Third Taxing District
2 Second Street
East Norwalk, CT 06855

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Third Taxing District of the City of Norwalk

Commission Meeting

Monday, May 22, 2023 at 6:30 p.m.

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

1. Public Comment – 15 Minute Limit
2. Minutes of Meeting – April 24, 2023 Regular Meeting – A/R (Pgs. 1-5)
3. Discussion/Analysis of Financial Statements/Key Performance Indicators (Pgs. 6-13)
4. Engagement Letter – FYE 6/30/23 Audit – A/R (Pgs. 14-20)
5. 2022 CMEEC Equity Distribution – A/R (Pgs. 21-22)
6. District Banking – A/R (Pgs. 23-24)
7. CMEEC-Pierce Project Final Accounting – A/R (Pgs. 25-26)
8. Connecticut Siting Council Petition No. 1560 – Norwalk Bridge Transmission Line Relocation 115-kV Project (Pgs. 27-32)
9. General Manager's Report
    - Ludlow Park Update
    - East Norwalk Firehouse Update
10. 2023-2024 Annual Operating & Capital Budgets (Special Binder Provided)
    - Review & Approval of Operating and Capital Budgets – A/R (Pgs. 33-37)
    - Approval of CMEEC Billable Rate and Power Cost Adjustment (PCA) – A/R (Pgs. 38-40)
11. 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.
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District Commissioners

Johnnie Mae Weldon	203-216-2652	Chairperson	**Kevin Barber**	203-866-9271	General Manager
Pamela Parkington	203-858-4261	Commissioner	**Ron Scofield**	203-866-9271	Assistant General Manager
Michele Sweeney	203-820-3107	Commissioner	**Read Auerbach**	203-451-7047	Treasurer

DRAFT

THIRD TAXING DISTRICT
of the City of Norwalk
Commission Meeting
April 24, 2023

ATTENDANCE: Commissioners: Johnnie Mae Weldon, Chair; Pamela Parkington; Michele Sweeney; Read Auerbach, Treasurer

STAFF: Kevin Barber, General Manager;
Ron Scofield, Assistant General Manager/District Clerk

CALL TO ORDER

Commissioner Weldon called the meeting to order at 6:31 p.m. A quorum was present.

PUBLIC COMMENT

No one from the public was in attendance to comment.

MINUTES OF MEETING

March 27, 2023 Regular Meeting

**** COMMISSIONER PARKINGTON MOVED TO APPROVE THE MINUTES OF MARCH 27, 2023 REGULAR MEETING.**
****COMMISSIONER SWEENEY SECONDED.**
**** THE MOTION PASSED UNANIMOUSLY.**

DISCUSSION/ANALYSIS OF FINANCIAL STATEMENTS/KEY PERFORMANCE INDICATORS

Mr. Barber reviewed the Financial Highlights with the Commission for March 2023. Total Income is $8,505,874 versus $7,408,876 for last year, a difference of 14.81%. Total Expense is $9,236,853 versus $7,602,700 for last year, a difference of 21.49%. Net Income before Rate Stabilization is ($26,778) versus ($265,992) from last year or a difference of 90%. Net Income after Rate Stabilization is ($352,647) versus ($674,183) for last year, a difference of 48%.

Total cash balance on hand is $8,817,896. Of this, the Capital Improvement Fund is $2,453,795. The current outstanding principal balance with CMEEC is $2,766,340. Current Fiscal Year Capital additions to date is $274,108.

Mr. Barber informed the Commission that he will be adding various accounts to the Financial Highlights page, which include the CMEEC Municipal Trust Fund, Economic Development Fund and the three Conservation Funds in order for the Commission to get a better understanding of all the accounts for Third Taxing District.

Mr. Barber reviewed the P&L for the Electric Department. Income for the month of March 2023 is $978,944.13. Purchased Power (555-00) for the month of March 2023 is $532,025.45 and Purchased Power for Cervalis is $50,144.15. Operating Expenses for the month is $387,357.47.

The P&L for the District continues to be in good shape. Parks Maintenance continues to be over budget due to timing issues of invoices submitted by the landscaper and repairs to the seawall.

KPI's: They remain in good shape.

RSF: The current balance of the RSF (Rate Stabilization Fund) is $3,455,034 and continues to be above target. Staff continues to monitor the account.

Accounts Receivable: Overall, TTD is doing very well. The greater than 90 days open balance is $41,000 which is 16% of the overall balance.

PENSION COMMITTEE REPORT

Mr. Scofield informed the Commission that the Pension Committee met with Hooker & Holcombe on April 11, 2023. Messrs. Meisner and Herskowitz reviewed various reports and gave a status update. Mr. Scofield pointed out that Third Taxing District's portfolio is in good shape, market returns for the last quarter are up and consumer confidence is still somewhat weak. According to Hooker & Holcombe, Third Taxing District is in a good place. The next meeting will be held on August 8, 2023.

PURCHASE REQUEST – UNDERGROUND CABLE

Mr. Barber referred to his memorandum to the Commission dated April 19, 2023. As part of the Walk Bridge and East Avenue Road Widening projects, Third Taxing District will need to purchase underground cable for the projects, which in turn, will be reimbursed by the State of CT and the City of Norwalk per the agreement between all parties.

Mr. Adams, General Line Foreman for Third Taxing District and Mr. Cristino, TTD's Electric Engineer of Cristino Associates Inc. developed bid specifications for the cable and sent it to four different vendors. All four vendors responded with pricing, but not all vendors bid on the two

different cables listed in the specifications. Messrs. Adams and Cristino recommended the purchase of the cable from A.J. Hurley in the amount of $698,279.50.

While A.J. Hurley did not provide the lowest bid, there were several factors which influenced the recommendation. The main factor is the availability of the cable. A.J. Hurley has a portion of the required cable in stock and can fulfill the order by August 31, 2023 which is critical for the two projects to proceed in a timely fashion. Other vendors needed lead time varying from 30 to 56 weeks which could negatively impact the project schedule.

**** COMMISSIONER SWEENEY MOVED TO APPROVE GENERAL MANAGER, KEVIN BARBER'S RECOMMENDATION TO PURCHASE THE UNDERGROUND CABLE FROM A.J. HURLEY AS REFERENCED IN THE MEMO TO THE COMMISSION DATED APRIL 29, 2023.**
**** COMMISSIONER PARKINGTON SECONDED.**
**** THE MOTION PASSED UNANIMOUSLY.**

GENERAL MANAGER'S EPORT

Ludlow Park Update

The next phase of the park improvements is moving forward. Staff is waiting to hear from the City of Norwalk about the permit to remove the existing tree. Once the tree has been removed, it is anticipated that an 18-foot Norway Spruce will be planted in its place.

Norden Generators Update

Mr. Barber informed the Commission that the decommissioning of the Norden Generators will probably be a long process and anticipates that TTD will not be able to sell them before June of 2024 because of the current obligations in the ISO-NE market. Mr. Rall at CMEEC continues to get TTD's obligations shed as soon as possible.

East Norwalk Firehouse

Mr. Barber has reached out to Laoise King, Chief of Staff for the City of Norwalk to discuss the situation which came up in March 2023 where the City of Norwalk wants to hold Third Taxing District responsible for handling and managing the project to install the new apparatus floor at Station 3. Ms. King is looking into the matter further and will get back to Mr. Barber once she has more information. She believes the matter can be worked out.

FY2023-2024 Operating & Capital Budgets

Mr. Barber informed the Commission that work has begun on the upcoming budget process and hopes to have the budgets ready for review by the Commission at the May 22, 2023 meeting.

ADJOURNMENT

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

The meeting adjourned at 7:07 p.m.

Respectfully submitted,

Cynthia Tenney
Executive Assistant
Third Taxing District

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.

Third Taxing District
Financial Highlights
Jul-Apr-2023 vs. Jul-Apr-2022

	Jul-Apr-23	Jul-Apr-22	$ Change	% Change
Total Income	9,482,476	8,243,797	1,238,679	15.03%
Total Expense	10,251,483	8,472,233	1,779,250	21.00%
Net Ordinary Income	(769,007)	(228,436)	(540,571)	-237%
Other Income	1,083,290	241,249	842,041	349%
Other Expense	420,000	300,000	120,000	100%
Net Income before Rate Stabilization	(105,717)	(287,187)	181,470	63%
Rate Stabilization	(276,266)	(524,047)	247,781	47%
Net Income	(381,983)	(811,234)	429,251	53%

CASH BALANCES

ACCTS	Funds Held Locally	
Operating Accounts	$	2,123,176
Savings		3,900,726
Capital Improvements Fund		2,460,896
Total	$	8,484,798

Funds Held at CMEEC					
Rate Stabilization Fund (RSF)	$	3,512,806	C&LM	$	454,104
Municipal Competitive Trust	$	1,781,730	RGGI	$	187,273
Total	$	5,294,536	RRIF	$	30,751
			Total	$	672,128
Economic Development Fund	$	158,074			

C&LM-Conservation & Load Management
RGGI-Regional Greenhouse Gas Initiative
RRIF-Renewable Resource Investment Fund

TTD Outstanding Principal Balance with CMEEC

Balance as of July 1, 2022	$	3,504,109
Current Balance	$	2,754,458
Current Fiscal Year Capital Additions to date	$	295,372

Third Taxing District
Profit & Loss Budget vs. Actual
July 2022 through April 2023

