

SECOND TAXING DISTRICT COMMISSIONERS
Special Meeting
January 27, 2009

Present:	Otha N. Brown	Chairperson
	Mary E. Burgess	Vice Chairperson
	Al Ayme	
	Maria Borges-Lopez	
	Mary Mann	
	Sylvester Maultsby	
	Cesar A. Ramirez	

Also Present:	John M. Hiscock	General Manager
	Candace Pampoukidis	District Clerk

Public Present: None

Call To Order

Chairman Otha N. Brown called the Special Meeting of the Second Taxing District Commissioners to order at 7:10 p.m. on Tuesday, January 27, 2009. The meeting was held at South Norwalk Electric and Water, One State Street, South Norwalk, Connecticut.

Chairman's Remarks

Commissioner Brown: "I call the meeting to order, and I start off with an apology. One, I made a New Year's resolution that I would try to be to meetings this 2009 on time, and I thought I would be keeping it. But I should share with you is that I got a call, and there were some inquiries because my son was involved in an accident last night, and was in... all day was in intensive care, emergency, but I find that he's okay, and is car isn't. And now I understand he's... for the benefit of the police, I understand it was not his fault. The second thing is that I am a little late because I wanted to, in my remarks, so we could get with the meeting very quickly, and my remarks is just to clear up a couple things. One is there is a rumor, to some extent which I started, that I might be a candidate to run for the nomination, run for mayor. And I will win, by the way, if I decide to run. This is Obama time. I know that because I just left Washington. I've been in Washington for almost two months; since the last meeting, and so that I've been given certain amounts of encouragement. Let's see, do I have the right minutes? The other thing is that I have only one item to indicate in terms of my remarks. First of all, happy new year to everyone. I haven't seen you since the last meeting. And I'm very glad to be here, and hopefully get home very quickly in snow, because I've been in the South and I've got to get oriented again to this area, but I must admit I missed all of you. And the only thing I have to say in terms of my remarks is to remind you, I believe you received from the Manager and a member of the Agenda Committee, a note... did they see it? We did get that, didn't we John [Mr. Hiscock], a meeting about... concerning your note to the... all members of the Commission, about the matter of the agenda? Oh, you didn't get it? Maybe the Clerk did it? It was..."

Mr. Hiscock: "Oh [responding to Commissioner Brown]."

Commissioner Brown: "[Laughing] I got it all the way in Virginia, so as a result..."

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

Commissioner Brown: "But I was just... as I understand it, and I think we... because we did meet, as you recall on this, is that all items that will be approved by the Agenda Committee will be those in which we have been given fair notice of the request for such. Number one is that we only know right now only two items that are rather stable for the agenda, and that is we expect to hear from the General Manager, and that will be so noted on the agenda; and also that you will hear remarks from the Chairman, which I shall do now. All other items must be... you must contact either John Hiscock, or myself, or someone of the... or Mrs. Burgess; I almost forgot your name, to make sure that we make some consideration of your agenda item, and that we will make a decision on that. Otherwise it will not be on the agenda. Hopefully this will streamline a little better, our meetings. So if there are any questions about that, I will entertain any questions so that will be very clear. So anything that we get from anybody, I don't care who it is, if it has not been cleared by the Agenda Committee, it will not be on the agenda. So if you do have an item, a pet project or whatever it may be, and you want it to be on the agenda, be sure to check with the Agenda Committee and we will make some disposition of it. Oh boy, what I have to do to get to a meeting on time. The consent agenda."

Mr. Hiscock: "Mr. Chairman?"

Commissioner Brown: "Yes [acknowledging Mr. Hiscock]."

Commissioner Ayme: "Mr. Chairman?"

Mr. Hiscock: "You need to minutes of..."

Commissioner Ayme: "On a point of order, we... I have a question on one of the remarks that you've made..."

Commissioner Brown: "Okay [responding to Commissioner Ayme]."

Commissioner Ayme: "...but beyond that, we are off the agenda. If we can get to the approval of the minutes, then we can get on with the remarks."

Commissioner Brown: "Oh, I'm sorry."

Commissioner Ayme: "Yes."

Commissioner Brown: "You are exactly correct."

Commissioner Ayme: "Okay."

Acceptance of the Minutes

Commissioner Brown: "I always start... we accept the minutes of the... the Clerk, she's so good at it. But may I have a motion?"

Commissioner Burgess: "So moved."

Commissioner Mann: "Second."

Commissioner Brown: "This is the minutes of December 16th of 2008. Any questions, remarks?"

[No remarks]

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

Commissioners simultaneously: "Aye."

Commissioner Ayme: "One abstention."

Commissioner Ramirez: "One abstention."

Commissioner Maulsby: "Abstention."

Commissioner Ramirez: "Actually two, right?"

Commissioner Brown: "Will the abstentions be noted?"

Ms. Pampoukidis: "How many abstentions?"

Commissioner Brown: "Two of them."

Ms. Pampoukidis: "One, two [pointing toward Commissioners]..."

Commissioner Maulsby: "...Two, three."

Commissioner Brown: "Who's the third?"

Commissioner Maulsby: "Total of three, Ms. Clerk."

Ms. Pampoukidis: "Who's the third?"

[Commissioner Maulsby indicating Commissioner Ramirez]

Commissioner Ramirez: "No, no, no, no."

Commissioner Borges-Lopez: "No [responding to Commissioner Maulsby]."

Ms. Pampoukidis: "Okay."

Commissioner Borges-Lopez: “Two abstentions.”

Commissioner Ayme: “Two abstentions.”

Ms. Pampoukidis: “Two abstentions.”

Commissioner Ayme: “Me and Mr. Maultsby.”

Commissioner Burgess made a motion to accept the regular meeting minutes of December 16, 2008. Commissioner Mann seconded and the motion passed with Commissioners Brown, Burgess, Borges-Lopez, Mann and Ramirez voting in favor, and none opposed. Commissioners Ayme and Maultsby abstained.

