



Third Taxing District

2 Second Street
East Norwalk, CT 06855

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

Third Taxing District of the City of Norwalk Commission Meeting

Monday, June 4, 2018 at 7:00p.m.

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

1. Public Comment – 15 Minute Limit
2. East Norwalk Library Solar – Possible A/R (Pgs 1-9)
3. Minutes of Meeting – May 7, 2018 Regular Meeting (Pgs. 10-17) and May 14, 2018 Special Meeting (Pgs. 18-22) – A/R
4. Discussion/Analysis of Financial Statements/Key Performance Indicators (Pgs. 23-28)
5. Draft Electric Budget Discussion (see Budget Binder) (Pgs. 29-32)
6. General Manager's Report
 - Engagement Letter – FYE June 30, 2018 Audit – A/R (Pgs. 33-40)
7. Project Summary (Pgs. 41-50)
8. Adjourn

*A/R – Action Required/See Attached Motion

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

M:\Shared\ Commission Meeting Information\Agenda 6-4-18.doc

District Commissioners

| | | | | | |
|--------------------------|--------------|--------------|-----------------------|---------------|---------------------------|
| David L. Brown | 203-866-8099 | Chairman | Kevin Barber | 203-866-9271 | General Manager |
| Debora Goldstein | 203-252-7214 | Commissioner | Ron Scofield | 203-866-9271 | Assistant General Manager |
| Pamela Parkington | 203-858-4261 | Commissioner | Johnnie Weldon | 203- 216-2652 | Treasurer |



Third Taxing District

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Memorandum

To: TTD Commissioners

From: Kevin Barber – General Manager

Date: May 31, 2018

Subject: East Norwalk Library Solar Project

As a follow up to my brief update at the May 7th Commission Meeting, staff, with help from Michael Cassella and Justin Connell from CMEEC have completed a thorough review of the three proposals and we are prepared to make a recommendation.

The review process included interviews with the three companies at which time we delved deeper into each proposal to determine the best solution for the Third Taxing District. Attached is a chart that compares the bids from the following companies:

- Pure Point Energy
- Ross Solar, A ConEdison Solutions Company
- Sound Solar Systems LLC

After careful analysis, we are recommending that we proceed with the solar project utilizing Ross Solar as the contractor. The Ross Solar proposal provides the largest annual and lifetime output and the lowest cost per kilowatt hour. The Ross Solar proposal is for \$88,350.

The funding for this project would come from the Renewable Resource Investment Fund (RRIF). The RRIF balance is currently \$116,267 and is available to foster and invest in renewable projects, including this project. The RRIF fund receives money from the Independent System Operators- New England (ISO-NE) from revenues received for projects that the CMEEC members have done and qualified for in the ISO-NE passive demand response capacity program.

District Commissioners

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As part of the review process, we engaged Justin Connell from CMEEC to calculate the avoided costs that TTD could expect to see from this project. Mr. Connell projected the avoided costs to be in excess of \$126,000 over the 20 year life of the project. This is an average of \$6,300 per year in avoided costs to TTD. Attached is one page of the financial analysis that details the input data and calculations used in developing the avoided costs.

Another piece of the financial analysis is the direct savings on the retail side. This would entail the savings anticipated from the reduction in the monthly electric bill for the library, which is funded by the District. The size of the solar array is 33kW which is expected to generate approximately 39,804 kWh of electricity on an annual basis. The production from the solar array will exceed the total usage of the library in a year. However this will not eliminate the energy charge on the monthly bill as the library's usage will not fully align with the generation from the solar array. If 75% of the library's electric usage is from the solar array, a yearly savings of approximately \$3,000 can be expected. Attached are two graphs that show the library's electric usage, by month, for the past three years and overlays the expected generation from the solar array.

Direct savings, when taking into consideration both the avoided costs and reduction of the library's electric bill is estimated to be approximately \$9,000-\$9,300 per year.

A third component that can be taken into consideration is the use of the funds from the RRIF by TTD customers. If TTD decides to not proceed with this project, the funds would be available to fund renewable projects by TTD customers. This could result in the loss of revenue for TTD as customers would offset their electric usage with a solar array installed behind the meter.

We will have a Powerpoint presentation at the meeting on Monday that provides additional information regarding this project. We will also have copies of the proposals for your review. Michael Cassella will be attending Monday's meeting and will be available to address any questions that you may have. I've also attached an outline of Mr. Cassella's talking points for your review.

TTD – Library Solar PV Bid Comparison

| Vendor | Installed Cost | Cost per kW installed | Annual kWh Output | Lifetime kWh Output | Cost per kWh |
|-------------------|----------------|-----------------------|-------------------|---------------------|--------------|
| Pure Point Energy | \$85,996 | \$2,580 | 36,139 | 851,289 | \$ 0.101019 |
| Ross Solar | \$88,350 (1) | \$2,500 | 39,804 | 937,621 | \$ 0.094228 |
| Sound Solar | \$87,360 (2) | \$2,800 | 38,980 | 918,211 | \$ 0.095142 |

Lowest installed cost

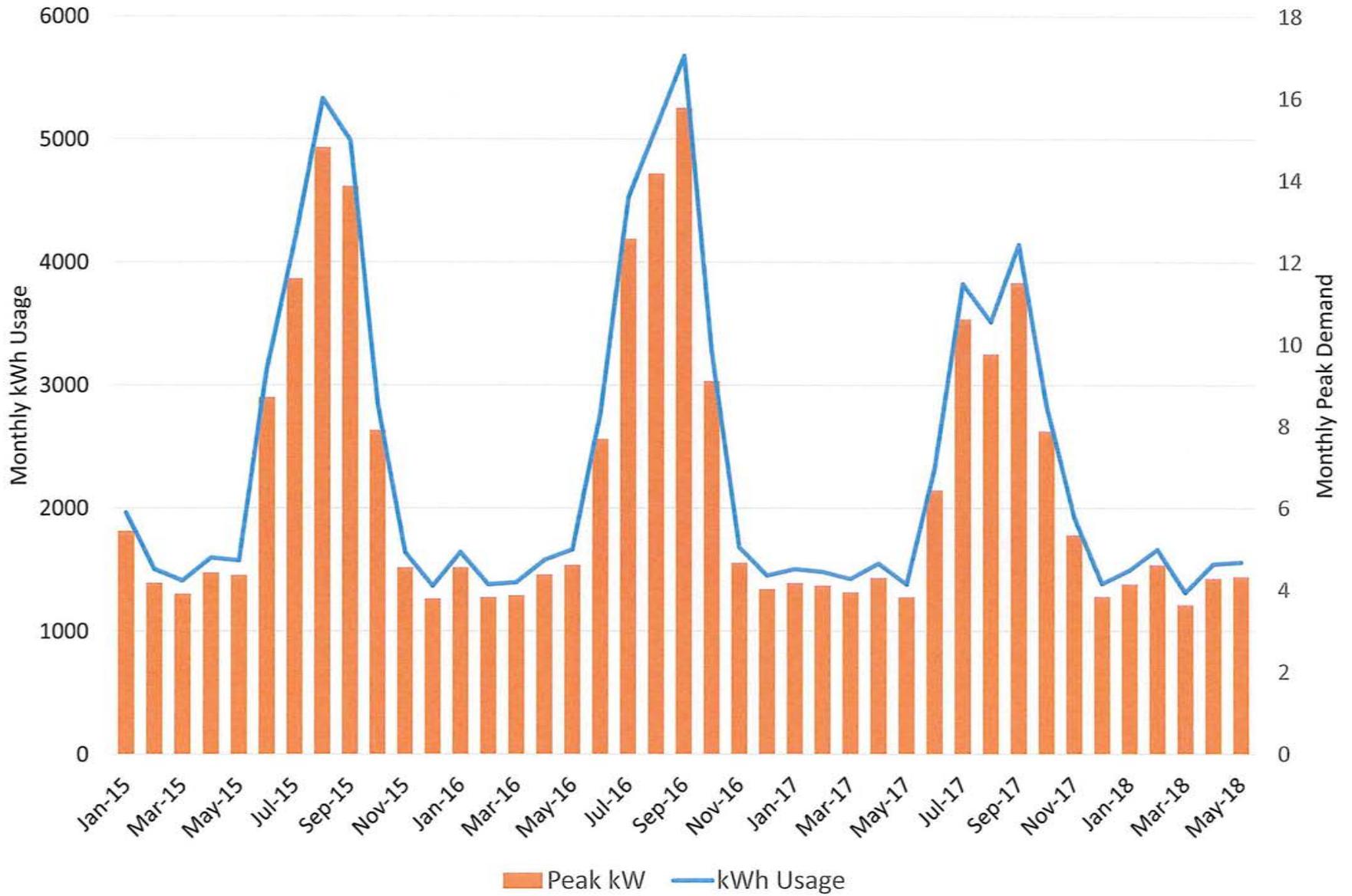
Low cost per lifetime kWh

Highest generation output

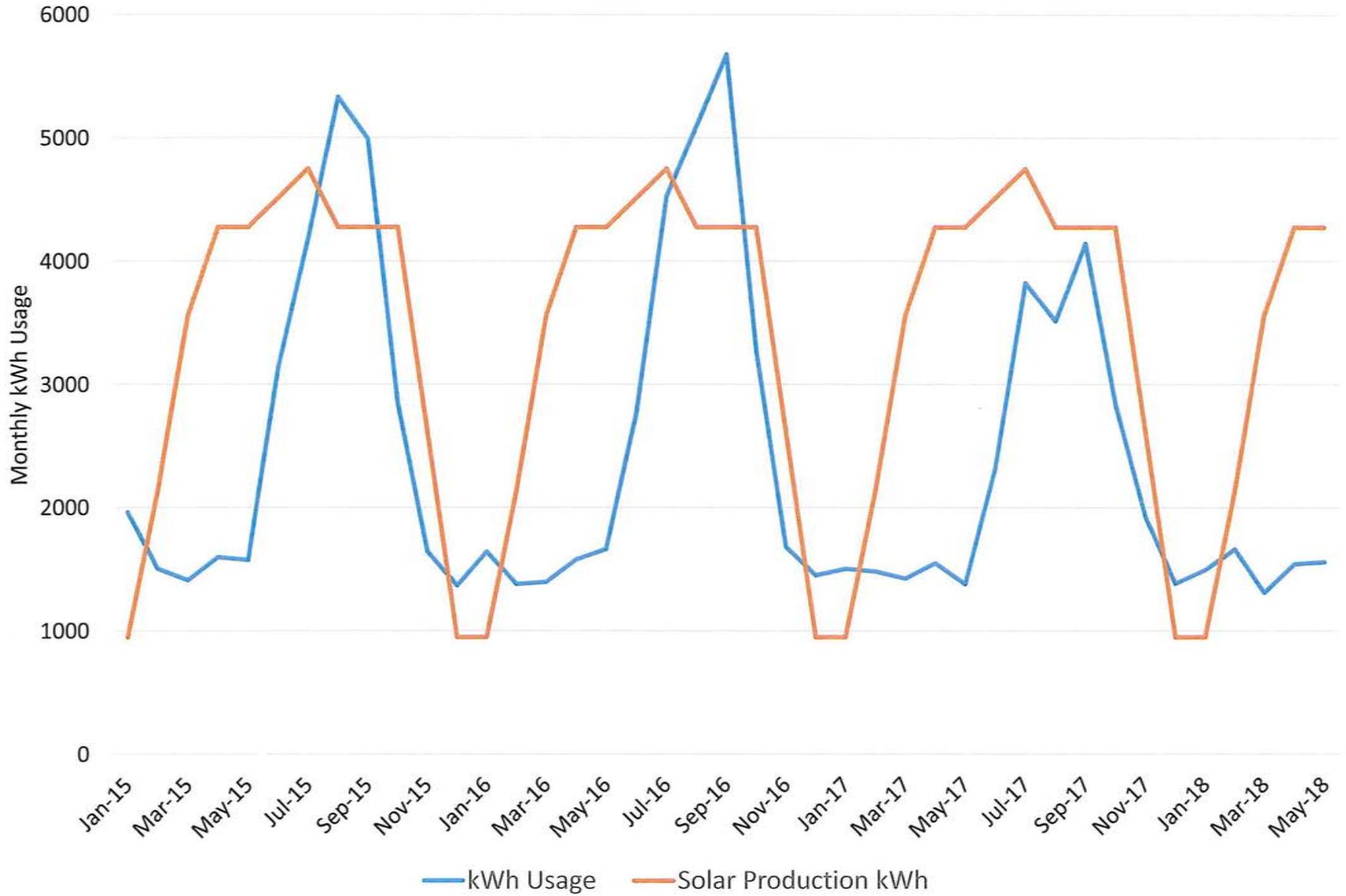
Notes:

