

DRAFT

THIRD TAXING DISTRICT
of the City of Norwalk
Commission Meeting
July 6, 2015

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

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

CALL TO ORDER

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

PUBLIC COMMENT

There was no one present from the public.

MINUTES OF MEETING

June 1, 2015

The following corrections were noted:

Page 1 – Under Attendance – Add Treasurer to Dr. Michael Intrieri’s name.

**** COMMISSIONER GOLDSTEIN MOVED TO APPROVE THE MINUTES OF JUNE 1, 2015 REGULAR MEETING AS CORRECTED.**

**** COMMISSIONER YOST SECONDED.**

**** COMMISSIONER BROWN ABSTAINED.**

June 23, 2015

**** COMMISSIONER GOLDSTEIN MOVED TO TABLE THE MINUTES OF JUNE 23, 2015 TO THE NEXT REGULAR COMMISSION MEETING UPON FURTHER REVIEW OF THE RECORDING.**

**** COMMISSIONER YOST SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

Commissioner Yost asked what Attachment A was and was told that it was the handout from Sarah Mann at the June 23rd meeting. Commissioner Brown asked, “and it comes from where?”

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Commissioner Goldstein replied that it was excerpted from the Annual Meeting Minutes that we had put up after the vote on March 23rd. Commissioner Brown asked if we, the Commission, agreed with it. Commissioner Goldstein responded with a detailed explanation of what took place at the Annual Meeting. Commissioner Brown asked about whether or not if there was a rebuttal and Commissioner Goldstein stated that Commissioner Yost did send a rebuttal to Sarah Mann on June 25, 2015 as follows:

“Regarding the excerpt of the record of the annual meeting referencing the library planning committee: if you read the record of the amendment in its entirety, we were instructed by the electors to form a committee that included public input, library input and commission input to make recommendations to the Commission for applying the \$19,500 budget item for improvements called for in the master plan.”

COMMISSION BYLAWS

Commissioner Goldstein presented a very rough draft for discussion purposes only of Commission ByLaws after reviewing the Charter. She further explained how she went about gathering the contents and ensuring that there were no conflicts with the City Charter. She took each common item and if it was dealt within the Charter, she didn't include it, but if it wasn't dealt within the Charter she wrote what she thought came closest to being a best practice.

Commissioner Brown questioned the interaction between Third Taxing District and the City Charter. Commission Goldstein explained how we fall under the City Charter and that the Third Taxing District does not have a stand-alone Charter. There is a section under the City Charter referring to the Third Taxing District. There are other sections of the City Charter that affects Third Taxing District, i.e., elections, tax collection provisions, etc.

Upon further discussion, Commissioner Yost thought it might be best to have an attorney review the draft and give their insight on the ByLaws. Discussion took place about who the best attorney might be to review the draft ByLaws. Commissioner Brown and Dr. Intrieri thought Atty. Bove would be a good candidate.

Commissioner Goldstein asked Mr. Smith if the APPA had an advisory council that could possibly give guidance on the issue. Mr. Smith indicated that Atty. Phil Sussler (CMEEC's attorney) would probably be the best candidate as he has experience with public power in Connecticut. It was agreed that Mr. Smith would contact Atty. Sussler and have him review the draft ByLaws and bring his feedback to the Commission at a future meeting.

LIBRARY MASTER PLAN DISCUSSION

The Commission placed a call to Alex Cohen, the Consultant for the Library Master Plan, to discuss the upcoming forum later in the week and a review of his meeting with the Library Board. Mr. Cohen reviewed the work to date on the Master Plan. He met with the Library

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Board and presented two options. He also explained to the Board that the definition of the Library Planning Committee, for his purposes, may have been misunderstood by the Library Board. He explained to them that the Planning Committee is a “sounding board” for assessing the library – what it looks like today, developing a building program option, but also has the potential to be a fundraising committee. They will support what will be triggered from this, which is a capital campaign, a public/private investment in the library.

After showing the Board the two options, the major feedback was that their lifeblood is the meeting room. Mr. Cohen also talked to them about the survey and the survey results. One of the questions was - what is the most important service the library provides? 66% said books; 20% said children services. This is a bit of a troubling question – what is the state of the children’s program in the library.

Commissioner Brown brought up fundraising. He felt it should be added as an option. The results of the master plan, be it putting in an elevator or adding a handicap ramp, would still be expensive items and monies need to be raised. The Commission agreed that fundraising for the library is a major task, which should be included in the end result of the Master Plan. The Library cannot expect TTD to fund all the improvements. The Commission is willing to work with them to assist in the fundraising efforts.

Mr. Cohen and the Commission then talked about the upcoming forum to be held on July 9th and how it should be presented. Mr. Cohen said he would start with an options presentation showing advantages vs. disadvantages. There would also be breakout stations which would include services, operations and fundraising, and ending the night with a roundtable wrap-up.

GENERAL MANGER’S REPORT

Department Policies

Mr. Smith wanted to raise the issue that in conjunction with working on the ByLaws, we also need to look at writing department policies once the ByLaws are in place. A few have been written to date. Mr. Smith recommended that TTD engage APPA or someone similar to develop a strategic plan in the early Fall when the Library issue is should be winding down.

Commissioner Brown asked what the definition of a strategic plan would be. Mr. Smith said it is a long-term strategy for the department, where we want to be in two years, four years or even ten years down the road. Do you want to get into other types of products or services? What are your strengths and weaknesses, what can you improve on, etc. A strategic plan will set the tone for the future of the utility.

The Commission agreed that the Strategic Planning process should probably be put on the calendar for October.

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Concert Procedures

Mr. Scofield reviewed the concert procedures with the Commission and the responsibilities of the host(ess) of the concert on a particular day, including introducing the band, paying them and answering any questions that could arise while set up is taking place. He also explained what would need to be done in case of inclement weather. He gave them handouts with all the information (contact names and phone numbers) of who would need to be notified should you need to cancel.

DISCUSSION/ANALYSIS OF FINANCIAL STATEMENTS/KEY PERFORMANCE

May was a fairly decent month, a positive month. In terms of a cash basis we have a net income of \$19,926 vs. this time last year which was a net loss of \$124,846. The key piece is the revenue piece which is a little less than 2% under last year's YTD revenues and the reason is because of the under recovery of fuel adjustment revenues through May 2015. Right now we are approximately \$300,000 to \$400,000 under-collected on the PCA. We will be increasing gradually the PCA over the next several months to be able to minimize rate shock to the customers.

Commissioner Goldstein wanted to know what line item 980-00 General Community Expenses is. Mr. Smith told her it was all monies spent on the library forums.

PROJECT SUMMARY

Commissioner Goldstein asked if actual numbers could be provided for A-Base Meter Replacement, LED street lights and Radio-Read meters.

Commissioner Brown asked what the benefit of replacing A-Base meters is. Mr. Smith told him it provides for more accurate readings, reduces the risk of a house fire due to over-voltage conditions, and brings the house up to current safety code standards required by City Electrical Inspectors.

Commissioner Goldstein asked if we can get any readings on the EV Charging Station usage. Mr. Smith said the usage is minimal, but there is a meter on the other side of the Library parking lot fence for the charging station that can be read.

EXECUTIVE SESSION

- ** COMMISSIONER BROWN MOVED TO ENTER INTO EXECUTIVE SESSION TO DISCUSS PERSONNEL.**
- ** COMMISSIONER YOST SECONDED.**
- ** THE MOTION PASSED UNANIMOUSLY.**

DRAFT

The Commissioners, Dr. Intrieri, and Mr. Smith entered into Executive Session at 9:12 p.m.

**** COMMISSIONER GOLDSTEIN MOVED TO EXIT THE EXECUTIVE SESSION AND RETURN TO THE PUBLIC SESSION.**

**** COMMISSIONER YOST SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The Commissioners, Dr. Intrieri and Mr. Smith returned to public session at 9:31 p.m.

**** COMMISSIONER GOLDSTEIN MOVED TO APPROVE THE ASSISTANT GENERAL MANAGER'S PERFORMANCE EVALUATION BASED ON THE RECOMMENDATION OF THE GENERAL MANAGER.**

**** COMMISSIONER YOST SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

ADJOURNMENT

**** COMMISSIONER GOLDSTEIN MOVED TO ADJOURN.**

**** COMMISSIONER YOST SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 9:46 p.m.

Respectfully submitted,

Cynthia Tenney
Executive Assistant
Third Taxing District

Third Taxing District
of the City of Norwalk
July 6, 2015

MOTION FOR MINUTES

COMMISSIONER (name of Commissioner) MOVED TO APPROVE THE MINUTES OF (date of meeting) REGULAR MEETING.

OR

COMMISSIONER (name of Commissioner) MOVED TO APPROVE THE MINUTES OF (date of meeting) REGULAR MEETING AS CORRECTED.

DRAFT

THIRD TAXING DISTRICT
of the City of Norwalk
Special Commission Meeting
June 23, 2015

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

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

PUBLIC: Sarah Mann, Stanley Siegel, Jim Anderson

CALL TO ORDER

Commissioner Yost called the meeting to order at 7:01 p.m. A quorum was present.

PUBLIC COMMENT

Sarah Mann stepped forward and spoke.

“First of all, my first question and statement is, why do all the Library Planning Committee meetings have to be in secret?”

Commissioner Yost: “Wait a minute. Are you expecting answers now or are you just making a statement?”

Ms. Mann: “Ideally, I’d like answers.”

Commissioner Yost: “We haven’t had one Library Committee Meeting. Continue.”

Ms. Mann: “Why did you have to read the resumes of the Planning Committee members in secret in Executive Session?”

Commissioner Yost: “What?”

Ms. Mann: “On May 21st, on the agenda, it shows that you were reading the resumes of the Library Planning Committee volunteers in Executive Session. That’s what is showed on your agenda.

Commissioner Goldstein: “We didn’t do resumes.”

Ms. Mann: “That’s what the agenda showed.”

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Commissioner Goldstein: "What do the Minutes for that meeting say?"

Commissioner Yost: "We're not going to have a discussion here. We have 15 minutes. Go ahead. Continue."

