

FINAL

THIRD TAXING DISTRICT
of the City of Norwalk
August 4, 2014

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

STAFF: James Smith, General Manager; Atty. John Bove, District Counsel

OTHERS: Jim Keenan, Chowdafest; Justin Connell, CMEEC Portfolio Manager

CALL TO ORDER.

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

PUBLIC COMMENT.

Chowdafest Banner Approval.

Mr. Keenan came forward to greet the Commissioners. He displayed some designs for the potential banners for Chowdafest. (See attached) He said that there would be four or five different banner designs that will add a great deal of variety. Discussion followed about the details.

Mr. Keenan then reminded the Commission that he had offered V.I.P. passes for the TTD customers and wished to know if the Commission was interested in this.

Mr. Keenan said that there would be a story in The Hour about the Chowdafest and that the TTD would be mentioned as a sponsor.

**** COMMISSIONER YOST MOVED TO APPROVE PARTICIPATION IN THE CHOWDAFEST AS DISCUSSED.**

**** COMMISSIONER BROWN SECONDED.**

**** THE MOTION PASSED WITH TWO IN FAVOR (YOST AND BROWN) AND ONE ABSTENTION (GOLDSTEIN).**

**** COMMISSIONER GOLDSTEIN MOVED TO SUSPEND THE RULES TO CONSIDER THE EXECUTIVE SESSION NEXT.**

**** COMMISSIONER YOST SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

EXECUTIVE SESSION.

Strategy/ Negotiations – ENIA.

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**** COMMISSIONER GOLDSTEIN MOVED TO ENTER INTO EXECUTIVE SESSION TO DISCUSS STRATEGY AND NEGOTIATIONS REGARDING ENIA.**

**** COMMISSIONER YOST SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The Commissioners, Dr. Intrieri , Atty. Bove, and Mr. Smith entered into Executive Session at 8:00 p.m. to discuss ENIA negotiations. They returned to public session at 8:45 p.m.

MINUTES OF MEETING.

July 7, 2014 Regular Meeting.

The following corrections were noted:

Page 3, paragraph 3, line 3: please change “the East Norwalk Library reserves the right” to “the East Norwalk Improvement Association reserves the right”

Page 3, paragraph 5, line 3: please change “of the Third Taxing District” to “of the Electric Department.”

Commissioner Goldstein asked if Mr. Smith had verified the amounts that were mentioned in the minutes with Commissioner Brown. Mr. Smith said that he had and went on to give a quick overview of that information.

Commissioner Goldstein asked if the revisiting of the Rate Study in August that was mentioned in the minutes was included on the agenda. Mr. Smith said that it was.

July 9, 2014 Special Meeting.

The following corrections were noted:

Page 1, under **EXECUTIVE SESSION**, paragraph 2, line 2: please change the following from: “ Michael Intrieri, Treasurer;” to “ Dr. Michael Intrieri, Treasurer;”

Page 1, under **EXECUTIVE SESSION**, paragraph 2, line 3: please change the following from: “John Bove, District Attorney.” to “John Bove, District Counsel.”

**** COMMISSIONER BROWN MOVED TO APPROVE THE MINUTES OF JULY 7, 2014 REGULAR MEETING AND THE JULY 9, 2014 SPECIAL MEETING AS CORRECTED.**

**** COMMISSIONER YOST SECONDED.**

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**** THE MOTION TO APPROVE THE MINUTES OF JULY 7, 2014 REGULAR MEETING AND THE JULY 9, 2014 SPECIAL MEETING AS CORRECTED PASSED UNANIMOUSLY.**

GENERAL MANAGER'S REPORT.

Mr. Smith said that there were two items that he wished to raise. He then updated the Commissioners on the Rowan Street construction project.

He said that Rowan Street project was completed with the exception of the building, because the building had not been approved for funding as part of the four priority Capital Budget items. Mr. Smith said that the building would be included as part of a future project when funding is available. There was one problem with the width of the gate, which should have been 10 feet, but was only 8 feet wide. The contractor will have to move the post and reposition the gate since it was originally requested to be 10 feet.

Mr. Smith then passed out a document from a SNEW customer regarding a recent generation charge increase. He then reviewed the details with the Commissioners and said that it was just for informational purposes.

Commissioner Brown asked about the CMEEC projection information.

**** COMMISSIONER GOLDSTEIN MOVED TO SUSPEND THE RULES FOR THE DISCUSSION OF CMEEC – FIVE YEAR POWER SUPPLY PROJECTION.
** COMMISSIONER YOST SECONDED.
** THE MOTION PASSED UNANIMOUSLY.**

DISCUSSION OF CMEEC – FIVE YEAR POWER SUPPLY PROJECTION.

Mr. Smith introduced Mr. Connell, a CMEEC representative, who gave an overview of the information to the Commission. Mr. Connell introduced another CMEEC employee who was present to observe the meeting. He explained that there had been some new hires at CMEEC and the new employees have six month rotations through the various parts of the organization in order to gain a full understanding and scope of CMEEC.

