



SPECIAL TOWN MEETING

May 14, 2015

A Special Town Meeting was held on Thursday, May 14, 2015 in the Deep River Town Hall Auditorium. First Selectman Richard Smith called the meeting to order at 7:02 p.m. The meeting was attended by the Board of Selectmen; Terri Eller, Tony Sherman and Joel Kopylec of UIL Holdings Corporation; the Town Clerk and approximately 40 residents.

A motion to appoint David Oliveria as moderator was made by Angus McDonald and seconded by Lori Guerette. The motion was approved unanimously. David Oliveria appointed Town Clerk, Amy M. Winchell to act as clerk of the meeting who then read the call.

A motion to accept the call as read was made by Douglas Dopp and seconded by Lori Guerette. The motion was approved.

Terri Eller of UIL Holdings Corporation gave a PowerPoint presentation explaining the benefits of bringing a natural gas pipeline up Main Street to the intersection of Winter Avenue. The Town would see significant savings in its own fuel costs while increasing tax revenues from Southern Connecticut Gas (SCG) and enticing businesses to come to Deep River. To make the project worthwhile for SCG, they need a commitment of conversion from the Town for the Town Hall, Library and Elementary School buildings. The Board of Selectmen wants to postpone the Elementary School conversion for a year. To offset this, Silgan Plastics has signed an agreement/contract to convert to natural gas as soon as it becomes available. SCG would like to proceed with the project and many other businesses and residents along Main Street have already expressed interest in converting.

Construction costs are estimated at \$3,000,000. SCG will invest \$2,313,000 and will apply \$437,000 of 2014 non-firm margin dollars, leaving Deep River with a cost of \$250,000 to be paid, interest free, over the next five years. Total tax revenue to the Town as a result of bringing natural gas into town should be \$238,500 over the same five year period, making the actual cost to the Town \$11,500. Calculating savings of energy costs for the Town plus additional tax revenue as more businesses and residents convert to natural gas shows this project paying for itself in a few years. Essex made this move last year and is on track to break even this year. Cost estimates for actual conversion were not available for this meeting however; the Town Hall's relatively new HVAC system is compatible with either oil or gas, keeping conversion costs low. Construction is expected to take six weeks to complete and would start in August or September.

A motion to approve the item of the call was made by Douglas Dopp and seconded by Claudia Epright.

“Approve the proposal from U I L HOLDINGS CORPORATION to install a natural gas pipeline along Main Street (Route 154) from the Essex—Deep River Town Line to the intersection of Winter Avenue, with the following stipulations:

- 1. The Town’s share in the cost of construction, payable over five years, will be \$250,000, largely offset by tax revenues. U I L HOLDINGS CORPORATION estimates that the property tax, adjusted for depreciation of the pipeline, will be:

First Year	\$ 51,200
Second Year	\$ 49,500
Third Year	\$ 47,700
Fourth Year	\$ 45,900
<u>Fifth Year</u>	<u>\$ 44,200</u>
5 YEAR TOTAL TAX REVENUE:	\$ 238,500
Approximate Town Share Total:	\$ 11,500

It is estimated that over the next 34 years, based on today’s mill rate, and including pipeline depreciation, revenues from U I L HOLDINGS CORPORATION will total \$812,300.

- 2. Approve the following agreement:

Convert Town Hall and Public Library from Fuel Oil to Natural Gas during FY 2015-16;
Defer conversion of the Deep River Elementary School until FY 2016-17.”

DISCUSSION: Several residents expressed concern over interruption in service and the safety of natural gas. SCG will be using high grade plastic pipe instead of cast iron which becomes brittle with age. Response time to a leak is State mandated to be no more than 40 minutes. Often breaks are accidentally caused by people not “Calling Before You Dig” or, in Westbrook, a vehicle hit a house and severed the gas line. Only leaks into enclosed spaces can cause explosions and these leaks are almost always caused by tampering for the purpose of stealing gas. The explosion in Middletown several years ago was caused by purging their system with gas instead of air into a semi-enclosed space where welding was taking place. A resident who has owned a business in Clinton for many years stated he has never had a problem with service interruption or gas leaks and has been very happy with natural gas and its significant cost savings. Maintenance of gas lines up to the meter on a building will be covered by SCG as the cost is embedded in the rate. The State also mandates all meters to be at least three feet from any doorway.

Residents were also concerned with the cost of converting their homes to natural gas. Such a conversion would usually require a new furnace and, if wanted, new gas appliances. However, there is no obligation to hook into the gas line and no cost if you choose not to. Contracts are not binding for a specific period of time so customers can return to oil if they choose. SCG offers a variety of payment plans for conversion to residents, some with little to no interest. If customers along Main Street choose to hook up to the gas line as it is being installed, SCG will lay line up to 150 feet for free to each building. Further expansion up side streets would occur only if enough of the neighborhood residents agreed to sign up, making it financially feasible for SCG to dig in a new gas line. SCG does not want existing ratepayers to subsidize expansions so they rely on the promise of future revenues to expand their pipe line. All utilities need their own trench so gas cannot share a trench with water or sewer lines. Roads would be resurfaced where the trench was dug.

A concern over whether or not there would be enough gas for all customers during high demand periods was addressed, assuring us that there was always enough gas for every customer. During periods of high demand, some customers, like Yale, have the capability to access a different fuel source and “sell back” their gas to SCG for other customers.

When asked who would be paying for the portion of the gas line that would be run from Main Street in Centerbrook up to the Deep River/Essex town line, Dick Smith responded that the Town of Deep River is not paying for any of the gas line because the tax revenue from this project will cover the cost.

A motion to move the point was made by John Simcheski and seconded by Peter Staye. The motion was approved and David Oliveria re-read the point to be approved by the motion on the table.

There being no further discussion, a vote by show of hands was held. The motion was approved by a 24- YES, 10- NO vote.

A motion to adjourn was made by Angus McDonald, Jr, seconded by Douglas Dopp and passed unanimously. The meeting was adjourned at 8:42 p.m.

ATTEST: Amy M. Winchell, Town Clerk