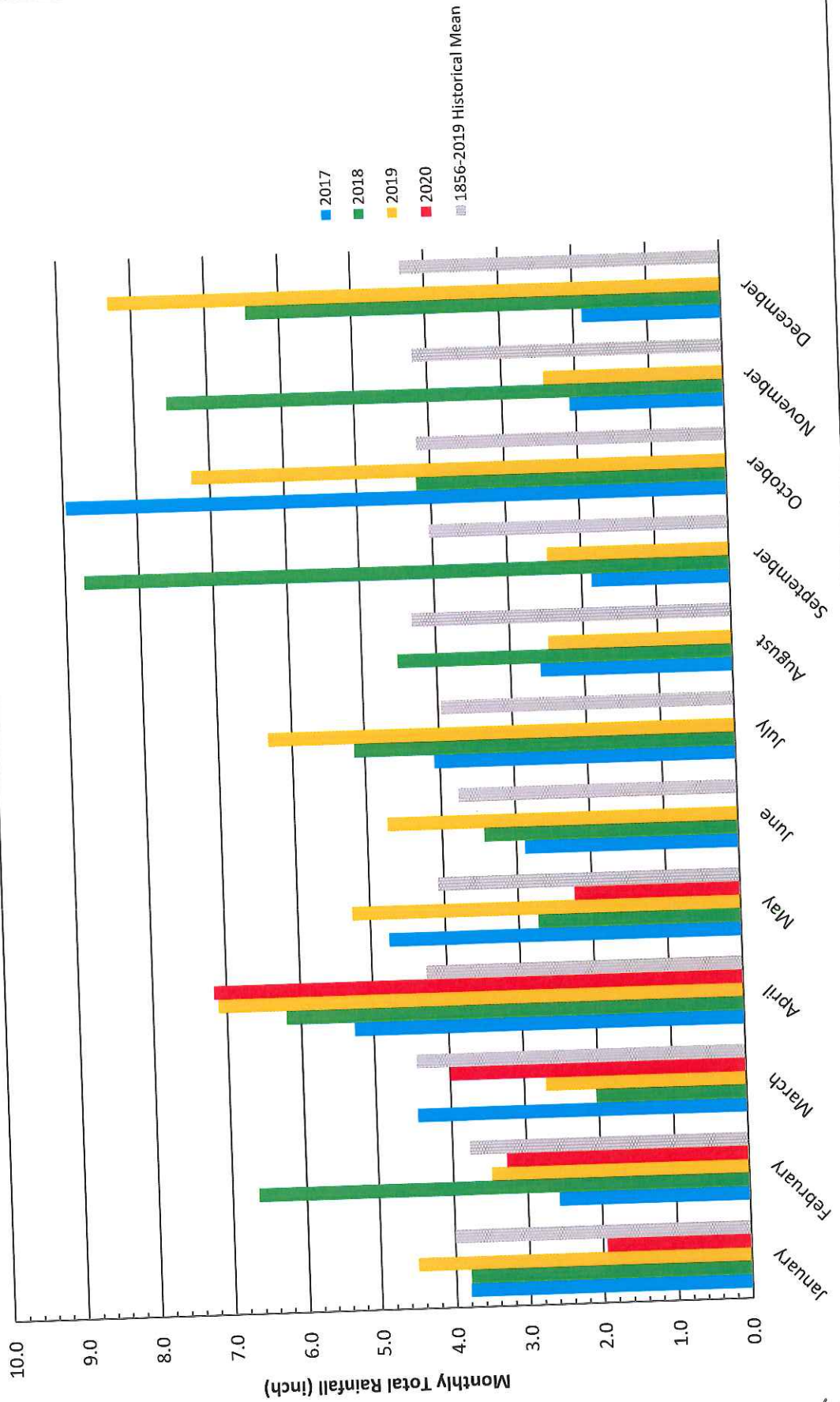
approximately 551 days of supply remaining at 3.28 MG average per day drawn from the surface water reservoirs.

- * Water production for the month was 101.708 million gallons (3.28 MG average per day), a decrease of 11.26% compared to May, 2019.

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Monthly Measured Rainfall
at Mackenzie Reservoir
2017 - 2020
Water Division
Department of Public Utilities



ITEM NO.

PUC AGENDA

4106

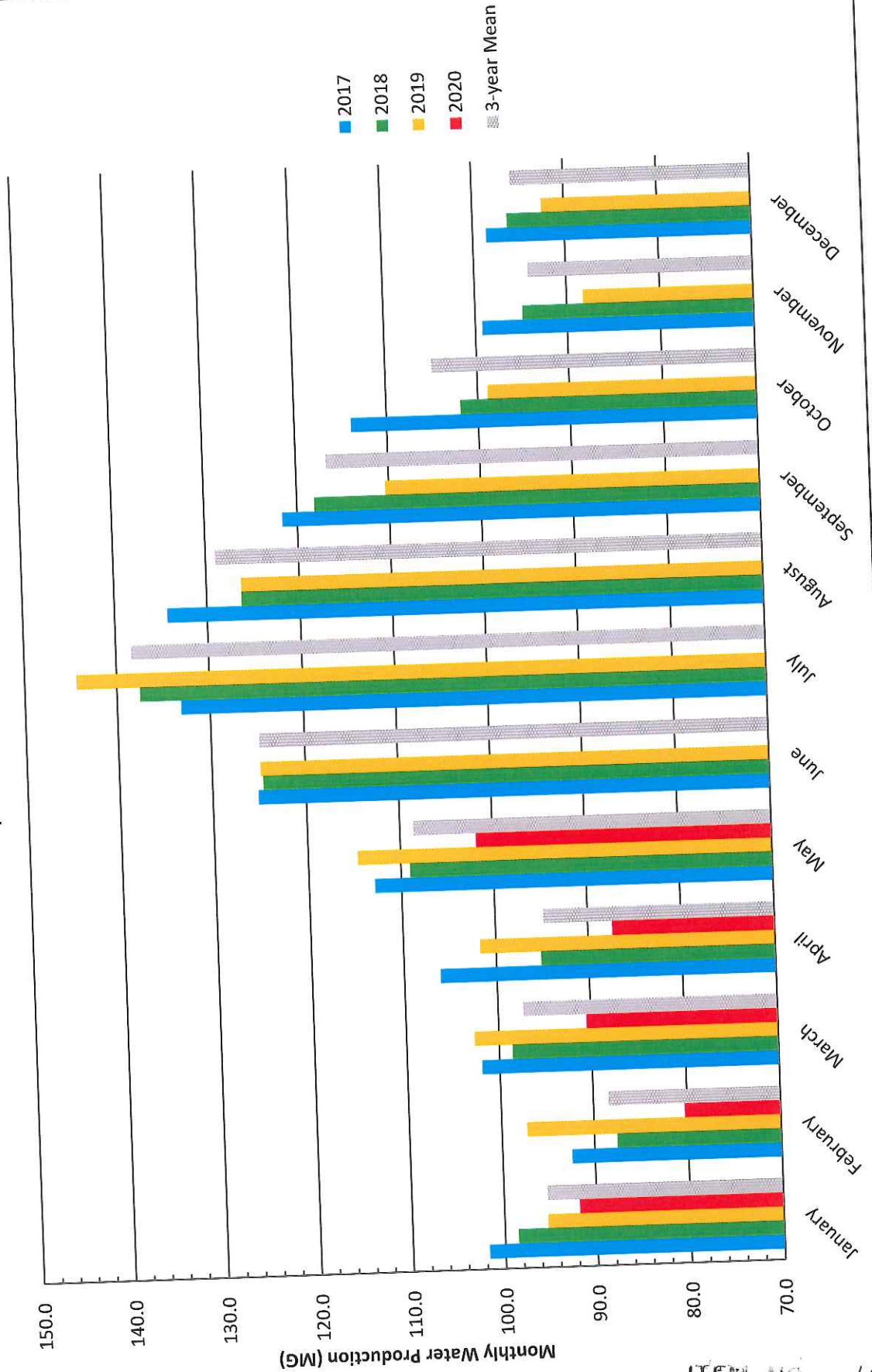
6/16/20

Total Monthly Water Production

CY 2017 - 2020

Water Division

Department of Public Utilities



ITEM NO. 4407

PUC AGENDA 6/16/20

TOWN OF WALLINGFORD
DEPARTMENT OF PUBLIC UTILITIES
WATER AND SEWER DIVISIONS
377 SOUTH CHERRY STREET
WALLINGFORD, CT 06492
203-949-2670

INTEROFFICE MEMORANDUM

TO: RICHARD A. HENDERSHOT, DIRECTOR OF PUBLIC UTILITIES
FROM: NEIL H. AMWAKE, P.E., GENERAL MANAGER *ml*
SUBJECT: SEWER DIVISION GENERAL MANAGER'S REPORT FOR MAY
DATE: JUNE 10, 2020

Major activities in the Sewer Division for May, 2020 included the following:

Alarms, Trouble Calls and Emergencies

- * The Sewer Division responded to eleven alarms and trouble calls during the month including four lateral backups (responsibility of the homeowner), a sink hole on private property (responsibility of the homeowner), a drive failure at the Highland Avenue PS (reset drive), a high water alarm at the Farm Hill PS (adjusted float).

Additionally, the Sewer Division responded to a report of a damaged manhole frame and cover on Center Street (storm manhole so the responsibility of CT-DOT), a missing manhole cover on a private sewer main (responsibility of the property owner), report of a sink hole on Geneva Avenue (storm drain, so responsibility of Public Works), and a missing valve box cover at the intersection of Ridgecrest and Ridgefield Roads (Sewer Division staff put the gas valve cover back in place).

- * Project Updates (Engineering Section)

- * Inflow and Infiltration Removal Program: Correspondence and inspections were suspended due to the COVID-19 pandemic.
- * One issue was corrected during the month; a floor drain was disconnected from the sanitary sewer collection system.
- * Durham Road Sewer Main Replacement: The topographic survey was completed in May and a draft plan was received June 3rd for review. Engineering staff continue to develop plans and specifications for the project.

Operations and Maintenance

- * Collection system staff continued preventive maintenance of the system with no sewers televised (please note that the CCTV truck is currently out of service for repairs to the inverter), and 435 feet of sewer flushed during the month. Through May, 7.11 miles of sewers have been televised (3.91% of the system)

ITEM NO. 4-108
PUC AGENDA 6/16/20

and 0.62 miles of sewers have been flushed (0.31% of the system) in 2020. For reference, the gravity collection system is approximately 198.6 miles total.

- * Sewer Division staff added riser rings to multiple manhole frames along Hall Avenue and Center Street in conjunction with the CT-DOT paving project.

Personnel

- * An Authorization for Employment for the Sewer Division Superintendent was transmitted to the Human Resources Department on January 2, 2020. The Sewer Division Superintendent position was advertised on March 17, 2020 with a closing date of April 21, 2020. The oral panel was held on May 15, 2020 via teleconference. A Certified Open Competitive Register and a Certified Promotional Register were received by the Sewer Division on May 18, 2020. Interviews were conducted in late May and early June.
- * An Authorization for Employment for Attendant I was transmitted to the Human Resources Department on February 3, 2020. The Attendant I position at the wastewater treatment plant was advertised April 9, 2020 with a closing date of May 11, 2020.

Statistics and Metrics

- * Recorded influent flow to the wastewater treatment plant was 188.95 million gallons for the month, a decrease in flow of approximately 17.49% compared to May, 2019 (a decrease of 40.04 MG for the month or 1.30 MG per day average). This represents an average daily flow of 6.10 mgd for the month.
The 12-month rolling average through May, 2020 is equal to 5.38 MGD, below the 90% permit threshold of 7.2 MGD.
- * Seasonal phosphorus average discharge concentration was 0.63 mg/L which is 0.16 mg/L more than May 2019. The current permit limit is 0.70 mg/L.
- * At the wastewater treatment plant, nitrogen discharge levels averaged 485 lbs./day for the month (64.4% treatment efficiency with an influent nitrogen level of 1,363 lbs./day), versus a discharge of 493 lbs./day in May, 2019. This quantity is approximately 216 pounds over the current year's permit level of 269 lbs./day. The annualized average is 499 pounds per day to date.
- * Synagro transported 42.34 dry tons of biosolids for disposal.
- * The WPCF received 10,000 gallons of septage for the month.
- * The Maintenance Repair Technicians (MRTs) serviced thirty Department of Public Utilities vehicles in May, including 14 Electric Division vehicles (55% of time spent), 11 Water Division vehicles (34% of time spent), and 5 Sewer Division vehicles (10% of time spent).

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Monthly Statistics May, 2020
Inflow and Infiltration Program
Wallingford Sewer Division
 Department of Public Utilities

1.0 Correspondence	Current Month	CY to Date
1.1 Flyers (Minished)		194
1.2 Postcards (Minished Follow-up)		148
1.3 Letters		61
1.3.1 Ownership Change		52
1.3.2 Building Permit Greater than \$25,000		8
1.3.3 Lateral Re-use		
1.3.4 Water Meter Replacement		1
1.3.5 Specific Information		
Correspondence Total	0	464

2.0 Inspections Completed	Current Month	CY to Date
2.1 Residential		106
2.2 Commercial, Institutional, Etc.		
2.3 Dye Tests		
Completed Inspections Total	0	106

3.0 Issues Identified	Current Month	CY to Date
3.1 <i>No Issues Found</i>		97
3.2 Sump Pump		8
3.3 Rain Leaders (Downspouts)		2
3.4 Interior Floor Drains	1	1
3.5 Exterior Yard or Driveway Drains, Etc.		
3.6 Damaged Lateral or Private Sewer		1
3.7 Miscellaneous - MH, CB, Foundation Drain		
Issues Identified Total	1	12

4.0 Issues Corrected	Current Month	CY to Date
4.1 Sump Pump		7
4.2 Rain Leaders (Downspouts)		
4.3 Interior Floor Drains		
4.4 Exterior Yard or Driveway Drains, Etc.		1
4.5 Damaged Lateral or Private Sewer		
4.6 Miscellaneous - MH, CB, Foundation Drain		
Issues Corrected Total	0	8

5.0 Inflow Removed and Costs Avoided	Current Month	CY to Date
5.1 Inflow Gallons Removed per Year	0	312,689
5.2 Annual WWTP Costs Avoided	\$0.00	\$1,582.20
5.3 20-year Planning WWTP Costs Avoided	\$0.00	\$30,872.29

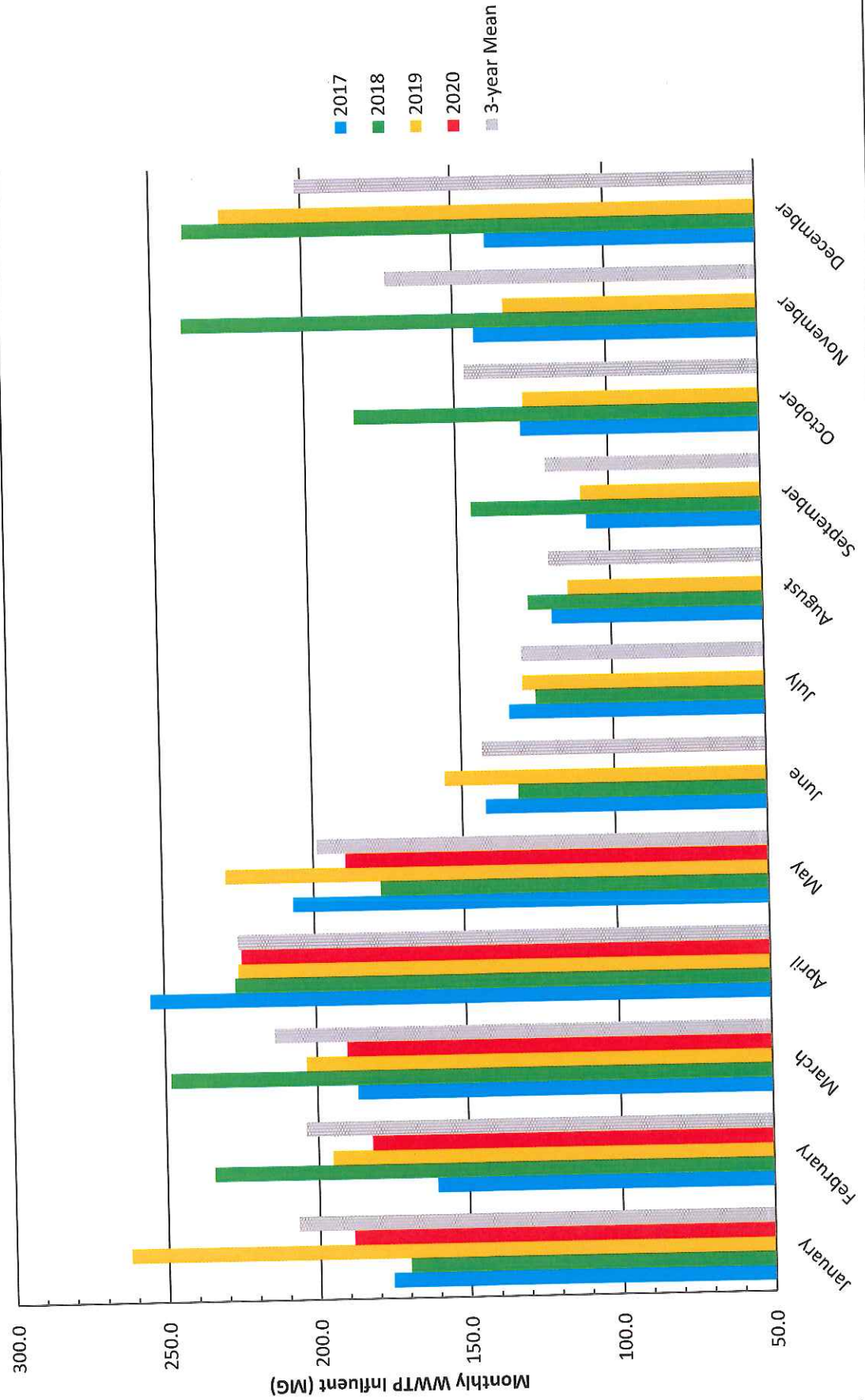
6.0 Reimbursement to Property Owners	Current Month	CY to Date
6.1 In Evaluation	\$8,916.56	\$30,072.54
6.2 Approved for Payment	\$0.00	\$8,273.02
6.3 Payments Made	\$1,229.13	\$8,273.02

Total Monthly WWTP Influent Quantity

CY 2017 - 2020

Sewer Division

Department of Public Utilities



ITEM NO. 4-111

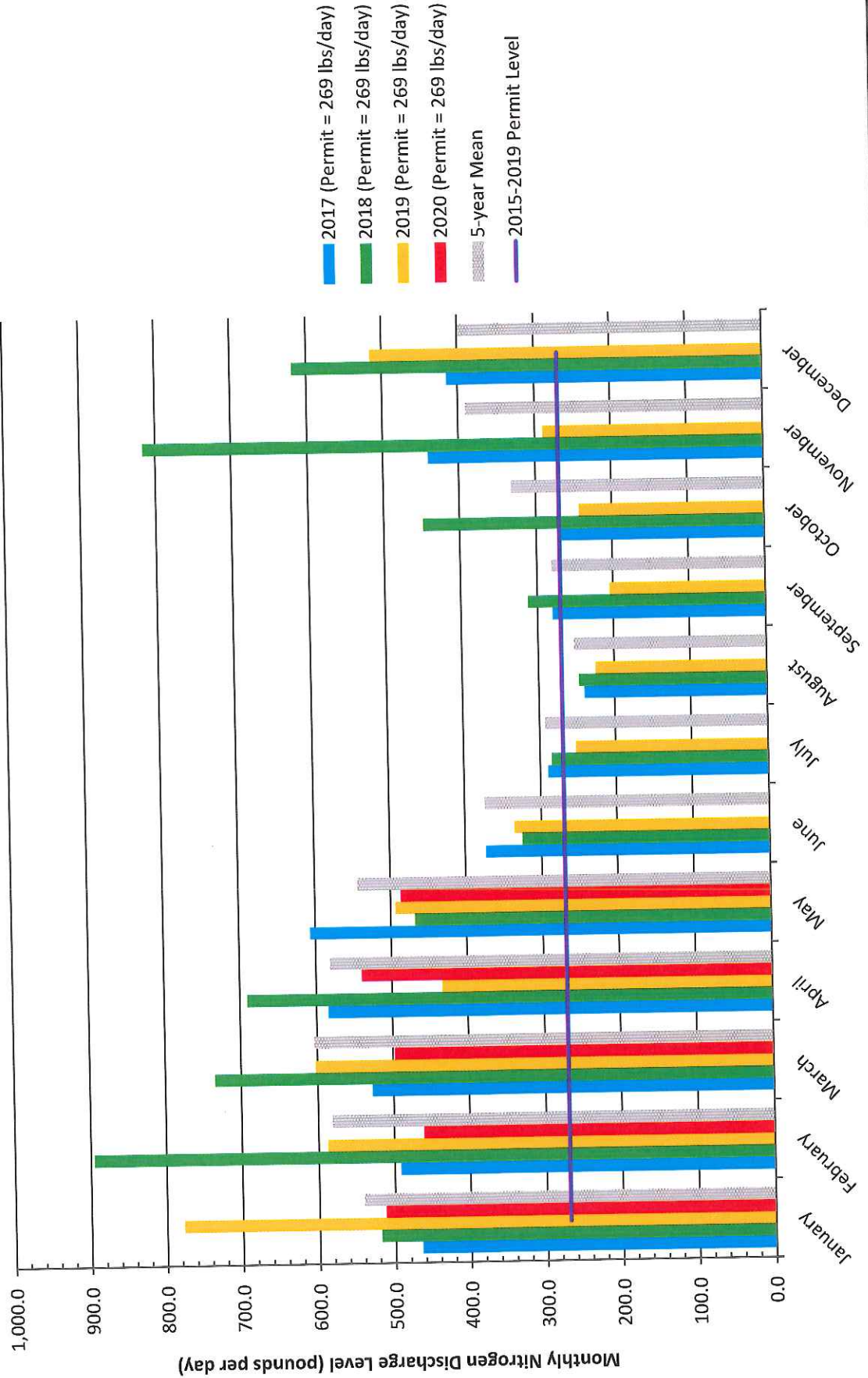
PUC AGENDA 6/16/20

Total Monthly Nitrogen Discharge Level

CY 2017 - 2020

Sewer Division

Department of Public Utilities





Town of Wallingford, Connecticut

RICHARD HENDERSHOT
DIRECTOR

DEPARTMENT OF PUBLIC UTILITIES
100 JOHN STREET
WALLINGFORD, CONNECTICUT 06492

TELEPHONE 203-284-4016
FAX 203-294-2267

MEMORANDUM

TO: PUC c: T. Buccheri

FROM: Rick Hendershot

DATE: June 5, 2020

SUBJECT: POSSIBLE ELECTRIC VEHICLE (EV) PILOT PROGRAM

Attached please find a memorandum, dated June 4, from WED Energy Efficiency and Conservation Specialist Walt Szymanski. In his memo, and supported by the attached draft EV Pilot program document, Mr. Szymanski proposes that the WED seek a bid waiver to enable the Division to procure, from FleetCarma, a subsidiary of Geotab of Ontario, CN, turnkey services for an EV Pilot Program. Additionally, the WED wishes to procure from Energy New England, the WED's wholesale power procurement agent, services associated with customer outreach and engagement, and marketing of the EV Pilot Program.

Having participated in earlier efforts to identify hardware and software solutions for administering and incentivizing EV load, I concur with Mr. Szymanski's recommendation and encourage the PUC to endorse this request for a bid waiver. I believe Mr. Szymanski's memo and the attached Pilot Program description adequately explain and justify this request, but please contact either Mr. Szymanski or me if there are questions or if more information is needed.

Rick Hendershot

RAH/kaw

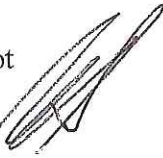
Attachment

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PUC AGENDA 6/16/20



From the desk of....

Walter Szymanski
Energy Efficiency Specialist

Date: June 4, 2020
To: Richard Hendershot
From: Walter Szymanski 
Subject: Electric Vehicle Pilot Program

Energy New England, LLC ('ENE'), the WED's wholesale power supply agent, has teamed with FleetCarma ('FC') of Ontario, Canada to provide an electric vehicle ('EV') data acquisition, behavioral reward and public outreach program entitled SmartCharge New England. This program was developed in recognition of the growing acceptance and adoption of EVs by the public and the need for a strategy to understand customer's EV charging behavior and encourage customers to move their EV charging to off peak periods.

FC offers a turnkey approach using proprietary hardware and software to gain insight to customer EV charging along with optional administration of incentives for recognition of appropriate customer EV charging behavior. ENE provides program marketing, collateral material, telephone support and event engagement to promote EV outreach initiatives.

Prior to the acquaintance with the SmartCharge New England program, the WED explored both alternative metering and a software solution offered by Sagewell. Both of these options were determined not to be economically viable when compared to the SmartCharge New England program.

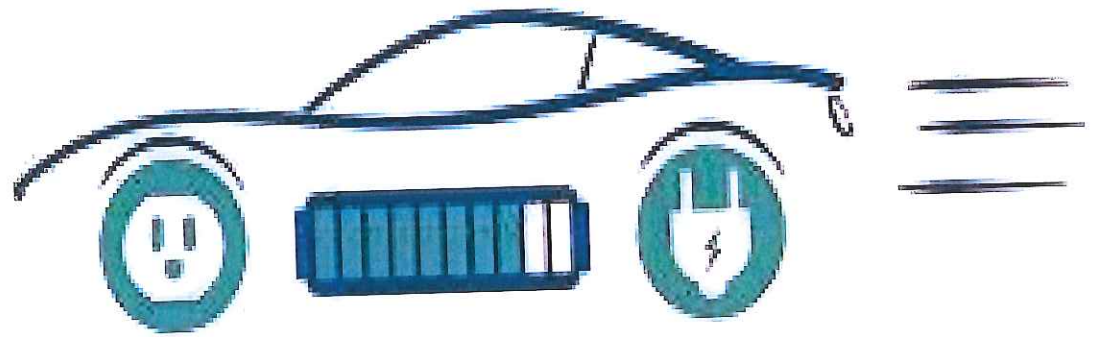
Therefore, I recommend the WED establish an Electric Vehicle Pilot Program ('EVPP') based on the SmartCharge New England model by executing agreements with both FC and ENE to deliver an EV data acquisition, optional incentive and awareness program to the WED's current and near term EV owning customers. Support by the Public Utilities Commission for a no-bid waiver based on the uniqueness of FC's and ENE's products and services would expedite the establishment and introduction of the EVPP to WED customers.

