

THIRD TAXING DISTRICT
of the City of Norwalk
June 2, 2014

ATTENDANCE: Commissioners: David Brown, Acting Chair; Debora Goldstein, Dr.
Michael Intrieri, Treasurer

STAFF: James Smith, General Manager; Ron Scofield, Assistant
General Manager.

OTHERS: Drew Rankin, CMEEC; Justin Connell, CMEEC Portfolio Manager

CALL TO ORDER.

Commissioner Brown called the meeting to order at 7:02 p.m. A quorum was present.

PUBLIC COMMENT.

There was no one from the public present to comment at this time.

**** COMMISSIONER BROWN MOVED TO CONSIDER AGENDA ITEM # 3 - CMEEC
NEXT.**

**** COMMISSIONER GOLDSTEIN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

CMEEC:

- Review of Norden Generating Units/Summer Market Conditions.

Mr. Justin Connell and Mr. Drew Rankin from CMEEC came forward and distributed copies of Summer Condition Update on June 2, 2014. Mr. Rankin explained that Mr. Connell was the Portfolio Manager and noted that the phrase "forward management" in the reports refers to the hedge position.

Mr. Rankin pointed out that it has been a volatile winter in terms of both the weather and the gas pricing. He then explained how the cost of the commodity was determined. He then reviewed the details in the handout with the Commissioners. Mr. Rankin explained that there were variables of uncertainty, such as weather conditions or the use of solar power. CMEEC's purpose is to predict and manage the energy.

Mr. Connell spoke about the natural gas prices that have remained high despite the much lower temperatures in the spring. CMEEC does not do speculation on energy, but does work within the variables that change.

Commissioner Goldstein asked about a reference to manipulation of the energy. Mr. Connell said that while there may be speculation by other groups in the market, everything works through

ISO New England, so the chance for manipulation is greatly limited. Mr. Rankin said that if CMEEC thought there was any possibility of manipulation, CMEEC would sever the relationship.

Discussion followed on the projections for the forward electric market. Mr. Smith said that he felt CMEEC should present this type of report to the Commission twice a year so the Commission will be aware of how CMEEC is managing the energy costs.

Mr. Smith said that at the end of the day, it is critical to manage the costs and keep the rates down. He said that he had asked CMEEC to compile a rate graph with CL&P and the other five municipalities.

Mr. Rankin then made a short presentation about the Community Solar Garden concept, which is creating a centralized utility for solar power generation. This can be installed on low use lands such as landfills for the economy of scale pricing. Brownfields can be used along with capped landfills. If there are no locations in the area, the District can purchase ownership or subscriptions in another garden elsewhere.

Commissioner Brown asked about methane from landfills. Mr. Rankin said that there was a contract agreement with a group in Rhode Island regarding the use of the landfill methane gas and gave a quick overview of those portfolio holdings.

The discussion then moved to the use of solar power for retail businesses and how it affects the cost of energy for both the utilities and the customers.

- CMEEC Membership Margin - Recommendation of Placement Fund.

Mr. Rankin then reviewed the CMEEC Membership Margin with the Commissioners. There are two funds, the CMEEC Margin and the CMEEC Equity. The profit from the margin from some customer classes goes directly into the Rate Stabilization Fund and is calculated based on the CMEEC membership share percentage.

Mr. Rankin then spoke briefly about the CMEEC equity fund and how it is maintained. Any equity profits are made available to the owners. The first time an equity distribution of 5.6 million dollars was made available to the owners was on May 19th. He then reviewed the details of the equity distribution process.

Mr. Rankin said that the funding was put into the Rate Stabilization Fund for the time being. If it was left in the Equity Fund, TTD would not have access to the funds until next year. Commissioner Goldstein asked what the TTD's distribution share was. Mr. Smith said that it was slightly under 240 thousand dollars.

Mr. Smith said that his recommendation was to put the funds into the Rate Stabilization for the time being. It is fairly easy to withdraw the funds if necessary and the TTD is trying to rebuild the fund.

Commissioner Brown said that the funds were part of the equity. Mr. Rankin agreed and said that it is part of the calculation of cash on hand for working capital, but everyone recognizes that the funds belong to the members. However, CMEEC is in a good place financially at the present time.

Commissioner Goldstein asked what the balance was in rate stabilization. Mr. Smith said that it was just under 2 million dollars. Commissioner Goldstein then asked if TTD wanted to make a significant withdrawal, if there was a notification required. Mr. Smith said that when the substation was constructed, the cost came from the trust fund. He added that there were no major projects on the horizon that would require the use.

Commissioner Brown then had several questions about Person-to-Person being a statewide organization. Mr. Smith said that he thought that Person-to-Person was a state wide organization but was sure that they had a local Norwalk chapter. He said that the TTD had made a donation to Person-to-Person to help those who needed energy assistance. Commissioner Brown asked if there were others groups who also donated. Mr. Rankin said that it might be happening but that he was not aware of it. CMEEC generally is not involved in the retail side of the business.

Commissioner Goldstein asked if a vote was needed on this issue. Mr. Smith said yes. Commissioner Goldstein then suggested that in the future, if a resolution was required, it should be indicated on the agenda.

**** COMMISSIONER BROWN MOVED TO PLACE THE \$238,104 DIVIDEND FUNDS INTO THE TTD RATE STABILIZATION FUND AS RECOMMENDED.**

**** COMMISSIONER GOLDSTEIN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

MINUTES OF MEETINGS.

May 5, 2014 and Library Adhoc Committee Meeting of April 15, 2014.

Commissioner Brown said that there had been a request for a verbatim transcript of the Library Adhoc Committee Meeting of April 15, 2014 because this was not possible due to the fact that there was a recording failure. Instead, the secretary reconstructed the minutes.

April 15, 2014 Adhoc Committee Meeting.

The following corrections were noted:

Page 5, paragraph 5, line 2 – Please delete the following: “He added that they meet every third Wednesday at the Marvin, and all are welcomed to attend and to bring baked goods.”

**** COMMISSIONER BROWN MOVED TO APPROVE THE LIBRARY ADHOC COMMITTEE MEETING OF APRIL 15, 2014 WITH THE ACKNOWLEDGEMENT THAT THERE WAS NO INDEPENDENT COLLABORATION FOR THE CHANGES.**
**** COMMISSIONER GOLDSTEIN SECONDED.**
**** THE MOTION TO APPROVE THE LIBRARY ADHOC COMMITTEE MEETING OF APRIL 15, 2014 AS CORRECTED PASSED UNANIMOUSLY.**

May 5, 2014 Minutes.

Commissioner Brown said that Dr. Intrieri's name was spelled incorrectly.

The following corrections were noted:

Page 2, **MOTION**, please change the following motion from:

**** COMMISSIONER GOLDSTEIN MOVED TO SUSPEND THE RULES TO CONSIDER THE VAN ZANT STREET HVAC BID AS THE NEXT AGENDA ITEM.**
**** COMMISSIONER BROWN SECONDED.**
**** THE MOTION TO SUSPEND THE RULES TO CONSIDER THE VAN ZANT STREET HVAC BID AS THE NEXT ITEM PASSED UNANIMOUSLY.**

TO:

**** COMMISSIONER GOLDSTEIN MOVED TO SUSPEND THE RULES TO CONSIDER THE VAN ZANT STREET FIREHOUSE HVAC BID AS THE NEXT AGENDA ITEM.**
**** COMMISSIONER BROWN SECONDED.**
**** THE MOTION TO SUSPEND THE RULES TO CONSIDER THE VAN ZANT STREET FIREHOUSE HVAC BID AS THE NEXT ITEM PASSED UNANIMOUSLY.**

Page 2, under **HVAC Bid – Van Zant Street Firehouse**, paragraph 1, line 1 – please change the following from: “the Van Zant Station” to “the Van Zant Firehouse.”

Page 3, under **General Manager's Comments**, paragraph 3, line 1: please change the following from “that ENNA was” to “that ENIA was”

Page 5, paragraph 1, line 5: please delete the following: “Commissioner Brown said that he felt Atty. Bove should be as specific as possible.”

**** COMMISSIONER BROWN MOVED TO APPROVE THE MINUTES OF MAY 5, 2014 AS CORRECTED.**
**** COMMISSIONER GOLDSTEIN SECONDED.**

**** THE MOTION TO APPROVE THE MINUTES OF MAY 5, 2014 AS CORRECTED PASSED UNANIMOUSLY.**

Presentation and Discussion of 2014-15 Revenue/Expense Budget and 2014-15 Five Year Capital Budget.

Mr. Smith then reviewed the details of the Five Year Capital Budget with the Commissioners. Discussion followed about the various details.

The costs in the Capital Budget have all been updated and were not inflated. He then spoke about an upcoming transformer replacement and explained the lead time on a new transformer would be 8 or 9 months.

Mr. Smith recommended that the full Board be present before the Budget is approved and reminded everyone that the goal was to have this approved by July 1st. The narrative should give them all the details. The Commissioners should review it and note down any questions. Dr. Intrieri commented that the budget appeared to be very thorough.

Mr. Smith then indicated where the summary was found in the binder for the Capital Budget. Mr. Smith then gave an overview of how the budget sheets were laid out and where the back up information would be found for the summary page. He said that following this capital plan would result in having all the major capital needs addressed and recommended a "phased in" approach for getting it done over a period of years, if necessary.

Mr. Smith then reviewed the 2014-15 Operating Budget spreadsheet located in the front of the binder.

Commissioner Brown asked what the criteria was for the 'small commercial' and 'large commercial' designation. Mr. Smith said that usually it was calculated by usage.

Commissioner Brown said that he would prefer to discuss this when Commissioner Yost was present.

Mr. Smith said that they had discovered a few small errors and he would be re-issuing those pages to the Commissioners.

**** COMMISSIONER BROWN MOVED TO TABLE THE DISCUSSION AND APPROVAL OF THE BUDGET TO A SPECIAL MEETING WITH THE DATE TO BE DETERMINED.**

**** COMMISSIONER GOLDSTEIN SECONDED.**

**** THE MOTION TO TABLE THE DISCUSSION AND APPROVAL OF THE BUDGET TO A SPECIAL MEETING PASSED UNANIMOUSLY.**

Policy on Donations - Draft for Review/Comments.

Commissioner Brown said that he read the policy and would like to state that unless it was related to energy or power, the Commission should not be approving donations. He said that with the Marvin School, if the president of the Marvin PTO had not been married to a former Commissioner, they never would have received the money in the first place.

Commissioner Goldstein said that any donations must come out of the District funds, not out of the rate payers. She said that it would be important to have the District funds allocated into an account for this type of function. Other than the Library, the Fire House, the Cemetery and the summer concert, any additional donations should be energy related.

Dr. Intrieri said that he would like to know about the legal issues. Mr. Smith said that he had been asked to create a draft donation policy and had Atty. Bove review it as requested. He said that the Commission would have to add a line item to the budget for Donation allocations. Discussion followed.

**** COMMISSIONER BROWN MOVED TO TABLE THE DRAFT ON THE DONATION POLICY.**

**** COMMISSIONER GOLDSTEIN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

Award of Bid - Fencing for 18 Rowan Street.

Mr. Smith said that the house had been demolished and that the area was being black topped per the bid documents. The next step is to fence the area in for security. Commissioner Brown said that there had been an issue with a gate that bordered the Library parking lot. Mr. Smith said that the two gates would be useful when moving materials around.

**** COMMISSIONER GOLDSTEIN MOVED TO AWARD THE BID FOR THE FENCING FOR 18 ROWAN STREET TO THE LOWEST AND BEST BIDDER, ATLAS COMPANIES, LLC OF BRANFORD, CT IN THE AMOUNT OF \$12, 385.00.**

**** COMMISSIONER BROWN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

Discussion/Analysis of Financial Statement/Key Performance Indicators.

**** COMMISSIONER BROWN MOVED TO TABLE THE DISCUSSION/ANALYSIS OF FINANCIAL STATEMENT/KEY PERFORMANCE INDICATORS TO THE NEXT MEETING.**

**** COMMISSIONER GOLDSTEIN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

ADJOURNMENT.

**** COMMISSIONER BROWN MOVED TO ADJOURN.**

**** COMMISSIONER GOLDSTEIN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 9:30 p.m.

Respectfully submitted,
Sharon L. Soltes
Telesco Secretarial Services

THIRD TAXING DISTRICT
of the City of Norwalk
Special Meeting
June 19, 2014

ATTENDANCE: Commissioners: Charles Yost, Chair; David Brown, Debora Goldstein, Dr. Michael Intrieri, Treasurer

STAFF: James Smith, General Manager; Ron Scofield, Assistant General Manager; Atty. John Bove

OTHERS: Joseph Cristino

CALL TO ORDER.

Commissioner Yost called the meeting to order at 7:00 p.m. A quorum was present.

PUBLIC COMMENT.

No one present from the public wished to comment at this time.