Ms. Mann: "And finally, (handed out copies – see Attachment A) this is your Annual Minutes from your Annual Meeting. As you can see the electors voted in the meeting that there should be two Commissioners on the Planning Committee. So, moving forward, it looks like you guys wanted to have three Commissioners on the Planning Committee. Is that still correct?"

Commissioner Goldstein: "This is public comment. We're listening."

Ms. Mann: "Okay, so, it seems as though you all want to have three Commissioners on the Planning Committee, two Library Board members and three members of the public. I don't understand how you can arbitrarily change that when the electors have said two members, two Commissioners. That's all."

Commissioner Yost: "Thank you."

BOY SCOUTS/CONSTITUTION PARK FLAG POLE DISCUSSION

Mr. Smith presented David Shockley's request for Boy Scout Troop 19 to use the flag pole in Constitution Park for holiday and flag ceremonies. If permitted, they are asking if TTD would please make some minor repairs which consist of 2 new halyards and proper hand lines. The flag would be donated by the Boy Scout Troop.

The Commission's major concern was liability. Mr. Smith said that we have liability insurance coverage for all the parks in the district. Commissioner Yost asked Mr. Smith to contact the insurance agent and get a direct answer about this particular issue. Commissioner Goldstein also asked if Mr. Smith could find out whether or not the Boy Scouts have insurance or are willing to sign a waiver for the use of the park.

**** COMMISSIONER GOLDSTEIN MADE A MOTION TO AUTHORIZE MR. SMITH TO ACT BASED ON THE INFORMATION AND GUIDANCE PROVIDED TO SECURE EITHER CONFIRMATION OF LIABILITY INSURANCE ON THE BOY SCOUTS OR A WAIVER FOR TTD AND CERTIFICATION THAT THEY ARE GOING TO BE SUPERVISED BY AN ADULT AND THEN HE CAN CLOSE THE DEAL.**

**** COMMISSIONER YOST SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

**** COMMISSIONER GOLDSTEIN MOVED TO AUTHORIZE MR. SMITH TO MAKE THE REPAIRS TO THE FLAG POLE THAT ARE NECESSARY.**

**** COMMISSIONER YOST SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

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2015-16 ANNUAL REVENUE & EXPENSE BUDGET

Mr. Smith presented the Commission with the Operating Budget for FY 2015-16. The Commission reviewed the line items and had some questions, which were answered satisfactorily by Mr. Smith. Commissioner Yost asked that one change be made to the Operating Budget. Under Income, 443-00, Cervalis Data Center Revenues, he asked that the number be increased from \$72,000 to \$150,000. All other line items remained as is.

**** COMMISSIONER YOST MOVED TO APPROVE THE ANNUAL OPERATING BUDGET FOR FY 2015-16.**

**** COMMISSIONER GOLDSTEIN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

FIVE-YEAR CAPITAL BUDGET FORECAST FY 2015-16 – FY 2019-20

Mr. Smith presented the Commission with the Capital Expense Budget for FY 2015-2016. Mr. Smith said he would like to request the "Middle" scenario under the Capital Projects Priority List for the upcoming year. The total request is \$1,551,000, and includes \$493,500 for SCADA which has to be done. The Commission reviewed the projects for consideration and asked questions, which were answered. Two of the projects which were discussed in detail were the Storage Facility and the WWTP, which are two of the larger projects on the Priority List.

Mr. Smith then presented the Funding Schedule for the Capital Projects. The Commission discussed the schedule and indicated concern that the funding was going to use half of what is currently in the Capital Improvement Account. Further discussion took place and it was decided to decrease the Capital Improvement Account funding from \$500,000 to \$250,000. The \$250,000 would then be taken from the CMEEC Rate Stabilization Fund, making the new funding amount from this account \$1,051,000.

**** COMMISSIONER GOLDSTEIN MOVED TO APPROVE THE THIRD TAXING DISTRICT FY 2015-16 CAPITAL PROJECTS BUDGET AT THE MIDDLE CASE LEVEL WHICH IS \$1,551,000 INCLUDING SCADA ITEMS AND THE CAPITAL PROJECTS FUNDING SCHEDULE FOR THE SAME FISCAL PERIOD AS AMENDED AT THIS MEETING.**

**** COMMISSIONER YOST SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

Before adjourning the meeting Commissioner Yost addressed those members of the public in attendance.

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Commissioner Yost: "If you guys want to sit down sometime and discuss whatever questions or issues you have, come to us. We want to talk."

Mr. Anderson : "We've tried."

Commissioner Yost: "Jim, you just went through a routine here that you didn't have to do. I want to have a meeting."

Ms. Mann: [Indistinct]

Commissioner Yost: "You're not going to get a discussion."

Ms. Mann: "That was really unfair. I'm an elected Board member, you didn't have to attack me."

Commissioner Yost: "I didn't attack you."

Ms. Mann: "You did to when I made the motion."

Commissioner Yost: "If you want to have a meeting, come to us and ask for a meeting. Okay?"

Ms. Mann: "Okay. Fair enough."

Commissioner Yost: "Thank you."

ADJOURNMENT

**** COMMISSIONER GOLDSTEIN MOVED TO ADJOURN.**

**** COMMISSIONER YOST SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 7:42 p.m.

Respectfully submitted,

Cynthia Tenney
Executive Assistant
Third Taxing District

Third Taxing District
of the City of Norwalk
June 23, 2015

COMMISSIONER (name of Commissioner) MOVED TO APPROVE THE MINUTES OF (date of meeting) SPECIAL COMMISSION MEETING.

OR

COMMISSIONER (name of Commissioner) MOVED TO APPROVE THE MINUTES OF (date of meeting) SPECIAL COMMISSION MEETING AS CORRECTED.

Third Taxing District Public Utilities Commission

Winter Market Outlook

August 3rd, 2015

08.12

Winter Market Outlook

- Objective
- Our current position
- Current winter weather forecasts
- Wholesale Regional Competitiveness

10.13

Objective

- Update on Winter 2015 Preparedness
 - Update on the current Rate 9 Energy Portfolio position for the winter
 - Current long term winter weather forecast(s)

09.14

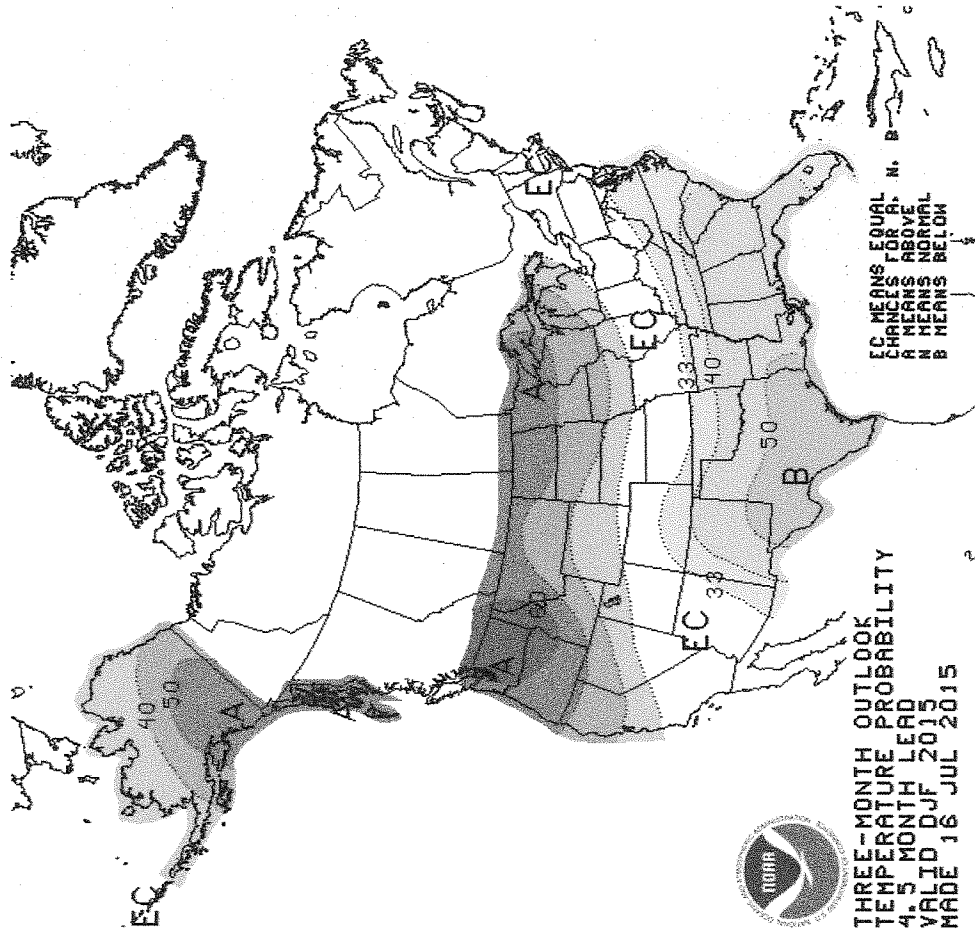
Current January February Position

- Currently the CMEEC Rate 9 Energy Portfolio, and effectively TTD, is hedged at 80% at a price of \$64 / MWh. The balance will be filled in, during fall based on updated market and weather conditions, with the overarching objective to maximize regional competitiveness.