CONSENT AGENDA

Electric Write Offs – October 1, 2008 thru December 31, 2008

Commissioner Brown: “What’s happened to your math [directed to Commissioner Maultsby]? By the way, the consent agenda; what’s your pleasure on that? On the electric write offs?”

Commissioner Burgess: “I will move the consent agenda, the electric write offs.”

Commissioner Ayme: “Second.”

Commissioner Brown: “Any 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 Burgess made a motion to approve the consent agenda, Electric Write Offs - October 1, 2008 through December 31, 2008. Commissioner Ayme seconded and the motion passed unanimously with all seven Commissioners voting in favor and none opposed.

REGULAR AGENDA

Electric Rate PPA Change - Recommendation

Commissioner Brown: “The regular agenda is the electric rate PPA change recommendation. I will only say that apparently, from my remarks, at the next meeting this will be coming... items like this will be coming under the General Manager’s report, and he will be responsible to make sure that we are willed, skilled and informed about that. So if you’re... so that is the way the agenda will read.

And secondly, after the... so I will assume that right now is the General Manager's report, because he's the only one that seems to know anything about it [laughing]. Okay?"

Mr. Hiscock: "In your board book under tab five is a series of charts, and graphs, and information with respect to our need to change the Purchased Power Adjustment component of our rates. It applies only to the kilowatt hours sold. It doesn't apply to demand charges. It doesn't apply to any of the other various things in the rate structure. It solely applies to kilowatt hours as metered. Other than the narrative, the brief narrative giving us some background, if you flip the page there's a chart that looks like this [holding up a chart in the board book], and I just want to quickly explain that. It's probably the most important part of the discussion. It's entitled Electric Rate Stabilization Fund Balance. It has actual numbers, as you can see at the top of the page, from October of 2004 through the ending balance of December of 2008. And as you look at those numbers, they are the monthly closing balance of the Rate Stabilization Fund, and they obviously, as you can see, vary widely. And that has to do with the fact that we are billed for our wholesale power at a level rate, and we charge our customers at a level rate, but the actual marketplace power swings up and down depending on season; highest in the summertime. So you can see that in December of 2006 we were very highly negative at minus \$722,000.00; almost \$723,000.00, and in the January timeframe of 2007 we raised the PPA by \$0.01 per kilowatt hour, and doing that you can see that the negative figures rapidly declined during 2007 and we have an ending balance of \$1.4 million. At that point, in January of 2008, we lowered the PPA by the \$0.01 on our customers' bills and the Rate Stabilization Fund sort of leveled out but declined from the beginning of the year to the end of the year only slightly; well, or significant, from \$1.5 to \$1.0 million approximately. That figure is higher than the target that we originally anticipated. We anticipated somewhere in the \$750,000.00 [range], which was the target that I recommended last year. The reason we didn't drop as low as the target was that CMEEC's actual power purchases and sales to us were under budget. They did a better job than anticipated on power purchases. We obviously get the benefit of that. So as of January, the beginning of the month... or actually no, as of December the balance is, as I said, maybe \$1.1 million. But if you apply the CMEEC budget for purchased power for 2009, which is the next two lines down that are grouped under the heading that says 'Current PPA', these are the numbers that we estimate based on the CMEEC approved budget, and shows that the Rate Stabilization Fund will decline dramatically through 2009, ending the year in a negative position of about \$189,000.00, and starting off in 2010 continue to decline dramatically. Two reasons for that; the wholesale power at CMEEC is starting to increase because our older, less expensive contracts are expiring. They will be replaced by new contracts at the CMEEC Board level, and they represent anticipated market price of power. Having said that, 2010 was based on some higher fuel prices and CMEEC probably will end up doing better than the 2010. Now the 2010 numbers are not an adopted budget, they're an advisory budget, because we do a current year budget and then one year out as advisory so we can all plan going forward. Recognizing that... two things there. One, that under the current PPA structure our Rate Stabilization Fund was going to decline the whole year and that was, or is, pretty much unacceptable to us. But the 2010 line appears, based on the world economic conditions, to be higher than we're probably actually going to pay. So the negative, red, large numbers you see estimated for 2010 aren't as likely to occur, or aren't likely to occur that way, however it is necessary to do something about the PPA to avoid the negative Rate Stabilization Fund. So we looked at a series of different scenarios, and you can see on the left-hand side we have a \$0.0032 PPA increase, and you see the resulting numbers in the Rate Stabilization Fund for 2009. It would go positive, but only to the tune of about \$140,000.00 at the end of the year; a fairly low number for our Rate Stabilization Fund, but nonetheless positive. And then it would climb in the early parts of 200... oh, that number is backwards. Okay. Okay. It would climb through 2010 to a higher level than shown. We also then looked at a \$0.005, which is a half a cent increase, and saw

that the balance would increase to \$328,000.00 at the end of the year and then continue to climb all during 2010. We then looked at a \$0.01 increase, which was what we were during 2007. To set it at that rate we end up with \$846,000.00 at the end of the year, climbing to \$1.8 [million] at the end of 2010. And then just for the sake of doing the graph we did a \$0.015 increase. We didn't bother giving you rate structures for the \$0.015 increase. That simply was not worth doing. So once we looked at the various increases, we then plotted them against the rate structures, and I will tell you the reason we picked \$0.0032 is it evens the actual PPA out to a very round 4 cents, and it was just what we chose, and it was a little bit less of a burden on the customers than the \$0.05 that we originally thought we were going to do. If you... and by the way, the one line I said there was an error in, if you take the 2010 under the 0032 and invert the entire line, that would be the correct numbers. When the chart was put together, they were put together in reverse order and I didn't catch that when I looked at it. Alright, so moving over to the spreadsheets, we start off with our current Rate 10, which is our residential rate, and you see the yellow column is the current PPA. Look over to the extreme right-hand side of the page and you'll see the difference between South Norwalk's rates and CL&P's rates. We're, for most of the mid-range rates, well above our 30% target. As you can see it starts out at 55 [%], and that's an anomaly because CL&P has a much larger customer charge than we do. If you look at column one under South Norwalk you'll see our customer charge is \$7.41. If you move over to column one under the CL&P, which is about the center of the page just to the right of the darkened, bolded column, you'll see they're at \$16.00. That's why, initially, we're so much lower than CL&P. But as you go down through the consumption you'll see it rapidly drops to the mid-30's range, and at the higher levels drops into the 30 range, and then at the very high levels drops into the upper 20's. Yes sir [acknowledging Commissioner Ramirez]?"

