

SECOND TAXING DISTRICT COMMISSIONERS
Regular Meeting
August 18, 2009

Present:	Otha N. Brown Mary E. Burgess Al Ayme Maria Borges-Lopez Mary Mann Sylvester Maultsby	Chairman Vice Chairperson
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Also Present:	John M. Hiscock Candace Pampoukidis Frank Zullo Arthur Miller	General Manager District Clerk District Counsel District Counsel
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Public Present: None

Absent: Cesar A. Ramirez

Call To Order

Chairman Otha N. Brown called the Regular Meeting of the Second Taxing District Commissioners to order at 7:03 p.m. on Tuesday, August 18, 2009. The meeting was held at South Norwalk Electric and Water, One State Street, South Norwalk, Connecticut.

Acceptance of the Minutes

Commissioner Brown: This meeting will come to order, and may I have a motion to accept the minutes?"

Commissioner Ayme: "So moved."

Commissioner Burgess: "Second."

Commissioner Brown: "The remarks?"

[No remarks]

Commissioner Brown: "If not, then all those in favor say aye."

Commissioners simultaneously: "Aye."

Commissioner Brown: "Those opposed say nay."

[No opposed]

Commissioner Brown: “So ordered.”

Commissioner Maultsby: “Abstain.”

Commissioner Brown: “One abstention [acknowledging Commissioner Maultsby].”

Commissioner Maultsby: “You’re talking about the minutes?”

Commissioner Burgess: “Right [responding to Commissioner Maultsby].”

Commissioner Maultsby: “Yes, yes, one abstention. I was absent. I was on vacation.”

Commissioner Ayme made a motion to accept the regular meeting minutes of July 21, 2009. Commissioner Burgess seconded and the motion passed with five Commissioners voting in favor and none opposed. Commissioner Maultsby abstained.

Chairman’s Remarks

Commissioner Brown: “[Singing] Happy birthday to you... oh no, not... okay, the... my remarks will be very brief, because I left my notes at home. I had to catch a ride, even though I have two cars [laughing]. Amazing [laughing]. That’s another story, I tell you. But I did catch up with John [Mr. Hiscock], so...

GENERAL MANAGER

Advanced Meter Infrastructure (AMI) – Project Update

Commissioner Brown: “So we’ll proceed with the meeting, the General Manager, on number four, Advanced Meter Infrastructure. By the way, we (inaudible) the two people that are outside here, we’ll be hearing from you later on [referring to Attorneys Zullo and Miller], and so we... be sure any embellishments that you think of in your regard, or anything else... we need all we can get. John [Mr. Hiscock]?”

Mr. Hiscock: “I didn’t get a chance before, but for the record Commissioner Ramirez did call in indicating he would not be here this evening. He had a work conflict that he had to deal with. AMI - I’ve talked about this a little bit before. We’ve had a presentation from Dave Scott from Plexus Research on the AMI, which is the Advanced Meter Infrastructure, and the automated reading of water and electric meters throughout the system. And what I want to report to you this evening is we are on schedule and moving forward. We issued the RFP, the request for proposals to vendors, on May 29, 2009. Bidders sent in by May 12th, an intention to respond with a proposal. On June 26th we answered final questions on the RFP documents. And then July 24th, 2009 by 4:00 p.m. the proposals were submitted. We have only two vendors. And the reason at this point that we only two vendors has to do with the requirement to read water meters which are outside of the electric system. You know, our electric system is very small, very compact, very compressed; consisting of South Norwalk. The water system is fairly large and goes from southwest Wilton in the Silvermine section, all the way down through Rowayton, all the way over to Darien, and then back into sections of East Norwalk. So in order to simply read all of the meters through this system effectively, there were not as many vendors as we would have liked to have had to submit proposals. The next thing that occurs in this process is that on September 4th we’re supposed to notify the vendors of the short