Cc: T. Buccheri

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PUC AGENDA 6/16/20

2020

ELECTRIC VEHICLE PILOT PROGRAM



Walter Szymanski (Ver 4.0)
Wallingford Electric Division

6/4/2020

ITEM NO.

5-3

PUC AGENDA

6/16/20

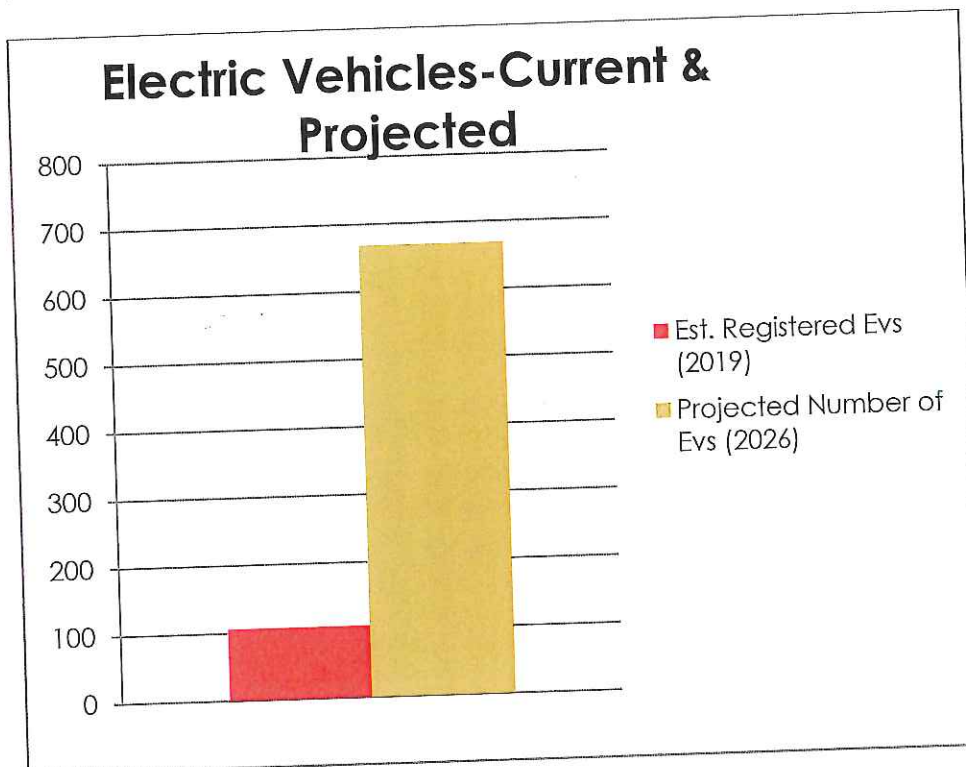
Executive Summary

Customer adoption of electric vehicles provides an opportunity for electric utilities to increase energy sales and contributes to a decrease in greenhouse emissions. This opportunity requires management of customer behavior in order to avoid added electric system transmission and capacity related charges.

The Electric Vehicle Pilot Program is a methodical and analytic driven approach to assess current and near term customer electric vehicle charging behavior and determine the viability of an incentive program to influence customer behavior to ameliorate costs during peak load time periods.

Introduction

More than 1.18 million electric vehicles ('EVs') are currently on the road in the United States.ⁱ EVs are projected to account for 7.6 percent of the U.S. motor vehicle market by 2026.ⁱⁱ Based on this premise, the graph below illustrates the current estimated and projected number of EVs within the Wallingford Electric Division's service territory:ⁱⁱⁱ



The projected quantity of EVs by 2026 represents the following impact for the WED:

- 1,967,000 kWhs of additional annual electric sales by 2026^{iv}
- 1,855 kW of potential coincident demand^v

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PUC AGENDA 6/16/20

Planning for the anticipated implications of increased energy and demand in the next five years requires understanding current customer EV charging behavior and its impact along with the evaluation of potential mechanisms to positively influence customer behavior.

Proposal

SmartCharge New England is a newly developed collaboration between Energy New England ('ENE'), the WED's current wholesale power supply agent, and FleetCarma ('FC'), a division of Geotab, focused on achieving the following objectives:

- (1) Identify and increase engagement with EV customers.
- (2) Calculate and define EV charging load profiles to determine coincident peak.
- (3) Evaluate current and forecasted potential impacts on EV charging to manage EV load growth.

FC will be responsible for providing the required technology and tools. ENE would provide customer outreach and engagement services.

Pilot Program Implementation

Customers who own an EV(s) would be eligible to enroll via FC's website to become a Pilot Program Participant ('Participant'). Once enrolled, the Participant will receive directly from FC a C2 hardware device. The C2 device is customer installed and will communicate the customer's EV charging activity ('Data'). This Data will be available to the WED to analyze as it relates to time of day and energy consumption. There are no Pilot Program costs to the Participant. The WED will be responsible for all Pilot Program costs. The WED is seeking at least a year's worth of EV charging data to evaluate Participant behavior and electric system impact. A rewards mechanism will be considered only after the WED has analyzed a statistically sufficient quantity of Data.

The marketing of this Program Pilot will be initiated by the WED through bill stuffers, the quarterly newsletter and other low cost alternatives prior to enlisting ENE for an additional and more expansive public outreach effort.

Pilot Program Costs

The budget required to implement this initiative is outlined as follows:

Initial setup fee (create registration website, purchase and manage logistics for C2 device distribution):	\$2,400
Cost to purchase 50-C2 devices (minimum purchase is 50):	\$4,950
Annual cost of cellular data package (based on 50 – C2 devices):	\$4,800
Total:	\$12,150

ITEM NO. _____

PUC AGENDA _____

5-5

6/16/20

FC is the sole source for this unique approach to obtaining intelligence regarding EV charging at no cost to the customer without the need for investment in advanced metering hardware and software. Customer receptiveness to this Pilot Program may influence the budget beyond the first year.

Recommendation

The WED seeks the Public Utilities Commission support for this Electric Vehicle Pilot Program through a no bid waiver. The Pilot Program is considered a load management initiative and the Energy Conservation and Load Management Fund will be used for costs associated with the Pilot Program.

ⁱ EEI Electric Vehicle Sales: Facts & Figures, April 2019. EVs are defined as plug-in hybrid and battery electric vehicles

ⁱⁱ Electric vehicles: U.S. market growth 2018 & 2016, www.statista.com/statistics

ⁱⁱⁱ Town of Wallingford 20XX Motor Vehicle Grand List

^{iv} Based on 3,500 kWhs per motor vehicle of annual electricity consumption. Ref: Impacts of Electrification of Light Duty Vehicles in the United States, 2010-2017, Argonne National Laboratory, January 2018.

^v Based on 3.3 kW per motor vehicle with Level 2, 240 volt home charger. Ref: American Public Power Association Report, Understanding the US Plug-In Electric Vehicle Market

ITEM NO. 5-6
PUC AGENDA 6/16/20



Town of Wallingford, Connecticut

MEMO

THOMAS SULLIVAN
BUSINESS OFFICE MANAGER

DEPARTMENT OF PUBLIC UTILITIES
ELECTRIC DIVISION
BUSINESS OFFICE
100 JOHN STREET
WALLINGFORD CT 06492
PHONE 203-294-2030
FAX 203-294-2027

To: Tony Buccheri, General Manager
Cc: Richard Hendershot, Director of Public Utilities
Cc: Brian Naples, Assistant Office Manager

From: Thomas Sullivan, Business Office Manager

Date: June 9, 2020

Re: Estimated PCA calculation for July 2020 – December 2020

In accordance with the Electric Division's Rate No. 12 Power Cost Adjustment Clause a revised Power Cost Adjustment (PCA) value must be completed to be effective July 1, 2020. Currently we are waiting for a summary of power costs for the month of May 2020 and an updated purchased power forecast from Energy New England to calculate the final PCA value to be used for July to December 2020. These values are expected to be available on June 15 or June 16. In the meantime, I have calculated an estimated PCA value utilizing figures available today. This calculation is for the purposes of discussion and will be subject to revision once the Division receives updated data.

For a Wallingford customer, the current estimated PCA for July to December 2020 is a credit value of \$(0.011442) per kWh. Included in that value is an estimated over-collection from the January to June 2020 period of \$1,896,252 or a refund of \$(0.006521) per kWh. The balance of the credit PCA, \$(0.004921) per kWh is the result of forecasted power costs for the next six months which are less than the amount embedded in our retail rates. Favorable energy and capacity prices are contributing to the lower costs. The period beginning July 2020 is the first period falling outside of the cost of service/rate analysis. For that analysis, the last available capacity costs were for the power year beginning June 2019. The capacity costs for June 2019 were \$7.03 per kW month. For June 2020 that value is \$5.50 per kW month. The capacity charge continues to drop in the upcoming years, dropping as low as \$2.001 per kW month in June 2023. The current forecast for the PCA values based on current rates and forecasted costs for upcoming periods is as follows.

Period beginning	Estimated PCA
Jan-21	(0.004756) per kWh
Jul-21	(0.006602) per kWh
Jan-22	(0.004710) per kWh
Jul-22	(0.009307) per kWh
Jan-23	(0.005210) per kWh
Jul-23	(0.015491) per kWh
Jan-24	(0.007591) per kWh

As mentioned, the PCA values are based upon current Electric Division rates and the embedded costs assumed within the rates. A cost of service study and adoption of new rates would include a

ITEM NO. 6-1

PUC AGENDA 6/16/20

revised embedded cost. Based upon a revised embedded cost the PCA values would change, however, the total of any revised rate and revised PCA would still benefit from the reduced costs.

Our cash position as of April 30, 2020 stands at \$31.0 million with a minimum cash requirement calculated at \$19.4 million resulting in an excess over minimum of \$11.6 million. This includes the PCA over-collection to be returned to the customers of \$1.9 million as well as the CMEEC settlement in the amount of \$3.67 million.

ITEM NO. 6-2
PUC AGENDA 6/16/20

**Bill comparison of June 2020 to July 2020
on 750 kWh residential bill**

	June-20	July-20	Difference	
	<u>Estimated PCA</u>			
750 kWh				
Cust chg				
		19.25		
All kWh	0.115400	<u>86.55</u>	0.1154	<u>86.55</u>
Base bill		105.80		<u>105.80</u>
			\$0.00	0.0% Change to base bill
PCA	-0.003828	-2.87	-0.011442	-8.58
ECF	0.0025	<u>1.88</u>	0.0025	<u>1.88</u>
		-0.99		<u>-6.70</u>
			-\$5.71	
Total		<u>104.81</u>	<u>-5.71</u>	-5.4% Change with PCA/ECF

ITEM NO. 6-3
PUC AGENDA 6/16/20



Town of Wallingford, Connecticut

THOMAS SULLIVAN
BUSINESS OFFICE MANAGER

DEPARTMENT OF PUBLIC UTILITIES
ELECTRIC DIVISION
BUSINESS OFFICE
100 JOHN STREET
WALLINGFORD CT 06492
PHONE 203-294-2030
FAX 203-294-2027

Memo

To: Tony Buccheri, General Manager
Cc: Richard Hendershot, Director of Public Utilities
From: Thomas Sullivan, Business Office Manager
Date: June 9, 2020
Re: Fiscal 2019-2020 budget transfer
Account 586 – Distribution Operations - Meter Expense

Attached for your review is a request for a budget transfer in fiscal year 2019-2020 in the amount of \$11,100 to Account 586 Distribution Operations - Meter Expense. This account includes labor overhead, materials and expenses incurred in the operations and testing of customer meters. A review of the activity to date along with projections for the balance of the fiscal year indicate that additional funds will be needed to complete the year.

Funds are available for this transfer from account 926 Administrative and General –Employee Pension and Benefits due to vacancies and lower utilization of off-site training.

Please review the attached budget transfer request and forward as appropriate for action by the Public Utilities Commission and Town Council.

ITEM NO. 2b-1

PUC AGENDA 6/16/20

TOWN OF WALLINGFORD, CONNECTICUT

Honorable William W. Dickinson, Jr. Mayor
Wallingford, CT 06492

Date: June 9, 2020

Fiscal year 2019-2020

1. Request for X transfer of funds
 appropriation of funds

Funds: Electric X operating capital project
Water operating capital project
Sewer operating capital project

\$ 11,100 From: Employee Pension and Benefits Acct. No. 926

\$ 11,100 To: Meter Expense Acct. No. 586

Explanation: See attached memo

Certified as to Availability of Funds:



Office Manager

Date: 6-9-20

Submitted by:


Division Head

Date: 6-9-20


Department Head

Date: 6/9/20

Approved by vote of the Public Utilities Commission subject to the approval of the Mayor and
Town Council

Chairman, Public Utilities Commission

Date: _____

Certified as to Availability of Funds:

Comptroller

Date: _____

Approved – subject to the approval of the Town Council

Mayor

Date: _____

II Certification of the Financial Transaction:

The transfer or appropriation of \$ _____ as detailed and authorized above and as approved by a
vote of the Town Council in session is hereby certified.

I hereby certify that this is the motion approved by the Town Council at its meeting of
_____, 20__.

Town Clerk

ITEM NO. 210-2
PUC AGENDA 6/16/20



Town of Wallingford, Connecticut

RICHARD HENDERSHOT
DIRECTOR

DEPARTMENT OF PUBLIC UTILITIES
100 JOHN STREET
WALLINGFORD, CONNECTICUT 06492

TELEPHONE 203-284-4016
FAX 203-294-2267

MEMORANDUM

TO: Public Utilities Commission

FROM: Richard Hendershot

DATE: June 9, 2020

SUBJECT: WATER/SEWER RATE CHANGES – FY 21 – FY 24

Attached, please find a very detailed memorandum, including materials, from Water and Sewer Divisions General Manager Neil Amwake. These items are intended as a refresher for the subject issue, which was last discussed with the PUC on March 17. Scheduling and logistical impacts due to COVID-19 have delayed the process to implement new Water and Sewer charges. It is requested that the PUC set a date for a Public Hearing to discuss these proposed new charges. We suggest July 16, 2020 and in anticipation of a positive response, Mr. Amwake has already secured the Council Chambers for that evening.


Richard Hendershot

RAH/kaw

Attachment

ITEM NO. 7-1
PUC AGENDA 6/16/20

TOWN OF WALLINGFORD
DEPARTMENT OF PUBLIC UTILITIES
WATER AND SEWER DIVISIONS
377 SOUTH CHERRY STREET
WALLINGFORD, CT 06492
203-949-2670

INTEROFFICE MEMORANDUM

TO: PUBLIC UTILITIES COMMISSION
FROM: NEIL H. AMWAKE, P.E., GENERAL MANAGER *rip*
RE: PROPOSED WATER AND SEWER DIVISIONS RATE CHANGES FOR
FY21 THROUGH FY24 – *UPDATES AND REVISIONS*
DATE: JUNE 10, 2020
CC: RICHARD A. HENDERSHOT, WILLIAM PHELAN

Enclosed for your use and information please find proposed *updated* Water and Sewer Division rate changes for all water consumption and sewer usage and services invoiced on or after October 1, 2020, specifically updated sewer usage charges (\$/ccf). The updates and revisions are shown in highlighted bold double underline text. The updates and revisions as compared to the document presented at the March 17, 2020 Public Utilities Commission meeting include:

Sewer Division Charges

- Updated usage charges (\$/ccf) for FY21 to FY24
- Revised Quarterly Sewer Flat Charges for FY21 to FY24 reflective of the updated usage charges

The updated sewer usage charges (\$/ccf) are being driven by three (3) budget factors:

1. A three-month delay in implementing the proposed Sewer Division rates from July 1, 2020 to October 1, 2020;
 - a. The impact to revenue is approximately \$107,400
2. A decrease in investment revenue due to lower interest rates as a result of the softening economy;
 - a. Over the four-year rate period the loss in revenue is projected at \$173,900
3. Interest to be paid by the Wallingford Sewer Division for Clean Water Fund (CWF) loan advances between February, 2020 (the first loan advance to the WSD) and September, 2022 (when the WSD is expected to close the Project Loan Obligation). This line item was previously not incorporated into the rate model due to the

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PUC AGENDA 6/16/20

uncertainty in the State's procedure in charging interest on loan advances.

a. This expense is approximately \$998,300

In addition, there are several *updated* spreadsheets provided for your use and information. The first (8-1/2 x 11 in portrait mode, one page) shows projected *median* sewer charges per meter size for FY21 through FY24. The second spreadsheet (8-1/2 x 11 in portrait mode, two pages) shows projected *median* combined water and sewer charges per meter size for FY21 through FY24.

And the next two spreadsheets (11 x 17 in landscape format, one page each) show the increase in sewer usage charges for FY21 in both dollars (\$) and percent (%) per meter size per class of customer (residential, multi-family, commercial, etc.). And the last spreadsheet (11 x 17 in landscape format, one page) shows the quantity and percentage of each meter size by customer class. For example, 95.73% of sewer customers, including Sewer Flat Customers, utilize a 5/8-inch meter; and the one 4-inch meter customer is the Water Division.

Please note that the FY21 sewer charges presented in the attached spreadsheets, in both dollars (\$) and percent (%), incorporate no sewer increase for July 1, 2020 to September 30, 2020 (\$5.25/ccf) and then the proposed sewer rates (\$5.72/ccf) taking effect October 1, 2020 until June 30, 2021.

Please feel free to contact Bill Phelan or myself should you have any questions or require additional information. Thank you.

H:\Business Office\Rates - Water and Sewer\2020 Water and Sewer Rate Revisions\Memorandums\Rates FY21 to FY24 Updates Memo to PUC v.NHA 2020-06-10.docx

ITEM NO. 7-3
PUC AGENDA 6/16/20

WATER AND SEWER USER CHARGES
DEPARTMENT OF PUBLIC UTILITIES
WALLINGFORD, CONNECTICUT
Effective October 1, 2020

(As adopted July 21, 2020)

Legend: Existing text and charges
Text to be deleted
New or revised text, or updated or new charges
New text as of March 17, 2020
New text as of June 16, 2020

Pursuant to Chapters 102 and 103 of the Connecticut General Statutes, as amended, and Chapter XIV of the Charter of the Town of Wallingford, the Board of Public Utilities Commissioners and the Water Pollution Control Authority of the Town of Wallingford approved and established the following water and sewer charges, which revised charges shall become effective for all water **consumption** and sewer usage and service rendered **invoiced** on or after **July 1, 2020**.

WATER DIVISION CHARGES

TERMS AND CONDITIONS:

This rate is applicable to all water consumers of the Town of Wallingford when the water supply for said service originates from **surface water** reservoirs, **groundwater** wells and other facilities owned or used by the Town of Wallingford or its Water Division.

Water service is available by application only and will be on the basis of measurement through one meter. Consumers serviced by more than one service for the same property shall be separately metered for each service and shall be charged the applicable rates for each separate meter. Consumers with one service, **but though** multi-metered, shall be charged the applicable rate for each individual meter.

In order to serve a limited number of consumers in areas where water service from the Wallingford system is not available, the Town of Wallingford, through its Water Division or Public Utilities Commission, may at its option, arrange to acquire water supply and service from other than its own sources. When such arrangements are made, the rates and charges listed herein shall be increased to reflect any additional costs for both water supply and facilities related to the particular installation but in no case shall the rates or charges associated with the special service installation be less than those shown in this schedule.

SERVICE POLICY:

The Town of Wallingford, through its Public Utilities Commission and Water Division, reserves the right to furnish water service in accordance with the Rules and Regulations of the Water Division established by the Board of Public Utilities Commissioners of the Town of Wallingford adopted September 17, 1996, as amended, and also in accordance with Connecticut General Statutes Chapter 102, as amended.

All water service of the Water Division is rendered under and subject to the rules and regulations of the Water Division as presently established and amended from time to time, and the Technical Standards adopted by the staff of the Water Division as revised from time to time.

QUARTERLY USAGE CONSUMPTION RATE CHARGES

METERED CHARGE:

The quarterly ~~rate~~ **charge** for water service shall consist of the **Basic Service Fee (BSF)** plus the consumption usage charge as tabulated herein per meter for all consumers.

BASIC SERVICE FEE

<u>Size of Meter</u>	<u>Quarterly Basic Service Fee as of 6/1/2007</u>
5/8-inch or less	\$15.11
3/4-inch	\$17.20
1-inch	\$31.29
1 1/2-inch	\$52.22
2-inch	\$88.31
3-inch	\$103.13
4-inch	\$168.32
10-inch	\$499.11

USAGE CHARGE

Rate as of
6/1/2015
\$4.09/100 cf

NON-METERED CHARGE:

For those services which are not metered, the quarterly charge for such service shall be the Basic Service Fee for a 5/8-inch meter as listed above plus the applicable quarterly consumption usage charge based on a quarterly consumption of ~~2,200~~ **1,600** cubic feet. This total quarterly charge for non-metered service shall be as follows:

Quarterly Charge
as of 6/1/2015
\$105.09

Quarterly Charge
as of 7/1/2020
\$80.55

Non-metered installations shall be limited to those services in place as of December 31, 1985, or those services installed with the written consent of the Wallingford Water Division after the above date. All customers presently receiving service under a non-metered installation may, at their own expense, modify the service to permit the installation of a meter.

PARTIAL BILLING PERIOD

Service rendered for less than a billing cycle shall be billed based on a monthly pro rata charge of the quarterly Basic Service Fee plus consumption.

PRIVATE FIRE LINE CHARGES:

	Quarterly Fee as of 6/1/2007
Hydrants	\$66.44
Up to 2-inch Fire Line	\$7.31
2 1/2-inch Fire Line	\$11.30
3-inch Fire Line	\$16.61
4-inch Fire Line	\$29.24
6-inch Fire Line	\$66.44
8-inch Fire Line	\$118.27
10-inch Fire Line	\$184.70
12-inch Fire Line	\$265.76
16-inch Fire Line	\$867.70

SERVICE INSTALLATION CHARGES

~~SERVICE INSTALLATION WITH EXCAVATION ONLY, NO PAVEMENT REPAIRS - TOWN ROADS: A service from the water main to inside the curb line includes the following: Tapping the water main, installing a corporation stop, copper tubing, curb stop and curb box. This type of installation includes excavation and backfilling only and does not include temporary paving or final pavement restoration. The water meter charges are not included.~~

Effective
January 1, 2011

Size of Service

	1"	1-1/4"	1-1/2"	2"	Service Length
Long Service	\$3,580	\$3,655	\$3,915	\$4,130	Greater than 16', less than 30'
Short Service	\$2,095	\$2,150	\$2,385	\$2,525	Less than 16'

Any installation exceeding 30' will be charged \$1,080.00 for each full 10' increment and \$540 for any partial increment.

In the event that the Division installs a service in a state road, the cost will be determined on the basis of the actual cost for labor, tools, materials and equipment. A surcharge of an additional 36.10% on the cost of labor will be applied to reflect overhead. In addition, in the event "Rock in Trench" is encountered in any service installation an additional cost of \$120 per cubic yard of rock/concrete excavated shall be charged if the Water Division elects to perform the excavation.

SERVICE INSTALLATION WITH EXCAVATION AND PAVEMENT REPAIRS - TOWN ROADS: A service from the water main to inside the curb line includes the following: Tapping the water main, installing a corporation stop, copper tubing, curb stop and curb box. This type of installation includes excavation, backfilling, temporary paving and final pavement restoration. The water meter charges are not included.

Effective
January 1, 2011

Size of Service

	1"	1-1/4"	1-1/2"	2"	Service Length
Long Service	\$5,190	\$5,270	\$5,530	\$5,745	Greater than 16', less than 30'
Short Service	\$2,920	\$2,975	\$3,210	\$3,350	Less than 16'

Any installation exceeding 30' will be charged \$1,700.00 for each full 10' increment and \$850 for any partial increment.

In the event that the Division installs a service in a state road, the cost will be determined on the basis of the cost for labor, tools, materials and equipment. A surcharge of an additional 36.10% on the cost of labor actual will be applied to reflect overhead. In addition, in the event "Rock in Trench" is encountered in any service installation an additional cost of \$120 per cubic yard of rock/concrete excavated shall be charged if the Water Division elects to perform the excavation.

SERVICE INSTALLATION ONLY, NO EXCAVATION OR PAVEMENT REPAIRS - TOWN ROADS: A water service from the water main to inside the curb line includes the following: Tapping the water main, installing a corporation stop, copper tubing, curb stop, and curb box. This type of service does not include excavation, backfilling, temporary paving, or final pavement restoration, which will be the Owner's responsibility. The water meter charges are not included.

Effective
January 1, 2011

Size of Service

	1"	1-1/4"	1-1/2"	2"	Service Length
Long Service	\$475	\$550	\$810	\$1,025	Greater than 16', less than 30'

Short Service \$405 \$460 \$695 \$835 Less than 16'

Any installation exceeding 30' will be charged \$90.00 for each full 10' increment and \$45 for any partial increment.

Effective July 1, 2020	<u>Size of Service</u>			
	1-inch	1 1/4-inch	1 1/2-inch	2-inch
Short Service	\$660.00	\$780.00	\$980.00	\$1,170.00
Long Service	\$970.00	\$1,110.00	\$1,310.00	\$1,560.00
Per Additional Foot	\$65.00	\$65.00	\$65.00	\$70.00

A Short Service installation is a water service less than sixteen linear feet (16'-0") as measured from the centerline of the water main to the customer's side of the curb box assembly. A Long Service is a water service greater than sixteen linear feet (16'-0") and less than thirty linear feet (30'-0") as measured from the centerline of the water main to the customer's side of the curb box assembly.

Any water service installation greater than thirty linear feet (30'-0") will be charged per additional linear foot or portion thereof as measured from the centerline of the water main to the customer's side of the curb box assembly.