Commissioner Ramirez: "I'm sorry, you said \$7.41? Are we referring to the... where it says Rate 10, because I have \$7.12? Am I missing something here? The first line."

Mr. Hiscock: "Oh, no, that's under Rate 10; the bold column there."

Commissioner Ramirez: "Right. So where is the \$7.41? I don't..."

Mr. Hiscock: "Okay, the extreme..."

Commissioner Ramirez: "Oh, I see, never mind."

Mr. Hiscock: "...left-hand, column one."

Commissioner Ramirez: "Okay, yes. Okay, versus the \$16.00. Okay, I got it."

Mr. Hiscock: Okay, and the reason it drops by the way to \$7.12 is if you look under column 8 you'll see that the discount is \$0.79. So that's why the base \$7.41 actually drops to \$7.12, okay, and that's the bolded number right in the middle of the page. We then took each of the PPA's that we plotted, at least the lower ones, and we plotted a \$0.0400 PPA on the next page. And if you look over to the extreme right you will see that it doesn't really affect the difference between us and CL&P dramatically. It lowers the difference a little bit when you compare the two pages. And then the next page, we go through, and you'll see the PPA at \$0.0418, which is a half cent increase. And you look at the extreme right-hand column and you can see that the percentage difference between CL&P and SNEW starts to get, you know, continues to get a little bit lower, but not a lot lower. The reason for that is the difference between our rates and CL&P's are simply, you know, they're

dramatic. They're a very, very big difference. So small changes in our rate don't reflect to big changes in the percentage difference, and that's just math. We went through and did the PPA at \$0.0468, which is a one cent increase, and then when you look to the right-hand column you'll see that very quickly we get to the 30% target range, and then for the mid-range we are 3%, 4% lower than we are on the earlier charts. So there is a difference, but that's still within a reasonable target range of this 30% that we try to use. So for our residential rates you can see that we're significantly better than CL&P, and actually a little bit better than our target, currently. And even if we raise the PPA to the recommended \$0.0400, we'll still be right at our target in the mid-range of kilowatt hour usage; the 700, 800, 900 range. We've done this series of charts for every one of our rate structures, and while I don't want to go over them in detail, I wanted to thumb through them a little bit. An example, if you go to the page that says Rate 11. That's a commercial rate. If you look at the right-hand column you can see that we're, other than the very small, the very small customer utilizations, at about 20%, or 21%, currently. That is well more... 'well more lower', that's pretty bad language; 'substantially' lower than our target for commercial customers, at about 10% less than CL&P. That's occurring because we have adjusted our rates over the last couple of years by altering the PPA, which only applies to the kilowatt hour charge. It doesn't apply to the kilowatt demand charge. So what we're doing now, we are not collecting enough on demand charges from our customers, and collecting it in the kilowatt hours. That's counter to what we're all trying to do in the electric business by trying to get people to drop their peaks. You know, we do all of this conservation and load management. So we have created a rate structure that's a disincentive to conservation and load management; lowering the peaks. And that's not a good thing, and towards the end I'll talk about what I think we need to do to solve that problem. And as you go through all of the rates, and they have the various PPA's, but you'll see all of the right-hand pages we are significantly lower than CL&P, and way higher than the 10% target that we used to use. And the only time it's different is at the very high end of the rate structure. And you can just simply page through and see in each case our commercial customers' benefit is approaching... not quite as good as the residential, but the commercials are starting to get up into the higher ranges, and that is this quirk that we need to deal with in our rate structure. I'm going to stop here for a minute and ask if there are any questions about the charts, how we develop them, and any of the comparisons that you can see in the book; and there's certainly more than we need to go over here."

Commissioner Brown: "John [Mr. Hiscock], I'd like to..."

Commissioner Ayme: "Mr. Chairman?"

Commissioner Brown: "Excuse me [directed to Commissioner Ayme]; that last statement you made, you were challenging us about... with regard to commercial, as to where we're not up to snuff. Will you explain that a little more, because the question is I... and I ask the question, why is it that we must do certain kinds of things in that regard?"

Mr. Hiscock: "No, we don't really need to do certain kinds of things with respect to..."

Commissioner Brown: "I mean is it because of competition, or...?"

Mr. Hiscock: "No, I think it was this philosophy that we've always had about the electors, the owners of the utility, getting the best break, and not getting, or getting a larger break than our commercial customers get. It's, it's..."

Commissioner Brown: "And I'm for that."

Mr. Hiscock: "Yes, and we at SNEW have historically had that position. And Commissioner Burgess I'm sure remembers the days when our commercial rates were actually higher than CL&P's, and very significantly. And that didn't put us in a good light with SoNo Business District, it didn't put us in a good light with the Chamber of Commerce, and it really wasn't a good thing. In 2001/2002 we made an affirmative move at the Electric Commission, before they were combined with the District Commission, to make sure that our commercial rates were always lower than CL&P's, along with our residential. And at that point in time we set this sort of guideline; 30% less for residential, 10% less for commercial. So it was an Electric Commission adopted philosophy I guess you would say. Not a policy, a philosophy."

Commissioner Brown: "What is the quid pro quo of that?"

Mr. Hiscock: "I think it's simply that our electors, who essentially, in the cooperative sense, own the company, get the best benefit."

Commissioner Brown: "Right. Right."

Mr. Hiscock: "And that's sort of the issue here."

Commissioner Brown: "What do we get from the... in order for... with regard to quid pro quo in terms of commercial; good will or something?"

Mr. Hiscock: "Well we certainly get good will."

Commissioner Brown: "And that means what?"

