

FINAL

CITY OF NORWALK
THIRD TAXING DISTRICT
SPECIAL MEETING
NOVEMBER 14, 2011

ATTENDANCE: Commissioners: Paul Kokias, Chair; David Brown, Charles Yost

STAFF: George Leary, General Manager;
Ron Scofield, Assistant General Manager.

OTHERS: Diane Cece

CALL TO ORDER

Mr. Kokias called the meeting to order at 7:00 p.m. and introduced Mr. Charles Yost as the new Commissioner to the District.

PUBLIC COMMENT

Ms. Diane Cece, 37 Homestead Place, Norwalk stated that she was here to discuss the reasons for holding an Executive Session. Mr. Leary stated that this is on the agenda as a place-holder item, in case a situation arises as a result of discussion during the meeting, and it involves a negotiation issue, that may require an executive session. Ms. Cece asked if there would be an executive session tonight, and Mr. Kokias replied that he was not completely sure, but if there was, it would be for the purpose of contract negotiation discussion. Mr. Brown noted that the agenda could not be changed tonight as this is a special meeting due to rescheduling to be able to hold the meeting after the election.

MINUTES OF MEETING

Mr. Brown requested a correction to page 4: the seconding of the motion on page 4 should be corrected from Mr. Kokias to Mr. Brown.

- ** **MR. BROWN MOTIONED TO APPROVE THE MINUTES OF OCTOBER 3, 2011 AS AMENDED WITH CORRECTION NOTED.**
- ** **MR. KOKIAS SECONDED.**
- ** **MOTION PASSED WITH TWO VOTES IN FAVOR, NONE OPPOSED AND ONE ABSTENTION (YOST).**

GENERAL MANAGER'S REPORT

Mr. Leary presented his written report and stated that it was self-explanatory, as it represents the standard format with the statement of income and expense. He reviewed the following and stated that in the interest of the new Commissioner he would cover the back-up reports in greater detail.

Mr. Leary explained that the Financial Statement for September and the three months of this fiscal year were attached, and reflect a modified cash basis and will be replaced by accrual statements when the accounts are closed for the fiscal year. He added that some comments on the YTD statement are as follows:

- 400 Income — The income from electricity is generally down due to milder weather this summer than last year. The decrease in flat rate billing this year is because CATV pole attachments were billed last July and not this year.
- 557 Fuel adjustment (Purchased Power Adj.) is up due to the increased rate which began October 1, 2010.
- 555 Electrical Power Purchased -The Electrical Power Purchased is down slightly due to weather related lower sales. The cost per unit of power is still running below expectations and below last year.
- Expense —
 - 540 Other Power Generation Expense is lower than last year due reduced generator operation.
 - 590 Maintenance Expense is down due to an extra payroll and storm related expenses last year.
 - 920 Administrative Expense is up from last year due to \$15,000 in onetime charges for billing system changes and a \$ 10,000 payroll reversal last year.

Mr. Brown asked about the payroll item and Mr. Leary explained that last year had an extra payroll in the month because of how the weeks fell. Mr. Brown then asked about the increase in taxes and Mr. Leary replied that this was the gross receipts adjustment, but was not sure of the reason it was so high, but he would look into the details and advise by e-mail.

Under Other Income/Expense, Mr. Leary highlighted:

- 419-420 Interest income and Gain (Loss) on investments show large changes due to the nature of available investment vehicles, to be explained in greater detail at the meeting.
- 421 Norden Income is down due to the reduced payment rate which is now \$1/KW
- 424 Energy Conservation Income is a net of the income and expense in this account and is up due to the timing of income and expenses, the availability of outside funding and reduced activity in our programs.

Mr. Brown asked that for next month if there could be a projection using his figures versus Mr. Leary's to reflect refining the projections without seasonal rates and rebalancing the rate stabilization effective 11/1/11. Mr. Leary replied that this is provided on page 15, and he would go into more detail at that portion of the meeting.

Compact Florescent Lamp - Mr. Leary stated that in an attempt to reach customers who may not be aware of the compact fluorescent lamp (CFL) program, they will be mailing a post card to residential customers in early December.

He explained that the residents in the district who reply to the offer by mail will receive a starter pack of CFL's directly to their homes. He explained that this approach has worked well in other municipal utilities, and he presented a copy of the post card. Mr. Yost pointed out that the term CFL is used but not defined, and that most residents would not know what this means. Mr. Brown stated that this was a good point, and Mr. Leary agreed that he would add Compact Florescent Lamp wording and description on the card, if the post card had not yet gone for printing. Mr. Scofield added that there is a recycling drop off for florescent bulbs.

COMMISSION MEETING SCHEDULE FOR 2012

Mr. Leary presented the following proposed schedule of meetings for 2012.

Monday, January 9; Monday, February 6; Monday, March 5; Monday, April 2
Monday, May 7; Monday, June 4; Monday, July 2; Monday, August 6;
Monday, September 10; Monday, October 1; Wednesday, November 7; Monday, December 3
Annual Meeting: Wednesday, March 7th 7:00 p.m.

Mr. Kokias suggested that the dates be reviewed and approved next month, and Mr. Scofield replied that he needed to know soon to process paperwork as required under state law to be filed with the state by December 9. Mr. Kokias stated that he would notify him by e-mail of the consensus of the Commissioners, and the schedule would be formally approved at next month's meeting.