	Current Month				Year to Date			
	Apr 23	Budget	$ Over Budget	% of Budget	Jul '22 - Apr 23	Budget	$ Over Budget	% of Budget
Ordinary Income/Expense								
Income								
443-00 · Cervalis Data Center Revenues	64,706.95	56,115.00	8,591.95	15.31%	702,301.23	965,193.00	-262,891.77	-27.24%
440-00 · Residential Sales	357,382.56	339,624.00	17,758.56	5.23%	3,466,300.11	3,642,776.00	-176,475.89	-4.84%
442-01 · Large Commercial Sales	64,079.51	66,881.00	-2,801.49	-4.19%	611,233.25	636,612.00	-25,378.75	-3.99%
442-02 · Small Commercial Sales	189,196.10	215,747.00	-26,550.90	-12.31%	1,974,631.11	2,190,512.00	-215,880.89	-9.86%
445-01 · Water Pollutn Contrl Plnt Sales	105,866.31	102,274.00	3,592.31	3.51%	861,274.94	894,457.00	-33,182.06	-3.71%
445-02 · Flat Rate	7,800.92	8,667.00	-866.08	-9.99%	70,418.81	80,850.00	-10,431.19	-12.9%
451-00 · Miscellaneous Service Revenue	735.00	830.00	-95.00	-11.45%	11,363.12	8,300.00	3,063.12	36.91%
557-00 · Purchased Power Adjustment	186,835.00	154,473.00	32,362.00	20.95%	1,784,953.42	1,927,509.00	-142,555.58	-7.4%
Total Income	976,602.35	944,611.00	31,991.35	3.39%	9,482,475.99	10,346,209.00	-863,733.01	-8.35%
Cost of Goods Sold								
555-10 · Electrical Power Purch - Cerv	46,916.27	45,115.00	-1,801.27	-3.99%	593,887.48	855,193.00	261,305.52	30.56%
555-00 · Electrical Power Purchased	439,730.39	450,001.00	10,270.61	2.28%	5,564,214.14	5,615,101.00	50,886.86	0.91%
Total COGS	486,646.66	495,116.00	8,469.34	1.71%	6,158,101.62	6,470,294.00	312,192.38	4.83%
Gross Profit	489,955.69	449,495.00	40,460.69	9.0%	3,324,374.37	3,875,915.00	-551,540.63	-14.23%
Expense								
904-00 · Substation	15,486.85	16,007.91	521.06	3.26%	158,185.89	160,079.18	1,893.29	1.18%
403-00 · Depreciation Expense	70,852.42	70,833.33	-19.09	-0.03%	695,994.30	708,333.34	12,339.04	1.74%
408-00 · Taxes	84,742.12	1,108.00	-83,634.12	-7,548.21%	267,417.60	311,080.00	43,662.40	14.04%
540-00 · Other Power Generation Expense	5,347.07	11,500.00	6,152.93	53.5%	77,355.82	115,000.00	37,644.18	32.73%
580-00 · Distribution Expenses	17,824.14	20,166.67	2,342.53	11.62%	143,039.24	201,666.66	58,627.42	29.07%
590-00 · Maintenance Expenses	41,657.99	51,904.17	10,246.18	19.74%	496,628.26	519,041.66	22,413.40	4.32%
900-00 · Customer Accounts & Service	33,733.35	41,341.67	7,608.32	18.4%	412,308.60	413,416.66	1,108.06	0.27%
920-00 · Administrative Expenses	179,449.71	206,970.01	27,520.30	13.3%	1,842,451.00	2,069,699.98	227,248.98	10.98%
Total Expense	449,093.65	419,831.76	-29,261.89	-6.97%	4,093,380.71	4,498,317.48	404,936.77	9.0%
Net Ordinary Income	40,862.04	29,663.24	11,198.80	37.75%	-769,006.34	-622,402.48	-146,603.86	-23.55%
Other Income/Expense								
Other Income								
418-00 · Dividends	8,433.90	5,666.67	2,767.23	48.83%	89,162.95	56,666.66	32,496.29	57.35%
419-00 · Interest Income	450.00	416.67	33.33	8.0%	8,475.51	4,166.66	4,308.85	103.41%
420-00 · Gain/(Loss) on Investments	-1,337.05	0.00	-1,337.05	-100.0%	-3,077.94	0.00	-3,077.94	-100.0%
421-00 · Norden Project Income	18,000.00	20,833.33	-2,833.33	-13.6%	239,554.20	208,333.34	31,220.86	14.99%
423-00 · Gain/(Loss) from Sale of FA	0.00	416.67	-416.67	-100.0%	15,358.02	4,166.66	11,191.36	268.59%
424-00 · Energy Conservation Fund Income	11,682.05	9,583.33	2,098.72	21.9%	50,283.97	95,833.34	-45,549.37	-47.53%
425-00 · Miscellaneous Income	13,067.82	1,250.00	11,817.82	945.43%	683,533.17	12,500.00	671,033.17	5,368.27%
Total Other Income	50,296.72	38,166.67	12,130.05	31.78%	1,083,289.88	381,666.66	701,623.22	183.83%
Other Expense								
426-30 · PERSON TO PERSON	0.00	0.00	0.00	0.0%	25,000.00	25,000.00	0.00	0.0%
426-10 · Distribution to "District Fund"	98,750.00	98,750.00	0.00	0.0%	395,000.00	395,000.00	0.00	0.0%
990-00 · Miscellaneous items	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
Total Other Expense	98,750.00	98,750.00	0.00	0.0%	420,000.11	420,000.00	0.11	0.0%
Net Other Income	-48,453.28	-60,583.33	12,130.05	20.02%	663,289.77	-38,333.34	701,623.11	1,830.32%
Net Income	**-7,591.24**	**-30,920.09**	**23,328.85**	**75.45%**	**-105,716.57**	**-660,735.82**	**555,019.25**	**84.0%**

TTD District Fund
Profit & Loss Budget vs. Actual
July 2022 through April 2023

	Current Month				Year to Date			
	Apr 23	Budget	$ Over Budget	% of Budget	Jul '22 - Apr 23	Budget	$ Over Budget	% of Budget
Ordinary Income/Expense								
Income								
980-02 · INTEREST INCOME	14.76	27.08	-12.32	-45.49%	151.60	270.84	-119.24	-44.03%
980-05 · FIRE HOUSE RENT	0.00	0.00	0.00	0.0%	49,255.00	49,255.00	0.00	0.0%
980-10 · FUNDING FROM ELECTRIC	98,750.00	98,750.00	0.00	0.0%	395,000.00	395,000.00	0.00	0.0%
Total Income	98,764.76	98,777.08	-12.32	-0.01%	444,406.60	444,525.84	-119.24	-0.03%
Expense								
980-12 · FEES- COMISSIONERS	0.00	0.00	0.00	0.0%	7,875.00	7,875.00	0.00	0.0%
980-14 · FEES-CLERKS	0.00	0.00	0.00	0.0%	1,350.00	1,350.00	0.00	0.0%
980-16 · FEES-TREASURER	0.00	0.00	0.00	0.0%	1,350.00	1,350.00	0.00	0.0%
980-17 · Fees - Rate Payer Rep	0.00	0.00	0.00	0.0%	1,350.00	1,350.00	0.00	0.0%
980-19 · PAYROLL EXPENSES	0.00	0.00	0.00	0.0%	809.04	975.00	165.96	17.02%
980-20 · PARKS MAINTENANCE	313.48	2,666.66	2,353.18	88.24%	115,568.20	26,666.68	-88,901.52	-333.38%
980-30 · EAST NORWALK CEMETERY ASS'N	7,911.16	2,291.67	-5,619.49	-245.21%	31,421.63	22,916.66	-8,504.97	-37.11%
980-35 · EAST NORWALK IMP ASSOC LIBRARY								
980-36 · Electric Funding-Library Match	0.00	916.66	916.66	100.0%	0.00	9,166.68	9,166.68	100.0%
980-38 · LIBRARY PROPERTY MAINTENANCE	0.00	750.00	750.00	100.0%	6,839.33	7,500.00	660.67	8.81%
980-35 · EAST NORWALK IMP ASSOC LIBRARY - Other	42,500.00	42,500.00	0.00	0.0%	170,000.00	170,000.00	0.00	0.0%
Total 980-35 · EAST NORWALK IMP ASSOC LIBRARY	42,500.00	44,166.66	1,666.66	3.77%	176,839.33	186,666.68	9,827.35	5.26%
980-40 · CHRISTMAS TREE LIGHTING	0.00	0.00	0.00	0.0%	4,986.00	6,000.00	1,014.00	16.9%
980-45 · FIREHOUSE EXPENSES	2,660.00	125.00	-2,535.00	-2,028.0%	2,660.00	1,250.00	-1,410.00	-112.8%
980-55 · CONCERTS IN THE PARK	0.00	0.00	0.00	0.0%	29,475.00	35,150.00	5,675.00	16.15%
980-70 · ANNUAL MEETING EXPENSES	0.00	0.00	0.00	0.0%	2,117.10	3,700.00	1,582.90	42.78%
980-90 · CONTINGENCY EXPENSES	0.00	2,500.00	2,500.00	100.0%	0.00	25,000.00	25,000.00	100.0%
980-95 · Other District Services	0.00	833.34	833.34	100.0%	8,000.00	8,333.32	333.32	4.0%
Total Expense	53,384.64	52,583.33	-801.31	-1.52%	383,801.30	328,583.34	-55,217.96	-16.8%
Net Ordinary Income	45,380.12	46,193.75	-813.63	-1.76%	60,605.30	115,942.50	-55,337.20	-52.27%
Net Income	45,380.12	46,193.75	-813.63	-1.76%	60,605.30	115,942.50	-55,337.20	-52.27%