Mr. Hiscock: "We certainly get stable businesses that don't pay more for their power than they need to pay, and having a commercial customer base in South Norwalk that pays a good portion of our revenue stream is a good thing. And we don't want to drive businesses out of South Norwalk, if at all possible. So assisting the commercial customers is also important, but I really think that we've always set the tone that the residential customers are something that we would like to help out more than the commercial. I don't know how else to explain it other than that."

Commissioner Brown: "Politically."

Mr. Hiscock: "Well that's... you could make that observation."

Commissioner Brown: "Okay."

Commissioner Ayme: "Mr. Chairman?"

Commissioner Maultsby: "He did."

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

Commissioner Ayme: "Through the Chair. I understand that all the projections that you have here are based upon keeping the rates approximately 30% under CL&P's. Am I correct?"

Mr. Hiscock: "That is the goal..."

Commissioner Ayme: "That is the goal."

Mr. Hiscock: "...that we have that we have selected."

Commissioner Ayme: "And that's based upon an unknown? Like, we don't know how much we're going to be paying. A few years back we were paying \$0.07 per kilowatt... I'm going back."

Mr. Hiscock: "Yes."

Commissioner Ayme: "...kilowatt hour. Then we had an increase of \$0.03, to \$0.10, and we stand at that rate, that we pay CMEEC. Am I right?"

Mr. Hiscock: "Yes."

Commissioner Ayme: "Okay. Alright, now we are looking for an increase in order to cope, or to reach, an anticipated increase that at this point we don't know how much that increase is going to be. Am I correct?"

Mr. Hiscock: "I think we have a very, very good idea for 2009."

Commissioner Ayme: "Okay."

Mr. Hiscock: "CMEEC's budgeting process has been very accurate. I also serve as the Chair of the Budget and Finance Committee at CMEEC. Our projections for the upcoming year will not be lowered significantly by fuel prices, for two reasons. One, the contracts for this year were purchased in prior years, and were purchased before fuel prices rose significantly. So our electric rates did not see the run up in gas and the run up in oil. Otherwise you would intuitively have expected that considering where fuel prices went during 2008, that we would have had an awful year. But we didn't, because we purchased gas years in advance. We purchased power years in advance, so that the fuel crisis that was looming didn't affect the 2008 year at all; and very little of the 2009, because we hedge our fuel. You know, we buy fuel, and that's... in advance. So my point is, the volatility in fuel prices will not affect 2009 significantly because most of the fuel was purchased prior to..."

Commissioner Ayme: "How far in advance?"

Mr. Hiscock: "It depends."

Commissioner Ayme: "I'm not talking about SNEW. I'm talking about CMEEC."

Mr. Hiscock: "CMEEC [acknowledging Commissioner Ayme]."

Commissioner Ayme: "How far in advance do they contract? And I'm only trying to understand what we're talking about, okay?"

Mr. Hiscock: "Yes. It depends on what power we're purchasing, but usually we have an entire year's purchases filled out by very early in the prior year. An example, by the summertime for the most part of 2008 we had all of 2009 power purchased."

Commissioner Ayme: "That's how far in advance CMEEC does the contracts; they purchase...?"

Mr. Hiscock: "And we have the ability to do that because we're not regulated by the DPUC. So we can act on dips in power, and you know, make moves very, very quickly."

Commissioner Ayme: "And then by the same token, knowing what contracts are outstanding from CMEEC, we are able to make a commitment as to how much based on the consumption and all of that?"

Mr. Hiscock: "Yes."

Commissioner Ayme: "Okay. I can understand the increases that we have from CMEEC in 2005, 2006, 2007, 2008 for obvious reasons, the fuel prices and all of that. And I can also understand that the purchases that CMEEC has already contracted for were made in the summer of 2008, which is not going to help us. The same way that the fuel went up, way up; it's now way down. So we are not going to... hopefully, if they remain at the same level in the summer of 2009, providing everything remains equal, at the same level, then we'll be able to see some benefit in terms of the prices by 2010."

Mr. Hiscock: "Yes..."

Commissioner Ayme: "Am I correct so far?"

Mr. Hiscock: "...by 2010."

Commissioner Ayme: "Okay. Now how much based upon the \$0.10 per kilowatt hour, how much of a premium do we charge, are we charging the customers right now on top of that? Just a ball park figure, it doesn't have to be exact."

Mr. Hiscock: "About a third more than we pay for the power."

Commissioner Ayme: "About a third more?"

Mr. Hiscock: "Yes, about..."

Commissioner Ayme: "About three-fourths..."

Mr. Hiscock: "Yes, if you take a \$15 million budget..."

Commissioner Ayme: "Right."

Mr. Hiscock: "...about \$10 million of it is purchased power. The other \$5 million goes to run the company. And these are round numbers, but approximate numbers."

Commissioner Ayme: "Right."

Mr. Hiscock: "Because I didn't bring the... if I had the audit with me I'd, you know, give it to you in detail. But two-thirds of what we collect from our customers goes directly to CMEEC for purchased power."

Commissioner Ayme: "So we could safely say about three and a half cents is... in that range?"

Mr. Hiscock: "Three and a half, four cents; in that range, yes."

Commissioner Ayme: "Three and a half, four cents; so if we increase as per your request, four cents, we're talking about 14 cents; we're talking five cents, six cents?"

Mr. Hiscock: "No. No, no. We're only going from the current PPA which is... and I guess it would have been easier if I left that for you. It's... well the recommended is \$0.0032, so it's a little less than \$0.04, yes. But that's a third of a penny. Okay, that's not four cents. That's a third of a penny increase."

Commissioner Ayme: "One-third of a penny..."

Mr. Hiscock: "Yes."

Commissioner Ayme: "...increase?"

Mr. Hiscock: "Increase."

Commissioner Ayme: "Not four cents? Oh, I misunderstood then."

Mr. Hiscock: "No, you have a decimal place in the... you need to move a decimal over one more."

Commissioner Ayme: "Oh, okay. Okay, so let's say..."

Mr. Hiscock: "No, we're not in any way talking about a four cent per kilowatt hour increase."

Commissioner Ayme: "Oh, oh, we're not talking about that?"

Mr. Hiscock: "No, we're talking..."