5 YEAR CAPITAL BUDGET.

Mr. Smith then reviewed the Five Year Capital Budget summary page. He said that if the TTD had an open checkbook and could spend whatever they wished to improve the infrastructure of the system, it would come to \$1,892,000 as outlined in the first year of the Five-Year Capital Budget Forecast.

However, given funding constraints, he recommended prioritizing four (4) Capital projects be undertaken. The four priority projects are:

1. The replacement power transformer, which has a 48 to 52 week lag between the order and the delivery, is the largest single piece of equipment that is being requested for the five year budget. It would require a 10% deposit, approximately \$50,000 to \$75,000. Commissioner Brown asked how Mr. Smith calculated that deposit on the order. Mr. Smith directed the Commissioners to the appropriate page and explained that the equipment costs about \$750,000 and the deposit would be 10% of the equipment. Commissioner Goldstein asked about the contingency amount. Mr. Cristino explained that they may find issues underneath the concrete pad.

2. Replacing a mile of overhead line, the details of which are found in the Distribution Plant Overhead Conductors. Mr. Smith recommended that they follow the schedule to replace one mile of overhead wire. Commissioner Goldstein asked how the priority for the replacement of the wire was being done. Mr. Cristino said that there were a stretch of line that had

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fluctuations in the voltage and there should be standardization of overhead construction. Commissioner Goldstein asked if this was a result of repairs or other issues. Mr. Cristino gave a brief overview.

3. Replace the lead cable, which is outlined in the section labeled Distribution Plan - Underground Conductors. Mr. Cristino said that the estimated cost will be \$87,500. Mr. Cristino explained that these were low voltage cables. There are only two remaining contractors in the area who will work with lead cables. All the cables should be removed within the next five years. The removed cables can be sold for scrap.

4. Replacing the 50 Circuit relay found in the section titled Distribution Plan Substation Equipment. Mr. Cristino spoke about a long term project when the relays were installed following a major outage. This would complete the project started 15 plus years ago. Mr. Smith said he had discussed this with Mr. Cristino and that the amount of \$25,000 should be changed to \$50,000 since the work will be done on both ends of the project. This roughly comes to \$400,000 for the total Capital projects for this upcoming fiscal year.

Mr. Smith then reviewed the funding sources with the Commissioners. He said that there would be between \$400,000 and \$700,000 available between the Capital Improvements account and the Short Term Debt financing with Patriot Bank through the line of credit. These are two different funding sources. Mr. Smith said that he would prefer to pay for the projects from the Capital Improvements Account and avoid the debt service from Patriot Bank. This would not drain down the cash resources that the District has. He said that the Capital Improvements Account had a balance of about \$925,000 right now.

Commissioner Yost asked for a break-out of the various project costs. Mr. Smith clarified some of the details and explained that it would be about \$50,000 for the equipment deposit, \$187,500 to replace the mile of cable, \$87,500 to do the lead cable replacement and \$50,000 to replace the 50 Circuit. He said that he didn't want to stretch the cash in the Capital Improvements account.

Mr. Smith then updated the Commissioners on the details of the Bento project. He explained that short-term financing had been used when the District purchased the Bento project and demolished the house. The only remaining part to be done is putting up the building. The fencing was approved last month for the property. The parking lot will be paved and sealed in the coming week. Once the fencing is installed, then only item remaining to be done will be the building. These items are all in the budget.

Commissioner Brown asked if the materials would all be within the Bento property. Mr. Smith said that all of the materials will be warehoused there for the crew. He said that he would like to complete the project by locating a building there in the coming year, but if the funding was not available, that would be fine.

Commissioner Brown asked if these items had been discussed earlier. Mr. Smith replied that it was all included in the budget. He said that he had discussed this with the Commission when he presented the proposal and it was listed as one of the items to be discussed this year.

Commissioner Brown asked about the \$925,000 in the Capital Improvements Fund. Mr. Smith said that he thought the District should take the \$375,000 out of the Capital Improvements Account rather than tapping into the short term financing unless there was a problem. He added that he would not like to use the line of credit unless he had to.

Commissioner Brown asked how the funding of the Capital Improvement fund occurred. Mr. Smith said that in the past there had been regular quarterly transfers from the Operating Account into the Capital Improvements Account. In the last year or so, the transfer stopped in order to build up the Operating Account balance. Mr. Smith said the plan would include starting up the quarterly transfers into the Capital fund again knowing that the money will be withdrawn to pay for the projects. Commissioner Brown said that it would be important to include this in the minutes.

Mr. Smith said that the budget was a planning tool. He added that if there was additional funding available above the amounts budgeted for the four projects, he would bring the other project proposals to the Commissioners for consideration.

Commissioner Brown said that in the past there had been items purchased and when he inquired about this, he was told that the item was in the approved budget. He said that the budget was a tool, not a carte blanche to purchase whatever. All the projects should come to the Commission for approval.

Commissioner Goldstein asked if there would be progress reports included in the Commissioners' information packets. Mr. Smith said that this was so. He explained he would be adding additional materials about construction projects into the packets. Mr. Smith said that if the four items were approved, starting on July 1st, it would provide a road map for the District. He recommended that the budget be approved with the four items that were identified and prioritized.

Commissioner Brown said that he was in favor of approving the four projects, but not approving the overall budget. He said that he had not had a chance to sit down with Mr. Smith to discuss the various items. Commissioner Goldstein said that approving the four projects was different from approving the entire budget. Mr. Smith agreed and said that it would be his recommendation to approve the budget based on the presentation with the ability for him to come back to the Commissioners for approval for additional spending in this budget as the finances permit. He said that he was committed to doing the four projects and that if the Commission wished to restrict the budget to those four projects, he would be fine with it.

Dr. Intrieri said that while he had no vote, he felt that the projects were reasonable and a step forward.

Commissioner Brown said that he was not in favor of passing the budget, but was in favor of approving the four projects. He said that he did not want to approve anything without having the item explained to them. He said that he had not had the chance to sit down with Mr. Smith to discuss the various items. There were items that were in the budget that were not clear as to what they were. He reiterated that he would only approve the four items presented, but not the budget. Commissioner Yost asked Commissioner Brown what would happen if the District had the opportunity to do the fifth project on the list if there was funding available. He pointed out that the District would not be able to do it because it was not included in the budget. Discussion followed.

Mr. Smith explained that if the Commission approved the budget, he would have the latitude to come to the Commission with any one of the additional projects on a project by project basis later in the year if finances were available. Mr. Smith said that if he completed the projects by December, he would come before the Commission to request a building at Rowan Street.

Commissioner Goldstein said that she basically agreed with Commissioner Brown, particularly since Mr. Smith said he would come back and asked for approval of a project later in the year. She wished to know where the funding would come from if it was not in the Capital Improvements Fund now. Mr. Smith said that there may be some things that come up during the year that would allow the District to have additional funds available. Commissioner Goldstein wanted to know what would happen if the Commissioners approved the four priority items in the budget and have Mr. Smith come back to the Commission if additional funds were available. Mr. Smith said that this would be possible. He also pointed out that this was the first time the Commission had ever used this process. Discussion followed.

Commissioner Brown then said that he did not want to have a project done and then have someone say, "It was approved in the budget and it is in the minutes." He said that he did not feel comfortable with the other projects. He asked how long it would take him to review the various projects with Mr. Smith. Mr. Smith said that he would be glad to review the individual items with Commissioner Brown, but that it could take quite a while. It would depend on the amount of detail needed.

Dr. Intrieri said that it was his understanding that if the Commissioners only approve the four projects, then Mr. Smith would not come before them to request an additional project because it was not in the budget. Commissioner Brown said that he felt Mr. Smith could come before the Commission with an additional project. In order to feel comfortable with the process, Commissioner Brown would like to be more familiar with the other potential projects. Mr. Smith reiterated that he would be glad to review the individual items with Commissioner Brown.

Mr. Smith said he would like to have the budget in place by July 1, 2014, which is the beginning of the fiscal year. Commissioner Brown asked why the budget had to be passed by July 1st. Mr. Smith explained that July 1st was the beginning of the District's fiscal year and that the budget would become part of the financial records. Commissioner Brown asked if not having an

approved budget by the 1st would mean that Mr. Smith would go to jail. Mr. Smith he would like to be able to have the budget approved in order to use it as a planning tool. Commissioner Brown said that he would go to jail in Mr. Smith's place, but didn't know if the budget would be approved by July 1st. He added that he did not think that the budget had to be approved by July 1st.

Atty. Bove said that the Commission needs to pass a budget. Commissioner Goldstein said that she did not want to pass a budget that was a wish list, but not a budget that was a realistically expect to do list. She said that she was being asked to approve a potential budget of 1.8 million when only half of that was in the Capital Improvements account. She said that she had not seen the plan to fund that budget for the next twelve months.

Mr. Smith suggested that in order to begin this process, the Commission pass the four recommended projects as part of the overall budget. He then said that regarding any additional projects, he would present them to the Commission as time and funding allows.

Commissioner Brown then pointed out that one of the vehicles that was used for meter reading was listed as undersized and not the appropriate vehicle for such heavy use as meter reading in the field. Mr. Smith said that the vehicle was almost 10 years old and he had just replaced an engine in the vehicle hoping to get another few years out of it, but felt that a small pick-up would be a better vehicle.

Commissioner Goldstein asked what the purchasing threshold was without Commission approval. Mr. Smith said that it was \$15,000. Commissioner Goldstein asked if there was anything else on the project list that would exceed the threshold and would need to be addressed by the Commissioners. She listed a number of items from the budget. She asked if this would be a comfortable process for the other Commissioners. Discussion followed about the details.

Commissioner Yost said that the wheel was being recreated and he would abstain from it. Dr. Intrieri said that from what he heard, Mr. Smith would have to come back to the Commission for approval, so the Commission would still have control. Mr. Smith pointed out that the projects were major capital items that the Commission would have to vote on anyway. Commissioner Brown said that he would not approve a budget that he did not understand. Dr. Intrieri pointed out that it would be important for the Commissioners to give the staff some flexibility in decision making. He reiterated that based on his understanding of the discussion, the Commission would still have control of the budget. Atty. Bove pointed out that Mr. Smith has stated for the record that he would not do anything beyond the four priority projects without the Commission's permission.

Commissioner Goldstein said that she was not interested in approving a \$1,000 tool purchase on a case by case basis. She added that she did not want to be told that she had approved something because it was in the budget, regardless of the spending level. She had concerns about the idea of having \$925,000 in the Capital Improvement account and being asked to approve a budget of 1.8 million without a plan as to where the difference was going to come from. She was being

asked to sign off on a million dollar deficit spending budget. She said that she was not prepared to do that. She said that no corporation in their right mind would do that unless there was a bond proposal being made. Identifying it as a priority list or a wish list is fine, but it should not be approved as a budget.

Atty. Bove pointed out that the \$925,000 was not a static number and that there were projections regarding the supplemental income during the year. Mr. Smith agreed. He said that the five year budget was created in order to list the various things that needed to be done over the next five years and what the staff believes it will cost in order to accomplish these projects. The four projects that he presented at the meeting are the priority items and the ones that he believes can be accomplished this coming year. His goal would be that if there were finances available, he would come to the Commission with any additional projects. Atty. Bove said that he was assuming that there was an income projection that would match the expenditures. Mr. Smith confirmed this and said that the District did not have the money to fully fund the budget. Commissioner Goldstein said that was why she did not want to approve the budget.

Commissioner Yost said that this was the first time that this had been done. Mr. Smith agreed. Commissioner Yost then commented that the Commission should have started the process much earlier in order to give Commissioner Brown time to sit down with Mr. Smith with his questions. Commissioner Yost asked if there could be a Special Meeting in July. Commissioner Brown asked how this process was done in the past. Mr. Smith said that a Five-Year Capital Plan and Expense Budget had not been prepared in the history of the Department.

Mr. Cristino left the meeting at 8:02 p.m.

OPERATING BUDGET.

The Commission then moved to the Operating Budget. Mr. Smith then reviewed the key budget figures with the Commissioners. He then directed everyone's attention to the expense line items.

The discussion moved to the taxes paid on Rowan Street, previously known as the Bento property, listed in line 408-50. Commissioner Goldstein wished to know why the District was paying taxes on the parcel. Mr. Smith said that he would follow up on that.

Commissioner Goldstein asked about the supplies for the substation maintenance that was listed under distribution expenses and the other substation supplies. Mr. Smith said that the equipment accounts were different and reviewed the details with the Commission.

Commissioner Goldstein asked about the credit card fees. She asked if the District could negotiate a better rate. Mr. Scofield said that it was Electronic Transfer Funds and other items in there. Mr. Smith said that he could not tell Commissioner Goldstein the specifics, but he would look at this. Mr. Scofield said that the District did change to Payment Service Network a few years ago because they offered a better rate than the previous vendor.