THIRD TAXING DISTRICT
KEY PERFORMANCE INDICATORS (KPI'S)
April

		Formula	2023	2022	Industry Average (Bandwidth)	Comments
1)	***OPERATING RATIO*** *- This ratio measures the proportion of revenues required to cover the operation and maintenance costs associated with the operation of the electric utility.*					
a.	*Operating Ratio - without Change in Rate Stabilization Fund*	Total Operating Expenses / Total Operating Revenues	108.11%	102.77%	95-105%	Calculation is based on the CMEEC billable rate that is set by TTD
b.	*Operating Ratio - with Change in Rate Stabilization Fund*	Total Operating Expenses + Change in RSF / Total Operating Revenues	111.02%	109.13%	95-105%	Reflects the true total operating expenses by including the change (+/-) in the rate stabilization fund.
2)	***POWER SUPPLY EXPENSE RATIO*** *- This ratio measures the proportion of the total operating expenses that is for power supply (purchased power)*					
2) a.	*Power Supply Expense Ratio - without Change in Rate Stabiliztaion Fund*	Purchased Power / Total Operating Expenses	60.07%	54.31%	65% - 70%	Calculation is based on the CMEEC billable rate that is set by TTD
b.	*Power Supply Expense Ratio - with Change in Rate Stabiliztaion Fund*	Purchased Power + Change in RSF / Total Operating Expenses	62.77%	60.50%	65% - 70%	Reflects the true total operating expenses by including the change (+/-) in the rate stabilization fund.
3)	***OUTSTANDING RECEIVABLES*** *- Total amount of outstanding receivables greater than 90 days past due*					
a.	*Outstanding Receivables - Dollars*	Total ($) Outstanding Receivables > 90 days	$41,210	$39,789		Indicates if TTD is doing an adequate job of collecting past due receivables
b.	*Percentange of total receivables*	Receivables > 90 days past due / total receivables	7.50%	6.22%		Indicates the percentage of receivables that is greater than 90 days past due
4)	***RATE OF RETURN*** *- Year to Date (YTD) Net income divided by audited Net Book Value of Assets*					
	Actual Rate of Return on Rate Base	AUTHORIZED BY STATE STATUTE	0.0%	0.0%	Varies by state 5 - 8 %	Rate of Return authorized by State statute
5)	***RATE STABILIZATION FUND*** *- this index lists the balance of the rate stabilization fund held for TTD at CMEEC*					
	Rate Stabilization Fund balance	RSF Balance	$3,544,908	$3,472,914	$2.75MM -$3.0MM	Commission approved the target balance, which is based on a RSF balance ot cover 6 months of power bills
7)	***ENERGY LOSS %*** *- This ratio measures how much energy is lost in the utitlity's electrical system and is an indicator of the efficiency of the electrical system.*					
	Energy Loss %	Total Energy Loses/Total Sources of Energy	7.05%	5.81%	2.5% - 6%	This ratio is calculated on a 12 month rolling average of electricy purchased compared to energy sold to customers

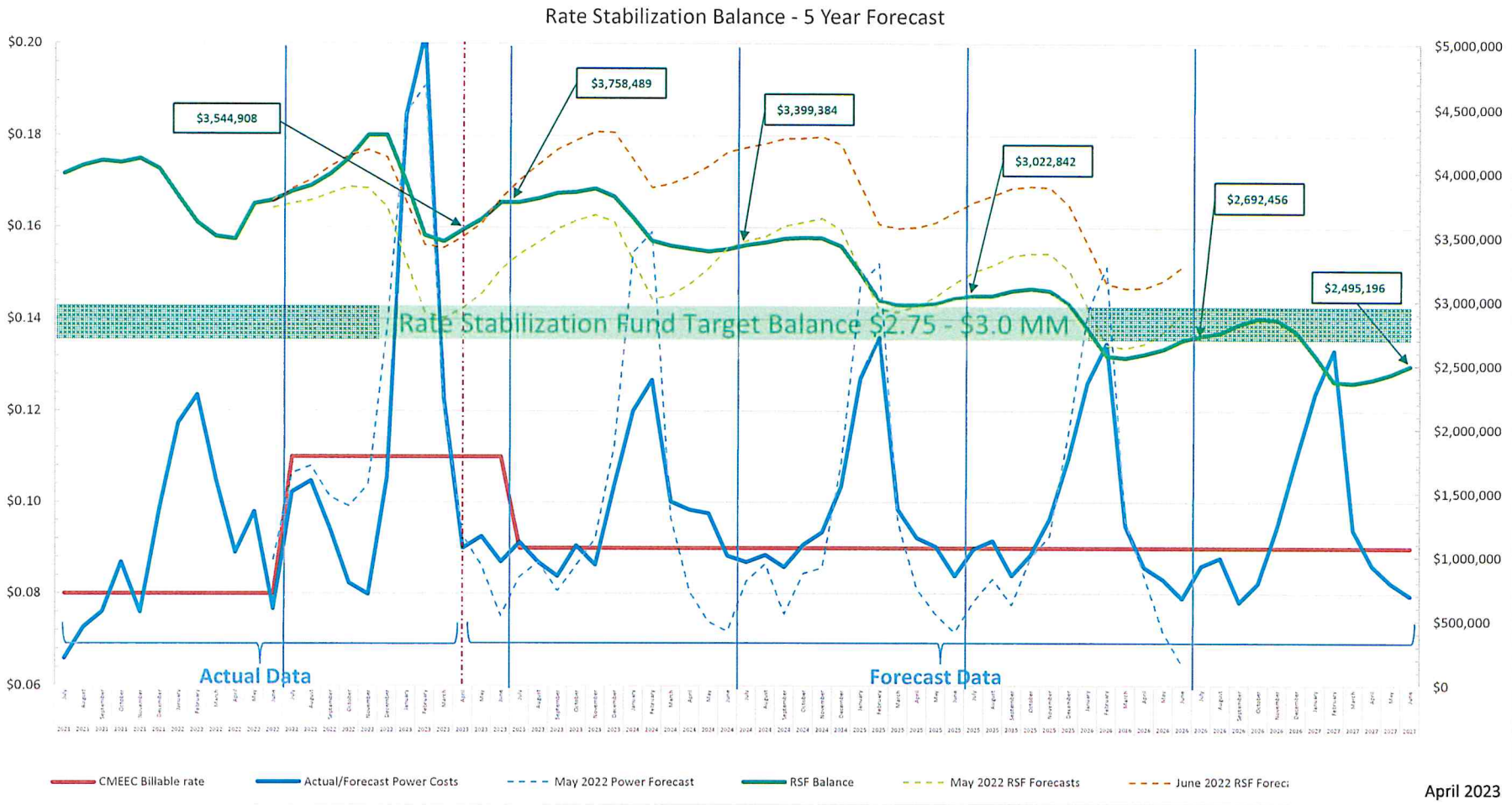
East Norwalk - PCA Calculation
Power Cost Adjustment Calculation
6 Month Rolling Average (starting January 2014)

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.