09.15

Current Winter Temp Forecast

Three Month Outlook
 Dec, Jan, Feb 2015/16
 CT Equal Chance of Warm or
 Cold Weather



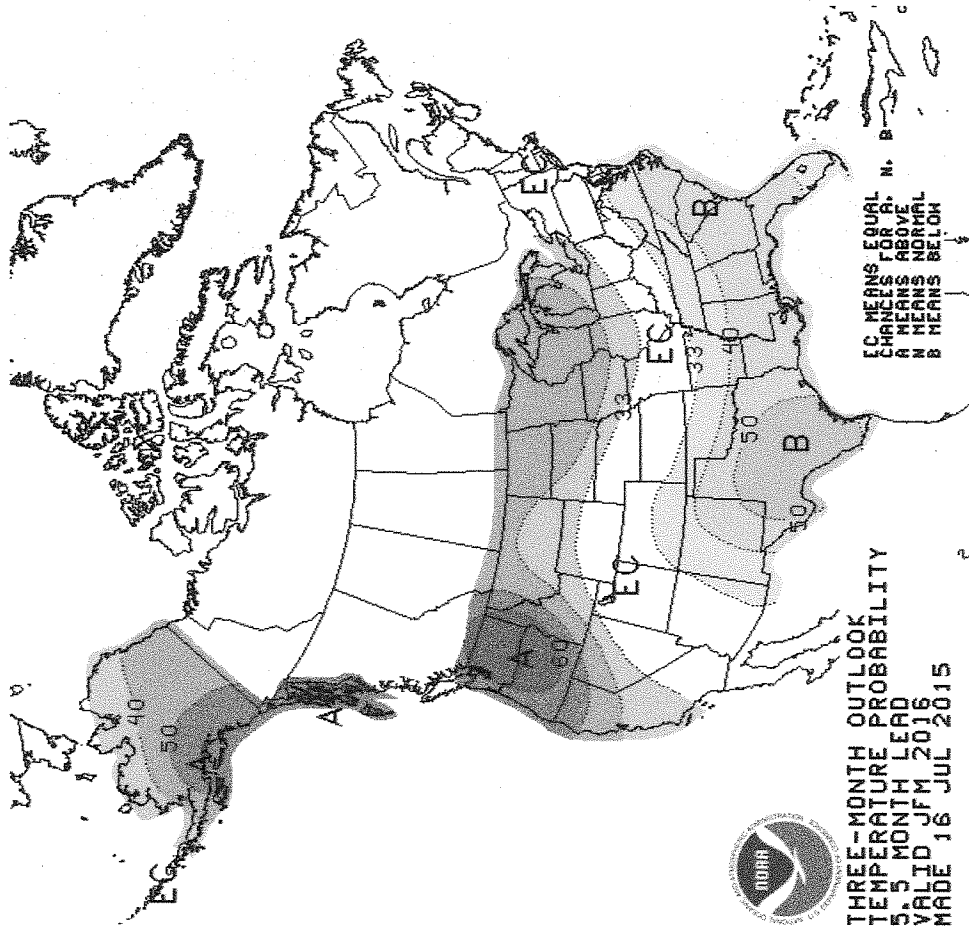
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Current Winter Temp Forecast

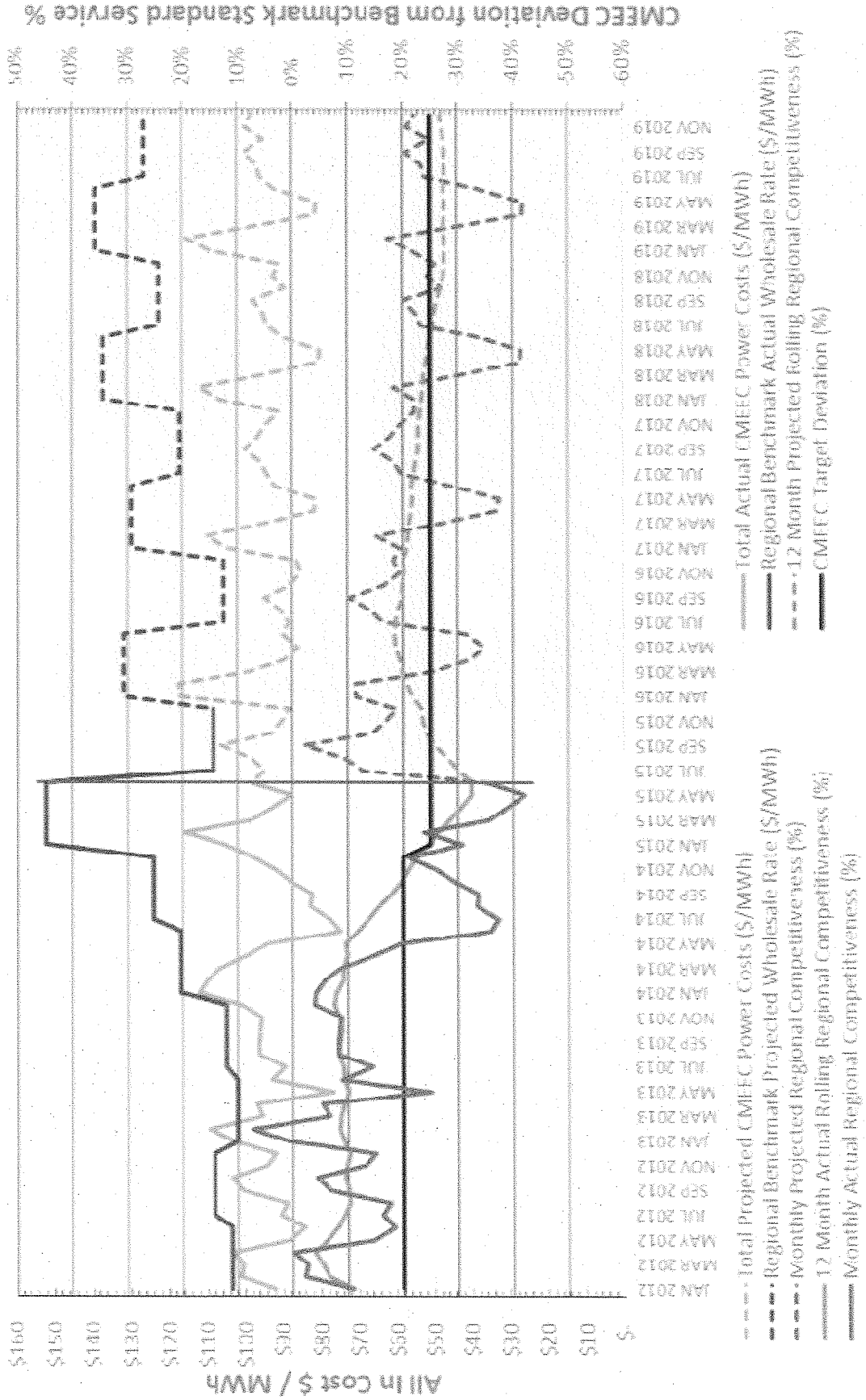
Three Month Outlook
 Jan, Feb, March 2016
 CT Equal Chance of Warm or
 Cold Weather



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000.17

Comparison of Residential "All-In" Wholesale Costs - with Projects
 CMEEC vs. Regional Benchmark
 (Actual Data through June 2015)



81.18

Questions?

09.19

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Cynthia Tenney

From: Cynthia Tenney
Sent: Wednesday, July 22, 2015 4:28 PM
To: 'John Bove'
Cc: James W. Smith
Subject: Annual Meeting Minutes
Attachments: Annual Meeting Minutes - Amendment Section.docx

John,

I'm forwarding to you the portion of the Minutes that are in question. Please let me know if you need any clarification.

Thank you.

Cynthia Tenney
Executive Assistant
Third Taxing District Electric Dept.
2 Second Street
Norwalk, CT 06855
Ph: 203-866-9271 ext. 137
ctenney@ttd.gov

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Amendment from Annual Meeting – 3/23/15

Ms. Cece said may I make a motion?

Acting chairman Lyons said well, we have your amendment is on the floor. We have to take care of that first. Do you want to withdraw your amendment now that we've passed this motion? Because your motion was to have it come back --

Ms. Cece said right. I'll keep the amendment on the floor.

Acting Chairman Lyons said okay. Can you restate your amendment? It has been seconded.

Ms. Cece said the amendment is that the East Norwalk Association would come back to the Third Taxing District Commissioners with a list of recommendations for the masterplan so that the funding of those improvements could be decided by the Commission.

Acting Chairman Lyons said okay, there's been a second. Is there any discussion specifically on that motion? I'm going to keep you to the fire on this. Mr. Yost?

Chairman Yost said Diane, you're saying a list of recommendations for the completed masterplan? These are recommendations from the completed masterplan? Ms. Cece said they're chosen recommendations, they're going to select them and come back --

Chairman Yost said can you amend it to a list of recommendations chosen by the library committee of the masterplan where you have public input, you have the library input, and you have our input. Ms. Cece said I will.

Acting Chairman Lyons said so you're allowing a friendly amendment to your amendment to say that it is -- the recommendations come from the library committee, which is composed of public, library board members and who else? Goldstein said commissioners.

Acting Chairman Lyons said three commissioners. *(This is the statement in question. The original minutes reads "two commissioners.")*

Mr. Cuttner said I will accept that. Acting Chairman Lyons said Mr. Cuttner has seconded that one and you'll accept that? Ms. Cece said yes.

Lyons said okay. Is there discussion on that amendment? Okay, hearing none, all in favor of that amendment, please signify by saying aye -- No, I mean -- sorry -- holding up your card. You can't hold up three cards. If they're not here in the room, -- Mr. Scofield said 18.

Acting Chairman Lyons said okay. Opposed? Mr. Scofield said 9.

Acting Chairman Lyons said okay, that amendment passes.

Memorandum Third Taxing District Electric Department

To: TTD Commissioners

From: Jim Smith – General Manager

Date: July 20, 2015

Subject: 2015 Oyster Festival



Attached please find a copy of a memo from William Collins requesting the district's participation in the 38th Annual Oyster Festival, which will be held at Veteran's Park in East Norwalk on September 11th through the 13th.

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 17, 2015

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

Dear Mr. Smith:

The purpose of this letter is to request support of the Norwalk Seaport Association's 38th Oyster Festival to be held on Friday through Sunday, September 11, 12 & 13, 2015 at Veterans Park in East Norwalk.

The setup process will begin on Monday, August 31 and the removal process will begin on Monday, September 14 with completion on or about September 18. Following are the anticipated tasks we request support from Third Taxing District Electric Department.

1. Connect power lines to temporary services (about 30) prior to event and disconnect them after the event.
2. Temporary installation, removal and/or adjustment of security lighting.
3. Deliver and install up to four (4) wood poles from the storage area and, after the festival, remove and transport them back to that property.