Commissioner Goldstein asked about Mr. Cristino's engineering fees. Mr. Smith reviewed the scope of service with the Commissioners.

Commissioner Brown asked how much it cost to have cables underground. Mr. Smith said that with all the permits, conduits and various other items, it works out to approximately one million dollars a mile.

Commissioner Yost then asked how this would affect the Capital Budget. Mr. Smith replied that the way it would affect the Capital Budget was the projected income would be a source for the Operating account. All of the transactions listed in the budget were funded from the Operating account. If transfers are made from the Operating account into Capital Improvements, it would be listed as part of the budget. He then gave the details of how this would be done and explained that the line item expense for this was not currently in the budget because it was not being done at this time. Commissioner Yost asked what would happen if the Capital Budget was changed. Mr. Smith said that there would be much less pressure on the Operating Budget.

Commissioner Yost pointed out that the Commission would have to determine how the budget would be handled in the July. Discussion followed about scheduling a special meeting. It was decided to schedule a Special Meeting on July 9th.

Commissioner Brown asked for clarification on the transfer of funds into the Operating Budget. Mr. Scofield and Mr. Smith said that the District had stopped transferring funds into the Capital Budget about 12 months previously in order to build up the Operating account and the cash balance because the Fitch Street project was underway.

Commissioner Goldstein asked how much was in the Energy Conservation Fund. Mr. Smith said that it was just over \$300,000. He added that the State was pushing the various utilities to spend down their Conservation funds.

**** COMMISSIONER YOST MOVED TO TABLE THE APPROVAL OF THE BUDGET UNTIL THE JULY 9TH SPECIAL MEETING.**

**** COMMISSIONER GOLDSTEIN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

EXECUTIVE SESSION.

**** COMMISSIONER YOST MOVED TO ENTER EXECUTIVE SESSION TO DISCUSS PERSONNEL ISSUES.**

**** COMMISSIONER GOLDSTEIN SECONDED.**

**** THE MOTION TO ENTER EXECUTIVE SESSION TO DISCUSS PERSONNEL ISSUES PASSED UNANIMOUSLY.**

Commissioner Yost, Commissioner Brown, Commissioner Goldstein, Mr. Smith, Mr. Scofield, Dr. Intrieri and Atty. Bove entered into Executive Session at 8:27 p.m.

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DRAFT

The Commissioners, Dr. Intrieri, Mr. Smith, Mr. Scofield and Atty. Bove returned to public session at 9:52 p.m.

ADJOURNMENT.

**** COMMISSIONER BROWN MOVED TO ADJOURN.**

**** COMMISSIONER GOLDSTEIN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 9:53 p.m.

Respectfully submitted,
Sharon L. Soltes
Telesco Secretarial Services

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Memorandum Third Taxing District Electric Department

To: TTD Commissioners

From: Jim Smith – General Manager

Date: May 23, 2014

Subject: Draft of Donations Policy

Attached for your review please find a draft of the Donations Policy that was discussed at the last Commission meeting on May 5th.

When drafting the policy, one fundamental question that needs to be addressed is whether the policy will be limited to non-profit organizations only.

Please take some time to review it and bring your comments and/or suggestions to the upcoming meeting on June 2nd.

TTD DONATION REQUEST POLICY

POLICY

Provide financial support, when feasible, to community-based non-profit organizations. The TTD Commission will determine the total amount available for each applicant that has been approved to receive funds.

Decision Criteria:

1. A minimum of 90% of the funds provided are to be used directly for the benefit of the end user/client.
2. The preferred use of funding should be energy-related, but other uses will be considered.
3. Financial statements showing prior use of similar donations must be submitted to show a history of accountability of prior funding.
4. Only applicants that submit complete request forms, including back-up documentation and a signed copy of this policy form, will be considered.
5. Completed request forms must be submitted by TBD DATE of the calendar year.

NOTE: A signed copy of this Donations Policy must accompany all Donation Requests.

Name of responsible party: (please print) _____

Signature of responsible party: _____

Date: _____

TTD Donation Request Form

Submit request online using the form below, or download a printable version and mail to:

Charles Yost, TTD Commission Chair
c/o TTD
2 Second Street
East Norwalk, CT 06855

Organization Requesting Donation:

Address:

Contact Name/Title:

Phone Number:

Email:

*Please provide proof of your non-profit status and submit financial statements showing use of **prior** funds*

Donation Amount Requested:

Explanation of Request: (Please include specifics on exact use of donation, how donation will be tracked, who will be responsible for tracking, etc.)

NOTE: Donation Request Form must be filled out completely and submitted with a signed copy of the Donation Request Policy by **TBD DATE** to be considered. Any requests made after this date will be considered, as appropriate, during the next fiscal year. Special exceptions may be made, if budgets allow.

Third Taxing District Policy on Contributions from District Funds

PURPOSE:

To define the Third Taxing District ("TTD") policy on contributions to charitable or civic or educational organizations or other organizations or events who request funds from the District Budget.

POLICY:

The TTD policy regarding contributions and donations provides that disbursements of District funds (as approved by rate-payers at the District's annual meeting) will be made in full compliance with the District's charter and all applicable laws, and that no disbursements of District funds will be made, either directly or indirectly, to any organization, program or activity that does not primarily benefit residents, businesses and rate-payers of the Third Taxing District. This policy is not meant to define or restrict capital expenditures that are otherwise the responsibility of the District under the Charter or to define or restrict expenditures that are otherwise the responsibility of the Electric Department.

The Commissioners of the Third Taxing District may authorize, by a majority vote of those present and voting, a distribution from District funds for a charitable, educational or civic purpose so long as funds have been allocated by the rate-payers to the District budget, but have not otherwise been directed for a specific purpose.

Any contribution (as defined above) must be disbursed and spent during the same fiscal year in which the expenditure was approved. Recipients of District funds under this policy must be substantiated with written receipts or other evidence in a timely fashion.

Contributions will not be made to:

- a. Religious organizations, except that contributions may be made to support eligible religious organization sponsored activities provided they are offered on a non-sectarian basis.
- b. Social groups or fraternal organizations, except that contributions may be made to support eligible activities that are sponsored by such organizations.
- c. Political parties or organizations that are intended to promote individual candidates for election.
- d. Any charitable or civic organization whose stated purpose or by-laws enables contributions to other organizations.
- e. Any organization that fosters or encourages racial, religious, gender, class or other prejudices.
- f. Any organization that has received funds from the District within the last five fiscal years without supplying written proof that the funds were used in compliance with this policy.
- g. Any organization that is subject to collection action, liens or litigation to collect funds owed to the Electric Department or the District or has settled a similar action in the past five fiscal years.
- h. Any charitable or civic organization that represent a conflict of interest (or the appearance of a conflict of interest) for one or more Commissioners, the Treasurer, the District Clerk, or any employee of the Electric Department.
- i. Any individual, business or organization seeking hardship relief in connection with electric service or other services provided by the District.
- j. For any purpose in which the funds provided by the District replaces ordinary operating funds or grants, donations or contributions that the organization is otherwise qualified to receive (matching funds are encouraged).

Any organization seeking funds from the Third Taxing District Budget shall submit a request form and supply such supporting documentation or information as may be required with such request form and in accordance with any deadlines that may be established by the Commission or its authorized representative from time to time.

Third Taxing District Application for Contribution from District Funds

This completed application will be reviewed for eligibility by District Staff and for approval by the Third Taxing District Commission. All information will be subject to review and dissemination under the state's FOI regulations for public records.

Overview

- District funds are maintained from the proceeds (when available) of the Third Taxing District Electric Department under a budget that is approved by the electors of the District at the annual meeting.
- Distributions from the District funds are intended to primarily benefit residents, businesses and rate-payers of the Third Taxing District.
- District funds are not intended to help with individual financial hardship requests, except as administered through a designated agency funded for that purpose.
- Decisions regarding fund disbursements are dependent upon timely, properly documented requests that meet the requirements of the "Third Taxing District Policy on Contributions from District Funds" and any applicable governing documents.
- All determinations made by the Commission shall be final and binding, and shall be made by the Commission in its sole discretion.

Full Name:	Date of Application:
Legal Address:	Needed by:
Organization:	Preferred Phone#:
Amount Requested:	Preferred Email:

Describe in detail your reason(s) for this request.

Attestation (check boxes)

Qualified

☐ I attest that my organization meets the stated requirements for a contribution from District funds and that this request is made to primarily benefit residents, businesses or rate-payers of the District.

No Conflict

☐ I attest that neither my organization, nor any individual associated with this request, represents a conflict of interest for any of the Commissioners, the Treasurer, the District Clerk or any of the employees of the Electric Department.

Should your request be approved, will you consent to be publicized? Y ☐ N ☐

By signing below, I verify that I understand the purpose of the Third Taxing District Funds and the requirements for contributions from these funds. I verify that the information provided in this application is true to the best of my knowledge.

Signature of authorized representative:	Date:
---	-------

Memorandum

Third Taxing District

Electric Department

To: TTD Commissioners

From: Jim Smith – General Manager

Date: June 20, 2014

Subject: Evaluation of Pole Attachment Study Quotes

Attached please find copies of three quotes related to the development of a pole attachment rate for TTD.

As we have discussed in the past, development of a pole attachment rate is a key piece of information that is essential in negotiating a final rate with the existing cable providers in the area, Optimum (i.e. Cablevision) and AT&T.

The results of the proposals are as follows:

- La Capra Associates - \$5,000.00
- Utility Financial Solutions - \$3,500.00
- Management Applications Consulting - \$2,520.00

Each of the firms has requested that TTD provide specific data as part of their quote, most of which we have assembled, and will work with them on once a firm is selected.

My recommendation is to accept the quote submitted by Management Applications Consulting based on prior experience with the firm, their inclusion of a Draft Municipal Pole Attachment Agreement as part of their submittal, and the lowest overall price quote for the work being performed.

Please review so that a decision can be made @ the July 7, 2014 Commission Meeting.



La Capra Associates

Energy Markets Knowledge Applied

Welcome

La Capra Associates is a full-service, independent energy consulting firm focused on helping our clients make sound policy, planning, investment, pricing, and procurement decisions. We provide each client with objective analysis and strategic advice to help them navigate the complexities and uncertainties of market and regulatory environments.

Our Clients

We proudly serve a diverse set of clients across North America including:

- Public and private utilities
- Regulators
- Existing and prospective market participants
- Consumer and environmental advocates
- Commercial, industrial and institutional consumers
- Public policy agencies
- Investors and financial entities
- Law firms and litigants

Our Services

La Capra Associates offers a comprehensive range of services in our areas of expertise. Our clients generally look to us to provide one or more of the following:

- Advice/decision-making support
- Expert witness testimony/litigation support
- Procurement
- Negotiation/settlement support
- Planning studies and economic analysis
- Policy design or review
- Stakeholder input process management

La Capra Associates Welcomes Montalvo

La Capra Associates is pleased to announce that Marc D. Montalvo has joined the firm as Vice President and Principal Consultant.

With nearly two decades of experience, Montalvo is an established electric industry expert in areas including risk management, finance, market surveillance, power market design, and power system planning and economics.

Montalvo comes to the firm following 10 years at ISO New England, where he most recently served as Director, Enterprise Risk Management. He also served as ISO-NE's Director of Assessment & Investigation in the Internal Market Monitoring group and as a Director and Manager in the Market Development group. Montalvo provided testimony at the Federal Energy Regulatory Commission on numerous occasions throughout his tenure at ISO-NE. ~~(more...)~~

Asset Valuation

New Hampshire is faced with a complex decision of whether and how the state's largest regulated utility should divest itself of its remaining generating assets. La Capra Associates teamed with ~~ESS Group~~ to provide the New Hampshire Public Utilities Commission with a comprehensive economic valuation of the fossil, hydro and biomass generating assets of Public Service Company of New Hampshire as well as the market value of the Purchased Power Agreements with the Lempster Wind and Burgess BioPower facilities. The ~~reports~~ are now available.

Power Resource Planning

La Capra Associates has filed our ~~review~~ of Manitoba Hydro's proposal to build the Keeyask and Conawapa dams and associated transmission facilities. The analysis, including financial modeling, contract review, transmission economics analysis and risk assessment, was conducted on behalf of Manitoba's Public Utilities Board which appointed La Capra Associates to its team of independent experts providing technical advice on the \$16.4 billion projects.