- (1) Cost includes replacement of 200Amp electric panel and the installation of snow/ice guards
- (2) Installation of snow guard system not included, approximately \$8,000. Proposal indicates electrical upgrade may be required.

TTD Library Historical Usage and Assumed Peak Demand Assuming a 50% Load Factor



TTD Library Historical Usage and Assumed Solar Production
Assuming a 50% Load Factor



| | | Jan-19 | Feb-19 | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | |
|--------------------------|------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----|
| Solar Assumptions | Solar System Size (kW) | 33 | 33.0 | 32.9 | 32.9 | 32.9 | 32.8 | 32.8 | 32.8 | 32.7 | 32.7 | 32.7 | 32.6 | 32.6 | 32.6 | 32.5 | 32.5 | 32.5 | 32.4 | |
| | Monthly Capacity Factor (%) | 4% | 4% | 11% | 18% | 18% | 18% | 20% | 19% | 18% | 18% | 15% | 9% | 4% | 4% | 4% | 11% | 18% | 18% | |
| | Transmission Coincidence (%) | 0% | 0% | 0% | 0% | 50% | 80% | 90% | 90% | 80% | 50% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 50% | 80% |
| | Capacity Coincidence (%) | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% |
| | Capacity Reserve Margin (%) | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% |
| | System Production (kWh) | 950 | 949 | 2608 | 4264 | 4260 | 4255 | 4724 | 4483 | 4243 | 4238 | 3529 | 2115 | 939 | 938 | 937 | 2575 | 4209 | 4205 | |
| | Transmission offset (kW) | 0 | 0 | 0 | 0 | 16 | 26 | 30 | 29 | 26 | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 16 | 26 | |
| Capacity offset (kW) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 29 | |

| | | | | | | | | | | | | | | | | | | | |
|----------------------------|--------------------------|------|------|------|------|------|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Battery Assumptions | Battery System Size (kW) | 10 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 9.9 | 9.9 | 9.9 | 9.9 | 9.9 | 9.9 | 9.9 | 9.9 | 9.9 | 9.9 | 9.8 | 9.8 |
| | Transmission offset (kW) | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 9.9 | 9.9 | 9.9 | 9.9 | 9.9 | 9.9 | 9.9 | 9.9 | 9.9 | 9.9 | 9.8 | 9.8 |
| | Capacity offset (kW) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 9.8 |

| | | | | | | | | | | | | | | | | | | | | |
|----------------------------|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Market Assumptions | Forward OP Energy (\$/MWh) | \$83.22 | \$79.62 | \$50.21 | \$32.95 | \$28.22 | \$29.63 | \$36.74 | \$36.97 | \$29.46 | \$31.22 | \$37.17 | \$60.41 | \$83.69 | \$84.34 | \$51.77 | \$32.82 | \$29.23 | \$29.90 | |
| | Capacity Rate (\$/kW-mo) | \$9.55 | \$9.55 | \$9.55 | \$9.55 | \$9.55 | \$7.03 | \$7.03 | \$7.03 | \$7.03 | \$7.03 | \$7.03 | \$7.03 | \$7.03 | \$7.03 | \$7.03 | \$7.03 | \$7.03 | \$7.03 | \$5.30 |
| | Transmission RNS Rate (\$/kW-mo) | \$10.00 | \$10.00 | \$10.00 | \$10.00 | \$10.00 | \$10.00 | \$10.67 | \$10.67 | \$10.67 | \$10.67 | \$10.67 | \$10.67 | \$10.67 | \$10.67 | \$10.67 | \$10.67 | \$10.67 | \$10.67 | \$10.67 |
| | Transmission LNS Rate (\$/kW-mo) | \$1.64 | \$1.54 | \$1.62 | \$1.71 | \$2.09 | \$1.84 | \$1.70 | \$1.43 | \$1.48 | \$1.50 | \$1.96 | \$1.84 | \$1.68 | \$1.57 | \$1.65 | \$1.75 | \$2.13 | \$1.88 | |
| | Transmission UIRate (\$/kW-mo) | \$0.20 | \$0.18 | \$0.19 | \$0.20 | \$0.25 | \$0.22 | \$0.20 | \$0.17 | \$0.18 | \$0.18 | \$0.23 | \$0.22 | \$0.20 | \$0.19 | \$0.20 | \$0.21 | \$0.25 | \$0.25 | |
| | Ancillary Rate (\$/MWh) | \$2 | \$2 | \$2 | \$2 | \$2 | \$2 | \$2 | \$2 | \$2 | \$2 | \$2 | \$2 | \$2.05 | \$2.05 | \$2.05 | \$2.05 | \$2.05 | \$2.05 | |
| | ISO Tariff Charge (\$/MWh) | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1.03 | \$1.03 | \$1.03 | \$1.03 | \$1.03 | \$1.03 | |
| Class 1 REC Value (\$/MWh) | \$25 | \$25 | \$25 | \$25 | \$25 | \$25 | \$25 | \$25 | \$25 | \$25 | \$25 | \$25 | \$25 | \$25 | \$25 | \$25 | \$25 | \$25 | | |

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|----------------------|-------------------------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|----------|
| Solar Benefit | Monthly Avoided Energy \$ | \$79.09 | \$75.59 | \$130.98 | \$140.49 | \$120.20 | \$126.10 | \$173.56 | \$165.73 | \$124.97 | \$132.33 | \$131.14 | \$127.77 | \$78.59 | \$79.12 | \$48.52 | \$84.50 | \$123.05 | \$125.73 | |
| | Monthly Avoided Capacity \$ | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$201.18 | |
| | Monthly Avoided Transmission \$ | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$202.78 | \$316.91 | \$371.04 | \$361.92 | \$322.65 | \$201.91 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$211.97 | \$331.53 |
| | Monthly Avoided Ancillary \$ | \$1.90 | \$1.90 | \$5.22 | \$8.53 | \$8.52 | \$8.51 | \$9.45 | \$8.97 | \$8.49 | \$8.48 | \$7.06 | \$4.23 | \$1.93 | \$1.92 | \$1.92 | \$5.28 | \$8.63 | \$8.62 | |
| | Monthly Avoided ISO Tariff \$ | \$0.95 | \$0.95 | \$2.61 | \$4.26 | \$4.26 | \$4.26 | \$4.72 | \$4.48 | \$4.24 | \$4.24 | \$3.53 | \$2.11 | \$0.96 | \$0.96 | \$0.96 | \$2.64 | \$4.31 | \$4.31 | |
| | Monthly REC Revenue \$ | \$23.76 | \$23.74 | \$65.21 | \$106.60 | \$106.49 | \$106.39 | \$118.09 | \$112.07 | \$106.07 | \$105.96 | \$88.21 | \$52.87 | \$23.48 | \$23.45 | \$23.43 | \$64.37 | \$105.22 | \$105.12 | |
| | Monthly Total Benefit \$ | \$105.70 | \$102.18 | \$204.01 | \$259.88 | \$442.25 | \$562.17 | \$676.86 | \$653.17 | \$566.42 | \$452.91 | \$229.94 | \$186.99 | \$104.95 | \$105.46 | \$74.83 | \$156.78 | \$453.18 | \$776.49 | |
| | Lifetime System Benefit \$ | \$126,695.24 | | | | | | | | | | | | | | | | | | |
| | Monthly \$/kWh Benefit | \$0.11 | \$0.11 | \$0.08 | \$0.06 | \$0.10 | \$0.13 | \$0.14 | \$0.15 | \$0.13 | \$0.11 | \$0.07 | \$0.09 | \$0.11 | \$0.11 | \$0.08 | \$0.06 | \$0.11 | \$0.18 | |
| | Average Solar Benefit \$/kWh | \$0.18 | | | | | | | | | | | | | | | | | | |

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|------------------------------------|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Storage Benefit | Monthly Avoided Capacity \$ | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$67.74 |
| | Monthly Avoided Transmission \$ | \$118.40 | \$117.09 | \$117.86 | \$118.79 | \$122.90 | \$120.04 | \$124.93 | \$121.86 | \$122.22 | \$122.37 | \$127.37 | \$125.91 | \$123.94 | \$122.62 | \$123.39 | \$124.32 | \$128.47 | \$125.58 |
| | Monthly Total Benefit \$ | \$118.40 | \$117.09 | \$117.86 | \$118.79 | \$122.90 | \$120.04 | \$124.93 | \$121.86 | \$122.22 | \$122.37 | \$127.37 | \$125.91 | \$123.94 | \$122.62 | \$123.39 | \$124.32 | \$128.47 | \$193.32 |
| | Monthly \$/kW-mo Benefit | \$11.84 | \$11.72 | \$11.81 | \$11.91 | \$12.34 | \$12.06 | \$12.57 | \$12.27 | \$12.32 | \$12.35 | \$12.86 | \$12.73 | \$12.54 | \$12.42 | \$12.51 | \$12.62 | \$13.05 | \$19.66 |
| | Total Benefit \$ | \$44,295 | | | | | | | | | | | | | | | | | |
| Average Benefit \$/kW-Month | \$184.56 | | | | | | | | | | | | | | | | | | |

TTD Commission Presentation – Library Solar Photovoltaic Installation

June 4, 2018

- 1) TTD Historical Support for Library Operations and Maintenance
 - a) Mechanical Systems
 - i) Boiler, Water Heater and AC Units Replacements
 - b) Fenestration (Windows)
 - i) Cracked Window Replacement
 - ii) Installation of Window Film
 - c) Roof Replacement
 - d) Front Entrance Repair
 - e) HES Project – Air Sealing, Pipe Insulation
 - f) Ongoing O&M Support
 - i) Electric and Gas Utilities Bills
 - ii) Other
- 2) Solar Photovoltaic Project Process
 - a) Formal Competitive Bid Process
 - i) Detailed Request for Proposal
 - ii) Public Notification
 - iii) Contractor Presentations
 - b) Design Concept
 - i) 36 kW System
 - (1) Annual Output
 - (2) Life Expectancy
 - (3) Warranty
 - (4) Potential Battery Storage
 - (5) Electric Service Upgrade
 - (6) Snow/Ice Fall Mitigation
- 3) Impacts on Library
 - a) Avoided Costs
 - i) Savings to Library
 - b) “Quality of Life” Impacts
 - i) Reduced CO Emissions
 - ii) Warming Cooling Center Support
 - iii) Cell Phone/Peripherals Recharging Capability (with battery storage)

TTD Commission Library Solar Photovoltaic Presentation (Cont.)

