

FINAL

**THIRD TAXING DISTRICT**  
of the City of Norwalk  
Commission Meeting  
June 4, 2018

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

**STAFF:** Kevin Barber, General Manager; Ron Scofield, Asst. General Mgr.;  
Mike Adams, General Line Foreman

**OTHERS:** Matt Allred (Bliss Allred & Co.)  
Peter Johnson (CMEEC Ratepayer Representative)  
Michael Cassella (Willow Brook Energy Partners)

**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.

**EAST NORWALK LIBRARY SOLAR**

Mr. Barber reviewed the history of this project with the Commission up to May 7, 2018. At that time, TTD had received 3 responses to the RFP that was put out for bid and wanted to know if the Commission had any interest in pursuing the project. The Commission gave the “go ahead” for staff to move forward.

Since that time, TTD staff and Michael Cassella (Willow Brook Energy Partners), had in-depth interviews with each of the three companies to weigh out the benefits of installing solar at the East Norwalk Library.

Mr. Cassella gave a presentation to the Commission highlighting the benefits to TTD and the District if solar was installed at the library. Mr. Cassella reviewed the history of support from TTD to the library. In the past recent years, TTD has made significant improvements to the library (i.e., mechanical system, windows, roof, front entrance, HES and ongoing maintenance).

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Mr. Cassella said that a solar option was explored for the library and went through a process to determine what would be necessary to install solar. After the initial process of placing the RFP out for bid, Mr. Cassella and staff conducted one-on-one interviews with the three potential contractors. The result of the RFP was design concept of a 40kW system which would cover the entire roof of the library. The annual output would be approximately 40,000 kWh hours. The current library load at the library is approximately 31,000 kWh hours. There is a potential for battery storage. Life expectancy of this type of solar project is 20 years. Warranties are good for ten years. One vendor offered to upgrade the electrical panel at the library to 200 amp. One last item was safety issues which consist of snow/ice mitigation.

Impacts to the Library would be avoided costs of over \$60,000 in electric bills over the 20 year life of the system, reduced CO emissions, warming cooling center support and possibly cell phone/peripherals recharging capability (with battery storage).

Impacts to TTD would be lower wholesale power costs (over \$126,000 lifetime), avoidance of lost retail sales (over \$44,000 lifetime), demand management capability and a pilot for Time of Use pricing.

Mr. Barber said that he believes this will not eliminate the monthly bill for the library as their usage does not 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.

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.

The project could be funded at no cost to TTD by using the funds available from the RRIF (Renewable Resource Investment Fund) at CMEEC. There are currently ample funds to cover the entire cost of the project.

Battery storage was discussed in conjunction with the solar. One of the major benefits of installing battery storage would be to store the excess production of energy and discharge it in a timely fashion in order to lower the peak load and potentially add more savings. The estimated cost of installing battery storage would be less than \$20,000 and could pay for itself over the life of the system.

Mr. Barber is recommending that TTD 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. They are also including the ice/snow guards and the update to the electrical panel. The Ross Solar proposal is \$88,350. This proposal does not include any battery storage.

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**\*\* COMMISSIONER BROWN MOVED TO APPROVE THE STAFF'S RECOMMENDATION TO MOVE FORWARD WITH THE LIBRARY SOLAR PV PROJECT AND SELECT ROSS SOLAR FOR A BID OF \$88,350.**

**\*\* COMMISSIONER GOLDSTEIN SECONDED.**

**\*\* THE MOTION PASSED UNANIMOUSLY.**

**\*\* COMMISSIONER GOLDSTEIN MOVED TO HAVE THE GENERAL MANAGER, KEVIN BARBER, COMMUNICATE WITH THE EXECUTIVE DIRECTOR OF THE LIBRARY ABOUT THE SOLAR INSTALLATION AND ARRANGE A PRESENTATION TO THE LIBRARY BOARD.**

**\*\* COMMISSIONER PARKINGTON SECONDED.**

**\*\* THE MOTION PASSED UNANIMOUSLY.**

### MINUTES OF MEETING

#### May 7, 2018 Regular Meeting

Commissioner Goldstein asked about a few follow-up items that were in the Minutes.

Page 10 – Was Mr. Barber able to check on the language in regard to the Line of Credit renewal. It is being worked on.

Page 11 – Was Mr. Barber able to check on the “cap rate” for the Line of Credit. It is being worked on.

Page 16 – T3 Transformer Delay – Was staff given the reason for the delay? The reason for the delay was that the vendor was short core steel. The witness testing was delayed and will take place on June 15<sup>th</sup>. At that time, staff is expecting to receive the new shipping date.

