



Third Taxing District

2 Second Street
East Norwalk, CT 06855

Tel: (203) 866-9271
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Third Taxing District of the City of Norwalk Commission Meeting

Monday August 5, 2013 at 7:00 PM

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

1. Public comment
2. Minutes of meeting – July 1, 2013 and Minutes Of Special Meeting July 29, 2013 - (Pages 1 thru 9)
3. General Manager's Report
 - Update on Fitch St. / Cervalis Projects – (Verbal Update)
 - Update on Rate Study – (Verbal Update)
4. Discussion/Analysis of Financial Statements – (Pages 10 thru 13)
5. Follow up on Rowan St. Property (Scott Bento) – (Verbal Update)
6. Update on East Avenue Road Widening – (Pages 14 thru 20)
7. Discussion of CMEEC - Five Year Power Supply Projection - (Pages 21 thru 24)
8. Discussion of Participation in 2013 Oyster Festival – (Pages 25 thru 26)
9. Engagement Letter – FYE June 30, 2013 Audit – (Pages 27 thru 35)
10. Executive Session
11. Adjourn

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

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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

THIRD TAXING DISTRICT
of the City of Norwalk
July 1, 2013

ATTENDANCE: Commissioners: Charles Yost, Acting Chair; David Brown.

STAFF: James Smith, General Manager; Ron Scofield, Assist. General Mgr.

OTHER: Attorney John Bove, District Counsel

MEMBERS OF THE PUBLIC: Debra Goldstein, Taber Hamilton

CALL TO ORDER

Mr. Yost called the meeting to order at 7:00 p.m.

PUBLIC COMMENT

There were no comments made at this point on the agenda. Mr. Brown noted that comments from members of the public would be accepted on agenda items during the meeting. Mr. Brown requested that names of those in attendance be listed above under "other".

MINUTES OF MEETING: June 3, 2013

- ** MR. BROWN MOVED TO APPROVE THE MINUTES FROM THE MEETING OF JUNE 3, 2013 AS SUBMITTED.
- ** MR. YOST SECONDED THE MOTION.
- ** MOTION PASSED UNANIMOUSLY.

MINUTES OF MEETING: June 11, 2013 Special Meeting

- ** MR. BROWN MOVED TO APPROVE THE MINUTES FROM THE MEETING OF JUNE 11, 2013 SPECIAL MEETING AS SUBMITTED.
- ** MR. YOST SECONDED THE MOTION.
- ** MOTION PASSED UNANIMOUSLY.

General Manager's Report

Update on Fitch St. / Cervalis Projects

Mr. Smith stated that the Cervalis construction is 80% complete for permanent service and temporary service will be energized next week. He noted that there are minor issues on the construction site but those have been straightened out.

Mr. Smith stated that with Fitch Street, there are two issues, the ground-breaking and the construction update. He provided a copy of the flier outlining the Substation Groundbreaking program as follows:

Mr. Yost asked if the neighbors were invited and noted that they should be invited. Mr. Smith stated that press will be in attendance, and that it is a brief ceremony with a recap on the project followed by refreshments.

Mr. Smith then reported that relative to the project update, construction begins on Monday, July 8 with the steel forms for the tower being installed in the back.

Mr. Brown commented on the ground-breaking program that he would appreciate having the opportunity to give input in advance next time. Mr. Smith responded to Mr. Brown that he is welcome to speak and he could be added to the program, and Mr. Brown replied that he does not care to, but he wants to be involved prior to issuing a program next time.

Review of Patriot Bank Loan Documents

Mr. Smith then asked Attorney Bove to give an overview of the loan documents as provided in the agenda packet. Attorney Bove stated that the document represents the agreement as negotiated and the consent form is to be signed by Mr. Smith and the Commissioners. He added that he did not know the procedure based upon past practice with loan documents, and Mr. Scofield noted that this was the first loan and there was no established formal procedure.

Mr. Smith added that this loan is to be treated as an insurance policy and the intent was that he wanted to have this available if funds were needed, and the loan acts as a line of credit to cover the construction period of the two major projects. There was discussion on the terms and \$1.5 million minimum balance required and the pre-payment penalty.

Ms. Goldstein asked if this would constitute default of the loan, if the balance was not maintained. Mr. Scofield clarified that the balance was an average balance of deposits in all accounts. Atty. Bove agreed to provide the details of the default provision to the Commissioners by e-mail.

Later in the meeting Atty. Bove stated that the penalty is $\frac{3}{4}$ of a percent, over the 3.75 rate, which is a very small penalty. Mr. Yost noted that this would represent a 20% penalty if the rate goes from 3.75% to 4.50%.

- ** **MR. YOST MOVED TO APPROVE THE PATRIOT BANK LOAN DOCUMENT AGREEMENT SUBJECT TO REVIEW AND ACCEPTANCE (BY E-MAIL CONSENSUS) OF THE DEFAULT PROVISION AND PRE-PAYMENT PENALTY SCHEDULE.**
- ** **MR. BROWN SECONDED THE MOTION.**
- ** **MOTION PASSED UNANIMOUSLY.**

Update on Website/Marketing/Branding Project

Mr. Smith reported that the consultant team has provided a first draft recommendation on the website design based on the feedback sessions with the Commissioners. He added that part of this is the logo redesign, which will be unveiled at the Anniversary Celebration on July 27th.

Mr. Smith gave an update on the 100th Anniversary that is scheduled for July 27 with a rain date of July 28. He stated that all is coming along and that there are weekly meetings on Wednesday mornings to review the status. He added that they continue to look for vendors to sponsor booths, and they do not have many sponsorship commitments.

There was a discussion about the placement and timing for the banners. Mr. Brown questioned the timing for the banners and Mr. Yost replied that they could not be put up until after the new logo is revealed at the Ground-Breaking Ceremony. Mr. Smith noted that the installation could be done with the hardware first, followed by putting up the actual banners. Ms. Goldstein asked if there would be double charges if it was done in two steps, and Mr. Smith indicated that he did not see this as an added labor cost. Further discussion ensued over the height for the banners and it was agreed to have Mr. Smith contact Mike Green with the City's Zoning Department to determine the regulations on the height restrictions for the banners.

There was mention of the building signs that need to be changed as it still has the lightening bolt design. It was noted that this could be discussed at the next Jumar meeting.

There was discussion on the logo and Mr. Brown indicated that he had asked Jumar to make the TTD larger and flush right. Mr. Yost provided samples of the zip code 06855 magnet for input as to the background and font style. It was suggested that this, along with the details of sponsorships, advertising, publicity, give-aways (shirts/hats and magnets, etc.) be covered at the next weekly meeting with the Jumar consultants.

Update on Rate Study

Mr. Smith reported that he will have a draft for review in two weeks and that the vendor has been found based on the APPA conference in Florida which was attended by the General Manager Mr. Smith and Commissioner Yost. He added that they will provide a thorough analysis of rates, and this is much needed information. He further explained that this information is in conjunction with the analysis of the rates for the Waste Water Treatment Plant, which is the largest customer. He added that an updated rate analysis has not been done since 1985, and this is important information that will serve as a basis for future rate guidelines.

Discussion/Analysis of Financial Statements

Mr. Smith referred to the summary report and reviewed the financial highlights for the month of March. He referred to the detailed comparisons versus prior year, Profit & Loss Statement, and reviewed the explanations of major variances.

Mr. Smith then referred to the analysis of the Substation and Data Center projects and provided a summary of the project spending to date.