			2022 July	2022 August	2022 September	2022 October	2022 November	2022 December	2023 January	2023 February	2023 March	2023 April	2023 May	2023 June
	Total Energy	kWh												
	CMEEC Billable rate	$/kWh	0.11000	0.11000	0.11000	0.11000	0.11000	0.11000	0.11000	0.11000	0.11000	0.11000	0.11000	0.11000
h	Grand Total (Actual) Purchased Power Costs	$	$ 689,348	$ 704,058	$ 442,691	$ 332,196	$ 345,951	$ 570,734	$ 938,176	$ 943,974	$ 592,173	$ 358,895	$ 388,065	$ 447,694
i	(Sum of current and previous 5 months)	$	2,993,418	3,080,905	3,018,456	2,982,240	2,897,884	3,084,978	3,333,807	3,573,722	3,723,204	3,749,904	3,792,017	3,668,977
j	kWh's Purchased	kWh												
l	Total Purchased Power kWh Units	kWh	6,751,693	6,732,888	4,712,996	4,041,805	4,339,037	5,421,618	5,083,448	4,666,136	4,836,595	3,997,549	4,201,658	5,155,980
m	(Sum of current and previous 5 months)	kWh	30,136,125	31,870,467	31,760,654	31,654,141	31,593,306	32,000,037	30,331,792	28,265,040	28,388,639	28,344,383	28,207,004	27,941,366
	Actual/Forecast Power Costs	$/kWh	0.1021	0.10457	0.09393	0.08219	0.07973	0.10527	0.18456	0.2023	0.12244	0.08978	0.09236	0.08683
n	Power (Actual) Supply Costs @ Retail	$	0.1049	0.1021	0.1004	0.0995	0.0969	0.1018	0.1161	0.1335	0.1385	0.1397	0.1420	0.1387
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	$	0.0091	0.0063	0.0046	0.0037	0.0011	0.0060	0.0203	0.0377	0.0427	0.0439	0.0462	0.0429
r	**Actual PCA Implemented**	$	$ 0.0400	$ 0.0400	$ 0.0400	$ 0.0400	$ 0.0400	$ 0.0400	$ 0.0400	$ 0.0400	$ 0.0400	$ 0.0400	$ 0.0400	$ 0.0400
s	Total System Retail Sales (kWh's)	kWh	5,021,169	5,984,861	6,089,990	4,226,084	3,354,541	4,475,685	5,109,616	4,678,859	4,299,449	4,698,565	3,966,365	4,867,246
t	Base PCA Revenue	$	481,028	573,350	583,421	404,859	321,365	428,771	489,501	448,235	411,887	450,123	379,978	466,282
u	Fuel Factor Revenue	$	200,847	239,394	243,600	169,043	134,182	179,027	204,385	187,154	171,978	187,943	158,655	194,690
v	Total Revenues through PCA	$	681,875	812,744	827,021	573,902	455,547	607,798	693,886	635,389	583,865	638,065	538,632	660,972
w	**Difference of Collection vs Expense**	$	$ 9,030,994	$ 9,139,680	$ 9,524,009	$ 9,765,715	$ 9,875,311	$ 9,912,375	$ 9,668,084	$ 9,359,500	$ 9,351,192	$ 9,630,362	$ 9,780,929	$ 9,994,207
	Over collect / (Under Collect) in each month		($7,473.11)	$108,686.03	$384,329.23	$241,706.27	$109,595.26	$37,064.28	($244,290.37)	($308,584.69)	($8,308.00)	$279,169.74	$150,567.27	$213,278.23
	RSF Balance		3,841,789.00	3,890,148.00	3,978,729.00	4,103,370.00	4,284,261.59	4,286,029.00	3,921,324.00	3,503,295.00	3,455,034.00	3,544,908.44	3,629,025.68	3,758,489.75
	Diff between Billed Rate and Actual Cost	$	0.00790	0.00543	0.01607	0.02781	0.03027	0.00473	(0.07456)	(0.09230)	(0.01244)	0.02022	0.01764	0.02317
	Margin (estimate)			10,000.00	10,000.00	10,000.00	-40,000.00	10,000.00	10,000.00	10,000.00	10,000.00	9,044.00	10,000.00	10,000.00
	Affect on RSF - by Month	$	53,338.37	46,559.58	85,737.85	122,402.60	91,342.65	35,644.25	(369,021.88)	(420,684.35)	(50,167.24)	89,874.44	84,117.24	129,464.07

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

			2023 July	2023 August	2023 September	2023 October	2023 November	2023 December	2024 January	2024 February	2024 March	2024 April	2024 May	2024 June
	Total Energy	kWh												
	CMEEC Billable rate	$/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	$	$ 594,240	$ 532,145	$ 407,323	$ 376,034	$ 378,033	$ 552,036	$ 691,352	$ 653,800	$ 493,426	$ 404,308	$ 410,435	$ 457,974
i	(Sum of current and previous 5 months)	$	3,325,041	2,913,212	2,728,362	2,745,500	2,735,469	2,839,811	2,936,923	3,058,578	3,144,682	3,172,955	3,205,356	3,111,295
j	kWh's Purchased	kWh												
l	Total Purchased Power kWh Units	kWh	6,525,805	6,137,772	4,871,119	4,161,049	4,389,613	5,325,963	5,764,630	5,163,886	4,933,771	4,118,865	4,213,907	5,193,631
m	(Sum of current and previous 5 months)	kWh	29,383,723	30,855,359	30,889,883	31,053,383	31,241,338	31,411,321	30,650,146	29,676,259	29,738,911	29,696,727	29,521,021	29,388,688
	Actual/Forecast Power Costs	$/kWh	0.09106	0.0867	0.08362	0.09037	0.08612	0.10365	0.11993	0.12661	0.10001	0.09816	0.0974	0.08818
n	Power (Actual) Supply Costs @ Retail	$	0.1195	0.0997	0.0933	0.0934	0.0925	0.0955	0.1012	0.1088	0.1117	0.1128	0.1147	0.1118
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	$	0.0237	0.0039	(0.0025)	(0.0024)	(0.0033)	(0.0003)	0.0054	0.0130	0.0159	0.0170	0.0189	0.0160
r	**Actual PCA Implemented**	$	**$ 0.0350**	**$ 0.0350**	**$ 0.0350**	**$ 0.0350**	**$ 0.0350**	**$ 0.0350**	**$ 0.0350**	**$ 0.0350**	**$ 0.0350**	**$ 0.0350**	**$ 0.0350**	**$ 0.0350**
s	Total System Retail Sales (kWh's)	kWh	6,160,360	5,794,057	4,598,336	3,928,030	4,143,795	5,027,709	5,441,810	4,874,708	4,657,479	3,888,208	3,977,928	4,902,787
t	Base PCA Revenue	$	590,162	555,071	440,521	376,305	396,976	481,655	521,325	466,997	446,186	372,490	381,086	469,687
u	Fuel Factor Revenue	$	215,613	202,792	160,942	137,481	145,033	175,970	190,463	170,615	163,012	136,087	139,227	171,598
v	Total Revenues through PCA	$	805,775	757,863	601,462	513,786	542,008	657,624	711,789	637,612	609,198	508,578	520,313	641,285
w	**Difference of Collection vs Expense**	$	**$ 10,205,742**	**$ 10,431,460**	**$ 10,625,600**	**$ 10,763,352**	**$ 10,927,327**	**$ 11,032,915**	**$ 11,053,352**	**$ 11,037,164**	**$ 11,152,936**	**$ 11,257,206**	**$ 11,367,084**	**$ 11,550,394**
	Over collect / (Under Collect) in each month		$211,535.32	$225,717.78	$194,139.41	$137,752.34	$163,974.90	$105,588.23	$20,436.72	($16,187.75)	$115,771.86	$104,269.85	$109,878.43	$183,310.20
	RSF Balance		3,761,572.39	3,791,827.04	3,832,904.78	3,841,365.19	3,868,396.89	3,805,697.49	3,643,162.13	3,464,112.28	3,424,725.23	3,401,115.30	3,379,932.38	3,399,384.79
	Diff between Billed Rate and Actual Cost	$	(0.00106)	0.00330	0.00638	(0.00037)	0.00388	(0.01365)	(0.02993)	(0.03661)	(0.01001)	(0.00816)	(0.00740)	0.00182
	Margin (estimate)		10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
	Affect on RSF - by Month	$	3,082.65	30,254.65	41,077.74	8,460.41	27,031.70	(62,699.40)	(162,535.36)	(179,049.85)	(39,387.04)	(23,609.94)	(21,182.91)	19,452.41


Rate Stabilization Balance - 5 Year Forecast
$0.20
$0.18
$0.16
$0.14
$0.12
$0.10
$0.08
$0.06
$5,000,000
$4,500,000
$4,000,000
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$0
$3,544,908
$3,758,489
$3,399,384
$3,022,842
$2,692,456
$2,495,196
Rate Stabilization Fund Target Balance $2.75 - $3.0 MM
Actual Data
Forecast Data
CMEEC Billable rate
Actual/Forecast Power Costs
May 2022 Power Forecast
RSF Balance
May 2022 RSF Forecasts
June 2022 RSF Forec

April 2023

TTD Electric Department

Anaylsis of Aged Receivables as of April 2023

Total # of Customers	4200	
Total Open AR	605,934	- not including accounts with credit balances

	Count - Active Accounts			Account Type						
Ageing Groups	#	% of Total		Res	Small Com	Large Com	Flat	WWTP	DC	N/A
Current	1,786	42.52%	↑	1,448	271	27	5	1	0	34
30 days	182	4.33%	↑	153	19	0	2	0	0	8
60 days	53	1.26%	↑	48	2	0	0	0	0	3
90 days	30	0.71%	↑	26	1	0	0	0	0	3
120 days	17	0.40%	↑	15	0	0	0	0	0	2
150 days	7	0.17%	↓	7	0	0	0	0	0	0
180+ days	94	2.24%	↓	8	0	1	1	0	0	84

		Dollars Due per Ageing Buckets							
Ageing Groups		Total	Res	Small Com	Large Com	Flat	WWTP	DC	N/A
Current	↑	531,085	213,462	124,042	51,597	260	139,424	0	2,300
30 days	↑	20,805	19,164	1,144	0	89	0	0	407
60 days	↑	7,934	7,029	235	0	0	0	0	670
90 days	↑	4,901	4,860	14	0	0	0	0	27
120 days	↑	1,648	1,621	0	0	0	0	0	27
150 days	↓	633	633	0	0	0	0	0	0
180+ days	↓	38,928	11,699	0	24	364	0	0	26,841

N/A indicates a finalled or closed account.

AR 90 Days or less	↑	564,724.61	93.2%	↑
AR Greater than 90 Days	↑	41,210	6.8%	↓

Comparison to Previous Month

- ↓ Better
- ↑ Worse
- ⇔ Same

HOPE
HERNANDEZ, P.C.
Certified Public Accountants

April 20, 2023

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

ENGAGEMENT LETTER FOR THE YEAR ENDING JUNE 30, 2023

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 ending June 30, 2023.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of the Third Taxing District of the City of Norwalk, Connecticut as of and for the year ending June 30, 2023. Accounting principles generally accepted in the United States of America (GAAP) 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 (GAAS). 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 appropriate 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 Discussion 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 Investment Returns – Pension Trust Fund
6. Schedule of Changes in the Total OPED Liability and Related Ratios
7. Schedule of Changes in the Total OPED Liability

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

2600 Main Street ■ Bridgeport, CT 06606-5305 ■ (203) 334-8035 ■ (203) 366-5092 ■ Fax (203) 330-0823

Audit Scope and Objectives - Continued

audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, 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.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and 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. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. as part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. 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 an unavoidable risk that some material misstatement may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. 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

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

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 it to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

Audit Procedures - Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. 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.

