



Third Taxing District

2 Second Street
East Norwalk, CT 06855

Tel: (203) 866-9271
Fax: (203) 866-9856

Third Taxing District of the City of Norwalk Commission Meeting

Wednesday November 6, 2013 at 7:00 PM

At the Third Taxing District Office, 2 Second Street, East Norwalk, CT

1. Public comment – 15 minute limit
2. Introduction of New Employee
3. Minutes of meeting – October 7, 2013 – Page 1 thru 5
4. Insurance Review – (Mike Imbrogno) – Page 6 & 7
5. General Manager's Report
 - Update on Rate Study - (Verbal Update)
 - Update on Fitch St./ Cervalis Projects – (Verbal Update)
 - Update on discussion with Person to Person Agency – Page 8
 - I/T Update Discussion – (Verbal Update)
5. Discussion/Analysis of Financial Statements – Page 9 thru 12
6. Update on Substation Cyber Security – Page 13 thru 20
7. Approval of Commission Meeting Schedule for 2014 – (Ron Scofield)
8. Approval of Fitch Street Project Change Orders #5 & #6 – Page 21 thru 25
9. Executive Session
10. Adjourn

Agenda backup material is available at the TTD office, www.ttd.gov and will be available at the meeting.

M:\Shared\Commission Meeting Information\Agenda 11-6-13.doc

District Commissioners

Paul G. Kokias	203-854-6678	Chairman	James Smith	203-866-9271	General Manager
David L. Brown	203-866-8099	Commissioner	Ron Scofield	203-866-9271	Assistant
Charles L. Yost	203-853-0837	Commissioner			General Manager

DRAFT

**CITY OF NORWALK
THIRD TAXING DISTRICT
REGULAR MEETING
OCTOBER 7, 2013**

ATTENDANCE: Charles Yost, Chair; David Brown

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

OTHERS: Atty. John Bove, District Council; Deborah Goldstein, Ted Vandekamp, Pat Vandekamp, Jim Anderson; Larry Brownell, NEPPA

CALL TO ORDER.

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

PUBLIC COMMENT.

Ms. Goldstein said that she was not noted as attending last month's meeting although she arrived after public comment.

Ms. Goldstein said that the TTD logo on CMEEC website had not been updated. Mr. Smith made a note of this.

EXECUTIVE SESSION.

**** COMMISSIONER BROWN MOVED TO ENTER INTO EXECUTIVE SESSION TO DISCUSS LEGAL CONTRACTS AND EMPLOYMENT ISSUES.**

**** COMMISSIONER YOST SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The Commissioners, Mr. Smith, Mr. Scofield and Atty. Bove entered into Executive Session to discuss legal contracts and employment issues at 7:12 p.m. They returned to public session at 7:50 p.m.

100th ANNIVERSARY CERTIFICATE FROM NEPPA.

Mr. Brownell came forward and said that there was a new training facility for NEPPA in Littleton, MA. He listed the various facilities for training including a degenerated substation. The mutual aid program is being modified to provide better assistance. Agreements with New York and Pennsylvania. Once the agreement is signed, copies will be sent to all the members.

Mr. Brownell then presented the Commissioner with a plaque.

City of Norwalk
Third Taxing District
Regular Meeting
October 7, 2013

DRAFT

Mr. Brownell said that there had been testimony given in Washington about the power outages following Irene, the October snow and Superstorm Sandy.

Mr. Brownell added that on November 1st there would be a membership meeting held at the new facility from 9:00 to noon. He said that with the new training facility, the organization has been able to create standards for climbing or change outs along with the previous testing.

MINUTES OF MEETINGS.

September 9, 2013 Regular Meeting

**** COMMISSIONER BROWN MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 9, 2013 REGULAR MEETING AS SUBMITTED.**

**** COMMISSIONER YOST SECONDED.**

**** THE MOTION TO APPROVE THE MINUTES OF SEPTEMBER 9, 2013 REGULAR MEETING AS SUBMITTED PASSED UNANIMOUSLY.**

September 17, 2013 Special Meeting.

**** COMMISSIONER BROWN MOVED TO APPROVE THE MINUTES OF SEPTEMBER 17, 2013 SPECIAL MEETING AS SUBMITTED.**

**** COMMISSIONER YOST SECONDED.**

**** THE MOTION TO APPROVE THE MINUTES OF SEPTEMBER 17, 2013 SPECIAL MEETING AS SUBMITTED PASSED UNANIMOUSLY.**

GENERAL MANAGER'S REPORT.

Review of Project Summary Report -

Mr. Smith then gave a brief overview of the various projects underway included in the information packet. He requested the Board members give him feedback on how frequently they would like to see this report updated and other suggestions.

Update on Rate Study -

Mr. Smith said that the rate study was completed and the final report is expected shortly. Once it arrives, it will be used for negotiation with the waste water treatment plant.

Fitch St. – Cervalis Projects -

The Third Taxing District is still providing the Norden project with temporary service. Currently the Norden project is expecting to convert over to permanent service on October 27th.

City of Norwalk
Third Taxing District
Regular Meeting
October 7, 2013

27

DRAFT

The Fitch Street project is moving forward. Possibly the energizing will be the first week of December. There is a small issue with CL&P and the parking spaces.

Project Summary - Mr. Brown asked about the Payroll System. Mr. Scofield said that the previous payroll program had not worked out and now the TTD was using Allred who is working through ADP. Mr. Smith then reviewed the details with the Commissioners.