In the event that the Water Division installs a service in a state road, the cost will be determined on the basis of the actual cost for labor, tools, materials and equipment. A surcharge of an additional 36.10% 50.07% on the cost of labor will be applied to reflect overhead. ~~In addition, in the event "Rock in Trench" is encountered in any service installation an additional cost of \$120 per cubic yard of rock/concrete excavated shall be charged if the Water Division elects to perform the excavation.~~

WATER METER INSTALLATION FEE:

<u>Size of Meter</u>				
5/8" (P.D.)	3/4" (P.D.)	1" (P.D.)	1-1/2" (P.D.)	1-1/2" (Turbine)
\$145.00	\$195.00	\$245.00	\$535.00	\$915.00
2" (P.D.)	2" (Turbine)	3" (Turbine)	4" (Turbine)	10" (Turbine)
\$750.00	\$1,120.00	\$1,150.00	\$2,370.00	\$8,885.00

5/8-inch	3/4-inch	1-inch	1 1/2-inch	2-inch
<u>\$305.00</u>	<u>\$305.00</u>	<u>\$355.00</u>	<u>\$1,090.00</u>	<u>\$1,240.00</u>
<u>\$345.00</u>	<u>\$350.00</u>	<u>\$410.00</u>	<u>\$1,310.00</u>	<u>\$1,535.00</u>
3-inch	4-inch	6-inch	8-inch	10-inch
<u>\$1,505.00</u>	<u>\$2,550.00</u>	<u>\$5,745.00</u>	<u>\$9,145.00</u>	<u>\$24,295.00</u>
<u>\$1,565.00</u>	<u>\$2,610.00</u>	<u>\$5,620.00</u>	<u>\$9,020.00</u>	<u>\$24,550.00</u>

Notes:

- ~~Costs for~~ For temporary meter installations, when allowed by the Division for periods not to exceed one year, the cost of the meter only will be refundable provided that the meter is returned to the Water Division in acceptable operating condition.
- Existing services and/or meters shall be renewed at no charge with the provision that they be the same size at the same location and be in need of renewal in the opinion of the Water Division.

MISCELLANEOUS CHARGES

- **Damaged Water Infrastructure and Miscellaneous Work**
 - Replacement or repair of damaged, ~~or~~ missing or frozen meter, radio read unit, outside reader unit, fire hydrants, and other miscellaneous work as a result of customer action or negligence; will ~~be~~ be charged based upon the actual costs of labor, tools, materials and equipment. A surcharge of an additional ~~36.10%~~ 50.07% on the cost of labor will be applied to reflect overhead.
 - Tampering with a water meter will be invoiced at \$250.00 for the first occurrence, \$500.00 for the second occurrence and \$1,000 for each occurrence thereafter.
- **Service Turn Off and Turn On**
 - The Water Division will remove and reset a water meter, or turn off and turn on the water at the curb box one (1) cycle per calendar year [1 on/off per calendar year] during normal business hours for the customer's convenience such as interior plumbing work that requires the water to the structure to be turned off, spending winters in a warmer climate, or shut-off and resumption of service due to account nonpayment.
 - Should the customer require more than 1 on/off per calendar year, the charge will be \$80.00 per visit to remove a meter, reset a meter, turn the water off at the curb box or turn the water on at the curb box. There is no charge to remove a meter for a building demolition.
- **Construction Permit Fees:**
 - Installation or repair of water services, repairs of water mains: ~~\$20.00~~ \$75.00
 - Installation of mainline water mains or fire service lines: ~~\$50.00~~ \$300.00

A separate permit is required for each independent main line or service installation and/or repair.

- Bulk Water (Tank Truck Fill):
 - \$20.00 plus the water ~~usage charge~~ **consumption rate** in effect at the time per 100 cubic feet for all water purchased.

After Hour Charge

- ~~After hours charge (for~~ **For** call-out work performed outside regular Division working hours if such call-out is for customer's convenience): ~~\$140.00~~ **\$260.00**

SEWER DIVISION CHARGES

TERMS AND CONDITIONS:

These rates shall apply to all users of sanitary sewer service of the Town of Wallingford, Connecticut.

SERVICE POLICY:

The Town of Wallingford, through its Water Pollution Control Authority (WPCA) and Sewer Division, reserves the right to furnish sanitary sewer service in accordance with policies presently established by the Water Pollution Control Authority of the Town of Wallingford and the Sewer Authority which adopted Rules and Regulations of the Sewer Division on September 17, 1996, as amended, and also in accordance with Connecticut General Statutes Chapter 103, as amended.

All sewer service of the Sewer Division is rendered under and subject to the rules and regulations of the Sewer Division as presently established and amended from time to time and the technical standards adopted by the staff of the Sewer Division as revised from time to time.

QUARTERLY USAGE RATE CHARGES

METERED CHARGE:

The quarterly **usage rate charge** for sewer service shall consist of a Basic Service Fee (BSF) plus a Usage Charge based on seventy-five percent (75%) of metered water consumption for customers having metered water service, except for those customers listed as exceptions.

BASIC SERVICE FEE

Size of Meter	Quarterly Fee as of 6/1/12
5/8" or less	\$22.28
3/4"	\$29.72
1"	\$37.12
1-1/2"	\$82.40
2"	\$119.24

3" \$172.96
 4" \$354.84
 10" \$1,330.24

Size of Meter	Quarterly BSF as of 7/1/2020	Quarterly BSF as of 7/1/2021	Quarterly BSF as of 7/1/2022	Quarterly BSF as of 7/1/2023
5/8-inch	\$23.34	\$24.38	\$25.34	\$27.09
3/4-inch	\$35.01	\$36.57	\$38.01	\$40.64
1-inch	\$58.35	\$60.95	\$63.35	\$67.73
1 1/2-inch	\$116.70	\$121.90	\$126.70	\$135.45
2-inch	\$188.72	\$195.04	\$202.72	\$216.72
3-inch	\$373.44	\$390.00	\$405.44	\$433.44
4-inch	\$583.50	\$609.50	\$633.50	\$677.26

USAGE CHARGE

Rate as of
6/1/13
 \$5.25 / 100 cf

Rate as of <u>10/1/2020</u> <u>\$5.72</u> \$5.64 / 100 cf	Rate as of <u>7/1/2021</u> <u>\$6.24</u> \$6.09 / 100 cf	Rate as of <u>7/1/2022</u> <u>\$7.02</u> \$6.76 / 100 cf	Rate as of <u>7/1/2023</u> <u>\$8.07</u> <u>\$7.77</u> \$7.64 / 100 cf
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EXCEPTIONS:

1. Quarterly Sewer Flat Charge Rate: For those services which do not use Wallingford water but do utilize the Wallingford sanitary sewer facilities and are not metered, or those customers of the Wallingford Water Division having non-metered water service. The quarterly charge for such service shall be the Basic Service Fee for a 5/8-inch meter as listed above plus the applicable quarterly usage charge based on 75% of a quarterly ~~consumption~~ usage of 2,200 1,600 cubic feet of water equal to 1,200 cubic feet of water. This total quarterly charge for flat rate service shall be as follows:

Quarterly Charge
 as of 6/1/13
 \$108.91

Quarterly Sewer
 Flat Charge
 as of 10/1/2020
\$90.57 \$91.02

Quarterly Sewer
 Flat Charge
 as of 7/1/2021
\$99.26 \$97.46

Quarterly Sewer
 Flat Charge
 as of 7/1/2022
\$109.58 \$106.46

Quarterly Sewer
 Flat Charge
 as of 7/1/2023
\$123.93 \$118.77

2. Residential accounts ~~who~~ **that** do not use Wallingford water but do utilize Wallingford sanitary sewer facilities may, at their own expense, modify their private water service to permit the installation of a water meter. The quarterly ~~rate~~ **charge** for such sewer service shall be the ~~existing current~~ Quarterly Usage ~~Rate~~ Charge consisting of a Basic Service Fee plus a Usage Charge based on seventy-five percent (75%) of the metered water consumption.

Services so modified shall then remain as metered accounts. Those metered accounts shall then be subject to the rules and regulations of the Water and Sewer Divisions as presently established and amended from time to time.

3. Industrial or commercial accounts utilizing Wallingford water in conjunction with their own supply and using Wallingford sewer facilities shall determine the total flow discharged to the Wallingford ~~sewers~~ **sanitary sewer facilities** to the satisfaction of the **Sewer** Division through the installation of an approved sewer meter. All costs of such installations including required calibration and maintenance shall be borne by the Owner. Such customers shall be billed based on that flow actually discharged to the **sanitary** sewer.

4. Industrial or commercial accounts ~~which~~ **that** obtain all their water from Wallingford, but do not discharge all to the Wallingford sanitary sewer, may request that their sewer charge be adjusted, provided the user determines the sewer flow to the satisfaction **and acceptance** of the **Sewer** Division.

PARTIAL BILLING PERIOD

Service rendered for less than a billing cycle shall be billed on a ~~monthly~~ pro rata charge of the quarterly Basic Service Fee plus water consumption or sanitary sewer usage.

MISCELLANEOUS CHARGES

- Septage receiving fee (In-Town Septage Only): ~~\$70~~ **\$100** / 1,000 gallons

This charge shall supersede all septage receiving fees previously established by the Water Pollution Control Authority of the Town of Wallingford.

- Construction Permit Fees:
 - Installation or repair of sewer laterals, repairs of mainline **sanitary** sewers: **\$20.00**
\$75.00
 - Installation of mainline **sanitary** sewers: ~~\$50.00~~ **\$300.00**

A separate permit is required for each independent main line or service installation and/or repair.

WATER AND SEWER PAYMENT TERMS AND CONDITIONS

WATER AND SEWER DIVISIONS PAYMENT POLICIES:

1. All charges of the Water and Sewer Divisions are due by the date indicated on the bill. Interest shall be charged on the first day following the due date on any unpaid water and/or sewer charge balance on that date. Interest shall be charged in accordance with the General Statutes of the State of Connecticut.
2. A property lien may be filed by means of a continuation certificate upon the benefited property, after thirty days from the due date of the bill, for all unpaid balances of \$10.00 or more. Lien certificates shall be filed and lien fees charged in accordance with the General Statutes of the State of Connecticut.
3. Partial payment shall be applied first to interest charges, then to water and/or sewer charges and lastly to lien charges.
4. A \$35.00 fee per transaction will be charged to a customer's account for checks returned due to insufficient funds.
5. A charge of \$80.00 will be rendered for conducting a final meter read and/or inspection, and the issuance of a final water and/or sewer bill.

H:\Business Office\Rates - Water and Sewer\2020 Water and Sewer Rate Revisions\Rates and Charges Document\Proposed FY21 Water and Sewer Charges v.NHA 2020-06-16.docx

Proposed Quarterly Sewer Rate Increases - Median Usage
Sewer Division
Department of Public Utilities
Town of Wallingford

DRAFT

Rate per 100 cu. ft.	2019-20 \$5.25	2020-21 \$5.72	2021-22 \$6.24	2022-23 \$7.02	2023-24 \$8.07
5/8-inch Meter (11,299 meters)					
Quarterly Basic Service Charge	\$22.28	\$23.34	\$24.38	\$25.34	\$27.09
1,600 cu. ft. bill x 75% = 1,200 cu. ft.	\$63.00	\$67.23	\$74.88	\$84.24	\$96.84
Rate per 100 cu. ft.	\$85.28	\$90.57	\$99.26	\$109.58	\$123.93
Total Quarterly Cost					
Amount of Increase		\$5.29	\$8.69	\$10.32	\$14.35
% of Increase		6.20%	9.59%	10.40%	13.10%
3/4-inch Meter (104 meters)					
Quarterly Basic Service Charge	\$29.72	\$35.01	\$36.57	\$38.01	\$40.64
2,500 cu. ft. bill x 75% = 1,875 cu. ft.	\$98.44	\$105.05	\$117.00	\$131.63	\$151.31
Rate per 100 cu. ft.	\$128.16	\$140.06	\$153.57	\$169.64	\$191.95
Total Quarterly Cost					
Amount of Increase		\$11.90	\$13.51	\$16.07	\$22.32
% of Increase		9.28%	9.65%	10.46%	13.16%
1-inch Meter (195 meters)					
Quarterly Basic Service Charge	\$37.12	\$58.35	\$60.95	\$63.35	\$67.73
6,200 cu. ft. bill x 75% = 4,650 cu. ft.	\$244.13	\$260.52	\$290.16	\$326.43	\$375.26
Rate per 100 cu. ft.	\$281.25	\$318.87	\$351.11	\$389.78	\$442.99
Total Quarterly Cost					
Amount of Increase		\$37.62	\$32.24	\$38.67	\$53.21
% of Increase		13.38%	10.11%	11.01%	13.65%
1 1/2-inch Meter (114 meters)					
Quarterly Basic Service Charge	\$82.40	\$116.70	\$121.90	\$126.70	\$135.45
10,961 cu. ft. bill x 75% = 8,221 cu. ft.	\$431.59	\$460.57	\$512.97	\$577.10	\$663.41
Rate per 100 cu. ft.	\$513.99	\$577.27	\$634.87	\$703.80	\$798.86
Total Quarterly Cost					
Amount of Increase		\$63.28	\$57.61	\$68.92	\$95.07
% of Increase		12.31%	9.98%	10.86%	13.51%
2-inch Meter (116 meters)					
Quarterly Basic Service Charge	\$119.24	\$186.72	\$195.04	\$202.72	\$216.72
14,000 cu. ft. bill x 75% = 10,500 cu. ft.	\$551.25	\$588.26	\$655.20	\$737.10	\$847.35
Rate per 100 cu. ft.	\$670.49	\$774.98	\$850.24	\$939.82	\$1,064.07
Total Quarterly Cost					
Amount of Increase		\$104.49	\$75.26	\$89.58	\$124.25
% of Increase		15.58%	9.71%	10.54%	13.22%
3-inch Meter (14 meters)					
Quarterly Basic Service Charge	\$172.96	\$373.44	\$390.08	\$405.44	\$433.44
49,500 cu. ft. bill x 75% = 37,125 cu. ft.	\$1,949.06	\$2,079.93	\$2,316.60	\$2,606.18	\$2,995.99
Rate per 100 cu. ft.	\$2,122.02	\$2,453.37	\$2,706.68	\$3,011.62	\$3,429.43
Total Quarterly Cost					
Amount of Increase		\$331.35	\$253.31	\$304.94	\$417.81
% of Increase		15.61%	10.33%	11.27%	13.87%
4-inch Meter (1 meter)					
Quarterly Basic Service Charge	\$354.84	\$583.50	\$609.50	\$633.50	\$677.25
53,493 cu. ft. bill x 75% = 40,120 cu. ft.	\$2,106.30	\$2,247.72	\$2,503.49	\$2,816.42	\$3,237.68
Rate per 100 cu. ft.	\$2,461.14	\$2,831.22	\$3,112.99	\$3,449.92	\$3,914.93
Total Quarterly Cost					
Amount of Increase		\$370.08	\$281.77	\$336.94	\$465.01
% of Increase		15.04%	9.95%	10.82%	13.48%

ITEM NO. 7-14
PUC AGENDA 6/16/20

Proposed Quarterly Combined Water and Sewer Rate Increase Summary - Median Usage
 Water Division and Sewer Division
 Department of Public Utilities
 Town of Wallingford

DRAFT

	2019-20	2020-21	2021-22	2022-23	2023-24
5/8-inch Meter (11,299 meters)					
Water Rate per 100 cu. Ft	\$4.09	\$4.09	\$4.09	\$4.09	\$4.09
Sewer Rate per 100 cu. Ft	\$5.25	\$5.72	\$6.24	\$7.02	\$8.07
Water Basic Service Fee	\$15.11	\$15.11	\$15.11	\$15.11	\$15.11
Sewer Basic Service Fee	\$22.28	\$23.34	\$24.38	\$25.34	\$27.09
1,600 cu. ft. bill - Water	\$65.44	\$65.44	\$65.44	\$65.44	\$65.44
1,600 cu. ft. bill x 75% = 1,200 cu. ft.	\$63.00	\$67.23	\$74.88	\$84.24	\$96.84
Quarterly Water Cost	\$80.55	\$80.55	\$80.55	\$80.55	\$80.55
Quarterly Sewer Cost	\$85.28	\$90.57	\$99.26	\$109.58	\$123.93
Combined Quarterly Cost	\$165.83	\$171.12	\$179.81	\$190.13	\$204.48
Amount of Increase		\$5.29	\$8.69	\$10.32	\$14.35
Overall % Increase		3.19%	5.08%	5.74%	7.55%
3/4-inch Meter (104 meters)					
Water Rate per 100 cu. Ft	\$4.09	\$4.09	\$4.09	\$4.09	\$4.09
Sewer Rate per 100 cu. Ft	\$5.25	\$5.72	\$6.24	\$7.02	\$8.07
Water Basic Service Fee	\$17.20	\$17.20	\$17.20	\$17.20	\$17.20
Sewer Basic Service Fee	\$29.72	\$35.01	\$36.57	\$38.01	\$40.64
2,500 cu. ft. bill - Water	\$102.25	\$102.25	\$102.25	\$102.25	\$102.25
2,500 cu. ft. bill x 75% = 1,875 cu. ft.	\$98.44	\$105.05	\$117.00	\$131.63	\$151.31
Quarterly Water Cost	\$119.45	\$119.45	\$119.45	\$119.45	\$119.45
Quarterly Sewer Cost	\$128.16	\$140.06	\$153.57	\$169.64	\$191.95
Combined Quarterly Cost	\$247.61	\$259.51	\$273.02	\$289.09	\$311.40
Amount of Increase		\$11.90	\$13.51	\$16.07	\$22.32
Overall % Increase		4.81%	5.21%	5.88%	7.72%
1-inch Meter (195 meters)					
Water Rate per 100 cu. Ft	\$4.09	\$4.09	\$4.09	\$4.09	\$4.09
Sewer Rate per 100 cu. Ft	\$5.25	\$5.72	\$6.24	\$7.02	\$8.07
Water Basic Service Fee	\$31.29	\$31.29	\$31.29	\$31.29	\$31.29
Sewer Basic Service Fee	\$37.12	\$58.35	\$60.95	\$63.35	\$67.73
6,200 cu. ft. bill	\$253.58	\$253.58	\$253.58	\$253.58	\$253.58
6,200 cu. ft. bill x 75% = 4,650 cu. ft.	\$244.13	\$260.52	\$290.16	\$326.43	\$375.26
Quarterly Water Cost	\$284.87	\$284.87	\$284.87	\$284.87	\$284.87
Quarterly Sewer Cost	\$281.25	\$318.87	\$351.11	\$389.78	\$442.99
Combined Quarterly Cost	\$566.12	\$603.74	\$635.98	\$674.65	\$727.86
Amount of Increase		\$37.62	\$32.24	\$38.67	\$53.20
Overall % Increase		6.65%	5.34%	6.08%	7.89%
1 1/2-inch Meter (114 meters)					
Water Rate per 100 cu. Ft	\$4.09	\$4.09	\$4.09	\$4.09	\$4.09
Sewer Rate per 100 cu. Ft	\$5.25	\$5.72	\$6.24	\$7.02	\$8.07
Water Basic Service Fee	\$52.22	\$52.22	\$52.22	\$52.22	\$52.22
Sewer Basic Service Fee	\$82.40	\$116.70	\$121.90	\$126.70	\$135.45
10,961 cu. ft. bill	\$448.30	\$448.30	\$448.30	\$448.30	\$448.30
10,961 cu. ft. bill x 75% = 8,221 cu. ft.	\$431.59	\$460.57	\$512.97	\$577.10	\$663.41
Quarterly Water Cost	\$500.52	\$500.52	\$500.52	\$500.52	\$500.52
Quarterly Sewer Cost	\$513.99	\$577.27	\$634.87	\$703.80	\$798.86
Combined Quarterly Cost	\$1,014.51	\$1,077.79	\$1,135.40	\$1,204.32	\$1,299.39
Amount of Increase		\$63.28	\$57.61	\$68.92	\$95.07
Overall % Increase		6.24%	5.34%	6.07%	7.89%

ITEM NO. 7-15
 PUC AGENDA 6/16/20

Water Division and Sewer Division
Department of Public Utilities
Town of Wallingford

DRAFT

	2019-20	2020-21	2021-22	2022-23	2023-24
2-inch Meter (116 meters)					
Water Rate per 100 cu. Ft	\$4.09	\$4.09	\$4.09	\$4.09	\$4.09
Sewer Rate per 100 cu. Ft	\$5.25	\$5.72	\$6.24	\$7.02	\$8.07
Water Basic Service Fee	\$88.31	\$88.31	\$88.31	\$88.31	\$88.31
Sewer Basic Service Fee	\$119.24	\$186.72	\$195.04	\$202.72	\$216.72
14,000 cu. ft. bill	\$572.60	\$572.60	\$572.60	\$572.60	\$572.60
14,000 cu. ft. bill x 75% =	\$551.25	\$588.26	\$655.20	\$737.10	\$847.35
10,500 cu. ft.					
Quarterly Water Cost	\$660.91	\$660.91	\$660.91	\$660.91	\$660.91
Quarterly Sewer Cost	\$670.49	\$774.98	\$850.24	\$939.82	\$1,064.07
Combined Quarterly Cost	\$1,331.40	\$1,435.89	\$1,511.15	\$1,600.73	\$1,724.98
Amount of Increase		\$104.49	\$75.26	\$89.58	\$124.25
Overall % Increase		7.85%	5.24%	5.93%	7.76%
3-inch Meter (14 meters)					
Water Rate per 100 cu. Ft	\$4.09	\$4.09	\$4.09	\$4.09	\$4.09
Sewer Rate per 100 cu. Ft	\$5.25	\$5.72	\$6.24	\$7.02	\$8.07
Water Basic Service Fee	\$103.13	\$103.13	\$103.13	\$103.13	\$103.13
Sewer Basic Service Fee	\$172.96	\$373.44	\$390.08	\$405.44	\$433.44
49,500 cu. ft. bill	\$2,024.55	\$2,024.55	\$2,024.55	\$2,024.55	\$2,024.55
49,500 cu. ft. bill x 75% =	\$1,949.06	\$2,079.93	\$2,316.60	\$2,606.18	\$2,995.99
37,125 cu. ft.					
Quarterly Water Cost	\$2,127.68	\$2,127.68	\$2,127.68	\$2,127.68	\$2,127.68
Quarterly Sewer Cost	\$2,122.02	\$2,453.37	\$2,706.68	\$3,011.62	\$3,429.43
Combined Quarterly Cost	\$4,249.70	\$4,581.05	\$4,834.36	\$5,139.30	\$5,557.11
Amount of Increase		\$331.35	\$253.31	\$304.94	\$417.81
Overall % Increase		7.80%	5.53%	6.31%	8.13%
4-inch Meter (1 meter)					
Water Rate per 100 cu. Ft	\$4.09	\$4.09	\$4.09	\$4.09	\$4.09
Sewer Rate per 100 cu. Ft	\$5.25	\$5.72	\$6.24	\$7.02	\$8.07
Water Basic Service Fee	\$168.32	\$168.32	\$168.32	\$168.32	\$168.32
Sewer Basic Service Fee	\$354.84	\$583.50	\$609.50	\$633.50	\$677.25
53,493 cu. ft. bill	\$2,187.88	\$2,187.88	\$2,187.88	\$2,187.88	\$2,187.88
53,493 cu. ft. bill x 75% =	\$2,106.30	\$2,247.72	\$2,503.49	\$2,816.42	\$3,237.68
40,120 cu. ft.					
Quarterly Water Cost	\$2,356.20	\$2,356.20	\$2,356.20	\$2,356.20	\$2,356.20
Quarterly Sewer Cost	\$2,461.14	\$2,831.22	\$3,112.99	\$3,449.92	\$3,914.93
Combined Quarterly Cost	\$4,817.34	\$5,187.42	\$5,469.19	\$5,806.12	\$6,271.13
Amount of Increase		\$370.08	\$281.76	\$336.94	\$465.01
Overall % Increase		7.68%	5.43%	6.16%	8.01%

ITEM NO. 7 -16
PUC AGENDA 6/16/20

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FY20-21 Summary of Median Sewer Charge Increases (\$)

Sewer Division
Department of Public Utilities
Town of Wallingford

Class	5/8-inch Meter		3/4-inch Meter		1-inch Meter		1 1/2-inch Meter		2-inch Meter		3-inch Meter		4-inch Meter	
	Number of Customers	FY20-21 Median Quarterly Increase	Number of Customers	FY20-21 Median Quarterly Increase	Number of Customers	FY20-21 Median Quarterly Increase	Number of Customers	FY20-21 Median Quarterly Increase	Number of Customers	FY20-21 Median Quarterly Increase	Number of Customers	FY20-21 Median Quarterly Increase	Number of Customers	FY20-21 Median Quarterly Increase
Single Family Residential	9,847	\$ 4,76	14	\$ 11.24	6	\$ 26.25	0	\$ -	0	\$ -	0	\$ -	0	\$ -
Flat Sewer Single Family	904	\$ (18.34)			60	\$ 55.60	10	\$ 77.92	15	\$ 182.48	0	\$ -	0	\$ -
Multi-Family Residential	983	\$ 7.41	19	\$ 14.01	108	\$ 92.20	83	\$ 66.03	47	\$ 109.78	6	\$ 441.06	0	\$ -
Commercial	409	\$ 3.97	64	\$ 10.84	10	\$ 27.31	8	\$ 42.23	14	\$ 104.49	3	\$ 315.81	1	\$ 370.08
Industrial	6	\$ 4.89	1	\$ 28.95	10	\$ 31.14	13	\$ 47.52	40	\$ 91.27	5	\$ 230.88	0	\$ -
Institutional	44	\$ 5.29	6	\$ 11.64	16	\$ 38.88	114	\$ 63.29	116	\$ 112.16	14	\$ 398.37	1	\$ 370.08
\$ Weighted Average	12,203	\$ 3.24	104	\$ 11.69	195	\$ 38.88	114	\$ 63.29	116	\$ 112.16	14	\$ 398.37	1	\$ 370.08

ITEM NO. 7 -17
PUC AGENDA 6/16/20

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FY20-21 Summary of Median Sewer Charge Increases (%)
Sewer Division
Department of Public Utilities
Town of Wallingford

FY20-21 Summary of Median Sewer Charge Increases (%)														
Sewer Division														
Department of Public Utilities														
Town of Wallingford														
	5/8-inch Meter		3/4-inch Meter		1-inch Meter		1 1/2-inch Meter		2-inch Meter		3-inch Meter		4-inch Meter	
	Number of Customers	FY20-21 Median Quarterly Increase	Number of Customers	FY20-21 Median Quarterly Increase	Number of Customers	FY20-21 Median Quarterly Increase	Number of Customers	FY20-21 Median Quarterly Increase	Number of Customers	FY20-21 Median Quarterly Increase	Number of Customers	FY20-21 Median Quarterly Increase	Number of Customers	FY20-21 Median Quarterly Increase
Class														
Single Family Residential	9,847	6.15%	14	9.52%	6	23.45%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Single Family Residential	804	-16.84%							15	8.86%	0	0.00%	0	0.00%
Flat Sewer Single Family	993	6.34%	19	8.78%	60	10.13%	83	11.90%	47	14.65%	6	13.04%	0	0.00%
Multi-family Residential	409	6.05%	64	9.53%	109	16.06%	8	15.08%	14	15.58%	3	16.63%	0	0.00%
Commercial	6	6.17%	1	7.88%	10	21.39%	13	21.01%	40	19.28%	5	36.89%	0	0.00%
Industrial	44	6.19%	6	9.85%	16	16.85%	13	16.85%	116	15.7475%	14	21.7687%	1	15.0313%
Institutional					195	14.7980%	114	13.0137%						
% Weighted Average	12,209	4.4654%	104	9.4394%	195	14.7980%	114	13.0137%						