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. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will also prepare the financial statements of the Third Taxing District of the City of Norwalk, Connecticut in conformity with accounting principles generally accepted in the United States of America based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other

Other Services - Continued

services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refused to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the 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.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from 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 accounting principles generally accepted in the United States of America.

Management is responsible for making drafts of financial statements, all financial records and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). 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, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (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. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

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 financial statements of each opinion unit 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 government 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, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

Responsibilities of Management for the Financial Statements - Continued

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our 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.

Engagement Administration, Fees and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and 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.

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. We expect to begin our audit on approximately August 9, 2023 and to issue our reports no later than October 31, 2023.

Our fee for the audit for the year ending June 30, 2023 will be $24,625. 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

Engagement Administration, Fees and Other - Continued

elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. 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.

Reporting

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. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are 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 opinions, we may decline to express opinions or withdraw from this engagement.

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

Very truly yours,

Charles J. Rubertino, CPA, President

RESPONSE:

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

Management Signature:_____

Title:_____

Date:_____

**** COMMISSIONER _____ MOVED TO APPROVE KEVIN BARBER, GENERAL MANAGER, TO ENGAGE HOPE & HERNANDEZ TO PERFORM THE AUDIT FOR THIRD TAXING DISTRICT FOR FYE JUNE 30, 2023 FOR A COST NOT TO EXCEED $24,625.**

**** COMMISSIONER _____ SECONDED.**

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 16, 2023

Subject: 2022 CMEEC Excess Equity Distribution

On Thursday, May 4, 2023, the CMEEC Member Delegation voted unanimously to distribute the 2022 Distribution Eligible Equity to the member utilities. The total equity distribution for 2022 is $6,350,396 of which TTD's portion is $365,237.

The CMEEC Membership Agreement, Section 7.5 Use of Distributions, provides the following options for the distribution of eligible equity:

- Leave all or part of distribution in Equity.
- Apply all or part to the Municipal Competitive Trust.
- Apply all or part to the Rate Stabilization Funds (RSF).
- Apply all or part as an offset to an invoice.
- All or part as a direct cash payment.

After reviewing the options for the equity distribution, I have narrowed the choices to the following three options:

- Apply the Equity Distribution to the Rate Stabilization Fund (RSF).
  - Pro: Easy access to funds with no CMEEC board approval required.
  - Con: RSF balance currently exceeds the Commission approved target balance by more than $500,000. Based on current CMEEC forecasts, the RSF balance is expected to remain above the target range for the next two fiscal years.

- Apply the Equity Distribution to the Municipal Competitive Trust Fund.
  - Pro: Funds held in a trust at CMEEC with greater returns than the Rate Stabilization Fund. Easy access to funds as CMEEC board approval is no longer required. Funds would be available for future CMEEC projects and to

District Commissioners

Johnnie Mae Weldon	203-216-2652	Chairperson	**Kevin Barber**	203-866-9271	General Manager
Pamela Parkington	203-858-4261	Commissioner	**Ron Scofield**	203-866-9271	Assistant General Manager
Michele Sweeney	203-820-3107	Commissioner	**Read Auerbach**	203-451-7047	Treasurer

cover TTD's portion of legal expenses related to the Kentucky Derby trial of former representatives of CMEEC.

- Receive as a direct cash payment for deposit into TTD's Operating accounts.
    - Pro: Easy access to funds. Funds are held at a local financial institution.
    - Con: Yield is less than 1% at current interest levels. TTD currently has sufficient funds at the local level.

I am recommending TTD receive the full distribution of the equity available and deposit the funds into the Municipal Competitive Trust account held at CMEEC. These funds would earn a greater rate or return and would be available for transfer to the Rate Stabilization Fund, if necessary, while also being available for future CMEEC projects and to pay TTD's portion of legal expenses mentioned above.

Please let me know if you have any questions.

I, _____, make a motion to authorize General Manager Kevin Barber to accept the full amount of the 2022 Equity Distribution available to TTD and deposit the funds in the Municipal Competitive Trust.

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 17, 2023

Subject: District Banking

In 2020, the TTD Commission approved the use of two banking products that would enable the District to earn a greater rate of return on funds held at Patriot Bank. Immediately following the approval, the COVID-19 pandemic struck which directly affected the interest rates in the CDARS and ICS programs. As a result, TTD did not implement these two products.

With interest rates rising, TTD has been in discussion with Patriot Bank about the best methods to increase the interest received on our funds. Patriot Bank is recommending the District utilize Certificates of Deposits (CDs). Patriot Bank is offering attractive interest rates for various lengths of time. The interest rates are higher than those offered through the CDARS program. It is our recommendation to utilize CDs of different term lengths to ensure the availability of funds to the District. By utilizing CDs, Patriot Bank will continue to maintain their agreement with TTD to have all our funds fully pledged with the Federal Reserve Bank of New York.

It is the staff's recommendation to utilize CDs with Patriot Bank for the purpose of earning a higher rate of interest on District funds.

Ron Scofield and I will be available to answer any questions.

District Commissioners

Johnnie Mae Weldon	203-216-2652	Chairperson	**Kevin Barber**	203-866-9271	General Manager
Pamela Parkington	203-858-4261	Commissioner	**Ron Scofield**	203-866-9271	Assistant General Manager
Michele Sweeney	203-820-3107	Commissioner	**Red Auerbach**	203-451-7047	Treasurer

**** COMMISSIONER _____ MOVED TO AUTHORIZE GENERAL MANAGER KEVIN BARBER TO UTILIZE CDs WITH PATRIOT BANK FOR THE PURPOSE OF EARNING A HIGHER RATE OF INTEREST ON DISTRICT FUNDS.**

**** COMMISSIONER _____ SECONDED.**

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 16, 2023

Subject: CMEEC – Final Pierce Project Accounting

In 2021, the CMEEC Board of Directors approved the sale of the Pierce Power Plant. The sale was completed at the end of 2021 and in April 2023, CMEEC staff was able to provide the members with the final accounting, including the balance of debt owed by each member.

Attached is the accounting of the sale of the Pierce Power Plant. Based on the accounting provided, TTD's portion of the amount owed is $83,247.

TTD can pay this amount in any of the following manners:

- Withdraw from the Rate Stabilization Fund (RSF)
- Withdraw from the Municipal Competitive Trust
- One-Time Invoice to TTD
- Invoiced through the monthly power bill over the remaining eight months in 2023.

It is my recommendation to pay the outstanding Pierce debt from funds held in the Rate Stabilization Fund. I will answer any questions you may have at Monday's meeting.

I, _____, make a motion to authorize General Manager Kevin Barber to pay the remaining Pierce debt of $83,247 from funds held in the Rate Stabilization Fund held at CMEEC.

District Commissioners

Johnnie Mae Weldon	203-216-2652	Chairperson	**Kevin Barber**	203-866-9271	General Manager
Pamela Parkington	203-858-4261	Commissioner	**Ron Scofield**	203-866-9271	Assistant General Manager
Michele Sweeney	203-820-3107	Commissioner	**Read Auerbach**	203-451-7047	Treasurer

