

FINAL

**THIRD TAXING DISTRICT**  
of the City of Norwalk  
Commission Meeting  
May 22, 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  
Mike Adams, General Line Foreman

**OTHERS:** Peter Johnson, CMEEC Ratepayer Representative

**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**

April 24, 2023 Regular Meeting

**\*\* COMMISSIONER PARKINGTON MOVED TO APPROVE THE MINUTES OF  
APRIL 24, 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 April 2023. Total Income is \$9,482,476 versus \$8,243,797 for last year, a difference of 15.03%. Total Expense is \$10,251,483 versus \$8,472,233 for last year, a difference of 21.00%. Net Income before Rate Stabilization is (\$105,717) versus (\$287,187) from last year or a difference of 63%. Net Income after Rate Stabilization is (\$381,983) versus (\$811,234) for last year, a difference of 53%.

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The total local cash balance on hand is \$8,484,798. Of this, the Capital Improvement Fund is \$2,460,896. The current outstanding principal balance with CMEEC is \$2,754,458. Current Fiscal Year Capital additions to date is \$295,372.

Mr. Barber reviewed the addition of Funds Held at CMEEC on the Highlights page. The accounts include the Rate Stabilization Fund (RSF) with \$3,512,806, the Municipal Competitive Trust with \$1,781,730 and the Economic Development Fund with \$158,074. In addition to these funds the Conservation Funds which include Conservation & Load Management (C&LM), Regional Greenhouse Gas Initiative (RGGI) and Renewable Resource Investment Fund (RRIF) total \$672,128. The C&LM account are funds that are contributed by the ratepayers and can only be used for conservation purposes. RGGI and RFFI are funded through ISO-NE and/or the State of Connecticut.

Mr. Barber reviewed the P&L for the Electric Department. Income for the month of April 2023 is \$976,602.35. Purchased Power (555-00) for the month of April 2023 is \$439,730.39 and Purchased Power for Cervalis is \$46,916.27. Operating Expenses for the month is \$449,093.65.

The P&L for the District continues to be in good shape. The accounts over budget include the East Norwalk Cemetery due to the repair of the stone wall. Invoices have been submitted to the insurance company and TTD is waiting to receive a check. Parks Maintenance is over due to the repair of the seawall and the Firehouse is over budget as a dead tree needed to be removed from the property.

KPI's: They remain in good shape.

RSF: The current balance of the RSF (Rate Stabilization Fund) is \$3,512,806 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 \$41,210 which is 6.8% of the overall balance.

### **ENGAGEMENT LETTER – FYE 6/30/23 AUDIT**

Mr. Barber presented the Engagement Letter from Hope & Hernandez for the FYE June 30, 2023. The cost for this year's audit is \$24,625, which is up \$950 from last year. Mr. Barber recommended that Third Taxing District engage them again for this year's audit.

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

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

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

**2022 CMEEC 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.

Mr. Barber reviewed the options with the Commission and is recommending that they deposit the funds into the Municipal Competitive Trust held at CMEEC.

**\*\* COMMISSIONER PARKINGTON MOVED TO AUTHORIZE GENERAL MANAGER KEVIN BARBER TO ACCEPT THE FULL AMOUNT OF THE 2022 EQUITY DISTRIBUTION AVAILABLE TO THIRD TAXING DISTRICT AND DEPOSIT THE FUNDS IN THE MUNICIPAL COMPETITIVE TRUST.**

**\*\* COMMISSIONER SWEENEY SECONDED.**

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

**DISTRICT BANKING**

In 2020, the Commission approved the use of two banking programs that would enable the District to earn a greater rate of return on funds held at Patriot Bank. Immediately following the approval, the pandemic struck and affected the interest rates in the programs. As a result, TTD did not move forward with transferring the funds into the programs.

Now that interest rates are beginning to increase, TTD has been in discussion with Patriot Bank about the best methods to increase the interest received on the funds. Patriot Bank is recommending the District utilize Certificates of Deposit (CDs) with different term lengths to ensure the availability of funds to the District.

Messrs. Barber and Scofield are recommending that TTD utilize CDs with Patriot Bank for the purpose of earning a higher rate of interest on District funds.