Ms. Goldstein asked if the payroll will be accelerated on the same schedule as the internal audits. Mr. Scofield said that they would be on the same schedule.

Mr. Brown asked about "A-base" meters. Mr. Smith said they were old meters.

Mr. Brown asked about the lease on the new bucket truck. Mr. Smith said that when the contract was signed, the four year lease terms were very favorable.

Mr. Brown asked about the repainting of the vehicles. Mr. Smith said that at the present time, the District had not repainted any vehicles, but there might be some repainting in the future. It will help with consistency and branding.

Mr. Brown asked why the emergency plan was not completed. Mr. Smith said that it needs to be filed with the State.

Mr. Brown asked about the Update Terms/Conditions of Service/Fees. Mr. Smith said that some of the fees would be service activations and shut offs.

Mr. Brown asked about the IT update. Mr. Smith replied that the District would be evaluating the IT system. A potential vendor has been identified.

Mr. Brown asked what the "rebranding collateral" covered. Mr. Smith explained that this would include letterhead, envelopes, business cards and other items.

Mr. Brown asked about the pole attachments billing. Mr. Smith said that he would be contacting the cable company about their amplifiers and other items attached to the poles. This has not been done for several years.

PR/Marketing update.

Mr. Brown asked about some of the wording on the bills. Mr. Scofield explained that the term "Fuel Adjustment Charge" and "Power Cost" referred to the same item. Mr. Smith said that this monthly summary sheet would update the Commissioners on the work that Jumar has been doing during the month. Mr. Brown asked what the difference between Registered Customers who will be receiving e-bills and paper bills. Mr. Smith explained that currently only 44 customers had signed up to received their bills via only email. The remaining customers received either e-bills and paper bills or only paper bills.

City of Norwalk
Third Taxing District
Regular Meeting
October 7, 2013

DRAFT

Mr. Brown asked about the update on the District addressing the incident at the Oyster Festival. Mr. Smith explained that this statement was clarifying the fact that the ride failure had happened in East Norwalk and it was not related to TTD service.

Mr. Brown asked about the Website Traffic. Mr. Smith said that the new website had been attracting new visitors. Mr. Anderson asked if there was a link to the East Norwalk Library. Mr. Smith made a note of this.

DISCUSSION/ANALYSIS OF FINANCIAL STATEMENT

Mr. Smith reviewed the finances included in the information packet with the Commissioners. He reminded everyone that CMEEC debt refinancing will result in significant savings for the District. Mr. Smith said that the Norden project brought in \$68,175.18 in August. Fuel costs were up. A discussion followed about these costs.

SIDING PROPOSALS.

Mr. Scofield said that he had been asked to have the building trim painted white along with other changes. When the painter arrived, he suggested that the areas that were to be changed should be sided instead. Mr. Scofield said that the low bidder was U.S. Home Services in the amount of \$6,500. Mr. Yost asked where the company was located. Mr. Scofield replied they were in Stamford, New England Exterior is located in Norwalk and Montanaro Carpentry is located in Trumbull. Discussion followed about this project being routine maintenance. Mr. Scofield said that painting the building would actually cost more than the siding. Discussion followed.

Mr. Yost asked if the signs could be done independently. Mr. Scofield said that they could be done and would cost \$1,800 for the signs.

**** COMMISSIONER BROWN MOVED TO APPROVE ORDERING THE SIGN FROM SIGNS BY ANTHONY.**

**** COMMISSIONER YOST SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

METER UPGRADE PROJECT.

Mr. Smith said that there had been a small pilot meter project which produced unsatisfactory results. Four of the meters were okay, but the other two failed. This equipment is being returned to the vendor.

The District was recently contacted by Jewett City regarding an AMR system for sale at a considerable discount. This is proven technology and the software is compatible with the standard Itron software. Jewett City upgraded their equipment through a Federal grant and a significant portion of their AMR system is still in the original packing boxes. Mr. Smith

City of Norwalk
Third Taxing District
Regular Meeting
October 7, 2013



DRAFT

recommended the District purchase this equipment, which would provide new meters for approximately one third of the district. Mr. Yost asked for a rough estimate on the savings. Mr. Smith said that there currently was one meter reader for the District, but this would save time. Mr. Scofield said that Jewett City saved approximately 50% with their increased efficiency. Discussion followed about the financial details.

**** COMMISSIONER BROWN MOVED TO APPROVE THE PURCHASE OF AMR METERS FROM JEWETT CITY AS DESCRIBED, WHICH NOT TO EXCEED THE NUMBER OF \$55,000 FOR 1,100 METERS PLUS HANDHELD, CRADLES AND CASES AFTER THE PURCHASE AGREEMENT IS REVIEWED BY ATTY. BOVE.**

**** COMMISSIONER YOST SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

APPROVAL OF COMMISSION MEETING SCHEDULE FOR 2014.

Mr. Scofield said that this item would be on the November agenda for approval in order to file it with the State.

**** COMMISSIONER BROWN MOVED TO SUSPEND THE RULES TO ADD A DISCUSSION ITEM.**

**** COMMISSIONER YOST SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

Mr. Smith explained that the week of October 6-12 is Public Power Week in the U.S. He said that some utilities sponsor a major celebration. He said that next year, the District might want to sponsor some kind of event during Public Power Week.

ADJOURNMENT.