Mr. Smith pointed out that 46% of the project has been spent to date, and \$4.4 million remains. He explained that there are no concerns from Joe Cristino or Matt, the accountant; and all is tracking on budget and on the time schedule for completion. He summarized that both of the projects are wise business decisions, that there is a ten-year payback and then District will be in a profitable situation.

Mr. Brown asked to suspend the rules to add a billing question item for discussion under financial. He suggested that consideration be given to, including a check off box on the bill for customers to add a \$1 to go towards helping customers in need of paying their bill. Mr. Scofield mentioned that this was done as "Operation Fuel", but it was done by the state. There was discussion on how other states have more avenues for assistance programs, but that Connecticut has limited resources for this. It was mentioned that NEON has assistance for low income households and there are other agencies that have programs available. Mr. Yost suggested that at more information be gathered and for this to be added as an item on the next meeting agenda for discussion.

Follow up on Rowan St. Property

Mr. Smith stated that he received the appraisal just prior to the meeting and he will forward this to the Commissioners after he reviews it. Mr. Brown asked for the details, and Atty. Bove mentioned that the since the property is adjacent to the substation it can be used for storage purposes, based on verbal direction from Planning & Zoning.

Attorney Bove suggested that details of the transaction should be kept confidential due to the active negotiation in progress. It was agreed to add this to the agenda for the Executive Session.

Discussion of 5-Year Capital Budget

Mr. Smith referred to the binder that was previously distributed to the Commissioners. He explained that the funding mechanism is missing, which is based on the power supply analysis, and he will have information on this following the updated forecast. He suggested that he would e-mail the information for review and then schedule a special meeting to discuss this in further detail.

Executive Session

- ** MR. YOST MOVED TO ENTER INTO EXECUTIVE SESSION FOR THE PURPOSE OF DISCUSSION OF UNION CONTRACT NEGOTIATIONS, PERSONNEL MATTERS, AND REVIEW OF MAPLEWOOD ASSISTED LIVING, AND ROWAN STREET PROPERTY.
- ** MR. BROWN SECONDED.
- ** MOTION PASSED UNANIMOUSLY.

The meeting went into Executive Session at 8:10 p.m., and in attendance were Commissioners: David Brown, Charlie Yost; General Manager, Jim Smith Ron Scofield, and Attorney John Bove.

- ** MR. YOST MOVED TO END THE EXECUTIVE SESSION AND RECONVENE INTO PUBLIC SESSION.
- ** MR. BROWN SECONDED.
- ** MOTION PASSED UNANIMOUSLY.

The meeting was reconvened into public session at 8:54 p.m.

- ** MR. BROWN MOVED TO AUTHORIZE ATTY. BOVE TO RETAIN THE SERVICES OF BROWN JACOBSON PC TO REPRESENT THE THIRD TAXING DISTRICT AGAINST MAPLEWOOD.
- ** MOTION WAS SECONDED MR. YOST *
MOTION PASSED UNANIMOUSLY.

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Adjournment

**** MR. YOST MOVED TO ADJOURN.
** MR. BROWN SECONDED.
** MOTION PASSED UNANIMOUSLY.**

The meeting was adjourned at 8:55 p.m.

Respectfully submitted,
Marilyn Knox, Telesco Secretarial Services

DRAFT

THIRD TAXING DISTRICT
of the City of Norwalk
Special Meeting
July 29, 2013

ATTENDANCE: Commissioners: Charles Yost, Acting Chair; David Brown.

STAFF: James Smith, General Manager.

OTHER: Attorney Chris Hodgson (Executive Session)

MEMBERS OF THE PUBLIC: Debra Goldstein

CALL TO ORDER

Mr. Yost called the meeting to order at 6:00 p.m.

Mr. Yost requested a suspension of the rules to move the order of the agenda to have the Executive Session next in the order of business.

Executive Session

- ** **MR. YOST MOVED TO ENTER INTO EXECUTIVE SESSION FOR THE PURPOSE OF DISCUSSION OF UNION CONTRACT NEGOTIATIONS AND PERSONNEL MATTERS**
- ** **MR. BROWN SECONDED.**
- ** **MOTION PASSED UNANIMOUSLY.**

The meeting went into Executive Session at 6:05 p.m., and in attendance were Commissioners: David Brown, Charlie Yost; General Manager, Jim Smith and Attorney Chris Hodgson.

- ** **MR. YOST MOVED TO END THE EXECUTIVE SESSION AND RECONVENE INTO PUBLIC SESSION.**
- ** **MR. BROWN SECONDED.**
- ** **MOTION PASSED UNANIMOUSLY.**

There was no action taken.

The meeting was reconvened into public session at 7:05 p.m.

PUBLIC COMMENT

Ms. Debra Goldstein thanked the district for the great celebration at Calf Pasture this weekend for the 100th Anniversary Celebration. She added that she did have a comment on behalf of a member of the public, Diane Cece. She spoke about receiving the agenda for this special meeting just today, and asked if the agenda was posted on the website in compliance with public notification FOI guidelines.

Mr. Smith replied that it was posted in the office, but it was not yet on the website as it was not completely operational at this time. He thanked Ms. Goldstein for her comment and stated that future agendas will be posted within the notification requirements.

Discussion of 5 Yr. Capital Budget

Mr. Smith referred to the binder that was previously distributed to the Commissioners. He explained that this is a five-year projection from current 2013-14 through 2017-18 and represents a first for the District. He added that he had researched minutes going back to 2009 and could not find any documentation that the Capital Budget was ever voted upon or agreed to by the Commissioners. There was discussion on past practices done by the former General Manager, and it was noted that this is a good budgeting procedure to follow for the future.

Mr. Brown requested that the binder tabs be labeled so that each section can be readily referred to, and Mr. Smith agreed to have that done for the Commissioner's books.

Mr. Smith outlined the summary page and explained that the format is based upon what the DPW does for the City and it is based upon the FERC chart of accounts for utility standards. He outlined the supporting documentation and referred to the Distribution section as an example of how the back up data was used as a basis for the projection. He described the circuit breaker replacement requirements for maintenance and outlined how the numbers were derived with a contingency added to build in price increases and a best guess estimate of future funding needs. There was a discussion over equipment specifications and Mr. Smith explained that the numbers include engineering costs.

Mr. Brown asked where funds are coming from for the various projects and Mr. Smith provided a cash flow projection analysis. He explained that this outlines the netted sources and uses and represents a monthly projection of the cash needed for capital additions and operating cash flows.

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Mr. Brown asked about the level of detail and accountability for the various sections. Mr. Smith summarized that this was a first pass for the Capital Budget and he feels comfortable that it is a realistic, best guesstimate. He added that he can provide further detail as requested.

Mr. Yost suggested that this be updated on a quarterly or semi-annual basis with each major purchase.

Other Items

Mr. Brown thanked all involved with the 100th Anniversary Celebration and in particular thanked Mr. Yost for all his hard work with this event. Mr. Yost noted that thank you letters to the exhibitors and sponsors should go out, and Mr. Smith replied that Jumar has already done this.

Adjournment

** **MR. YOST MOVED TO ADJOURN.**
** **MR. BROWN SECONDED.**
** **MOTION PASSED UNANIMOUSLY.**

The meeting was adjourned at 7:45 p.m.