Commissioner Ayme: "Oh, okay. Alright, I had that wrong."

Mr. Hiscock: "... one-third to one-half of a cent per kilowatt hour."

Commissioner Ayme: "In order to reach a level in 2009 and 2010 that's how much of an increase we have to... that's what we are talking about, one-third of a penny?"

Mr. Hiscock: "Correct."

Commissioner Ayme: "I shut my mouth."

[Laughter]

Mr. Hiscock: "Yes, we're not asking for a large increase."

[Laughter]

Commissioner Maultsby: "Big difference."

Mr. Hiscock: "A very big difference. Yeah, I wouldn't want to charge our customers \$0.20 per kilowatt hour."

Commissioner Ramirez: "No, I don't believe so."

Mr. Hiscock: "No, that would not be a good thing."

Commissioner Ramirez: "And basing where he was leading, I was just very tempted to interrupt him right away because there's no way in heaven that I would go forward on that one."

Mr. Hiscock: "No, and if we raised it four cents we'd be over CL&P. All of the rest of the charts that we produced would be totally wrong."

Commissioner Burgess: "That's right."

Commissioner Ramirez: "Right. Right. It is... I mean I want you to, even though it seems to be a very minimum increase..."

Mr. Hiscock: "It is [responding to Commissioner Ramirez]."

Commissioner Ramirez: "...I believe I kind of made it a little clear the last time I was here, and the fact of the matter is, what can we do... let me rephrase that. The circumstances of the economical process through the nation, and especially in our city; when people are losing jobs, unpredictable, if there's more losing their jobs, families can't even pay their electrical bills, not even finding bills to pay food, is it necessary to, at least this year, to increase, or to make such increases; or perhaps can we survive without any problems at all to hold down to any... or at least less than (inaudible), and then go forward for the next year, hoping the next year will be better than what we have right now. Based on your experience, and the whole series of financials, or numbers, that you gave us, of the analysis which has been going very, very in details, what can we do to either not to increase, or perhaps if we increase even less than you have suggested?"

Mr. Hiscock: "There's a direct relationship between cash and the charts and the information. If you wanted to run a negative PPA, we could pay the interest on it. That's not a terribly good idea, because if everybody did that at CMEEC we'd have a difficult situation. The only other feasible choice is to simply take the amount out of cash; simply take it out of cash. Take it out of the bank, take it out of the investment, and liquidate it. So in other words, you would lower your cash available for future projects by that dollar amount. It's probably not a good thing in..."

Commissioner Ramirez: "In a point of business in entrepreneur that would not be the most positive vehicle, is that what you're referring to?"

Mr. Hiscock: "Yes. I don't think that's really a very good situation."

Commissioner Ramirez: "Okay."

Mr. Hiscock: "Especially in light of the fact that we're significantly lower, you know, than CL&P. It really becomes a cash situation. I can give you two examples so you understand the magnitude of the situation..."

Commissioner Ramirez: "Before you go too far."

Mr. Hiscock: "Okay."

Commissioner Ramirez: "How much in... I know we \$25,000.00, if I recall correct, to assist those people in need. Do we still have \$25,000.00, or perhaps we have some rollover money from the previous year that can assist or perhaps the bank be more than \$25,000.00, meaning that if more people come forward for any assistance, asking for assistance, that we can help pertaining or supposing that we go through with the increase?"

Mr. Hiscock: "We started in February last year, when we finally got the agreement with NEON with respect to the \$25,000.00. By mid-summer we had spent about \$9,000.00 out of that. We have not yet spent the first year's \$25,000.00. We have not yet spent all of that."

Commissioner Ramirez: "Meaning year 2007, or 2...?"

Mr. Hiscock: "Year 2007-2008."

Commissioner Ramirez: "Okay."

Mr. Hiscock: "We haven't expended all of those funds, so they rolled over..."

Commissioner Ramirez: "Over to the..."

Mr. Hiscock: "We have the 2008-2009 \$25,000.00 still intact at this point."

Commissioner Ramirez: "Okay."

Mr. Hiscock: "So there's..."

Commissioner Brown: "Mr. Chairman, what's the relevance of this discussion with regard to what we have to do tonight, because you know, I think this... we're going into a matter of philosophy here one is the relationship of what our responsibility is to the citizens of Norwalk, especially those of this District. For an example, for the City of Norwalk all districts don't have an electric plant or company; that's number one. Secondly, the City has the responsibility of seeking assistance for the City to help in terms of certain kinds of crisis. But on the other hand, I'll get right to you [directed to Commissioner Ramirez], on the other hand, the fact is, is that there's already grumblings in the City about certain kinds of special privileges and so on that's given to districts, and not to the rest of the citizens of Norwalk. Am I talking like a mayor yet? But the..."

Commissioner Ramirez: "Mr. Chair, I am not..."

Commissioner Brown: "And so as a result, I would hope that we would discuss this matter, those who want to discuss it, but that it will be in a committee setting to bring forth a recommendation to the Board."

Commissioner Ramirez: "Pardon me, Mr. Chair. I'm not referring to the City at all. I'm referring to our District, and I was referring to our clients in the Second Taxing District. I don't mean anything at all with the City. The City is an entirely different ball game, a different responsibility, you are correct. I'm referring to what we have; our responsibility to our clients! We are here to look out to the surviving our company as well as the well being of our..."

Commissioner Brown: "We can't... we can't..."

Commissioner Ramirez: "Excuse me, sir."

Commissioner Brown: "We can't work that out tonight."

Commissioner Ramirez: "...the well being of our clients. So therefore, I need to know..."

Commissioner Brown: "Would you like to having a meeting so this can be discussed?"

Commissioner Ramirez: "No, no. I don't want no committees. I want some results here."

Commissioner Brown: "I'm not going to have a whole discussion of this, at this meeting of the Board."

Commissioner Ramirez: "I need to know..."

Commissioner Brown: "I'll give you..."

Commissioner Ramirez: "I need to know the difference..."

Commissioner Brown: "We will indicate a certain number of minutes on any of these."

Commissioner Ramirez: "Sir, this is for discussion here!"