list. Those are the people with whom we will go forward and discuss their proposals, and then make any changes that we need, verify costs, and move forward. On October 4th the schedule requires us to send of letter of intent to the selected provider. We'll go through the bids, we'll work with the two vendors, we'll determine what system works the best for the Department, and then attempt to finalize a contract with that vendor. The first quarter of 2010 is when the installation will occur. I didn't deliberately hand out anything this evening because the bid process at this point, because of the way it's structured with the RFP, essentially is proprietary. We are not going to announce prices because of the relationship with the two vendors; and because we have options, mixes and matches, we can make choices in this process that will change the price. So we are not going to apprise either vendor of the other's bid at this point in time. When we're completely done it will all become public record, and everybody will have all of the information, and they can see the process and, you know, make sure it was done, you know, appropriately, in accordance with Connecticut's bidding requirements for municipalities. The other piece of good news that I'm going to give you is the pricing was very consistent with our business case; the business case that was prepared and presented to you earlier this year in the presentation by the consultant. So we have no pricing surprises, which is kind of good. And we are what I would call very close. And since the business case information is public at this point, I'm not going to indicate where we are in relationship to that business case, but we are certainly close enough that there is no concern on our part. And that's the procedure we're going through. Now... and the reason I wanted to go over this tonight, so I can answer a few questions and add a piece of confusion to this process. About six weeks ago the CMEEC Board decided to apply, on behalf of all of its member municipalities, for stimulus funds. The program that we're applying for is the Small System Matching Grant Program in which 50% of the cost, if we, 'if we', and 'we' being CMEEC, obtain a stimulus grant, we will in fact get half of this project paid for by the feds. There will be some additional reporting and administrative requirements. We are allowed to provide in-kind services for that. And in this process, working with CMEEC, the CMEEC system spent about \$125,000 preparing the grant, filing, for the stimulus program. They are very, very expensive, and they are very, very time consuming. That came out of the CMEEC budget. It didn't come out of our budget. Now obviously we all know that whatever CMEEC spends, it cascades down to us anyway, but it was spent out of the CMEEC budget, approved by the entire Board, because it was outside the scope of the original budget. There are a couple of caveats and issues related to this, and one of them is all of the systems said that they didn't want CMEEC owning any infrastructure within any of the systems' boundaries, and that the only thing that would reside at CMEEC would be something called the MDMS, the Meter Data Management System, which allows for all the time-of-use pricing and all of the real complex real-time pricing, because otherwise we'd have to have six systems, one in each. That's something that I don't think pleased CMEEC very much. They thought that they were going to maintain all of this infrastructure and two-way system. Everybody said no, that we're not in the business of making you a utility. So that's the good news. The other difficult situation is because we are the only system at this point fully budgeted to cover it. The other systems would need to get budgetary allocations from their municipality. And as it turns out, three of the systems comprise the bulk of the cost. And actually SNEW is the largest of all of the systems, because we already had the money budgeted and we're moving forward, so our entire system is included. It includes, in addition to our base system, some of the more exotic time-of-use for C&I, Customer and Industrial customers; time-of-use for residential customers; support for the home area network systems where the... there's a display device in the house. We didn't put that in our bid, but it's in the stimulus proposal. Hopefully the stimulus awards will occur in accordance with the federal program, which is sometime in November. That would dovetail perfectly into what we're doing, because you're allowed to claw back three months of expenditures from the date of award and contract signing. While we're not sure how this is going to move forward, everybody in

the country has applied for funds for this. The administration is putting a huge amount of money into this program. Supposedly there are going to be a tremendous amount of dollars. We crafted, at CMEEC, the application to be very cutting edge and involving the coordination of six individual utilities into a Metered Data Management System as a prototype for cooperatives and joint action agencies nationwide. Is that going to ring somebody's bell? I don't know. It's hard to say. Politics is obviously involved in all of this. Do we have a good enough proposal, a good enough team? I don't know. So if we're lucky, all of this will dovetail and we won't end up spending all of the money that we have already allocated in our budget. So that's if we're lucky, and if the other systems decide to go along. So that's the status of the AMI project. It's moving along, going fine, but we'll see how the stimulus package goes. And if we get a grant, and everybody agrees, that's fine. And if we don't, we're just going to proceed along the original lines of the project. So at this point I can answer any questions that anybody may have about this. Once we get through with the vendors you'll have more formal information, you'll have a package in front of you, you'll have all of the pricing information, you'll have all the contracts, and you'll have all of the procedure. But we're not quite to that stage yet."