- 4) Impacts to TTD Electric Utility
 - a) Avoided Costs –
 - i) Lower Wholesale Power Costs - Savings to TTD \$124,695 lifetime
 - b) “Stranded Costs” Avoidance (lost retail sales) - \$ 44,000 lifetime
 - c) Demand Management Capability
 - d) Pilot Electric Rate
 - i) Time of Use Pricing
- 5) Recommendation

TTD – Library Solar PV Bid Comparison

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|-------------------|----------------|-----------------------|-------------------|---------------------|--------------|
| Pure Point Energy | \$85,996 | \$2,580 | 36,139 | 851,289 | \$ 0.101019 |
| Ross Solar (1) | \$88,350 | \$2,500 | 39,804 | 937,621 | \$ 0.094228 |
| Sound Solar | \$87,360 | \$2,800 | 38,980 | 918,211 | \$ 0.095142 |

Lowest installed cost

Low cost per lifetime kWh

- (1) Includes cost for upgrading House electrical panel (\$2,500) and snow guards

DRAFT

THIRD TAXING DISTRICT
of the City of Norwalk
Commission Meeting
May 7, 2018

ATTENDANCE: Commissioners: David Brown, Chair; Debora Goldstein;
Pamela Parkington; Treasurer: Johnnie Mae Weldon

STAFF: Kevin Barber, General Manager;

OTHERS: Peter Johnson (CMEEC Ratepayer Representative)

CALL TO ORDER

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

PUBLIC COMMENT

No one from the public was in attendance to comment.

MINUTES OF MEETING

March 29, 2018 Special Joint Meeting

Correction on Page 1, Public Comment, 3rd line – should read “the mitigation of the environmental...”.

**** COMMISSIONER BROWN MOVED TO APPROVE THE MINUTES OF MARCH 29, 2018 SPECIAL JOINT COMMISSION MEETING AS CORRECTED.**

**** COMMISSIONER GOLDSTEIN SECONDED.**

**** TWO ACCEPTED; 1 ABSTAINED.**

**** THE MOTION PASSED.**

**** COMMISSIONER PARKINGTON ABSTAINED AS SHE DID NOT ATTEND THE MEETING.**

April 9, 2018 Special Meeting

Commissioner Brown questioned the language used under Section 2(a) in the Note and Mortgage Modification with respect to Line of Credit Renewal. Mr. Barber is going to get a copy and review the language and see if it can be changed by the bank and report back to the Commission.

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May 7, 2018

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Commissioner Brown asked about the term “floor rate.” He was told that it means the lowest rate. Commissioner Parkington asked if there was a cap on the rate as well. Mr. Barber will be checking into this and report back to the Commission with an answer.

**** COMMISSIONER GOLDSTEIN MOVED TO APPROVE THE MINUTES OF APRIL 9, 2018 SPECIAL COMMISSION MEETING.**

**** COMMISSIONER BROWN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

April 16, 2018 Regular Meeting

Correction on page 6, 7th paragraph, last line – “route” should be changed to “routes.”

**** COMMISSIONER GOLDSTEIN MOVED TO APPROVE THE MINUTES OF APRIL 16, 2018 REGULAR COMMISSION MEETING.**

**** COMMISSIONER PARKINGTON SECONDED.**

**** TWO ACCEPTED; 1 ABSTAINED.**

**** THE MOTION PASSED.**

**** COMMISSIONER BROWN ABSTAINED AS HE DID NOT ATTEND THE MEETING.**

DISCUSSION/ANALYSIS OF FINANCIAL STATEMENTS/KEY PERFORMANCE INDICATORS

In Mr. Allred’s absence, Mr. Barber reviewed the financials with the Commission and said that if there were any questions he could not answer at this time, he would get the answers and get back to the Commission.

Total Income was \$7,775,522, a decrease of 1.44% over last year. Total Expense was \$7,475,538, a decrease of 8.15% over last year. Net Income Before Rate Stabilization was \$1,310,825, an increase of 1,292%. Net Income was \$1,311,914, a decrease of 3% over the previous year.

Cash Balances are in good shape. Operating Accounts are consistent with the previous months. The Outstanding Principal Balance with CMEEC continues to decrease with a current balance of \$3,216,242.

Mr. Barber pointed out that the Norden Generators have been running more than budgeted and the income is currently up \$177,662, an increase of 78.4% from last year.

KPI’s – Mr. Barber reviewed the KPIs with the Commission. The Power Supply Expense Ratio is currently under the Industry Average at 59% and he believes it is due to the PTF (Pooled Transmission Facility) credits TTD has received. He also pointed out that a new line had been added – Rate Stabilization.

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PCA – Mr. Barber informed the Commission that the PCA chart is the new version that he had reviewed with the Commission at a prior meeting and also shows a projection through the end of the current fiscal year.

CMEEC EQUITY DISTRIBUTION

Mr. Barber informed the Commission that the CMEEC Member Delegation met on May 2, 2018 and voted unanimously to distribute the 2017 Distribution Eligible Equity to the member utilities. Third Taxing District's portion of the distribution is \$641,089.

Per the CMEEC Membership Agreement, there are five options for the distribution of the funds. After Mr. Barber's discussion with Mr. Allred, it is his recommendation to take it as a direct cash payment and deposit the full amount into the Capital Improvements Fund.

**** COMMISSIONER BROWN MOVED TO ACCEPT GENERAL MANAGER KEVIN BARBER'S RECOMMENDATION TO DEPOSIT THE \$641,089 DISTRIBUTION FROM CMEEC INTO THE CAPITAL IMPROVEMENTS FUND.
** COMMISSIONER PARKINGTON SECONDED.
** THE MOTION PASSED UNANIMOUSLY.**

EAST NORWALK LIBRARY SOLAR BIDS UPDATE

Mr. Barber stated that at the direction of the Commission, staff with the assistance of Michael Cassella, put together an RFP for a Solar Photovoltaic System to be installed on the roof at the East Norwalk Library. The notice for the RFP ran for two days in The Hour. Three bids were received back with a bid range of \$85,996 to \$88,350 for a turn-key project. All three companies have performed work in the District.

The logic behind the bids was to put the maximum number of panels (approximately 30kW) on the roof in order to generate excess electricity. This would offset the majority of the electricity used by the library. The excess electricity generated would be fed back into the TTD electric distribution system and would reduce the amount of electricity that is purchased by TTD from the grid through CMEEC and help to reduce the monthly and yearly peaks on the system.

Another benefit would be to the District in reducing electric bills for the Library. This would be a direct benefit to the District Budget with lower operating costs for the Library.

TTD can use the RRIF (Renewable Resource Investment Fund) to fund the project. The current balance would more than pay for the installation of the system.

Mr. Barber is asking the Commission if they would like to pursue this project before going any further with one-on-one vendor interviews and conducting a detailed financial analysis to review

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May 7, 2018

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the benefits of the project. A recommendation would then be put before the Commission in June. It was the consensus of the Commission to move forward at this time.

GENERAL MANAGER'S REPORT

APPA Conference in June

Commissioner Brown said that he and Mr. Barber had already talked about this and that the conference coincided with the June 18, 2018 Commission meeting. Options are to either have the meeting without Mr. Barber or move the date of the meeting. Commissioner Goldstein pointed out that the June 18th meeting was targeted for approving the FY18-19 Operating/Capital budgets. Mr. Barber would return from the conference on June 21, 2018. The Commission discussed optional days for moving the meeting.

Commissioner Goldstein also stated that she believed Mr. Barber was also looking for the Commission's approval to attend the conference per his contract.

**** COMMISSIONER BROWN MOVED TO ALLOW GENERAL MANAGER, KEVIN BARBER, TO ATTEND THE APPA ANNUAL CONFERENCE FROM JUNE 15-20, 2018 AND TO MOVE THE JUNE 18, 2018 COMMISSION MEETING TO MONDAY, JUNE 25, 2018.**

**** COMMISSIONER PARKINGTON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

Ludlow Tree Signage

Mr. Barber informed the Commission that he has been advised that a banner has been ordered for the tree in Roger Ludlow Park for the month of May in support of National Gun Violence Awareness. Mr. Barber's question to the Commission is whether or not this will be done each month for the lighting of the tree. Commissioner Brown said it would be useless to light the tree if no one knew why it was being lit.

Mr. Barber clarified himself by saying he just wants to understand the process in order to get a grasp on the cost associated with having signage each month and deal with the installation and removal each month. He wants to be able to handle the project thoroughly.

The Commission discussed the monthly tree lighting and other options for the signage, i.e., a permanent structure that would have a removable section that indicates the organization that is being supported. This would be similar to the concert sign that is in the park during the summer months. Commissioner Goldstein also suggested looking into the possible purchase of a digital sign that would just need to be changed each month.

Staff is going to investigate options and costs and come back to the Commission at a future date with a recommendation. In the meantime, staff will get the May banner placed in the park.

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May 7, 2018

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Update on Third Party Pole Attachments

Mr. Barber said as a follow-up from the December 2, 2017 meeting, he has engaged TTD's legal counsel Steve Studer, to investigate whether TTD has the right to deny third parties from attaching to the District's poles. Atty. Studer has reviewed this and said that TTD cannot deny a third party from access to the utility poles without a valid reason. Atty. Studer will be forwarding a memo to Mr. Barber stating this position. Once received, it will be forwarded to the Commission.

Commissioner Goldstein informed the Commission that AT&T is launching "Airgig" which will deliver high speed internet by shooting it down the power lines. If TTD were to decide to go into this type of business, TTD would not have the option to do it that way if they were allowed under the guise of pole attachments to be using TTD's power lines to deliver their broadband.

Mr. Barber stated that they are allowed to attach to the poles, but cannot enter into TTD's domain on the poles. There is a requirement that they must remain a certain distance from TTD's electrical wires and not utilize them.