Commissioner Brown: "Did you hear what I said."

Commissioner Ramirez: "This is for discussion here! And I do believe..."

Commissioner Brown: "I hear what you said. And I'm saying that I will limit you to a certain number of minutes..."

Commissioner Ramirez: "No, no, no."

Commissioner Brown: "...if you want to speak on it, but other..."

Commissioner Ramirez: "No, you will not limit me."

Commissioner Brown: "Oh yes I will to."

Commissioner Brown: "I'm a commissioner just like you are..."

Commissioner Brown: "Oh yes I will."

Commissioner Ramirez: "...and I do have the right to look for the well being..."

Commissioner Brown: "Show me. Show me."

Commissioner Ramirez: "...of our recipients, sir!"

Commissioner Brown: "I'm Judge Judy. Show me you have the right."

Commissioner Ramirez: "I think you are a little out of order, sir."

Commissioner Brown: "Well, get me out of order then."

Commissioner Ramirez: "Sir, I would appreciate..."

Commissioner Brown: "Now we will not have... we will not have a general discussion like..."

Commissioner Ramirez: "No, no, sir. I imply my rights as a commissioner that I have been elected to look for the well being of our recipients..."

Commissioner Brown: "We can do this in a committee setting..."

Commissioner Ramirez: "...and therefore you're going to have to listen to me."

Commissioner Brown: "...and bring it here and tell us what you want us to do."

Commissioner Ramirez: "Sir, there is a discussion pertaining about this increase. I need to know the results; what will be the circumstances that will affect our recipients. Okay, what will be..."

Commissioner Brown: "I am saying I'm going to go ahead and let you finish your sentence, but after that I will limit the time on that discussion."

Commissioner Ramirez: "Sir..."

Commissioner Brown: "If you want to ask the Board to reconsider this in any way, we'll certainly do that..."

Commissioner Ramirez: "To reconsider what, the increase?"

Commissioner Brown: "...but we'll not do it tonight."

Commissioner Ramirez: "Sir, to reconsider the increase, or to reconsider what?"

Commissioner Brown: "You can consider anything you want that you want to bring to the Board for us to act on. We're not going to act on anything like that tonight."

Commissioner Ramirez: "This... there is an agenda, and this is within the agenda that has been proposed to us. I mean, not proposed; exposed to us, what will be the increase that he is requesting. I do believe that I have the right..."

Commissioner Brown: "But there are limits to that, and I'm establishing the limits."

Commissioner Ramirez: "I have the right. I have the right to ask..."

Commissioner Brown: "But I have the right to establish the limits."

Commissioner Ramirez: "...as he asks [referring to other Commissioners], as he asks, as you ask yourself, and therefore you're not going to put no limits on me. Sir, the question will be, okay..."

Commissioner Brown: "Two minutes."

Commissioner Ramirez: "...we have money that was rolled over from the previous year. If we do increase this amount that you have suggested, if any... I believe will be well enough to assist people. That's... I mean it depends, obviously, it depends a lot... the bigger number (inaudible), excuse me, it depends on the numbers that will be (inaudible)."

Mr. Hiscock: "We have that fund as a backstop, and it should be available to those customers who have trouble paying the recommended rate, and it could be used for that. And we did not use all of last year's money. We have some rollover, so we have more than \$25,000.00 available for the current year. And I think it's probably sufficient to take care of the customers in the..."

Commissioner Ramirez: "So it's a healthy number that will be assisting for those in need? Is that what you were...?"

Mr. Hiscock: "Yes, that's what I'm saying."

Commissioner Ramirez: "Okay, that was my final question."

Commissioner Ayme: "Through the Chair, I just want to add that that's handled through NEON. The people have to go to NEON [directed to Commissioner Ramirez]."

Commissioner Ramirez: "Right [responding to Commissioner Ayme], but all that money in itself is not given to NEON, the whole amount, yet, right? I mean it's there in the bank. It depends on how much money NEON requests..."

Mr. Hiscock: "Right, we have not made the second \$25,000.00 payment to NEON."

Commissioner Ramirez: "Okay."

Mr. Hiscock: "They are still working off last year's funds."

Commissioner Brown: "We will have some consideration of, again, of some of these areas. Some areas I'm hopeful that the Board, when it meets each month, that the Board will be ready to take action on things that have already been discussed in conjunction with that. And that is my goal and

objective. And if not, then the Board is supreme. The Board can decide that the Chairman is all wet. But that is my judgment. Because this is a committee type of thing where you can discuss it, or where you can go and discuss it with John [Mr. Hiscock]. But we need to have something to take action on, and we don't have enough information to take action on philosophical questions like that. Anything else?"

Commissioner Borges-Lopez: "I do have a comment."

Commissioner Brown: "By all means [acknowledging Commissioner Borges-Lopez]."

Commissioner Borges-Lopez: "It is my understanding from what I've read here that the Rate Stabilization Fund with a negative balance is unacceptable to CMEEC and SNEW. Am I correct?"

Mr. Hiscock: "Yes."

Commissioner Borges-Lopez: "So therefore we should take an action on this increase so that we will not have a negative [Rate] Stabilization Fund."

Mr. Hiscock: "Yes, that is the recommendation. When we went significantly negative several years ago, CMEEC staff made a significant number of comments that they wanted us to correct the situation. And we were paying interest on that negativity, which we were better off essentially having a positive Rate Stabilization Fund. And we do earn interest, by the way, on the Rate Stabilization Fund that sits in CMEEC bank accounts."

Commissioner Ayme: "That's right."

Commissioner Brown: "What is your pleasure?"

Commissioner Borges-Lopez: "Thank you [directed to Mr. Hiscock]."

Commissioner Ayme: "Well I make a motion to approve the increase to the extent of... can we, can we be specific here?"

Commissioner Borges-Lopez: ".0032, right?"

Commissioner Ayme: "Yes, .0035, just to be in the ballpark?"

Mr. Hiscock: "No, if you look at the bottom of the page it says approve a change in the PPA to .04, that's four cents, from the current 3.68 cents. Yes, there's... yes, and there's a zero missing."