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site by ~~Tinow~~



La Capra Associates

Energy Markets Knowledge, Applied

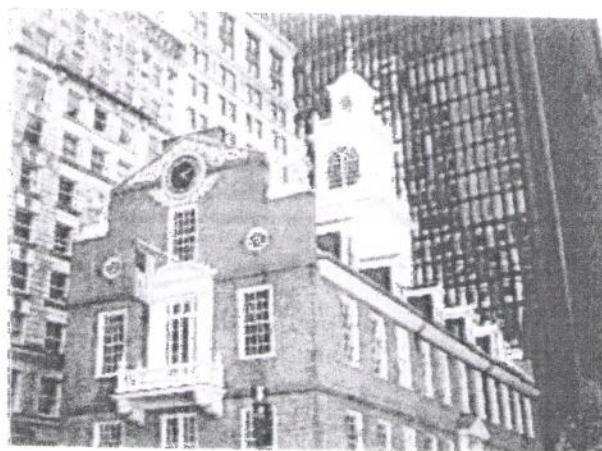
History

La Capra Associates is an employee-owned consulting firm specializing in the electric, natural gas and water markets. For over 30 years, we have proudly served a diverse set of clients across North America including small and large utilities, energy market participants, consumers, regulatory commissions, public policy agencies and financial entities.

La Capra Associates was founded in 1980 by Richard La Capra. The firm has operated as an independent consulting services firm continuously since that time.

In 2001, the firm was incorporated and transitioned to an employee-owned company under an employee stock ownership plan (ESOP). Daniel E. Peaco has served as President of the firm since formation of the ESOP.

Throughout its history, La Capra Associates has served a national clientele from offices in Boston, Massachusetts. We added an office in Portland, Maine in 2008 and opened one in Vermont the following year.



MEMORANDUM

April 17, 2014

TO: JIM SMITH
CC: JOHN ATHAS, AL PEREIRA
FROM: LEE SMITH
SUBJECT: POLE ATTACHMENT RATE CALCULATION

We spoke briefly on the phone about pole attachment rates but I thought some additional background might be useful for you to understand the calculation and the data that will be needed.

Pole attachment rates are governed by a FCC formula that is intended to charge cable companies for a discrete small portion of a utility's poles. The idea is that the cable connection is using a part of the pole, excluding the attachments to the pole that are strictly for electric purposes. So the cost of setting the pole and any pole supports are included, but not cross ties etc. A carrying charge is then applied to the portion of a pole cost. Although the formula is fairly straightforward, determining the portion of the FERC pole account, Acct 364, that is the basis for the pole connection charge, usually requires some effort.

The starting value should be the net book value on the utility's accounts of Account 364. If the utility does not book accumulated depreciation by account an estimate must be made. It is preferable to have the number of poles by height so that an accurate height can be determined, but this is not necessary, as the FCC formula provides some standard values that can be used.

The most accurate basis for determining what portion of the NBV of Account 364 represents only the poles is a review of utility workorders, if there are workorders that provide adequate detail. If you do not have such detailed information, we may have to "borrow" data from other utilities to apportion the value of Account 364. We would also need to know what the pole plant value represents – does it include the value of labor or any overheads.

The other part of the computation is the carrying charge. This will reflect a return on investment and also factors that reflect depreciation expense and expenses associated with maintaining the pole.

Most of the basic data that is needed can be found in your Annual Return. We will also need your desired Rate of Return and depreciation rate for poles. It will be helpful to have some recent workorders on setting or replacing poles.

I would estimate that this task would cost about \$5,000. This would include developing the rate, and providing you with full backup and a brief report on the calculation (important if the initiation of charges is challenged.) If you want to discuss this please give me a call at 6178492302

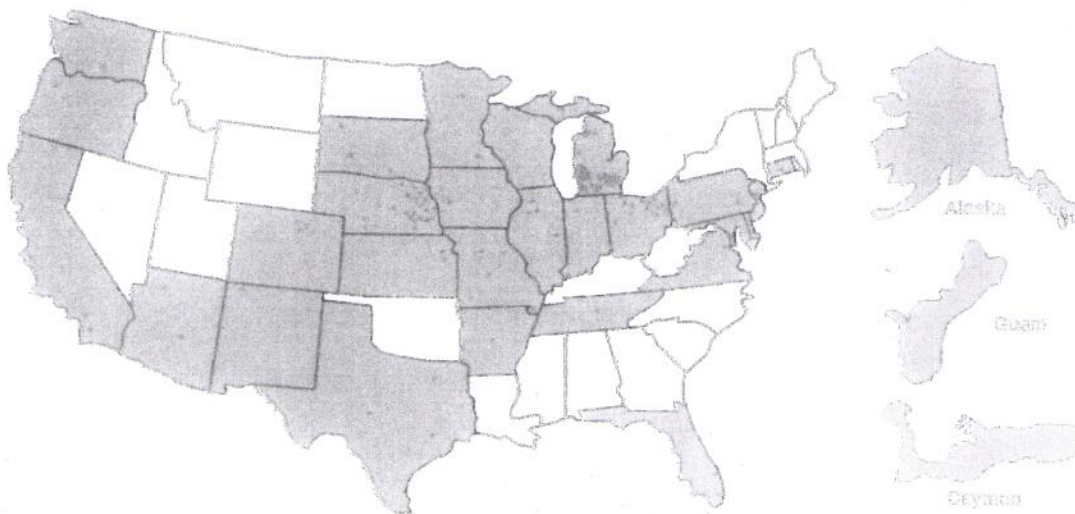
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WELCOME TO UTILITY FINANCIAL SOLUTIONS!

Utility Financial Solutions, LLC is one of the largest providers of financial services to utilities throughout the United States. Our team of professionals includes engineers, accountants and economists that have completed more than 500 rate studies and financial projections for utilities in 28 states. As a result of our experience, we are instructors and frequent speakers for utility agencies, including the American Public Power Association and the Institute of Public Utilities. Our courses include financial planning, cost of service, rate design and development of dynamic pricing methods for customers.

This website is designed to include information about UFS and helpful resources for utilities on specific industry topics, such as development of cash reserve policies, time of use pricing, power cost adjustment methods and information on electric vehicle rates.



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EXPERTS IN THE UTILITY FIELD

OUR MISSION

Utility Financial Solutions is committed to maintaining our leadership role in the utility industry through listening to the needs of our clients, staying current on new developments and incorporating feedback from industry professionals. Our services are structured to help ensure complete client satisfaction and a commitment that our services and recommendations are:

- Independent assessments of the utilities' financial condition
- Completed in agreed upon time frame
- Provided within budget

OUR TEAM



Mark Beauchamp, CPA, CMA,
MBA

President

Mark has over 20 years of experience in the utility environment and he possesses degrees in water purification technology, accounting and business. He holds a Class A

license in Sanitary Sewer treatment from the state of Michigan and is a licensed water plant operator. He has completed cost of service and rate studies for more than 200 municipal systems around the US and has served as a expert witness in rate cases. Prior to starting his own consulting practice, he held a number of positions with one of the largest municipal systems in Michigan and a national consulting firm. Mark is recognized as a national expert in his field and often speaks at conferences and presents to industry organizations.



Dawn Lund

Vice President

Firm Qualifications

The UFS team is made up of recognized experts in the utility field who are frequent speakers at industry conferences and organizational events. UFS experts have presented numerous times at the American Public Power Organization's National Conference, their Business and Financial Workshop and their Customer Connections Workshop. They have also presented to the Michigan Municipal Electric Association and the Nebraska Northeast Managers Association. For more information on presentations, webinars and courses, please visit the [training](#) section.



Dawn has over 15 years of experience in pricing and marketing utility services and has a degree in accounting. She is experienced in pricing water, sanitary sewer, electric refuse and telecommunications

services. Prior to working with UFS, she worked with a large municipal utility and held positions as cost analyst, marketing and communications specialist and cost and rate specialist. She has completed over 60 water, wastewater and telecommunications cost of service and rate design studies.



Dan Kasbohm

Rate Analyst

Dan has six years of experience working as independent contractor with UFS. He has a degree in engineering and has been employed in the automotive manufacturing industry for 16 years. He is

experienced in the development of long-term financial plans, rate design models and cost of service studies for electric, water and wastewater utilities.



Joan Bakkenhus

Rate Analyst

Joan has 14 years of experience working with municipal utilities and has a degree in business administration. She has worked as a rate analyst for Lincoln Electric

System, one of the largest public power systems in the nation, and for UFS since 2006. She is experienced in the development of long-term financial plans, rate design models and cost of service for electric, water and wastewater utilities.



Mike Johnson

Rate Analyst

Mike has over 17 years of experience with utilities and joined UFS in 2011. He has a Higher National Diploma in Mechatronics, which is a combination of electrical and mechanical engineering. He is

experienced in cost of service, rate-making, financial and operational modeling, automation, electric utility operations and power supply. Mike has completed over 40 electric cost of service studies.

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PROFESSIONAL SOLUTIONS, PROFESSIONAL SERVICE

Utility Financial Solutions, LLC provides professional solutions to municipalities around the United States including:

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[Cost of Service](#)

[Rate Design](#)

[Time of Use and Dynamic Pricing](#)

[Cash Reserve Policies](#)

[Line Extension Policies](#)

[Update fees](#)

[Financial Feasibility Studies](#)

[Valuation Services](#)

[Econometric Modeling Development](#)

[Training Services](#)

[Time of Use Rate Structures](#)

Please select the appropriate utility you represent for more information on the services we can offer. If you require information on a more specific topic or other inquiry on the services we provide, please feel free to contact us as your convenience through any of the methods on our contact page.

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James W. Smith

From: Dawn Lund <dawnlund@me.com>
Sent: Friday, March 14, 2014 11:07 AM
To: James W. Smith; 'Matt Allred'
Subject: RE: PCA Calc

Hi Jim,

We can do a pole attachment study for around \$3,500. Let me know. Thanks.

Thanks,

Dawn Lund

Dawn Lund
Vice President
Utility Financial Solutions, LLC
dlund@ufswest.com
www.ufswest.com
231.218.9664 Cell
888.566.4430 Fax

From: James W. Smith [mailto:jsmith@ttd.gov]
Sent: Friday, March 14, 2014 10:40 AM
To: 'Dawn Lund'; 'Matt Allred'
Subject: RE: PCA Calc

Dawn: Thanks. Do you have an answer to my question on pole attachments??
Jim

From: Dawn Lund [mailto:dawnlund@me.com]
Sent: Friday, March 14, 2014 10:24 AM
To: James W. Smith; 'Matt Allred'
Subject: RE: PCA Calc

Hi Jim and Matt

Attached is the rate design. Please call or email with questions.

Thanks,

Dawn Lund

Dawn Lund
Vice President
Utility Financial Solutions, LLC
dlund@ufswest.com
www.ufswest.com
231.218.9664 Cell

888.566.4430 Fax

From: James W. Smith [<mailto:jsmith@ttd.gov>]
Sent: Friday, March 14, 2014 9:57 AM
To: 'Dawn Lund'; 'Matt Allred'
Subject: RE: PCA Calc

Dawn: Thanks,
Jim

From: Dawn Lund [<mailto:dawnlund@me.com>]
Sent: Friday, March 14, 2014 9:40 AM
To: James W. Smith; 'Matt Allred'
Subject: PCA Calc

Hi Jim and Matt,

Attached is the PCA calculation. Matt we can go over this on Monday if you have time.

Jim I'll send the rate design in about a half hour.

Thanks,

Dawn Lund

Dawn Lund
Vice President
Utility Financial Solutions, LLC
dlund@ufswest.com
www.ufswest.com
231.218.9664 Cell
888.566.4430 Fax

James W. Smith

From: Dawn Lund <dawnlund@me.com>
Sent: Friday, March 21, 2014 3:29 PM
To: James W. Smith
Subject: RE: Pole Attachments
Attachments: Pole Attachment Scope.docx

Hi Jim,

I just put together a basic scope of services. I can put into a formal letter for approval if you want me to.

Thanks,

Dawn Lund

Dawn Lund
Vice President
Utility Financial Solutions, LLC
dawnlund@ufovels.com
www.ufovels.com
231.218.9654 Cell
633.566.4430 Fax

From: James W. Smith [<mailto:jwsmith@ttd.gov>]
Sent: Friday, March 21, 2014 3:25 PM
To: 'Dawn Lund' (dawnlund@me.com)
Subject: RE: Pole Attachments

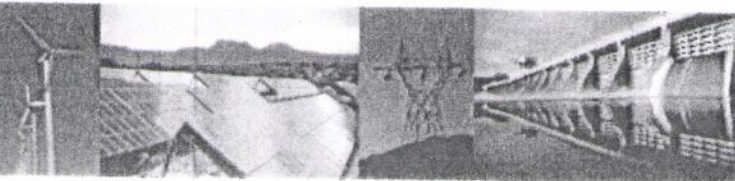
Dawn: Just following up on this.
Jim

From: James W. Smith
Sent: Monday, March 17, 2014 4:39 PM
To: Dawn Lund (dawnlund@me.com)
Subject: Pole Attachments

Dawn: Can you send me a scope of services on the above??