Amounts to be Collected for Pierce Debt

Allocator		Total	GU	NPU	JCDPU	SNEW	TTD	BL&P	MTUA	WED
	Outstanding Debt									
1	Pierce outstanding principal	**$21,520,000**	$9,963,647	$6,327,387	$424,530	$1,709,754	$1,176,183	$864,019	$1,054,480	
1	Pierce interest due 7/1/2022	**$282,875**	130,970	83,172	5,580	22,474	15,461	11,357	13,861	
1	Pierce interest due 1/1/2023	**$254,000**	117,601	74,682	5,011	20,180	13,882	10,198	12,446	
	Less: Amount escrowed 2/15/2022									
2	Sales proceeds	**(11,236,283)**	(5,098,880)	(3,238,113)	(217,321)	(874,837)	(601,971)	(442,105)	(763,056)	
1	Release of debt funds	**(644,477)**	(298,391)	(189,491)	(12,714)	(51,203)	(35,224)	(25,875)	(31,579)	
1	Less: release of Pierce Debt Service Reserve	**(1,283,312)**	(594,167)	(377,324)	(25,316)	(101,959)	(70,140)	(51,524)	(62,882)	
	Net Pierce Debt Obligation	**$8,892,803**	**$4,220,780**	**$2,680,313**	**$179,770**	**$724,409**	**$498,191**	**$366,070**	**$223,270**	
	Offsetting Funds held by CMEEC									
3	MTUA Contribution in Aid of Construction	**(794,749)**	$ (386,917)	$ (245,720)	$ (16,491)	$ (66,385)	$ (45,682)	$ (33,554)	$ -	
2	Pierce Reserve	**(2,455,066)**	(1,114,077)	(707,510)	(47,483)	(191,147)	(131,527)	(96,598)	(166,724)	
2	Pierce Decommissioning Fund	**(429,012)**	(194,680)	(123,634)	(8,298)	(33,402)	(22,984)	(16,880)	(29,134)	
	Other Adjustments									
	Charges:									
2	Adjustment of working capital figure from sale closing	**206,596**	93,750	59,538	3,996	16,085	11,068	8,129	14,030	
2	Additional fees associated with sale and close out of project	**78,601**	35,667	22,652	1,520	6,120	4,211	3,093	5,338	
	Interest earned on debt service accounts	**(18,041)**	(8,354)	(5,304)	(356)	(1,433)	(986)	(724)	(884)	
4	Pierce Post Sale ISO Resettlement	**622**	183	116	8	31	22	16	42	204
4	Additional Pre-sale project costs	**9,267**	2,722	1,729	116	467	321	236	629	3,047
	Credits:									
2	Sale of Spare Parts	**(102,000)**	(46,285)	(29,395)	(1,973)	(7,942)	(5,465)	(4,013)	(6,927)	
2	TSA proceeds	**(28,642)**	(12,998)	(8,254)	(554)	(2,230)	(1,534)	(1,127)	(1,945)	
	Net Project Close-out	**$ 5,360,379**	**$ 2,589,791**	**$ 1,644,531**	**$ 110,255**	**$ 444,573**	**$ 305,635**	**$ 224,648**	**$ 37,695**	**$ 3,251**
	Other Items									
5	Return of pre-collected debt bond series 2012A (held by Transco)	**(4,649,919)**	(2,282,599)	(1,415,435)	(88,953)	(381,247)	(275,229)	(206,456)	-	
6	Bond accounting unwind	**938,934**	365,562	243,133	19,938	81,084	52,841	176,376	-	
	Net Collectible	**$ 1,649,394**	**$ 672,754**	**$ 472,229**	**$ 41,240**	**$ 144,410**	**$ 83,247**	**$ 194,568**	**$ 37,695**	**$ 3,251**

	Allocators used:									
1	Project Debt Obligation Allocation	**100%**	46.299%	29.402%	1.973%	7.945%	5.466%	4.015%	4.900%	0.000%
2	Pierce Project Ownership Entitlement Allocation	**100%**	45.379%	28.818%	1.934%	7.786%	5.357%	3.935%	6.791%	0.000%
3	MTUA Contribution in Aid of Construction	**100%**	48.684%	30.918%	2.075%	8.353%	5.748%	4.222%	0.000%	0.000%
4	Legacy Pierce Project Ownership Entitlement Allocation	**100%**	29.375%	18.655%	1.252%	5.040%	3.468%	2.547%	6.791%	32.872%
5	Transmission Project #1 Entitlement Allocation	**100%**	49.0890%	30.4400%	1.9130%	8.1990%	5.9190%	4.4400%	0.0000%	0.0000%
6	Membership Interest Level	**100%**	38.9337%	25.8946%	2.1235%	8.6357%	5.6278%	18.7847%	0.0000%	0.0000%

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 18, 2023

Subject: Connecticut Siting Council Petition No. 1560
Norwalk Bridge Transmission Line Relocation 115-kV Project
Approval for Crossing Utility Facilities

On Wednesday, May 17, 2023, TTD received official notification from Eversource Energy of their proposed project to move two 115-kilovolt (kV) transmission lines as part of the Walk Bridge Project. The two transmission lines are currently running above the railroad lines crossing the Norwalk River and must be removed prior to the rebuilding of the Walk Bridge.

TTD has received notification because the project will cross over or near facilities owned and/or operated by TTD. Eversource is seeking a letter from TTD indicating that we received the drawings detailing the project and stating that we do not object to the method and manner of construction relating to our facilities that may exist nearby.

TTD staff are in the process of reviewing the plans to ensure the route of the project does not interfere with TTD electric distribution infrastructure. If no issues are discovered, I will send a letter of approval to Eversource. If issues are discovered, we will work with Eversource to develop a resolution before we provide a letter of approval.

Attached is the email, letter received from Ryan Kayan, P.E. from Eversource, along with a sample letter of approval from TTD. We will have the plans available for review at Monday's meeting, if necessary.

Mike Adams and I will be available to discuss the project at Monday night's meeting.

District Commissioners

Johnnie Mae Weldon	203-216-2652	Chairperson	**Kevin Barber**	203-866-9271	General Manager
Pamela Parkington	203-858-4261	Commissioner	**Ron Scofield**	203-866-9271	Assistant General Manager
Michele Sweeney	203-820-3107	Commissioner	**Red Auerbach**	203-451-7047	Treasurer

Kevin Barber

From:	Kayan, Ryan <ryan.kayan@eversource.com>
Sent:	Wednesday, May 17, 2023 8:43 AM
To:	Kevin Barber
Cc:	DiBella, Alexander M; SOSIS, SHAYA; Lord, Andrew
Subject:	Eversource Transmission Project - CSC Petition No. 1560 - Norwalk, CT Lines 1028 & 1146
Attachments:	CSC Petition 1560 - Project Notification.pdf; Attachment A - Underground Design Package.pdf; Attachment B - Overhead Design Package.pdf; Attachment C - Sample Response Letter.docx

Hello Mr. Barber,

I am contacting you to inform you and your company that Eversource is proposing a project to relocate part of its existing electric transmission facilities within the City of Norwalk. The project is in support of the CTDOT Walk Bridge Replacement Project. The project will permanently relocate a portion of two 115-kV transmission circuits (Lines 1028 & 1146) as to not impede construction and future maintenance of the new Walk Bridge, and will include both underground and overhead construction. Eversource has submitted a petition to the Connecticut Siting Council (CSC) for this project.

More information can be found on the CSC website at:
https://portal.ct.gov/CSC/3_Petitions/Petition-Nos-1501-1600/PE1560

As part of the PURA Petition, Eversource is seeking a Letter of No Objection (LONO) from the neighboring utilities that are crossed as part of the project. These letters will be included in Eversource's Public Utilities Regulatory Authority (PURA) petition. I am requesting confirmation of receipt and a letter of no objection to the proposed plans. If you or your company have any questions or comments, I would be happy to answer and/or provide clarifications.

Attached is an electronic copy of the letter requesting a letter of no objection to this project. Eversource plans to file with PURA on or about August 15, 2023. If you can please provide a response by June 16th, it would be appreciated.

Attachments to the email include:
Attachment A – Underground Design Package
Attachment B – Overhead Design Package
Attachment C – Sample Response Letter

If you have any questions please do not hesitate to contact me.

Best regards,

Ryan Kayan, P.E.
Transmission Line & Civil Engineering
56 Prospect St
Hartford, CT 06103
ryan.kayan@eversource.com
Office: (860) 728-6183

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Eversource Energy
P.O. Box 270
Hartford, CT 06141-0270
Desk: (860)-665-2705
Fax: (860)-665-2820

May 17, 2023

Mr. Kevin Barber
General Manager
City of Norwalk Third Taxing Dist., Electrical Department
2 Second Street
East Norwalk, CT 06855

Subject: Connecticut Siting Council Petition No. 1560
Norwalk Bridge Transmission Line Relocation 115-kV Project
Approval for Crossing Utility Facilities

Dear Mr. Kevin Barber:

The purpose of this correspondence is to provide official notice that two proposed 115-kilovolt (kV) transmission lines as part of the Norwalk Bridge Transmission Line Relocation 115-kV Project, will cross over or near certain underground facilities, which you may own and/or operate. The transmission lines will be constructed within State of Connecticut, Department of Rails right-of-way, as well as public thoroughfares. I am requesting a letter from you confirming receipt of the attached drawings detailing the proposed Eversource facilities and stating that you do not object to the method and manner of construction relating to your facilities that may exist nearby. Your letter will be included in the Eversource petition to the Public Utility Regulatory Authority for construction approval, pursuant to Section 16-11-137 of the Regulations of Connecticut State Agencies. This petition is scheduled to be submitted on or about August 15, 2023.

The Eversource underground and overhead transmission line construction would take place along State of Connecticut, Department of Rails right-of-way and public right-of-way. All work will comply with the requirements of the 2023 edition of the National Electrical Safety Code as required by Section 16-11-134 of the Regulations of Connecticut State Agencies.

The project is scheduled to start in November of 2023 with completion by approximately the fourth quarter of 2025.

The attached drawings of the project area and corresponding details are for your review and use. We are available to meet at your convenience within 5 – 10 working days after submittal to discuss the scope of the high voltage transmission project to assure you have a clear understanding of the project and assure you that there will be no disruption of service.

In closing, we are hoping to receive a letter of no objection for the transmission line project by June 16, 2023. For your convenience, a sample letter of no objection has been attached to this letter. My contact information is below. Please do not hesitate to contact me for any further details about the design or if you have any questions regarding the project.

Regards,

EVERSOURCE

Ryan Kayan, P.E.
Transmission Line Engineering
Eversource Energy
Hartford 56P, 1st Flr
56 Prospect St
Hartford, CT 06103
Phone: 860-728-6183
Email: Ryan.Kayan@Eversource.com

Attachments:

Attachment A – Underground Design Package
Attachment B – Overhead Design Package
Attachment C – Sample Response Letter

CC: Alexander DiBella
Andrew Lord
Shaya Sosis

Ryan Kayan, P.E.
Transmission Line Engineering
Eversource Energy
Hartford 56P, 1st Flr
56 Prospect St
Hartford, CT 06103

Dear Ryan,

Subject: Connecticut Siting Council Petition No. 1560
Norwalk Bridge Transmission Line Relocation 115-kV Project
Approval for Crossing Utility Facilities

We have reviewed your drawings detailing the Eversource 115-kV Norwalk Bridge Transmission Line Relocation Project, crossing over, under, or near our facilities.