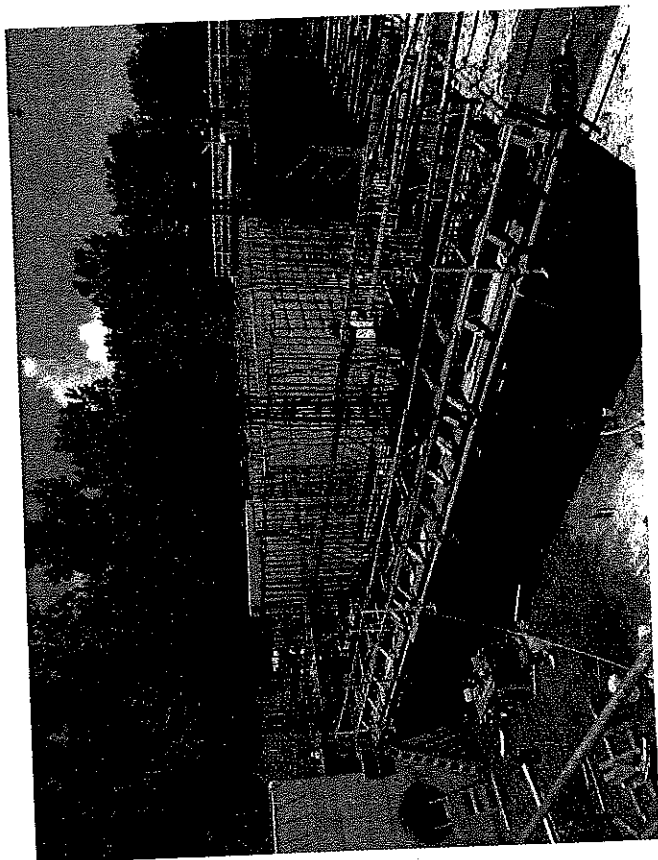
ITEM NO. 7-18
PUC AGENDA 6/16/20

Meter Size and Class Quantities
Sewer Division
Department of Public Utilities
Town of Wallingford

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Class	5/8-inch Meter		3/4-inch Meter		1-inch Meter		1 1/2-inch Meter		2-inch Meter		3-inch Meter		4-inch Meter	
	Number of Customers	% of Total Meters	Number of Customers	% of Total Meters	Number of Customers	% of Total Meters	Number of Customers	% of Total Meters	Number of Customers	% of Total Meters	Number of Customers	% of Total Meters	Number of Customers	% of Total Meters
Single Family Residential	9,847	77.2495%	14	0.1098%	6	0.0471%	0	0.0000%	0	0.0000%	0	0.0000%	0	0.0000%
Flat Sewer Single Family	904	7.0919%			60	0.4707%	10	0.0784%	15	0.1177%	0	0.0000%	0	0.0000%
Multi-family Residential	993	7.7901%	19	0.1491%	103	0.8080%	83	0.6511%	47	0.3687%	6	0.0471%	0	0.0000%
Commercial	409	3.2086%	64	0.5021%	10	0.0784%	8	0.0628%	14	0.1098%	3	0.0235%	1	0.0078%
Industrial	6	0.0471%	1	0.0078%	16	0.1255%	13	0.1020%	40	0.3138%	5	0.0392%	0	0.0000%
Institutional	44	0.3452%	6	0.0471%									1	0.0078%
Subtotal	12,203	95.7323%	104	0.8159%	195	1.5298%	114	0.8943%	116	0.9100%	14	0.1098%		
Total	12,747						12,747							

ITEM NO. 7-19
PUC AGENDA 6/16/20



Workshop for Updated Sewer Usage (\$/ccf) Charges

Wallingford Department of Public Utilities
June 16, 2020

ITEM NO. 7-20
PUC AGENDA 6/16/20

Workshop Agenda

- ☐ Historical Sewer Division Billable Usage
- ☐ Historical Sewer Division Rates
- ☐ Number of Sewer Customers by Meter Size and Class
- ☐ Sewer Division Commitments

Workshop Agenda (continued)

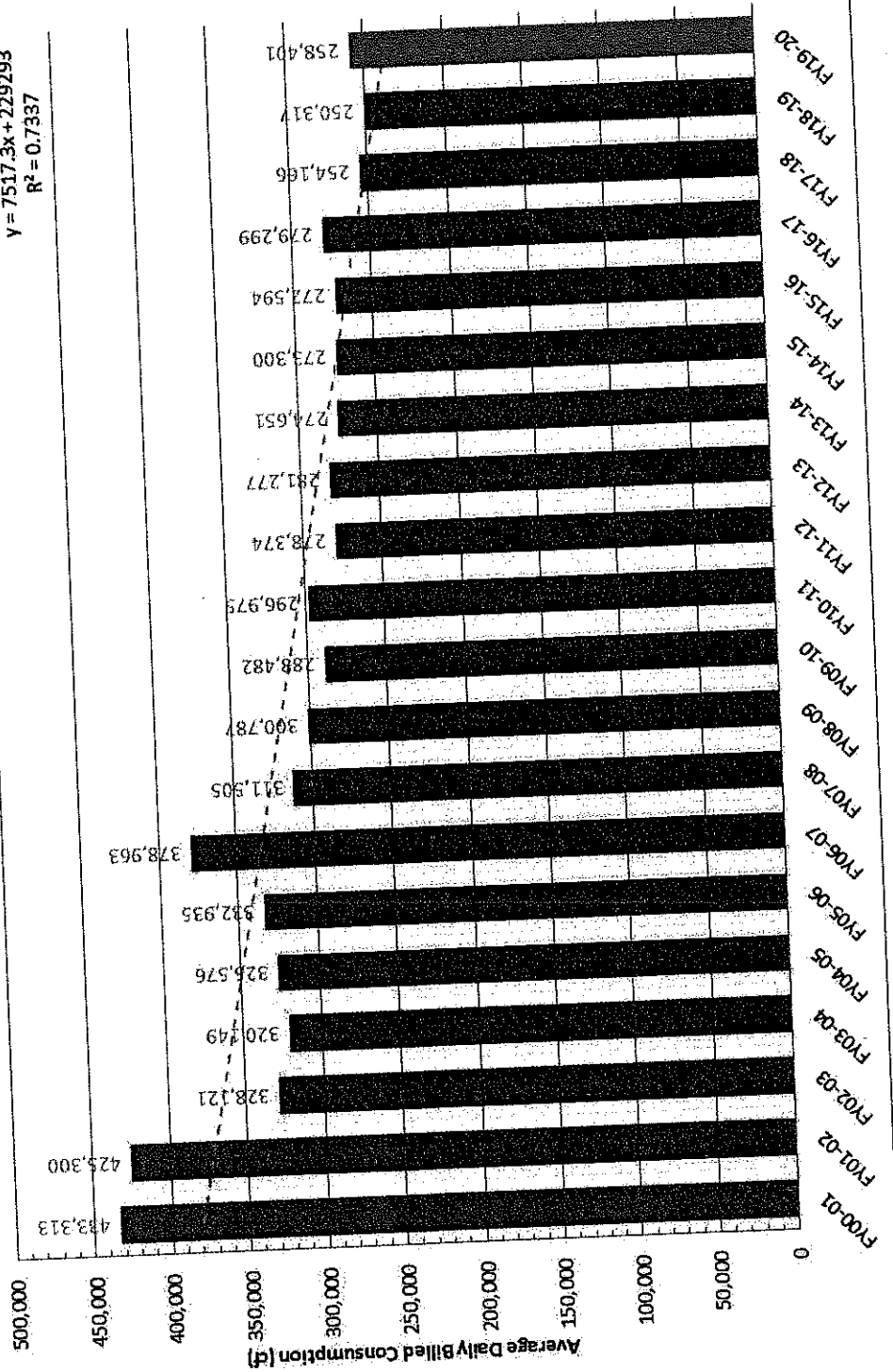
- ☐ Updated Proposed Sewer Division Usage Rate (ccf)
 - ☐ FY20-21 to FY23-24
- ☐ Updated Projected Quarterly Increase by Meter Size and Class
 - ☐ FY20-21
- ☐ Next Steps
- ☐ Discussion and Questions

Historical Sewer Billable Usage

Average Daily Billed Usage
FY00-01 to FY19-20
Sewer Division
Department of Public Utilities

$$y = 7517.3x + 229293$$

$$R^2 = 0.7337$$



ITEM NO. 7-23
PUC AGENDA 6/10/20

Historical Sewer Division Rates

Effective Date	Usage Rate	Percent Change	5/8-inch Meter BSF	Percent Change
6/1/2001	\$2.89	0.00%	\$9.00	0.00%
6/1/2002	\$2.89	0.00%	\$9.00	0.00%
6/1/2003	\$2.89	0.00%	\$9.00	0.00%
6/1/2004	\$2.89	0.00%	\$9.00	0.00%
6/1/2005	\$2.89	0.00%	\$9.00	0.00%
6/1/2006	\$3.10	7.27%	\$11.64	29.33%
6/1/2007	\$3.31	6.77%	\$11.64	0.00%
6/1/2008	\$3.52	6.34%	\$11.64	0.00%
6/1/2009	\$3.73	5.97%	\$11.64	0.00%

ITEM NO. 7-24
PUC AGENDA 6/16/20

Historical Sewer Division Rates (cont.)

Effective Date	Usage Rate	Percent Change	5/8-inch Meter BSF	Percent Change
6/1/2010	\$4.35	16.62%	\$15.84	36.08%
6/1/2011	\$4.73	8.74%	\$15.84	0.00%
6/1/2012	\$5.12	8.25%	\$22.28	40.66%
6/1/2013	\$5.25	2.54%	\$22.28	0.00%
6/1/2014	\$5.25	0.00%	\$22.28	0.00%
6/1/2015	\$5.25	0.00%	\$22.28	0.00%
6/1/2016	\$5.25	0.00%	\$22.28	0.00%
6/1/2017	\$5.25	0.00%	\$22.28	0.00%
6/1/2018	\$5.25	0.00%	\$22.28	0.00%
6/1/2019	\$5.25	0.00%	\$22.28	0.00%

+81.66%

+147.56%

Number of Sewer Customers (cont.)

Class	5/8-inch Meter		3/4-inch Meter		1-inch Meter	
	Number of Customers	% of Total Meters	Number of Customers	% of Total Meters	Number of Customers	% of Total Meters
Single Family Residential	9,847	77.2495%	14	0.1098%	6	0.0471%
Flat Sewer Single Family	904	7.0919%				
Multi-family Residential	993	7.7901%	19	0.1491%	60	0.4707%
Commercial	409	3.2086%	64	0.5021%	103	0.8080%
Industrial	6	0.0471%	1	0.0078%	10	0.0784%
Institutional	44	0.3452%	6	0.0471%	16	0.1255%
Subtotal	12,203	95.7323%	104	0.8159%	195	1.5298%
Total	12,747					

- 5/8-, 3/4-, and 1-inch meters
- Quantity of 12,502 water meters
- 98.0780% of all sewer customers

Number of Sewer Customers (cont.)

Class	1 1/2-inch Meter		2-inch Meter		3-inch Meter		4-inch Meter	
	Number of Customers	% of Total Meters	Number of Customers	% of Total Meters	Number of Customers	% of Total Meters	Number of Customers	% of Total Meters
Single Family Residential	0	0.0000%	0	0.0000%	0	0.0000%	0	0.0000%
Flat Sewer Single Family								
Multi-family Residential	10	0.0784%	15	0.1177%	0	0.0000%	0	0.0000%
Commercial	83	0.6511%	47	0.3687%	6	0.0471%	0	0.0000%
Industrial	8	0.0628%	14	0.1098%	3	0.0235%	1	0.0078%
Institutional	13	0.1020%	40	0.3138%	5	0.0392%	0	0.0000%
Subtotal	114	0.8943%	116	0.9100%	14	0.1098%	1	0.0078%
Total	12,747							

- 1-1/2-, 2-, 3- and 4-inch meters
- Quantity of 245 water meters for 1-1/2 inch and greater meters
- 1.9220% of all sewer customers

Sewer Division Current Commitments

- ☐ WPCF Upgrades Project – Active Construction
 - ☐ \$55,799,506 Interim Funding Obligation with the State
- ☐ Planned Capital Projects (5-year CIP)
 - ☐ I-91 Pump Station, Force Main and Durham Road Sewer
 - ☐ Fine Screens at the WPCF Headworks
 - ☐ Solids Handling
 - ☐ Dewatering Presses
 - ☐ Digester Conversion
 - ☐ Electrical Upgrades
 - ☐ Collection System Lining
 - ☐ North and South Turnpike Sanitary Sewer Upgrades
 - ☐ Vehicles and Trucks

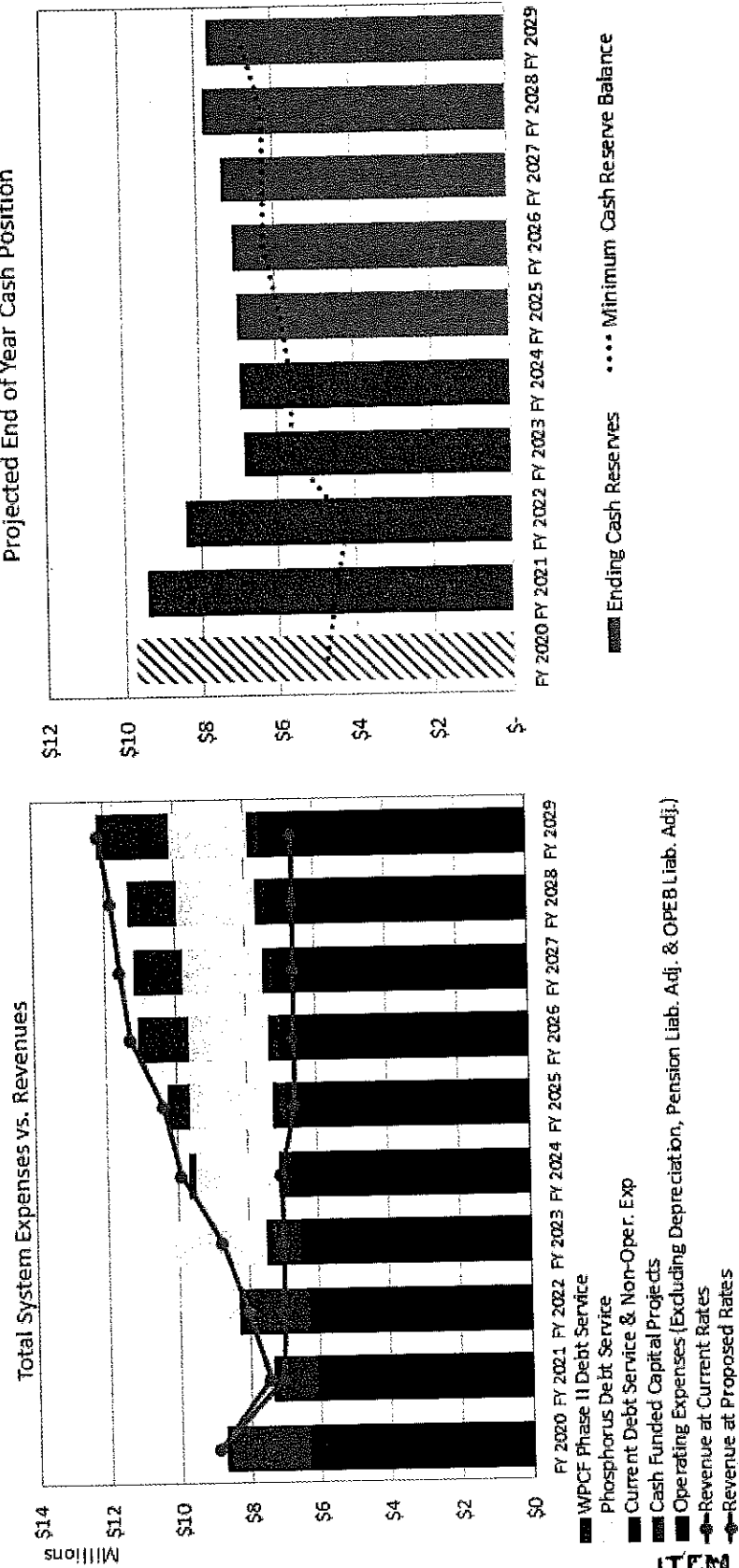
Sewer Division Commitments (cont.)

- ☐ Annual Operating Expenses
 - ☐ Labor – Wages and Salaries
 - ☐ Overhead, including benefits
 - ☐ Materials, parts and equipment
 - ☐ Utilities (Electric)
 - ☐ Nitrogen credit purchases
 - ☐ RBC Repairs
 - ☐ Inflow and Infiltration

Updated Sewer Division Usage Rate (ccf)

- ☐ FY20-21 First Quarter Revenue Loss
 - ☐ Delay in implementing the proposed Sewer Division rates from July 1, 2020 to October 1, 2020
 - ☐ Approximately \$107,400 for the 3-month delay
- ☐ Decrease in investment revenue due to lower interest rates
 - ☐ Approximately \$173,900 over the four year rate period
- ☐ Interest on Clean Water Fund (CWF) loan advances from February, 2020 to September, 2022
 - ☐ Approximately \$998,300
 - ☐ Note that this value is included in the Town's funding ordinance

Updated Proposed Rate Model (FY21-24)



June 16, 2020

ITEM NO. 7-31
PUC AGENDA 6/16/20

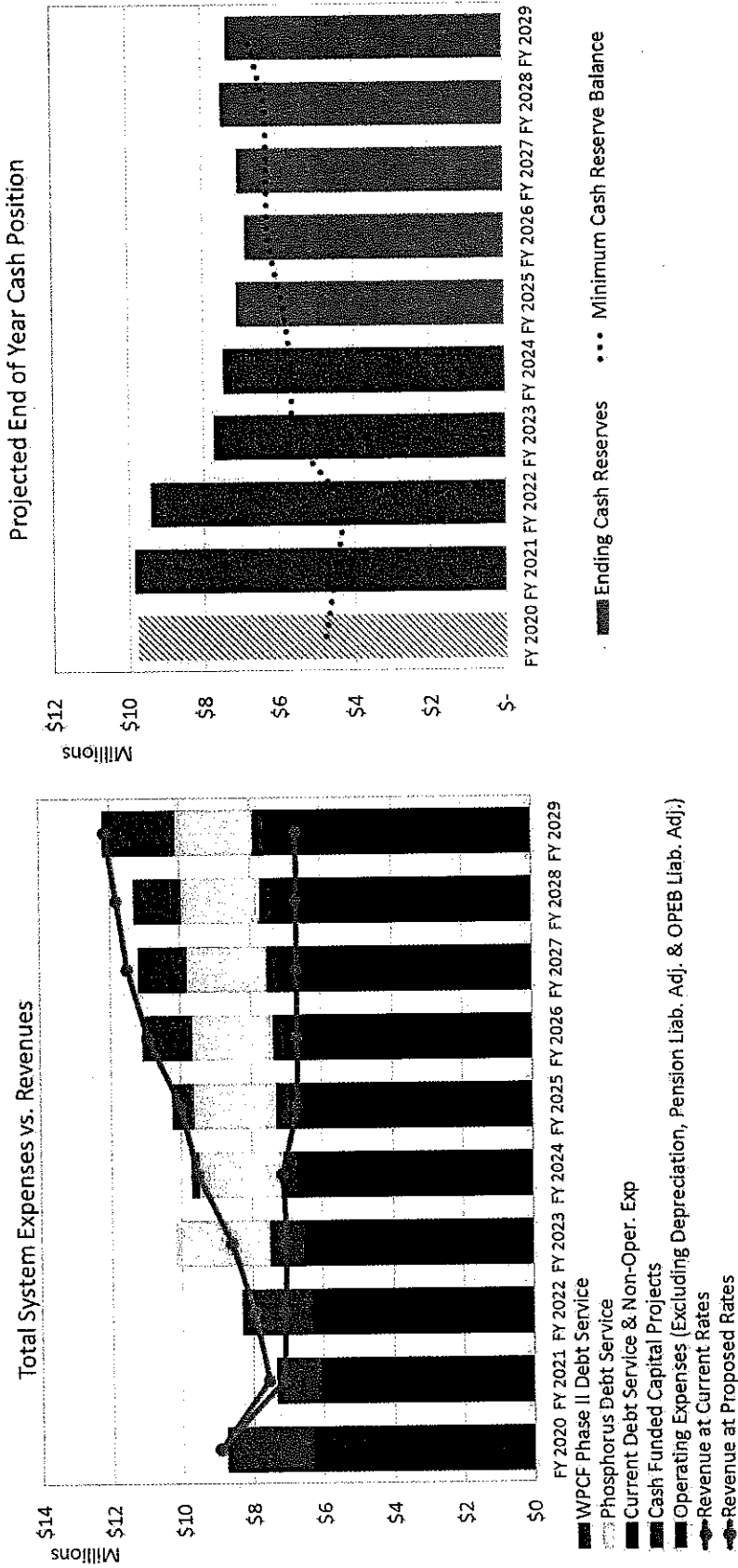
Updated Proposed Rate Model (continued)

Financial Plan Control Panel: Fiscal Year: July 1 - June 30						
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	
Additional Rate Increase Needed to Maintain Minimum Cash Balance						
		0.0%	0.0%	0.0%	0.0%	
Rate Scenario:	Model Calculated Rates	1,650	1,200	1,200	1,200	
	Flat Fee Basis (Quarterly CF):					
		0.0%	0.00%	9.00%	9.00%	12.5%
Unit Rate Increase - July 2020 - September 2020						
Unit Rate Increase			\$ 22.28	\$ 24.38	\$ 25.34	
Quarterly Basic Service Fee (5/8" Meter) - July 2020 - September 2020		\$ 22.28	\$ 23.34	\$ -	\$ -	
Quarterly Basic Service Fee (5/8" Meter)			\$ 5.25	\$ 6.24	\$ 7.02	
Unit Rate per CCF - July 2020 - September 2020		\$ 5.25	\$ 5.72	\$ -	\$ -	
Unit Rate per CCF		\$ 5.25	\$ 108.91	\$ -	\$ -	
Flat Fee per Quarter - July 2020 - September 2020		\$ 108.91	\$ 91.98	\$ 99.26	\$ 109.58	
Flat Fee per Quarter						
Fiscal Year Month Effective	FY 2019 Bill					
Sample Flat Quarterly Bill - July - Sept. 2020	1,650	\$ 108.91	\$ 108.91	\$ -	\$ -	
Sample Flat Quarterly Bill	1,200	\$ 108.91	\$ 91.98	\$ 99.26	\$ 109.58	
Dollar Increase (Decrease)		\$	\$ (16.93)	\$ 7.28	\$ 10.32	
Percent Increase (Decrease)		0.00%	(15.5%)	7.9%	10.4%	

Updated Proposed Rate Model (continued)

Financial Plan Control Panel: Fiscal Year: July 1 - June 30						
Additional Rate Increase Needed to Maintain Minimum Cash Balance						
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rate Scenario: Model Calculated Rates	1,200	1,200	1,200	1,200	1,200	1,200
Unit Rate Increase - July 2020 - September 2020	15.0%	12.0%	11.0%	2.5%	2.5%	3.0%
Unit Rate Increase						
Quarterly Basic Service Fee (5/8" Meter) - July 2020 - September 2020	\$ 27.09	\$ 27.98	\$ 28.23	\$ 28.82	\$ 29.42	\$ 30.05
Quarterly Basic Service Fee (5/8" Meter)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unit Rate per CCF - July 2020 - September 2020	\$ 8.07	\$ 9.04	\$ 10.03	\$ 10.28	\$ 10.54	\$ 10.86
Unit Rate per CCF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Flat Fee per Quarter - July 2020 - September 2020	\$ 123.93	\$ 136.46	\$ 148.59	\$ 152.18	\$ 155.90	\$ 160.37
Flat Fee per Quarter						
Fiscal Year Month Effective						
Sample Flat Quarterly Bill - July - Sept. 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sample Flat Quarterly Bill	\$ 123.93	\$ 136.46	\$ 148.59	\$ 152.18	\$ 155.90	\$ 160.37
Dollar Increase (Decrease)	\$ 14.35	\$ 12.53	\$ 12.13	\$ 3.59	\$ 3.72	\$ 4.47
Percent Increase (Decrease)	13.1%	10.1%	8.9%	2.4%	2.4%	2.9%

Prior Proposed Rate Model (FY21-24)



March 3, 2020

ITEM NO. 7-34
PUC AGENDA 6/10/20

Prior Proposed Rate Model (FY21-24) (cont.)