Scope of Services:

1. Prepare Information Request for the following items:
 - a. Number and size of distribution poles.
 - b. Jointly owned distribution poles – if any
 - c. Total historical Plant in Service value at your electric utility.
 - d. Total historical Electric Accumulated Depreciation value.
 - e. Total historical investment in the following:
 - i. Above-ground service installations,
 - ii. Overhead conductors and related devices,
 - iii. Distribution poles, towers and fixtures.
 - f. Existing pole attachments, ideally broken out by poles with one attachment (electric only), two attachments (electric and one other), and so on.
 - g. Actual or estimated cost of maintaining overhead lines and poles.
 - h. Administrative and general expenses recorded in the electric utility.
 - i. Total amount of distribution-related operation and maintenance expenses, including maintenance of overhead lines and conductors, underground lines and conductors, supervision and engineering, street lighting, etc.
 - j. Current depreciation rates used on poles and related fixtures.
 - k. Average payment in lieu of tax rate, which is applicable to the investments in electric facilities.
2. Determine Pole Attachment Rate based on typical assumptions used to determine pole attachments
3. Review assumptions used with management
4. Prepare report including executive summary and detailed appendix that includes the calculation of the pole attachment rate



☐ Pricing & Rate Making
Pricing & Rate Making ☐ Cost
Analyses ☐ Cost Analyses
Loss Analyses ☐ Loss Analyses
☐ Competitive Strategies
Competitive Strategies ☐
Energy Efficiency Prog. ☐
Energy Efficiency Prog. ☐
Depreciation Services ☐
Depreciation Services ☐ Load
Research & Design ☐ Load
Research & Design ☐
Forecasting & Economic ☐
Forecasting & Economic ☐
Witness Preparation ☐ Witness
Preparation ☐ Customized
Software ☐ Customized
Software ☐ Renewable
Resource Assess. ☐ Renewable
Resource Assess. ☐ Other MAC
Services ☐ Other MAC
Services ☐ Embedded Cost of
Service ☐ Embedded Cost of
Service ☐ Marginal Cost of
Service ☐ Marginal Cost of
Service ☐ Electrical Losses ☐
Electrical Losses ☐ Marginal
Losses ☐ Marginal Losses ☐
Probability of Dispatch ☐
Probability of Dispatch ☐ Load
Research User System ☐ Load
Research User System ☐
Demand Synthesis ☐ Demand
Synthesis ☐ Sample Design ☐
Sample Design ☐ FERC
Regulatory info Sys. ☐ FERC
Regulatory info Sys. ☐ Daily
Gas Dispatch Model ☐ Daily
Gas Dispatch Model ☐
Competitive Analysis Prog. ☐
Competitive Analysis Prog. ☐
Rate Management Program ☐
Rate Management
Program ☐ Distrib. Expansion
Analysis ☐ Distrib. Expansion
Analysis ☐ Company
Information ☐ Company
Information ☐ Personnel

<http://www.manapp.com/>

Management Applications Consulting, Inc. (MAC) offers consulting services to the energy and utility community. MAC serves electric, gas, water, and wastewater stakeholders by providing pricing and rate making analyses supported by rate design and expert testimony, embedded and marginal cost analyses, electric loss analyses, competitive analyses, energy efficiency programs, depreciation and valuation expertise, load research and sample design, forecasting and econometric services, unbundled cost determination and pricing, rate and tariff design, gas load balancing, process reengineering analyses, and renewable resource assessment. These services are relied upon by utilities for filings before local, state and FERC regulatory agencies and are also useful for internal and competitive analyses.

Browse our Web Page and you will find detailed descriptions of the various services and software packages that we offer, ways of obtaining additional information about our services, and links to other Web Sites of interest to the Utility Industry.

MAC's mission is "to provide dynamic, cost effective solutions to a diverse energy and business community"

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7/2/2014

James W. Smith

From: Michael Morganti <mmorganti@manapp.com>
Sent: Friday, March 28, 2014 10:17 AM
To: James W. Smith
Subject: FW: Pole Attachment Study
Attachments: Pole Attachment Data Request.docx; Billing Rates & Terms and Conditions.pdf

From: Michael Morganti
Sent: Friday, March 28, 2014 10:16 AM
To: Jim Smith (JSmith@TTD.gov)
Subject: FW: Pole Attachment Study

From: Michael Morganti
Sent: Tuesday, March 25, 2014 1:58 PM
To: Jim Smith (JSmith@TTD.gov)
Subject: Pole Attachment Study

Hi Jim, It was good talking to you again. It brought back some good memories regarding the time I was working with you in Middleborough. Below is the estimate in developing the Pole attachment rates. The total cost of the study will depend on the availability of pole data and the amount of time spent on the Pole Attachment Agreement. Give me a call if you wish to discuss the details of the study.

The scope of the Pole Attachment study for Norwalk's Third Taxing District Electrical Department ("East Norwalk") will be the development of a spreadsheet model showing the detailed calculation of a Pole Attachment rate for cable TV and telecommunications rate for one or more attachers. The rates will be developed using the Federal Communications Commission (FCC) pole attachment formulas as a basis. Also included in the scope of the study will be a draft of a Municipal Pole Attachment Agreement.

The estimated time to develop the study will be 16 hours billed at the Consultant rate with 5% added for administrative costs. See the attached billing terms and conditions. The estimated total billing cost is \$2,520. Again this estimate will be influenced by the availability of the data requested in the attached data request and the amount of time spent in developing the Municipal Pole Attachment Agreement.

Michael Morganti
Principal
Management Applications Consulting, Inc.
610-670-9199

Norwalk's Third Taxing District Electrical Department
Pole Attachment Study
Data Request

Number of Pole Attachments

1. List the name of the entity and type of pole attachment for each pole attachment.
2. For each entity, list the number of poles containing their attachments.

Prior Rates and Agreements

1. A listing of the last rates billed by East Norwalk for cable TV and telecommunications.
2. A listing of the poles and rates billed by each attachment to East Norwalk, if any.
3. A copy of all the latest Pole Attachment agreements.

**Norwalk's Third Taxing District Electrical Department
Pole Attachment Study
Data Request**

Number of Poles

1. Total Number of Poles in East Norwalk distribution system.
2. Number of Poles 100% owned by East Norwalk.
3. Number of Poles in the electric distribution system 100% owned by AT&T or other telecommunications provider.
4. Number of Poles jointly owned by East Norwalk and other telecommunications providers. Note other owners and number of poles.

Pole Average Dimensions

1. Average Height of Poles in feet.
2. Setting Depth in feet.
3. Communications lowest point on pole in feet from ground up.

Cost of Poles – as of the date of the latest 12 month financial statements

1. The total cost of poles on the books in Acct 364 – Poles, Towers & Fixtures.
2. The amount of the Depreciation Reserve for Acct 364 – Poles, Towers & Fixtures.
3. The Depreciation accrual rate for Poles, Towers & Fixtures.

Pole Maintenance Cost – as of the date of the latest 12 month financial statements

1. The Pole Maintenance Cost booked into Acct 593 – Maintenance of Overhead Lines.
2. Who maintains the poles? Does East Norwalk maintain all poles? If not, give the numbers of poles maintained by other attachers.

Administrative & General Expense – as of the date of the latest 12 month financial statements

1. Latest Operation and Maintenance expenses for twelve months showing expenses by account.

Gross Receipts and Other Taxes

1. Gross Receipts tax percentage Pole Attachment revenues are subject to.
2. Any other tax Pole Attachment revenues are subject to. List tax and percentage.

Return

1. List the appropriate return percentage used in designing rates. This would be an estimate of the percent return on net plant.

MANAGEMENT APPLICATIONS CONSULTING, INC.
BILLING TERMS AND CONDITIONS

Professional Services:

Charges for professional services will be at the standard hourly rates as shown on the attached schedule. Time charges will be made only while actually at work on the assignment and for the travel time during normal working hours, where applicable.

Out-of-Pocket Expenses:

In addition to the cost of professional services, travel and living expenses while engaged on a project away from the home office, such as commercial travel fares, meals, lodging, telephone and rented automobiles, will be billed at cost. Use of a personal car to make a trip in your interest will be billed at the currently allowed IRS rate. Outside services or extraordinary expenses, when specifically authorized and incurred on your behalf, will be billed at cost. Other expenses such as telephone, reproduction, postage, freight, and data processing will be billed at 5% of professional service revenues. Where applicable, local, state and other taxes will be charged in addition to Professional Services and out-of-pocket expenses.

Method of Billing:

Billings will be rendered monthly for the preceding month's services performed and expense incurred on your behalf. Invoices will be due and payable ten days after receipt. Our assignment may be interrupted or terminated at any time without further liability other than for the charges and expenses incurred up to the date of such interruption or termination.

Software Rights:

Any software developed in the course of this assignment will be considered confidential trade secrets and will become the property of MAC. If requested, a copy of this software will be provided to you for your exclusive use in conducting your own business. This software is not to be copied, except for archival purposes, nor is it to be distributed to any third party without the expressed written consent of MAC. MAC retains the sole rights to reproduce, copy, distribute, and license this software.

Confidentiality:

In the course of the assignment, MAC may be provided confidential, proprietary and/or secret materials of the client that are not known publicly. MAC will maintain all confidences and shall restrict such information to its personnel with a need to know. MAC will not copy or record any confidential information except as reasonably necessary for the performance of its assignment. MAC will not remove any such information from client's premises unless specifically provided by the client. MAC will dispose of any and all confidential materials in any manner as may be directed by client.

MANAGEMENT APPLICATIONS CONSULTING, INC.

BILLING RATES

<u>CLASSIFICATION</u>	<u>HOURLY BILLING RATE</u>
Managing Consultant	\$250
Senior Consultant	\$225
Consultant	\$150
Analyst	\$125
Junior Analyst	\$100
Technical Assistant	\$ 75
Word Processing	\$ 50

THIRD TAXING DISTRICT

2014-15 ANNUAL REVENUE & EXPENSE BUDGET

FIVE-YEAR CAPITAL BUDGET FORECAST FY 2014-15 THROUGH FY 2018-19

PREPARED BY:

JIM SMITH

June 2, 2014

(SEE SEPARATE BINDER)

**Third Taxing District
Financial Highlights
July-April 2014**

	Jul-Apr-14	Jul-Apr-13	\$ Change	% Change
Total Income	8,962,740	8,548,017	414,723	5%
Total Expense	9,081,396	8,298,521	782,876	9%
Net Ordinary Income	(118,659)	249,495	(368,154)	-148%
Other Income	545,083	145,256	399,827	275%
Other Expense	3,023	-	3,023	0%
Net Income before Rate Stabilization	423,401	394,751	28,650	7%
Rate Stabilization	30,106	(12,676)	42,782	-338%
Net Income	453,507	382,075	71,432	19%

CASH BALANCES FY 2014

April

ACCTS

Operating Accounts	642,076
Capital Improvements Fund	925,796

Power Supply	Current Fiscal Year-to-Date	Last Fiscal Year-to-Date
Energy Cost	\$ 5,400,490	\$ 5,227,160
Budget Energy Cost	\$ 4,900,821	\$ 5,002,706
Energy Cost Cents/KWH	10.556	10.566