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

**** COMMISSIONER YOST SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 9:08 p.m.

Respectfully submitted

Sharon L. Soltes
Telesco Secretarial Services

City of Norwalk
Third Taxing District
Regular Meeting
October 7, 2013

Memorandum Third Taxing District Electric Department

To: TTD Commissioners

From: Jim Smith – General Manager

Date: October 10, 2013

Subject: Health Insurance Renewal for 2014



Attached please find a copy of a comparison chart prepared by Mike Imbrogno from Benefit Planning, our benefits administrator, outlining our actual healthcare costs for 2012 and 2013 and our anticipated costs from our current medical benefits provider, Anthem Blue Cross Blue Shield, for 2014.

As you can see, our costs are anticipated to increase from year to year by approximately 3.45% or \$6349.00 from Anthem.

Given all of the changes and uncertainty in the health insurance market (i.e. Obama care, etc.) and the relatively modest increase in our overall premiums, Benefit Planning is recommending that we continue with Anthem as our healthcare provider.

As a point of information, our employees are extremely happy with Anthem and we have had very few, if any, problems since they became our carrier in 2012.

Mike will be @ the meeting to make a brief presentation and answer any questions you may have.

*Medical Costs
for
Third Taxing District, 2013/2014*

	Anthem 2012	Anthem 2013	Anthem Dec-13
In-Network:			
Deductible	\$1,500/\$3,000 Covered in full	\$1,500/\$3,000 Covered in full	\$1,500/\$3,000 Covered in full
PCP Office Copay	\$30 PCP/\$45 Spec.	\$30 PCP/\$45 Spec.	\$30 PCP/\$45 Spec.
Specialist Copay	Covered 100% after deductible	Covered 100% after deductible	Covered 100% after deductible
Hospital	Covered 100% after deductible	Covered 100% after deductible	Covered 100% after deductible
Outpatient Facility	Covered 100% after deductible	Covered 100% after deductible	Covered 100% after deductible
Radiology (MRI, CTSCAN)	\$75: \$375 max. per year	\$75: \$375 max. per year	\$75: \$375 max. per year
Emergency Room	\$150	\$150	\$150
Urgent Care	\$75	\$75	\$75
Prescriptions	\$10/\$25/\$40	\$10/\$25/\$40	\$10/\$25/\$40
Referrals	Not Required	Not Required	Not Required
Out-of-Network:			
Deductible	\$2,000/\$4,000 70/30	\$2,000/\$4,000 70/30	\$2,000/\$4,000 70/30
Coinsurance			
RATE INFORMATION			
Michael	\$1,575.89	\$1,666.85	\$1,726.42
Joseph	\$1,939.13	\$2,051.05	\$2,124.36
Tricia	\$639.83	\$676.74	\$700.93
Karen	\$1,815.11	\$1,926.25	\$1,995.08
Ray	\$2,310.98	\$2,444.37	\$2,531.73
Rachel	\$1,575.89	\$1,666.85	\$1,726.42
JoAnne	\$1,821.12	\$2,444.37	\$2,531.73
James	\$1,821.12	\$1,926.25	\$1,995.08
Monthly Total:	\$13,499.07	\$14,802.73	\$15,331.75
Annual Total:	\$161,988.84	\$177,632.76	\$183,981.00
Percentage Change:	8.81%	3.45%	



James W. Smith

From: Marina Thomas <marinathomas@p2phelps.org>
Sent: Monday, October 21, 2013 12:17 PM
To: JSmith@TTD.gov
Cc: Ceci Maher
Subject: P2P emergency assistance for utility customers

Hello Jim,

We are excited about the opportunity to work more closely with the Third Taxing District, to help low income individuals and households catch up on their utility bills and avoid shut-off. To follow up on our conversation of last Thursday, here are some statistics for our utility assistance thus far in 2013:

- Between 1/1/2013 and 10/17/2013 we helped 13 TTD customers, for a total of \$2,555.38.
- Two of the customers were low-income households who were assisted with the security deposit fees to connect new service. The other 11 were low-income households who were behind on payments and most were in danger of shut-off.
- The majority of the assistance was provided after July 1st - 11 customers for a total of \$2,131.65. Not surprisingly, we see the greatest demand during the summer months, when winter protection is not in place and the risk of shut-off is high.
- Overall, in our Norwalk offices, we helped 169 households with utility assistance between 1/1/2013 and 10/17/2013, for a total of \$39,166.67. These included CLP, YankeeGas, SNEW, and oil heat customers.
-

Prior to the merger with Person-to-Person, which happened in November of 2012, CCA, the agency that was located at 76 South Main St., provided a minimal amount of financial assistance to the community. It has taken many months for word to spread that we are now a partner in social service provision in Norwalk, and that we have the capacity to provide financial emergency assistance to such a significant degree. We anticipate that in future years the number of clients coming to us for emergency financial assistance will continue to grow.

I would very much like to sit down with you to discuss our collaboration further. Please let me know when might be a convenient time to meet.