Commissioner Parkington asked if TTD were able to handle a broadband company at this time. Mr. Barber stated that no, TTD cannot with their current configuration.

To date, TTD has received requests from AT&T and MCI Metro to connect to the District poles. AT&T is using the attachments to run fiber to a cell tower installed at a local site. MCI Metro has not provided TTD with a detailed reason or the attachments siting proprietary information.

TTD will begin the process of establishing formal relationships with these companies. The agreement with Cablevision will be used as a template for establishing the new agreements and the companies will be charged a yearly rental fee based on the number attachments to the poles. Mr. Barber will review the industry fees and be sure that TTD will be collecting the proper attachment fees.

EVERSOURCE UNDERGROUNDING

Review of Draft Letters to Various Agencies

Commissioner Goldstein recapped from the meeting of April 16, 2018 that a series of Resolutions were made with regard to the Eversource Undergrounding. The Resolutions were based on writing letters of support for the various agencies, i.e., Norwalk Harbor Management Commission and the Shellfish Commission.

Commissioner Goldstein presented a draft letter to the Commission. In addition to this letter, other letters would also need to be written. Organizations that would receive the letters would be the DOT, Eversource, City of Norwalk, Army Corps of Engineers, DEEP, FERC and the CT

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Siting Council. She stated that John Pinto from the Norwalk Harbor Management Commission has already reviewed the current draft letter and appeared to be on board with it. Copies have been sent to the Shellfish Commission, but no feedback has been received to date.

After further review and discussion of the letter, it was determined that the Commission was not ready to finalize the letter at this time as there were some corrections that needed to be made and some of the Commissioners wanted to review it further. In order to get this completed in a timely fashion, the Commission agreed to a Special Telephonic Commission meeting to be held on Monday, May 14, 2018 at 12:00 p.m.

Review of Proposed Questions to Consulting Engineer

Commissioner Goldstein stated that the Commission had authorized TTD to hire Cristino Associates to assess the situation, answer questions for the Commission and submit a report to TTD with regard to the Eversource Undergrounding project. The Commission worked on developing the following topics to be crafted into questions for Cristino Associates.

- Safety issues?
- What are the effects to the Right of Way for the City once Eversource has undergrounded their cable?
- How will Eversource be able to identify the exact path once the cable is buried?
- What is horizontal directional drilling and how precise is it?
- Are there alternate routes that can be considered?
- What are the environmental issues and their impact?

The staff will work on getting the above into formal questions for Cristino Associates and send a draft to the Commission. Once approved, Mr. Barber will review with Mr. Cristino.

STRATEGIC PLANNING

The Commission was not prepared at this time to begin the process of Strategic Planning. Commissioner Brown said he would like to see examples of Strategic Planning from other companies before beginning. Commissioner Goldstein said wanted to work on obtaining White Papers, but at this time priorities with other agenda items has taken precedence.

Due to constraints of other topics the Commission is currently handling, they would like to hold off on putting Strategic Planning on the agenda for a few months. The meeting of August 20, 2018 will be designated for Strategic Planning.

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PROJECT SUMMARY

T3 Transformer – Commissioner Goldstein asked what had happened with regard to the delay with the transformer. Mr. Barber stated that the manufacturer notified TTD on April 30, 2018 that the core will not be ready in time. Due to the delay, the project may continue into the next fiscal year.

State (CT DOT) Bridge Projects – Mr. Barber was able to secure an updated list of properties being acquired from the State of CT. Since the list was received, an article has appeared in The Hour that the State of CT will be taking more properties under eminent domain. Mr. Barber has requested an updated list from the State.

ADJOURN

**** COMMISSIONER GOLDSTEIN MOVED TO ADJOURN.
** COMMISSIONER PARKINGTON SECONDED.
** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 9:16 p.m.

Respectfully submitted,

Cynthia Tenney
Executive Assistant
Third Taxing District

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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 Telephonic Commission Meeting
May 14, 2018

ATTENDANCE: Commissioners: David Brown, Chair; Debora Goldstein;
Pamela Parkington*; Treasurer: Johnnie Mae Weldon*

STAFF: Kevin Barber, General Manager; Ron Scofield, Asst. General Manager

OTHERS: Tod Bryant* (President, Norwalk Preservation Trust)

* Participated by phone. Confirmed they could hear and be heard.

CALL TO ORDER

Commissioner Brown called the meeting to order at 12:01 p.m. A quorum was present.

PUBLIC COMMENT

No one from the public was in attendance to comment.

**DISCUSSION OF LISTING OF HISTORICAL CEMETERY AND OTHER
DISTRICT RESOURCES ON FEDERAL/STATE HISTORICAL REGISTERS**

Commissioner Goldstein asked Tod Bryant, President of the Norwalk Preservation Trust, to present the same discussion he had with her at a recent meeting so the entire Commission could hear it firsthand.

Mr. Bryant started out by stating that since the East Avenue railroad bridge is going to be replaced and since it involves federal monies, permits, licenses, etc., it has to go through Section 106 of the National Historic Preservation Act of 1966 (NHPA) which requires Federal agencies to take into account the effects of their undertakings on historic properties. Since the East Norwalk Historical Cemetery is in close proximity to the East Avenue railroad bridge, Mr. Bryant is suggesting that TTD have the cemetery listed on the National Historic register for both Federal and State. Once the cemetery is listed on the National Register, it will automatically be listed on the State Register.

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Four locations were identified: East Avenue Historical Cemetery, Hat Factory, Norwalk's Founder Monument and the East Avenue Methodist Church. It was determined by SHPO (State Historic Preservation Office) that the cemetery was eligible for the State Register and that the remaining three were not eligible for either State or Federal Register.

Discussion took place about getting the cemetery registered on the National Registry. Commissioner Parkington asked who has jurisdiction over the cemetery, TTD (deed holder) or the Cemetery Association. Mr. Bryant replied that it would be better coming from the property owner, which is TTD.

Commissioner Parkington asked by listing this as a historical property, will this inhibit the Cemetery Association in any way. Mr. Bryant replied, no. There are no restrictions, and it would make the cemetery eligible for different types of grants.

Commissioner Goldstein asked who has jurisdiction over the Founder's Monument. Mr. Bryant stated that the monument would only be eligible for the State Register and that SHPO's take was that the design is very simplistic and it has been moved that they did not believe it had enough significance to be listed. He believes an argument could be made that it could be listed. He believes the jurisdiction would belong to the City of Norwalk.

Mr. Bryant suggested that TTD, the Preservation Trust or the Historical Commission/Society apply for a planning grant and proceed. TTD would need to employ a consultant. The grants are matching grants of 50/50. He believes the cost of the application to be in the range of \$5,000 to \$7,000. Commissioner Goldstein asked who issues the grants. Mr. Bryant said either the State Preservation Office or the Connecticut Trust. He was not sure who currently has the funds.

**** COMMISSIONER GOLDSTEIN MOVED THAT THIRD TAXING DISTRICT COMMISSION EXPLORE AND TAKE ACTION TO ESTABLISH ELIGIBILITY OF THE EAST NORWALK HISTORICAL CEMETERY AND POSSIBLY THE FOUNDER'S MONUMENT ON THE NATIONAL REGISTER AND DIRECT STAFF TO TAKE ALL ACTIONS REQUIRED TO BRING BEFORE THE COMMISSION A PROPOSAL TO MAKE SUCH APPLICATION.**

**** COMMISSIONER PARKINGTON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

EVERSOURCE UNDERGROUNDING – REVIEW AND APPROVAL OF LETTERS TO VARIOUS AGENCIES

Commissioner Goldstein reviewed the first letter included in the packet as an all-purpose letter to go out to various agencies that the Commission wanted to address after the Shellfish Commission and Norwalk Harbor Management Commission brought their various concerns. It was reviewed at a prior meeting with the Commission, but felt they did not have sufficient time to review it in full. This letter was to address all the motions that were made at the April 16, 2018 meeting with regard to the Eversource project. This letter deals with all of them except the

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FERC letter, the Muni letter in connection with the Coast Guard and the support letter of the Shellfish Commission's recommendations for the Submarine Comms Cable which is not part of this project. Since the last meeting, Commissioner Goldstein also wrote a draft letter for FERC.

Commissioner Goldstein stated that she had heard back from Peter Johnson (Shellfish Commission Chair) and he was fine with the letter as written. Commissioner Goldstein was also in touch with John Pinto from the Norwalk Harbor Management Commission and he, too, was on board with the letter.

The Commission reviewed and discussed the letter. They reviewed the list of recipients and added Michael Corsello (Chairman of Parks & Recreation Committee of the Common Council). A few minor technical clarifications were made to the letter.

**** COMMISSIONER GOLDSTEIN MOVED TO PROCEED WITH THE FINAL AMENDMENT AND SIGN AND ARRANGE FOR STAFF TO DELIVER THE LETTERS TO THE AGENCIES INCLUDED ON THE LIST IN THE PACKET AS AMENDED WITH MICHAEL CORSELLO, CHAIRMAN OF THE PARKS AND RECREATION COMMITTEE OF THE COMMON COUNCIL.**

**** COMMISSIONER BROWN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The letters that are addressed to employees of the City of Norwalk will be sent via Priority Mail with tracking. All other letters will be mailed Certified with Return Receipt Request.

The Commission reviewed and discussed the draft letter to FERC. It was the consensus of the Commission that the letter was good as written. Copies of letters addressed to Norwalk Harbor Management Commission, Shellfish Commission and Mr. Mailman's letter should be included as attachments to the FERC letter.

**** COMMISSIONER BROWN MOVED TO ACCEPT THE FERC LETTER AS WRITTEN AND THE VERIFICATION LETTER FROM DEBORA GOLDSTEIN AND HAVE THEM MAILED TO FERC PER THE INSTRUCTIONS.**

**** COMMISSIONER GOLDSTEIN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The letter to FERC will be sent via Express Mail per their direction for a "Request for No-Action Letter."

ADJOURN

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

**** COMMISSIONER PARKINGTON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

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The meeting adjourned at 12:44 p.m.