Profit & Loss Prev Year Comparison

July 2013 through April 2014

	Jul '13 - Apr 14	Jul '12 - Apr 13	\$ Change	% Change
Ordinary Income/Expense				
Income				
440-00 · Residential Sales	2,385,470.58	2,350,102.72	35,367.86	1.51%
442-01 · Large Commercial Sales	576,267.92	537,958.49	38,309.43	7.12%
442-02 · Small Commercial Sales	1,713,261.88	1,653,216.12	60,045.76	3.63%
443-00 · Cervalis Data Center Sales	131,977.00	0.00	131,977.00	100.0%
445-01 · Water Pollutn Contrl Plnt Sales	605,936.44	615,193.41	-9,256.97	-1.51%
445-02 · Flat Rate	75,931.08	74,644.08	1,287.00	1.72%
451-00 · Miscellaneous Service Revenue	57,630.62	0.00	57,630.62	100.0% Footnote 1
557-00 · Purchased Power Adjustment	3,416,263.35	3,316,902.31	99,361.04	3.0%
Total Income	8,962,738.87	8,548,017.13	414,721.74	4.85%
Cost of Goods Sold				
555-00 · Electrical Power Purchased	5,948,107.72	5,792,927.52	155,180.20	2.68%
Total COGS	5,948,107.72	5,792,927.52	155,180.20	2.68%
Gross Profit	3,014,631.15	2,755,089.61	259,541.54	9.42%
Expense				
904-00 · Substation	71,531.97	0.00	71,531.97	100.0% Footnote 2
930-43 · TTD 100th Anniversary	36,099.47	2,250.00	33,849.47	1,504.42%
403-00 · Depreciation Expense	473,297.41	346,844.60	126,452.81	36.46% Footnote 3
408-00 · Taxes	268,862.87	267,098.95	1,763.92	0.66%
540-00 · Other Power Generation Expense	175,270.16	69,168.32	106,101.84	153.4% Footnote 4
565-00 · Transmission Expenses	0.00	1,462.50	-1,462.50	-100.0%
580-00 · Distribution Expenses	53,563.77	49,717.46	3,846.31	7.74%
590-00 · Maintenance Expenses	409,147.60	326,814.51	82,333.09	25.19% Footnote 5
900-00 · Customer Accounts & Service	363,509.79	339,938.81	23,570.98	6.93% Footnote 6
909-00 · Conservation Expenses	1,079.68	0.00	1,079.68	100.0%
920-00 · Administrative Expenses	1,280,926.03	1,102,298.80	178,627.23	16.21% Footnote 7
Total Expense	3,133,288.75	2,505,593.95	627,694.80	25.05%
Net Ordinary Income	-118,657.60	249,495.66	-368,153.26	-147.56%
Other Income/Expense				
Other Income				
418-00 · Dividends	6,000.00	6.25	5,993.75	95,900.0%
419-00 · Interest Income	850.00	46,479.11	-45,629.11	-98.17%
420-00 · Gain/(Loss) on Investments	0.00	-22,949.30	22,949.30	100.0% Footnote 8
421-00 · Norden Project Income	407,587.98	50,290.52	357,297.46	710.47% Footnote 9
423-00 · Gain/(Loss) from Sale of FA	75,025.40	2,032.50	72,992.90	3,591.29% Footnote 10
424-00 · Energy Conservation Fund Income	55,619.30	69,043.41	-13,424.11	-19.44% Footnote 11
425-00 · Miscellaneous Income	0.00	353.12	-353.12	-100.0%
Total Other Income	545,082.68	145,255.61	399,827.07	275.26%
Other Expense				
942-00 · Interest Expense	3,023.62	0.00	3,023.62	100.0%
Total Other Expense	3,023.62	0.00	3,023.62	100.0%
Net Other Income	542,059.06	145,255.61	396,803.45	273.18%
Net Income before rate stabilization	423,401.46	394,751.27	28,650.19	7.26%
Rate Stabilization	30,106.39	-12,676.31	42,782.70	337.5%

Preliminary Unaudited - Internal Use Only - Modified Cash Basis

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Profit & Loss Prev Year Comparison

July 2013 through April 2014

Net Income

Jul '13 - Apr 14	Jul '12 - Apr 13	\$ Change	% Change
453,507.85	382,074.96	71,432.89	18.7%

Third Taxing District
Profit & Loss Prev Year Comparison
April 2014

	Apr 14	Apr 13	\$ Change	% Change
Ordinary Income/Expense				
Income				
440-00 · Residential Sales	206,491.69	232,957.45	-26,465.76	-11.36%
442-01 · Large Commercial Sales	51,655.42	57,397.98	-5,742.56	-10.01%
442-02 · Small Commercial Sales	150,048.31	138,279.92	11,768.39	8.51%
443-00 · Cervalis Data Center Sales	17,053.00	0.00	17,053.00	100.0%
445-01 · Water Pollutn Contrl Plnt Sales	62,485.08	63,976.84	-1,491.76	-2.33%
445-02 · Flat Rate	7,243.06	7,308.31	-65.25	-0.89%
451-00 · Miscellaneous Service Revenue	2,071.88	3,930.00	-1,858.12	-47.28%
557-00 · Purchased Power Adjustment	304,248.42	335,854.59	-31,606.17	-9.41%
Total Income	801,296.86	839,705.09	-38,408.23	-4.57%
Cost of Goods Sold				
555-00 · Electrical Power Purchased	591,159.23	559,365.85	31,793.38	5.68%
Total COGS	591,159.23	559,365.85	31,793.38	5.68%
Gross Profit	210,137.63	280,339.24	-70,201.61	-25.04%
Expense				
904-00 · Substation	17,821.18	0.00	17,821.18	100.0%
930-43 · TTD 100th Anniversary	0.00	2,250.00	-2,250.00	-100.0%
403-00 · Depreciation Expense	60,370.35	34,684.46	25,685.89	74.06%
408-00 · Taxes	95,720.80	85,408.53	10,312.27	12.07%
540-00 · Other Power Generation Expense	1,887.73	2,739.91	-852.18	-31.1%
580-00 · Distribution Expenses	11,645.93	5,267.02	6,378.91	121.11%
590-00 · Maintenance Expenses	23,958.37	24,895.37	-937.00	-3.76%
900-00 · Customer Accounts & Service	25,003.54	32,124.26	-7,120.72	-22.17%
909-00 · Conservation Expenses	783.68	0.00	783.68	100.0%
920-00 · Administrative Expenses	132,021.60	100,608.15	31,413.45	31.22%
Total Expense	369,213.18	287,977.70	81,235.48	28.21%
Net Ordinary Income	-159,075.55	-7,638.46	-151,437.09	-1,982.56%
Other Income/Expense				
Other Income				
418-00 · Dividends	1,500.00	0.00	1,500.00	100.0%
419-00 · Interest Income	12.15	33.19	-21.04	-63.39%
421-00 · Norden Project Income	55,834.12	6,172.68	49,661.44	804.54%
423-00 · Gain/(Loss) from Sale of FA	62,525.40	0.00	62,525.40	100.0%
424-00 · Energy Conservation Fund Income	11,155.92	9,157.14	1,998.78	21.83%
Total Other Income	131,027.59	15,363.01	115,664.58	752.88%
Other Expense				
942-00 · Interest Expense	625.88	0.00	625.88	100.0%
Total Other Expense	625.88	0.00	625.88	100.0%
Net Other Income	130,401.71	15,363.01	115,038.70	748.8%
Net Income before rate stabilization	-28,673.84	7,724.55	-36,398.39	-471.2%
Rate Stabilization	58,769.30	-21,682.12	80,451.42	371.05%
Net Income	30,095.46	-13,957.57	44,053.03	315.62%

Third Taxing District
Profit & Loss Statement
Explanation of Major Variances
Jul-Apr 2014 vs. Jul-Apr 2013

1. The 57,630.62 in miscellaneous revenue is a bill to the Norwalk Transit District for the accident on East Avenue where a bus collided with the Pole and caused significant damage
2. The increase in substation expense of \$71K is due to the fact that a separate payroll expense category was setup for Pete Johnson and Scott Tracey who will be working on the substation.
3. Increase in depreciation expense is up due primarily to the depreciation of substation which came on line in January of 2014. The substation will be depreciated over 20 year and will have annual depreciation of 251,328 or monthly depreciation of 20,944.
4. The \$106K increase in Other Power Generation Expense is due to increased running of the Norden Generators over the prior year which resulted in more fuel and repair and maintenance expenditures. The generators had extensive repairs in excess of \$45K in March, 2014 alone..
5. The \$82K increase in Maintenance Expense is due to approximately \$17K in substation maintenance mostly from Eleck & Salvato and a \$55K increase in Overhead Lines Maintenance from KTI Utility and WESCO due to repair and maintenance services.
6. The approximate \$23K increase in Customer Accounts & Service expense is due to the addition of Scott Tracey in October 2013 as well as \$5K in timing of purchases of paper from Lindenmeyer Munroe, and 4K increase from the prior year in credit card fees as more and more customers are processing electronic payments
7. The increase of \$178K in Administrative Expenses is due to the following:
 - a. \$17K in actuary fees that is paid every 2 years.
 - b. \$22K paid to Utility Financial Solutions for rate study
 - c. \$15K for Cogsdale upgrade
 - d. \$17K in timing of insurance health premiums/expenses
 - e. \$19 increase in auto mainly due to deposit and lease payments to Altec for new truck.
 - f. \$20K increase is due to the timing of health insurance payments
 - g. 25K in additional engineering by Cristino Associates..

- h. The remainder is due to marketing efforts and the work/creation of our website.
- 8. The \$22K decrease in Gain/(Loss) on investments is due to the fact that the investment account has been invested in cash (money markets) for liquidity purposes. The investments are adjusted to Fair Market Value for unrealized gains/(losses) that get booked to this account. The investment account has remained in cash for liquidity due to the funding needs of the substation and Cervalis data center projects. Management will be looking into other investment vehicles with appropriate returns as these projects come to a close.
- 9. The increase of approximately \$357K of Norden Income is due to the fact that TTD has been called on to place the generators in service for a significant period of time versus the prior year.
- 10. The approximate 73,000 gain on sale of fixed assets is from the sale of the bucket truck which was fully depreciated as well as underground cabling sold to LaJoie's for \$60,000
- 11. The decrease in Energy conservation is mainly due to the Person to Person program payment during the current fiscal year.

THIRD TAXING DISTRICT
KEY PERFORMANCE INDICATORS (KPI'S)

		2014	April 2013	Industry Average (Bandwidth)
1)	OPERATING RATIO	TOTAL OPERATING EXPENSE / TOTAL OPERATING REVENUE	101.00%	97.00%
2)	POWER SUPPLY EXPENSE RATIO	TOTAL POWER SUPPLY EXPENSES / TOTAL EXPENSES	65%	69%
3)	BAD DEBT RATIO	TOTAL CUSTOMER ACCOUNTS OVER 90 DAY / TOTAL ACCOUNTS RECEIVABLE	5.00%	7.27%
4)	ACTUAL RATE OF RETURN ON RATE BASE	AUTHORIZED BY STATE STATUTE	N/A	N/A
5)	ELECTRIC CUSTOMERS PER EMPLOYEE	TOTAL ELECTRIC CUSTOMERS / TOTAL FULL TIME EMPLOYEES	387	431
				Varies by state
				200 - 500

**Third Taxing District
Financial Highlights
July-May 2014**

	Jul-May-14	Jul-May-13	\$ Change	% Change
Total Income	9,597,745	9,210,974	386,771	4%
Total Expense	9,866,119	8,995,300	870,819	10%
Net Ordinary Income	(268,376)	215,673	(484,049)	-224%
Other Income	580,297	155,723	424,574	273%
Other Expense	3,343	-	3,343	0%
Net Income before Rate Stabilization	308,578	371,396	(62,818)	-17%
Rate Stabilization	24,972	31,126	(6,154)	-20%
Net Income	333,550	402,522	(68,972)	-17%

CASH BALANCES FY 2014

ACCTS

	May
Operating Accounts	1,191,771
Capital Improvements Fund	916,433

Power Supply	Current Fiscal Year-to-Date	Last Fiscal Year-to-Date
Energy Cost	\$ 5,870,645	\$ 6,130,382
Budget Energy Cost	\$ 5,704,370	\$ 5,940,231
Energy Cost Cents/KWH	9.756	10.510

Profit & Loss Prev Year Comparison
July 2013 through May 2014

	Jul '13 - May 14	Jul '12 - May 13	\$ Change	% Change
Ordinary Income/Expense				
Income				
443-00 - Cervalis Data Center Revenues	148,350.34	0.00	148,350.34	100.0%
440-00 - Residential Sales	2,562,643.53	2,527,878.10	34,765.43	1.38%
442-01 - Large Commercial Sales	630,419.85	580,578.29	49,841.56	8.59%
442-02 - Small Commercial Sales	1,734,360.45	1,788,084.85	-53,724.40	-3.01%
445-01 - Water Pollutn Contrl Plnt Sales	676,139.94	670,924.55	5,215.39	0.78%
445-02 - Flat Rate	83,174.14	81,907.39	1,266.75	1.55%
451-00 - Miscellaneous Service Revenue	57,630.62	0.00	57,630.62	100.0% Footnote 1
557-00 - Purchased Power Adjustment	3,705,025.80	3,561,601.32	143,424.48	4.03%
Total Income	9,597,744.67	9,210,974.50	386,770.17	4.2%
Cost of Goods Sold				
555-00 - Electrical Power Purchased	6,416,699.27	6,250,080.62	166,618.65	2.67%
Total COGS	6,416,699.27	6,250,080.62	166,618.65	2.67%
Gross Profit	3,181,045.40	2,960,893.88	220,151.52	7.44%
Expense				
904-00 - Substation	90,342.11	0.00	90,342.11	100.0% Footnote 2
930-43 - TTD 100th Anniversary	36,099.47	14,900.00	21,199.47	142.28%
403-00 - Depreciation Expense	533,667.76	381,529.06	152,138.70	39.88% Footnote 3
406-00 - Taxes	269,698.20	267,568.32	2,069.88	0.77%
540-00 - Other Power Generation Expense	176,506.62	69,168.32	107,338.30	155.18% Footnote 4
565-00 - Transmission Expenses	0.00	1,462.50	-1,462.50	-100.0%
580-00 - Distribution Expenses	56,877.72	56,540.95	336.77	0.6%
590-00 - Maintenance Expenses	442,662.52	354,970.65	87,691.87	24.7% Footnote 5
900-00 - Customer Accounts & Service	401,363.09	376,371.39	24,991.70	6.64% Footnote 6
920-00 - Administrative Expenses	1,442,263.63	1,222,709.78	219,553.85	17.96% Footnote 7
Total Expense	3,449,421.12	2,745,220.97	704,200.15	25.65%
Net Ordinary Income	-268,375.72	215,672.91	-484,048.63	-224.44%
Other Income/Expense				
Other Income				
418-00 - Dividends	7,500.00	6.26	7,493.74	119,708.31%
419-00 - Interest Income	1,250.00	46,502.61	-45,252.61	-97.31%
420-00 - Gain/(Loss) on Investments	0.00	-22,949.30	22,949.30	100.0% Footnote 8
421-00 - Norden Project Income	430,749.29	54,694.90	376,054.39	687.55% Footnote 9
423-00 - Gain/(Loss) from Sale of FA	75,025.40	2,032.50	72,992.90	3,591.29% Footnote 10
424-00 - Energy Conservation Fund Income	65,772.89	75,436.33	-9,663.44	-12.81% Footnote 11
Total Other Income	580,297.58	155,723.30	424,574.28	272.65%
Other Expense				
942-00 - Interest Expense	3,343.99	0.00	3,343.99	100.0%
Total Other Expense	3,343.99	0.00	3,343.99	100.0%
Net Other Income	576,953.59	155,723.30	421,230.29	270.5%
Net Income before rate stabilization	308,577.87	371,396.21	-62,818.34	-16.91%
Rate Stabilization				
	24,972.40	31,126.42	-6,154.02	-19.77%
Net Income	333,550.27	402,522.63	-68,972.36	-17.14%

