**TOWN OF WINCHESTER – CITY OF WINSTED**

Town Hall – 338 Main Street

WINSTED, CONNECTICUT 06098

***Public Hearing Meeting***

***Water & Sewer Commission***

***Town Hall, 338 Main Street, Winsted***

***January 10, 2023***

Chairman called the meeting to order at 6:00 pm. The following members were present: Bill Hester, Joe Lemelin (video chat), John Massicotte, Mike Farrell, George Closson. Also, present was Director of Public Works Jim Rollins, Candance Bouchard, Candy Perez and Finance Director Ann Marie Rheault.

***PUBLIC HEARING-***Meeting to discuss sewer surcharge for 3rd and 4th billings budget year 2022-2023.

1. ***Public Comment***

* Candy Perez-can you explain to everyone why you are initiating the surcharge.
* J. Rollins-the essential reason why we are looking for a surcharge is because the cost of utilities has gone through the roof especially in the last six months. Our prices went from about $10,000 a month and this is just at the sewer plant, this does not cover the pump stations. We are just looking at the sewer plant on the spreadsheet. It 2020 and 2021 we were $10,000 to $11,000 a month was our average. In 2022 it bumped up to almost $16,000. The first five months of 2023 it went up to $26,000. Now we are going to experience another 48% increase, which will bring our costs up to $45,000 a month. The budget can’t carry that especially when you take into account everything else is going up. We were able to absorb some of it in the budget. Our math came up with about $80 a customer. If you look at the bottom that is highlighted from 2020-2023 we went up $88 per customer. So, the $80 doesn’t even cover the increase in the electrical cost just from the sewer plant and not any other utilities. We discussed making a rate increase and at the time we decided to do a utility surcharge because this is easier to quantify and easier to take off later as energy prices hopefully come down.
* Candy Perez-we did talk a little bit about solar credits are helping.
* Ann Marie-I looked at all the bills for fiscal 2020, 2021, 2022 and what we had available for fiscal 2023. This is account number 315-822-fiscal 2020 monthly bills totaling up to $127,615, fiscal 2021-monthly bills totaling $216,647, there is a FEMA reclass for the storm for $16,521. I excluded that because that is a one-time deal. For fiscal 2022 monthly bills totaled, there is an additional piece beginning in January 2022 when the solar farm went on line, so instead of having to pay monthly Eversource bill we get a bill for LSC which is the generation on the solar farm and a month in arrears we get a solar credit that comes through our Eversource bill. So what you will see three pieces, the total of that for fiscal 2022 is about $180,000. For fiscal 2023, LSC runs about two months behind, we did factor in a solar credit for the full calculation. You will see the Eversource bill totaling up for those months to $130,315. Look at the average Eversource, I took the annual cost and divided those by 12 and I took the fiscal 2023, I took the $130,000 which is July-November for Eversource only. Our total estimated yearly fiscal cost for 2023 is $430,315. We are averaging about a $2,000 credit a month between the two of them. So I took 12 months at $2,000 so I anticipating about $24,000 that we will gain from the solar farm credits. It comes down to a net electricity cost of $406,315 for the year. We budgeted for the fiscal 2023 sewer budget $270,000 for this line item. We will be in deficit of about $136,315. Take that by the number of customers and that comes out to about the budget deficit of almost $53 per customer.
* Resident***-***is the deficit per year or per month.
* Ann Marie-the $136,315 is the deficit for the full year.
* Resident**-**so the $53 per customer is that per year or per month.
* Ann Marie-that is per year. On a per customer basis 2020 it is about $49.60.
* David Lapionte-11 Hillside Ave-if anyone would like to speak, please go through the chair and raise your hand. I appreciate your estimates which appear to be accurate based on what Eversource is doing.
* Ann Marie-from what we were able to pull up, Eversource rates on the supply end are going up 100%.
* David Lapointe-so knowing that and we knew that way back, I locked in at 13.79 for three years, when we have people in position and I know its not your job to go out an search rates, it appears that someone has failed to do there job and do diligence to take care of the proper rate in this town. The purchase director should have been looking at the rates. I feel this is a failure of the town to get proper rates.
* J. Rollins-whether it’s a rate increase or surcharge we have to follow the same protocol.
* Troy LaMere-51 Morgan Dr-I am trying to understand the LSE, is this a fee for paying for the solar panels. So we get a credit monthly after we pay for the solar panels.
* Ann Marie-January 2022 the solar farm went online, they took the highest electricity usage we had and they moved it over to the solar farm to get the benefit from the solar farm. We get credits every month from the solar farm, however we are getting generation charges from the solar farm. So, to generate those solar credits we get charged for it. Our net impact on a monthly basis is a benefit to the Town of about $2,000. So, LSE is the company that is doing the generation of the solar farm. So, the credit comes through our Eversource bill.
* Troy LaMere-so our savings are generation cost from Eversource for using LSE, but we are paying for the benefit of the solar farm.
* Ann Marie-right we know we are getting more back than what we are paying out.
* Melissa Reagan-78 Boyd St-you said that this was for this account only the LSE credits. Do other departments have the same metering and the same kind of credits.