Financial Plan Control Panel: Fiscal Year: July 1 - June 30					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Additional Rate Increase Needed to Maintain Minimum Cash Balance		0.0%	0.0%	0.0%	0.0%
Rate Scenario: Model Calculated Rates	Flat Fee Basis (Quarterly CF): 1,650 1,200 1,200 1,200 1,200				
Unit Rate Increase		0.0%	7.5%	8.0%	1.0%
Quarterly Basic Service Fee (5/8" Meter)	\$ 22.28	\$ 22.28	\$ 23.94	\$ 24.38	\$ 25.34
Unit Rate per CCF	\$ 5.25	\$ 5.25	\$ 5.64	\$ 6.09	\$ 6.76
Flat Fee per Quarter	\$ 108.91	\$ 108.91	\$ 91.02	\$ 97.46	\$ 106.46
Fiscal Year Month Effective					
Sample Quarterly Bill (Residential Customer)		\$ 85.28	\$ 91.02	\$ 97.46	\$ 106.46
Dollar Increase		\$	\$ 5.74	\$ 6.44	\$ 9.00
Percent Increase		0.0%	6.7%	7.1%	9.2%

Financial Plan Control Panel: Fiscal Year: July 1 - June 30					
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Additional Rate Increase Needed to Maintain Minimum Cash Balance	0.0%	0.0%	0.0%	0.0%	0.0%
Rate Scenario: Model Calculated Rates	1,200 1,200 1,200 1,200 1,200				
Unit Rate Increase	13.0%	12.0%	12.0%	6.0%	3.0%
Quarterly Basic Service Fee (5/8" Meter)	\$ 27.09	\$ 27.98	\$ 28.23	\$ 28.82	\$ 29.42
Unit Rate per CCF	\$ 7.64	\$ 8.56	\$ 9.59	\$ 10.17	\$ 10.48
Flat Fee per Quarter	\$ 118.77	\$ 130.70	\$ 143.31	\$ 150.86	\$ 155.18
Fiscal Year Month Effective					
Sample Quarterly Bill (Residential Customer)	\$ 118.77	\$ 130.70	\$ 143.31	\$ 150.86	\$ 155.18
Dollar Increase	\$ 12.31	\$ 11.93	\$ 12.61	\$ 7.55	\$ 4.32
Percent Increase	11.6%	10.0%	9.6%	5.3%	2.9%

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\$5.25 / 100 cf

Rate as of 10/1/2020	Rate as of 7/1/2021	Rate as of 7/1/2022	Rate as of 7/1/2023
\$5.72 / 100 cf	\$6.24 / 100 cf	\$7.02 / 100 cf	\$8.07 / 100 cf

Rate as of 10/1/2020	Rate as of 7/1/2021	Rate as of 7/1/2022	Rate as of 7/1/2023
<u>\$5.72</u> \$5.64 / 100 cf	<u>\$6.24</u> \$6.09 / 100 cf	<u>\$7.02</u> \$6.76 / 100 cf	<u>\$8.07</u> \$7.77 / 100 cf

Updated Projected Quarterly Increase (FY21)

Class	5/8-inch Meter		3/4-inch Meter		1-inch Meter	
	Number of Customers	FY20-21 Average Quarterly Increase	Number of Customers	FY20-21 Average Quarterly Increase	Number of Customers	FY20-21 Average Quarterly Increase
Single Family Residential	9,847	\$ 5.29	14	\$ 10.62	6	\$26.69
Flat Sewer Single Family	904	\$ (18.34)				
Multi-family Residential	993	\$ 8.30	19	\$ 16.76	60	\$66.92
Commercial	409	\$ 7.47	64	\$ 17.35	103	\$44.01
Industrial	6	\$ 11.07	1	\$ 28.75	10	\$35.58
Institutional	44	\$ 5.63	6	\$ 12.09	16	\$33.32
\$ Weighted Average	12,203	\$ 3.86	104	\$ 16.14	195	\$ 49.22

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Updated Projected Quarterly Increase (FY21)

Class	1 1/2-inch Meter		2-inch Meter		3-inch Meter		4-inch Meter	
	Number of Customers	FY20-21 Average Quarterly Increase	Number of Customers	FY20-21 Average Quarterly Increase	Number of Customers	FY20-21 Average Quarterly Increase	Number of Customers	FY20-21 Average Quarterly Increase
Single Family Residential	0	\$ -	0	\$ -	0	\$ -	0	\$ -
Flat Sewer Single Family								
Multi-family Residential	10	\$ 88.28	15	\$ 238.01	0	\$ -	0	\$ -
Commercial	83	\$ 94.92	47	\$ 157.44	6	\$ 425.86	0	\$ -
Industrial	8	\$ 54.28	14	\$ 124.13	3	\$ 667.54	1	\$ 370.08
Institutional	13	\$ 53.03	40	\$ 101.12	5	\$ 570.47	0	\$ -
\$ Weighted Average	114	\$ 86.71	116	\$ 144.42	14	\$ 529.30	1	\$ 370.08

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PUC AGENDA 6/16/20

Prior Projected Quarterly Increase (FY21)

Class	5/8-inch Meter		3/4-inch Meter		1-inch Meter	
	Number of Customers	FY20-21 Median Quarterly Increase	Number of Customers	FY20-21 Median Quarterly Increase	Number of Customers	FY20-21 Median Quarterly Increase
Single Family Residential	9,847	\$ 5.16	14	\$ 11.87	6	\$26.79
Flat Sewer Single Family	904	\$ (17.89)				
Multi-family Residential	993	\$ 8.08	19	\$ 14.94	60	\$59.26
Commercial	409	\$ 4.28	64	\$ 11.43	103	\$33.37
Industrial	6	\$ 5.30	1	\$ 31.47	10	\$27.96
Institutional	44	\$ 5.74	6	\$ 12.31	16	\$32.20
\$ Weighted Average	12,203	\$ 3.66	104	\$ 12.38	195	\$ 40.76

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PUC AGENDA 6/10/20

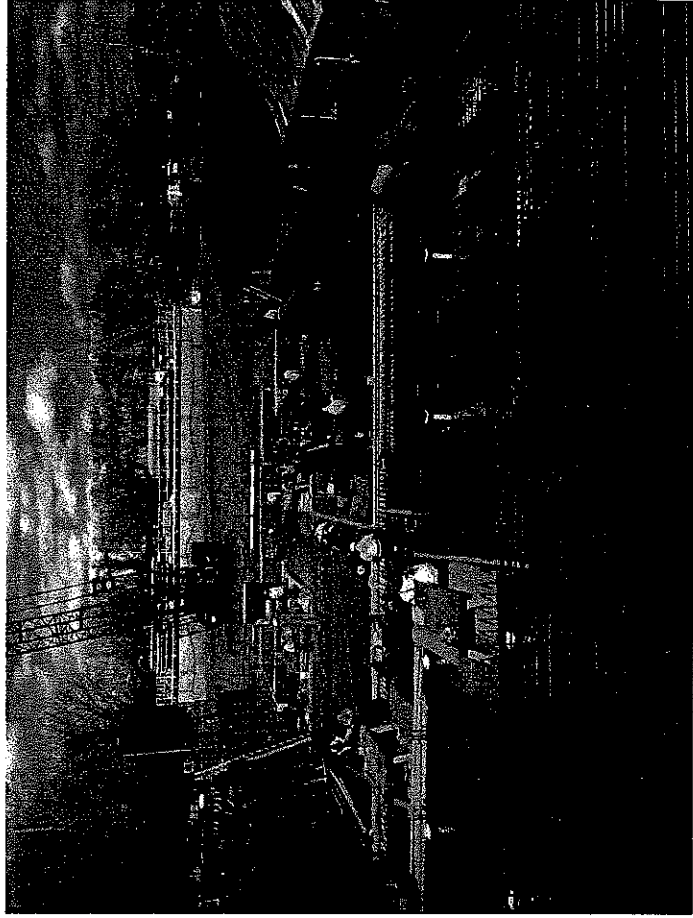
Prior Projected \$ Increase (cont.) (FY21)

Class	1 1/2-inch Meter		2-inch Meter		3-inch Meter		4-inch Meter	
	Number of Customers	FY20-21 Median Quarterly Increase	Number of Customers	FY20-21 Median Quarterly Increase	Number of Customers	FY20-21 Median Quarterly Increase	Number of Customers	FY20-21 Median Quarterly Increase
Single Family Residential	0	\$ -	0	\$ -	0	\$ -	0	\$ -
Flat Sewer Single Family								
Multi-family Residential	10	\$ 82.56	15	\$ 194.72	0	\$ -	0	\$ -
Commercial	83	\$ 69.40	47	\$ 114.28	6	\$ 466.66	0	\$ -
Industrial	8	\$ 43.08	14	\$ 108.43	3	\$ 329.18	1	\$ 385.13
Institutional	13	\$ 48.93	40	\$ 93.80	5	\$ 234.12	0	\$ -
\$ Weighted Average	114	\$ 66.37	116	\$ 116.92	14	\$ 354.15	1	\$ 385.13

ITEM NO. 7-40
PUC AGENDA 6/16/20

Acknowledgements and Thank You's

- ☐ William Phelan
- ☐ Larry Regan, CPA
- ☐ Jay Pawlowski
- ☐ Erik Krueger, P.E.
- ☐ Pat Crabtree



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PUC AGENDA 6/16/20

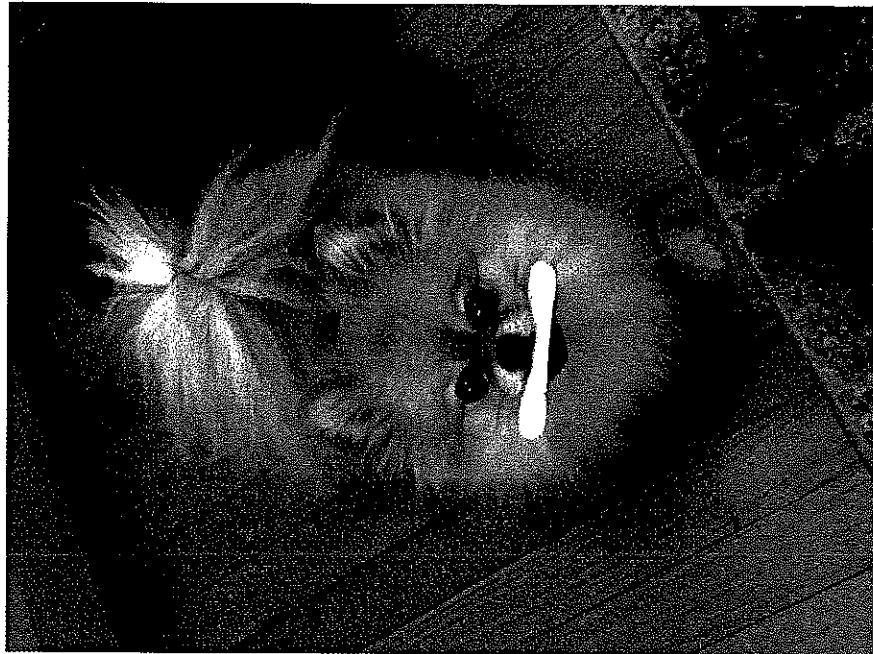
Next Steps

- ☐ June 16, 2020 at 6:30 p.m. – Tuesday
 - ☐ PUC sets Date for the Public Hearing
- ☐ July 16, 2020 at 6:30 p.m. – Thursday (Suggested)
 - ☐ Location To Be Finalized
 - ☐ Parisi Council Chambers, 45 South Main Street
 - ☐ Virtual
- ☐ July 21, 2020 at 6:30 p.m. – Tuesday
 - ☐ PUC Motion to Approve / Modify / Disapprove Charges
- ☐ October 1, 2020
 - ☐ Effective Date of New Rates and Charges for Bills Rendered On or After October 1, 2020 following 21-day Appeal Period

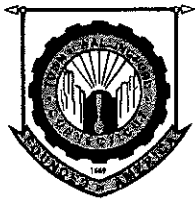
ITEM NO. 7-42

PUC AGENDA 6/6/20

Discussion and Questions



ITEM NO. 7-43
PLC AGENDA 6/10/20



Town of Wallingford, Connecticut

RICHARD HENDERSHOT
DIRECTOR

DEPARTMENT OF PUBLIC UTILITIES
100 JOHN STREET
WALLINGFORD, CONNECTICUT 06492

TELEPHONE 203-284-4016
FAX 203-294-2267

MEMORANDUM

TO: Public Utilities Commission

FROM: Richard Hendershot


DATE: June 10, 2020

SUBJECT: APPROVAL OF PROPOSED SETTLEMENT AGREEMENT REGARDING FERC
DOCKET EL 16-19-000

On August 6, 2019, the Public Utilities Commission approved this writer's request to have the WED participate in the above-mentioned FERC Docket. Attached is a copy of the July 25, 2019 memo, as well as supporting materials, which requested this approval.

As the PUC approved the Electric Division's participation and through the efforts of Attorney John Coyle of Duncan & Allen, Washington, DC, the FERC ultimately ruled in favor of the WED and the other participating municipal electric systems. A Settlement Agreement has been developed, and the Director now seeks PUC approval to execute said Agreement (copy attached). In addition, there is a memo from Attorney Coyle summarizing this matter and his recommendation that the WED authorize execution of the Agreement. I have also included a copy of the New England Transmission Owners summary overview of the proposed settlement, as presented to ISO-NE on April 28 and a brief spreadsheet (also prepared by Attorney Coyle) that provides an estimate of the WED's share of the proposed settlement, as found on Page 3 of Attorney Coyle's memo.

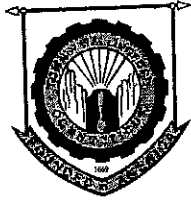
It is my intention, subject to PUC approval, to request that this matter be placed on the Town Council agenda of June 23, 2020 for their review and approval. As always, should there be any questions, please contact this writer.


Richard Hendershot

RAH/kaw

Attachments

ITEM NO. 9-1
PUC AGENDA 6/16/20



Town of Wallingford, Connecticut

RICHARD HENDERSHOT
DIRECTOR

DEPARTMENT OF PUBLIC UTILITIES
100 JOHN STREET
WALLINGFORD, CONNECTICUT 06492

TELEPHONE 203-284-4016
FAX 203-294-2267

MEMORANDUM

To: PUC

From: Rick Hendershot

Date: July 25, 2019

Subject: *FERC Docket No. EL16-19-000; Update and Possible Continued Effort*

CONFIDENTIAL

As you know, since 2015, the subject issue has been in play within New England, and at FERC. Recently, matters have advanced and there is the need for Wallingford to decide if it wishes to remain engaged with this issue.

Attached please find ^{of} copies a memo from Attorney John Coyle of Duncan & Allen (D&A) dated May 23, a page from Megawatt Daily, dated May 24, which includes a brief but well written summary story about this matter, and most recently, another memo from Attorney Coyle dated July 15. I suggest reviewing these materials in that order.

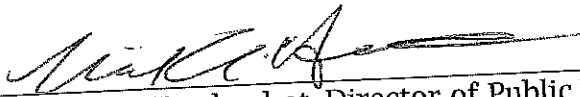
To summarize these materials, a proposed settlement, crafted by the New England Transmission Owners and largely endorsed by most other interested parties but opposed by seven municipal systems (including Wallingford) and by FERC Trial Staff, was rejected by FERC. FERC instead ordered that this matter be sent to an Administrative Law Judge for hearing, and a schedule has been set.

In the attached July 15 memo, D&A estimates that the transmission cost impact will be approximately \$5.7-million per year for the seven systems if the rejected settlement were to ultimately go into effect. D&A further estimates that the total cost for all seven municipal systems to litigate the issue at FERC is \$525,000 (plus an estimate, not included in this memo, of up to an additional \$125,000 total for post-hearing costs, over two years or more, should the matter go through all possible reviews and appeals at FERC and then the applicable Federal Court.) The WED's share of the \$525,000 amount given above would be \$68,618. The WED budget for 2019-2020 includes \$125,000 for legal and consultant costs associated with possible 2019-2020 CMEEC arbitration activities that we no longer expect to utilize.

I will include an Executive Session on the agenda of the August 6, 2019 PUC meeting so that we can discuss this issue and the Commission can provide guidance regarding if,

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PUC AGENDA 6/16/20

and to what extent, Wallingford should continue to participate in this effort. In the meantime, *please* let me know before August 6 if you have any questions or concerns regarding this matter. Also, if you wish to have Attorney Coyle phone in to the Executive Session, I can see if Attorney Coyle is available and if so look to place this topic early on the agenda.


Richard A. Hendershot, Director of Public Utilities

RAH/mhl

Enclosures

Cc: Tony Buccheri
Tom Sullivan

ITEM NO. 9-3
PUC AGENDA 6/16/20

Privileged and Confidential Settlement Communication
Subject to FERC Regulations, Rules 602 and 606, 18 C.F.R. §§ 385.602, 385.606

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

ISO New England Inc.;
Participating Transmission Owners
Administrative Committee

Docket No. EL16-19-000

Emera Maine;
Town of Braintree Electric Light Department;
NSTAR Electric Company;
Chicopee Electric Light Department;
Central Maine Power Company;
Maine Electric Power Company (MEPCO);
Connecticut Municipal Electric Energy Cooperative & Connecticut Transmission
Municipal Electric Energy Cooperative;
The City of Holyoke Gas and Electric Department
New Hampshire Transmission, LLC;
Green Mountain Power Corporation;
Massachusetts Municipal Wholesale Electric Company;
New England Power Company, d/b/a National Grid;
New Hampshire Electric Cooperative, Inc.;
Eversource Energy Service Company as agent for: The Connecticut Light and
Power Company, Western Massachusetts Electric Company, and Public Service
Company of New Hampshire;
Town of Hudson Light and Power Department;
Town of Middleborough Gas & Electric Department;
Town of Norwood Municipal Light Department;
Town of Reading Municipal Light Department;
Town of Wallingford (CT) Electric Division;
Taunton Municipal Lighting Plant;
The United Illuminating Company;
Unitil Energy Systems, Inc. and Fitchburg Gas and Electric Light Company;
Vermont Electric Cooperative, Inc.;
Vermont Electric Power Company, Inc. and Vermont Transco, LLC;
Vermont Public Power Supply Authority;
Shrewsbury Electric and Cable Operations

SETTLEMENT AGREEMENT

This Settlement Agreement ("Settlement Agreement") dated **XX**, 2020, shall be

ITEM NO. 9-4
PUC AGENDA 10/16/20

Privileged and Confidential Settlement Communication
Subject to FERC Regulations, Rules 602 and 606, 18 C.F.R. §§ 385.602, 385.606

submitted for approval as an uncontested Offer of Settlement pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("FERC" or the "Commission"), 18 C.F.R. § 385.602 (2019) ("Rule 602"). The Settling Parties hereby agree as follows:

1. **Definitions:** The following definitions shall apply throughout this Settlement Agreement.

"**Formula Rate Effective Date**" shall mean the date that the Settled Formula Rate contained in Attachment I to this Settlement Agreement becomes effective. If the Commission approves the Settlement Agreement by ~~October~~November 1, 2020, the Formula Rate Effective Date will be January 1, 2021. If the Commission approves the settlement after ~~October~~November 1, 2020, then the Formula Rate Effective Date will be the first January 1 that is at least ~~threetwo~~ months after the Commission approves the Settlement Agreement.¹ The Parties hereby agree to request that FERC approve this Settlement Agreement no later than ~~October~~November 1, 2020, in order to permit the Settled Formula Rate to go into effect on January 1, 2021. The defined term Formula Rate Effective Date, which concerns the effectiveness of the Settled Formula Rate, is distinct from the effective date of this Settlement Agreement; the effective date of this Settlement Agreement is set forth below in Paragraph ~~23~~24.

¹ As an illustrative clarification, January 1, 2022 is the first January 1 that is at least ~~threetwo~~ months after ~~October~~November 1, 2021. As a result, if the Commission approves the settlement on ~~October~~November 1, 2021, then the Formula Rate Effective Date would be January 1, 2022. On the other hand, January 1, 2023 is the first January 1 that is at least ~~threetwo~~ months after ~~October~~November 2, 2021. As a result, if the Commission approves the settlement on ~~October~~November 2, 2021, then the Formula Rate Effective Date would be January 1, 2023.

Privileged and Confidential Settlement Communication
Subject to FERC Regulations, Rules 602 and 606, 18 C.F.R. §§ 385.602, 385.606

“Indicated Municipal PTF Owners” shall mean Braintree Electric Light Department, Chicopee Electric Light Department, Middleborough Gas & Electric Department, Norwood Light & Broadband Department, Reading Municipal Light Department, Taunton Municipal Lighting Plant, and Town of Wallingford Electric Division.

“Indicated New England Transmission Owners” shall mean Versant Power (f/k/a Emera Maine²); Central Maine Power Company (CMP); New England Power Company, d/b/a National Grid; Eversource Energy Service Company as agent for: The Connecticut Light and Power Company (CL&P), NSTAR Electric Company (NSTAR Electric), and Public Service Company of New Hampshire (PSNH); The United Illuminating Company (UI); Unitil Energy Systems, Inc.; Fitchburg Gas and Electric Light Company (FG&E); and Vermont Transco, LLC, acting by and through its Manager, Vermont Electric Power Co., Inc.

“ISO-NE” shall mean ISO New England, Inc.

“ISO-NE OATT” shall mean the Open Access Transmission Tariff of ~~ISO New England Inc. (“ISO-NE”)~~ ISO-NE, which is Part II of the ~~ISO New England Inc. Transmission, Markets and Services~~ ISO-NE Tariff.

“ISO-NE Tariff” shall mean the ISO-NE Transmission, Markets and Services Tariff.

² Versant Power is the new legal name for the company that was known as Emera Maine when the Commission initiated Docket No. EL16-19. Versant Power is the entity that, upon execution, will be a party to this Settlement Agreement: the definition of Settling PTOs below accordingly refers to Versant Power, not Emera Maine. However, in light of the extensive history of this proceeding and the development of the Tariff materials and other documents that are a part of this settlement, all other references to this company will refer to Emera Maine.

Privileged and Confidential Settlement Communication
Subject to FERC Regulations, Rules 602 and 606, 18 C.F.R. §§ 385.602, 385.606

"Non-PTF Transmission Facilities" or "Non-PTF" shall mean Non-PTF Transmission Facilities (Non-PTF) as defined in Section I.2.2 of the ISO-NE Tariff.

"Pool Transmission Facility" or "PTF" shall mean Pool Transmission Facility (PTF) as defined in Section I.2.2 of the ISO-NE Tariff.

"Pool-Supported PTF" shall mean Pool-Supported PTF as defined in Section I.2.2 of the ISO-NE Tariff.

"Protocols" shall mean either or both of (i) the ~~Transmission Formula Rate Protocols set forth in Attachment III to this Settlement Agreement, which will become Appendix C2 to Attachment F to the ISO-NE OATT and (ii) the~~ Interim Transmission Formula Rate Protocols set forth in Attachment IV to this Settlement Agreement, which will become Appendix C+ to Attachment F to the ISO-NE OATT and (ji) the Transmission Formula Rate Protocols set forth in Attachment III to this Settlement Agreement, which will replace the Interim Transmission Formula Rate Protocols as Appendix C to Attachment F to the ISO-NE OATT. The Transmission Formula Rate Protocols set forth in Attachment III to this Settlement Agreement and the Interim Transmission Formula Rate Protocols set forth in Attachment IV to this Settlement Agreement will take effect and, in the case of the Interim Transmission Formula Rate Protocols, terminate as set forth in Paragraph 6 of this Settlement Agreement.

"PTOs" shall mean all entities owning or operating interstate transmission facilities in New England who have entered into the Transmission Operating Agreement dated February 1, 2005, under which they have transferred certain operating responsibilities for

ITEM NO. 9-7
PUC AGENDA 6/16/20

Privileged and Confidential Settlement Communication
Subject to FERC Regulations, Rules 602 and 606, 18 C.F.R. §§ 385.602, 385.606

their transmission facilities to ISO-NE, including transferring to ISO-NE responsibility for invoicing, collection, and disbursement of revenues for Transmission Services.

“Regional Transmission Service” shall mean Regional Transmission Service as defined in Section I.2.2 of the ISO-NE Tariff.

“Settled Formula Rate” shall mean the formula transmission service rate in Attachment I to this Settlement Agreement, which will become revised Attachment F to the ISO-NE OATT, under which the PTOs (other than those PTOs set out in ~~Section 19~~Paragraph 20) will charge for Transmission Services on and after the Formula Rate Effective Date, subject to the transition arrangements in Attachment II to this Settlement Agreement.

“Settling Parties” shall mean all parties to this proceeding whose authorized representatives have executed this Settlement Agreement.

“Settling PTOs” shall mean: Braintree Electric Light Department, Chicopee Electric Light Department, Middleborough Gas & Electric Department, Norwood Light & Broadband Department, Reading Municipal Light Department, Taunton Municipal Lighting Plant, and Town of Wallingford Electric Division, Connecticut Municipal Electric Energy Cooperative and Connecticut Transmission Municipal Electric Energy Cooperative; ~~Emera-Maine~~Versant Power; CMP; Massachusetts Municipal Wholesale Electric Company; New Hampshire Transmission LLC; Green Mountain Power Corporation; New England Power Company, d/b/a National Grid; Eversource Energy Service Company as agent for: CL&P, NSTAR Electric, and PSNH; UI; Unitil Energy Systems, Inc.; FG&E; Vermont Electric Cooperative, Inc.; Vermont Electric Power

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PUC AGENDA 6/16/20

Privileged and Confidential Settlement Communication
Subject to FERC Regulations, Rules 602 and 606, 18 C.F.R. §§ 385.602, 385.606

Company, Inc.; Vermont Transco, LLC; Maine Electric Power Company; and New Hampshire Electric Cooperative. The Settling PTOs shall include any successors and assigns to the PTOs listed above.

“**Transmission Services**” shall mean the transmission services, the rates for which are calculated pursuant to the Settled Formula Rate, provided by the PTOs or ISO-NE pursuant to the ISO-NE OATT.

2. Revisions to Attachment F to Establish the Settled Formula Rate: Attachment F to the ISO-NE OATT shall be revised to reflect the Settled Formula Rate contained in Attachment I to this Settlement Agreement. The Settled Formula Rate shall be effective as of the Formula Rate Effective Date. The annual revenue requirement for Transmission Services calculated pursuant to the Settled Formula Rate shall be applied on a calendar year basis and shall be adjusted each January 1. By no later than July 31 of each year, the PTOs shall, consistent with the Protocols, submit to the Commission an informational filing setting forth a forecast of their annual revenue requirements for Transmission Services for the following calendar year (“Rate Year”), calculated in accordance with the Settled Formula Rate, together with cost support as required under the Protocols. Charges for Transmission Services shall be calculated and billed during the Rate Year based on such forecasted revenue requirements, subject to true up the following year with refunds and interest or surcharges and interest, as applicable. The Indicated New

England Transmission Owners affirm that none of the changes made to the settled formula rate in this revised settlement would have resulted in any material change to the

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PUC AGENDA 6/16/16

Privileged and Confidential Settlement Communication
Subject to FERC Regulations, Rules 602 and 606, 18 C.F.R. §§ 385.602, 385.606

revenue requirement for any Indicated New England Transmission Owner or in any material rate increase to ratepayers, as compared to the formula rate included in the prior settlement agreement that FERC rejected in Docket Nos. EL16-19 and ER18-2235 on May 22, 2019.

- 3. Transition to New Formula Rate:** The transition from the charges under the existing provisions of Attachment F and Schedule 21 to the Settled Formula Rate shall be accomplished in accordance with the process described in Attachment II to this Settlement Agreement.
- 4. Use of Single Formula Rate:** The Settled Formula Rate shall be used by all PTOs to calculate the annual revenue requirements of the PTOs (with the exception of a PTO without ~~RNS~~Regional Service revenue requirements as set out in ~~Section 19~~Paragraph 20) for all Transmission Services under the ISO-NE OATT for Transmission Services on and after the Formula Rate Effective Date. The PTOs' annual revenue requirements calculated pursuant to the Settled Formula Rate shall be allocated into three categories for cost recovery purposes:

- (i) Regional Transmission Service costs provided using Pool-Supported Pool Transmission Facilities (~~"PTF"~~) of the PTOs ~~as PTF is defined in the ISO-NE OATT, which:~~ Regional Transmission Service is the equivalent of "Regional Service" used in Appendices A and B to Attachment F,
- (ii) Local ~~Transmission~~ Service costs using transmission facilities of the PTOs that are Non-PTF ~~Transmission Facilities ("Non-PTF") as Non-PTF is~~

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PUC AGENDA 6/16/16

- ~~defined in the ISO-NE OATT~~ or that are provided using PTF that provide only local benefits, ~~which~~ Local Service is the equivalent of "Local Service" as used in Appendices A and B of Attachment F, and
- (iii) Schedule 12C Costs for Transmission Services provided using PTF that are not Pool-Supported and are assigned or allocated to customers in accordance with Schedule 12C of the ~~ISONE~~ISO-NE OATT.