Please provide the hourly rates for the positions and equipment that will be necessary to accomplish those tasks. The charges in 2014 for items previously not included in your invoices combined with the financial loss incurred by the Norwalk Seaport Association at last year's Oyster Festival necessitates that we plan and manage our budget precisely and those amounts will facilitate our efforts to that end.

Again this year, I will again be the on-site contact and Jerry Toni, Business Manager, Norwalk Seaport Association will be the contact for invoicing. Our contact information is: Jerry (203-838-9444) or jerry.toni@seaport.org and Bill (703-304-5294) or bill@thehighroadinc.com.

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

Sincerely,

W. S. Collins, Jr.

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

WSC: mom

Copy: Jerry Toni, Business Manager
Mike Reilly, Oyster Festival Chair

Memorandum Third Taxing District Electric Department

To: TTD Commissioners

From: Jim Smith – General Manager

Date: July 27, 2015

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, 2015.

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, 2015 for a cost not to exceed \$20,548.00 vs. the cost of last year of \$20,145.00



July 17, 2015

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

**ENGAGEMENT LETTER FOR THE YEAR ENDING
JUNE 30, 2015**

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, 2015. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Third Taxing District of the City of Norwalk, Connecticut as of and for the year ending June 30, 2015. 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**

We have also been engaged to report on supplementary information other than RSI that accompanies the Third Taxing District of the City of Norwalk, Connecticut's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole.

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

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

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

1. Schedule of Changes in Net Pension Liability and Other Related Ratios
2. Schedule of District Contributions - Pension Trust Fund.
3. Schedule of Investment Returns - Pension Trust Fund.

Audit Objectives

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of the Third Taxing District of the City of Norwalk, Connecticut's financial statements. Our report will be addressed to the Honorable Commissioners of the Third Taxing District of the City of Norwalk, Connecticut. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add emphasis-of-matter or other-matter paragraphs. If our opinion on the financial statements is other than unmodified, we will 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 may withdraw from this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. We will advise you about appropriate accounting principles and their application and will prepare your financial statements in conformity with U.S. generally accepted accounting principles based on information provided by you, 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. You agree to assume all management responsibilities for any nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Fig. 27

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

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Management Responsibilities - Continued

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities, for the selection and application of accounting principles, and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements; (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management 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 (1) management, (2) employees who have significant roles in internal control, and (3), others where the fraud could have a material effect on the financial statements. Your responsibilities include 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.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our audit report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

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

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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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because of the inherent limitation of an audit, combined with the inherent limitations of internal control, 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, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. 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 the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management 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 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 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

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

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

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Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Third Taxing District City of Norwalk, Connecticut's compliance with provisions of applicable laws, regulations, contracts and agreements, including grant agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Engagement Administration, Fees and Other

We understand that your employees will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Hope & Hernandez, P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a cognizant agency or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Hope & Hernandez, P.C.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to a cognizant agency or its designee. The cognizant agency or its designee may intend or decide to distribute the copies of information contained therein to others, including other governmental agencies.

We expect to begin our audit on approximately August 24, 2015 and to issue our reports no later than November 6, 2015. Charles J Rubertino, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fees for the audit for the year ending June 30, 2015 will be \$20,548. Our fees for other special auditing, accounting services or consulting services will be billed at the rate of \$85 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.

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

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Very truly yours,



Charles J. Rubertino, CRA, President

RESPONSE:

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

By: _____

Title: _____

Memorandum Third Taxing District Electric Department

To: TTD Commissioners

From: Jim Smith – General Manager

Date: July 16, 2015

Subject: UFS Cost of Service Proposal



Attached please find an engagement letter prepared by UFS (Utility Financial Services) outlining a potential scope of services for the upcoming fiscal year.

This letter was prepared @ my request and are “follow up “tasks that will be performed by UFS to determine the adequacy and effectiveness of the initial rate design that was developed back in the 2013-14 fiscal year for TTD.

My recommendation is to engage UFS to perform some or all of these tasks after we have had a chance to discuss which items we would want them to concentrate on as part of their “Summary of Deliverables”.

We have budgeted \$5000.00 for this study in the 2015-16 Operating Budget under account #923-000.



July 7, 2015

Jim Smith
Third Taxing District
East Norwalk, CT

Dear Jim,

It is a pleasure to submit this engagement letter to provide an update to the Financial Plan and rate design for the Third Taxing District. This letter describes the scope of services and fees to complete the tasks described.

If you are in agreement with the terms identified please sign and return to the address listed below.

Scope of Services

Completion of Financial Projection – Summary deliverables

- Financial Projection and long term rate track
 - a. Development of five year financial projection
 - b. Identification of long term rate adjustments
 - c. Identification of projected debt coverage ratios
 - d. Minimum cash reserve for the utility to maintain
 - e. Identification of target operating income
- Rate Design for one year
 - a. Impact of rate designs at various usage levels within each class
 - b. Movement of rate toward cost of service
- Detailed report for Management
 - a. Identifying process and results of study
- Presentation to Management and the Board of Directors/City Council (Conference Call or WebEx. On-site optional)
 - a. Presentation of results
 - b. Training on financial targets and how to consider looking at costs
 - c. Input from Board/Council on rate adjustments and movement toward cost of service

Fees for Services Outlined above: \$9,500

Fees excludes the optional on-site presentation. Time, travel and out of pockets additional for on-site presentations.

Fees for Optional Services:

Optional services and presentations will be billed hourly as requested. The hourly rates are listed in the table below:

	Hourly Rate
Mark Beauchamp	\$ 280.00
Dawn Lund	\$ 225.00
Mike Johnson	\$ 200.00
Dan Kasbohm	\$ 200.00
Chris Lund	\$200.00
Joan Bakenhus	\$ 120.00
Support Staff	\$ 65.00 – 120.00

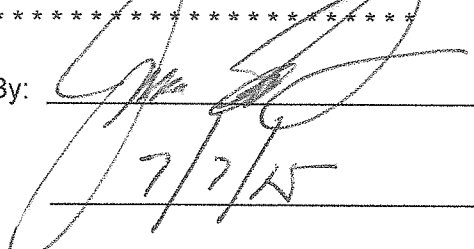
If you have any questions please call me at 231-218-9664. If you are in agreement with this letter please mail to dlund@ufswweb.com or mail to:

Utility Financial Solutions
PO Box 582
Leland, MI 49654

We look forward to exceeding your expectations for this engagement.

Sincerely,

Dawn Lund
Vice-President, Utility Financial Solutions

Accepted By: 
Date: 7/7/15



Third Taxing District

2 Second Street
East Norwalk, CT 06855

Tel: (203) 866-9271

Fax: (203) 866-9856

MEMORANDUM

August 3, 2015

To: Commission

From: Ron Scofield



Re: Signs

We have three major signs in the District – one at Constitution Park, one at Hanford Switch (by clock) and one at Ludlow Triangle Park which is smaller and currently sits in front of the summer concert sign.

We also have various smaller signs at different traffic islands and parks indicating that we maintain them.

The original request to me was to have all signs be alike. I believe that was only directed at the three larger signs.

At the October 2014 Commission meeting, there was discussion to remove the sign at Constitution Park and make all signs the same. I was asked to get three or four samples of potential new signs for the November 2014 meeting which was tabled to the April 2015 meeting.

At the April meeting, the signs were discussed, but it was tabled to the August 2015 meeting with more information provided.

I recommend that the following decisions be made:

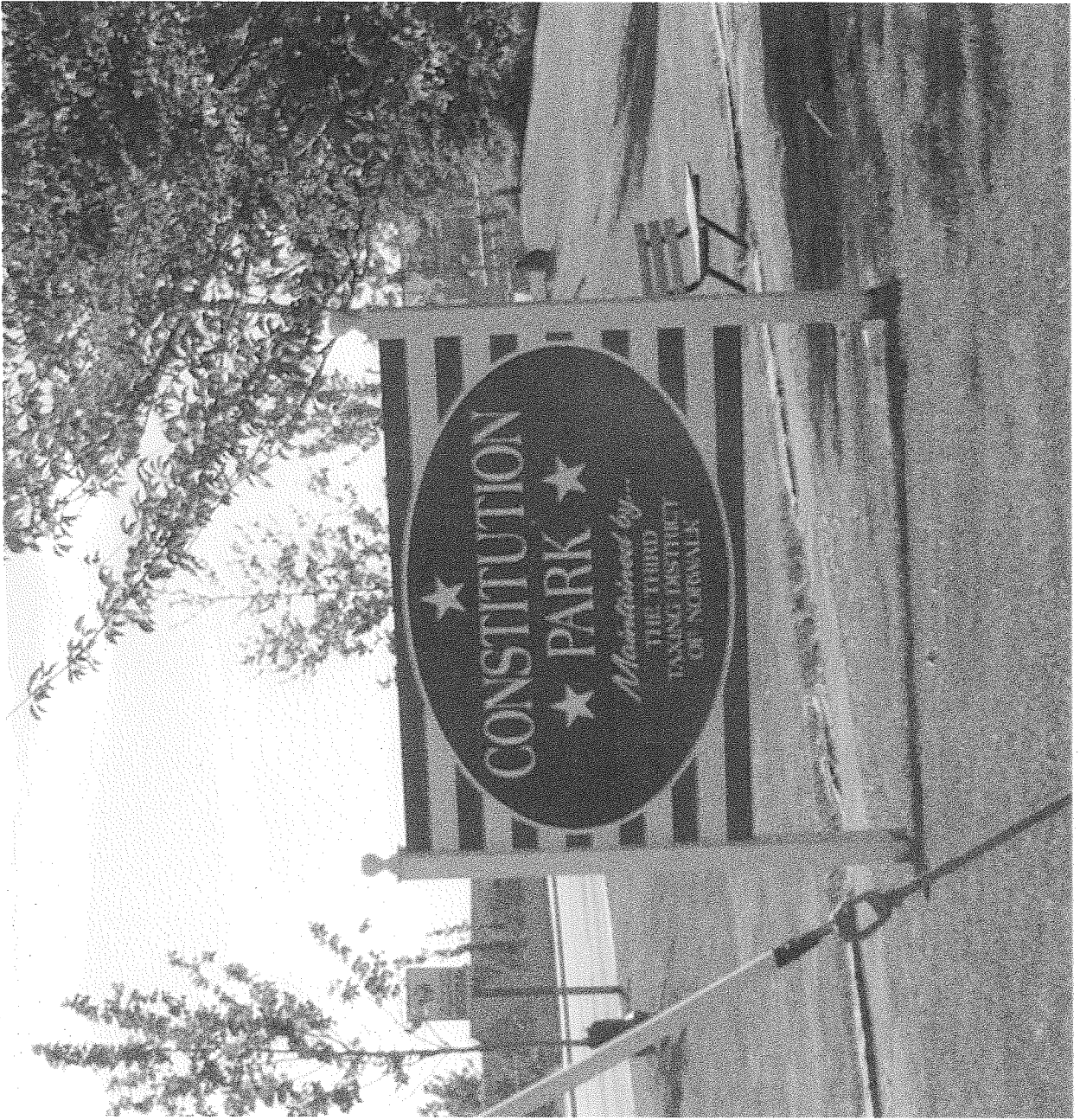
1. Do you want all signs the same, including sign #5 in the photos enclosed?
2. Do you want to remove all of the existing signs at once and replace with new signs or phase them in at various intervals? For example, the sign at Constitution Park is only 2-1/2 years old and the sandblasted signs (photos #2 and #3) were refurbished and are probably good for another three years or more.