Best regards,
Marina

Marina S. Thomas, MA, NCC, LPC
Director of Social Services
Person-to-Person
1864 Post Road
Darien, CT 06820
203-621-0686
Fax 203-655-8082
marinathomas@P2PHelps.org

Person-to-Person is rated a 4-Star charity by Charity Navigator



**Third Taxing District
Financial Highlights
July-September 2013**

	Jul-Sep-13	Jul-Sep-12	\$ Change	% Change
Total Income	2,968,670	2,985,018	(16,349)	-1%
Total Expense	2,662,733	2,643,148	19,585	1%
Net Ordinary Income	305,937	341,870	(35,934)	-11%
Other Income	120,659	28,208	92,451	328%
Other Expense	-	-	-	0%
Net Income before Rate Stabilization	426,596	370,078	56,518	15%
Rate Stabilization	100,567	58,573	41,994	72%
Net Income	527,163	428,651	98,512	23%

CASH BALANCES FY 2013

September

ACCTS

Operating Accounts	1,504,705
Capital Improvements Fund	1,013,334
Construction Work In Process	3,116,148

Power Supply	Current Fiscal Year-to-Date	Last Fiscal Year-to-Date
Energy Cost	\$ 1,278,674	\$ 1,299,506
Budget Energy Cost	\$ 1,288,191	\$ 1,286,966
Energy Cost Cents/KWH	9.820	9.804

Third Taxing District
Profit & Loss Prev Year Comparison
 July through September 2013

	<u>Jul - Sep 13</u>	<u>Jul - Sep 12</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
440-00 · Residential Sales	810,277.01	825,640.03	-15,363.02	-1.86%
442-01 · Large Commercial Sales	181,558.63	175,642.13	5,916.50	3.37%
442-02 · Small Commercial Sales	571,027.35	594,890.73	-23,863.38	-4.01%
445-01 · Water Pollutn Contrl Plnt Sales	184,794.12	200,770.54	-15,976.42	-7.96%
445-02 · Flat Rate	21,360.18	21,924.93	-564.75	-2.58%
451-00 · Miscellaneous Service Revenue	57,630.62	0.00	57,630.62	100.0%
557-00 · Purchased Power Adjustment	1,142,021.93	1,166,150.01	-24,128.08	-2.07%
Total Income	2,968,669.84	2,985,018.37	-16,348.53	-0.55%
Cost of Goods Sold				
555-00 · Electrical Power Purchased	1,943,479.66	1,975,843.70	-32,364.04	-1.64%
Total COGS	1,943,479.66	1,975,843.70	-32,364.04	-1.64%
Gross Profit	1,025,190.18	1,009,174.67	16,015.51	1.59%
Expense				
930-43 · TTD 100th Anniversary	36,349.47	0.00	36,349.47	100.0%
403-00 · Depreciation Expense	113,537.08	104,053.38	9,483.70	9.11%
408-00 · Taxes	2,812.79	3,114.55	-301.76	-9.69%
540-00 · Other Power Generation Expense	39,173.34	20,432.41	18,740.93	91.72%
565-00 · Transmission Expenses	0.00	225.00	-225.00	-100.0%
580-00 · Distribution Expenses	10,959.54	17,134.37	-6,174.83	-36.04%
590-00 · Maintenance Expenses	90,577.01	86,419.68	4,157.33	4.81%
900-00 · Customer Accounts & Service	102,905.77	97,682.65	5,223.12	5.35%
920-00 · Administrative Expenses	322,938.50	338,242.31	-15,303.81	-4.53%
Total Expense	719,253.50	667,304.35	51,949.15	7.79%
Net Ordinary Income	305,936.68	341,870.32	-35,933.64	-10.51%
Other Income/Expense				
Other Income				
418-00 · Dividends	0.97	4.85	-3.88	-80.0%
419-00 · Interest Income	114.33	21,964.94	-21,850.61	-99.48%
420-00 · Gain/(Loss) on Investments	0.00	-13,003.53	13,003.53	100.0%
421-00 · Norden Project Income	108,515.48	13,239.12	95,276.36	719.66%
424-00 · Energy Conservation Fund Income	12,027.96	5,735.02	6,292.94	109.73%
425-00 · Miscellaneous Income	0.00	267.13	-267.13	-100.0%
Total Other Income	120,658.74	28,207.53	92,451.21	327.75%
Other Expense				
Total Other Expense	0.00	0.00	0.00	0.0%
Net Other Income	120,658.74	28,207.53	92,451.21	327.75%
Net Income before rate stabilization	426,595.42	370,077.85	56,517.57	15.27%
Rate Stabilization	100,567.42	58,572.82	41,994.60	71.7%
Net Income	527,162.84	428,650.67	98,512.17	22.98%

Footnote 1

Footnote 2

Footnote 3

Footnote 4

Footnote 5

Third Taxing District
Profit & Loss Statement
Explanation of Major Variances
Jul-Sep 2013 vs. Jul-Sep2012

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 approximate \$18,740 increase in other power generation expense is due to the purchases of fuels from Santa Buckley for the generators.
3. The approximate \$15K decrease in other Administrative expenses is due to additional payroll of George Leary while Jim Smith was also on board for the period July-September 2012. In addition, Jim had 10K of relocation expenses in the prior year.
4. The \$13K decrease in Gain/(Loss) on investments is due to the fact that the investment account for the first quarter of 2013 has been invested in cash 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.
5. The increase of approximately \$95K 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.