For purposes of this Settlement Agreement, items (i) through (iii) above shall be referred to as the "components" of Transmission Services provided in accordance with this Settlement Agreement.

5. Specific Terms Affecting Rate Design, Allocations, and Claims of the

Indicated Municipal PTF Owners: The Settling Parties agree on the following:

- A. The exemption of PTF-connected load from charges associated with Non-PTF facilities, currently contained in Section II.12(c) of the ISO-NE OATT, will not in any way be limited or compromised by or as a result of this Settlement Agreement. The same method used to determine PTF revenue requirements included in the Regional Network Service ("RNS") rate that is contained in the currently effective Attachment F of the ISO-NE OATT – i.e., the principle that RNS rates are based on the costs of PTF plant – will be used in the Settled Formula Rate.
- B. Construction Work in Progress ("CWIP") that is authorized under Paragraph 13 below to be recovered by New England Power Company

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d/b/a National Grid, NSTAR Electric (including the former Western Massachusetts Electric Company), and Connecticut Light & Power Company under the Settled Formula Rate will be reflected solely in Local Service rates, and the PTF-only revenue requirement paid by the Indicated Municipal PTF Owners will not be adjusted based on this CWIP recovery.

Consistent with Paragraph 13, subparagraphs iv and v, all Settling Parties reserve their respective rights, including the right to file for, contest or to seek conditions with respect to applications for the inclusion of CWIP in rate base under 18 C.F.R. §§ 35.25 and 35.35, ~~with respect to any other requests to include CWIP in rate base~~ except that such right(s) may not limit or eliminate the recovery of CWIP as described in Paragraph 13, subparagraphs (i) and (ii), of this Settlement Agreement during the moratorium period described in Paragraph 18 of this Settlement Agreement.

- C. Any increase in the PTOs' transmission revenue requirement that results from the provisions of Paragraph 12 that allow sharing of revenues from ancillary uses of the PTOs' transmission assets under the Settled Formula Rate will be reflected solely in the Local Service rates, and the PTF-only revenue requirement paid by the Indicated Municipal PTF Owners will not be adjusted based on the assumption of such revenue sharing.
- D. Separate and apart from any payments that are made through ISO-NE or under the ISO-NE OATT, and without affecting the Settled Formula Rate,

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the Indicated New England Transmission Owners will compensate the Indicated Municipal PTF Owners as follows:

- (i) in the amount of \$425,000 per year for eight years in consideration of the Indicated Municipal PTF Owners' waiver of claims relative to Attachment F inputs with the first such payment due on the Formula Rate Effective Date and the annual payments due on January 1 thereafter; and
- (ii) in the further amount of \$150,000 per year for two years, with the first such payment due no later than 60 days after the effective date of the Settlement Agreement pursuant to Paragraph ~~23~~24 and the second such payment due one year thereafter, as compensation for legal and consulting costs incurred in connection with their opposition to the prior settlement agreement that FERC rejected in Docket Nos. EL16-19 and ER18-2235 on May 22, 2019.
- (iii) These amounts will be apportioned among the Indicated Municipal PTF Owners in accordance with their further instructions to the Indicated New England Transmission Owners.
- (iv) The Indicated New England Transmission Owners will bear sole responsibility for the compensation under this ~~sub-~~
~~paragraph~~subparagraph 5.D and will not seek to recover these amounts ~~from customers~~, through rates or any other means from

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ratepayers. Notwithstanding the foregoing, Vermont Transco LLC shall continue to comply with its obligations under the 1991 Vermont Transmission Agreement already on file with the Commission.

6. **Protocols:** The Interim Protocols set forth in Attachment IV to this Settlement Agreement shall become effective on ~~the first June 15 that is after the Formula Rate Effective Date and~~ June 15, 2021 if the Commission approves the Settlement Agreement by April 15, 2021. If the Commission approves the settlement after April 15, 2021, then the Interim Protocols shall become effective on the first June 15 that is at least two months after the Commission approves the Settlement Agreement.³ The Interim Protocols shall terminate on the ~~first~~ June 14 that is more than one year after the Formula Rate Effective Date. The Protocols set forth in Attachment III to this Settlement Agreement shall become effective on the first June 15 that is more than one year after the Formula Rate Effective Date—i.e., the day after the Interim Protocols terminate.²⁴

³ As an illustrative clarification, June 15, 2022 is the first June 15 that is at least two months after April 15, 2022. As a result, if the Commission approves the settlement on April 15, 2022, then the Interim Protocols would become effective on June 15, 2022. On the other hand, June 15, 2023 is the first June 15 that is at least two months after April 16, 2022. As a result, if the Commission approves the settlement on April 16, 2022, then the Interim Protocols would become effective on June 15, 2023.

²⁴ As an illustrative example, if the Commission approves the Settlement Agreement on September 15, 2020 (i.e., by ~~October~~ November 1, 2020) then the Interim Protocols set forth in Attachment IV would ~~take effect on June 15, 2021 because that is the first June 15 after the Formula Rate Effective Date (which would be January 1, 2021 in this example) and~~ terminate on June 14, 2022 because that is the first June 14 that is more than one year after the Formula Rate Effective Date. In this example, the Protocols set forth in Attachment III would take effect on June 15, 2022.

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If the Commission issues an order that fails to approve this Settlement Agreement, or approves it with modifications or conditions unacceptable to the Parties (after following the process set forth in Paragraph ~~24~~25), neither the Protocols nor the Interim Protocols in Attachments III and IV shall take effect.

Each of the annual informational filings made by the PTOs, beginning with the informational filing submitted by July 31 of the calendar year ~~of the Formula Rate Effective Date~~in which the Interim Protocols become effective, for the rates in effect beginning on the ~~Formula Rate Effective Date~~succeeding January 1, shall include, in addition to the calculation of each PTO's annual revenue requirement under the Settled Formula Rate, the calculated unit rate or rates for each component of Transmission Services under the Settled Formula Rate.

7. **Individual PTO Local Service Schedules:** The revisions to the PTOs' individual Schedule 21s to the ISO-NE OATT, which are contained in Attachment V to this Settlement Agreement, shall go into effect on the Formula Rate Effective Date.

8. **Schedule 8:** The revisions to Schedule 8 of the ISO-NE OATT, which are contained in Attachment VII to this Settlement Agreement, shall go into effect on the Formula Rate Effective Date.

9. **Schedule 9:** The revisions to Schedule 9 of the ISO-NE OATT, which are contained in Attachment VIII to this Settlement Agreement, shall go into effect on the Formula Rate Effective Date.

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10. Other ISO-NE OATT Changes: The revisions to the ISO-NE OATT, which are contained in Attachment IX to this Settlement Agreement, shall go into effect on the Formula Rate Effective Date.

11. Role of ISO-NE: Although it is not a Settling Party, ISO-NE has committed to the Settling Parties that it will submit comments on the Settlement Agreement informing FERC that it has agreed to make all of the Section 205 filings and other changes to its procedures that are required to implement this Settlement Agreement once the Settlement Agreement has been approved by FERC in its entirety without modification or condition, or after FERC has approved with modification or condition the Settlement Agreement and the Settling Parties have had the opportunity to exercise their rights under Paragraph 2425 of the Settlement Agreement.

Consistent with this commitment, ISO-NE has agreed to adopt the revisions to Planning Procedure 4, which are contained in Attachment X to this Settlement Agreement and are not part of the ISO-NE OATT or any other filed tariff, to be effective 60 days after the Settlement Agreement has been approved by FERC in its entirety without modification or condition, or after FERC has approved with modification or condition the Settlement Agreement and the Settling Parties have had the opportunity to exercise their rights under Paragraph 2425 of the Settlement Agreement. ISO-NE has also agreed to add a reference to Docket No. EL16-19-000 in the Planning Procedure 4 Document History.

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12. Treatment of Certain Revenue Credits: Beginning on the Formula Rate

Effective Date, the following treatments shall apply to the revenues received by the PTOs in connection with the sale of ancillary uses of their transmission facilities ("rental revenue"):

- (i) For five calendar years beginning on the Formula Rate Effective Date, NSTAR Electric (including with respect to the former Western Massachusetts Electric Company ("WMECO") transmission system) will include 50% rental revenue sharing of the after-tax income received in connection with the sale of all ancillary uses of its transmission facilities as recorded in FERC Account No. 454. This recovery will be included in the Local Service component of the Settled Formula Rate.
- (ii) For five calendar years beginning on the Formula Rate Effective Date, PSNH will include 10% rental revenue sharing of the after-tax income received in connection with the sale of all ancillary uses of its transmission facilities as recorded in FERC Account No. 454. This recovery will be included in the Local Service component of the Settled Formula Rate.
- (iii) CMP and Emera Maine will include all of the rental revenues received in connection with the sale of ancillary uses of non-PTF and PTF facilities whose costs are recovered in LNS Rates (as such revenues are recorded in FERC Account No. 454) as a credit in the Local Service component of the Settled Formula Rate. CMP and Emera Maine will allocate all of the rental

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revenues received in connection with the sale of ancillary uses of PTF whose costs are recovered in RNS rates (as such revenues are recorded in FERC Account No. 454) as a credit in Appendix A of the Settled Formula Rate using the same Gross Plant allocator that is used to allocate total revenue requirements under the Settled Formula Rate to the components of Transmission Services.

- (iv) Vermont Transco will include 35% of the rental revenues received in connection with the sale of all ancillary uses of its transmission facilities as recorded in FERC No. Account 454 as a credit in the Local Service component and the remainder in the Regional Service component of the Settled Formula Rate.
- (v) Other than as set forth in ~~subsections~~subparagraphs (i) through (iv) above, the PTOs will allocate rental revenues received in connection with the sale of all ancillary uses of their transmission facilities and recorded in FERC Account No. 454 using the same Gross Plant allocator that is used to allocate total revenue requirements under the Settled Formula Rate to the components of Transmission Services.
- (vi) As set forth in Paragraph 5 above, any increase in the PTOs' transmission revenue requirement that results from the provisions of ~~subparts~~subparagraphs (i) and (ii) of this Paragraph 12 that allow sharing of revenues from ancillary uses of the PTOs' transmission assets under the

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Settled Formula Rate will be reflected solely in the Local Service rates, and the PTF-only revenue requirement paid by the Indicated Municipal PTF Owners will not be adjusted based on the assumption of such revenue sharing.

13. Treatment of Certain CWIP Balances:

- (i) Beginning on the Formula Rate Effective Date, New England Power Company, d/b/a National Grid shall include 50% of Construction Work in Progress ("CWIP") in rate base for all transmission projects under construction on or after the Formula Rate Effective Date in the Local Service component of the Settled Formula Rate. The recovery of the return and income taxes on CWIP in rate base will be included in the Local Service component of the Settled Formula Rate.
- (ii) For five calendar years beginning on the Formula Rate Effective Date, NSTAR Electric (including the former WMECO) and CL&P shall include 68% of CWIP in rate base for all transmission projects under construction during this five-year period in the Local Service component of the Settled Formula Rate. After this five-year period, CWIP in rate base for all transmission projects will be reduced to 50% for NSTAR Electric and CL&P, and to 0% for projects constructed in the service territory of the former WMECO. This recovery of return and taxes on CWIP in rate base will be in the Local Service component of the Settled Formula Rate.

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- (iii) As part of the first informational filing under the Settled Formula Rate, National Grid, NSTAR Electric, and CL&P each shall include accounting procedures that comply with the Commission's requirements documenting how Local Service customers will not be charged for capitalized AFUDC for projects that are included in CWIP in rate base in accordance with this Paragraph 13.
- (iv) Nothing in this ~~section~~ Paragraph shall be construed: (i) to limit any of the PTOs from making a filing in accordance with ~~section~~ Section 205 of the Federal Power Act ("FPA") requesting the recovery of CWIP for individual new transmission projects as an incentive rate mechanism applicable to the Regional Service component; or (ii) to limit any of the PTOs from otherwise making a filing in accordance with ~~section~~ Section 205 of the Federal Power Act, requesting the recovery of CWIP in rate base after the moratorium period described below. Other Settling Parties reserve their rights to protest or otherwise oppose such filings.
- (v) Nothing in this ~~section~~ Paragraph shall be construed to limit any of the Settling Parties from making a filing in accordance with ~~section~~ Section 206 of the Federal Power Act, requesting a limitation or elimination of CWIP as an incentive rate mechanism, except that such filing right may not limit or eliminate the recovery of CWIP as described in subparagraphs (i) and (ii)

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above during the moratorium period described below. Other Settling

Parties reserve their rights to protest or otherwise oppose such filings.

- (vi) As set forth in Paragraph 5 above, recovery of CWIP amounts identified in subparagraphs (i) and (ii) of this Paragraph 13 will be reflected solely in Local Service rates, and the PTF-only revenue requirement paid by the Indicated Municipal PTF Owners will not be adjusted based on these CWIP amounts.

14. One Time Credit: CMP will provide a one-time \$1 Million credit to the Local Service component of the Settled Formula Rate for the first Rate Year following the Formula Rate Effective Date.

15. Allocations Under Formula Rate: In each instance in which the Settled Formula Rate provides for the application of an allocation factor or method to allocate a PTO's costs between functions or between companies within a single holding company system, or provides for the direct assignment of costs, each PTO shall initially continue to use the allocation method (including direct assignment) that it is currently using to calculate its annual revenue requirement under the ISO-NE OATT except that NEP and Vermont Transco, in order to address a concern of FERC Trial Staff, developed a revised attachment to the formula rate template that provides for a different method to calculate accumulated depreciation and accumulated deferred income taxes ("ADIT") by incentive.

~~**15. Commission Trial Staff:** This Settlement Agreement and the Settled Formula Rate include compromises that, as part of reaching an overall settlement, address all issues~~

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~~raised by the Commission's Trial Staff ("Trial Staff"), subject to and as set forth in the following:~~

- ~~(i) It is a condition of the Settlement Agreement that Trial Staff will not file comments in opposition to Commission approval of the Settlement Agreement without modification or condition or otherwise oppose the Settlement Agreement, including the Settled Formula Rate;~~
- ~~(ii) The Settling Parties understand that Trial Staff plans to file comments on certain aspects of the Settlement as specified in subpart (iii) below, but those comments will not seek to modify the Settlement Agreement and/or the Settled Formula Rate or request that the Commission condition its approval of the Settlement Agreement and/or the Settled Formula Rate in connection with the items discussed;~~
- ~~(iii) While not affecting items (i) and (ii) of this Paragraph, the Settling Parties understand that Trial Staff plans to comment in regards to Commission policy and precedent on three specific issues of the Settled Formula Rate: (1) inclusion of 68% CWIP in rate base as discussed above in Paragraph 13; (2) the provision for filings identified as Moratorium Exceptions that are single-issue filings; and (3) the use of net debt proceeds to calculate the amount of long-term debt in capital structure.~~

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16. Additional Specific Changes to the Formula Rate:

The Settling Parties agree to the following, non-exhaustive list of items and changes to the formula rate, which are in addition to the changes listed in other ~~sections~~ Paragraphs of this Settlement Agreement. These items and changes have been incorporated into the formula rate templates of the Settled Formula Rate and are part of the revised Attachment F contained in Attachment I of this Settlement Agreement:

- A. Loss on reacquired debt will be reflected in cost of long-term debt calculation and will be removed from rate base and amortization expense. Net proceeds will continue to be used in the capital structure. Account 216.1 will be excluded from Common Equity in the capital structure. See Appendix A, Worksheet 6.
- B. Providing a rate base credit for unfunded reserves - see Appendix A, Worksheet 3. The Settled Formula Rate will include an Attachment to Appendix A showing the unfunded reserves. See Appendix A, Attachment 1.
- C. Plant Held for Future Use: Remove non-land plant held for future use from rate base and only include Land and Land Rights Held for Future Use. Non-land Plant Held for Future Use will be included only if approved by the Commission as a result of a Section 205 filing. ~~see~~ See Appendix A, Worksheet 3, footnote d.
- D. Remove Asset Retirement Obligation balances from rate base. See Appendix A, worksheet 1, footnote (b).
- E. Remove FAS 106 assets and liabilities from rate base.
- F. Remove FAS 109 assets and liabilities from rate base.

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- G. Adoption of a 5-quarter average rate base for transmission plant and transmission depreciation reserve as well as for prepayments and materials & supplies - see Appendix A, Worksheets 3a and 3b. The Settled Formula Rate will use beginning of year/end of year (a/k/a BOY/EOY) averages for all other rate base balances. The Settled Formula Rate will apply the Commission's $1/8$ O&M rule to cash working capital.
- H. Adoption of fixed values for post-retirement benefits other than pensions ("PBOPs"), subject to a mechanism to defer, track and refund/recover any differences between the fixed amount and each PTO's actual PBOP expenses through future FPA Section 205 filings when the difference for a PTO exceeds certain thresholds. Such FPA Section 205 filings will be limited issue filings that do not open up other components of the formula rate. See Appendix A, Worksheets 4 and 9.
- I. Permitting the use of FERC Form No. 60 allocators, including Eversource's continued use of FERC Form No. 60 allocators to allocate the costs of A&G services from affiliate service companies between transmission and distribution functions, consistent with Commission Order Nos. 667 and 684. To the extent that an Indicated New England Transmission Owner is subject to an allocation methodology that incorporates FERC Form No. 60 allocators to allocate A&G costs incurred by Service Company affiliates in accordance with Commission Order Nos. 667 and 684, the Settled Formula Rate includes a worksheet that will

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identify, each year: (i) each of the FERC Form No. 60 allocators used, (ii) the methodology and data sources used to calculate each such allocator and (iii) the percentage for each such allocator for that year. Indicated New England Transmission Owners that utilize a transmission-distribution allocator other than wages and salary identify the allocator used and provide data sources in sufficient detail to enable verification and replication of the allocation calculation. See, for example, Appendix A, Attachments CMP-1; EM-1, W/S 4; and ES-5.

- J. Include Intangible Plant, Intangible Plant Accumulated Depreciation and Intangible Plant Amortization expense. See Appendix A, Worksheet 3, lines 2 and 7, and Worksheet 4, Line 2. To increase transparency, Eversource, UI and Emera Maine provide attachments to show allocations for general and intangible plant, and Eversource and Emera will provide similar attachments for ADIT, prepayments and taxes other than income taxes. See Appendix A, Attachments EM-1, EM-2; ES-1, ES-2, ES-3, ES-4; and UI-1. For remaining PTOs, Worksheets 3 and 4 of Appendix A of the Settled Formula Rate identify specifically the allocator used for assigning rate base and revenue requirement components.
- K. Include a Regulatory Asset for MA State Tax Rate Change—applicable only to MA utilities. See Appendix A, Worksheet 3, line 18.
- L. Provide a list of in-service projects with total costs greater than \$5 million to be included in Regional Service rates in the most recently concluded calendar year,

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including an identifier to allow interested parties to reference the project to the ISO-NE Regional System Plan or asset condition list. See Appendix A, Worksheet 9.

- M. Provide for documentation on competitive cost-contained projects – see Appendix A, Worksheet 8, footnote b.
- N. Includes an attachment to show each revenue item recorded in Accounts 454, 456, 456.1. See Appendix A, Attachment 2.
- O. Adds language to Avangrid, Eversource and NEP Local Service Rates to state that incentive ROEs apply to all PTF assets and do not apply to non-PTF assets.
- P. Adds an attachment to show the includible amount of support expenses and identify the assignment to Regional Service, Local Service and Schedule 12C Costs. See Appendix A, Attachment 3.
- Q. Adds lines to template worksheets to reflect the regulatory asset or liability balance and applicable amortization related to deficient or excess accumulated deferred income taxes (“excess ADIT”). In addition, the Indicated New England Transmission Owners commit to adding the specific balances and amortization periods in these worksheets associated with excess ADIT resulting from the Tax Cut and Jobs Act of 2017 in compliance with Order 864, the Final Rule the Commission issued in Docket No. RM19-5, Public Utility Transmission Rate Changes to Address Accumulated Deferred Income Taxes. The Indicated New England Transmission Owners will make a compliance filing in Docket Nos.

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EL16-19, *et al.* to reflect the Commission-approved outcome of their compliance filings under Order 864 within 30 days after the Commission acts on those Order 864 compliance filings and this Settlement Agreement takes effect. The Indicated New England Transmission Owners affected by ~~sub-paragraph~~subparagraph K above (regarding MA state taxes) will ensure consistency between these ~~sub-paragraphs~~subparagraphs.

- R. Add a worksheet to Eversource's Regional Service ATRR Formula Rate for CCRP Incremental return and associated income taxes (IRIT) and shows the CCRP investment base calculation. See Attachment 1 to Appendix B, W/S 3, lines 27-31 and W/S 3h.
- S. Each PTO that includes costs recorded to distribution accounts in its Appendix B ATRR either includes an attachment in the formula rate or provides references to specific FERC Form No. 1 pages and lines that show the calculation of the distribution costs included in its Appendix B ATRR.
- T. CMP includes an attachment to the Appendix B formula rate that shows the calculation of the customer expense and the incremental expenses due to allocation factor changes that are included in its Appendix B ATRR. See Attachment 2 of Appendix B, Attachment CMP-1. UI includes an attachment to the Appendix B formula rate that shows the calculation of Customer Accounts Expenses and Customer Service and Informational Expenses Related to Transmission. See Attachment 2 of Appendix B, Attachment UI-1.

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- U. Emera Maine includes an attachment to the Appendix B formula rate that shows the calculation of the incremental expense items (customer expenses) included in its Appendix B ATRR. See Attachment 2 of Appendix B, Attachment EM-1.
- V. The Settled Formula Rate identifies references to FERC Form No. 1 information in as detailed a manner as feasible. The Settled Formula Rate uses attachments to support references to FERC Form No. 1 footnotes and specifies instances in which it is necessary to provide more specific FERC Form No. 1 references in Annual Informational Filings because line numbers or other details are not known in advance.

~~W. The Settled Formula Rate generally relies on specific Attachments to support ratemaking calculations, and the Indicated New England Transmission Owners have consulted with Trial Staff regarding case-by-case exceptions that are included in the Settled Formula Rate. The Indicated New England Transmission Owners represent for the Commission that those exceptions that the Indicated New England Transmission Owners will address in Annual Information Filings ("AIF") involve attachments that do not perform ratemaking functions of any kind. In addition, the Indicated New England Transmission Owners, at the request of Trial Staff, explain that exceptions are necessary for certain references relating to prior period Regional Service, Local Service and Schedule 12C Cost Adjustments. See Appendix B, Attachment 1, WS 1, line 7; Appendix B, Attachment 2, WS 1, line 8; Appendix B, Attachment 3, WS 1, line 7. These references will be addressed~~

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~~by detailed support in the AIF. These exceptions will be unique to the specific circumstances for an individual PTO and cannot be addressed generally prior to the AIF because of those unique circumstances.~~

- W. ~~X.~~ Adds footnotes to provide greater clarity and transparency with respect to values for ROE. See, for example, Appendix A, W/S 2, line 3, column C, FN (b).
- X. ~~Y.~~ Adds an attachment documenting how NEP's Yankee Adjustment is calculated consistent with the Commission's guidance in Opinion Nos. 49, 49-A and 158. See Appendix A, Attachment NEP-1.
- Y. ~~Z.~~ The Settled Formula Rate addresses calculations of the amortization of federal investment tax credits and the associated tax gross up for both Federal and State income taxes in Appendix A, WS 2.
- Z. ~~AA.~~ The Settled Formula Rate removes Generator Step-Up facilities from transmission rates.
- AA. ~~BB.~~ The Settled Formula Rate allows NSTAR (East) and FG&E to continue to include prepaid pension assets in rate base. In addition, it adds footnotes regarding challenges to prepaid pension assets under the Protocols and clarifies that CL&P and PSNH may not include an amount greater than \$0 absent an FPA Section 205 filing. See, for example, Attachment 2 to Appendix B, W/S 2 ES, line 3 & FN (e) and Attachment 2 of Appendix B, W/S 2 FGE, line 1 & FN (c).
These provisions are included in the rates for Local Service, and are not included in the rates for Regional Service.

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~~BB.~~ ~~CC.~~ UI provides an attachment to show the calculation of native load cash working capital. See Attachment 2 of Appendix B, Attachment UI-2.

The description of issues contained in this ~~Section~~ ~~Paragraph~~ 16 is for informational purposes and shall not be used to modify the language used in the Settled Formula Rate.

In the event any party or person claims that there is an inconsistency between the language used in this list and the language used in the Settled Formula Rate, the latter shall prevail.

17. Attachments that Do Not Perform Ratemaking Functions: The Settled Formula Rate generally relies on specific Attachments to support ratemaking calculations, and the Indicated New England Transmission Owners have consulted with Trial Staff regarding case-by-case exceptions that are included in the Settled Formula Rate. The Indicated New England Transmission Owners represent for the Commission that those exceptions that the Indicated New England Transmission Owners will address in Annual Information Filings ("AIF") involve attachments that do not perform ratemaking functions of any kind. In addition, the Indicated New England Transmission Owners, at the request of Trial Staff, explain that exceptions are necessary for certain references relating to prior period Regional Service, Local Service and Schedule 12C Cost Adjustments. See Appendix B, Attachment 1, WS 1, line 7; Appendix B, Attachment 2, WS 1, line 8; Appendix B, Attachment 3, WS 1, line 7. These references will be addressed by detailed support in the AIF. These exceptions will be unique to the

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specific circumstances for an individual PTO and cannot be addressed generally prior to the AIF because of those unique circumstances.