Since the last two months, not much has changed in term of CMEEC, other than CMEEC solidifying their wholesale power position, Mr. Connell said. He explained that when there is excess production of natural gas, the gas is stored for the wintertime when usage is higher. This has an impact on both the cost of electricity and the projections.

Mr. Connell also explained that there were some proposals to change the policies for the ISOs. He reviewed the details and added that CMEEC has a staff member who is dedicated to monitoring the situation.

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Mr. Smith pointed out that this would be a critical issue in the next three to five years on the retail side. If the changes are not approved, it could make the Third Taxing District non-competitive with other regions in the country. This would impact businesses that might be considering moving to Connecticut because energy costs might be lower in other areas of the country. Discussion followed about the details.

Mr. Smith said that Mr. Connell and Mr. Rankin would both be coming to update the Commissioners on the status of the projections twice a year on a regular basis.

Commissioner Goldstein asked about the coupon program. She said that it does work well. However, there was nothing on the coupon that indicated that it was the Third Taxing District. Mr. Smith explained that all the systems were receiving the same materials, so everyone will have the same complaint. Discussion followed about how to have the coupon adjusted to identify the Third Taxing District.

NARRATIVE ON RATE STUDY.

Mr. Smith said that there had been a memo sent out earlier. He reminded everyone that they had proposed doing two things. He indicated that the information to be sent to the customers was on page 11 of the information packet. Page 12 contains the proposed wording for the draft motion.

The discussion moved to the reason why the Commission had decided to wait until the fall to move this project forward. Mr. Smith said that all the previously discussed issues had been dealt with and the Commission could move forward. The billing system is now ready to accept the new rate information. He added that he had sent out an email to everyone informing them that the billing system was up and running. Mr. Smith said that he would like to know what the Commission would like to do. CL&P and SNEW have both recently increased their costs.

Commissioner Yost said that he wanted to explain to the customers why there was an increase. Mr. Smith agreed and pointed out that this was the beginning of the process. Discussion followed about information that should be included in the letter and best practices to use.

**** COMMISSIONER YOST MOVED TO APPROVE THE UPDATES TO THE EXISTING RETAIL DESIGN AS PRESENTED TO THE COMMISSION BY UTILITY FINANCIAL SOLUTIONS AT THE SPECIAL MEETING OF MARCH 18, 2014 AND ALL UPDATES TO THE EXISTING RATES AND ACCOUNTS OF PURCHASED POWER SHALL BECOME EFFECTIVE AS OF OCTOBER 1, 2014.**

**** COMMISSIONER BROWN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

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Mr. Smith then distributed copies of a customer bill and explained that this was in conjunction with the retail rate redesign and part of the study. He then reviewed the details involving the rate schedule and the recommendation of the rate study consultant with the Commissioners. Mr. Smith said that the TTD was losing about \$130,000 per year with the commercial customers because in 1985, it was decided to give the first two kilowatts away to commercial customers. Mr. Smith said that he did not know why this was done, but suggested that it might have been a promotional move at the time. He said that he had projected the discount out and it came to approximately \$11.00 a month for the average commercial customer. Discussion followed about the details.

Commissioner Goldstein commented that the biggest complaint that she was aware of was that businesses that were just getting started were required to provide a security deposit of three months in advance. She suggested that adjusting the security deposit requirements would be a better incentive plan rather than a small, ongoing rate discount. Mr. Smith said that he was just bringing it to the attention of the Commissioners and added that he did not think that the commercial customers were even aware of the discount. Discussion followed.

Mr. Smith said that this discount was outside of the rate study, but he wanted to bring this to the attention of the Commissioners because it was something that needed to be resolved quickly one way or the other. If the Commission wishes to continue the discount, it will be built into the new rate structure. If not, then the discount will not be continued into the new rate structure. He explained that the consultants saw the discount and probably assumed that this was something that the District wished to continue. Since this discount started on July 1, 1985, Mr. Smith said, it cost the District approximately 2-3 million dollars in lost revenue since its inception.

Commissioner Goldstein pointed out that the goal of creating a revenue neutral structure was to place the fixed costs and the adjustable costs in the appropriate portions of the bill. She said that since no one apparently knew what the reasons for the discount were, it was time to fix it. Mr. Smith said that the bottom line would be that the District would be covering the cost.

Commissioner Brown asked what kind of impact this would have. Mr. Smith repeated that he was bringing it to the attention of the Commission so that they could decide whether or not to continue the discount when the new rate structure went into effect. When asked if the Commission needed PURA's approval for the rate change, Mr. Smith said that the Commission approves the rates, and PURA simply puts them on file.