Third Taxing District
Profit & Loss Prev Year Comparison
September 2013

	Sep 13	Sep 12	\$ Change	% Change
Ordinary Income/Expense				
Income				
440-00 - Residential Sales	257,631.10	301,243.31	-43,612.21	-14.48%
442-01 - Large Commercial Sales	55,631.95	57,251.07	-1,619.12	-2.83%
442-02 - Small Commercial Sales	182,964.16	211,540.79	-28,576.63	-13.51%
445-01 - Water Pollutn Contrl Pint Sales	63,020.16	64,842.58	-1,822.42	-2.81%
445-02 - Flat Rate	7,078.81	7,308.31	-229.50	-3.14%
557-00 - Purchased Power Adjustment	355,991.67	412,425.76	-56,434.09	-13.68%
Total Income	922,317.85	1,054,611.82	-132,293.97	-12.54%
Cost of Goods Sold				
555-00 - Electrical Power Purchased	604,979.77	683,422.03	-78,442.26	-11.48%
Total COGS	604,979.77	683,422.03	-78,442.26	-11.48%
Gross Profit	317,338.08	371,189.79	-53,851.71	-14.51%
Expense				
930-43 - TTD 100th Anniversary	4,751.62	0.00	4,751.62	100.0%
403-00 - Depreciation Expense	34,684.46	34,684.46	0.00	0.0%
406-00 - Taxes	878.35	998.04	-119.69	-11.99%
540-00 - Other Power Generation Expense	17,084.46	19,117.28	-2,032.82	-10.63%
565-00 - Transmission Expenses	0.00	225.00	-225.00	-100.0%
580-00 - Distribution Expenses	2,326.35	5,375.22	-3,048.87	-56.72%
590-00 - Maintenance Expenses	31,149.17	28,438.36	2,710.81	9.53%
900-00 - Customer Accounts & Service	30,591.75	30,795.23	-203.48	-0.66%
920-00 - Administrative Expenses	130,487.96	105,048.32	25,439.64	24.22%
Total Expense	251,954.12	224,681.91	27,272.21	12.14%
Net Ordinary Income	65,383.96	146,507.88	-81,123.92	-55.37%
Other Income/Expense				
Other Income				
418-00 - Dividends	0.03	0.04	-0.01	-25.0%
419-00 - Interest Income	865.30	704.74	160.56	22.78%
420-00 - Gain/(Loss) on Investments	0.00	-3,356.30	3,356.30	100.0%
421-00 - Norden Project Income	15,260.00	8,517.12	6,742.88	79.17%
424-00 - Energy Conservation Fund Income	1,948.79	1,292.58	656.21	50.77%
425-00 - Miscellaneous Income	0.00	267.13	-267.13	-100.0%
Total Other Income	18,074.12	7,425.31	10,648.81	143.41%
Other Expense				
Total Other Expense	0.00	0.00	0.00	0.0%
Net Other Income	18,074.12	7,425.31	10,648.81	143.41%
Net Income before rate stabilization	83,458.08	153,933.19	-70,475.11	-45.78%
Rate Stabilization	12,041.52	-40,465.87	52,507.39	129.76%
Net Income	95,499.60	113,467.32	-17,967.72	-15.84%

Preliminary Unaudited - Internal Use Only - Modified Cash Basis

12

Memorandum Third Taxing District Electric Department

To: TTD Commissioners

From: **Jim Smith – General Manager**

Date: October 28, 2013

Subject: Substation Cyber Security



Attached please find a copy of correspondence from APPA outlining cyber-related activities which are currently taking place at the federal level, including a “ Fact Sheet “ on cyber security standards in the electric industry and new and proposed legislation either enacted or being contemplated in response to the increasing threats posed to the nation’s bulk power system.

As I mentioned to you previously, we will fall under NERC (North American Electric Reliability Corporation) standards once the Fitch St. substation becomes operational, which subjects TTD to a more complex set of rules and regulations which we will have to follow.

This will include compliance with the most recent cyber security “best practices mentioned in the correspondence.

James W. Smith

From: Rankin, Drew <drankin@cmeec.org>
Sent: Tuesday, October 29, 2013 6:38 PM
To: CMEEC Board of Directors Distribution Group; CMEEC Combined Distribution Group
Subject: FW: APPA GRWG: APPA Cyber-security Resources
Attachments: APPA Fact Sheet on Cyber Security -FINAL- 9-24-13.docx; APPA Cyber Resources Memo.pdf

Good evening

I noticed the other evening, the National Geographic channel is running a show called American Blackout,, which depicted a scenario where a cyber-attack causes a nationwide blackout via the grid when the hackers cause transformers to explode. The story follows several people through the ensuing days: in the city, the suburbs, college campus' and other locations, where overwhelming adversity rules, including food shortages, water shortages, fire, widespread dead with no placement location, and generally, widespread panic.

Inevitably, you and your staff may receive inquiry to the probability and or preventative efforts from Commissioners, customers, vendors, etc, so I offer this email in that vein.

This email from APPA with attachment fact sheets may help in addressing some of those potentials.
drew

Chief Executive Officer
Connecticut Municipal Electric Energy Cooperative
30 Stott Avenue
Norwich, CT 06360
Tel (Office): 860-889-4088
Tel (Cell): 860-822-3697
Fax: 860-889-8158
Email: drankin@cmeec.org

From: Sholars, Forrest
Sent: Tuesday, October 01, 2013 10:54 AM
To: Sholars, Forrest
Subject: APPA GRWG: APPA Cyber-security Resources

October 1, 2013

TO: Government Relations Working Group
FROM: Joy Ditto/ JDitto@PublicPower.org<<mailto:JDitto@PublicPower.org>> /202-467-2954
SUBJECT: APPA Cyber-security Resources

This email and the information contained herein are confidential. The intended use is for APPA member utilities and their employees only. Do not distribute outside your organization.