* Ann Marie-this is the only one for sewer that is tied to solar. There are other metered town properties. The largest bills that we get from Eversource are tied into the solar farm.
* Melissa Reagan-so does the sewer department have the largest bills because this has gone up.
* Ann Marie-yes
* Melissa Reagan-so would it be feasible to take some of the money from the other accounts.
* J. Rollins-each of the five or six biggest accounts get the same discount. It’s about an 18% discount for us that comes out to about $2,000 a month for the sewer. This all has to be independent we cannot take credits from other accounts.
* Ann Marie-the credits come through our Eversource bill.
* Davis Lapointe-so what can be done or will be done to get a better rate.
* Ann Marie-what we talked about at the last BOS meeting was to report what is happening to our electricity and get a closer look at all our utilities. We were not aware of the rate increase when they proposed their budget. Eversource had not yet released this January increase.
* Melissa Reagan-so you had six months to figure this out, that is what his question is. Why hasn’t anything been done in the interim.
* Ann Marie-we can only move forward and look to see what our options are.
* Candance Bouchard-are you saying you need a vote by the Selectmen to proactively look at rates.
* Candy Perez-I did ask Josh last week to look into where our electric rates were. In the past we have had energy management companies to look at it. When does the bill go out for the 3rd quarter.
* J. Rollins-any day now, we voted to take it to Public Hearing.
* Candy Perez-is there enough time to put this on the 3rd quarter bill?
* J. Rollins-according to our vendor, yes.
* Candy Perez-what I was going to suggest you do, especially in the 4th quarter. What is the actual bill going to be.
* Ann Marie-we pay a completely different rate structure, you are referring to the residential rates. We pulled up a schedule of rates via Eversource. There are different rates, there are municipal rates versus business rates. J. Rollins spoke with the representative at Eversource and did verify that on the commercial side it is also going to go up by 48%. Eversource is saying that the average bill is going to go up 48%. Half or your bill is going up by 100% and the other has is staying.
* Candy Perez-I would suggest for the 4th quarter you look to see what the actual bills are to make the final determination of what the charge will be. We are fortunate to have this public hearing here because Aquarian is an Eversource subsidy. They announced a 23% rate increase.
* Gerald Martinez-117 Preston Rd-is there contingency for 2024-Lets assume these rates are never going to go down and this becomes a permanent increase. Has this been discussed***.***
* J. Rollins-this is just a short term to get us through this fiscal year. We are going into budget season so we will figure out the rate structures for the following year.
* David Lapointe-at the last Public Hearing you said empathically twice that come, 2025 we will not have money to do what we need to do so we will have to raise rates then.
* J. Rollins-yes that is accurate, and I was talking about water. This is sewer so it is a completely different budget. We specifically addressed all of these questions at that hearing about the capital improvements that we voted on at the referendum, which were completely paid for. The operating budget is completely different.
* Melissa Reagan-with all these cost increases, what has been done for cost saving measures.
* J. Rollins-so the sewer plant has had complete retro fit of all of the lighting, going to the highest efficiency of LED, fixtures, bulbs, etc. We have installed variable sequency drives on some of our motors.
* Melissa Reagan-is there anything Eversource can do to suggest cost savings.
* J. Rollins-so similar what they do for residential homes, we have had different people over the years offer up different options. We trimmed the blowers out to make them work a lower horse powers and lower RPM. Some of the things we can’t afford to implement.
* Ann Marie-that is only an estimate, what is being proposed is $40 per quarter. They can address this in their meeting if this is the best amount. We will have more information if we go three months out on what the bill will be in January, February and March. We are always three months behind so we are never going to have the full amount of information to know exactly what that deficit will be so it will be harder.
* B. Hester-some of this electric bill is based on the weather. When it is cold like this you are not going to use as much electricity because the water is a lot more dense so the oxygen level is higher, which keeps the microbes happier When it starts getting warmer it makes the water warmer and that makes the electricity go up. You must push those blowers more to keep that oxygen level up. We are followed by EPA guidelines as operations taking in the water and pushing it out. Same with the sewer side all regulated by EPA, Department of Health and DEEP.
* J. Rollins-we are looking at this as a utility surcharge. In our mind we consider utilities to be electricity, heating fuel, chemicals and sludge disposal. In this spreadsheet we are only talking about electricity for one plant. We are not addressing the whole problem. We are just trying to stop the bleeding to the point where we can get our feet back under us and regroup for the budget season with new information.
* David Lapointe-so is the board going to ask the Town to get a better rate?
* J. Massicotte-as I stated before the Town is already looking into it.
* J. Rollins-the answer is yes, we need to investigate what contracts we have already committed to.

***V. Adjournment:***J. Massicotte-made a motion to close Public Hearing, seconded by C. Bouchard. **Vote**: *all in favor-motion carried unanimous.*

Minutes Respectfully Submitted,

Rhonda Roy

Minute Secretary