Commissioner Burgess: "This is... between September and October we'll have this information?"

Mr. Hiscock: "I think at... the October meeting. I believe I will have formal information handed out prior to the October meeting for everybody's review, and then I believe we'll discuss that in detail in the October meeting."

Commissioner Ayme: "Through the Chair. May I?"

Commissioner Brown: "Yes [acknowledging Commissioner Ayme]."

Commissioner Ayme: "As far as you know, is there any money available in subsidies or grants either by the State or...?"

Mr. Hiscock: "All of the stimulus funds for AMI infrastructure are being managed and controlled at the federal level."

Commissioner Ayme: "Okay."

Mr. Hiscock: "This is not being handled locally. This is not like roads and highway infrastructure, or utility infrastructure. This is actually being managed and controlled right at the federal level. This apparently is an Administration hot topic."

Commissioner Ayme: "So we can apply?"

Mr. Hiscock: "We have applied..."

Commissioner Ayme: "Oh, we have applied. Okay."

Mr. Hiscock: "We have applied through CMEEC. As I said we are the largest of the CMEEC systems in total dollars inside of this grant, but it does require the cooperation of the other muni's to go forward. So even if we get an award, then the other muni's have to approve it to go forward."

Commissioner Ayme: "And this is the same system that was based upon the presentation that was made, whereby the meters will be read from the office...?"

Mr. Hiscock: "Yes [responding to Commissioner Ayme], both of the... yes, they're read essentially by radio waves..."

Commissioner Ayme: "Right [responding to Mr. Hiscock]."

Mr. Hiscock: "...and it's all read centrally."

Commissioner Ayme: "And you're not anticipating any layoffs?"

Mr. Hiscock: "No."

Commissioner Ayme: "Okay."

Mr. Hiscock: "No. No, we've always managed to use people in other places."

Commissioner Ayme: "Okay."

Mr. Hiscock: "And when you plan this kind of project you manage your workforce appropriately, and sometimes you don't fill vacancies anticipating..."

Commissioner Ayme: "Right."

Mr. Hiscock: "...a movement of workforce into other areas..."

Commissioner Ayme: "Okay."

Mr. Hiscock: "...with appropriate training. So that's not on the table. It was not on the table from day one."

Commissioner Ayme: "Yes. I don't recall, how much... did we have an estimated cost for the whole thing?"

Mr. Hiscock: "I don't have the budget in front of me, but it's approximately \$3 million."

Commissioner Ayme: "\$3 million. Okay. And this is coming out of the..."

Mr. Hiscock: "Out of the budget that you've already approved."

Commissioner Ayme: "...budget that we have."

Mr. Hiscock: "Yes."

Commissioner Ayme: "Okay. Alright."

Mr. Hiscock: "And it's split up about \$2 million in Electric and \$1 million in Water."

Commissioner Ayme: “Right. Okay.”

Commissioner Brown: “Any other remarks or observations?”

[No remarks]

Commissioner Brown: “Thank you very much, John. A lot of this was covered... some of it was covered in the report that I brought back from California, as you recall. We had all of the federal people there, and it was very similar to that.”

Power Interruptions (July 27th and August 10th) – Discussion

Commissioner Brown: “The next item is the Power Interruptions. You interrupted my giving... writing my speech.”

Mr. Hiscock: “You were up very late then?”

Commissioner Brown: “Yes, I was up very late.”

Mr. Hiscock: “Okay.”

Commissioner Brown: “...And I stayed up all night; that hopefully it would come back on.”

Mr. Hiscock: “Okay. We had, or have experienced, two lengthy power interruptions about two weeks apart; July 27th and August 10th. I don’t know whether this is a good news or a bad news story, but I was on vacation both times it occurred.”

[Laughter]

Commissioner Burgess: “Good news for you [responding to Mr. Hiscock].”