In case you did not receive this directly, the attached memo and fact sheet went out from Mark Crisson to the general managers/CEOs of APPA's members this week related to some APPA cyber-security resources. October is "cyber-security awareness" month and we also celebrate public power week from October 6-13, so we thought these events might present you with opportunities to highlight your activities in the area of cyber-security. Please let us know if you have any questions on the congressional activities or we can put you in touch with Nick Braden, Vice President of Communications, to answer any media-related questions.

CONFIDENTIALITY NOTICE - This email transmission, and any documents, files or previous email messages attached to it, may contain information that is legally privileged or otherwise confidential to include customer and business information. If you are not the intended recipient, or an authorized person for the intended recipient, you are hereby notified that any disclosure, copying or distribution of this information, or any action taken in reliance on the information contained within this email, is strictly prohibited. If you have received this email message in error, please notify the sender and then delete the message (and any attachments) from your computer and/or network. Thank you.



DATE: September 30, 2013
TO: APPA Members
FROM: Mark Crisson
SUBJECT: APPA Cybersecurity Resources

As many of you know, October is cybersecurity month, which is expected to bring increased attention on this issue from policymakers and the media at the local and national levels. Therefore, I thought it would be an opportune time to update you on APPA's cyber-related activities in Washington, D.C. Additionally, I have listed below several tools your utility can use to educate your local government authorities, customers, and the news media on what public power utilities are doing to protect themselves from cyber attacks.

Historically, APPA and its members have been actively involved in effectively protecting our systems from physical attacks and natural disasters. But in recent years, with the advent of internet-based technologies that can enhance efficiency at both the bulk power system and distribution levels, we collectively recognized that a more concerted effort needs to be placed on protecting our infrastructure from attacks, whether cyber or physical in nature. To address this need, APPA recently formed a committee of our members, varying in size, geographic location, and type, along with APPA staff from several departments including government relations, policy analysis, engineering, and communications, to help lead our efforts in coordinating with the federal government on this issue. This group, entitled the Cyber and Physical Preparedness (CAPP) committee, is now fully operational and meets regularly.

In addition, APPA staff continues to actively monitor the North American Electric Reliability Corporation (NERC) Critical Infrastructure Protection (CIP) standards and is closely following the Administration's efforts to carry out the President's Executive Order 13636 on Cybersecurity and Presidential Policy Directive-21. These efforts include development of a Cybersecurity Framework that will cover all 16 of the nation's critical infrastructure sectors, including energy.

APPA has worked closely with the Department of Energy to develop and apply DOE's voluntary Electricity Subsector Cybersecurity Capability Maturity Model (ES-C2M2), which public power utilities can use to identify cyber-related areas in which they are strong as well as areas where improvements can be made.

APPA is involved in updating the Department of Homeland Security (DHS)-led Critical Infrastructure National Plan (CINP) which is the next version of the National Infrastructure Protection Plan (NIPP), created in 2004 and is designed to protect our national infrastructure from both cyber and physical threats.

Finally, APPA, working closely with others in the electric sector, has and will continue to advocate limited and targeted legislation related to cybersecurity, that would enhance information sharing between critical infrastructure sectors and the federal government while at the same time ensuring that the existing NERC standards are maintained rather than duplicated or undermined.

In conclusion, I'm pleased to inform you that through these activities and more, APPA staff and our members are actively engaged in protecting both our physical and cyber assets. But we need to be doing more to educate our local stakeholders and local media on these protection efforts. Below is a suite of tools and information we have developed to help:

- [Cybersecurity Essentials – A Public Power Primer](#) – APPA's research and development program, *Demonstration of Energy & Efficiency Developments (DEED)*, funded this guidebook to help provide public power utilities gain an overview of the importance of cybersecurity and provide pragmatic recommendations to protect their systems from attacks. The publication is meant to be used by senior management, utility boards, and city councils and is available in the APPA Product Store.
- [Reliable Public Power Provider \(RP₃\) Program](#) – Applicants of APPA's designation and recognition program are required to address cybersecurity at their utilities to receive the full 100 points. The program encourages utilities to develop a cybersecurity policy, provide cyber awareness training, and conduct periodic cybersecurity assessments.
- [Cybersecurity Awareness Training](#) – APPA Academy is offering a four-part webinar series that will cover key areas of cybersecurity that every member of the utility staff can learn from and apply to their daily jobs.
- [APPA's Security Listserv](#) – APPA utility members are encouraged to join our security listserv where important alerts from the Electricity Sector Information Sharing Analysis Center (ES-ISAC), United States Computer Emergency Readiness Team (US-CERT), unclassified notes from secured DHS briefings, and others are shared.

Attached, please find a fact sheet that provides background on what your national association has done and continues to do in the area of cybersecurity. We encourage you to add to this document information on what your utility is doing locally on this issue and send it to your local media, local government officials and other stakeholders so they become more aware of the immense collaborative efforts being undertaken by public power and the industry generally on this critical issue.

Please feel free to contact me directly if you have any concerns or have additional suggestions on how APPA can help with your cyber or physical protection efforts.

Sincerely,



Mark Crisson
President & CEO
APPA

FACT SHEET
**The North American Electric Power Industry's Top Priority Is a
Reliable and Secure Bulk Power System**

The electric power industry works in partnership with governmental authorities at the federal, state/provincial and local levels in both the United States and Canada in order to maintain and improve upon the high level of reliability consumers expect. Cybersecurity is an essential element of power system reliability that the electric power industry takes very seriously.