Page 16 – State (CT DOT) Bridge Projects – Since receiving the last updated list of properties being acquired from the State of CT, a new list was released. Has Mr. Barber received this yet? The CT DOT staff member who provided the list last time is now on leave. TTD staff will need to investigate to see who took their place and get an updated copy of the list.

**\*\* COMMISSIONER GOLDSTEIN MOVED TO APPROVE THE MINUTES OF MAY 7, 2018 REGULAR MEETING.**

**\*\* COMMISSIONER BROWN SECONDED.**

**\*\* THE MOTION PASSED UNANIMOUSLY.**

#### May 14, 2018 Special Telephonic Meeting

Commissioner Goldstein asked if anyone had spoken to the Cemetery Association to see if they were interested in having the cemetery listed on the National Historic Registry. Staff did make an attempt to find information on how to file. Both Commissioner Goldstein and Commissioner

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Parkington were concerned whether or not the Cemetery Association wanted to be listed on the registry. Specifically, would this listing inhibit the Cemetery Association in any way. Staff will reach out to the Cemetery Association for clarification.

Commissioner Parkington asked if it was necessary to file for the National Registry now. Commissioner Goldstein replied that it was due to the CT DOT East Avenue project coming through and possible mitigation, which would give the District more leverage if listed on the Registry.

Commissioner Parkington believes that it's possible that the Cemetery Association chose not to be listed because once on the list, what you can and cannot do becomes very restrictive.

**\*\* COMMISSIONER PARKINGTON MOVED TO APPROVE THE MINUTES OF MAY 14, 2018 SPECIAL TELEPHONIC COMMISSION MEETING.**

**\*\* COMMISSIONER GOLDSTEIN SECONDED.**

**\*\* THE MOTION PASSED UNANIMOUSLY.**

### **DISCUSSION/ANALYSIS OF FINANCIAL STATEMENTS/KEY PERFORMANCE INDICATORS**

Mr. Allred reviewed the Financial Highlights with the Commission. Total Income was \$8,634,770, a decrease of 1.36% over last year. Total Expense was \$8,308,879, a decrease of 6.55% over last year. Other Income is \$1,095,762, an increase of 174% due mostly in part to the Norden Generators. Net Income Before Rate Stabilization was \$1,401,268, an increase of 518%. Net Income was \$1,430,578, a decrease of 5% over the previous year.

Cash Balances continue to be 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 \$3,202,503.

All Footnotes for the Profit & Loss Statement have remained the same except for #2 which reflects the Gross Receipts Tax.

KPI's – The Actual Rate of Return on Rate Base is up, but should start showing a decrease once the new fiscal year budget is in place. The Rate Stabilization Fund is above the target of \$3MM, but should also start to show a decrease once the new fiscal year budget is in place.

PCA – Is still in an over-collection. Changes to the PCA will probably be made in conjunction with the new fiscal year budget and should start a downward movement.

**DRAFT ELECTRIC BUDGET DISCUSSION**

Mr. Barber thanked the TTD staff (Ron Scofield and Mike Adams) and Accountant, Mr. Matt Allred for all their hard work in developing the upcoming Operating & Capital Budgets for FY 2018/2019.

Mr. Barber reviewed the highlights from the budget and then fielded questions from the Commission.

Commissioner Parkington asked how the 26% increase was calculated for Cervalis. It is based on historical data and the possibility of bringing on board more customers.

Commissioner Parkington asked what is included in Miscellaneous Revenue. Mr. Allred said they are set fees on accounts (i.e., connect or reconnect fees) and miscellaneous invoices for items other than electric usage (i.e., pole attachments).

Mr. Barber continued reviewing the highlights from the budget as follows:



For this year, an estimated Opening Cash Balance of \$10,544,000 was calculated.

Rate Stabilization Additions/Subtractions – Based on the Purchased Power Cost of \$90.00/MWh, and what CMEEC actually bills TTD, the difference gets added/subtracted to/from the Rate Stabilization Fund. Based on the current budget projections used, there is a projection to add \$266,000 to the Rate Stabilization Fund. Based on the target value for the fund, this needs to be addressed. In order to reach the target goal, the billable purchased power rate would need to be lowered, resulting in funds being withdrawn from the Rate Stabilization Fund.