Mr. Hiscock: “Good news for... yes. Seriously, no, both of the interruptions were related to the CL&P feed to us. We are concerned about the interruptions to the extent that they were so lengthy. The normal situation with our feed from CL&P; we had redundant systems that fed directly from the 9S substation on New Canaan Avenue. They were called the 9S43 and the 9S44. And the 9S44 and 43 came from the New Canaan Avenue substation, through the transmission lines that run through West Norwalk, and then come southerly down and intersect Flax Hill at about Keeler. And from there the 44 line goes down, underground, basically down Flax Hill Road, and then comes down through some of the side streets under Martin Luther King, and into our substation. The 43 line goes overhead down Highland Avenue and through various streets, crosses Bouton Street, crosses the railroad tracks, crosses Martin Luther King Boulevard, and comes out into a substation at Wilson Avenue of CL&Ps, and then travels north back to our substation at State Street. And for years they ran off of two different busses, and two different breaker systems, and they tied into what we call a common bus bar, which was in the normally open position. And then when one line or the other failed, our tiebreaker would close, joining the bus bar, and we’d get a blip, and our customers would instantaneously, within seconds, be re-fed, and we had no particular problem. About a year ago CL&P notified us that they wanted us off of the 9S substation, and they were preparing an alternate supply for us. And we actually have no control over this. It has to do with the contract negotiated way back in the 80’s for supply; and it was negotiated by CMEEC, when SNEW joined

CMEEC. We're now fed off of the 115 system, transmission system, at the Flax Hill Road, CL&P substation. They brought in a used, but in very good condition transformer, and we're now fed from there along with their Wilson Avenue substation, through the truncated portions of the 43 and 44 line. And since it's only a single transformer, the redundancy that we were supposed to receive within the system was an automatic flip over to the old 44 line going back to the 9S. So that would be our emergency feed, and supposedly we were going to be in a position where we would get the same blip, and then instantaneously, within seconds, restored. Well, two lightning storms in a row, it did not happen. And in each instance, with little or no damage to their system, their relays tripped out on us and left us without power. We are... we did some internal work of ours at the engineering level, our staff is talking to CL&P, but within the next week or so we are going to be meeting at a higher level with CL&P and try to get this problem resolved. Because it's plain and simple unacceptable that every time there's a lightning strike in the vicinity of the Flax Hill station all of our feed is down. I mean that's just absolutely unacceptable, and was not anticipated. So the power outages that we experienced, luckily were in the 1:00 a.m. to 4:00 a.m. timeframe in both cases, because of the lightning strikes, or the claim of lightning strikes by CL&P; but if they were to occur Friday night at 8:00, or 6:00, when everybody's in business, and the restaurants are all... and the bars are busy, there's a tremendous loss of business with a three hour outage. It's just plain and simple unacceptable to us. So we will be meeting with CL&P. And the other problem is, even when you have an outage at that timeframe, peoples generators kick in. It's wear and tear on their generators. There are life safety issues. There's no lighting in South Norwalk, that's an issue; there's no traffic lights; there's nothing. It's black."

Commissioner Mann: "Yes [responding to Mr. Hiscock]."

Mr. Hiscock: "It's pitch black. So it's a major concern. We were contacted by the press. I left a voicemail back to John Nickerson at the Advocate, the only one who called us about it, and I guess he decided he had a hotter topic to write about. He never wrote about it, and that was that. We've had some complaints from customers. You know, the biggest nuisance is your computer trips out, and you've got to restart all your computers depending on how your UPS is set up and all of that. So it's becoming a difficult situation, and we hope to have it resolved. So I thought it would be appropriate to one, for the public record, brief the Commission on it so that the Commission understands what's occurred; and while most of you weren't inconvenienced, it's an unacceptable situation."

Commissioner Burgess: "When you say 'we' will be meeting, do you mean you 'CMEEC', or just you?"

Mr. Hiscock: "No, no [responding to Commissioner Burgess]. I will invite CMEEC to the meeting..."

Commissioner Burgess: "Okay."

Mr. Hiscock: "...but most of the new connection was reviewed by SNEW using Gary Walter as an outside consultant, Mike Giordano... we had a large number of meetings in this room, and while at some of the meetings CMEEC was present, and other meetings they were not, this is really a CMEEC contract, but it's really a relationship between CL&P and SNEW completely."