Background on the Electric Industry

The American Public Power Association (APPA) represents the interests of more than 2,000 publicly-owned electric utility systems across the country, serving approximately 47 million Americans, or 15 percent of the U.S. population. APPA member utilities include state public power agencies and municipal electric utilities that serve some of the nation's largest cities. However, the vast majority of these publicly-owned electric utilities serve small and medium-sized communities in 49 states.

The electric industry in North America includes a broad variety of companies with diverse business models, including investor-owned, cooperatively-owned and publicly-owned utilities, independent generators, Canadian utilities, and large industrial concerns. For very legitimate reasons, we often have very different views on the policy issues facing our industry. On the issue of protection of the electric bulk power system from cybersecurity emergencies, however, we have been working closely together since the inception of the Section 215 authority discussed below.

Mandatory Cybersecurity Standards for the Electric Sector

Congress approved a mandatory and enforceable reliability standards regime for the bulk power system in the Energy Policy Act of 2005. The operative section of EPAct05 is Section 215 of the Federal Power Act. Under Section 215, the North American Electric Reliability Corporation (NERC), working with electric industry experts, regional entities, and government representatives, drafts reliability and cybersecurity standards that apply across the North American grid, inclusive of Canada. Participation by industry experts and compliance personnel in the NERC standards development process ensures that the standards are technically sound and follow basic risk assessment principles.

The Federal Energy Regulatory Commission (FERC) has the power to then approve or remand those standards as they apply in the United States. To ensure compliance, NERC conducts rigorous audits. NERC can also levy substantial fines for non-compliance. Additionally, FERC can direct NERC to develop new or revised reliability standards to ensure the reliability and cybersecurity of the bulk power system. Countless work hours and millions of dollars in investments are being made across the electric industry to draft, propose and ultimately implement these FERC-approved reliability and cybersecurity standards.

The President's Executive Order on Cybersecurity

The electric utility industry is working closely with the federal government, state and local government agencies, and partners from other critical infrastructure sectors, to carry out the President's February 21, 2013, Executive Order on Cybersecurity and the accompanying Presidential Policy Directive-21 on Critical Infrastructure Protection. These initiatives include developing the National Institute of Standards and Technology (NIST) Cybersecurity Framework and developing a new National Infrastructure Protection Plan that will help the government and industry prepare for potential cybersecurity attacks on any of the nation's sixteen critical infrastructure sectors. These efforts build upon existing collaborative efforts with the federal government to develop assessment tools, to share timely and actionable information between government and industry, and to plan for potential cybersecurity events.

APPA and its members and other industry participants worked closely with the U.S. Department of Energy (DOE) to develop and field-test DOE's Electricity Sub-Sector Cybersecurity Capability Maturity Model and the accompanying Risk Management Process Guideline. These voluntary frameworks provide tools to help electric utilities assess the unique cybersecurity risks each company faces, the maturity of the cyber-controls and other protections the utility already has, and then target investments, training and management processes to the areas with the greatest potential benefits to the company's security posture.

Government-Industry Coordination and Information Sharing

The electric power industry works closely with various government agencies on electric power system security. On an ongoing basis, we communicate and collaborate in the United States with the Department of Homeland Security, DOE, and FERC, and in Canada with the various federal and provincial authorities to gain needed information about potential threats and vulnerabilities related to the electric power system. As mentioned above, the electric power industry also works very closely with NERC to develop mandatory reliability standards, including cybersecurity standards, so that the standards developed are technically sound from an electrical perspective and do not cause unintended consequences with any of the approximately 1,800 entities that comprise the bulk power system. In addition, NERC operates the Electricity Sector Information Sharing and Analysis Center ("ES-ISAC"), which works with federal agencies to provide the electric power industry with timely and actionable information on cybersecurity threats, vulnerabilities, and mitigation measures to assure the continued reliability and security of the system.

How this Regime Works in Practice

Every day, the electric power industry continuously monitors the bulk power system and mitigates the effects of transmission grid incidents – large and small. Consumers are rarely aware of these incidents because of the sector's advance planning and coordination activities, which reflect the quick and nearly seamless response the sector takes to address reliability and security events. This response includes prevention and response/recovery strategies – both are equally important. The industry's strong track record on reliability and security continues as we work diligently to adhere to mandatory NERC reliability standards, to draw from state-of-the-art in cybersecurity best practices laid out in DOE and NIST Cybersecurity Frameworks, to enhance information sharing before events take place, and to be ready to respond should a cybersecurity attack upon the homeland actually occur.

Cybersecurity Legislation

Despite the progress that has been made to address cybersecurity in the electric sector, the nature of cyber space is such that the threats are ever-evolving. This situation requires a strong industry-government partnership that could be enhanced by some targeted new legislation. At the same time, as delineated above, the electric sector has an existing mandatory process for developing cybersecurity standards that should be maintained. Therefore, legislation should: 1) prevent duplication of the existing mandatory regime established under Section 215 of the Federal Power Act; 2) improve the flow of information from the appropriate government agencies to the industry, and vice versa, including ensuring that such information is kept confidential; and, 3) ensure that the electric sector's liability for any future cyber attacks with operational consequences is appropriately proscribed.