City of Norwalk Third Taxing Dist., Electrical Department has no objection to the method and manner of construction of the transmission lines near our facilities, designed in accordance with all applicable requirements of the National Electrical Safety Code 2023 Edition.

Please contact me should you have further questions.

Best regards,

Mr. Kevin Barber
General Manager
City of Norwalk Third Taxing Dist., Electrical Department
2 Second Street
East Norwalk, CT 06855
cc: xyz

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 17, 2023

Subject: Fiscal Year 2023-2024 Operating and Capital Budgets

Along with the attached budget memorandum and Fiscal Year 2023-2024 Operating and Capital Budget workbook, I am providing the following documents as backup information to assist in reviewing and approving the budget.

The documents are as follows:

- **TTD Cash Analysis 2018-2023**: This chart provides a visual of TTD's total cash position from 2018 to present. This includes local cash and the Rate Stabilization Fund and Municipal Competitive Trust Fund that is held for TTD at CMEEC.

- **Analysis of Power Cost Forecasts**: This chart provides a look at the volatility of the future energy market and the cost of power as forecasted by CMEEC

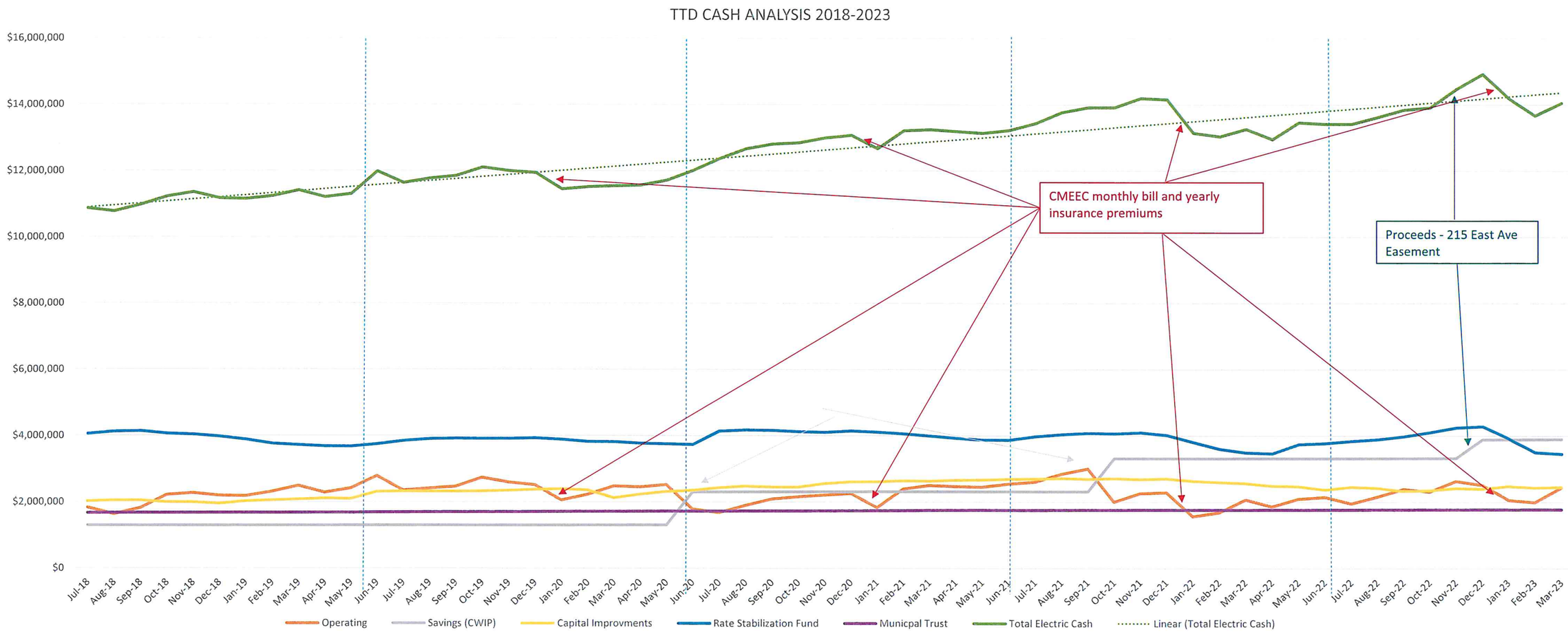
- **Analysis of Forecasts – Rate Stabilization Fund Balances**: Shows the forecast balance of the RSF based on the monthly forecasts provided by CMEEC.

These reports are intended to show the difficulty in forecasting the future power costs and the RSF balance. It shows that forecasts can change dramatically monthly and the impacts they have on the energy bills and the RSF balance.

I will answer any questions you have at the meeting on Monday.

District Commissioners

Johnnie Mae Weldon	203-216-2652	Chairperson	**Kevin Barber**	203-866-9271	General Manager
Pamela Parkington	203-858-4261	Commissioner	**Ron Scofield**	203-866-9271	Assistant General Manager
Michele Sweeney	203-820-3107	Commissioner	**Red Auerbach**	203-451-7047	Treasurer


TTD CASH ANALYSIS 2018-2023
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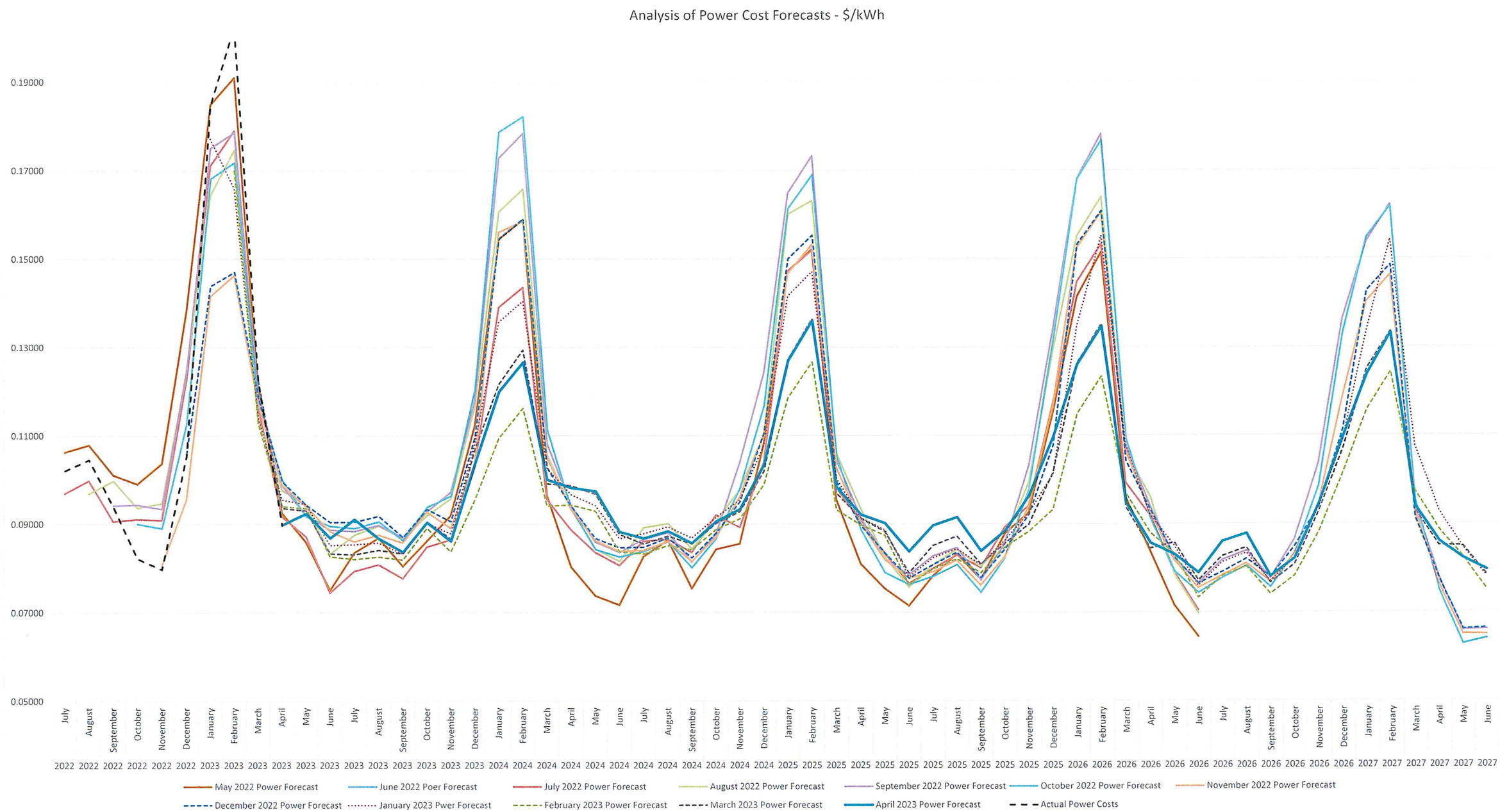
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$0
CMEEC monthly bill and yearly insurance premiums
Proceeds - 215 East Ave Easement
Jul-18 Aug-18 Sep-18 Oct-18 Nov-18 Dec-18 Jan-19 Feb-19 Mar-19 Apr-19 May-19 Jun-19 Jul-19 Aug-19 Sep-19 Oct-19 Nov-19 Dec-19 Jan-20 Feb-20 Mar-20 Apr-20 May-20 Jun-20 Jul-20 Aug-20 Sep-20 Oct-20 Nov-20 Dec-20 Jan-21 Feb-21 Mar-21 Apr-21 May-21 Jun-21 Jul-21 Aug-21 Sep-21 Oct-21 Nov-21 Dec-21 Jan-22 Feb-22 Mar-22 Apr-22 May-22 Jun-22 Jul-22 Aug-22 Sep-22 Oct-22 Nov-22 Dec-22 Jan-23 Feb-23 Mar-23
Operating
Savings (CWIP)
Capital Improvments
Rate Stabilization Fund
Municpal Trust
Total Electric Cash
Linear (Total Electric Cash)