Commissioner Burgess: "Okay, I just wondered."

Mr. Hiscock: "That contract, because of changes in the regulatory climate, is being terminated by CL&P through their legal department, and we're signing a transmission agreement with CMEEC and CL&P at the transmission level. And then we're signing a distribution level contract, called a Distribution Services Agreement between CMEEC and CL&P, but affecting Jewett City, East Norwalk and South Norwalk, the only three parties that receive what's called distribution level service. The way it is being negotiated, and it hasn't even gone to counsel yet; the way it's being negotiated gives each of the three systems individual rights to deal with CL&P, through CMEEC, so we have more power than we had previously. So all of this is moving along in this unfortunately slow, but steady process."

Commissioner Burgess: "Thank you."

Commissioner Brown: "Any other questions?"

[No remarks]

Commissioner Brown: "Going once, twice, three times. Thank you very much, John. And no anticipation of any other outages, or anything? I have a lot to do in the next month [laughing]."

Mr. Hiscock: "Hopefully we will have no further outages..."

Commissioner Brown: "Okay, very well."

Mr. Hiscock: "...however, we... most of our outages recently have been CL&P related."

Public Participation

[There was no public present]

Commissioner Brown: "Okay, I don't believe... I don't that the two gentlemen out there qualify for public participation, but we will make exceptions if they want to tell how wonderful we run the meeting today, tonight, or something like that [referring Attorneys Zullo and Miller]. Attorney Frank Zullo, our counsel..."

Mr. Zullo: "No, I have no comment [responding to Commissioner Brown]."

Commissioner Brown: "...do you want to testify anything?"

Mr. Zullo: "I have no comment."

Commissioner Brown: "How good we have been to you, and all of that; anything of that sort."

Mr. Zullo: "No, I don't. No comment, except that we're here..."

Commissioner Brown: "And your colleague there [referring to Mr. Miller]."

Mr. Zullo: "...on the executive session."

Generation Plant Rebuild Project – Update

Commissioner Brown: “Okay, very well. Anything else by the Commission? Shall we go into executive session?”

Mr. Hiscock: “Yes, to take up the generation rebuild project. And we need to move to executive session because of the transactions contemplated involve other parties and contracts related to it.”

Commissioner Brown: “Are you satisfied, you and the Clerk, that the appropriate people are here for the executive session?”

Mr. Hiscock: “Certainly the Commission, myself, the Clerk, and counsel.”

Commissioner Brown: “Right. Let the record reflect that. Thank you very much. We’ll take about two minutes...”

Mr. Hiscock: “Are you going to vote to go to executive session?”

Commissioner Ayme: “So moved.”

Commissioner Maultsby: “You need to... do you want to vote to go to executive session and then take a break?”

Commissioner Brown: “Yes. Yes [responding to Commissioner Maultsby].”

Commissioner Maultsby: “I move that we go into executive session.”

Commissioner Burgess: “Second.”

Commissioner Brown: “Okay, second. Okay, without exception you’re in executive session.”

EXECUTIVE SESSION

The District Commissioners moved into executive session at 7:30 p.m. The purpose of the executive session was to discuss contracts and contract negotiations related to the power plant project.

Present in executive session were Commissioners Brown, Burgess, Ayme, Borges-Lopez, Mann, and Maultsby; General Manager, John M. Hiscock; District Counsel, Frank Zullo and Arthur Miller; and District Clerk, Candace Pampoukidis.

REGULAR SESSION

The District Commissioners returned to regular session at 8:27 p.m. There was no action taken as a result of the executive session.

Commissioner Ayme: “Move to adjourn.”

Commissioner Borges-Lopez: “Second.”

Commissioner Brown: “We’re going back into general session... okay, to adjourn?”

Commissioner Maulsby: “Yes [responding to Commissioner Brown], second.”

Commissioner Brown: “Without objection.”

Commissioner Ayme: “Thank you.”

Adjournment

The meeting adjourned at 8:27 p.m.

Attest:

Candace Pampoukidis
District Clerk