Respectfully submitted,

Cynthia Tenney
Executive Assistant
Third Taxing District

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

OR

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

**Third Taxing District
Financial Highlights
Jul-Apr- 2018 vs. Jul-Apr 2017**

| | Jul-Apr 18 | July-Apr 2017 | \$ Change | % Change |
|--------------------------------------|------------|---------------|------------|----------|
| Total Income | 8,634,770 | 8,753,917 | -119,147 | -1.36% |
| Total Expense | 8,308,879 | 8,890,950 | -582,070 | -6.55% |
| Net Ordinary Income | 325,891 | (137,032) | 462,923 | 338% |
| Other Income | 1,095,762 | 399,803 | 695,959 | 174% |
| Other Expense | 20,384 | 36,126 | (15,741) | -44% |
| Net Income before Rate Stabilization | 1,401,268 | 226,645 | 1,174,624 | 518% |
| Rate Stabilization | 29,310 | 1,283,692 | -1,254,383 | -98% |
| Net Income | 1,430,578 | 1,510,337 | (79,759) | -5% |

CASH BALANCES FY 06/30/2018

| | Apr-18 |
|---------------------------|-----------|
| ACCTS | |
| Operating Accounts | 1,639,830 |
| Construction WIP | 54,024 |
| Savings | 1,258,087 |
| Capital Improvements Fund | 1,348,060 |

TTD Outstanding Principal Balance with CMEEC

| | |
|-----------------------------------------------|-----------|
| Balance as of July 1, 2016 | 4,345,583 |
| Current Balance | 3,202,503 |
| Current Fiscal Year Capital Additions to date | 719,292 |

| Power Supply | Current Fiscal Year-to-Date | Last Fiscal Year-to-Date | \$ Change | % Change |
|------------------------------|------------------------------------|---------------------------------|------------------|-----------------|
| Energy Cost | \$ 4,822,834 | \$ 5,395,098 | \$(572,264) | -11% |
| Budget Energy Cost | \$ 4,437,007 | \$ 5,125,343 | \$(688,336) | -13% |
| Energy Cost Cents/KWH | 9.600 | 10.750 | \$ (1.15) | -11% |

Third Taxing District
Profit & Loss Prev Year Comparison
April 2018

| | Apr 18 | Apr 17 | \$ Change | % Change |
|---------------------------------------------|------------|------------|------------|----------|
| Ordinary Income/Expense | | | | |
| Income | | | | |
| 443-00 · Cervalis Data Center Revenues | 18,749.65 | 19,225.06 | -475.41 | -2.47% |
| 440-00 · Residential Sales | 327,667.31 | 339,270.95 | -11,603.64 | -3.42% |
| 442-01 · Large Commercial Sales | 86,664.99 | 87,682.45 | -1,017.46 | -1.16% |
| 442-02 · Small Commercial Sales | 213,790.13 | 197,432.58 | 16,357.55 | 8.29% |
| 445-01 · Water Pollutn Contrl Pint Sales | 94,867.56 | 102,164.22 | -7,296.66 | -7.14% |
| 445-02 · Flat Rate | 8,347.29 | 8,630.79 | -283.50 | -3.29% |
| 451-00 · Miscellaneous Service Revenue | 3,003.09 | -813.82 | 3,816.91 | 469.01% |
| 557-00 · Purchased Power Adjustment | 106,458.16 | 111,564.52 | -5,106.36 | -4.58% |
| Total Income | 859,548.18 | 865,156.75 | -5,608.57 | -0.65% |
| Cost of Goods Sold | | | | |
| 555-00 · Electrical Power Purchased | 413,006.55 | 384,726.19 | 28,280.36 | 7.35% |
| Total COGS | 413,006.55 | 384,726.19 | 28,280.36 | 7.35% |
| Gross Profit | 446,541.63 | 480,430.56 | -33,888.93 | -7.05% |
| Expense | | | | |
| 904-00 · Substation | 12,601.49 | 11,980.81 | 620.68 | 5.18% |
| 403-00 · Depreciation Expense | 64,676.80 | 64,676.80 | 0.00 | 0.0% |
| 408-00 · Taxes | 106,605.64 | 88,919.99 | 17,685.65 | 19.89% |
| 540-00 · Other Power Generation Expense | 5,441.69 | 9,249.87 | -3,808.18 | -41.17% |
| 580-00 · Distribution Expenses | 36,480.76 | 3,896.54 | 32,584.22 | 836.24% |
| 590-00 · Maintenance Expenses | 37,944.14 | 40,248.13 | -2,303.99 | -5.72% |
| 900-00 · Customer Accounts & Service | 25,172.99 | 22,679.90 | 2,493.09 | 10.99% |
| 920-00 · Administrative Expenses | 91,658.10 | 125,806.84 | -34,148.74 | -27.14% |
| Total Expense | 380,581.61 | 367,458.88 | 13,122.73 | 3.57% |
| Net Ordinary Income | 65,960.02 | 112,971.68 | -47,011.66 | -41.61% |
| Other Income/Expense | | | | |
| Other Income | | | | |
| 419-00 · Interest Income | 810.00 | 711.94 | 98.06 | 13.77% |
| 421-00 · Norden Project Income | 44,745.00 | 21,429.94 | 23,315.06 | 108.8% |
| 423-00 · Gain/(Loss) from Sale of FA | 217.14 | 0.00 | 217.14 | 100.0% |
| 424-00 · Energy Conservation Fund Income | 11,575.53 | 12,131.13 | -555.60 | -4.58% |
| Total Other Income | 57,347.67 | 34,273.01 | 23,074.66 | 67.33% |
| Other Expense | | | | |
| 426-30 · PERSON TO PERSON | 240.00 | 0.00 | 240.00 | 100.0% |
| 426-10 · Distribution to "District Fund" | 0.00 | 0.00 | 0.00 | 0.0% |
| Total Other Expense | 240.00 | 0.00 | 240.00 | 100.0% |
| Net Other Income | 57,107.67 | 34,273.01 | 22,834.66 | 66.63% |
| Net Income before rate stabilization | 123,067.69 | 147,244.69 | -24,177.00 | -16.42% |
| Rate Stabilization | 28,220.39 | 29,474.73 | -1,254.34 | -4.26% |
| Net Income | 151,288.08 | 176,719.42 | -25,431.34 | -14.39% |

Preliminary Unaudited - Internal Use Only - Modified Cash Basis

Third Taxing District
Profit & Loss Prev Year Comparison
 July 2017 through April 2018

| | Jul '17 - Apr 18 | Jul '16 - Apr 17 | \$ Change | % Change | |
|---------------------------------------------|---------------------|---------------------|----------------------|----------------|------------|
| Ordinary Income/Expense | | | | | |
| Income | | | | | |
| 443-00 · Cervalis Data Center Revenues | 201,922.95 | 171,801.66 | 30,121.29 | 17.53% | |
| 440-00 · Residential Sales | 3,284,910.24 | 3,320,026.65 | -35,116.41 | -1.06% | |
| 442-01 · Large Commercial Sales | 876,122.58 | 876,314.92 | -192.34 | -0.02% | |
| 442-02 · Small Commercial Sales | 2,190,530.25 | 2,190,452.92 | 77.33 | 0.0% | |
| 445-01 · Water Pollutn Contrl Plnt Sales | 847,999.77 | 851,984.59 | -3,984.82 | -0.47% | |
| 445-02 · Flat Rate | 79,181.83 | 80,573.34 | -1,391.51 | -1.73% | |
| 451-00 · Miscellaneous Service Revenue | 87,662.17 | 25,153.49 | 62,508.68 | 248.51% | |
| 557-00 · Purchased Power Adjustment | 1,066,440.36 | 1,237,609.76 | -171,169.40 | -13.83% | |
| Total Income | 8,634,770.15 | 8,753,917.33 | -119,147.18 | -1.36% | |
| Cost of Goods Sold | | | | | |
| 555-00 · Electrical Power Purchased | 4,822,833.75 | 5,395,098.08 | -572,264.33 | -10.61% | |
| Total COGS | 4,822,833.75 | 5,395,098.08 | -572,264.33 | -10.61% | |
| Gross Profit | 3,811,936.40 | 3,358,819.25 | 453,117.15 | 13.49% | |
| Expense | | | | | |
| 904-00 · Substation | 135,751.46 | 117,284.28 | 18,467.18 | 15.75% | Footnote 1 |
| 403-00 · Depreciation Expense | 646,768.00 | 646,768.00 | 0.00 | 0.0% | |
| 408-00 · Taxes | 305,491.20 | 263,707.63 | 41,783.57 | 15.85% | Footnote 2 |
| 540-00 · Other Power Generation Expense | 81,594.91 | 132,740.59 | -51,145.68 | -38.53% | Footnote 3 |
| 580-00 · Distribution Expenses | 135,801.83 | 125,366.92 | 10,434.91 | 8.32% | |
| 590-00 · Maintenance Expenses | 440,375.06 | 434,746.10 | 5,628.96 | 1.3% | |
| 900-00 · Customer Accounts & Service | 280,045.81 | 212,878.94 | 67,166.87 | 31.55% | Footnote 4 |
| 920-00 · Administrative Expenses | 1,460,217.35 | 1,562,359.27 | -102,141.92 | -6.54% | Footnote 5 |
| 980-00 · General Community Expenses | 0.00 | 0.00 | 0.00 | 0.0% | |
| Total Expense | 3,486,045.62 | 3,495,851.73 | -9,806.11 | -0.28% | |
| Net Ordinary Income | 325,890.78 | -137,032.48 | 462,923.26 | 337.82% | |
| Other Income/Expense | | | | | |
| Other Income | | | | | |
| 418-00 · Dividends | 40,179.98 | 24,639.18 | 15,540.80 | 63.07% | |
| 419-00 · Interest Income | 4,918.57 | 6,032.30 | -1,113.73 | -18.46% | |
| 420-00 · Gain/(Loss) on Investments | 31,237.31 | 31,983.33 | -746.02 | -2.33% | |
| 421-00 · Norden Project Income | 450,453.00 | 244,553.91 | 205,899.09 | 84.19% | |
| 423-00 · Gain/(Loss) from Sale of FA | 6,121.41 | 4,598.95 | 1,522.46 | 33.11% | |
| 424-00 · Energy Conservation Fund Income | 64,887.14 | 87,495.00 | -22,607.86 | -25.84% | |
| 425-00 · Miscellaneous Income | 497,964.50 | 500.00 | 497,464.50 | 99,492.9% | Footnote 6 |
| Total Other Income | 1,095,761.91 | 399,802.67 | 695,959.24 | 174.08% | |
| Other Expense | | | | | |
| 426-30 · PERSON TO PERSON | 20,240.00 | 20,000.00 | 240.00 | 1.2% | |
| 426-10 · Distribution to "District Fund" | 0.00 | 0.00 | 0.00 | 0.0% | |
| 942-00 · Interest Expense | 0.00 | 140.09 | -140.09 | -100.0% | |
| 990-00 · Miscellaneous items | 144.29 | 15,985.41 | -15,841.12 | -99.1% | Footnote 7 |
| Total Other Expense | 20,384.29 | 36,125.50 | -15,741.21 | -43.57% | |
| Net Other Income | 1,075,377.62 | 363,677.17 | 711,700.45 | 195.7% | |
| Net Income before rate stabilization | 1,401,268.40 | 226,644.69 | 1,174,623.71 | 518.27% | |
| Rate Stabilization | 29,309.58 | 1,283,692.16 | -1,254,382.58 | -97.72% | |
| Net Income | 1,430,577.98 | 1,510,336.85 | -79,758.87 | -5.28% | |

Third Taxing District
Profit & Loss Statement
Explanation of Major Variances
Jul-Apr 2018 vs. Jul-Apr 2017

1. The increase in substation expense of \$18K is due mainly to an increase in call time as well as substation supplies. Note: All call time in relation to substation is now reported under this expense correctly as some was reported under distribution in the prior year.
2. The \$41K increase in taxes is a function of both our monthly revenues year to date as well as our purchase power bills with CMEEC year to date. For Gross Receipts tax, we receive a credit for the amount spent with CMEEC other than on transmission and distribution. As transmission and distribution costs fluctuate within the market so does our monthly tax credit.
3. The \$51K decrease in Other Power Generation Expense is due to a decrease in expenses with HO Penn for approximately \$11K, a decrease in expenses with Miratech for approximately \$27K, and a decrease in expenses with Berkshire Environmental for \$10K . The timing of fuel expenditures with East River for the generators is also accountable for the decrease with respect to the prior year.
4. The \$67K increase in Customer Accounts and services is due mainly to a reclass of wages in the current year for Kristen Malone. Kristen's wages were listed under the administrative category in the prior year and have been moved to customer accounts to remain consistent with our current year budget.
5. Administrative expenses decreased approximately \$102K due to the reclass of wages noted above in Footnote 2 as well as notable decreases in seminars and trainings, and company truck expense as we no longer are leasing the Bucket Truck with Altec. Furthermore attributing to the decrease is that Jim Smith's wages were not present during the part of the year and Ron Scofield was receiving a stipend. Also, the repair and maintenance of the seawall project was included in our prior year expenditures. The remainder of the decrease is in the timing of insurance payments.
6. This amount represents the year-to-date equity distributions from CMEEC.
7. The prior year amount of \$15K is representative of the balance written off as an incentive for Cervalis to prepay their entire loan amount off..