Commissioner Ayme: "Okay, here we go."

Commissioner Brown: "So the motion is?"

Commissioner Ayme: "Through the Chair, if I may, the motion is to approve a change in the PPA to \$.0400 from the current point..."

Mr. Hiscock: "Please put a zero in from of the three."

Commissioner Ayme: “\$.0368...”

Commissioner Borges-Lopez: “No, point... zero point.”

Commissioner Maultsby: “No, zero point. Zero point, Mr...”

Commissioner Borges-Lopez: “0.[0]368.”

Commissioner Ayme: “0.[0]368, to achieve a positive Rate Stabilization Fund.”

Commissioner Borges-Lopez: “Second.”

Commissioner Brown: “Will you remark.”

[No remarks]

Commissioner Brown: “Are you ready to vote?”

Commissioner Maultsby: “Call the question.”

Commissioner Brown: “All those in favor say aye.”

Commissioners simultaneously: “Aye.”

Commissioner Brown: “Those opposed say nay.”

[No opposed]

Commissioner Brown: “Will you count, Madam Clerk, the number of ayes and the number of nays, because I... apparently there’s some discussion over there.”

Ms. Pampoukidis: “Yes, I don’t have it all yet.”

Commissioner Brown: “Well there was a vote called and, I mean, say aye.”

Commissioners simultaneously: “Aye.”

Commissioner Brown: “How many say nay?”

Commissioner Maultsby: “No nays.”

Commissioner Brown: “No nays.”

Commissioner Maultsby: “No nays.”

Commissioner Brown: “So ordered.”

Commissioner Ayme made a motion to approve a change in the PPA to \$0.0400 from the current \$0.0368 to achieve a positive Rate Stabilization Fund. Commissioner Borges-Lopez seconded and the motion passed unanimously with all seven Commissioners voting in favor and none opposed.

Employee Salary, Benefits and Employee Manual Report

Commissioner Brown: “The next item please. This also will be, on the next agenda, be under the Manager’s [report].”

Mr. Hiscock: “Enclosed under the six tab is a recommendation with respect to employees’ salary, benefits, and the Employee Manual; something that we do every December or January, effective as of December 1. We have historically raised the employees’ wages at approximately the Bureau of Labor Standards CPI change. The cost of living was increasing rapidly through early 2008, and has been recently moving downward because of the economic situation and condition. If we continue to use this methodology, the report indicates, and it is my recommendation, to raise wages by 4.31%. Effectively what will happen if we do this, is based on projections next year, there probably will not be an increase in CPI at all, and it might go negative. It ‘might’ go negative, but it’s certainly going to be nowhere near this size. Continuing this very long-term philosophy of dealing with wages based on CPI information has put us where the Department’s wages are comparable and better than others, and it leads to a very, very stable workforce. The situation however, as we go forward next year, probably will be little if any increase to employees’ salary. So I’m suggesting that even though there’s an economic downturn, we follow the same procedure, for the same time every year, and let, essentially, the CPI change govern. The other thing that I need to make very, very clear here, and it needs to be into the record, that while the recommendation and the salary structure recommended in graph... or chart C, lists currently positions that are in the bargaining unit, that this increase does not in any way affect the bargaining unit. The members of the bargaining unit will not receive this increase, and the reason for that is a legal one. We are not allowed to alter wages, benefits, working conditions, or anything else with respect to the bargaining unit, other than through negotiation with the bargaining unit and the signing of a contract. The only reason that chart is in there, [is] so that you can have a comparative standing of the wages and the various job classifications. So I just, again, want to make it extraordinarily clear that absolutely nothing in this report, or anything that you adopt this evening, will affect the 18 members of the bargaining unit. That is done through negotiation with the bargaining unit, and that has not culminated obviously, otherwise we would have been talking about contracts. It plain and simple is a labor law violation to make any change, make any assertions about changes, potential changes or anything else, so absolutely that is off the table, not part of the recommendation, and cannot be by law. And because the wage report doesn’t reflect that issue, because it’s a different group of employees, I just wanted to make sure everybody understood that. so that whatever is adopted this evening only affects the non-bargaining unit positions, which is approximately 36 authorized and 30 filled.”

Commissioner Brown: “Okay, what is your pleasure?”

Commissioner Ayme: “Yes, Mr. Chair?”

Commissioner Brown: “Do you have a motion?”

Commissioner Ayme: “No, I have question.”

Commissioner Brown: "Okay."

Commissioner Ayme: "We have a special situation here, in the sense that we have a number of employees which are represented, and a number of employees... which is about half and half."

Mr. Hiscock: "No, it's about one-third/two-thirds."

Commissioner Ayme: "One-third/two-thirds, okay. Yeah, one-third/two-thirds?"

Mr. Hiscock: "Approximately one-third of the authorized positions in the Company are unionized. The other two-thirds are not."

Commissioner Ayme: "Okay. Oh, they're not. Okay."

Mr. Hiscock: "Yes, so a majority of the employees are not unionized."

Commissioner Ayme: "So the contract calls for a certain increase, based on the CPI?"

Mr. Hiscock: "The wage recommendation for non-union employees makes a recommendation to increase wages for those employees at the CPI level."

Commissioner Ayme: "At the CPI level?"

Mr. Hiscock: "Right."

Commissioner Ayme: "How do we handle the balance of the employees who are not union?"

Commissioner Maulsby: "It's union contract."

Mr. Hiscock: "We will eventually have a union contract with the union employees. If you want the legal interpretation of what happens, and I'm going to be careful here because I don't want to get into anything that should be done in executive session when we're talking about negotiations. But we're not talking about negotiations here. But if you're asking what happens to the bargaining unit, under law their status quo remains identical. So they stay with their same wages. They stay governed by the old Employee Manual. They are frozen in time until they negotiate a contract, and we agree to the contract and sign it. So they sit in their status quo position..."

Commissioner Ayme: "Well those are the union employees?"

Mr. Hiscock: "Correct."

Commissioner Ayme: "The ones that have agreed to the union thing?"