Filename: APPA Fact Sheet on Cyber Security -FINAL- 9-24-13
Directory: C:\Users\Jim\Documents
Template: C:\Users\Jim\AppData\Roaming\Microsoft\Templates\Normal.dot
m
Title:
Subject:
Author: Joy Ditto
Keywords:
Comments:
Creation Date: 9/30/2013 11:27:00 AM
Change Number: 2
Last Saved On: 9/30/2013 11:27:00 AM
Last Saved By: Nicholas Braden
Total Editing Time: 0 Minutes
Last Printed On: 10/30/2013 8:34:00 AM
As of Last Complete Printing
Number of Pages: 2
Number of Words: 1,132 (approx.)
Number of Characters: 6,459 (approx.)

Memorandum Third Taxing District Electric Department

To: TTD Commissioners

From: Jim Smith – General Manager

Date: October 30, 2013

Subject: Fitch Street Substation Project – Proposed Change Orders #5 and #6



Attached please find a copy of a change order submitted by Eaton Corporation for various work items which were not included in the original scope of work as part of their overall contract.

The items amount to \$40,601 and have been reviewed by both Joe Cristino and I for completeness and accuracy.

I will provide an explanation for both change orders @ the Commission meeting .

My recommendation is to process the change orders as requested, pending a satisfactory explanation @ the meeting.



Powering Business Worldwide

Eaton Corporation
Electrical Service Systems
5 Gendron Dr. Ste. 3
Lewiston, ME 04240
Tel: 1-207-330-7100
Fax: 1-207-330-7199

Date: 10/18/2013

To: Jim Smith - Third Taxing District
Joe Cristino – Cristino Associated, Inc.
Rob Foster - Eaton Corp.
John Crosse - Eaton

Customer: Third Taxing District
2 Second Street
Norwalk, CT 06855

Subject: Fitch Street Station
Change Request #5 - Fencing
Eaton Project No.: EMP00441

Mr. Smith,

Eaton submits this Change of Scope request from original contract for the following fence replacements;

- 1) East Ave main gate entrance
- 2) Fitch St and East Ave separation fence

The updated contract value is \$4,464,999.

Fence Replacement

The change of scope is for replacement of the existing East Ave fence in two location; separation fence between East Av. And Fitch St. Substation as well as the main gate entrance for the East Ave. Substation.

Eaton offers the following changes;

- 1) East Ave main gate entrance
 - a. Removal of existing fence
 - b. Installation of the following
 - i. 30 linear feet of 8' high with 1' barb wire
 - ii. 14' vehicle gate – double swing gate
 - iii. Four 8' high post - galvanized
 - iv. 2" mesh - galvanized
- 2) East Ave & Fitch St separation fence
 - a. Removal of existing fence
 - b. Installation of the following
 - i. 80 linear feet of 12' high with 1' barb wire
 - ii. Seven 12' posts – galvanized
 - iii. 10' removable panel
 - iv. 3' wide man-gate
 - v. 1" mesh - black

Total Change Order Amount\$26,318.00



Please review and sign at the bottom to confirm agreement of the scope change.

Updated Contract Total..... \$4,491,317.00

Reviewed by:

Signature 
Joe Cristino – Cristino Associates, Inc.

Date: 10/30/13

Approved by:

Signature _____
James Smith – Third Taxing District

Date: _____



Date: 10/21/2013

To: Jim Smith - Third Taxing District
Joe Cristino – Cristino Associated, Inc.
Rob Foster - Eaton Corp.
John Crosse - Eaton

Customer: Third Taxing District
2 Second Street
Norwalk, CT 06855

Subject: Fitch Street Station
Change Request #6 – East Ave Bus
Eaton Project No.: EMP00441

Mr. Smith,

Eaton submits this Change of Scope request from original contract for the following fence replacements;

- 1) Rowan St. Breaker 47R-1X3-2 Bus Material
- 2) East Ave. Breaker 47R-2X3-2 Bus Material

The updated contract value is \$4,464,999 (this cost does not include Change Order #5 – East Ave. fence)

East Ave Bus Material

The change of scope is for the material that is required for installation in the East Ave Substation for the newly installed 38 kV Breakers. Labor for installation will be provided by Eaton as part of the contract.

Eaton offers the following changes;

- 1) Rowan St. Breaker 47R-1X3-2 Bus Material
 - a. Qty. 9 – 35 kV post insulators w 1" pipe brackets
 - b. Qty. 120' – 1" Schedule 40
 - c. Qty. 3 – 1" pipe to 2-Hole Pad (for Lightning Arrester connection)
 - d. Qty. 3 – 1" Pipe to 4-Hole Pad (90 degree)
 - e. Qty. 9 – 1" Pipe to 4 Hole pad
 - f. Qty. 12 – 500 MCM to 4-Hole Pad
- 2) East Ave. Breaker 47R-2X3-2 Bus Material
 - a. Qty. 3 – 1" Pipe to 4-Hole Pad (45 degree)
 - b. Qty. 12 – 500 MCM to 4-Hole Pad
 - c. Qty. 3 – Cable Support Bracket for 35 kV 500 MCM Cable

Total Change Order Amount.....\$14,283.00

Please review and sign at the bottom to confirm agreement of the scope change.

Updated Contract Total..... \$4,479,282.00

Reviewed by:

Signature 
Joe Cristino – Cristino Associates, Inc.

Date: 10/30/13

Approved by:

Signature 
James Smith – Third Taxing District

Date: _____