Third Taxing District
Profit & Loss Statement
Explanation of Major Variances
Jul-May 2014 vs. Jul-May 2013

1. The 57,630.62 in miscellaneous revenue is a bill to the Norwalk Transit District for the accident on East Avenue where a bus collided with the Pole and caused significant damage
2. The increase in substation expense of \$90K is due to the fact that a separate payroll expense category was setup during the current fiscal year for Pete Johnson and Scott Tracey who will be working on the substation.
3. Increase in depreciation expense is up due primarily to the depreciation of substation which came on line in January of 2014. The substation will be depreciated over 20 year and will have annual depreciation of 251,328 or monthly depreciation of 20,944.
4. The \$107K increase in Other Power Generation Expense is due to increased running of the Norden Generators over the prior year which resulted in more fuel and repair and maintenance expenditures. The generators had extensive repairs in excess of \$45K in March, 2014 alone..
5. The \$87K increase in Maintenance Expense is due to approximately \$17K in substation maintenance mostly from Eleck & Salvato and a \$55K increase in Overhead Lines Maintenance from KTI Utility and WESCO due to repair and maintenance services.
6. The approximate \$24K increase in Customer Accounts & Service expense is due to the addition of Scott Tracey in October 2013 as well as \$5K in timing of purchases of paper from Lindenmeyer Munroe, and 4K increase from the prior year in credit card fees as more and more customers are processing electronic payments
7. The increase of 219K in Administrative Expenses is due to the following:
 - a. \$17K in actuary fees that is paid every 2 years.
 - b. \$22K paid to Utility Financial Solutions for rate study
 - c. \$35K for Cogsdale upgrade
 - d. \$25K in timing of insurance health premiums/expenses
 - e. \$19 increase in auto mainly due to deposit and lease payments to Altec for new truck.
 - f. 50K in additional engineering by Cristino Associates mainly due to the substation being new..

- g. The remainder is due to marketing efforts and the work/creation of our website.
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- 9. The increase of approximately \$376K of Norden Income is due to the fact that TTD has been called on to place the generators in service for a significant period of time versus the prior year.
- 10. The approximate 73,000 gain on sale of fixed assets is from the sale of the bucket truck which was fully depreciated as well as underground cabling sold to LaJoie's for \$60,000
- 11. The decrease in Energy conservation is mainly due to the Person to Person program payment during the current fiscal year.

Third Taxing District
Profit & Loss Prev Year Comparison
May 2014

	May 14	May 13	\$ Change	% Change
Ordinary Income/Expense				
Income				
443-00 - Cervalis Data Center Revenues	16,373.34	0.00	16,373.34	100.0%
440-00 - Residential Sales	177,172.95	96,135.26	81,037.69	84.3%
442-01 - Large Commercial Sales	54,151.93	32,029.72	22,122.21	69.07%
442-02 - Small Commercial Sales	153,075.57	93,947.44	59,128.13	62.94%
445-01 - Water Pollutn Contrl Plnt Sales	70,309.26	23,582.90	46,726.36	198.14%
445-02 - Flat Rate	7,243.06	7,308.31	-65.25	-0.89%
557-00 - Purchased Power Adjustment	288,762.45	152,256.64	136,505.81	89.66%
Total Income	767,088.56	405,260.27	361,828.29	89.28%
Cost of Goods Sold				
555-00 - Electrical Power Purchased	468,591.55	457,153.10	11,438.45	2.5%
Total COGS	468,591.55	457,153.10	11,438.45	2.5%
Gross Profit	298,497.01	-51,892.83	350,389.84	675.22%
Expense				
904-00 - Substation	18,810.14	0.00	18,810.14	100.0%
930-43 - TTD 100th Anniversary	0.00	12,650.00	-12,650.00	-100.0%
403-00 - Depreciation Expense	60,370.35	39,426.31	20,944.04	53.12%
408-00 - Taxes	775.33	469.37	305.96	65.19%
540-00 - Other Power Generation Expense	1,236.46	0.00	1,236.46	100.0%
580-00 - Distribution Expenses	3,313.95	6,823.49	-3,509.54	-51.43%
590-00 - Maintenance Expenses	33,514.92	28,156.14	5,358.78	19.03%
900-00 - Customer Accounts & Service	37,853.30	36,432.58	1,420.72	3.9%
909-00 - Conservation Expenses	160.00	0.00	160.00	100.0%
920-00 - Administrative Expenses	166,604.13	120,410.98	46,193.15	38.36%
Total Expense	322,638.58	244,368.87	78,269.71	32.03%
Net Ordinary Income	-24,141.57	-296,261.70	272,120.13	91.85%
Other Income/Expense				
Other Income				
418-00 - Dividends	0.00	0.00	0.00	0.0%
419-00 - Interest Income	4.59	23.50	-18.91	-80.47%
421-00 - Norden Project Income	23,161.31	4,404.38	18,756.93	425.87%
424-00 - Energy Conservation Fund Income	8,676.59	7,471.92	1,204.67	16.12%
Total Other Income	31,842.49	11,899.80	19,942.69	167.59%
Other Expense				
942-00 - Interest Expense	320.37	0.00	320.37	100.0%
Total Other Expense	320.37	0.00	320.37	100.0%
Net Other Income	31,522.12	11,899.80	19,622.32	164.9%
Net Income before rate stabilization	7,380.55	-284,361.90	291,742.45	102.6%
Rate Stabilization	59,821.55	43,802.73	16,018.82	36.57%
Net Income	67,202.10	-240,559.17	307,761.27	127.94%

Preliminary Unaudited - Internal Use Only - Modified Cash Basis

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THIRD TAXING DISTRICT
KEY PERFORMANCE INDICATORS (KPI'S)

		2014	May 2013	Industry Average (Bandwidth)
1)	OPERATING RATIO	TOTAL OPERATING EXPENSE / TOTAL OPERATING REVENUE	102.80%	97.66%
2)	POWER SUPPLY EXPENSE RATIO	TOTAL POWER SUPPLY EXPENSES / TOTAL EXPENSES	65%	69%
3)	BAD DEBT RATIO	TOTAL CUSTOMER ACCOUNTS OVER 90 DAY / TOTAL ACCOUNTS RECEIVABLE	3.80%	7.80%
4)	ACTUAL RATE OF RETURN ON RATE BASE	AUTHORIZED BY STATE STATUTE	N/A	N/A
5)	ELECTRIC CUSTOMERS PER EMPLOYEE	TOTAL ELECTRIC CUSTOMERS / TOTAL FULL TIME EMPLOYEES	386	430
				Varies by state
				200 - 500

THIRD TAXING DISTRICT – PROJECT SUMMARY

UPDATED: JUNE 30, 2014

<u>#</u>	<u>PROJECT</u>	<u>STATUS</u>	<u>TIMELINE</u>	<u>COMMENTS</u>
1)	A-BASE METER REPLACEMENT PROGRAM	<ul style="list-style-type: none">• IN PROCESS WITH METER DEPT.	LAST QUARTER 2014 START TO CUTOVER	
2)	CUSTOMER SERVICE TRAINING PROGRAM	<ul style="list-style-type: none">• SOLICITED QUOTES THROUGH NEPPA, LEARNING DYNAMICS INC., VARIOUS WEBINARS – NEED TO SELECT FROM VENDORS LISTED	THIRD QTR 2013 – FOURTH QTR 2014	

#	<u>PROJECT</u>	<u>STATUS</u>	<u>TIMELINE</u>	<u>COMMENTS</u>
3)	SUCCESSION PLANNING PROCESS	<ul style="list-style-type: none"> • DEVELOPING POSITION DESCRIPTION FOR LINE FOREMAN'S POSITION • EVALUATING ALL OTHER AREAS • REPLACEMENT OF EXISTING CUSTOMER SERVICES REPRESENTATIVE PENDING RETIREMENT EFFECTIVE JULY 5, 2014. 	<p>SECOND QTR 2014</p> <p>SECOND QTR 2014</p> <p>SECOND QTR 2014</p>	<ul style="list-style-type: none"> • JUNE 2014 – FINALIZED THE INTERVIEW PROCESS WITH SIX INITIAL CANDIDATES, TWO FINALISTS (ONE INTERNAL/ONE EXTERNAL). WILL MAKE FINAL DECISION/JOB OFFER FIRST WEEK OF JULY. • JUNE 2014 – PRELIMINARY DISCUSSIONS HAVE BEEN HELD WITH LABOR ATTORNEY/UNION REP ON CLASSIFICATION OF EXECUTIVE ASSISTANT'S POSITION. DISCUSSIONS ON-GOING AT THIS TIME. • JUNE 2014 – DISCUSSIONS HELD WITH LABOR ATTORNEY, RON AND MYSELF ON RE-ASSIGNED JOB DUTIES WITHIN THE CUSTOMER SERVICE JOB CLASSIFICATION BASED ON IMPENDING RETIREMENT AND OFFICE RE-ORGANIZATION IN CONJUNCTION WITH THE BUSINESS PROCESS REVIEW.

#	<u>PROJECT</u>	<u>STATUS</u>	<u>TIMELINE</u>	<u>COMMENTS</u>
4)	HANDHELD METER READING UPGRADE	<ul style="list-style-type: none"> • EXPLORED ALTERNATIVES TO EXISTING VENDOR • MET WITH JEWETT CITY TO INVESTIGATE ITRON SYSTEM THEY DON'T UTILIZE • AWAITING RECOMMENDATION FROM STAFF • ALSO EVALUATING OTHER OPTIONS 	BEGINNING THIRD QTR 2013 THRU ALL OF 2014 FOR FULL IMPLEMENTATION	<ul style="list-style-type: none"> • JUNE 2014 – CONTINUING TO TEST AND INSTALL RADIO-READ METERS IN THE FIELD, UTILIZING THE ORIGINAL STOCK PURCHASED FROM JEWETT CITY.
5)	UPGRADE FLEET VEHICLES	<ul style="list-style-type: none"> • AUCTIONING OFF 1991 BUCKET TRUCK • PURCHASED NEW PICKUP • LEASED NEW BUCKET TRUCK • EVALUATING BODYWORK/ REPAINTING EXISTING VEHICLES TO EXTEND LIFE • DEVELOP FIVE-YEAR FLEET VEHICLE REPLACEMENT SCHEDULE 	ON-GOING WITH PERIODIC UPDATES	

#	<u>PROJECT</u>	<u>STATUS</u>	<u>TIMELINE</u>	<u>COMMENTS</u>
6)	UPDATE EMERGENCY PLAN FOR DEPARTMENT	<ul style="list-style-type: none"> • LAST PLAN FILED WITH PURA – OCT. 2012 • UPDATED PLAN PARTIALLY COMPLETE • INCORPORATING CITY EMS INTO PLAN 	THIRD QTR 2014	<ul style="list-style-type: none"> • JUNE 2014 – REVISED AND SUBMITTED EMERGENCY PLAN PER PURA REQUEST TO COMPLY WITH JUNE 30, 2014 FILING DEADLINE. THIS IS AN INTERNAL PLAN AND DOES NOT INCORPORATE THE EVOLVING CITY EMS PLAN INTO DOCUMENT, WHICH WE WILL PREPARE AND FILE AT A LATER DATE. A COPY OF THE UPDATED INTERNAL PLAN WILL BE SENT TO THE COMMISSION.
7)	UPDATE TERMS/ CONDITIONS OF SERVICE/FEEES	<ul style="list-style-type: none"> • REVIEWING EXISTING DOCUMENTS • NEED TO RE-WRITE POLICIES • SOME FEES ADJUSTED- NEED TO UPDATE ALL OTHER FEES THROUGH DISCUSSION WITH COMMISSION ON IMPLEMENTATION STRATEGY. • FORMALIZE ALL FEES IN BOOKLET FORM/ WEBSITE. 	FIRST QTR 2014 – SECOND QTR 2014	