Respectfully submitted,

Marilyn Knox,
Telesco Secretarial Services

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

	Jul-June-13	Jul-June-12	\$ Change	% Change
Total Income	12,138,580	9,956,136	2,182,443	22%
Total Expense	9,942,299	9,906,084	36,215	0%
Net Ordinary Income	2,196,280	50,052	2,146,228	4288%
Other Income	204,541	153,964	50,577	33%
Other Expense	-	-	-	0%
Net Income before Rate Stabilization	2,400,821	204,016	2,196,805	1077%
Rate Stabilization	44,737	132,561	(87,824)	-66%
Net Income	2,445,558	336,577	2,108,981	627%

CASH BALANCES FY 2013

	June
ACCTS	
Operating Accounts	612,677
Capital Improvements Fund	1,013,333

Power Supply	Current Fiscal Year-to-Date	Last Fiscal Year-to-Date
Energy Cost	\$ 6,130,382.32	\$ 6,016,605.05
Budget Energy Cost	\$ 5,940,230.66	\$ 6,466,836.52
Energy Cost Cents/KWH	10.510	10.723

Third Taxing District
Profit & Loss Prev Year Comparison
 June 2013

	Jun 13	Jun 12	\$ Change	% Change
Ordinary Income/Expense				
Income				
427-00 · Non Operating Income - CMEEC	2,000,000.00	0.00	2,000,000.00	100.0%
440-00 · Residential Sales	195,563.01	178,770.63	16,792.38	9.39%
442-01 · Large Commercial Sales	57,983.76	46,593.07	11,390.69	24.45%
442-02 · Small Commercial Sales	161,245.97	149,553.50	11,692.47	7.82%
445-01 · Water Pollutn Contrl Plnt Sales	75,337.66	70,896.04	4,441.62	6.27%
445-02 · Flat Rate	2,431.46	8,869.29	-6,437.83	-72.59%
451-00 · Miscellaneous Service Revenue	1,212.83	0.00	1,212.83	100.0%
557-00 · Purchased Power Adjustment	265,350.00	279,985.40	-14,635.40	-5.23%
Total Income	2,759,124.69	734,667.93	2,024,456.76	275.56%
Cost of Goods Sold				
555-00 · Electrical Power Purchased	472,691.30	494,875.33	-22,184.03	-4.48%
Total COGS	472,691.30	494,875.33	-22,184.03	-4.48%
Gross Profit	2,286,433.39	239,792.60	2,046,640.79	853.51%
Expense				
930-43 · TTD 100th Anniversary	4,601.22	0.00	4,601.22	100.0%
403-00 · Depreciation Expense	39,426.31	37,000.00	2,426.31	6.56%
408-00 · Taxes	2,583.20	1,927.16	656.04	34.04%
540-00 · Other Power Generation Expense	9,398.20	25,037.93	-15,639.73	-62.46%
565-00 · Transmission Expenses	0.00	0.00	0.00	0.0%
580-00 · Distribution Expenses	22,770.81	4,707.98	18,062.83	383.66%
590-00 · Maintenance Expenses	7,599.53	34,421.04	-26,821.51	-77.92%
900-00 · Customer Accounts & Service	20,445.35	32,255.90	-11,810.55	-36.62%
920-00 · Administrative Expenses	111,529.68	139,183.80	-27,654.12	-19.87%
Total Expense	218,354.30	274,533.81	-56,179.51	-20.46%
Net Ordinary Income	2,068,079.09	-34,741.21	2,102,820.30	6,052.81%
Other Income/Expense				
Other Income				
418-00 · Dividends	0.00	0.01	-0.01	-100.0%
419-00 · Interest Income	6,500.00	13,110.11	-6,610.11	-50.42%
420-00 · Gain/(Loss) on Investments	-4,500.00	-6,573.63	2,073.63	31.55%
421-00 · Norden Project Income	0.00	9,694.32	-9,694.32	-100.0%
422-00 · Load Shed Capacity Revenue	0.00	909.54	-909.54	-100.0%
423-00 · Gain/(Loss) from Sale of FA	0.00	272.98	-272.98	-100.0%
424-00 · Energy Conservation Fund Income	17,717.15	10,611.49	7,105.66	66.96%
425-00 · Miscellaneous Income	0.00	0.00	0.00	0.0%
Total Other Income	19,717.15	28,024.82	-8,307.67	-29.64%
Other Expense				
990-00 · Miscellaneous items	0.00	0.00	0.00	0.0%
Total Other Expense	0.00	0.00	0.00	0.0%
Net Other Income	19,717.15	28,024.82	-8,307.67	-29.64%
Net Income before rate stabilization	2,087,796.24	-6,716.39	2,094,512.63	31,185.1%
Rate Stabilization	13,611.18	-11,622.89	25,234.07	217.11%
Net Income	2,101,407.42	-18,339.28	2,119,746.70	11,558.51%

Preliminary Unaudited - Internal Use Only - Modified Cash Basis

Third Taxing District
Profit & Loss Prev Year Comparison
 July 2012 through June 2013

	Jul '12 - Jun 13	Jul '11 - Jun 12	\$ Change	% Change	
Ordinary Income/Expense					
Income					
427-00 · Non Operating Income - CMEEC	2,000,000.00	0.00	2,000,000.00	100.0%	Footnote 1
440-00 · Residential Sales	2,655,858.53	2,524,429.32	131,429.21	5.21%	Footnote 2
442-01 · Large Commercial Sales	655,180.85	585,244.95	69,935.90	11.95%	Footnote 2
442-02 · Small Commercial Sales	1,988,345.87	1,891,727.25	96,618.62	5.11%	Footnote 2
445-01 · Water Pollutn Contrl Plnt Sales	734,147.37	724,347.68	9,799.69	1.35%	
445-02 · Flat Rate	90,592.18	90,499.93	92.25	0.1%	
451-00 · Miscellaneous Service Revenue	64,416.55	88,557.25	-24,140.70	-27.26%	
557-00 · Purchased Power Adjustment	3,950,038.21	4,051,329.92	-101,291.71	-2.5%	Footnote 3
Total Income	12,138,579.56	9,956,136.30	2,182,443.26	21.92%	
Cost of Goods Sold					
555-00 · Electrical Power Purchased	6,722,771.92	6,784,564.37	-61,792.45	-0.91%	
Total COGS	6,722,771.92	6,784,564.37	-61,792.45	-0.91%	
Gross Profit	5,415,807.64	3,171,571.93	2,244,235.71	70.76%	
Expense					
930-43 · TTD 100th Anniversary	19,501.22	0.00	19,501.22	100.0%	
403-00 · Depreciation Expense	465,836.79	473,115.77	-7,278.98	-1.54%	
408-00 · Taxes	361,192.84	317,123.58	44,069.26	13.9%	Footnote 4
540-00 · Other Power Generation Expense	78,566.52	62,097.12	16,469.40	26.52%	Footnote 5
565-00 · Transmission Expenses	1,462.50	225.00	1,237.50	550.0%	
580-00 · Distribution Expenses	79,311.76	47,930.48	31,381.28	65.47%	Footnote 6
590-00 · Maintenance Expenses	367,802.66	332,880.39	34,922.27	10.49%	Footnote 7
900-00 · Customer Accounts & Service	403,088.57	391,434.65	11,653.92	2.98%	Footnote 8
920-00 · Administrative Expenses	1,442,764.58	1,496,712.51	-53,947.93	-3.6%	Footnote 9
Total Expense	3,219,527.44	3,121,519.50	98,007.94	3.14%	
Net Ordinary Income	2,196,280.20	50,052.43	2,146,227.77	4,287.96%	
Other Income/Expense					
Other Income					
418-00 · Dividends	6.25	0.13	6.12	4,707.69%	
419-00 · Interest Income	54,996.22	95,770.74	-40,774.52	-42.58%	
420-00 · Gain/(Loss) on Investments	-22,949.30	-79,762.96	56,813.66	71.23%	
421-00 · Norden Project Income	54,694.90	68,862.13	-14,167.23	-20.57%	
422-00 · Load Shed Capacity Revenue	0.00	4,810.06	-4,810.06	-100.0%	
423-00 · Gain/(Loss) from Sale of FA	2,032.50	5,395.28	-3,362.78	-62.33%	
424-00 · Energy Conservation Fund Income	108,037.37	58,888.98	49,148.39	83.46%	Footnote 10
425-00 · Miscellaneous Income	7,722.75	0.00	7,722.75	100.0%	
Total Other Income	204,540.69	153,964.36	50,576.33	32.85%	
Other Expense					
Total Other Expense	0.00	0.00	0.00	0.0%	
Net Other Income	204,540.69	153,964.36	50,576.33	32.85%	
Net Income before rate stabilization	2,400,820.89	204,016.79	2,196,804.10	1,076.78%	
Rate Stabilization	44,737.60	132,561.42	-87,823.82	-66.25%	
Net Income	2,445,558.49	336,578.21	2,108,980.28	626.59%	