District Commissioners

Charles L. Yost	203-853-0837	Chairman	James Smith	203-866-9271	General Manager
David L. Brown	203-866-8099	Commissioner	Ron Scofield	203-866-9271	Assistant General Manager
Debora Goldstein	203-252-7214	Commissioner	Michael Intrieri	203-866-3001	Treasurer

3. There is no money currently listed in the District Budget. Do you want to put it in the next fiscal year budget for approval at the 2016 Annual Meeting?
4. Decide if you want sandblasted signs at an approximately cost of \$2,200 each or signs that are not sandblasted at a cost of between \$700-\$900, or a more expensive type of sign which we can get a quote on.

Once these above questions have been answered, I can obtain more specific quotes on the size and type of signs that you desire.

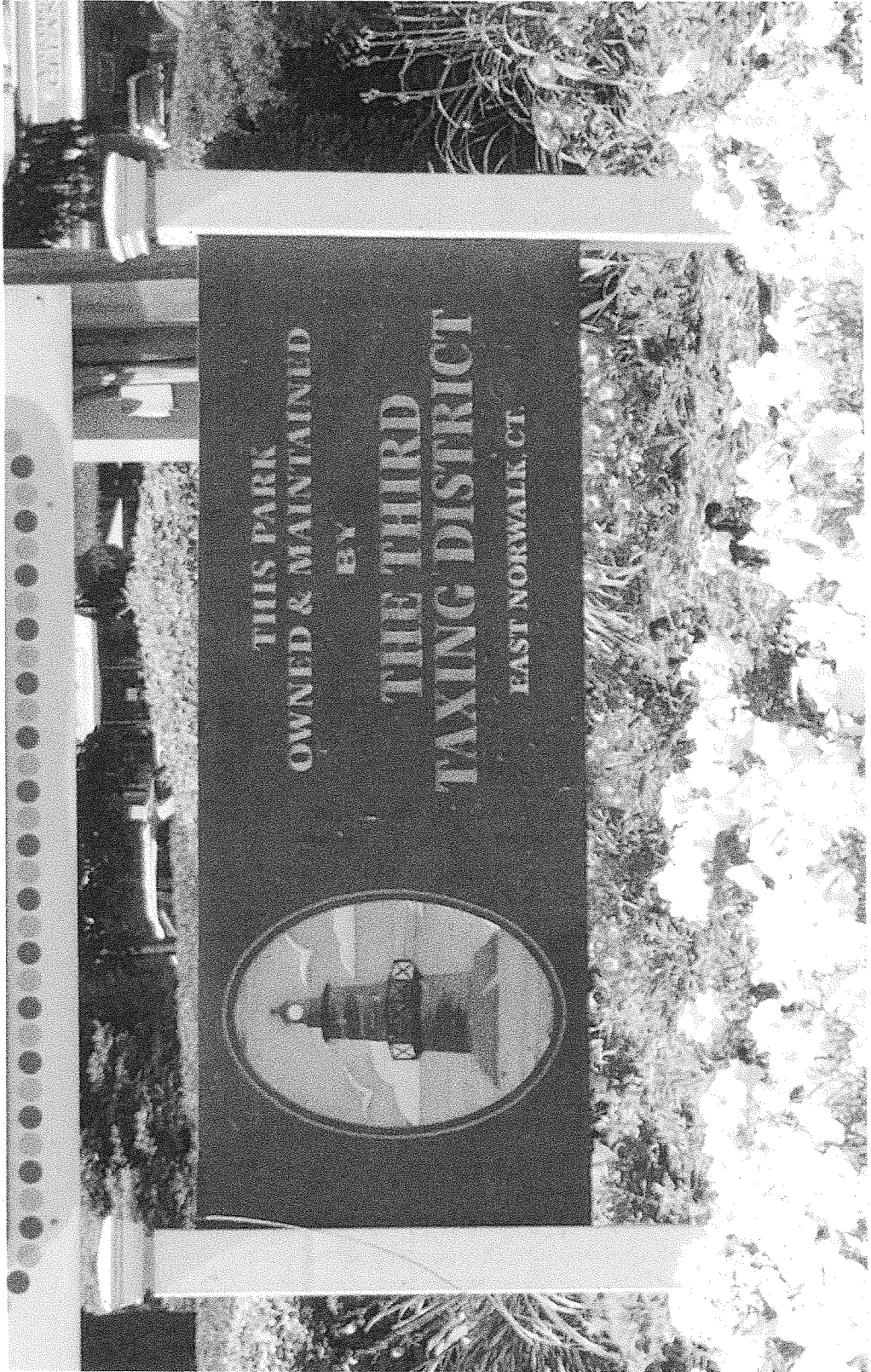


#1

Pg. 37



#2



#3

#4



#5



058
5

#6



Pg. 42

Proposed Styles for New Signage

Sign #1 – Cedar Post & Redwood Finials (Ball on Top of Post)

Exterior Grade Plywood – 2' x 5'

TTD Logo on White Background

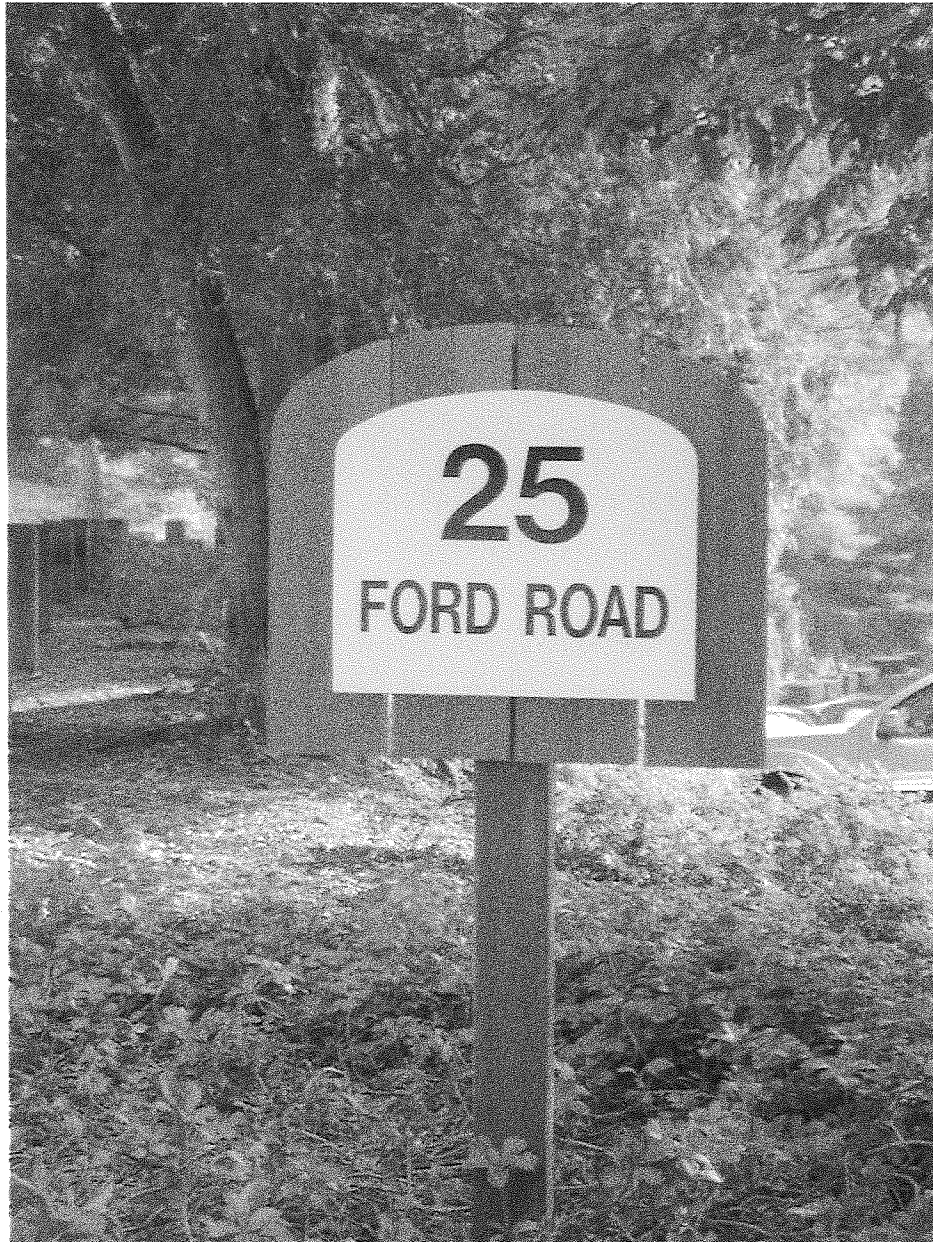
Range without installation - \$650.00



Sign #2 – Cedar Post - Exterior Grade Plywood
w/Lattice Work – 2' x 5'
TTD Logo on White Background
Range without installation - \$750.00



Sign #3 – Cedar w/Wood Preservative – 2' x 5'
TTD Logo on White Background (Face)
Range without installation - \$850.00-\$875.00



Sign #4 – Mahogany on Cedar Posts – 2' x 5'
With our Logo – White Background
Lettering in Blue
Range without installation - \$2,500.00



GENERAL MANAGER'S REPORT
(Note Page)

Tree Trimming Update
Facts and Figures

2014/15 Operating Budget: \$17,620

2015/16 Operating Budget: \$18,480

Contractor: KTI Utility Construction & Maintenance, LLC

Timing: Normally performed during the fall and winter months when there are no leaves on the trees.