Purchased Power Adjustment

Mr. Leary presented his report as follows and stated that based on the decision at the 10/3/11 Commission meeting, where it was decided to discontinue the seasonal Purchased Power Adjustment (PPA) in favor of a single PPA that would apply in both the summer and non-summer months, we have changed our pro forma projection as follows. This projection is based on the most current load forecast and power cost projection and an extrapolation of operating expenses. The criteria used in addition to a constant PPA were:

- A PPA that will not change for at least one year
- A stable Rate Stabilization Fund (RSF) balance
- A profit within the statutory range i.e. \$500,000 +/-

Pro Forma Projection	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Purchased Power Adjustment	\$ 0.066	\$ 0.066	\$ 0.066	\$ 0,066
CMEEC Power Cost	\$ 107	\$ 106	\$ 105	\$ 105

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Profit	\$521776	\$ 495,089	\$504,587	\$450,304
RSF Increase (Decrease)	\$ 90,271	\$ 27,112	\$(61,711)	\$(288,450)

Based on the above summary, Mr. Leary stated that it is recommended that the Commission vote to set the PPA to \$.066 per KWH effective 11/1/11 and the CMEEC payment rate to \$107 per MWH effective 11/1/11 and \$106 per MWH 7/1/12.

- ** MR. KOKIAS MOTIONED TO SET THE PPA TO \$.066 PER KWH EFFECTIVE 11/1/11 AND THE CMEEC PAYMENT RATE TO \$107 PER MWH EFFECTIVE 11/1/11 AND \$106 PER MWH 7/1/12.
- ** MR. BROWN SECONDED.
- ** MOTION PASSED UNANIMOUSLY.

Substation Development

Interconnection Studies

Mr. Leary explained that the first cut of the proposals has been done by conference call to ISO based on a model transmission study in the area covering Cos Cobb to Bridgeport. He stated that the consultant will submit a revised proposal and there will be another conference call in two weeks. He clarified that this is not for dollar value or economic issues, but for increased reliability of the system and upload growth system for matters such as to avoid a system collapse.

Mr. Brown asked if there were any other issues brought up during the conference call, such as what generators were on or off. Mr. Leary replied that it was very detailed and difficult to follow with the combination of permutations. Mr. Brown asked if there was a timeline and Mr. Leary replied that the Site Council takes six months, but nothing is critically under the gun. Mr. Kokias asked Mr. Leary to clarify that everything was on schedule, and he replied that it is a stretch. Mr. Leary stated that the Northeast Utilities contract with East Norwalk is through 12/1/12 but they may give month to month extensions.

Engineering Team

Mr. Leary stated that the requests for proposals (RFPs) will be noticed in the papers soon. Mr. Kokias asked about how many companies are expected to bid and Mr. Leary stated that he depends on the responses to the notice, but he anticipates Eason & ABB to be turnkey proposals and not piece meal. Mr. Brown asked if the RFPs are specific, and Mr. Leary replied that they are comprehensive based upon the scope which has been redrafted. He added that the design has been negotiated with the Railroad and NEU, put to bid with the Operations Manager to oversee the new bids, reevaluate and do an analysis and comparison.

Site Work - Mr. Leary reported that the site work is on schedule.

General Manager Search

Mr. Leary stated that he recommends that a Personnel Committee be formed to review the proposals for an agency to conduct a search for General Manager. Mr. Yost stated that the fee structures in the two proposals were not comparable as one was at 30% and seemed to be very different considering expenses. Mr. Brown replied that the discussion should be done in the Committee meeting. Mr. Kokias stated that the Commissioners would form a sub-committee, and he suggested that they stay after this meeting tonight to establish the next steps of the review process.

- ** MR. KOKIAS MOTIONED TO FORM A PERSONNEL COMMITTEE WITH THE THREE COMMISSIONERS.
- ** MR. BROWN SECONDED.
- ** MOTION PASSED UNANIMOUSLY.

Norden Generators

Mr. Leary stated that they recommend holding until May and then review the economic situation at that time, and that they are not anxious to sell although the costs are low enough. He explained that they are back with the intention of staying and extending the lease. Mr. Kokias gave an overview of the history on this issue for Mr. Yost's benefit and summarized that costs have dropped. Mr. Leary added that there is a three year notice to ISO so he would recommend that the lease should go until 2015 to coincide with the ISO commitment.

Norden Data Center

Mr. Leary stated that there is no activity planned, but he would follow up with the Site Council.

Executive Session

- ** MR. KOKIAS MOTIONED TO ENTER INTO EXECUTIVE SESSION FOR A DISCUSSION OF CONTRACT NEGOTIATIONS.
- ** MR. BROWN SECONDED.
- ** MOTION PASSED UNANIMOUSLY.

The Commission went into Executive Session at 8:14 p.m. Present were Commissioners Kokias, Brown and Yost, General Manager George Leary and Assistant General Manager Ron Scofield. They reconvened into public session at 8:57 p.m. There was no action taken.

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**** MR. BROWN MOTIONED TO ADJOURN.**

**** MR. KOKIAS SECONDED**

**** MOTION PASSED UNANIMOUSLY.**

The meeting was adjourned at 8:58 p.m.

Respectfully submitted, Marilyn Knox, Telesco Secretarial Services