Preliminary Unaudited - Internal Use Only - Modified Cash Basis

Third Taxing District
Profit & Loss Statement
Explanation of Major Variances
Jul-June 2013 vs. Jul-June 2012

1. The \$2mm represents the drawdown for the rate stabilization fund for the substation project. It is included in current year revenues as it was deferred in the past.
2. Increase in revenues is due to increased demand as there were hotter degree days.
3. Decrease in Fuel Adjustment rate of approximately \$102K from 2012 to 2013 is due to the fact the fuel adjustment rate was decreased from .082 to .066
4. The increase in taxes is attributed to the overall increase in revenues noted above.
5. The \$16K increase in Other Power Generation Expense is mainly attributed to maintenance by Miratech on the generators for 10K. The remainder is timing of fuel purchases for the generators.
6. Distribution increase of 31K is mainly due to increased maintenance on substation. Also, additional materials were needed for the storm. These were offset by a FEEMA reimbursement during the year of approximately 102K.
7. Maintenance expenses increase of \$34K is increased payroll and subcontractor expense from the storm. Note FEEMA reimbursement above.
8. Customer Accounts and service increase of \$11K is due to increased payroll from the storm as well as the timing of purchases of billing supplies. Note FEEMA reimbursement above.
9. The decrease in Administrative expenses of \$53K is mainly the net result of the FEEMA reimbursement it offsets the increases noted in Footnotes 6-8.
10. The \$49K increase in energy conservation fund income is due to the fact that spending on energy projects is down as well as in Nov-12 the District received a \$30K payment from the CMEEC RMB Clean Energy Project

Memorandum Third Taxing District Electric Department

To: TTD Commissioners

From: Jim Smith – General Manager

Date: June 6, 2013

Subject: East Avenue Road Widening



Attached please find a copy of a letter from Joe Cristino regarding TTD's costs associated with the widening of East Ave.

The project is currently planned to begin in 2016 and is scheduled to take approximately two to three years to complete.

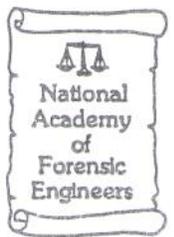
Our relocation work is estimated to take at least a year, with all costs covered by the state with the exception of engineering services, which we will have to budget in future years.

We will not need to take any action for some period of time on this project, but I just wanted to bring it to your attention due to the size and scope of the project.



CRISTINO ASSOCIATES INC.

ELECTRICAL POWER SYSTEMS ENGINEERING
DESIGN, FORENSICS AND TRAINING



May 23, 2013

Mr. Sohrab Afrazi
Transportation Principal Engineer
State of Connecticut
2800 Berlin Turnpike
P.O. Box 317546
Newington, CT 06131-7546

Re: DOT Project No. 102-297
East Avenue Road Widening

Dear Mr. Afrazi:

Enclosed please find our cost estimate and Project Scope/Specifications for the above referenced project. The estimate is for work to be done by the Third Taxing District Electric Department (TTD).

The Project Scope/Specifications are to be included in the DOT contract, which will govern the work to be done on our existing facilities.

If you have any questions or need any additional information, please call me at (203) 938-0500 or James Smith, TTD General Manager, at (203) 866-9271.

Sincerely,


Joseph A. Cristino, P.E.

JAC/ch

Enclosures

cc: J. Smith, TTD

EAST AVENUE ROAD LOWERING AND WIDENING PROJECT
EAST NORWALK, CONNECTICUT
THIRD TAXING DISTRICT ELECTRIC DEPARTMENT
PROJECT SCOPE and SPECIFICATIONS

The Third Taxing District Electric Department (TTD) has electrical system infrastructure within, and on the pole lines in, the area of the East Avenue that is affected by the Connecticut Department of Transportation Project #102-297. The project will directly impact existing underground and overhead infrastructure along the project path. Temporary and permanent facilities modifications will be required to maintain electrical service and to maintain the integrity of the 27,600-volt transmission and 4,160-volt primary distribution system during the road construction. All material used for the purposes of, or connecting into, the TTD shall be new and comply with the specifications.

Temporary work shall include:

- The installation of a temporary overhead supply to the affected TTD customers.
- The switching and de-energization of the 4,160-volt bridge-crossing cable (East Avenue 10 Circuit) and underground cables.
- Installation of a temporary infrastructure to replace the 27.6kV cables that will be affected by the lowering of the roadway in the vicinity of Fort Point Street and East Avenue.
- The installation of guying to support any imbalance caused by conductor removal and pole relocations.

Removal work shall include:

- The removal of the underground cables and conduit that cross East Avenue from TTD's East Avenue Substation to Fort Point Street.

- The removal of the existing 4,160-volt bridge-crossing cable under the existing Metro North Railroad (MNRR) Bridge on East Avenue.
- The removal of the three (3) 4,160-volt underground cables from East Avenue Substation to Riser Poles on the South side of the existing MNRR bridge.
- The removal of primary and secondary conductors from AT&T poles along East Avenue in the area of the road widening project.

Installation shall include:

- Installation of six (6) underground electric manholes within Fitch Street, East Avenue, Prowitt Street and Edlie Avenue complete with grounding, racking and water management.
- Installation and interconnection of sixteen (16) 6-inch Schedule 80 PVC conduit runs for 27.6kV and 4,160-volt cables within the project construction limits and within Fitch Street, Prowitt Street and Edlie Avenue.
- Installation and interconnection of four (4) existing conduit runs within the area of construction to new poles for use as 4,160-volt cable installations.
- Installation of two (2) 5-inch conduit from East Avenue Substation to a new Riser Pole located on the South side of the MNRR bridge.
- Installation of two (2) 27.6kV underground cables from East Avenue Substation through the new underground infrastructure to existing cables within Fort Point Street.
- Installation of new 4,160-volt underground cables from East Avenue Substation to existing riser poles located on the South side of the MNRR Bridge.
- Installation of a new 4,160-volt cable from East Avenue Substation to a new Riser on St. Johns Place.
- Installation of overhead conductors, transformers, insulators and hardware on new poles along the area of construction.

