



## Overview of Proposed 2019 NPU Budget:

For FY2019, NPU is proposing a budget of \$95,887,434.

The proposed budget includes an NPU contribution to City of Norwich General Fund of **\$8,475,572**

- This year's contribution reduces taxpayers bill by 4.46 mills
  - Approximately \$439 tax savings for an average single family home
- This is the third consecutive year the NPU contribution has been **more than \$8 million**
- Over the past ten years, **NPU has contributed \$80.3 million to the General Fund.**

NPU also continues to benefit from its hydropower capabilities on the Shetucket River, avoiding the cost of purchasing \$570,000 of electricity, which is enough generation for more than 900 homes for a year.

NPU headcount is reduced to 147.5 rate-funded employees, down from 148.5 last year.

The budget includes important capital investments to strengthen and modernize our infrastructure while **meeting various federal and state regulatory requirements and maintaining NPU's strong track record for safety and reliability.**

Major investments proposed in budget include:

### Natural Gas:

- \$1.37 million for annual DIMP (Distribution Integrity Management Program) that identifies and prioritize repairs and improvements to natural gas mains and services
- \$469,000 for additional AMI natural gas meters
- \$339,000 to continue the expansion of our natural gas customer base

### Electric:

- \$520,000 for ongoing substation improvements
- \$367,000 for additional AMI electric meters
- \$710,000 for materials and equipment (poles & fixtures, transformers, switches, capacitors, and generation improvements)

### Water:

- \$17,379,482 for major projects that are ongoing (*note: these projects are paid for through a combination of grants and low-interest loans through the State of Connecticut's Drinking Water State Revolving Fund **and will not impact rates in the 2019 Fiscal Year***). With the completion of these projects in the years ahead, the capital investment in NPU's water infrastructure will return to more typical levels.
- These projects have all been presented to and approved by the State of Connecticut's Department of Health, Norwich City Council and Norwich Public Utilities Board of Commissioners.
  - \$2.9 million for AMI water meters
  - \$7.3 million for Water treatment plant upgrades
    - Stony Brook
    - Deep River
  - \$6.32 million for water main installations
    - Sprague Emergency Supply Interconnect
    - Stony Brook Main Rehab / Replacement Project

### Wastewater / Sewer:

- \$1.6 million for ongoing work to eliminate Combined Sewer Overflows (CSOs) on the East Side of Norwich
- \$400,000 for work associated with NPU's Long-term Control Plan

### **Impact and perspective on rates:**

The following are the first rate adjustments NPU has proposed since 2016; even with these adjustments, our rates are lower for electricity and very competitive for natural gas, water and wastewater / sewer when compared to other communities in the region

### Natural Gas:

9.1% increase, which would add approximately \$9.49 to a customer's bill, using 50 CCFs of natural gas.

**For Perspective:** *NPU's natural gas rates have not been adjusted in more than four years; the proposed rate increase represents an average increase of a little more than 2% a year since 2015.*

***Without NPU's annual contribution to the City's General Fund, our natural gas rate would be 5.1% below an investor-owned utility in Connecticut.***

### Electric:

5.4% increase, which would add approximately \$6.24 to a customer's bill, using 600 Kwh a month.

**For perspective:** With this proposed adjustment, the typical NPU residential electric customer's monthly bill would be about \$1 more than it was in 2015.

- NPU's rate would be approximately 3.4% lower than an investor-owned utility in Connecticut.
- Without the 10% contribution to the City, NPU's electric rates would be 14.8% less than an investor-owned utility in Connecticut.
- NPU's storm-response performance reflects the strength of our organization.

### Water:

8.68% increase or about \$4.34 a month for someone using 7 CCFs a month.

**For perspective:** This increase is driven by projects and improvements mandated by federal and state regulators.

With this proposed increase, NPU's water rates would be in the middle of the pack when compared to other communities in our region; in addition, there are very few, if any, communities in Connecticut that are making investments on the scale of what is underway in Norwich.

### Wastewater / Sewer:

6.54% increase, or about \$4.13 a month for someone using 7 CCFs a month.

**For perspective:** We continue to make the necessary and mandated upgrades to our wastewater infrastructure; it is far more cost-effective to be proactive with our efforts than to wait for a sewer line collapse in a city road or neighborhood or a failure at our wastewater treatment plant.

### Customer Examples:

NPU customers who receive a) only electricity or b) electricity and natural gas would see an increase to their bill of between \$6.24 and approximately \$15 a month; **these two examples represent about 72% of NPU's customers.**

Customers receiving electric, natural gas, water and sewer services from NPU would see their bill increase by approximately \$24 per month, or 80 cents a day; **this represents about 16% of NPU's customers.**

Customers receiving electric, water and sewer services from NPU would see their bill increase by approximately \$14.71 per month, or about 49 cents per day; **this represents about 11.5% of NPU's customers.**