Method of Tree Trimming: The district is divided into four quadrants and a percentage of the system is trimmed in any given year.

Typical trimming pattern:

- 6 feet back from primary and secondary lines.
- Spot trimming.
- Special needs for customers.

2014/15 – Streets that have had portions trimmed:

- Ludlow Manor
- Raymond Lane
- East Avenue
- Cloverly Circle
- Winfield Street
- Scofield Place
- Shorehaven Road
- Rowan Street
- Fitch and Rowan substations

2014/15 - Streets with tree removal:

- Winfield Street
- Old Saugatuck Road (2)
- Acacia Street
- Shorehaven
- Norman Avenue

**Third Taxing District
Financial Highlights
July-June- 2015 vs. July-June-2014**

	July-June -2015	July-June -2014	\$ Change	% Change
Total Income	10,190,857	10,179,409	11,449	0%
Total Expense	10,797,806	10,660,273	137,533	1%
Net Ordinary Income	(606,949)	(480,864)	(126,084)	26%
Other Income	747,556	656,161	91,396	14%
Other Expense	48,018	42,940	-	-
Net Income before Rate Stabilization	92,590	132,356	(39,767)	-30%
Rate Stabilization	414,495	75,910	338,585	446%
Net Income	507,085	208,267	298,818	143%

CASH BALANCES FY 2015

ACCTS

Jun-15

Operating Accounts	540,662
Capital Improvements Fund	896,543

TTD Outstanding Principal Balance with CMEEC

Balance as of July 1, 2014	5,146,271
Current Balance	4,657,558

Power Supply

	Current Fiscal Year-to-Date	Last Fiscal Year-to-Date	\$ Change	% Change
Energy Cost	\$ 6,769,457	\$ 6,868,503	\$ (99,045)	-1%
Budget Energy Cost	\$ 6,227,901	\$ 6,525,077	\$(297,177)	-5%
Energy Cost Cents/KWH	10.350	10.950	\$ (0.60)	-5%

Third Taxing District
Profit & Loss Prev Year Comparison
 July 2014 through June 2015

	Jul '14 - Jun 15	Jul '13 - Jun 14	\$ Change	% Change
Ordinary Income/Expense				
Income				
443-00 · Cervalis Data Center Revenues	136,240.23	33,283.62	102,956.61	309.33%
440-00 · Residential Sales	3,841,786.50	2,702,673.70	1,139,112.80	42.15%
442-01 · Large Commercial Sales	963,158.06	678,030.51	285,127.55	42.05%
442-02 · Small Commercial Sales	2,584,861.15	2,006,413.74	578,447.41	28.83%
445-01 · Water Pollutn Contrl Pnt Sales	1,053,908.50	727,132.61	326,775.89	44.94%
445-02 · Flat Rate	98,568.01	90,777.48	7,790.53	8.58%
557-00 · Purchased Power Adjustment	1,512,334.75	3,941,096.88	-2,428,762.13	-61.63% Footnote 1
Total Income	10,190,857.20	10,179,408.54	11,448.66	0.11%
Cost of Goods Sold				
555-00 · Electrical Power Purchased	6,769,457.35	6,868,502.60	-99,045.25	-1.44%
Total COGS	6,769,457.35	6,868,502.60	-99,045.25	-1.44%
Gross Profit	3,421,399.85	3,310,905.94	110,493.91	3.34%
Expense				
904-00 · Substation	218,830.06	108,511.58	110,318.48	101.67% Footnote 2
930-43 · TTD 100th Anniversary	0.00	28,240.77	-28,240.77	-100.0%
403-00 · Depreciation Expense	600,835.59	557,160.00	43,675.59	7.84% Footnote 3
408-00 · Taxes	311,880.56	346,544.00	-34,663.44	-10.0%
540-00 · Other Power Generation Expense	132,289.89	180,316.89	-48,027.00	-26.64% Footnote 4
580-00 · Distribution Expenses	48,306.98	71,425.37	-23,118.39	-32.37% Footnote 5
590-00 · Maintenance Expenses	577,087.58	424,351.76	152,735.82	35.99% Footnote 6
900-00 · Customer Accounts & Service	259,454.18	316,817.85	-57,363.67	-18.11% Footnote 7
920-00 · Administrative Expenses	1,877,189.09	1,758,402.07	118,787.02	6.76% Footnote 8
980-00 · General Community Expenses	2,474.61	0.00	2,474.61	100.0% Footnote 9
Total Expense	4,028,348.54	3,791,770.29	236,578.25	6.24%
Net Ordinary Income	-606,948.69	-480,864.35	-126,084.34	-26.22%
Other Income/Expense				
Other Income				
418-00 · Dividends	13,293.69	12,684.08	609.61	4.81%
419-00 · Interest Income	46,601.65	15,042.99	31,558.66	209.79% Footnote 10
420-00 · Gain/(Loss) on Investments	42,399.81	0.00	42,399.81	100.0% Footnote 11
421-00 · Norden Project Income	641,728.62	528,593.62	113,135.00	21.4%
423-00 · Gain/(Loss) from Sale of FA	3,532.65	32,825.40	-29,292.75	-89.24% Footnote 12
424-00 · Energy Conservation Fund Income	0.00	67,014.61	-67,014.61	-100.0%
425-00 · Miscellaneous Income	0.00	0.00	0.00	0.0%
Total Other Income	747,556.42	656,160.70	91,395.72	13.93%
Other Expense				
426-30 · PERSON TO PERSON	20,000.00	20,000.00	0.00	0.0%
426-20 · Energy Conservation Expense	25,332.36	15,792.40	9,539.96	60.41% Footnote 13
942-00 · Interest Expense	2,685.83	7,147.76	-4,461.93	-62.42%
Total Other Expense	48,018.19	42,940.16	5,078.03	11.83%
Net Other Income	699,538.23	613,220.54	86,317.69	14.08%
Net Income before rate stabilization	92,589.54	132,356.19	-39,766.65	-30.05%
Rate Stabilization	414,495.23	75,910.38	338,584.85	446.03%
Net Income	507,084.77	208,266.57	298,818.20	143.48%

Third Taxing District
Profit & Loss Prev Year Comparison
 June 2015

	Jun 15	Jun 14	\$ Change	% Change
Ordinary Income/Expense				
Income				
443-00 · Cervalis Data Center Revenues	11,989.83	20,713.01	-8,723.18	-42.11%
440-00 · Residential Sales	294,925.37	173,738.71	121,186.66	69.75%
442-01 · Large Commercial Sales	82,432.96	51,806.20	30,626.76	59.12%
442-02 · Small Commercial Sales	232,846.32	151,870.41	80,975.91	53.32%
445-01 · Water Pollutn Contrl PInt Sales	84,751.23	55,401.36	29,349.87	52.98%
445-02 · Flat Rate	8,705.04	8,804.04	-99.00	-1.12%
451-00 · Miscellaneous Service Revenue	2,167.96	0.00	2,167.96	100.0%
557-00 · Purchased Power Adjustment	87,250.79	272,327.51	-185,076.72	-67.96%
Total Income	805,069.50	734,661.24	70,408.26	9.58%
Cost of Goods Sold				
555-00 · Electrical Power Purchased	488,657.92	480,358.57	8,299.35	1.73%
Total COGS	488,657.92	480,358.57	8,299.35	1.73%
Gross Profit	316,411.58	254,302.67	62,108.91	24.42%
Expense				
904-00 · Substation	16,900.37	14,472.90	2,427.47	16.77%
403-00 · Depreciation Expense	46,636.06	60,370.35	-13,734.29	-22.75%
408-00 · Taxes	1,183.07	792.22	390.85	49.34%
540-00 · Other Power Generation Expense	1,895.08	1,387.59	507.49	36.57%
580-00 · Distribution Expenses	3,531.24	8,205.34	-4,674.10	-56.96%
590-00 · Maintenance Expenses	21,473.74	25,528.96	-4,055.22	-15.89%
900-00 · Customer Accounts & Service	16,785.39	20,585.22	-3,799.83	-18.46%
920-00 · Administrative Expenses	129,099.56	111,919.04	17,180.52	15.35%
980-00 · General Community Expenses	1,097.26	0.00	1,097.26	100.0%
Total Expense	238,601.77	243,261.62	-4,659.85	-1.92%
Net Ordinary Income	77,809.81	11,041.05	66,768.76	604.73%
Other Income/Expense				
Other Income				
418-00 · Dividends	0.00	0.00	0.00	0.0%
419-00 · Interest Income	0.00	5.25	-5.25	-100.0%
421-00 · Norden Project Income	43,003.48	46,002.00	-2,998.52	-6.52%
423-00 · Gain/(Loss) from Sale of FA	1,401.65	0.00	1,401.65	100.0%
424-00 · Energy Conservation Fund Income	10,911.33	14,721.25	-3,809.92	-25.88%
Total Other Income	55,316.46	60,728.50	-5,412.04	-8.91%
Other Expense				
942-00 · Interest Expense	145.31	0.00	145.31	100.0%
Total Other Expense	145.31	0.00	145.31	100.0%
Net Other Income	55,171.15	60,728.50	-5,557.35	-9.15%
Net Income before rate stabilization	132,980.96	71,769.55	61,211.41	85.29%
Rate Stabilization	28,874.91	68,344.70	-39,469.79	-57.75%
Net Income	161,855.87	140,114.25	21,741.62	15.52%