- Shifting of overhead electrical services along the area of construction.
- Phasing of all overhead circuits and services.
- Testing and Phasing of the new 27.6kV cables.
- Testing and Phasing of new 4,160-volt cables.
- Labeling of the primary conductors along path of new installations.
- Walk-thru and final punch list item sign-off with a TTD staff member or designee.

Components and Material

27.6kV and 4,160-volt Cable:

- The primary voltage cable shall be manufactured by Kerite or approved equal and shall be DPS 34.5kV and SPS 15kV rated with the specified size compact strand copper conductor and copper tape shield or approved equal.

Secondary and Neutral conductors:

- The Secondary and Neutral conductors shall be manufactured by Southwire or approved equal and have a 600-volt rating with XHHW-2 insulation.

Ground and Grounding conductors:

- The Ground and Grounding conductors shall be manufactured by Southwire or approved equal and shall be bare stranded copper of the specified size.

Conduit:

- All underground conduit and fittings shall be Schedule 80 PVC as manufactured by Carlon or approved equal and Medium Wall Fiberglass manufactured by Champion or approved equal.
- All Riser Pole Conduit shall be Medium Wall Fiberglass manufactured by Champion or approved equal.

Manhole:

- Manholes shall be 18' by 8' by 8' pre-cast concrete units with two (2) 36-inch cast iron manhole covers and term-a-ducts, pulling eyes and internal details (as per TTD drawings) with h-20 ratings and produced by Arrow Concrete or approved equal.

Primary and secondary voltage conductors, transformers, switches, fuses, accessories and pole appurtances shall be supplied by TTD with full reimbursement provided by means of contractual arrangements subject to this project. TTD staff, personnel, equipment and consultant/designee time and charges shall be reimbursed per project contract.

Site meetings shall be coordinated with:

Mr. James W. Smith
General Manager

Third Taxing District Electric Department
203.866.9271
jsmith@ttd.gov

Technical questions shall be addressed to:

Mr. Joseph A. Cristino, P.E.
Cristino Associates Inc.

POB 1238 Lois Lane
Redding, CT 06875-1238
203.938.0500
joec@cristino.com

Memorandum Third Taxing District Electric Department

To: TTD Commissioners

From: Jim Smith – General Manager

Date: July 16, 2013

Subject: Five Year Power Supply Projections



Attached please find a copy of documentation prepared by CMEEC related to power supply projections for TTD for the period CY 2013 to CY 2017.

These projections are based on assumptions which are outlined on page two of the handout and represent actual power supply costs through May, 2013.

As can be seen, our overall power supply costs are anticipated to **decrease** gradually after December, 2013 due to the expiration of higher priced gas supply contracts (hedges) negotiated by CMEEC over the last several years, the impact of the recent refinancing of CMEEC project debt, and the projected stabilizing of gas prices over the next several years.

Please be aware that these are only projections but they appear to be headed in the right direction.

TTD All-In Cost Projections CY2013 - CY2017

2013	Annual Cost													
	January	February	March	April	May	June	July	August	September	October	November	December	PROJECTED	June Update
Energy (MWh)	5,890	5,307	5,307	4,354	4,502	5,135	6,356	6,104	4,864	4,444	4,784	5,871	62,708	62,579
Fixed Cost Obligation (\$/MWh)	\$ 9.46	\$ 10.57	\$ 9.71	\$ 13.27	\$ 20.66	\$ 18.09	\$ 14.47	\$ 14.99	\$ 18.31	\$ 19.92	\$ 19.00	\$ 15.63	\$ 15.11	\$ 15.15
Generation Service Charge (\$/MWh)	\$ 83.64	\$ 87.50	\$ 75.80	\$ 77.21	\$ 54.69	\$ 63.89	\$ 69.52	\$ 69.37	\$ 72.29	\$ 74.18	\$ 71.50	\$ 68.69	\$ 72.53	\$ 72.94
Transmission (\$/MWh)	\$ 17.42	\$ 17.20	\$ 16.29	\$ 18.33	\$ 18.72	\$ 22.63	\$ 18.76	\$ 17.96	\$ 18.76	\$ 14.20	\$ 16.93	\$ 16.48	\$ 17.77	\$ 18.39
ISO & Federal Mandated Costs (\$/MWh)	\$ 0.61	\$ 1.15	\$ 1.04	\$ 1.17	\$ 1.00	\$ 1.71	\$ 1.56	\$ 1.67	\$ 1.92	\$ 1.53	\$ 1.28	\$ 1.31	\$ 1.33	\$ 1.36
Projected/Actual (\$/MWh)	\$ 111.13	\$ 118.41	\$ 102.84	\$ 109.98	\$ 95.27	\$ 108.31	\$ 104.33	\$ 104.00	\$ 110.90	\$ 109.82	\$ 108.79	\$ 102.11	\$ 106.74	\$ 107.83
Actual	Actual	Actual	Actual	Actual	Actual	Projected	June Update							

2014	Annual Cost													
	January	February	March	April	May	June	July	August	September	October	November	December	PROJECTED	June Update
Energy (MWh)	6,114	5,433	5,274	4,514	4,407	5,177	6,410	6,156	4,903	4,479	4,821	5,715	63,403	63,493
Fixed Cost Obligation (\$/MWh)	\$ 9.19	\$ 10.35	\$ 10.85	\$ 14.61	\$ 13.13	\$ 10.98	\$ 8.65	\$ 9.08	\$ 10.78	\$ 12.21	\$ 11.39	\$ 9.20	\$ 10.67	\$ 10.67
Generation Service Charge (\$/MWh)	\$ 72.28	\$ 70.34	\$ 65.79	\$ 64.60	\$ 66.79	\$ 51.02	\$ 61.47	\$ 61.51	\$ 65.15	\$ 66.72	\$ 67.36	\$ 64.35	\$ 64.74	\$ 66.16
Transmission (\$/MWh)	\$ 12.35	\$ 13.15	\$ 12.27	\$ 11.09	\$ 14.57	\$ 17.39	\$ 15.28	\$ 13.75	\$ 13.63	\$ 10.31	\$ 12.80	\$ 12.82	\$ 13.95	\$ 14.58
ISO & Federal Mandated Costs (\$/MWh)	\$ 1.00	\$ 1.55	\$ 1.29	\$ 1.46	\$ 1.40	\$ 1.79	\$ 1.60	\$ 1.72	\$ 1.99	\$ 1.57	\$ 1.30	\$ 1.35	\$ 1.49	\$ 1.49
Projected/Actual (\$/MWh)	\$ 94.82	\$ 95.40	\$ 90.20	\$ 91.77	\$ 95.89	\$ 81.15	\$ 87.00	\$ 86.08	\$ 91.51	\$ 90.61	\$ 92.94	\$ 87.73	\$ 90.26	\$ 92.81
Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	June Update