Mr. Barber reviewed the Capital Appropriations. He explained the process of how the projects for the upcoming year were selected, i.e., what’s the priority, is it appropriate for this year, can it be deferred. The \$1,490,000 is the total for the projects selected after the staff did their internal vetting of all projects. Mr. Barber reviewed the list of projects being presented to the Commission for FY2018-19 for their approval. Mr. Barber explained the new item called Miscellaneous Capital Purchases. This is similar to a contingency fund for the projects which

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continue year after year with purchase amounts that are small, i.e., underground conduits, underground conductors, street lights, etc.

Messrs. Barber and Adams answered all questions from the Commission about the capital projects.

Mr. Barber reviewed the 5-year Operating Budget with the Commission and pointed out the Net Income for the next five years and indicated that it has a slow downward trend. The downward trend is based on assumptions that may or may not be accurate. There is also no equity distribution built into the model. The Operating Budget Forecast was based on the current Purchased Power Cost (\$90/MWh) and the current Power Cost Adjustment (\$0.023/kWh) rate.

Mr. Barber is recommending to the Commission that they adjust the Purchased Power Cost to \$80/MWh and the Power Cost Adjustment to \$0.013/kWh. The Commission can either approve the budget based on the current numbers or Mr. Barber can make the recommended changes and present the new budgets to the Commission. The Commission requested that Mr. Barber go back and recalculate the budget with the new numbers and bring the budget back to the Commission.

#### Purchasing Policy

Commissioner Brown, in conjunction with the budget, would like to revisit the Purchasing Policy. Specifically, he would like to review and possibly revise Item #6. He explained his reasons and assured Mr. Barber that it was not a reflection on him, but on past practices. Commissioner Brown wants to be assured that any projects relating to the renovation or repair of assets that exceed \$100,000 will come back to the Commission for their approval. The Commission reviewed the capital projects listed in the proposed FY2018-2019 budget to see if there would be any conflict. Currently, there appear to be no conflicts between the projects and the Purchasing Policy, Item #6.

The Purchasing Policy will be added to the next Commission meeting of June 25, 2018 for further review.

### **GENERAL MANAGER'S REPORT**

#### Engagement Letter – FYE June 20, 2018 Audit

Mr. Barber presented the Engagement Letter from Hope & Hernandez for the FYE 6/30/18 financial audit. The cost of the audit is \$21,900, which is up \$500 from last year. It is the recommendation of Messrs. Barber and Allred to secure Hope & Hernandez for the financial audit.

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**\*\* COMMISSIONER GOLDSTEIN MOVED TO APPROVE THE ENGAGEMENT LETTER PROPOSAL FROM HOPE & HERNANDEZ FOR FYE JUNE 30, 2018 IN THE AMOUNT OF \$21,900.00 AS RECOMMENDED BY THE GENERAL MANAGER AND CONTRACT CONTROLLER.**

**\*\* COMMISSIONER PARKINGTON SECONDED.**

**\*\* THE MOTION PASSED UNANIMOUSLY.**

### **PROJECT SUMMARY**

T3 Transformer – Witness Testing has been scheduled for June 14/15, 2018. Based on this, TTD is expecting to receive a delivery date.

Rowan Street Building – A meeting has been scheduled with staff and Gill & Gill for Thursday, June 7, 2018.

Library Roof – Work will begin on Tuesday, June 5, 2018 with a scheduled completion date of June 23, 2018. Nine rain days has been factored into the schedule.

Security Lights Cost of Service Study – It is Mr. Barber’s plan to have UFS revisit this project.

Banners for Ludlow Tree Lightings – No updates on alternatives for the banners.

SCADA – Remove SCADA from the Project Summary as it is completed.

Economic Development – No updates.

Commercial Lighting Retrofits – Commissioner Goldstein asked about putting a policy in place for the lighting retrofits that has a time limitation for businesses to complete the project. If not completed by a certain time, they would need to reapply. Mr. Barber and staff will work on developing a policy and presenting it to the Commission.

Commissioner Goldstein has been contacted from a few ratepayers with regard to job postings and specifically bids. The ratepayers would like to see when these bids or job postings go out. She is asking if there is a way to inform the ratepayers besides the posting internally in the office and through The Hour. Suggestions included newsletter or email blasts. Discussion took place and it was the consensus that this be added as an agenda item to the June 25, 2018 Commission meeting.

### **ADJOURN**

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

**\*\* COMMISSIONER PARKINGTON SECONDED.**

**\*\* THE MOTION PASSED UNANIMOUSLY.**

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The meeting adjourned at 9:27 p.m.

Respectfully submitted,

Cynthia Tenney  
Executive Assistant  
Third Taxing District