Analysis of Power Cost Forecasts - $/kWh
0.19000
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July 2022
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September 2022
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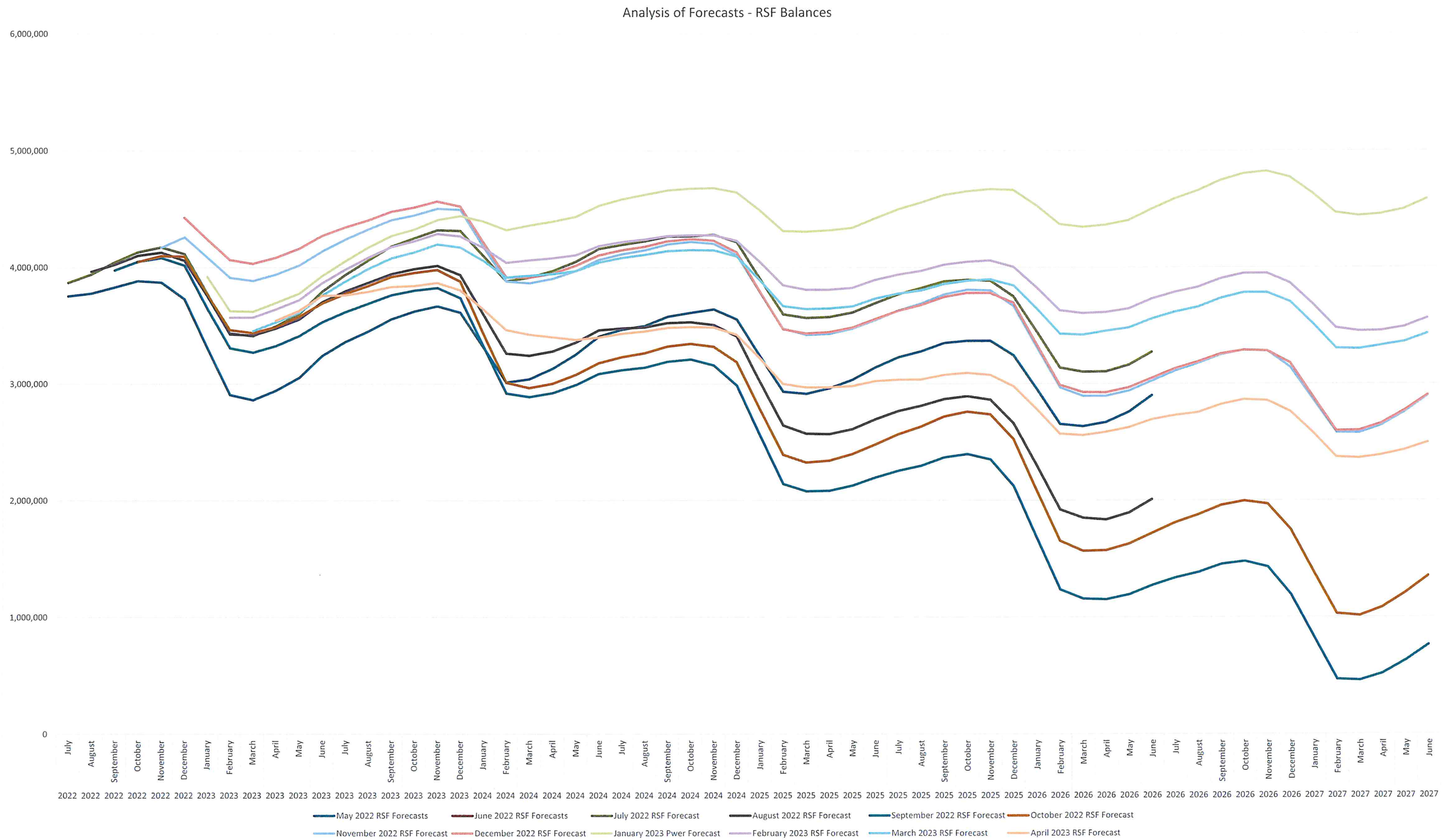
September 2022 Power Forecast
October 2022 Power Forecast
November 2022 Power Forecast
December 2022 Power Forecast
January 2023 Pwer Forecast
February 2023 Power Forecast
March 2023 Power Forecast
April 2023 Power Forecast
Actual Power Costs


Analysis of Forecasts - RSF Balances
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February 2023 RSF Forecast
March 2023 RSF Forecast
April 2023 RSF Forecast

**** COMMISSIONER _____ MOVED TO APPROVE THE OPERATING AND CAPITAL BUDGETS AS PRESENTED TO THE COMMISSION FOR THE FISCAL YEAR JULY 1, 2023 TO JUNE 30, 2024.**

**** COMMISSIONER _____ SECONDED.**

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 16, 2023

Subject: Recommended Changes – CMEEC Billable Rate and Power Cost Adjustment (PCA)

As a follow up to the 2023-2024 Operating and Capital Budget presentation, I am recommending the following changes be made, effective July 1, 2023:

- Decrease the CMEEC Billable Rate from $110.00/MWh to $90.00/MWh
- Decrease the Power Cost Adjustment (PCA) from $0.04/kWh to $0.035/kWh

A change to the CMEEC Billable Rate is necessary due to the softening of the energy market and the forecast for the next fiscal year. The reduction in the billable rate will reduce the purchase power expense by more than $1,150,000 in the next fiscal year, while also maintaining the Rate Stabilization Fund (RSF) at a level above the target balance established by the Commission. If the billable rate is not changed, the RSF balance would increase by more than $1,150,000 and would exceed $4.6 million by June 2024.

Decreasing the billable rate from $110.00/MWh to $90.00/MWH would stabilize the RSF balance during the next fiscal year. Based on the CMEEC All-In five-year forecast, the billable rate is forecasted to remain the same for the next few years.

To offset the impact of the CMEEC billable rate change on TTD's Net Income, a decrease in the PCA (revenue) would normally be appropriate. However, TTD is facing various situations that are having a direct impact on TTD's net income. The increase in funding to the District and the anticipated loss of revenue from the retirement of the Norden Generators are having major effects on the net income of the electric department. The financial impact of the District Funding ($420,000) and the Norden Generators ($120,000/year) totals approximately $540,000.

District Commissioners

Johnnie Mae Weldon	203-216-2652	Chairperson	**Kevin Barber**	203-866-9271	General Manager
Pamela Parkington	203-858-4261	Commissioner	**Ron Scofield**	203-866-9271	Assistant General Manager
Michele Sweeney	203-820-3107	Commissioner	**Read Auerbach**	203-451-7047	Treasurer

By decreasing the PCA from $0.04/kWh to $0.035/kWh, we expect to see a reduction in revenues of approximately $265,000 in fiscal year 2023-24. With the reduction in revenues and operating expenses, this year's operating budget is forecasted to have negative net income of $-315,595 for fiscal year 2023-24. In comparison, the net income for the previous fiscal year, 2022-23, was $-512,043. The five-year budget is also forecasting negative incomes for three of the next four fiscal years. The minimal reduction to the PCA is helping to mitigate the negative net income for the current and future years. TTD has a very strong cash position which allows the department to operate at a loss without concerns about funding.

A change to the PCA will also provide some rate relief to our customers. By reducing the PCA, TTD customers will see a reduction in the monthly electric bill of approximately 2.5%. Currently TTD's rates are approximately 47% lower than Eversource, however, Eversource's generation rates are expected to be much lower for the second half of the year. I would expect our rates to be between 25-30% lower than Eversource.

The PCA and CMEEC Billable Rates proposed in this memorandum were used in the development of the Fiscal Year 2023-2024 Operating Budget.

I will address any questions you may have at Monday's Commission Meeting.

**** COMMISSIONER _____ MOVED TO APPROVE A DECREASE IN THE CMEEC BILLABLE RATE FROM $110.00/MWh TO $90.00/MWh AND THE POWER COST ADJUSTMENT (PCA) FROM $0.04/KWh TO $0.035/KWh PER THE RECOMMENDATION OF THE GENERAL MANAGER, KEVIN BARBER EFFECTIVE JULY 1, 2023.**

**** COMMISSIONER _____ SECONDED.**