THIRD TAXING DISTRICT
KEY PERFORMANCE INDICATORS (KPI'S)

| | | | 2018 | Apr 2017 | Industry Average (Bandwidth) |
|----|--------------------------------------------------|----------------------------------------------------------------------------|--------------|--------------|---------------------------------------------------------|
| 1) | <i>OPERATING RATIO</i> | TOTAL OPERATING EXPENSE / TOTAL OPERATING REVENUE | 96.23% | 101.57% | 95-105% |
| 2) | <i>POWER SUPPLY EXPENSE RATIO</i> | TOTAL POWER SUPPLY EXPENSES / TOTAL EXPENSES | 58% | 61% | 65% - 70% |
| 3) | <i>OUTSTANDING RECEIVABLES</i> | TOTAL DOLLAR AMOUNT OF CUSTOMER RECEIVABLES OVER 90 DAYS | \$32,486 | \$41,238 | |
| 4) | <i>ACTUAL RATE OF RETURN ON RATE BASE</i> | AUTHORIZED BY STATE STATUTE | 11.0% | 12.0% | Varies by state |
| 5) | <i>ELECTRIC CUSTOMERS PER EMPLOYEE</i> | TOTAL ELECTRIC CUSTOMERS / TOTAL FULL TIME EMPLOYEES | 351 | 349 | 200 - 500 |
| 6) | <i>Rate Stabilization</i> | Rate Stabilization Fund Balance | \$ 3,965,569 | \$ 3,749,941 | Commission Approved Target of \$2.75MM - \$3.00MM |
| 7) | <i>ENERGY LOSS %</i> | TOTAL ENERGY LOSSES/TOTAL SOURCES OF ENERGY | 4.60% | 4.20% | 2.5% - 6% |
| 8) | <i>SYSTEM LOAD FACTOR</i> | TOTAL KWH SALES + TOTAL kwh ENERGY LOSSES/8760/ HIGHEST HOURLY PEAK DEMAND | 57.1% | 52.5% | 50% - 65% |

East Norwalk - PCA Calculation
 Power Cost Adjustment Calculation
 6 Month Rolling Average (starting January 2014)

Yellow indicates Forecast

Orange indicates data is from the preliminary CMEEC monthly bill, numbers will change when the "true up" numbers are available from CMEEC

Green indicates the final numbers have been entered for the month.

Colors will change when actual numbers are received.

| | | 2017 July | 2017 August | 2017 September | 2017 October | 2017 November | 2017 December | 2018 January | 2018 February | 2018 March | 2018 April | 2018 May | 2018 June |
|----------------------------------------------|------------|--------------|----------------|-------------------|-----------------|------------------|------------------|-----------------|------------------|---------------|---------------|--------------|--------------|
| Total Energy | kWh | | | | | | | | | | | | |
| CMEEC Billable rate (\$/kWh) | \$/kWh | 0.09000 | 0.09000 | 0.09000 | 0.09000 | 0.09000 | 0.09000 | 0.09000 | 0.09000 | 0.09000 | 0.09000 | 0.09000 | 0.09000 |
| h Grand Total (Actual) Purchased Power Costs | \$ | \$ 491,136 | \$ 475,890 | \$ 415,180 | \$ 393,967 | \$ 422,276 | \$ 530,620 | \$ 613,999 | \$ 501,605 | \$ 420,470 | \$ 368,629 | \$ 364,227 | \$ 399,943 |
| i (Sum of current and previous 5 months) | \$ | 2,444,343 | 2,514,654 | 2,544,013 | 2,596,444 | 2,628,946 | 2,729,069 | 2,851,932 | 2,877,647 | 2,882,938 | 2,857,600 | 2,799,551 | 2,668,874 |
| j kWh's Purchased | kWh | | | | | | | | | | | | |
| l Total Purchased Power kWh Units | kWh | 6,143,036 | 5,667,380 | 4,825,991 | 4,274,352 | 4,611,012 | 5,694,565 | 6,237,294 | 4,782,202 | 5,166,753 | 4,409,436 | 4,302,621 | 4,986,070 |
| m (Sum of current and previous 5 months) | kWh | 29,713,910 | 30,636,562 | 30,175,886 | 30,327,898 | 30,658,965 | 31,216,336 | 31,310,594 | 30,425,416 | 30,766,178 | 30,901,262 | 30,592,871 | 29,884,377 |
| Actual Power Costs per month (\$/kWh) | \$/kWh | 0.07995 | 0.08397 | 0.08603 | 0.09217 | 0.09158 | 0.09318 | 0.09844 | 0.10489 | 0.08138 | 0.0836 | 0.08465 | 0.08021 |
| n Power (Actual) Supply Costs @ Retail | \$ | 0.0869 | 0.0867 | 0.0890 | 0.0904 | 0.0905 | 0.0923 | 0.0962 | 0.0999 | 0.0990 | 0.0977 | 0.0966 | 0.0943 |
| o Base Fuel Cost | \$ | 0.0958 | 0.0958 | 0.0958 | 0.0958 | 0.0958 | 0.0958 | 0.0958 | 0.0958 | 0.0958 | 0.0958 | 0.0958 | 0.0958 |
| p Loss Factor | % | 5.6% | 5.6% | 5.6% | 5.6% | 5.6% | 5.6% | 5.6% | 5.6% | 5.6% | 5.6% | 5.6% | 5.6% |
| q Calculated PCA | \$ | (0.0089) | (0.0091) | (0.0068) | (0.0054) | (0.0053) | (0.0035) | 0.0004 | 0.0041 | 0.0032 | 0.0019 | 0.0008 | (0.0015) |
| r Actual PCA Implemented | \$ | \$ 0.0230 | \$ 0.0230 | \$ 0.0230 | \$ 0.0230 | \$ 0.0230 | \$ 0.0230 | \$ 0.0230 | \$ 0.0230 | \$ 0.0230 | \$ 0.0230 | \$ 0.0230 | \$ 0.0230 |
| s Total System Retail Sales (kWh's) | kWh | 6,019,350 | 4,852,074 | 5,239,125 | 4,289,634 | 4,127,665 | 4,538,082 | 6,107,957 | 5,377,195 | 4,181,812 | 4,655,436 | 4,061,675 | 4,706,850 |
| t Base PCA Revenue | \$ | 576,654 | 464,829 | 501,908 | 410,947 | 395,430 | 434,748 | 585,142 | 515,135 | 400,618 | 445,991 | 389,108 | 450,916 |
| u Fuel Factor Revenue | \$ | 138,445 | 111,598 | 120,500 | 98,662 | 94,936 | 104,376 | 140,483 | 123,675 | 96,182 | 107,075 | 93,419 | 108,258 |
| v Total Revenues through PCA | \$ | 715,099 | 576,426 | 622,408 | 509,609 | 490,367 | 539,124 | 725,625 | 638,811 | 496,799 | 553,066 | 482,527 | 559,174 |
| w Difference of Collection vs Expense | \$ | \$ 4,483,713 | \$ 4,584,249 | \$ 4,791,477 | \$ 4,907,119 | \$ 4,975,209 | \$ 4,983,714 | \$ 5,095,340 | \$ 5,232,545 | \$ 5,308,874 | \$ 5,493,311 | \$ 5,611,611 | \$ 5,770,842 |
| Over collect / (Under Collect) in each month | | \$223,963.06 | \$100,536.48 | \$207,228.04 | \$115,641.49 | \$68,090.12 | \$8,504.57 | \$111,626.07 | \$137,205.61 | \$76,328.91 | \$184,436.95 | \$118,299.53 | \$159,230.87 |
| RSF Balance at CMEEC | | 3,897,708 | 3,955,334 | 3,985,898 | 3,984,002 | 3,983,510 | 3,961,526 | 3,866,923 | 3,880,386 | 3,940,153.00 | 3,965,569.00 | 3,988,588.02 | 4,037,401.65 |
| Diff between Billed Rate and Actual Cost | \$ | 0.01005 | 0.00603 | 0.00397 | (0.00217) | (0.00158) | (0.00318) | (0.00844) | (0.01489) | 0.00862 | 0.00640 | 0.00535 | 0.00979 |
| Affect on RSF - by Month | \$ | 61,737.52 | 34,174.29 | 19,159.18 | (9,275.35) | (7,285.40) | (18,108.72) | (52,642.76) | (71,206.98) | 44,537.41 | 28,220.39 | 23,019.02 | 48,813.63 |



Third Taxing District

2 Second Street
East Norwalk, CT 06855

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

Memorandum

To: TTD Commissioners

From: Kevin Barber – General Manager

Date: May 31, 2018

Subject: Draft Electric Budget Discussion

On Friday, May 25, 2018 a draft version of the 2018-2019 Electric Operating and Capital Budgets were provided for your review. At the June 4th Commission Meeting, I will be going over the draft budget and addressing any questions that you may have.

Here are a few of the highlights from the budget and points for discussion:

- Operating Revenues: \$ 10,644,000
- Operating Expenses: \$ 10,295,895
- Operating Income: \$ 368,105
- Other Income: \$ 726,630
- Other Expenses: \$ 333,070
- Other Net Income: \$ 393,560
- Total Net Income: \$ 761,665
- Return on Rate Base: 6.27%
- Capital Appropriations: \$ 1,490,000
- Estimated Ending Cash Bal \$ 9,131,665

The opening cash balances were estimated by taking the current cash balances and factoring in the expected revenues and expenses for the remainder of the fiscal year. The attached spreadsheet lists the accounts held both locally and at CMEEC that make up the estimated opening balance.