**** COMMISSIONER GOLDSTEIN MADE THE FOLLOWING MOTION:**

“CONCURRENT WITH THE OTHER RATE ADJUSTMENTS TO BE EFFECTIVE OCTOBER 1, 2014, COMMISSIONER GOLDSTEIN MOVED THAT THE COMMISSION MAKE THE CHANGE TO THE

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DEMAND CHARGE IN THE GENERAL SERVICES RATE #2 TO ELIMINATE THE NO CHARGE FOR THE FIRST TWO KILOWATT HOURS OF DEMAND.”

**** COMMISSIONER BROWN SECONDED.
** THE MOTION PASSED UNANIMOUSLY.**

EV – MUNICIPAL INCENTIVE PROGRAM.

Mr. Smith said that he had spoken with Ms. Kelly from the EV Program with the State and learned about a new grant program that can provide up to \$10,000 in funding. He informed the Commission that he had already filed the necessary paperwork for this program. He suggested that the representatives come down to speak to the Board at the next meeting. Mr. Smith said that he had put a hold on the equipment that the District would like to purchase and in the meantime, he has been investigating potential locations in and around the train station. He suggested that perhaps the EV station could be located next to the house in the driveway on the left hand side of the house. Mr. Smith then gave an overview of the potential charger location, including the East Norwalk Library parking lot. Visibility, access and location are important for the grant.

Mr. Smith suggested that the Commission consider installing at least two units, which would provide four vehicle dispensers for the EVs. Discussion followed about the potential locations, the potential cost and expenses. Mr. Smith pointed out that if there is not enough funding from the grant to cover the project, the District could use some funding from the Energy Conservation Fund. Mr. Smith said that he would like to have the representative come to speak to the Commission and would move forward with contacting the Library about installing the charging stations. He reminded everyone that the District owns the parking lot.

He also explained that the grant would allow the District to charge only to recover their costs. Commissioner Goldstein pointed out that there were fines for those non-EV vehicles who park in the spots, but pointed out that there wasn't an enforcement officer to ticket the vehicles. Commissioner Brown pointed out that the terms of the application included making the EV station free to the public for at least three years. Mr. Smith said that he had asked Ms. Kelly about this and a fee to cover the cost could be charged, but a premium fee was not allowed. Commissioner Goldstein pointed out that on the application fee, there was an option to charge a fee, but that would preclude the District from receiving the full amount of the grant.

DISCUSSION OF PARTICIPATION IN 2014 OYSTER FESTIVAL.

Mr. Smith made his recommendation for charging the Oyster Festival, which is basically the same as last year's rate.

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**** COMMISSIONER BROWN MOVED TO APPROVE THE SAME BILLING RATE FOR THE 2014 OYSTER FESTIVAL AS 2013.**

**** COMMISSIONER GOLDSTEIN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

ENGAGEMENT LETTER – FYE JUNE 30, 2014 AUDITS.

Commissioner Brown said that while he had been told that the District should routinely change auditors every set number of years, but that the auditors had done such a great job, he wished to continue employing them.

**** COMMISSIONER BROWN MOVED TO ACCEPT THE ENGAGEMENT LETTER FOR THE FYE JUNE 30, 2014 AUDIT FOR HOPE AND HERNANDEZ FOR AN AMOUNT NOT TO EXCEED \$20,145.00.**

**** COMMISSIONER GOLDSTEIN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

DISCUSSION/ANALYSIS OF FINANCIAL STATEMENTS/KEY PERFORMANCE INDICATORS.

Mr. Smith indicated that the full fiscal year analysis for 2013-2014 was located on page 40 of the information packets. He informed the Commissioners that the District was within \$10,000 of net income of last year's figure. He pointed out the total expenses for both 2012-2013 and 2013-2014 and there was a difference of \$830,000. He then reviewed the various details associated and added that the assets had increased dramatically.

He explained that the Norden units were being started up once a month to prevent the motors from freezing up. He reported that the units have been running better since they have started exercising the units on a regular basis.

The Capital Improvements Fund has remained steady.

The July Statement from CMEEC has arrived. There was \$82,000 deposited into the Rate Stabilization Fund during July.

There had not been an outage since August 1st. Mr. Smith said that there had been some internal testing for some of the equipment associated with the Outage Management System, but it had not been utilized to any great degree.

Mr. Smith updated the Commissioners on the Maplewood situation. Discussion followed about the details. Atty. Bove has contacted the management with no success thus far.

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EXECUTIVE SESSION.

**** COMMISSIONER BROWN MOVED TO ENTER INTO EXECUTIVE SESSION TO DISCUSS PERSONNEL ISSUES.**

**** COMMISSIONER GOLDSTEIN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The Commissioners, Dr. Michael Intrieri, and Mr. Smith entered into Executive Session to discuss Personnel issues at 9:50 p.m. The Commission returned to public session at 10:33 p.m.

ADJOURNMENT.

**** COMMISSIONER YOST MOVED TO ADJOURN.**

**** COMMISSIONER GOLDSTEIN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 10:34 p.m.

Respectfully submitted,

Sharon L. Soltes
Telesco Secretarial Services