Third Taxing District
Profit & Loss Statement
Explanation of Major Variances
Jul-June -2015 vs. Jul- June - 2014

1. The decrease in the fuel adjustment is due to the fact that the District moved to a revenue neutral rate adjustment in accordance with the results of the independent rate study. The Fuel Adjustment rate was decreased and the adjustments were spread proportionally to the revenues throughout the system. This can be seen by reviewing the year to date June 2015 month to date financial statements versus the year to date June 2014 financial statements.
2. The increase in substation expense of \$110K is due to the fact that a separate payroll expense category was setup for Pete Johnson and Scott Tracey who will be working on the substation.
3. Increase in depreciation expense is up due primarily to the depreciation of substation which came on line in January of 2014. The substation will be depreciated over 20 years and will have an annual depreciation of \$251,328 or monthly depreciation of \$20,944.
4. The decrease of \$48K in Other Power Generation expense is mainly due to the additional maintenance work done by HO Penn Machinery in the prior year to get the generators up and running to optimization.
5. The \$23K decrease in Distribution Expense is a function of better pricing for materials and supply purchases from Air Gas, Electrical Wholesalers, and other miscellaneous vendors in the current year.
6. The \$152K increase in Maintenance Expense is due to approximately \$16K in additional substation maintenance from Eleck & Salvato, Oman's Garden, and Effective Plumbing, related to a water leak below the Fitch Street Substation Control House. These expenses will be offset in the future with a credit received from Eaton Corporation. We also spent \$8K on overhead line maintenance with WESCO. There is approximately 6,400 in roof repairs with Zhakar roofing. There is also an increase in tree trimming and other related maintenance in an effort to reduce outages. Also included in payroll is Paul Hedrick who was not working at TTD in the prior year.
7. The approximate \$57K decrease in Customer Accounts & Service is mainly due to payroll associated with the retirement of Ana Aguilar, as well as the fact that wages for Pete Johnson were shown in this category during the prior year and are now listed under Substation expense for the current year. Ana's

decreased wages are now being partially offset by the hiring of the new customer service rep position.

8. The increase of \$118K in Administrative Expenses is due to the following:
 - a. \$9K in temporary staffing of Cynthia and Kiki before hiring.
 - b. \$20K in repairs and maintenance of 2 Second Street facility.
 - c. \$10K in the timing of health insurance premiums and payments.
 - d. \$74K increase in legal fees mainly due to Amy Livolsi & Berchem, Moses, & Devlin.
 - e. The remainder is due to increases in Admin payroll, payroll taxes and call time charged to this account based on increased customer activity over the period.
9. This account is a new account setup to track expenditures related to the special library forum meetings.
10. The increase of \$31K in interest income is due to a full year of interest on the Cervalis loan versus only 5 months in the prior year.
11. The increase of \$42K is the unrealized gain on our capital improvements account to date. Note: Now that the Fitch Street and Cervalis projects are complete we are now investing in the account rather than keeping it completely liquid.
12. Gain or loss on the Sale of Fixed Assets is due to the sale of scrap.
13. The amounts in Energy Conservation expense are net of Energy Conservation revenues collected and are due to the purchase of the new LED streetlights as well as LED bulbs for our customers. As these expenses are incurred they are reimbursed to the district through our conservation fund.

THIRD TAXING DISTRICT
KEY PERFORMANCE INDICATORS (KPI'S)

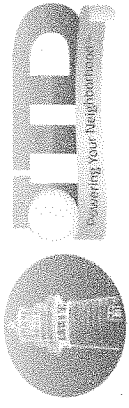
		2015	June 2014	Industry Average (Bandwidth)
1)	<i>OPERATING RATIO</i>	TOTAL OPERATING EXPENSE / TOTAL OPERATING REVENUE	104.72%	87% - 92%
2)	<i>POWER SUPPLY EXPENSE RATIO</i>	TOTAL POWER SUPPLY EXPENSES / TOTAL EXPENSES	64%	65% - 70%
3)	<i>BAD DEBT RATIO</i>	TOTAL CUSTOMER ACCOUNTS OVER 90 DAY / TOTAL ACCOUNTS RECEIVABLE	6.50%	3% - 10%
4)	<i>ACTUAL RATE OF RETURN ON RATE BASE</i>	AUTHORIZED BY STATE STATUTE	N/A	Varies by state
5)	<i>ELECTRIC CUSTOMERS PER EMPLOYEE</i>	TOTAL ELECTRIC CUSTOMERS / TOTAL FULL TIME EMPLOYEES	410	200 - 500

THIRD TAXING DISTRICT
PROJECT SUMMARY REPORT
FY 2015-2016

PREPARED BY:
JIM SMITH
GENERAL MANAGER

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THIRD TAXING DISTRICT – PROJECT SUMMARY

UPDATED: JULY 31, 2015

#	<u>PROJECT</u>	<u>STATUS</u>	<u>TIMELINE</u>	<u>COMMENTS/MONTHLY UPDATE</u>
1)	A-BASE METER REPLACEMENT PROGRAM	<ul style="list-style-type: none"> IN PROCESS WITH METER DEPT. 	COMPLETE 3 RD QUARTER 2015	<ul style="list-style-type: none"> JULY 2015 – CONTINUED WORKING ON METER REPLACEMENTS WITH METER PERSONNEL. WE CURRENTLY HAVE CONVERTED 6 A-BASED METERS OR 5% OF THE TOTAL A-BASED INSTALLATIONS IN THE SYSTEM.
2)	CUSTOMER SERVICE TRAINING PROGRAM	<ul style="list-style-type: none"> TRAINING THROUGHOUT THE YEAR BASED ON TRAINING OPPORTUNITIES AND EMPLOYEE SCHEDULES. 	ON-GOING	



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	SUCCESSION PLANNING PROCESS	COMPLETE WITH PERIODIC REVIEW	ON-GOING	
3)		<ul style="list-style-type: none"> • COMPLETE WITH PERIODIC REVIEW 	ON-GOING THROUGH 2015	<ul style="list-style-type: none"> • JULY 2015 – METER DEPARTMENT PERSONNEL CONTINUED TO INSTALL RADIO-READ METERS DURING THE MONTH BASED ON AVAILABLE TIME IN THE DAILY SCHEDULE. WE HAVE INSTALLED 1,125 RADIO-READ METERS TO DATE, OR 29% OF THE TOTAL METERS IN THE SYSTEM AS OF THE END OF JULY.
5)	UPGRADE FLEET VEHICLES	<ul style="list-style-type: none"> • PURCHASING/LEASING VEHICLES IN ACCORDANCE WITH FIVE-YEAR FLEET VEHICLE REPLACEMENT SCHEDULE. 	ON-GOING WITH PERIODIC UPDATES	



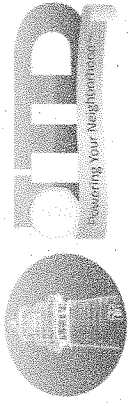
COMMENTS/MONTHLY UPDATE

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#	PROJECT	STATUS	TIMELINE	COMMENTS/MONTHLY UPDATE
6)	UPDATE EMERGENCY PLAN FOR DEPARTMENT	<ul style="list-style-type: none"> IMPLEMENTED AS NEEDED DEPENDING ON WEATHER CONDITIONS, OR AS SPECIAL CIRCUMSTANCES DICTATE. 	ON-GOING	
7)	I/T UPDATE/ UPGRADES	<ul style="list-style-type: none"> TRANSITION PROCESS COMPLETED WITH PERIODIC UPDATES TO HARDWARE/ SOFTWARE, IT SYSTEM, ETC. AS NEEDED. 	ON-GOING	<ul style="list-style-type: none"> JULY 2015 – NETOLOGY HAS COMPLETED THEIR PORTION OF THE TELEMETRY ISSUES AT THE NORDEN/CERVALIS SUBSTATION SITES. WE ARE WAITING FOR FRONTIER/CMEEC TO COMPLETE THEIR PORTION OF THE WORK TO COMPLETE THE “DIAL-UP” TO DSL CONVERSION AT BOTH SITES. JULY 2015 – NETOLOGY HAS WORKED, AND CONTINUES TO WORK, WITH SURVALENT, OUR SCADA VENDOR, ON TECHNICAL DETAILS REGARDING PHASES 1 AND 2 OF THE SCADA PROJECT. AN “OFFICIAL” KICK-OFF MEETING TO BEGIN THE PROJECT IS SCHEDULED FOR JULY 31ST. WE ALSO HAVE BEEN INFORMED THAT ALL SCADA COSTS CAN BE CONSIDERED FOR INCLUSION IN OUR ANNUAL POOL TRANSMISSION COST (PTC) CALCULATION WHICH IS FILED WITH THE NEW ENGLAND ISO.