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

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

**CMEEC – PIERCE PROJECT FINAL 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

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members with the final accounting, including the balance of debt owed by each member. TTD's portion of the amount owed is \$83,247.

Mr. Barber reviewed different ways that TTD could pay their portion of the debt. It is his recommendation that TTD withdraw the funds from the Rate Stabilization Fund and pay the debt in full.

**\*\*COMMISSIONER PARKINGTON MOVED 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.**

**\*\* COMMISSIONER SWEENEY SECONDED.**

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

**CONNECTICUT SITING COUNCIL PETITION NO. 1560 – NORWALK BRIDGE TRANSMISSION LINE RELOCATION 115-kV PROJECT**

As an FYI only, Mr. Barber informed the Commission that on 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 the drawings detailing the project were received and stating TTD does not object to the method and manner of construction relating to their 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's electric distribution infrastructure. If no issues are discovered, staff will send a Letter of Approval to Eversource. If there are any issues, staff will work with Eversource to develop a resolution before sending the letter.

**GENERAL MANAGER'S EPORT**

**Ludlow Park Update**

Mr. Barber informed the Commission that the issue about the number of trees to be planted in place of the tree that will be removed from the park has been resolved. TTD has met the number of plantings through the recent tree plantings with the Norwalk Tree Alliance throughout East Norwalk.

Staff has been in contact with the company who will be removing the tree and is waiting to hear when the tree will be removed.

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### East Norwalk Firehouse Update

TTD is currently working with the City of Norwalk's attorney to develop a Funding Agreement for the replacement of the apparatus floor. The City's attorney has submitted a draft agreement and TTD has currently turned it over to Atty. Steve Studer to review.

Asst. Fire Chief Mark Conte has been in contact with TTD asking if there is any objection to the Fire Department painting the door to the firehouse red. Being no objection, Mr. Barber will let Mr. Conte know they can proceed.

### Derby Trial Update

Mr. Barber told the Commission that sentencing for the three CMEEC ex-employees took place during the week of May 15, 2023. It is CMEEC's understanding that the ex-employees will be appealing, but at the current time CMEEC has no intention of funding the appeals unless they are issued a court order to do so.

## **2023-2024 ANNUAL OPERATING & CAPITAL BUDGETS**

### Review & Approval of Operating and Capital Budgets

Mr. Barber presented the 2023-24 Annual Operating & Capital Budgets to the Commission. He informed the Commission that the budgets were created based on a lower CMEEC Billable Rate, a lower PCA (Power Cost Adjustment), a larger District Budget to fund, and the reduction in the revenue from the Norden Generators.

He then reviewed the Operating Budget Summary in detail and asked for any questions from the Commission, of which there were none.

Mr. Barber reviewed the capital projects, most of which are standard from year to year, i.e., poles, transformers, meters, furniture/equipment, etc. He highlighted two larger projects:

- Replacement of the Ford F-750 Bucket Truck which is currently 16 years old and is getting difficult to get serviced.
- Replacement of Oil Circuit Breakers at the East Avenue and Rowan Street Substations.

Mr. Barber specifically pointed out the cost of transformers and the difficulty in getting them. The cost has increased and the lead time is now up to approximately 102 weeks. Mr. Adams informed the Commission that getting in the queue to obtain transformers has been difficult as TTD does not purchase large amounts at one time. The vendors do not seem to want to deal with "the little guy."

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After the review of the Capital Budget, Mr. Barber asked the Commission if there were any questions about any of the projects for the upcoming fiscal year. No questions were asked.

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

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

Approval of CMEEC Billable Rate and Power Cost Adjustment (PCA)

As a follow-up to the 2023-2024 Operating Capital Budget, Mr. Barber recommended 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

The decrease 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). If the rate is not changed, the RSF balance would increase by more than \$1,150,000 and would exceed \$4.6 million by June 2024.

To offset the impact of reducing the billable rate on TTD's Net Income, a decrease in the PCA would normally be appropriate. By decreasing the PCA, TTD would expect to see a reduction in revenue of approximately \$265,000 in FY2023-24. A change to the PCA will also provide some rate relief to TTD's customers of approximately 2.5%.

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

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

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**ADJOURNMENT**

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

The meeting adjourned at 7:50 p.m.

Respectfully submitted,

Cynthia Tenney  
Executive Assistant  
Third Taxing District