2015	Annual Cost													
	January	February	March	April	May	June	July	August	September	October	November	December	PROJECTED	June Update
Energy (MWh)	6,160	5,473	5,315	4,551	4,444	5,220	6,463	6,205	4,941	4,514	4,856	5,753	63,895	63,895
Fixed Cost Obligation (\$/MWh)	\$ 9.12	\$ 10.27	\$ 10.58	\$ 12.35	\$ 12.65	\$ 10.77	\$ 8.70	\$ 9.06	\$ 11.38	\$ 12.45	\$ 11.58	\$ 9.77	\$ 10.56	\$ 10.56
Generation Service Charge (\$/MWh)	\$ 69.05	\$ 69.95	\$ 64.65	\$ 62.23	\$ 63.33	\$ 56.73	\$ 59.93	\$ 60.16	\$ 62.78	\$ 63.48	\$ 66.24	\$ 62.24	\$ 63.98	\$ 65.35
Transmission (\$/MWh)	\$ 12.76	\$ 13.88	\$ 12.26	\$ 10.83	\$ 13.75	\$ 18.73	\$ 18.01	\$ 17.35	\$ 16.58	\$ 11.54	\$ 13.09	\$ 13.28	\$ 14.49	\$ 15.72
ISO & Federal Mandated Costs (\$/MWh)	\$ 1.03	\$ 1.60	\$ 1.33	\$ 1.50	\$ 1.44	\$ 1.80	\$ 1.65	\$ 1.77	\$ 2.04	\$ 1.62	\$ 1.33	\$ 1.38	\$ 1.54	\$ 1.54
Projected/Actual (\$/MWh)	\$ 91.97	\$ 95.69	\$ 88.83	\$ 85.91	\$ 91.17	\$ 88.04	\$ 88.28	\$ 88.34	\$ 92.77	\$ 89.09	\$ 92.24	\$ 88.68	\$ 89.97	\$ 93.18
Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	June Update

2016	Annual Cost													
	January	February	March	April	May	June	July	August	September	October	November	December	PROJECTED	June Update
Energy (MWh)	6,203	5,655	5,353	4,594	4,477	5,259	6,509	6,247	4,974	4,542	4,893	5,783	64,468	64,468
Fixed Cost Obligation (\$/MWh)	\$ 8.87	\$ 9.73	\$ 10.28	\$ 12.00	\$ 12.29	\$ 10.46	\$ 8.45	\$ 8.81	\$ 11.06	\$ 12.11	\$ 11.27	\$ 9.52	\$ 10.24	\$ 10.24
Generation Service Charge (\$/MWh)	\$ 69.21	\$ 69.80	\$ 63.61	\$ 59.25	\$ 60.74	\$ 53.43	\$ 57.15	\$ 58.97	\$ 60.12	\$ 59.99	\$ 65.16	\$ 61.26	\$ 61.63	\$ 64.02
Transmission (\$/MWh)	\$ 14.16	\$ 14.77	\$ 13.63	\$ 12.08	\$ 15.28	\$ 19.12	\$ 18.36	\$ 17.70	\$ 16.55	\$ 11.83	\$ 13.41	\$ 13.60	\$ 15.22	\$ 16.36
ISO & Federal Mandated Costs (\$/MWh)	\$ 1.08	\$ 1.60	\$ 1.37	\$ 1.55	\$ 1.48	\$ 1.85	\$ 1.69	\$ 1.81	\$ 2.09	\$ 1.69	\$ 1.37	\$ 1.42	\$ 1.58	\$ 1.58
Projected/Actual (\$/MWh)	\$ 93.30	\$ 96.90	\$ 88.89	\$ 84.86	\$ 89.80	\$ 84.96	\$ 85.68	\$ 87.29	\$ 90.23	\$ 85.59	\$ 91.20	\$ 85.80	\$ 88.67	\$ 92.21
Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	June Update

2017	Annual Cost													
	January	February	March	April	May	June	July	August	September	October	November	December	PROJECTED	June Update
Energy (MWh)	6,237	5,539	5,382	4,610	4,504	5,291	6,550	6,284	5,000	4,564	4,904	5,805	64,669	64,669
Fixed Cost Obligation (\$/MWh)	\$ 8.76	\$ 9.87	\$ 10.15	\$ 11.85	\$ 12.13	\$ 10.33	\$ 8.34	\$ 8.70	\$ 10.93	\$ 11.97	\$ 11.14	\$ 9.41	\$ 10.14	\$ 10.14
Generation Service Charge (\$/MWh)	\$ 72.20	\$ 72.71	\$ 64.01	\$ 56.87	\$ 58.98	\$ 49.47	\$ 54.37	\$ 55.34	\$ 54.19	\$ 64.15	\$ 61.53	\$ 58.25	\$ 58.52	\$ 62.13
Transmission (\$/MWh)	\$ 14.39	\$ 15.66	\$ 13.87	\$ 12.33	\$ 15.61	\$ 19.49	\$ 18.70	\$ 18.03	\$ 17.30	\$ 12.08	\$ 13.64	\$ 13.82	\$ 15.66	\$ 16.73
ISO & Federal Mandated Costs (\$/MWh)	\$ 1.09	\$ 1.69	\$ 1.40	\$ 1.59	\$ 1.52	\$ 1.90	\$ 1.74	\$ 1.86	\$ 2.15	\$ 1.71	\$ 1.41	\$ 1.46	\$ 1.62	\$ 1.62
Projected/Actual (\$/MWh)	\$ 96.44	\$ 99.93	\$ 89.44	\$ 82.64	\$ 88.22	\$ 81.19	\$ 83.15	\$ 83.94	\$ 84.87	\$ 79.91	\$ 87.72	\$ 82.95	\$ 86.83	\$ 90.83
Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	June Update

Changes in Major Assumptions between July 13' Update and June 13' All-In Cost Updates