COMMENTS/MONTHLY UPDATE

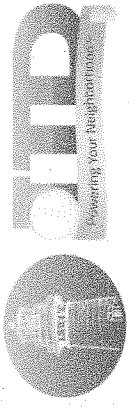
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	<p>CONDUCT COST OF SERVICE/RATE STUDY</p>	<p>COMPLETE WITH PERIODIC UPDATES.</p>		<p>JULY 2015 – CONTACTED DAWN LUND AT UFS REGARDING AN UPDATE OF THE COST OF SERVICE STUDY PERFORMED IN 2013-14. SHE HAS SUBMITTED A PROPOSAL WHICH WILL BE DISCUSSED AND REVIEWED WITH THE COMMISSION AT THE AUGUST 3, 2015 MEETING.</p>
<p>8)</p>			<p>BEGIN IN FALL OF 2015.</p>	<p>JULY 2015 – SPOKE TO TIM BLODGETT AT APPA HOMETOWN CONNECTIONS REGARDING BACKGROUND MATERIAL ON BYLAWS AND STRATEGIC PLANNING OPTIONS FOR PUBLIC POWER UTILITY COMMISSIONS. THIS MATERIAL WAS FORWARDED TO THE COMMISSION FOR REVIEW IN PREPARATION FOR STRATEGIC PLANNING SESSIONS TENTATIVELY SCHEDULED FOR THIS FALL.</p>
<p>9)</p>	<p>STRATEGIC PLANNING PROCESS</p>	<p>TO BE ADDRESSED WITH THE COMMISSION AT A FUTURE DATE.</p>		



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#	PROJECT	STATUS	TIMELINE	COMMENTS/MONTHLY UPDATE
10)	MAPLEWOOD		ON-GOING	<ul style="list-style-type: none"> JULY 2015 – CONSIDERABLE LEGAL ACTIVITY HAS TAKEN PLACE DURING JULY ON THE MAPLEWOOD LEGAL MATTER. BOTH EVERSOURCE AND MAPLEWOOD ARE LOOKING FOR THE CASE TO BE HEARD AT PURA, WHILE TTD’S ATTORNEY IS LEANING TOWARDS HAVING THE CASE ADJUDICATED IN SUPERIOR COURT. BOTH SIDES MAY ALSO BE INTERESTED IN SETTling THE CASE, ALTHOUGH NO DISCUSSIONS HAVE TAKEN PLACE AT THIS POINT.
11)	WEBSITE/BRANDING PROJECT	COMMISSION GRANTED EXTENSION OF JUMAR CONTRACT THROUGH FIRST QUARTER OF 2016.	ON-GOING THROUGH FIRST QTR 2016.	<ul style="list-style-type: none"> JULY 2015 – JUMAR HAS INITIATED SOME MODIFICATIONS TO THE WEBSITE, INCLUDING ADDING A HIGHLIGHTED “SCROLL” ON THE TOP OF THE HOME PAGE AND SEGREGATING INFORMATION ON THE WEBSITE FOR BOTH BUSINESSES AND RESIDENTIAL CUSTOMERS.



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12)	CATV POLE ATTACHMENTS/ AMPLIFIERS	<ul style="list-style-type: none"> CURRENTLY IN ACTIVE NEGOTIATIONS WITH CABLEVISION. 	ON-GOING	<ul style="list-style-type: none"> JULY 2015 – WE HAVE MADE CONTACT WITH CABLEVISION’S ATTORNEYS AND ARE ANTICIPATING RECEIVING THE FINAL POLE ATTACHMENT AGREEMENT BY THE END OF THE MONTH.
13)	UPGRADE/ENHANCE FUEL TANKS @ 2 SECOND STREET	<ul style="list-style-type: none"> CURRENTLY IN COMPLIANCE WITH ALL STATE CODES THROUGH MONTHLY INSPECTIONS. 	ON-GOING	
14)	SUBSTATION UPGRADES AND IMPROVEMENTS	<ul style="list-style-type: none"> PROJECTS ON-GOING IN ALL SUBSTATIONS IN ORDER TO UPGRADE/ MAINTAIN COMPLIANCE WITH CONVEX/NERC/ FERC REQUIREMENTS. 	ON-GOING	<ul style="list-style-type: none"> JULY 2015 – CONDUCTED OUR REGULARLY SCHEDULED “BLACKSTART” TEST OF THE NORDEN GENERATORS ON JULY 19TH. ALL THREE UNITS PICKED UP LOAD AS DESIGNED AND RAN WELL. LOAD SWITCHING BETWEEN THE UNITS INDICATED SOME SWITCHGEAR WIRING DEFICIENCIES AND ARE IN THE PROCESS OF BEING MODIFIED AND CORRECTED.



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15)	18 ROWAN STREET RENOVATION	<ul style="list-style-type: none"> PROPERTY ACQUIRED, HOUSE DEMOLISHED AND LOT REPAVED. FINAL STEP IS TO SITE A MATERIALS STORAGE FACILITY ON THE SITE. 	ON-GOING THROUGH 3 RD QUARTER 2015	<ul style="list-style-type: none"> JULY 2015 – STAFF CONTINUED TO REQUEST AND REVIEW PROPOSALS DURING THE MONTH FOR THE MATERIALS STORAGE FACILITY.
16)	CONSTRUCTION OF ELECTRIC VEHICLE CHARGING STATION	<ul style="list-style-type: none"> COMPLETED JANUARY 2015. NEED TO BUILD UP CUSTOMER BASE BASED ON PR/MARKETING INITIATIVES. 		<ul style="list-style-type: none"> JULY 2015 – IN RESPONSE TO A REQUEST FROM COMMISSIONER GOLDSTEIN AT THE JULY 6TH MEETING, THE FOLLOWING IS A RECAP OF ACTUAL USAGE FROM METER #9553, LOCATED ON POLE #147 AT 55 VAN ZANT STREET: <ul style="list-style-type: none"> NOV. 2014 – 21KWH DEC. 2014 – 33 KWH JAN. 2015 – 23 KWH FEB. 2015 – 21 KWH MAR. 2015 – 23 KWH APRIL 2015 – 22 KWH MAY 2015 – 26 KWH JUNE 2015 – 24 KWH <p>AS CAN BE SEEN, THE USAGE IS MINIMAL. WE ARE CONTINUING TO EXPLORE EVERY OPTION AVAILABLE TO CREATE MORE “TRAFFIC” AT THE LIBRARY LOCATION.</p>



COMMENTS/MONTHLY UPDATE

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#	PROJECT	STATUS	TIMELINE	COMMENTS/MONTHLY UPDATE
17)	<p><u>MISCELLANEOUS</u></p> <ul style="list-style-type: none"> ANNUAL REVENUE/EXPENSE BUDGET/FIVE-YEAR CAPITAL BUDGET 	<p>BUDGET BEING PREPARED FOR 2015/2016 FISCAL YEAR</p>	<p>SECOND QTR 2015, PRESENT TO COMMISSION FOR JULY 1, 2015 IMPLEMENTATION</p>	<ul style="list-style-type: none"> JULY 2015 – CONVENED A MEETING WITH STAFF AND MATT ALLRED TO REVIEW OPERATING AND CAPITAL BUDGET GUIDELINES FOR THE UPCOMING BUDGET YEAR, INCLUDING CASH FUNDING REQUIREMENTS AS OUTLINED WITH THE COMMISSION AT THE BUDGET REVIEW MEETING.
	<ul style="list-style-type: none"> SOLAR PV PROJECT ROOFTOP AT SECOND STREET OFFICE 	<p>NO ACTIVITY AT THIS TIME. WE WILL RE-EVALUATE ONCE ALL OTHER ENERGY CONSERVATION IMPROVEMENTS/PROJECTS (LED S/L's, ETC.) ARE COMPLETED.</p>	<p>END OF 4TH QTR 2015</p>	
	<ul style="list-style-type: none"> LEASE NEGOTIATION – NORDEN GENERATORS 	<p>DISCUSSION STAGE</p>	<p>ON-GOING</p>	
	<ul style="list-style-type: none"> SOLAR PROJECTS 	<p>DISCUSSION STAGE/ POTENTIAL PROJECTS</p>		



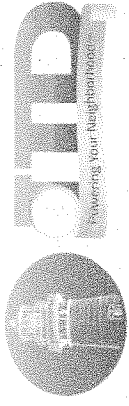
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	<ul style="list-style-type: none"> • <u>MISC. (Cont.)</u> • ANNUAL FINANCIAL AUDIT (FYE 6/30/14) 	<p>COMPLETED AS OF DECEMBER 27, 2014</p>	<p>EXPECTED COMPLETION DATE – OCTOBER 15TH OF EACH YEAR</p>	<ul style="list-style-type: none"> • JULY 2015 – RECEIVED THE ENGAGEMENT LETTER FROM HOPE & HERNANDEZ DURING THE MONTH. I WILL EXECUTE THE LETTER AFTER I REVIEW ITS CONTENTS WITH THE COMMISSION AT THE AUGUST 3, 2015 COMMISSION MEETING.
	<ul style="list-style-type: none"> • LED STREET LIGHT PROJECT 	<p>ON-GOING</p>	<p>ALL OF 2015</p>	<ul style="list-style-type: none"> • JULY 2015 – CONTINUING PROGRESS ON THE INSTALLATION OF THE LED STREET LIGHTS THROUGHOUT THE SYSTEM. WE HAVE INSTALLED 357 LED LIGHTS, OR 53% OF THE TOTAL LIGHTS IN THE SYSTEM AS OF THE END OF JULY.



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	<u>PROJECT</u>	<u>STATUS</u>	<u>TIMELINE</u>	<u>COMMENTS/MONTHLY UPDATE</u>
<ul style="list-style-type: none"> • <u>MISC. (Cont.)</u> 	<ul style="list-style-type: none"> • SCADA PROJECT 	<p>PROJECT BEGINS JULY 2015</p>	<ul style="list-style-type: none"> • 1ST/2ND PHASE (SECOND STREET-FITCH STREET SUB-STATION) – JULY 2015 – DECEMBER 2015 • 3RD PHASE (EAST AVENUE) JANUARY 2015 – APRIL 2016 • 4TH PHASE – MAY 2016 – AUGUST 2016 • 5TH PHASE – AUGUST 2016 – NOVEMBER 2016 	<ul style="list-style-type: none"> • JULY 2015 – STAFF AND REPRESENTATIVES FROM SURVALENT HAVE SCHEDULED AN OFFICIAL “KICKOFF” MEETING ON JULY 31ST TO ESTABLISH PROJECT GUIDELINES, TIMETABLES, ETC. PHASES 1 AND 2 OF THE PROJECT WILL COMMENCE DURING THE FIRST WEEK OF AUGUST.
<ul style="list-style-type: none"> • COMMERCIAL CUSTOMER VISITS 	<p>ON-GOING AS SCHEDULES PERMIT</p>	<p>THROUGHOUT 2015</p>		