18. ~~17.~~ Moratorium: There shall be a moratorium on FERC filings involving changes to the Settled Formula Rate included herein, which is set forth in Attachment F to the ISO-NE OATT. As set forth in Attachment F, the moratorium period will end on December 31, 2024. Unless the Parties otherwise agree in writing, no Settling Party shall be permitted to file for a change to this Settlement Agreement, Attachment F or any of its Appendices or the Protocols pursuant to Section 205 or Section 206 during the moratorium period unless such filing is specifically permitted by this Settlement Agreement or the moratorium provisions in Attachment F. It is the intent of the Settling Parties that this moratorium shall provide equivalent protection to sellers and buyers of transmission services subject to this Settlement Agreement and shall therefore apply to any and all FERC filings seeking to change the Settled Formula Rate before or during the moratorium period, including any filings made by entities that are not Settling Parties. In the event that any non-settling party or any other person or entity makes a filing with the FERC prior to the end of the moratorium period seeking to modify the Settled Formula Rate, Attachment F and its appendices or the Protocols that is not specifically permitted by this Settlement Agreement or the moratorium provisions in Attachment F, and FERC does not reject such filing in accordance with this moratorium provision or otherwise, the moratorium agreed to hereunder shall automatically terminate and the Settling Parties

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shall be free to seek changes to the Settled Formula Rate pursuant to Section 205 or Section 206 at any time thereafter.

19. ~~18.~~ **Competitive Solicitations:** Nothing in this Settlement Agreement shall be interpreted to prevent any Settling Party or other person from submitting a proposal pursuant to the competitive solicitation process set forth in Attachment K of the ISO-NE OATT, or pursuant to any state-authorized request for proposals, that includes proposed rates that differ from the Settled Formula Rate for any new transmission facilities or for the costs of modifications or upgrades to existing transmission facilities that may be built pursuant to such proposals, or a Section 205 filing related to such proposals.

20. ~~19.~~ **Respondent PTOs Without RNS:** If a PTO listed as a respondent to Docket No. EL16-19 *et al.* does not submit nor recover any portion of its transmission revenue requirement through Regional Service rates set out in Attachment F to the ISO-NE OATT, and notwithstanding anything to the contrary in this Settlement Agreement, such PTO shall continue to maintain its existing Individual Local Service Schedule 21 rate structure for the determination of charges for Local Service as that term is defined in the ISO-NE OATT, if any, and need not use the consolidated Settled Formula Rate or associated Protocols, inclusive of ~~interim transmission formula rate protocols~~ Interim Transmission Formula Rate Protocols, that have been filed as part of this Settlement Agreement. Nothing in this ~~paragraph 19~~ Paragraph 20 limits (i) any Settling Party's right to challenge the justness and reasonableness of that PTO's collection of Individual Local Service revenue requirements if and when the PTO seeks to recover any portion of its

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revenue requirement through the collection of Regional Service rates, or (ii) the PTO's rights to modify its Local Service rates as it deems appropriate, consistent with applicable law.

21. ~~20.~~ **Effect of Settlement:** This Settlement Agreement shall operate as a full and final settlement, release, discharge, accord, and satisfaction of all disputes, claims, demands, liabilities, rights, and/or obligations of the PTOs generally and individual PTOs related to or arising out of the issues in Docket No. EL16-19 and all sub-dockets thereto. Except as otherwise set forth herein, the Settled Formula Rate and Protocols shall apply to the calculation and review of the transmission service rates of all PTOs.

22. ~~21.~~ **Standard of Review:** The standard of review for any modifications to the Settlement Agreement, Attachment F or any of its Appendices or the Protocols requested by a non-Party or initiated by the Commission acting sua sponte will be the most stringent standard permissible under applicable law. *See United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) (the *Mobile-Sierra* doctrine), as clarified in *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County, Washington*, 554 U.S. 527 (2008), and refined in *NRG Power Marketing, LLC v. Maine Public Utilities Commission*, 558 U.S. 165, 174-75 (2010). This more stringent standard of review shall not apply to any Section 205 or Section 206 filings permitted by this Settlement Agreement or to filings made after the moratorium period ends. Such filings permitted by the Settlement Agreement or made after the moratorium ends shall

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be subject to review under the just and reasonable standard set forth in FPA Sections 205 and 206.

23. ~~22.~~ **Settlement Not Divisible:** Each term of this Settlement Agreement is in consideration and support of every other term hereof and represents a negotiated compromise of a large number of issues. Unless this Settlement Agreement is approved in its entirety by the FERC pursuant to Rule 602 without modification or conditions, it shall be of no force and effect, unless the Settling Parties reach agreement otherwise in accordance with Paragraphs ~~24 and~~ 25 and 26.

24. ~~23.~~ **Effective date of Settlement Agreement:** When approved in its entirety without modification or condition, the Settlement Agreement shall become effective and shall resolve all issues and disputes in Docket No. EL16-19 and such Docket shall be terminated. Upon approval in its entirety by the Commission pursuant to Rule 602 without modification or condition, this Settlement Agreement shall be binding upon all Settling Parties ~~and non-settling parties~~ in Docket No. EL16-19 and upon their respective successors and assigns. Consistent with Paragraph ~~24~~ 25, the effective date of this Settlement Agreement shall be: (a) the date on which the Commission issues an order approving this Settlement Agreement without modification, or (b) if the Commission issues an order modifying the Settlement Agreement, sixteen days after such order if no Settling Party gives notice pursuant to Paragraph ~~24~~ 25, or (c) if a Settling Party gives notice of intent to negotiate pursuant to Paragraph ~~24~~ 25, one day after the period in which the Settling Party has the right to terminate has lapsed.

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25. ~~24.~~ **Process If FERC Approves Settlement Agreement with Modifications or**

Conditions: If the Commission approves this Settlement Agreement with conditions or modifications, any Settling Party shall have 15 days to notify the other Settling Parties in writing that it wishes to terminate the Settlement Agreement or to request additional negotiations in order to restore the balance of consideration under the Settlement Agreement in light of the changes FERC has ordered. If no Settling Party submits such notice, the Settlement Agreement shall become effective with the modifications or conditions imposed by FERC. If a Settling Party requests additional negotiations to attempt to restore the balance of consideration hereunder, the Settling Parties shall have an additional 30 days to attempt to negotiate changes to this Settlement Agreement consistent with the FERC order. If the Settling Parties are unable to reach agreement on such changes during such 30-day period, any Settling Party shall have five days to notify the other Parties in writing that it is terminating the Settlement Agreement. If any Settling Party files such notice to terminate, this Settlement Agreement shall not become effective and shall be null and void, and no Settling Party shall be bound or prejudiced by any part of this Settlement Agreement.

26. ~~25.~~ **Rehearing Requests and Orders:** In the event that any person or entity requests rehearing of an Order by the FERC approving this Settlement Agreement, any Settling Party may, within fifteen days of such rehearing request, notify the other Settling Parties that implementation of this Settlement Agreement shall be deferred, whereupon the implementation of this Settlement Agreement shall be deferred until the date that

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FERC issues its decision on rehearing. If FERC modifies or conditions the Settlement Agreement in any manner in an order on rehearing, the Settling Parties shall have all of the same rights under Paragraph ~~24~~²⁵ that would have applied if the Commission had modified or conditioned its approval of the Settlement Agreement in its original order on the Settlement Agreement.

27. ~~26.~~ **Inadmissibility:** This Settlement Agreement is submitted pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2019), and is inadmissible as evidence in any proceeding, except a proceeding involving a claim of breach of, or an effort to enforce, the Settlement Agreement. This Settlement Agreement is entered into upon the understanding that it constitutes a negotiated agreement and, except as explicitly set forth herein, no Settling Party shall be deemed to have approved, accepted, agreed to, or consented to any principle or position in these proceedings, or to have prejudiced positions taken or that may be taken in this or any other proceedings. This Settlement Agreement shall not be cited or relied upon as precedent for any purpose, including the interpretation of any provisions of the ISO-NE OATT in effect prior to the Formula Rate Effective Date, or as establishing any issue or principle, except to the extent of enforcing the terms and conditions of the Settlement Agreement itself. Nothing herein shall be deemed a "settled practice" as that term was interpreted and applied in *Public Service Comm'n of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980).

28. ~~27.~~ **Privileged and Confidential Discussions:** The discussions between and among the Settling Parties that have produced this Settlement Agreement, including the

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information exchanged during such discussions, have been conducted with the explicit understanding, pursuant to Rules 602 and 606 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.602, 385.606, that all offers of settlement and discussions relating thereto shall be privileged and confidential, shall be without prejudice to the position of any Settling Party or participant presenting any such offer or participating in any such discussion, and are not to be used in any manner in connection with this proceeding, any other proceeding, or otherwise, except to the extent necessary to enforce its terms.

29. ~~28.~~ **Cooperation of Settling Parties:** Each Settling Party shall cooperate with and support, and shall not take any action inconsistent with: (i) the filing of the Settlement Agreement with the Commission, and (ii) efforts to obtain Commission acceptance or approval of the Settlement Agreement in its entirety without modification or condition.

30. ~~29.~~ **Actions for Noncompliance:** Nothing in this Settlement Agreement shall be deemed to prevent the Settling Parties from bringing an action for noncompliance with the Settlement Agreement or for misapplication of the Settled Formula Rate.

31. ~~30.~~ **No Adverse Inferences:** The Settlement Agreement is the result of negotiations among, and has been reviewed by, each Settling Party and its respective counsel. Accordingly, the Settlement Agreement shall be deemed to be the product of each Settling Party, and no ambiguity shall be construed in favor of or against any Settling Party based on authorship of the Settlement Agreement.

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~~32.~~ **31. Paragraph Headings:** Paragraph headings are used in this Settlement Agreement solely for convenience of reference and shall not be used to interpret or modify the terms of this Settlement Agreement.

~~33.~~ **32. Signatories Authorized:** Each person executing the Settlement Agreement on behalf of a Settling Party represents and warrants that he or she is duly authorized and empowered to act on behalf of, and to authorize the Settlement Agreement to be executed on behalf of, the Settling Party that he or she represents.

~~34.~~ **33. Counterparts:** This Settlement Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, this Settlement Agreement, entered into as of the date shown below, is by and between the Settling Parties through their authorized representatives, who represent that they are fully authorized to do so on behalf of their principals.

[Signature Pages Follow this Page]

Dated: X, 2020

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May 23, 2019

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM**

TO: William Bottiggi, General Manager, Braintree
Jeffrey Cady, General Manager, Chicopee
Jacqueline Crowley, General Manager, Middleborough
James Collins, General Manager, Norwood
Coleen O'Brien, General Manager, Reading
Ken Goulart, General Manager, Taunton
Richard A. Hendershot, Director, Wallingford

FROM: John P. Coyle

RE: FERC Docket No. EL16-19-000 -- *ISO New England, Inc., PTO
Administrative Committee* (Attachment F Revenue Requirements
Formula Investigation) Order Rejecting Settlement; Next Steps

On May 22, 2019, in FERC's ongoing FPA Section 206 investigation of the formula for determining the Annual Transmission Revenue Requirement for Regional Network Transmission Service, FERC issued the attached order rejecting the Settlement Agreement proposal filed in this case on August 17, 2018. *ISO New England, Inc. Participating Transmission Owners Admin. Comm.*, 167 FERC ¶ 61,164 (2019) (the "May 22 Order"). The Settlement Agreement had been proposed by the New England Transmission Owners ("NETOs") and the group of State regulators and consumer advocates who called themselves the Consumer-Interested Parties or "CIPs." Yesterday's order rejects the NETOs' and CIPs' proposed Settlement Agreement based entirely on the opposition mounted by your systems, with the support of FERC Trial Staff. FERC returned the case to its Chief Administrative Law Judge.

On May 23, 2019, the Chief ALJ designated Judge David Coffman as Presiding Judge, and placed the case on a Track III hearing schedule, indicating FERC views this as an "exceptionally complex case." Under a Track III schedule, the trial will happen within 42 weeks of the Order and the decision will be issued within 63 weeks of the Order. The Chief ALJ also designated a FERC dispute resolution specialist to serve as "settlement facilitator" to assist the parties in settlement negotiations during the pendency of the hearing process.

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We briefly summarize the case background below. We also review the issues remaining to be resolved in this case, and our estimates of their annual cost impacts on your systems. We recommend that your systems retain expert witnesses and prepare to take a combined approach to the next phase of the case, while remaining attentive to opportunities for a reasonable settlement. We estimate a favorable outcome could save your systems between \$2,210,000 and \$2,860,000 per year on a combined basis. We would be happy to arrange a conference call in which we could respond to any questions that the group may have, and provide detailed explanations of our recommendations below, if the group would find such a conference helpful.

I. CASE BACKGROUND AND CHRONOLOGY

On December 28, 2015, the FERC issued its order initiating this FPA Section 206 investigation of the formula rate, contained in Attachment F to the ISO New England Transmission, Markets and Services Tariff ("ISO Tariff"), used to establish the Annual Transmission Revenue Requirement for Regional Network Service ("RNS") transmission.¹ The CIPs group, and particularly the Massachusetts Attorney General's Office, had been informally agitating the FERC for some time prior to December 2015 to take action concerning the annual update process for the Attachment F formula rate. The May 22 Order (at PP 2-10) provides an accurate and concise summary of (1) how the Attachment F formula operates, and (2) what FERC found to be wrong with the Attachment F formula in the December 28 Order. In the interest of brevity, we invite your attention to that discussion, rather than repeat it here. As outlined in our previous memorandum of July 23, 2018 (a copy of which accompanies this memorandum for background), the case was promptly referred to a FERC Administrative Law Judge (called a Settlement Judge in this context) for supervised mediation. Hon. John P. Dring was designated as Settlement Judge.

Matters plodded before Judge Dring from January 2016 until June 2018. In about June 2018, the NETOs finally succeeded in wearing down the CIPs (most of whose representatives were State employees with little, if any, technical or accounting support) to the point that the CIPs acquiesced in the NETOs' proposed settlement. As we outlined in our July 23, 2018, memorandum, the

¹ *ISO New England, Inc. Participating Transmission Owners Admin. Comm.*, 153 FERC ¶ 61,343 (2015) ("December 28 Order").

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proposed settlement imposed substantial and unreasonable cost increases on your systems, due primarily to three of its elements:

(1) RNS/LNS Rate Base Consolidation and De-Consolidation (Estimated Cost Impact of \$550,000 to \$1.2 million per year): As originally (and currently) configured, the Attachment F formula rate required the NETOs to calculate the Regional Network Service revenue requirement based solely on the costs of PTF transmission facilities. This approach meshed well with the fact that loads "directly connected to PTF" are exempted by Section II.12(c) of the ISO Tariff from paying any costs for non-PTF facilities. In the settlement, the NETOs proposed to consolidate the revenue requirements for their PTF and non-PTF facilities, and then "back out" the non-PTF portion of the consolidated revenue requirement on a plant ratio share basis. This meant, in substance, that some costs of non-PTF facilities were inevitably shifted to RNS rates, because the plant ratio share "de-consolidation" would not eliminate all non-PTF costs that consolidation had rolled into RNS rates. We estimated that this cost shift for non-PTF costs would cost your systems, on a combined basis, between \$550,000 and \$1.2 million per year. Eroding your systems' tariff-based exemption from paying for costs of non-PTF facilities would eventually cost your systems far more, as the NETOs would continue to exploit the weakening of that exemption.

(2) Overallocation of Service Company A&G Costs to RNS (Estimated Cost Impact of \$1,060,000 per year): With the exception of VELCO PTF facilities, all non-municipal transmission assets in New England are now controlled by holding companies, as the result of various mergers. Eversource, National Grid and Avangrid all use calculations outside of the Attachment F formula rate to allocate holding company Administrative and General (A&G) costs and other overhead costs to PTF transmission, instead of using the wages-and-salaries allocators required under the Attachment F formula rate. This is what FERC Trial Staff aptly characterized (May 22 Order at P 18) as "extra-formulaic, *ad hoc* ratemaking for all externally-sourced inputs" (meaning, essentially, "making stuff up") for these overheads and their allocation to RNS rates. We estimated that this overallocation of service company overheads would cost your systems approximately \$1,060,000 per year, on a combined basis.

(3) Excessive Construction Work in Progress (Estimated Cost Impact of \$600,000 per year): Ordinarily, FERC regulations allow investor-owned utilities to recover 50 percent of their construction work in progress ("CWIP") in rates (18 C.F.R. § 35.25(c)(3)) (i.e., prior to the relevant asset or group of assets being placed in service and thereby becoming "used and useful").

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FERC also allows investor-owned utilities to recover 100 percent of CWIP in rate base as a transmission "incentive" under FPA Section 219 (16 U.S.C. § 824s). However, to include 100 percent of CWIP in rate base, a utility has to obtain FERC authorization and demonstrate that the incentive is needed in order to develop the project. No such demonstration was made in this case, and no such authorization was sought. Instead, for reasons never explained, Eversource and National Grid simply helped themselves to 68 percent CWIP in rate base. We estimated that this self-help outside of what the FERC's regulations permit would cost your systems approximately \$600,000 per year on a combined basis.

(4) **Other:** There were a number of other, difficult-to-quantify disadvantages that were built into the settlement (e.g., a five-year moratorium on challenges to the rate that lopsidedly favored the NETOs).

On August 17, 2018, the NETOs submitted their Settlement Agreement to Judge Dring. On September 6, 2018, we and FERC Trial Staff filed comments opposing the proposed settlement. On September 28, 2018, the NETOs and certain of the CIPs filed replies in support of the settlement. On November 5, 2018, Judge Dring reported the settlement to the FERC and recommended that FERC approve it. Under FERC's Rules (18 C.F.R. § 385.603(g)), Judge Dring's advocacy for approval of the proposed settlement was inappropriate conduct for a Settlement Judge. On November 14, 2018, we moved to expunge those portions of Judge Dring's report that expressed a view on the merits of the proposed settlement. On November 29, 2018, FERC Trial Staff filed an answer in support of our motion to expunge.

II. RECOMMENDATIONS AND NEXT STEPS

We understand that Judge Coffman will hold a prehearing conference on June 6, 2019 at 10 a.m. The 42 weeks between now and the start of the hearing should provide a relatively leisurely procedural schedule (at least for the time being), and we are actively coordinating a proposal for a procedural schedule with FERC Trial Staff. This will give your systems some time to contemplate the questions we pose below, and to implement your strategy for the next phase of this case.

Your systems will need to decide how large or small of a role you wish to play in the discovery and hearing process. We do not need to decide that question at this point. As is so often the case, there are a number of contrary considerations at play here. On the one hand, there is no good reason why seven municipal systems should shoulder the cost of protecting most regional transmission load from excessive rates and charges. On the other hand, taking a

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more aggressive position in pretrial matters, including discovery, makes it more likely that the NETOs may offer specific and useful concessions to make your systems leave them alone. On one hand, we could rely on FERC Trial Staff to do most of the heavy lifting for the hearing. On the other hand, if you rely on FERC Trial Staff, we may find ourselves at a serious disadvantage if FERC decides to head south (as is often the case), or lacks the experience or bandwidth necessary to manage the case to a sound result.

Expert witnesses are another important consideration. Our basic recommendation is that your systems take discovery and file testimony in the hearing process – at what cost and level of effort is another question. Ms. Looker has performed capably so far, particularly given the difficulties in accessing and analyzing relevant financial information from the NETOs. We recommend continuing with Ms. Looker as your expert. There is a separate question whether you may wish to consider supplementing her as a litigation resource with another expert with deeper background on transmission rates.

Your systems have an opportunity here to implement substantial revisions to RNS transmission pricing reasonableness and transparency. Your systems have already had to overcome substantial adversity in connection with the recently rejected NETO settlement proposal simply to preserve the bargaining and litigation positions in which they should have been from the outset of this proceeding in early 2016. We believe that it is worth pursuing your hard-won advantage in this case.

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Republican governor demonstrates that this issue has truly reached its moment — climate change is no longer a Democrat or Republican issue," Tulkin said in a statement.

— *Kelly Andrejaskich, S&P Global Market Intelligence*

Texas Legislature passes bills for physical grid security, cybersecurity

- Grid security council to be established
- Cybersecurity monitor to focus on ERCOT

Bills designed to help guard against attacks — both physical and cyber — on Texas power infrastructure will soon go to Governor Greg Abbott, following their passage by both chambers this week.

Senate Bill 475 creates the Texas Electric Grid Security Council "to facilitate the creation, aggregation, coordination, and dissemination of best security practices for the electric industry, including the generation, transmission and delivery of electricity."

Senate Bill 936 creates the position of cybersecurity monitor and directs the Public Utility Commission of Texas and the Electric Reliability Council of Texas to contract with an entity to act in that role. It also authorizes utilities affected by the cybersecurity monitor legislation to recover "reasonable and necessary costs" related to that activity.

The bills were enrolled for the governor's signature on Tuesday.

The Texas Electric Grid Security Council legislation amends the state Utilities Code with a Section 39.917 that states in its preamble, "The legislature finds that there is a public interest in mitigating the risk of cyber and physical attacks that may affect the reliability of electric systems operating in Texas."

The council will include three members:

- The PUC chairman or a designated representative
- The ERCOT CEO or a designated representative
- The Texas governor or a designated representative

The PUC chairman or his/her designee will chair the council and call meetings, which will not be subject to Texas open meeting laws. The council's documents will also not be subject to Texas open records laws.

Focusing on ERCOT

Regarding the cybersecurity monitor legislation, it does not apply to utilities that operate solely outside ERCOT, but such utilities may choose to participate.

The utilities in ERCOT that will be subject to cybersecurity monitoring include transmission and distribution utilities, river authorities engaged in wholesale power generation or transmission, municipal utilities or electric cooperatives.

The entity hired to serve as cybersecurity monitor will "manage a comprehensive cybersecurity outreach program for monitored utilities;" meet with them to discuss threats, best practices and training opportunities; review utilities' voluntary self-assessments; research and develop best practices; and report to the PUC on utilities' cybersecurity preparedness.

The legislation give the PUC the authority to enforce rules to

enforce the cybersecurity monitor legislation, and the cybersecurity monitor will have no enforcement authority.

The cybersecurity monitor's meetings and most of its documents are not subject to Texas open meeting or open records laws.

— *Mark Watson*

FERC rejects contested New England transmission rate deal

- Settlement lacked enough detail to overcome objections
- Munis said deal would unfairly shift costs without benefits

The Federal Energy Regulatory Commission has rejected a contested settlement on transmission rates in New England, saying the parties didn't provide enough information for FERC to approve the deal over the objections of municipal utilities, who said it was unfair.

The case wrestles with how to set rates for transmission lines in ISO New England that have a total rate base of about \$13.5 billion.

The dispute goes back to 2015, when FERC launched a proceeding (EL16-19) to decide the fairness of the rates for regional and local transmission service in ISO New England. The rates are set using a formula and the data put into that formula is updated each year. At the time, FERC was worried about the transparency of the information used in the formula and the ability of customers to challenge the inputs.

In 2018, the settling parties submitted a settlement (ER18-2235) that proposed new rates and rate design for all network integration transmission service and point-to-point transmission service in New England. It would replace the regional and local formula rates with new formula rate templates and protocols.

Concerns about deal

A group of municipal utilities contested the settlement, saying the deal unfairly shifts cost to them and gives them no benefits.

FERC trial staff also opposed the deal, saying it would result in unreasonable rates. Among other issues, staff said it would allow transmission owners "to conduct extra-formulaic, *ad hoc* ratemaking for all externally sourced inputs every year."

FERC rejected the settlement Wednesday and sent the case back into hearing procedures. According to court precedent, there are only four approaches FERC can use to approve a contested settlement, the order explained. The proposed deal lacked enough detailed information for the commission to use any of these approaches, the order said.

Approach one requires an adequate record to decide on each contested issue; approach two requires the overall result of the settlement to be just and reasonable; approach three requires the settlement's benefits to outweigh the objections to it; and approach four allows contested issues to be severed from the case for continued litigation, FERC said.

FERC rejection

The deal did not work under any of these approaches, and it lacked detail and transparency overall, FERC said in rejecting the deal. The case will now go back into litigation.

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July 15, 2019

PRIVILEGED AND CONFIDENTIAL
MEMORANDUM

TO: William Bottiggi, General Manager, Braintree
Jeffrey Cady, General Manager, Chicopee
Jacqueline Crowley, General Manager, Middleborough
James Collins, General Manager, Norwood
Coleen O'Brien, General Manager, Reading
Ken Goulart, General Manager, Taunton
Richard A. Hendershot, Director, Wallingford

FROM: John P. Coyle and Ashley M. Bond

RE: FERC Docket No. EL16-19-002 -- *ISO New England, Inc.*
Participating Transmission Owners Administrative Committee
(ISO Tariff Attachment F RNS Formula Rate Investigation) –
Status Report and Request for Direction

This memo is to (1) update you on developments between our call of May 29, 2019 and the present, (2) offer some recommendations based on those developments, and (3) request some decisions on how best to move forward. We now have a FERC Administrative Law Judge assigned to the case, who has adopted a procedural schedule that requires our initial testimony to be filed by August 29. Between that, and the need to evaluate and respond to an inadequate settlement proposal from the New England Transmission Owners ("NETOs"), you have a fairly immediate need to get consultants/expert witnesses on-board and working.

On June 17, we received a settlement overture from the NETOs. That proposal essentially asked us to name a buyout price for surrendering the current exemption of PTF-connected load from charges for non-PTF facilities and accepting the NETOs' previously rejected settlement. We believe that proposal, which we discuss below, to be inadequate. It is nonetheless advisable to develop a counterproposal, and to explore whether a fair and workable settlement is possible. We think it unlikely that the NETOs will be willing to go as far as they would need to go to provide you with a fair and reasonable settlement, but there is no harm in identifying suitable objectives and attempting to obtain them.

We have been in touch with FERC Trial Staff, who are willing to push the case forward and not at all excited about the prospect of the NETOs attempting

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to resurrect the settlement that the Commission just rejected, with a carve-out for your systems. FERC Trial Staff are generally supportive of your positions on the merits, and are willing to coordinate with your systems up to the point at which they might be perceived as affording you preferential treatment. FERC Trial Staff are very wary of the possibility of your systems accepting a settlement at some point, which could undo a considerable amount of effort that Staff will have to put into the case.

A. The Case Schedule and NETOs Settlement Approach

On June 6, 2019, FERC Administrative Law Judge David Coffman convened the prehearing conference in this case. Judge Coffman adopted a Procedural Schedule, which we summarize in the following table.

Date	Event
August 29, 2019	Direct Testimony (seeking changes to the existing rates)
November 26, 2019	Answering Testimony (defending the existing rate, responding in support or partial support of Direct Testimony, or proposing changes different from those proposed in Direct Testimony)
December 23, 2019— January 2, 2020	Suspension of discovery due dates
January 15, 2020	Rebuttal Testimony (responding to Answering Testimony)
January 27, 2020	Last day for submission of discovery requests
February 6, 2020	Joint statement of stipulated issues; joint statement of contested issues (with explanations); joint statement of stipulated facts; joint statement of contested facts (with explanations); joint witness list; index of exhibits
February 10, 2020	Last day to answer any outstanding discovery requests
February 25, 2020	Pre-hearing briefs
March 11, 2020	Electronic hearing training
March 12, 2020	Commencement of hearing
March 25, 2020	Date estimated for end of hearing
7 business days after end of hearing	Joint final exhibit list; joint procedural history; joint list of appearances
14 business days after end of hearing	Joint statement of proposed transcript corrections
April 7, 2020	Initial briefs
June 2, 2020	Reply briefs
June 9, 2020	Oral Argument on the merits
August 6, 2020	Initial Decision

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Judge Coffman also “volunteered” some observations concerning what he might be willing to do to facilitate acceptance of a settlement. In our view, these observations walked right up to the line of demonstrating a predisposition toward a result that the Commission found, in its May 22, 2019 Order on Contested Settlement, 167 FERC ¶ 61,164 (“May 22 Order”) to be unsupported and inappropriate. We have attached the transcript pages containing those observations for reference as well.