District Commissioners

| | | | | | |
|--------------------------|--------------|--------------|-----------------------|--------------|---------------------------|
| David L. Brown | 203-866-8099 | Chairman | Kevin Barber | 203-866-9271 | General Manager |
| Debora Goldstein | 203-252-7214 | Commissioner | Ron Scofield | 203-866-9271 | Assistant General Manager |
| Pamela Parkington | 203-858-4261 | Commissioner | Johnnie Weldon | 203-216-2652 | Treasurer |

The budget was developed using the following rates:

Purchased Power Billable Rate: \$ 90.00/MWh
Power Cost Adjustment (PCA) Rate: \$ 0.0230/kWh

These rates remain unchanged from the current billed rates. This budget approach results in \$266,000 being added to the Rate Stabilization Fund (RSF) during the fiscal year 2018-2019. The estimated ending balance of the RSF is \$4,303,000, which is \$1,300,000 more than the target RSF balance of \$3,000,000. In order to reach the RSF target balance, the billable purchased power rate would need to be lowered, resulting in funds being withdrawn from the RSF.

Lowering of the purchased power billable rate would result in the following:

- Reduction of the Operating Expenses
- Reduction in the balance of the RSF, provided the new purchased power billable rate is lower than the actual cost of power.
- Increase in Net Income (provided no change is made to the PCA rate).

The attached worksheet provides the calculations for possible changes to the purchased power billable rate, the rate stabilization fund balance and the power cost adjustment (PCA).

Please let me know if you have any questions.

Cash Balance Projection 06/30/2018

Local TTD Funds

Operating Accounts:

| | |
|---------------------------------|------------------|
| Checking | 1,630,000 |
| Payroll | 10,000 |
| CWIP | 54,000 |
| Savings | 1,225,000 |
| Total Operating Accounts | 2,919,000 |

Investment Accounts:

| | |
|----------------------------------|------------------|
| Capital Improvements | 2,000,000 |
| Total Investment Accounts | 2,000,000 |

Total Local TTD Funds **4,919,000**

Funds Held at CMEEC

| | |
|------------|-----------|
| RSF | 3,965,000 |
| Trust Fund | 1,660,000 |

Total Funds Held at CMEEC **5,625,000**

Total Cash Projected **10,544,000**

TTD Electric Budget Calculations Worksheet

Changes to the Purchased Power Billable Rate:

| | \$90/MWh | \$80/MWh | \$75/MWh | \$70/MWh |
|-----------------------------------------|-----------|-----------|-----------|-------------|
| Purchased Power - FY 2018-2019 | 5,436,900 | 4,832,800 | 4,530,750 | 4,228,700 |
| Changes in FY 2018-2019 (from \$90/MWh) | | (604,100) | (906,150) | (1,208,200) |

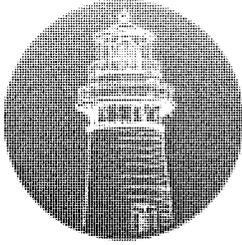
\$1/MWh is equal to -60,410 per year

Changes to the Rate Stabilization fund base on changes to the billable rate:

| | \$90/MWh | \$80/MWh | \$75/MWh | \$70/MWh |
|-----------------------------|-----------|-----------|-----------|-------------|
| Fiscal year 2018-2019 | 266,032 | (337,900) | (639,945) | (941,991) |
| Fiscal year 2019-2020 | 617,411 | 11,376 | (291,649) | (594,675) |
| Fiscal year 2020-2021 | 923,758 | 319,217 | 16,961 | (285,294) |
| Totals after 3 fiscal years | 1,807,201 | (7,307) | (914,633) | (1,821,960) |

Changes to the Power Cost Adjustment (PCA):

| | .0230/kWh | .0180/kWh | .0130/kWh | .0080/kWh | .0030/kWh |
|------------------------------------------|-----------|-----------|-----------|-----------|-------------|
| PCA income for FY 2018-2019 | 1,389,430 | 1,087,380 | 785,330 | 483,280 | 181,230 |
| Changes in FY 2018-2019 (from .0230/kWh) | | (302,050) | (604,100) | (906,150) | (1,208,200) |



Third Taxing District

2 Second Street
East Norwalk, CT 06855

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

Memorandum

To: TTD Commissioners
From: Kevin Barber – General Manager
Date: June 1, 2018
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, 2018.

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

The staff is working diligently with the auditors this year to complete the audit on a more timely basis and all indications are that we are heading in that direction.

My recommendation is to engage Hope and Hernandez to perform the audit for TTD for FYE June 30, 2018 for a cost not to exceed \$21,900.00 vs. the cost of last year of \$21,400.00.

District Commissioners

| | | | | | |
|--------------------------|--------------|--------------|-----------------------|--------------|---------------------------|
| David L. Brown | 203-866-8099 | Chairman | Kevin Barber | 203-866-9271 | General Manager |
| Debora Goldstein | 203-252-7214 | Commissioner | Ron Scofield | 203-866-9271 | Assistant General Manager |
| Pamela Parkington | 203-858-4261 | Commissioner | Johnnie Weldon | 203-216-2652 | Treasurer |



June 1, 2018

Mr. Kevin Barber, General Manager
Third Taxing District
2 Second Street
East Norwalk, CT 06855

**ENGAGEMENT LETTER FOR THE YEAR ENDING
JUNE 30, 2018**

Dear Mr. Barber:

We are pleased to confirm our understanding of the services we are to provide the Third Taxing District of the City of Norwalk, Connecticut for the year ended June 30, 2018. 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 ended June 30, 2018. 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 U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussions and Analysis
2. Schedule of Changes in the District's Net Pension Liability and Related Ratios
3. Schedule of Net Pension Liability
4. Schedule of District Contributions - Pension Trust Fund.
5. Schedule of Funding Status and Funding Progress – Other Post-Employment Benefits
6. Schedule of District Contributions – Other Post-Employment Benefits

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

Mr. Kevin Barber, General Manager
Third Taxing District

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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.

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

Audit Objective

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 financial statement preparation services and any other non-attest 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. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Mr. Kevin Barber, General Manager
Third Taxing District

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Management Responsibilities - Continued

Management is responsible for designing, implementing, and maintaining effective internal controls, relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error, 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. Kevin Barber, 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 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 limitations 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 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 financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes 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 Control

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. Accordingly, we will express no such opinion. 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. Kevin Barber, 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 the 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 or information contained therein to others, including other governmental agencies.

We expect to begin our audit on approximately September 1, 2018 and to issue our reports no later than October 31, 2018. 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 fee for the audit for the year ending June 30, 2018 will be \$21,900. Our fees for other special auditing, accounting services or consulting services will be billed at the rate of \$100 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. Kevin Barber, General Manager
Third Taxing District

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Very truly yours,

Charles J. Rubertino, CPA, President



RESPONSE:

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

By: _____

Title: _____

** COMMISSIONER _____ MOVED TO APPROVE THE ENGAGEMENT LETTER PROPOSAL FROM HOPE & HERNANDEZ FOR FYE JUNE 30, 2018 IN THE AMOUNT OF \$21,900.00

** COMMISSIONER _____ SECONDED.

** THE MOTION PASSED UNANIMOUSLY.

THIRD TAXING DISTRICT
PROJECT SUMMARY REPORT
FY 2017-2018

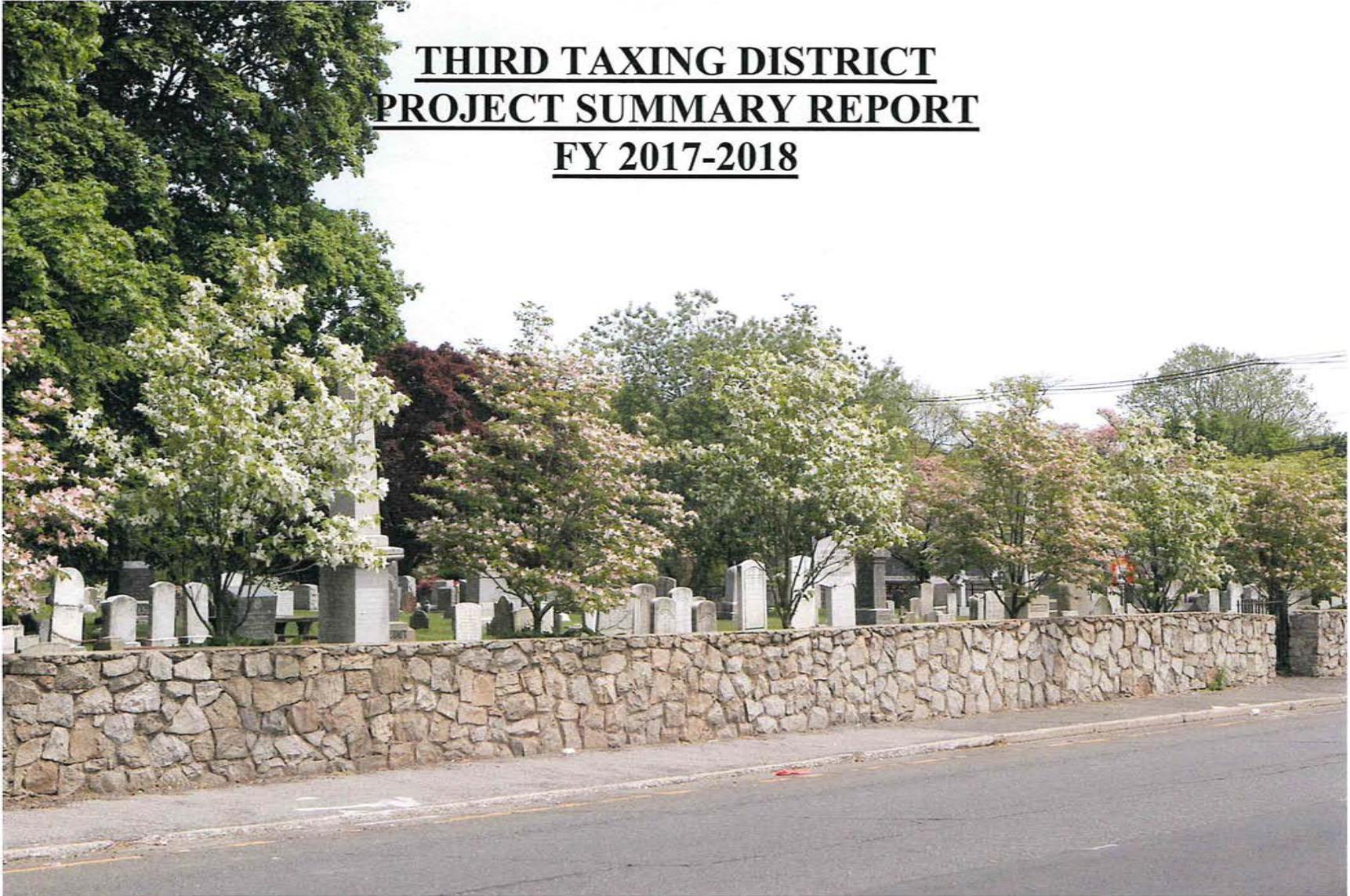


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| 1 | 3 | SUCCESSION PLANNING PROCESS |
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THIRD TAXING DISTRICT – PROJECT SUMMARY