#	<u>PROJECT</u>	<u>STATUS</u>	<u>TIMELINE</u>	<u>COMMENTS</u>
8)	I/T UPDATE/ UPGRADE	<ul style="list-style-type: none"> • CONDUCTED SYSTEM AUDIT IN JULY 2013 • SOLICITED QUOTES FOR HARDWARE/SOFTWARE UPGRADE • EVALUATING QUOTES • DECISION BY OCT 1ST 2013 • TRANSITION PROCESS • TRANSITION PROCESS, COMPLETED – NOV. 2013 	ON-GOING	<ul style="list-style-type: none"> • JUNE 2014 – STAFF HELD SEVERAL MEETINGS WITH REPRESENTATIVES FROM COGSDALE/NETOLOGY DURING THE MONTH TO CONTINUE THE IMPLEMENTATION PROCESS ON RECOMMENDATIONS CONTAINED IN THE BPR. WE HAVE SET UP A “TEST” ENVIRONMENT TO BEGIN THE PROCESS RUNNING TRANSACTIONAL DATA THROUGH THE CIS SYSTEM.
9)	CONDUCT COST OF SERVICE/RATE STUDY	<ul style="list-style-type: none"> • STUDY PERFORMED MAY 2013 • STUDY COMPLETED – SEPT. 2013 • REVIEWED WITH COMMISSION SEPT. 2013 • IMPLEMENTATION OF STRATEGIES BASED ON THE STUDY BEING DEVELOPED • WILL BEGIN WITH SET-UP OF WWTP NEGOTIATIONS 	SECOND, THIRD QTR 2013 THRU 2014 FULL IMPLEMENTATION	<ul style="list-style-type: none"> • JUNE 2014 – NO FURTHER ACTIVITIES AT THIS TIME PENDING ACTION BY THE COMMISSION TO MOVE FORWARD WITH THE RECOMMENDATIONS CONTAINED IN THE RATE STUDY.

<u>#</u>	<u>PROJECT</u>	<u>STATUS</u>	<u>TIMELINE</u>	<u>COMMENTS</u>
10)	STRATEGIC PLANNING PROCESS	<ul style="list-style-type: none"> • CONTACTED HOMETOWN CONNECTIONS TO INQUIRE ABOUT PROCESS – SEPT. 2013 • RECEIVED PRELIMINARY INFORMATION FOR REVIEW – CURRENTLY EVALUATING 	THIRD QTR 2013 THRU FOURTH QTR 2014	

#	<u>PROJECT</u>	<u>STATUS</u>	<u>TIMELINE</u>	<u>COMMENTS</u>
11)	MAPLEWOOD	<ul style="list-style-type: none"> • COMMISSION APPROACHED BY MAPLEWOOD'S ATTORNEYS IN APRIL 2013 WITH OBJECTIVE OF CHANGING SUPPLIERS • DISCUSSIONS/UPDATES GIVEN TO COMMISSION SINCE THEN THRU JOHN BOVE, PHIL SUSSLER, ETC. ON TTD'S LEGAL POSITION ON SERVICE TERRITORY ISSUE • ENGAGED BROWN JACOBSON FROM NORWICH TO REPRESENT TTD IF MAPLEWOOD'S ATTORNEYS PURSUE AT STATE LEVEL (PURA) • TTD ATTORNEYS CURRENTLY DEVELOPING STRATEGY • NO FURTHER DISCUSSIONS WITH MAPLEWOOD'S ATTORNEYS AT THIS TIME 	ON-GOING	<ul style="list-style-type: none"> • JUNE 2014 – WORKED WITH JOHN BOVE TO CLEAR UP BALANCES OWED ON THE MAPLEWOOD ACCOUNT, INCLUDING DEPOSIT AMOUNTS OWED (\$10,000). THEY ARE NOW CURRENT ON THEIR BILL, HAVE NOT PAID DEPOSIT (JOHN IS WORKING WITH THEIR ATTORNEY ON THIS) AND WE HAVE NOT ISSUED A CHECK TO REBATE THEIR LIGHTING UPGRADE PENDING RESOLUTION OF ALL OUTSTANDING ITEMS.

#	<u>PROJECT</u>	<u>STATUS</u>	<u>TIMELINE</u>	<u>COMMENTS</u>
12)	WEBSITE/BRANDING PROJECT	<ul style="list-style-type: none"> • SIGNED AGREEMENTS WITH JUMAR MARKETING IN APRIL 2013 FOR 12 MONTHS • NEW WEBSITE/ RE-BRANDING LAUNCHED JULY 2013 AT 100TH ANNIVERSARY CELEBRATION • WEBSITE BEING UPDATED AS NEEDED • RE-BRANDING COLLATERAL • MATERIALS BEING IMPLEMENTED AS TIME/ RESOURCES ALLOW (STATIONARY, TRUCK LETTERING, SIGNAGE, ETC.) 	ON-GOING THROUGH SECOND QTR 2014 PENDING EXTENSION OF AGREEMENT	<ul style="list-style-type: none"> • JUNE 2014 – HELD THE DEDICATION CEREMONY FOR FITCH ST. SUBSTATION ON JUNE 6TH. THIS EVENT WAS PUBLICIZED IN THE VARIOUS MEDIA OUTLETS AND IS FEATURED ON THE TTD WEBSITE AND WILL BE IN AN UPCOMING EDITION OF THE TTD NEWSLETTER.

#	<u>PROJECT</u>	<u>STATUS</u>	<u>TIMELINE</u>	<u>COMMENTS</u>
13)	CATV POLE ATTACHMENTS/ AMPLIFIERS	<ul style="list-style-type: none"> REVIEWED HISTORICAL INFORMATION FROM FILES POLE ATTACHMENTS SHOULD BE BILLED ON A SEMI-ANNUAL BASIS – HAS NOT BEEN BILLED FOR SEVERAL YEARS – LOSS OF REVENUE WILL BE CONTACTING CABLE CO. FOR DISCUSSION/ NEGOTIATION OF RATE 	FIRST QTR 2014 – SECOND QTR 2014	
14)	UPGRADE/ENHANCE FUEL TANKS @ 2 SECOND STREET	<ul style="list-style-type: none"> RECEIVED NOTICE OF NON-COMPLIANCE IN MAY 2013 BASED ON TANK INSPECTION CONTACTED VENDORS IN JUNE 2013 FOR REMEDIATION RECEIVED QUOTES IN JULY/AUGUST 2013 SELECTED VENDOR SEPT. 2013 PERFORMED WORK SEPT./OCT. 2013 TO INSURE COMPLIANCE 	LAST QTR 2013 – COMPLETED	

<u>#</u>	<u>PROJECT</u>	<u>STATUS</u>	<u>TIMELINE</u>	<u>COMMENTS</u>
15)	SUBSTATION UPGRADES AND IMPROVEMENTS	<ul style="list-style-type: none"> • UPGRADE EXISTING SUBSTATIONS – ROWAN STREET & EAST AVENUE • BUILDING NEW FITCH STREET SUBSTATION TO COMPLY WITH NERC REQUIREMENTS • FOCUS ON CYBER-SECURITY/ SECURITY CONCERNS BASED ON REGIONAL/ NATIONAL INCIDENTS 	ON-GOING	<ul style="list-style-type: none"> • JUNE 2014 – DEMONSTRATIONS CONTINUED ON SCADA/CAMERA SURVEILLANCE PROJECTS DURING THE MONTH OF JUNE. • JUNE 2014 – WE CONTACTED CONNELLY CORPORATION AGAIN DURING THE MONTH TO FOLLOW-UP ON OUR PROPOSAL TO FEED THEIR FACILITY. THEY STILL HAVE NOT MADE A FINAL DECISION. • JUNE 2014 – A WATER MAIN BREAK WAS DISCOVERED IN THE PIPE PROVIDING WATER TO THE CONTROL HOUSE AT FITCH ST. SUBSTATION. WE HAVE FIXED THE PROBLEM USING A COMBINATION OF LOCAL LANDSCAPERS, PLUMBERS, AND STAFF AND WILL SUBMIT ALL COSTS TO EATON SINCE IT IS COVERED UNDER WARRANTY.

#	<u>PROJECT</u>	<u>STATUS</u>	<u>TIMELINE</u>	<u>COMMENTS</u>
16)	PURCHASE OF HOUSE – 18 ROWAN ST.	<ul style="list-style-type: none"> DISCUSSION HELD IN SPRING OF 2013 WITH COMMISSION TO CONSIDER ACQUISITION OF PROPERTY FOR SALE ADJACENT TO THE ROWAN ST. SUBSTATION FOR POSSIBLE EXPANSION. CONCEPT WAS DEVELOPED TO USE PROPERTY FOR OVERALL STORAGE NEEDS THROUGH CONSTRUCTIONS OF A STORAGE FACILITY AND CONSOLIDATION OF MATERIALS IN ONE LOCATION. 	SECOND QTR 2013 THROUGH FOURTH QTR 2014	<ul style="list-style-type: none"> JUNE 2014 – ROWAN ST. REPAVING HAS BEEN COMPLETED DURING THE MONTH OF JUNE AND OUR CONTRACTOR HAS BEEN SCHEDULED TO COMPLETE THE REPAVING OF THE LOT THE FIRST WEEK OF JULY. THE PERIMETER FENCE, WHICH WAS APPROVED AT THE JUNE COMMISSION MEETING, IS SCHEDULED TO BE INSTALLED IMMEDIATELY AFTER THE COMPLETION OF THE REPAVING PROJECT.
17)	CONSTRUCTION OF ELECTRIC VEHICLE CHARGING STATION	<ul style="list-style-type: none"> CONCEPT DEVELOPED THROUGH DISCUSSIONS WITH COMMISSION BASED ON POTENTIAL LOCATION AT EAST AVE. HOUSE LOCATED NEXT TO TRAIN STATION. 	ALL OF 2014	

#	<u>PROJECT</u>	<u>STATUS</u>	<u>TIMELINE</u>	<u>COMMENTS</u>
18)	<u>MISCELLANEOUS</u> <ul style="list-style-type: none"> ANNUAL REVENUE/ EXPENSE BUDGET/FIVE-YEAR CAPITAL BUDGET SOLAR P/V PROJECT ROOFTOP AT SECOND STREET OFFICE LOBBY RENOVATION 	<p>COMPLETED DURING MONTH OF JUNE</p> <p>DISCUSSION STAGE</p> <p>IN PROCESS</p>	<p>SECOND QTR 2014</p> <p>SECOND QTR 2014 TO FOURTH QTR 2014</p> <p>SECOND QTR 2014 TO THIRD QTR 2014</p>	<ul style="list-style-type: none"> JUNE 2014 – BUDGET DOCUMENTS PRESENTED AT COMMISSION MEETING OF JUNE 2ND WERE HELD OVER TO SPECIAL MEETING OF JUNE 19TH FOR ADDITIONAL DISCUSSION. IT WAS AGREED AT THAT MEETING TO FOLLOW-UP WITH INDIVIDUAL COMMISSIONERS REGARDING CONCERNS AND QUESTIONS. SUBSEQUENT INDIVIDUAL MEETINGS WERE HELD IN THE LAST TWO WEEKS OF JUNE WITH FOLLOW-UP ACTIVITIES CONTINUING.

<u>#</u>	<u>PROJECT</u>	<u>STATUS</u>	<u>TIMELINE</u>	<u>COMMENTS</u>
	<ul style="list-style-type: none"> SOLAR PROJECTS 	DISCUSSION STAGE/POTENTIAL PROJECTS	ON-GOING	<ul style="list-style-type: none"> JUNE 2014 – AN ENERGY AUDIT HAS BEEN SCHEDULED AT EAST AVENUE PIZZA AFTER ASSESSING THEIR SITUATION. THE LUDLOW COMMONS PROJECT IS PROGRESSING BASED ON AN INITIAL MEETING HELD IN JUNE. THEY ARE LOOKING TO DO A ROOFTOP SOLAR PROJECT ON THE FLAT ROOF OF THE COMPLEX. JUNE 2014 – RESPONDED TO NUMEROUS REQUESTS FOR INFORMATION FROM CUSTOMERS ON DISTRIBUTED GENERATION/ SOLAR PROJECTS DURING THE MONTH. AS THESE TYPE OF PROJECTS BECOME MORE COST EFFECTIVE, MORE AND MORE ACTIVITY CAN BE EXPECTED. THESE PROJECTS WILL BE FUNDED THROUGH THE DEPARTMENT’S ENERGY CONSERVATION AND LOAD MANAGEMENT FUND.