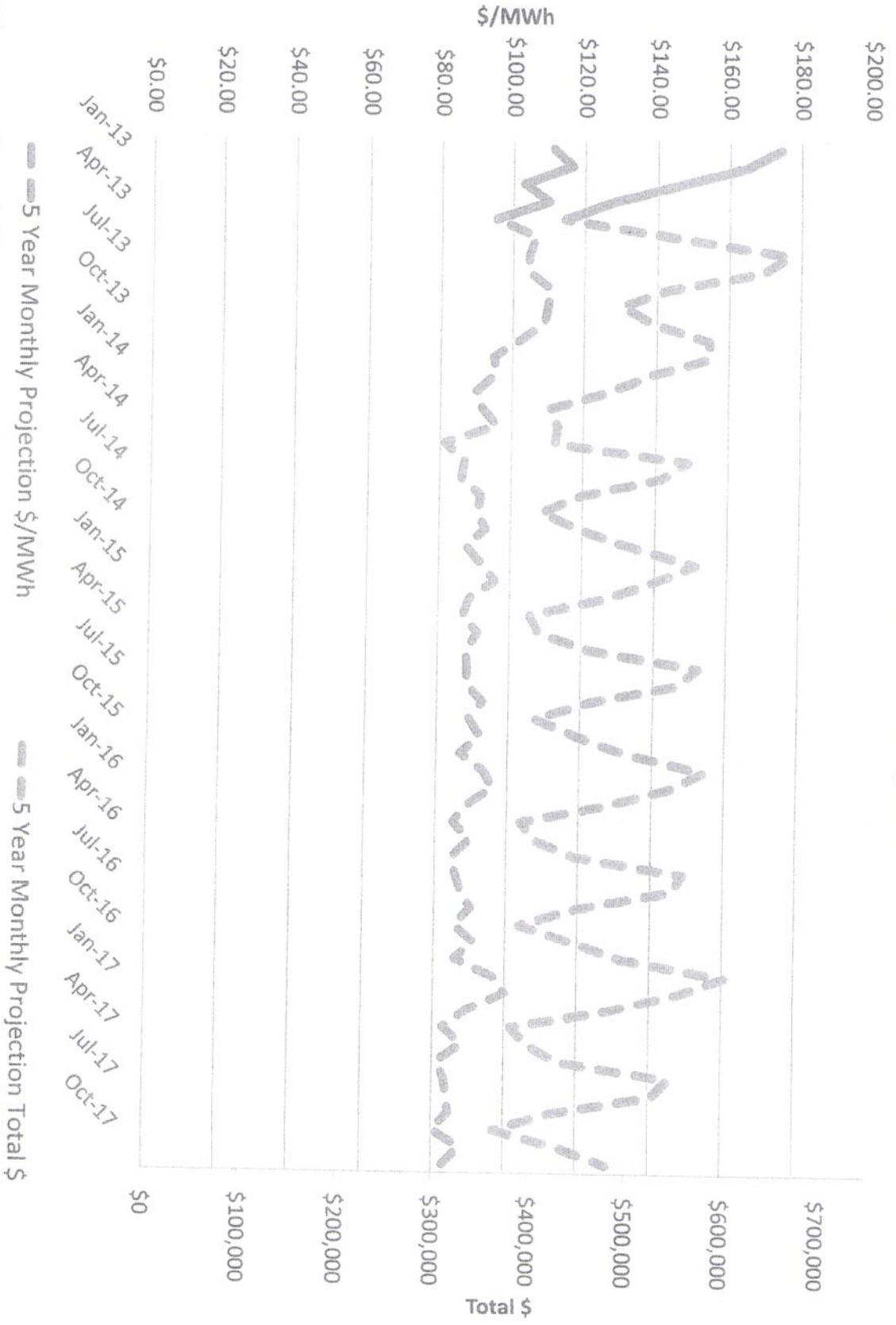
Fixed Costs:		Actual Costs through May No Significant Projected Changes
Generation Service Cost	Energy Cost & Revenue	Projected energy costs have decreased looking forward from June 2013 Update to the July 2013 update , primarily due to decreases in the cost of natural gas. Based on the latest All-In cost update, forward price curves, and projections, natural gas cost decreased to on average, \$3.66 per MMBTU for July – December 2013.
	Ancillary Cost & Revenue	Actual costs through May. No Significant Changes Based on July Energy Cost runs.
	Capacity Cost & Revenue	Actual costs through May. No Significant Changes Based on July Energy Cost runs.
	Pierce Cost & Revenue	Actual costs through May. No Significant Changes Based on July Energy Cost runs.
	DG Cost & Revenue	Actual costs through May. No Significant Changes Based on July Energy Cost runs.
	50 in 5 Cost & Revenue	Actual costs through May. No Significant Changes Based on July Energy Cost runs.
	Demand Response	Actual Costs through May No Significant Projected Changes
	ConnSMART/CMARS3 Cost	Actual Costs through May No Significant Projected Changes
Other Power & Transmission	Actual Costs through May No Significant Projected Changes	
Transmission Cost	Transmission Cost & Revenue	Net transmission costs have dropped from the June 2013 update to the July 2013 update as a result of the release of the preliminary RNS rate schedule which is effective for June 1st, of this year. Based on the latest rate publication, RNS rate increases have effectively been pushed out one year, most likely a result of transmission project delays. Once the preliminary rates have been finalized and published, any changes will be updated and incorporated into future All-In cost updates.
	MEU Facilities Cost & Revenue	Actual Costs through May No Significant Projected Changes
	Transco Cost & Revenue	Actual Costs through May No Significant Projected Changes
ISO Cost		Actual Costs through May No Significant Projected Changes
Economic Development		Actual Costs through May No Significant Projected Changes

July 13' Update

2.

TTD 5 Year All-In Cost Look ahead July 13' Update CY2013 - CY2017

Actual Data through May 2013



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Memorandum Third Taxing District Electric Department

To: TTD Commissioners

From: Jim Smith – General Manager

Date: July 15, 2013

Subject: 2013 Oyster Festival



Attached please find a copy of a memo from William Collins requesting the district's participation in the 36th Annual Oyster Festival, which will be held at Veteran's Park in East Norwalk on September 6th through the 8th.

If the Commission approves the request, we will perform the tasks listed in the memo by the Norwalk Seaport Association and will bill them accordingly.

My recommendation is to continue to participate as we have in the past in support of the Seaport Association's efforts.



July 12, 2013

Mr. James W. Smith
Third Taxing District Electric Department
2 Second Street
East Norwalk, CT 06855

Dear Mr. Smith:

The purpose of this letter is to request the tasks listed below in support Norwalk Seaport Association's 36th Oyster Festival to be held on Friday through Sunday, September 6, 7 & 8, 2013 at Veterans Park in East Norwalk.

As in the past, the following tasks are requested from Third Taxing District again this year. The setup process will begin on Saturday, August 24 and your crew will be able to begin on Monday, August 26. The removal process will begin on Monday, September 9 and should be complete on or before September 20.

1. Connect power lines to temporary services (about 40) prior to event and disconnect them after the event.
2. Relocate transformers as needed.
3. Temporary installation, removal and/or adjustment of security lighting.
4. Deliver and install about four (4) wood poles from the storage area and, after the festival, remove and transport them back to that property.

The arrangements will be the same as last year and Jerry Toni, Treasurer, Norwalk Seaport Association, is the contact for invoicing. We anticipate no additional work beyond that which was performed last year and possibly a bit less due to some site layout adjustments we have made. If the cost will vary, please communicate that amount to Jerry (203-838-9444 or jerry.toni@seaport.org and me (703-304-5294 or bill@thehighroadinc.com).

I look forward to working with you and your staff again this year.

Sincerely,

Bill

William S. Collins, Jr., CFEE
Oyster Festival Operations Manager

WSC: mom

Copy: Jerry Toni, Oyster Festival Co-Chair & Treasurer
Steve Nezas, Oyster Festival Co-Chair

Memorandum Third Taxing District Electric Department

To: TTD Commissioners

From: Jim Smith – General Manager

Date: July 31, 2013

Subject: Engagement Letter – Hope and Hernandez



Attached please find a copy of a formal engagement letter from our auditors, Hope and Hernandez, outlining the scope of services they plan on providing with respect to the financial audit for FYE June 30, 2013.

The services and fee as outlined are consistent with what has been presented in the past.

I am requesting however, that the timing of the audit be moved up on their schedule, since last year's audit was not performed in a timely manner.

My recommendation is to engage Hope and Hernandez to perform the audit for TTD for FYE June 30, 2013 for a cost not to exceed \$19,750.00.

Filename: Memo Form - June 30, 2013 audit engagement letter
Directory: M:\Shared\Jim Smith - General Manager
Template: C:\Users\Jim\AppData\Roaming\Microsoft\Templates\Normal.dot
m
Title: Memorandum Third Taxing District
Subject:
Author: George Leary
Keywords:
Comments:
Creation Date: 8/1/2013 2:28:00 PM
Change Number: 2
Last Saved On: 8/1/2013 2:28:00 PM
Last Saved By: James W. Smith
Total Editing Time: 0 Minutes
Last Printed On: 8/1/2013 2:28:00 PM
As of Last Complete Printing
Number of Pages: 1
Number of Words: 116 (approx.)
Number of Characters: 667 (approx.)



July 26, 2013

Mr. James W. Smith
General Manager
Third Taxing District
2 Second Street
East Norwalk, CT 06855

**ENGAGEMENT LETTER FOR THE YEAR ENDING
JUNE 30, 2013**

Dear Mr. Smith:

We are pleased to confirm our understanding of the services we are to provide for the Third Taxing District of the City of Norwalk, Connecticut for the year ended June 30, 2013. We will audit the financial statements of the Third Taxing District of the City of Norwalk, Connecticut as of and for the year ending June 30, 2013. Also, the document we submit to you will include the following additional information that will be subjected to the auditing procedures applied in our audit of the financial statements.