UPDATED: MAY 31, 2018

| <u>#</u> | <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 progress – with Meter Department | On-Going – until all A-Base meters have been replaced | <ul style="list-style-type: none"> February 2018 – No A-Base Meters have been installed since the summer, but there remains 108 meters that still need to be replaced in the Distribution System. Working with staff to understand the A-Base meter issue and develop a plan. May 2018 - 2 A-Base replacements during the month. |
| 2) | Customer Service/ Management Training Program | <ul style="list-style-type: none"> Training throughout the year based on training opportunities and employee schedules. | On-Going | <ul style="list-style-type: none"> October 2018 – Tricia Dennison and Rachel Saunders attended “Developing Emotional IQ” seminar. Kevin Barber scheduled to attend APPA Annual Conference in June |
| 3) | Succession Planning Process | <ul style="list-style-type: none"> Complete with periodic review | On-Going | |
| 4) | Radio-Read Meter Upgrade | <ul style="list-style-type: none"> Approximately 91% of the system has been completed | Multi-year program beginning in 2015. Will continue until completed | <ul style="list-style-type: none"> May 1028 – Installed 62 radio-read meters for a total of 3,466 to date or 91% of the system. |
| 5) | Upgrade Fleet Vehicles | <ul style="list-style-type: none"> Purchasing/Leasing Vehicles in accordance with Five-Year fleet replacement schedule. | On-Going | <ul style="list-style-type: none"> Buy out of 2014 Freightliner Bucket Truck completed in August 2107. Lease on 2013 Chevy Volt came due at the end of Dec. Lease for a new 2017 Chevy Bolt approved by Commission and vehicle was received on Jan 2, 2018. |

| # | <u>PROJECT</u> | <u>STATUS</u> | <u>TIMELINE</u> | <u>COMMENTS/MONTHLY UPDATE</u> |
|----|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6) | I/T System Modifications | <ul style="list-style-type: none"> On-going to create greater efficiencies wherever possible | Periodic updates as necessary | |
| 7) | Conduct Cost of Service/Rate Study with Periodic Updates | <ul style="list-style-type: none"> Initial rate study conducted in 2013 with results implemented in October 2014. Update/"Tune-Up" completed in July 2016 Cost of Service Study on security lighting began in June 2016 | Security light cost of service study completed in October 2016. | <ul style="list-style-type: none"> Need to determine status of Security Light rates and if they have been implemented. Street Lighting COS Study dated Sept. 29, 2016 has been located. Study is being reviewed by Staff to determine if it was completed. Will be forwarded to Commission. |
| 8) | Strategic Planning Process | <ul style="list-style-type: none"> To be presented to Commission at the Feb 1, 2016 meeting Presented and Approved at the Feb 1, 2016 meeting Initial sessions were conducted with the Staff and Commission on May 18 and 19 Follow-up meetings have been scheduled with the Staff and Commission for Aug 16 and 17 Meetings have been scheduled with the Commission and Staff on Sep 27 Future meetings are being scheduled with Commission and Staff A follow-up meeting has been scheduled with the Commission for Nov 15. | <ul style="list-style-type: none"> Begin in 1ST Qtr 2016. Work continues into 2017 as necessary | <ul style="list-style-type: none"> May 2017 – The following activities took place during the months April/May: <ul style="list-style-type: none"> A special commission meeting was held on Apr 10th to work on the charter revision, by-laws and vision statements. Steve Vandermeer facilitated the meeting and additional progress as made in all these areas. It was agreed that the Commission continue to address the legal issues surrounding the charter changes and move forward once a definitive legal opinion was received |

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| 9) | Public Relations/ Marketing Program | <ul style="list-style-type: none"> • Bids were evaluated by Staff in early April and recommendation was made to the Commission • Commission interviewed two finalists and chose Greyskye Communications as TTD's new Marketing/PR firm. | On-going | <ul style="list-style-type: none"> • Monthly meetings have been held with Greyskye to discuss the following: Upcomings Events Newsletter Website updates Press Releases |
| 10) | Substation Upgrades and Improvements | <ul style="list-style-type: none"> • Projects on-going in all substations in order to upgrade / maintain compliance with CONVEX / FERC requirements | On-going throughout 2017-18 fiscal year | <ul style="list-style-type: none"> • T3 transformer replacement in progress, transformer has been ordered. • Old T3 transformer has been taken out of service. • Oil removed from transformer and properly disposed. • Old transformer successfully removed on April 16th. • Transformer manufacturer notified TTD on 4/30/18 of a manufacturing delay. • TTD is working to develop an understanding of the delay and the affect on the project schedule. • Witness testing scheduled for June 14-15, 2018. |

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| 11) | 18 Rowan Street Renovation | <ul style="list-style-type: none"> Property Acquired, house demolished and lot repaved Final step is to site a material storage facility on the site | Summer of 2018 | <ul style="list-style-type: none"> Since May 2017, the CAM Application was submitted. Met with Gill & Gill to review project and develop bid specs Bid packages being developed and will be available in January. Revised project schedule being developed. Bids received from 4 companies. Price exceeded expectations. Value engineering recommendations were requested from the bidders. Review of bids and valued engineering taking place. Contractor selected and approved by Commission on March 5th Contract is being reviewed by attorneys Contract signed Meeting with Contractor and Gil & Gil scheduled for June 7th |
| 12) | <u>MISCELLANEOUS</u> <ul style="list-style-type: none"> Annual Revenue/Expense Budget/ Five Year Capital Budget for FY 2018-19 | Preliminary discussions being held with staff on 2018-19 budget process | 2018-19 budgets will be presented to the Commission in May/June of 2018 | <ul style="list-style-type: none"> Started the internal budget process to prepare the 2018-19 budget. Draft budget to be sent to Commission mid to end of May for review Draft budget sent to Commission on May 25th |

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| | <ul style="list-style-type: none"> Norden Generators | Periodic testing for “Black Start” backup to the Norden facility and run into the ISO LFR Market | On-going | <ul style="list-style-type: none"> Quarterly testing performed January 2017 - Nox stack testing was performed with State of CT – passed with no issues November 2017 – Spot audit from CT DEEP – passed with no issues Received revenue forecast update from CMEEC. Increase in revenues projected for the summer months (Jun – Sep) based on results of the summer LFR auction. |
| | <ul style="list-style-type: none"> Solar Projects | Potential projects discussed with residential and commercial customers | On-going | <ul style="list-style-type: none"> Staff continues to work with customers interested in pursuing solar projects in TTD’s service territory. |
| | <ul style="list-style-type: none"> Annual Financial Audit (FYE 6/30/17) | | Expected completion date – Oct 15 th of each year | <ul style="list-style-type: none"> Audit completed on 12/28/17 |
| | <ul style="list-style-type: none"> SCADA Project | Project begins July 2015 | <ul style="list-style-type: none"> 1st/2nd Phase (Second St -Fitch St Substations) – July 2015 – July 2016 3rd Phase (East Ave) July 2016 – June 2017 4th Phase – June 2017 – July 2017 5th Phase – July 2017 – August 2017 | <ul style="list-style-type: none"> SCADA project completed in October 2017. |

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| | <ul style="list-style-type: none"> Commercial Customer Visits | On-going as schedules permit | Throughout 2018 | <ul style="list-style-type: none"> Met with owner of 25 Van Zant Street Will schedule visits with customers throughout the coming year |
| | <ul style="list-style-type: none"> Economic Development Initiatives | On-going meetings with Elizabeth Stocker, the City of Norwalk's Economic Development Director and Laoise King, City of Norwalk's Chief of Staff | Throughout 2018 | <ul style="list-style-type: none"> GGP – not proceeding with second service to mall. Elizabeth Stocker, no longer with the city. Will determine the next appropriate steps. |
| 13) | State (CT DOT) Bridge Projects | Initial letter from CT DOT to TTD issued in March 2016. Regular updates have been received from CT DOT / Parsons Brinkerhoff as information is required | Remainder of 2016 into 2017 and beyond | <ul style="list-style-type: none"> May 2017 – Continued to work with CT DOT officials on the various bridge projects through attendance at scheduled meetings, etc. Several of these projects are reaching the 30% design/development phase, which triggers additional meetings and coordination efforts. Since May – Staff is continuing to attend meetings and monitor the project. Requested and received from the State of CT the current listing of properties that are being acquired for the projects. Requested updated list of properties being acquired from the State of CT following the redesign/change to the location of the Fort Point St RR Bridge. |

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| 14) | LED Flood/Security Light Upgrade | On-going until completed | To be finalized in 2018 | <ul style="list-style-type: none"> • May 2017 – Continued to install LED security lights in the District. We have converted approximately 60% of these lights to LED’s through the end of May. 123 lights remain to be installed. • 99% of the lights have been upgraded to LED. |
| 15) | Verizon Small Cell Antenna Project/Co-Location Equipment Attachments | <ul style="list-style-type: none"> • Verizon request to attach “Small Cell Antennas” on certain TTD poles. We anticipate they will attach to three to five poles in the system. • CMEEC Legal is developing a “Master Lease Agreement” on behalf of the MEU;s statewide outlining the terms and conditions for attachment | In process – finalizing in the next 30-60 days | <ul style="list-style-type: none"> • May 2017 – Final comments have been received from all the Municipals on a draft of a Master Lease Agreement with Verizon. A “Lease Rate” is part of this agreement, similar to what we charge Cablevision for a pole attachment rate, and will result in some small incremental revenue to TTD on an annual basis (less than \$1,000/year) • Master Lease Agreement has been finalized by CMEEC Attorney and Verizon. Other MEUs have executed the agreement with Verizon • Verizon interested in attaching to multiple TTD poles • Attachment rate needs to be developed |

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| 16) | Commercial Lighting Retrofits | On-going | On-going | <ul style="list-style-type: none"> • May 2017 – as of May 31st, Lantern Energy has secured 5 commercial lighting retrofits within the District (Accurate Auto, Phil’s Main Roofing, CT Closets, Rick’s Main Roofing and Norwalk Collision). All projects have been pre-inspected by TTD. Work is expected to take place over the next few months should the customers decide to move forward on their respective projects. • December 2017 – The above commercial customers have not moved forward with the retrofits. |
| 17) | Library Roof Projects | On-going | Roof – end of fiscal year 2018 Solar – to be determined | <ul style="list-style-type: none"> • Roof project – RFP developed and due by Thursday, April 13th. Recommendation to be presented to the Commission at the April 16th Commission Meeting • Contract being reviewed • Solar project – RFP developed and due by Wednesday, April 25th. Presented to the Commission at the May 7th Commission Meeting. • Roof scheduled to be completed by June 23rd • Solar project being presented to Commission at the June 4th Commission Meeting |