On June 17, 2019, John Coyle met with David Raskin (FERC counsel for Eversource Energy and its operating companies, and lead counsel for the NETOs) at Raskin’s request. Raskin proposed that (1) your systems provide “a number” equivalent to our estimate of the annual cost impact on your systems of eliminating the current ISO Tariff exemption of PTF-connected load from paying non-PTF costs,¹ and (2) the NETOs would resolve the case by paying that an amount that we and they negotiate as reflecting that cost, for a period of years, in exchange for your waiver of objections to elimination of the exemption and agreement to the settlement previously rejected by the FERC. Coyle told Raskin that we would convey the proposal to your systems and get back to him with your response.

The NETOs’ proposal is full of holes and is not likely to compensate your systems fully for the economic harm you would sustain if the settlement rejected in FERC’s May 22 Order were resurrected. For example, Raskin suggested that the NETOs were looking for a phase-out over a period of years, as opposed to permanent compensation. Either version would be difficult to calculate, given that the RNS rate base has had an average compound annual growth rate of about 12.5 percent for the past fifteen years. More importantly, buying you out of the exemption from LNS costs – assuming that a suitable number could be calculated – does not address the various other inequities that the rejected settlement (which the NETOs would like to resurrect) would impose. These

¹ Section II.12(c) of the ISO New England Transmission, Markets and Services Tariff provides that “where all or a part of the load of Transmission Customers taking service under this OATT is connected directly to PTF, the Transmission Customers receiving the service shall have no obligation to pay charges for service across Non-PTF transmission facilities with respect to that portion of the connected load after the Transition Period.” The ten-year “Transition Period” under the NEPOOL/ISO-NE Open Access Tariff ended in 2007.

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include the overallocation of holding company administrative and general costs to RNS transmission rates, inclusion of amounts of construction work in progress ("CWIP") in rates in amounts that exceed what FERC regulations permit, shifting of revenue credits for ancillary uses of transmission facilities (pole attachments), and various other misallocations embedded in the rejected settlement that would increase your systems' transmission costs.

The NETOs would clearly like to settle the case. They would also like your systems to sell out cheaply in order to help them do it. Based on the NETOs' offer of June 17, we believe that negotiating a serious settlement will require more leverage than the NETOs think your systems have now. This leads to the next discussion item – consultants and potential additions to the group.

B. Potential Group Expansion, Experts and Tentative Cost-Benefit

1. Potential Group Expansion

We see limited opportunities for expanding the group funding this effort. We had no success in pursuing the possibility of support other PTF-connected municipal interests (Shrewsbury, Holyoke, CTMEEC), as well as other potentially interested municipal interests (VPPSA, City of Burlington). Shrewsbury, Holyoke and VPPSA are already in the case and represented by Spiegel & McDiarmid. CTMEEC is being represented in-house, but has limited interest in the case from a load perspective in light of their grandfathered pre-Order No. 888 transmission arrangements with Eversource. In short as to these parties, the current lack of activity is deliberate, in the sense that they are waiting for someone else to do the heavy lifting. We do not believe that these interests are potentially useful allies in pursuing the case, although we expect that they are now unlikely to oppose any efforts your systems might undertake to litigate the case.

We received an informal inquiry from Nick Lawler, asking why Littleton had not been asked to become involved in the case. When I explained that the *ad hoc* group we had put together consisted of municipal PTF Owners (with specific issues about exemption from non-PTF charges), Nick noted that Littleton has other interests at stake in the case – e.g., greater transparency and auditability in the Attachment F process – and would be willing to attempt to intervene, even at this point in the case. This group may wish to consider reaching out to some of the more active systems (Littleton and Hingham, possibly others) who may see their interests in the case as aligned with yours. Whether and how you follow through with this outreach depends to some extent

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on what preliminary decisions you make about what you might want in a settlement.

The various State interests that we contacted (regulatory commissions and consumer advocates) have limited budgetary authority, limited commitment, and uncertain willingness to operate within group consensus. Some may still support the rejected settlement. Our outreach in those quarters (to the Massachusetts Attorney General and the Maine Public Utilities Commission) confirms our earlier assessment that this group is less reliable, has less to contribute and is therefore less attractive as potential co-litigants.

2. Theories for Recovery, Consultants, and Cost-Benefit

In our May 29 call, you asked us to investigate whether there are additional issues and objectives within the scope of FERC's investigation order from December 28, 2015² that might afford your systems additional financial relief if pursued. You also requested that, to the extent that there are additional potential objectives, we quantify what relief might be attainable, and the likely cost to pursue and attain those objectives.

Our preliminary assessment is that your systems have two sets of economic issues in this case: (1) unreasonable rates and charges under the current Attachment F formula; and (2) unreasonable rates and charges that would result from implementation of arrangements resembling the settlement rejected by the Commission's May 22, 2019 Order on Contested Settlement, which the NETOs are attempting to resurrect. The third issue is transparency, in the sense of being able to put in place a set of "protocols" (meaning rules for information disclosure, informal challenges and formal challenges to the annual update of input values used in the formula rate). The State regulators and consumer advocates had negotiated a set of protocols with the NETOs by mid-2016, but we have little confidence in the results of that effort and believe the draft protocols negotiated in 2016 need to be re-evaluated.

a. Flaws in the Current Attachment F Formula

² *ISO New England Participating Transmission Owners Admin. Committee*, 153 FERC ¶ 61,343 (2015) ("December 28 Order").

Under the current version of the Attachment F revenue requirements formula, the biggest single economic issue that we have identified to date is overallocation of holding company administrative and general ("A&G") costs to RNS transmission revenue requirements. This is primarily a problem with Eversource operating companies Connecticut Light & Power, Western Massachusetts Electric Company and Public Service Company of New Hampshire. Our analysis to date indicates that a reasonable estimate of the cost to your seven systems alone of this overallocation of A&G costs amounts to between \$1,680,750 and \$2,974,000 *per year*. We know that New England Power, Central Maine Power and United Illuminating follow a similar allocation process, but we do not have sufficient comparative data yet to estimate the cost impacts of overallocation of holding company A&G costs to RNS revenue requirements by those operating companies.

It is also important to consider formula rate refund liability. In a FERC formula rate, the algebraic equation that embodies the formula is the actual rate, and the use of an incorrect numerical input in applying that formula can always be corrected, without regard to the passage of time.³ This means that Eversource's refund liability could extend as far back as 2004, when it began using its current system for allocating holding company A&G overhead. Even at the low end of our estimate of the overcharges, fifteen years of refund liability would amount to over \$25 million, which is certainly sufficient get Eversource's

³ As the FERC explained in *Ameren Corp.*, 147 FERC ¶ 61,225 at P 29 (2014) (citations omitted):

The Commission has repeatedly held that it may order refunds for past periods where a utility has either misapplied a formula rate or otherwise charged rates contrary to the filed rate. The Commission has explained that, 'in approving any formula rate, the Commission approves the formula itself, the algebraic equation used to calculate the rates. It does not approve the inputs into the formula or the charges resulting from the application of the inputs to the algebraic equation.' Moreover, '[t]he Commission's long-standing precedent is that, under formula rates, parties have the right to challenge the inputs to or the implementation of the formula at whatever time they discover errors in the inputs to or implementation of the formula.' The reason for permitting such challenges and related refunds is because 'customers may not uncover errors in data or imprudent or otherwise inappropriate costs until well after the challenge period.'

attention, justify the effort in litigation and provide leverage for negotiating a suitable resolution if matters move in that direction.

There are other economic issues under the current Attachment F formula rate. FERC's December 28 Order mentions the failure to use fixed and stated accruals for Post-Employment Benefits Other than Pensions ("PBOPs"), failure to identify and remove Asset Retirement Obligations from revenue requirements, and the lack of synchronization of LNS and RNS rates and rate filings (which can result in over-recovery of costs). We have not attempted to quantify the impacts of these issues at this time, because (a) we lack the necessary data to evaluate these issues, and (b) associating dollar values with issues and prospects for recovery will require the construction of an appropriate spreadsheet template, which is a substantial part of the work involved in preparing testimony.

b. Resurrection of the Rejected Settlement

As we have previously discussed, the proposed settlement that FERC rejected in its May 22 Order would have imposed substantial additional harms on your systems. Put another way, our view of the rejected settlement is that it was worse for your systems than the *status quo* under the current version Attachment F. We would expect that the NETOs will attempt to promote a version of the rejected settlement, either through negotiations with the State interests (where they may find less receptivity than in the previous round of the case) or through litigation, either in this case or through attempts at amending their RNS revenue requirements formula under FPA Section 205.

In the analysis underlying our comments opposing the NETOs' proposed settlement, your expert, Geneva Looker, calculated that the impact from using the NETOs' proposed new template structure and combining the LNS and RNS transmission revenue requirement on NSTAR ranged from an increase in costs of 1.2 percent to 10.34 percent. The large range of potential impacts resulted from inconsistencies in the income tax rate used in calculating the income tax allowance in the revenue requirement, and the treatment of CWIP. Estimating the impact of the consolidation of PTF and non-PTF rate base at 5.5 percent (the average of the high and low increases), your systems' share of cost increases resulting from that consolidation is approximately \$3,490,000 per year. That increase could be expected to grow over time, as the New England transmission

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rate base grows.⁴ This would be the sole element of the NETOs' June 17 "settlement" proposal to your systems, although we would expect that the NETOs only propose to offset a fraction of that annual overcharge, and only for a defined period of years.

As in the case of the unjust and unreasonable elements of the existing Attachment F formula, the NETOs' proposal carries with it a number of other unreasonable elements your systems would want to avoid through litigation, or be insulted from by a settlement. These include:

- (i) an allowance of 68 percent CWIP in rate base (in excess of the fifty percent allowed by FERC regulations on an appropriate showing, 18 C.F.R. § 35.24) for Eversource and National Grid;
- (ii) "sharing" of revenue credits for ancillary uses of transmission facilities (e.g., pole attachments);
- (iii) over-recovery of construction costs for the Middletown-Norwalk Project, Maine Power Reliability Program and the New England East-West Solution ("NEEWS") project,⁵
- (iv) overstatement of the equity component of the NETOs' capital structures, resulting in overcollection of return on equity; and
- (v) various other abuses.

⁴ Excessive returns on equity and transmission "incentives" awarded by the FERC on top of already excessive ROEs have produced an average compound annual growth rate of 12.5 percent over the past 15 years, as the RNS rate has increased from approximately \$15 per kW-year in 2004 to approximately \$112 per kW-year today.

⁵ These projects were both permitted to recover 100 percent of CWIP in rate base for PTF facilities. Eversource and New England Power Company were permitted to keep recovering Allowance for Funds Used During Construction ("AFUDC") – essentially, capitalized interest on construction financing – in their LNS rates, subject to a regulatory liability for the refund of offset of AFUDC against allowed CWIP. In consolidating the PTF and non-PTF rate bases, the NETOs "forgot" to refund the AFUDC accruals, thereby double charging transmission load.

We do not have sufficient information at this point to quantify those costs that the NETOs' "settlement" proposal would add to your systems' already considerable transmission cost burdens. In order to conduct that analysis on an informative basis, we need the assistance of consultants, as we discuss in the Section 2.d. below.

c. Transparency and the Need for Sound Protocols

In its December 28 Order at P 7, FERC found that "the ISO-NE Tariff lacks adequate transparency and challenge procedures with regard to the formula rate for ISO-NE PTOs and that the ISO-NE Tariff is therefore unjust, unreasonable, unduly discriminatory or preferential" and that "formula rate protocols are an appropriate mechanism to address these concerns." The NETOs and the various State interests had negotiated a set of protocols – procedures for (i) the exchange and disclosure of information concerning annual updates to formula inputs, (ii) informal challenges to inputs, and (iii) formal challenges to inputs short of a full-blown Section 206 complaint – by about April 2016. We believe that the protocols negotiated at that point in the case are inadequate, largely due to the lack of leverage and lack of experience on the part of the State interests.

The importance of ensuring the auditability of the NETOs' inputs cannot be overstated. It is quite clear that abuses have grown and multiplied over the twenty years that the current Attachment F formula has been in place without affording transmission customers the ability to evaluate what costs the NETOs are stuffing into the transmission bill. All that said, developing and advocating for a sound set of protocols is probably the least expensive part of litigating this case – and the most difficult to achieve in settlement.

d. Consultants/Expert Witnesses

We already have Geneva Looker (Whitfield Russell & Associates) under engagement from the earlier stage of the case. Geneva developed and filed the affidavit and supporting analysis that proved instrumental in persuading FERC to reject the NETOs' proposed settlement. We have also engaged John Krajewski, an experienced consultant who has done a considerable amount of work on transmission revenue requirements in the Southwest Power Pool, to support Geneva's efforts with greater experience on the witness stand in dealing with FERC cost-of-service rules. We would also like to engage Marc Montalvo (of Daymark Energy Advisors, Inc. (formerly LaCapra & Associates)), who is well-regarded rate expert in New England FERC matters. Mr. Montalvo is also a

former ISO New England employee who is likely to have useful insights on where New England Transmission Owners might try to pile dubious costs.

e. Tentative Cost-Benefit Analysis

We estimate that a full litigation budget, through the trial currently scheduled to conclude in April 2020, would cost approximately \$525,000, broken down as follows:

Consultant/Counsel	Estimate
Looker (Russell Assoc.) Krajewski (JK Energy)	\$100,000
Montalvo (Daymark Energy Advisors)	\$ 50,000
Duncan & Allen	\$375,000
Total	\$525,000

We are not able to correlate expenditures and outcomes with precision. However, the \$525,000 litigation cost estimate compares very favorably to the most conservative estimate we have of one year of overallocation of holding company A&G costs to RNS transmission (between \$1,680,750 and \$2,974,000 *per year*), or to one year of the harm that would likely result from an uncompensated elimination of your systems' ISO Tariff exemption from paying costs associated with non-PTF facilities (conservatively estimated at approximately \$3,490,000 *per year*). The following factors represent additional, if not immediately quantifiable benefits of pursuing the case as recommended: (1) potentially expanded refunds for overallocation of holding company A&G costs back to 2004, (2) avoidance of additional exposure created by the lopsided settlement structure that the NETOs will seek to reimpose, and (3) the deterrent effect and auditability that would accompany the implementation of a sound set of protocols.

C. Recommendations and Requests for Direction

1. We need your authorization to engage Mr. Montalvo, and continue the engagements of Mr. Krajewski and Ms. Looker, the consultants identified above, in order to (a) analyze and recommend a counter to the NETOs' June 17 "proposal" and (b) to prepare to defend your systems' position in litigation in the event that the NETOs are unable to see their way toward a suitable settlement.

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2. We need your authorization to prepare and present a counterproposal in response to the NETOs' June 17 "proposal." Based on the information outlined above, we would recommend a counterproposal based on a combination of (a) the estimated loss of the value of your systems' ISO Tariff exemption from non-PTF costs (estimated at \$3,490,000 per year currently), (b) the mid-range of costs attributable to over-allocation of holding company A&G costs (estimated at approximately \$2.3 million per year currently), and (c) an estimate of other overcharges embedded in the FERC-rejected settlement proposal that the NETOs are seeking to resurrect. We believe that a counter in the range of \$7-\$8 million per year (in total for all seven of your systems, allocated on a load ratio share basis) for at least 15 years represents a realistic buyout of your rights.

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June 8, 2020

PRIVILEGED AND CONFIDENTIAL
MEMORANDUM

TO: Richard A. Hendershot, Director, Wallingford

FROM: John P. Coyle

RE: FERC Docket No. EL16-19-000 – *ISO New England, Inc. Participating Transmission Owners Administrative Committee*
(Attachment F Formula Rate Investigation – Summary and Recommendations Concerning Draft Settlement Agreement)

A. Case Summary

The New England Transmission Owners (“NETOs”)¹ and the various municipal utilities that own looped transmission facilities rated 115 kV and above (“Pool Transmission Facilities” or “PTF”) set their revenue requirements annually under a formula set forth in Attachment F to the ISO New England, Inc. (“ISO-NE”) Transmission, Markets and Services Tariff (“ISO Tariff”). The revenue requirements are then divided by each utility’s monthly network load (demand) to determine the utility’s share of the regional charges for transmission service. The formula was originally negotiated as part of an April 1999 settlement of the New England Power Pool’s transition to open access transmission service. At the start of this case in December 2015, the formula was written out over 33 pages of text in the ISO Tariff.

On December 28, 2015, the Federal Energy Regulatory Commission found, under Section 206 of the Federal Power Act, that the Attachment F revenue requirements formula was unjust and unreasonable for two reasons: (1) the narrative formula left much room for interpretation by individual utilities, and neither FERC nor customers could be sure that it was being applied correctly,

¹ The NETOs are Central Maine Power Company; Emera Maine (now known as Vestran Energy); Eversource Energy Service Company as agent for its operating companies Connecticut Light & Power Company, Public Service Company of New Hampshire, and Western Massachusetts Electric Company; National Grid d/b/a New England Power Company; NStar Electric Company; United Illuminating Company; and Vermont Electric Company/Vermont Transco LLC.

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and (2) there was no provision for discovery and challenges to the annual update of the cost data input into the formula.

Wallingford was named as a respondent to FERC's December 28, 2015 Order because it recovers its transmission costs under the Attachment F formula. Wallingford joined with six other municipal utilities that own Pool Transmission Facilities – known in this case as the Indicated Municipal PTF Owners² – to share litigation costs and objectives.³ In October 2019, both the Indicated Municipal PTF Owners and FERC Trial Staff reached a settlement in principle with the NETOs. That settlement has now been formally documented and is ready to be (1) signed by the settling parties (a term which now includes the NETOs, the Indicated Municipal PTF Owners and every other participant in the case), and (2) filed with FERC for its approval.

B. What the Settlement Accomplishes

The proposed settlement implements three major changes to conform to current FERC policy:

1. Changes to Formula Rate Structure, Timing and Reporting

- Replaces 33-page narrative formula with Excel spreadsheet “templates” that incorporate cost data from FERC Form 1 reports. Resolves numerous disputed elements of Attachment F formula, and improves the transparency of, and level of disclosure required in, the annual information filing;
- Requires simultaneous submission of updates for *all* regional transmission costs for customer (and FERC) review;
- Allocates costs to Regional Network Service (“RNS”), Local Service and Schedule 12C (local requirements in excess of Good Utility Practice)

² In addition to Wallingford, the Indicated Municipal PTF Owners are the Massachusetts municipal electric utilities of Braintree, Chicopee, Middleborough, Norwood, Reading and Taunton.

³ The Indicated MPTFOs allocated their litigation costs on the following basis: one-third based on each system's PTF revenue requirement; one-third based on average monthly network load; and one-third per capita (1/7 each).

- Filing switched to calendar year based on five-quarter average plant balances instead of June 1-May 31 year and end-of-year balances
- 2. Establishes “Protocols” for Access to Data and Challenges to Annual Inputs to Formula Rate
- Standard for other transmission formula rates since 2012 FERC order in *Midwest Ind. System Operator* case;
- Allows informal discovery and formal and informal challenges to NETOs’ claimed transmission costs.
- Improves the effectiveness of the Protocols that should enable load to audit and police the inputs to the rate formula;
- 3. Requires Transmission Projects to Receive ISO-NE Cost Allocation Approval *Before* Their Costs Are Put into Rates

C. What the Settlement Does for Wallingford

Section 5 of the draft Settlement Agreement resolves the following issues raised by Wallingford and the other Indicated MPTFOs:

1. Preserves exemption of PTF-connected load (like Wallingford) from charges for non-PTF facilities;
2. Recovers Indicated MPTFO costs for the first three plus years (January 2016 through May 2019) of this case and contesting the NETOs’ August 2018 FERC settlement filing to rejection by FERC in May 2019 (\$300,000 total; Wallingford’s share is approximately \$39,000 payable in two installments following FERC approval of settlement)
3. Provides relief for (alleged) past overallocations of holding company A&G charges to transmission and PTF transmission in particular. If allocated based on cost-sharing formula in footnote 2, Wallingford’s share of \$425,000 per year payment would be \$55,528 per year over eight years, or a total of \$444,424 over eight years. Allocations of total annual payment of \$425,000 per year for eight years need to be agreed among the Indicated MPTFOs.

CONCLUSION

We recommend that Wallingford authorize execution of the Settlement Agreement.

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Overview of Settlement FERC Docket No. EL16-19

NETOs' Presentation to
NEPOOL Transmission Committee
April 28, 2020

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Background

- Proceeding initiated by FERC in December 2015
- FERC determined that New England PTO transmission formula rates appear to be unjust and unreasonable
 - Formula rates are insufficiently specific with respect to calculation of some components
 - RNS formula rate (Attachment F) may not be synchronized with LNS formula rates of individual PTOs, potentially leading to over-recovery of costs
- Original Settlement filed on August 17, 2018 (Opposed by FERC Trial Staff and contested by Indicated Municipal PTF Owners [IMPTFOs])
- FERC rejected Settlement on May 22, 2019
- Reached agreements in principle in October 2019 with FERC Trial Staff and IMPTFOs; these agreements retain core of prior Settlement, with targeted modifications
- All parties are in the process of reviewing settlement documents and red-line tariff changes
- Target date for filing the Settlement = late May/early June

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Core of Formula Rate Settlement

- All Regional and Local revenue requirements will be determined through a single formula rate in Attachment F.
 - Individual PTO revenue requirement calculations in Schedule 21 are eliminated.
- Prior Attachment F formula replaced by Excel templates that are similar to formula rate templates used around the country.
- Costs allocated between regional service (PTF), local service and Schedule 12C costs pursuant to gross plant allocator.
- Moved regional rates to a calendar-year billing and average rate base rather than prior June-May billing and year-end rate base.
- Retains feature of using projected costs that are trued up to actual costs after Form 1s are filed.
- Added additional Attachments into the Excel formula rate template as requested by Trial Staff and IMPTFOs.

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Protocols

- Settling parties have agreed on procedures for reviewing annual updates that are based on FERC-approved protocols elsewhere.
- Initiated by PTO submittal of DRAFT annual informational filing posted on ISO-NE's website on June 15th with updated revenue requirements calculation.
- Customers and interested regulators may ask discovery on the revenue requirement calculations.
- If any formula rate inputs are challenged and cannot be resolved through negotiation, customers and regulators may bring a challenge at FERC.
- This process is not available to change the Attachment F formula itself, which must be done under Sections 205 or 206.

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Change to ISO-NE Planning Procedure

- The settlement includes changes to ISO-NE Planning Procedure 4 to provide more timely information about new transmission projects before they are included in regional revenue requirements.
- TCA applications will be submitted to the ISO prior to the start of Major Construction (a defined term added to PP4).
- If Applicant determines TCA application cannot be submitted before Major Construction commences, Applicant will provide to RC a project and preliminary cost update within 6 months, and at least annually thereafter.
 - TCA application to be submitted before start of Major Construction for the final element of the Project.
- Force Majeure or Emergency events may result in submittal of TCA Application after Project placed in service, but no more than one year later.

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Moratorium

- Most elements of the settlement are subject to a moratorium, which means they are not subject to change by filing under Sections 205 or 206 during the moratorium period.
- There is an agreed upon list of moratorium exceptions for items such as ROE and transmission incentives, certain changes in depreciation rates, and tax law changes.

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Regulatory Review

- Settlement represents an overall compromise of issues.
- Settlement is only effective if approved in its entirety without modification or condition.
- If FERC approves the settlement with conditions or modifications any settling party may terminate the settlement or seek re-negotiation to restore balance of consideration.
- If settling parties are unable to reach agreement on changes that are consistent with FERC order, any settling party has the right to terminate the settlement in its entirety.

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Cost Allocation Formula and Results for Billing in EL16-19-000 (RNS Formula Rate Investigation)

System	ATTR	% of Total Grp ATTR	50% ATTR/ 50% 1/n	2014 Average System Peaks (in kW)	Percent of Aggregate System Peaks	One-third ATTR %; One-third Avg Sys. Pk %; One-third 1/7
Braintree	\$2,727,670	33.41%	23.85%	63,355	11.28%	19.66%
Chicopee	\$865,910	10.61%	12.45%	75,539	13.45%	12.78%
Middleborough	\$865,417	10.60%	12.44%	44,204	7.87%	10.92%
Norwood	\$2,572,363	31.51%	22.90%	53,713	9.57%	18.45%
Reading	\$412,387	5.05%	9.67%	117,436	20.91%	13.42%
Taunton	\$109,487	1.34%	7.81%	109,471	19.49%	11.71%
Wallingford	\$611,460	7.49%	10.89%	97,830	17.42%	13.07%
	\$8,164,694	100.00%	100.00%	561,548	100.00%	100.00%

Hypothetical Allocation of Payments or Credits Per EL16-19-000 Settlement Agreement Section 5.D. (per Billing Allocation Percentages)

System	Billing %	1st \$150K	2nd \$150K	\$425K/year	\$425K/yr x 8 yrs	Totals
Braintree	19.66%	\$150,000	\$150,000	\$ 425,000	\$ 668,395.01	\$727,371.04
Chicopee	12.78%	\$29,488.02	\$29,488.02	\$ 83,549.38	\$ 434,556.02	\$472,899.19
Middleborough	10.92%	\$19,171.59	\$19,171.59	\$ 54,319.50	\$ 371,246.33	\$404,003.36
Norwood	18.45%	\$16,378.51	\$16,378.51	\$ 46,405.79	\$ 627,377.22	\$682,734.03
Reading	13.42%	\$27,678.41	\$27,678.41	\$ 78,422.15	\$ 456,160.73	\$496,410.21
Taunton	11.71%	\$20,124.74	\$20,124.74	\$ 57,020.09	\$ 398,040.26	\$433,161.46
Wallingford	13.07%	\$17,560.60	\$17,560.60	\$ 49,755.03	\$ 444,224.43	\$483,420.71
	100.00%	\$150,000.00	\$150,000.00	\$ 425,000.00		\$3,700,000.00

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