1. Schedule of Utility Plant.
2. Schedule of Various Operating Expenses.
3. Schedule of Various Administrative Expenses.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussions and analysis (MD&A), to supplement the Third Taxing District of the City of Norwalk, Connecticut's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Third Taxing District of the City of Norwalk, Connecticut's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussions and Analysis

Mr. James W. Smith, General Manager
Third Taxing District

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Audit Objectives

The objective of our audit is the expression of an opinion as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the financial statements taken as a whole. Our audit will be conducted in accordance with U.S. generally accepted auditing standards, and will include tests of accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the basic financial statements is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for making all financial records and related information available to us. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, but the responsibility for the financial statements remains with you. As part of our engagement, we may propose standard, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the financial statements. That responsibility includes the establishment and maintenance of adequate records and effective internal control over financial reporting and compliance, the selection and application of accounting principles, and the safeguarding of assets. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Third Taxing District of the City of Norwalk, Connecticut involving (a) management, (b) employees who have significant roles in internal control, and (c), others where the fraud could have a material effect on the financial statements. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to

Mr. James W. Smith, General Manager
Third Taxing District

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Audit Procedures – General - Continued

obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or government regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the basic financial statements. However, we will inform you, of any material errors that come to our attention and we will inform you of any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors, is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters. If we incur legal fees as a result of our reliance on any false representations made by District representatives, the District agrees to reimburse us for all of our legal fees and related costs of defense.

Audit Procedures - Internal Controls

In planning and performing our audit, we will consider the internal control sufficient to plan the audit in order to determine the nature, timing and extent of our auditing procedures for the purpose of expressing our opinions on the Third Taxing District of the City of Norwalk, Connecticut's basic financial statements.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, we will inform the governing body or audit committee of any matters involving internal control and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be detected or prevented. We will also inform you of any other matters involving internal control, if any.

Mr. James W. Smith, General Manager
Third Taxing District

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Audit Administration, Fees

We understand that your employees will locate all information selected by us for testing.

Mr. Robert J. Bailey, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

The audit documentation for this engagement is the property of Hope & Hernandez, P.C. and constitutes confidential information. However, we may be requested to make certain workpapers available to a cognizant agency pursuant to authority given to it by law or regulation. If requested, access to such workpapers will be provided under the supervision of Hope & Hernandez, P.C., personnel. Furthermore, upon request, we may provide copies of selected workpapers to the cognizant agency. The cognizant agency may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

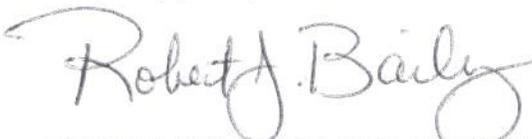
The workpapers for this engagement will be retained for a minimum of three years after the date the auditor's report is issued or for any additional period requested by the cognizant agency.

Our fees for the audit for the year ending June 30, 2013 will be \$19,750. Our fees for other special auditing, accounting services or consulting services will be billed at the rate of \$75 per hour plus expenses.

The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, you will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

We appreciate the opportunity to be of service to the Third Taxing District of the City of Norwalk, Connecticut and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

A handwritten signature in cursive script that reads "Robert J. Bailey". The signature is written in dark ink and is positioned above the printed name.

Robert J. Bailey, CPA, Vice President

Mr. James W. Smith, General Manager
Third Taxing District

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RESPONSE:

This letter correctly sets forth the understanding of the Third Taxing District of the City of Norwalk, Connecticut.

By: _____

Title: _____

INFORMATION REQUIRED LIST
AUDIT OF THE THIRD TAXING DISTRICT – CITY OF NORWALK
FOR THE YEAR ENDED JUNE 30, 2013

1. Please provide the following information required for the CT Municipal Electric Energy Cooperative Confirmation:
 - Balance Due TTD from CMEEC at 6/30/13
 - Balance Due CMEEC from TTD at 6/30/13
 - Total Billed TTD for purchased power for the year ended 6/30/13
 - TTD's Investment in CMEEC at 6/30/13
2. Copies of trial balances for the electric department, general fund, special revenue fund and pension trust fund for the year ended 6/30/13. Note: Once the aforementioned have been run, do not make any additional entries that affect the year ended June 30, 2013.
3. Detail general ledgers to support the trial balances denoted in #2 above.
4. A complete copy of the East Norwalk Improvement Association's (Special Revenue Fund's) audit report for the year ended June 30, 2013.
5. Please provide the June and July 2013 "Billing Summary" reports detailing the amounts invoiced to each customer for each of the five classes; Residential, Small Companies, Large Companies, Flat Rate and WPO. Also, the June billing batch reports.
6. Please provide copies of all regular and special board meeting minutes from 7/1/12 to present.
7. Please provide a listing of all activities conducted with related parties.
8. Please provide an organization chart.
9. Copies of all (general fund, electric department, etc.) bank account statements / reconciliations including investment statements, money markets, CD's and passbooks at 6/30/13 and 7/31/13.
10. Please provide a detailed fixed asset/depreciation schedule for the electric department and general fund that agrees to your trial balance accounts at 6/30/13. Also, please provide a copy of the corresponding invoice for all fixed asset purchases and detail for any fixed asset dispositions and/or donations for the year ended 6/30/13.
11. The Historical Aged Trial Balance for 6/30/13 Accounts Receivable and Allowance to support trial balance amounts at 6/30/13.
12. Please provide a schedule that supports all prepaid balances at 6/30/13.
13. A detail to support the accounts payable balances for both the electric department and general fund at 6/30/13 including invoice number and date of subsequent payment/check number.

INFORMATION REQUIRED LIST
AUDIT OF THE THIRD TAXING DISTRICT – CITY OF NORWALK
FOR THE YEAR ENDED JUNE 30, 2013

14. Please provide detailed cash receipts and disbursements data for the general fund, electric department, etc. from 7/1/13 through 8/31/13.
15. Please provide a schedule to support the compensated absence balance at 6/30/13. Also, were there any changes to the District's policy regarding vacation and sick leave?
16. Please provide copies of the original and final budgets for the year ended 6/30/13 for the library and general funds.
17. Please provide a detail of all disbursements (date, amount, payee and purpose) from funds held by CMEEC on behalf of the District for the year ended June 30, 2013.
18. Copies of the 941 payroll tax returns filed for the year ended 6/30/13 as well as a reconciliation to the payroll expenses per the trial balance.
19. Please provide a detail of all payroll liabilities at June 30, 2013 including date of subsequent payment/check number.
20. Reconciliation of all inter-fund receivable/payable accounts at 6/30/13.
21. Please provide a detail schedule (name, list number and amount) to support the customer advance trial balance amount at June 30, 2013.
22. Copies of any leases entered into for the year ended June 30, 2013.
23. Please provide copies of the Sales Tax and Gross Earnings Tax returns from July 2012 through July 2013.
24. Please provide a copy of the CMEEC prepared financial report at June 30, 2013.
25. Please provide a printout of all journal entries made for the year ended June 30, 2013.
26. Please provide a reconciliation at 6/30/13 and detail of the security deposit account.
27. Please provide a copy of the District's current internal control policies and procedures narratives.
28. Please provide an Accounts Payable listing for the year end 6/30/13 to us prior to fieldwork.
29. Please provide a 12/31/13 summary of the Infinex investment account transactions and a monthly change schedule.
30. Please provide a 12/31/13 summary of the pension fund account transactions.