Mr. Hiscock: "Correct. They will be dealt with solely in contract negotiations..."

Commissioner Ayme: "I understand that."

Mr. Hiscock: "...and not by this document at all."

Commissioner Ayme: "In regards to the other employees who are not union, and they do not want to be included in the union..."

Mr. Hiscock: "Go ahead [responding to Commissioner Ayme]."

Commissioner Maultsby: "Point of order, Mr. Chairman."

Commissioner Brown: "Point from a an old union man."

Commissioner Maultsby: "I would strongly recommend if we are to continue this debate or discussion that we go into executive session or conclude."

Mr. Hiscock: "We cannot go into executive session to discuss employees' wages other than in a union contract negotiation situation. So as long as Commissioner Ayme is not going to ask me anything about anything to do with the union other than my firm statement that they are frozen, this doesn't apply to them."

Commissioner Ayme: "I understand that. I'm clear on that."

Mr. Hiscock: "Okay."

Commissioner Ayme: "I'm totally clear on that."

Mr. Hiscock: "Okay, so they are now out of the discussion. You're talking about everybody else."

Commissioner Ayme: "Okay, the union is out. The union is out. I'm clear on that, and that's frozen in time until all negotiations have taken place."

Mr. Hiscock: "Okay, fine."

Commissioner Ayme: "I understand that. The employees, I'm talking about the other employees now."

Mr. Hiscock: "Right."

Commissioner Ayme: "Case in point, and this is exactly what I'm driving at. Case in point, by the union c... Never mind. Never mind."

[Laughter]

Commissioner Ayme: "Okay, I'm finished. I'm finished."

Commissioner Brown: "What is your pleasure with regard to the recommendation?"

Commissioner Ramirez: "I have a question."

Commissioner Brown: "Do you have a recommendation on it? Is the motion with regard to the recommendation?"

Commissioner Ramirez: "Chair? Mr. Chair, I do have a question."

Commissioner Brown: "I said is it in regard to the recommendation?"

Commissioner Ramirez: "It is in regard to this topic that we're discussing right now."

Commissioner Brown: "Yes, to the recommendation."

Commissioner Ramirez: "Okay. I share the feelings with everybody that we should give everybody an increase. At the same token though, reading on page number 4, the increase that you're recommending of 4.31, based on the numbers that you have provided here, would it be fair to say that this will be increased at \$2,844.68 per week, bringing the total over \$147,923.60, and that's the maximum that somebody's going to making, is that correct?"

Mr. Hiscock: "No."

Commissioner Ramirez: "No? Help me on this one."

Mr. Hiscock: "That's the annual cost to the Department of the increase if we apply..."

Commissioner Ramirez: "Okay, so that would be the same increase and total, the \$2,844.68, to the Department?"

Commissioner Mann: "Per week [responding to Commissioner Ramirez]."

Mr. Hiscock: "Per week."

Commissioner Ramirez: "Per week?"

Mr. Hiscock: "Our payroll will increase. Right."

Commissioner Ramirez: "Okay, so that would be the cost to SNEW. Okay, I see what you're saying."

Mr. Hiscock: "Yes, okay."

Commissioner Ramirez: "Now..."

Mr. Hiscock: "And that again is for illustrative purposes, because..."

Commissioner Ramirez: "May I... yes, I guess I should have read the beginning. I was just focusing on the numbers themselves."

Mr. Hiscock: "I'm sorry. I didn't mean to interrupt."

Commissioner Ramirez: "Of the 36 employees that apparently are not engaging in negotiations right now; it's only 18, and the 18 basically are from the electrical workers and a few from the water company? Who are the majority of the 36, are they basically mostly the former water employees and the office?"

Mr. Hiscock: "No."

Commissioner Ramirez: "No?"

Mr. Hiscock: "No. There is no distinction that way."

Commissioner Maultsby: "No, he can't do it that way [responding to Commissioner Ramirez]."

Mr. Hiscock: "They did not unionize based on what particular business they happen to be in."

Commissioner Ramirez: "Well I just... I need to be clear on that, because..."

Mr. Hiscock: "The employees..."

Commissioner Ramirez: "Their supposed to be working for only one company, which is SNEW."

Mr. Hiscock: "Right."

Commissioner Ramirez: "Right. Okay. I... and correct me, and stop me right away if I..."

Mr. Hiscock: "If you're treading on dangerous ground I will?"

Commissioner Ramirez: "Yes, right. I get the feeling what's going on up there is that this distinction between the electrical and the water company employees is still, I mean it's remaining, that it's basically those that have been in the electrical company for many years versus the water company. It's still a friction, and it's still a separation, and a priority among a different group."

Mr. Hiscock: "No."

Commissioner Ramirez: "This is a feeling that I've been getting. Correct me if I'm wrong."

Mr. Hiscock: "That's what you've been told by employees that want to continue a distinction that doesn't exist."

Commissioner Ramirez: "Does not... doesn't exist?"

Mr. Hiscock: "Absolutely not."

Commissioner Ramirez: "Would it be fair to say, and you don't have to go into details because that will be crossing the line; with this increase that will be, if we do go ahead and provide it, approve it, 4 point whatever, 4 point what?"

Commissioner Brown: "3-1 [responding to Commissioner Ramirez]."

Commissioner Ramirez: "31. Once the contract gets done with the other employees, would it be fair to say that they would be balanced to be equal, or do you believe there might be a difference?"

Mr. Hiscock: "No comment with respect to that."

Commissioner Ayme: "No comment."

Mr. Hiscock: "That issue is out of bounds in this discussion."

Commissioner Ramirez: "I know. That's what I said, that you don't have to answer the question."

Mr. Hiscock: "Absolutely out of bounds in this discussion."

Commissioner Ramirez: "Okay."

Mr. Hiscock: "I can't speculate on that at all."

Commissioner Ramirez: "How... can we ask you the same questions, I mean different questions, in a private, I guess... no, it's still..."

Mr. Hiscock: "If you want a staff's..."

Commissioner Ramirez: "The reason why I ask this, okay... I mean I, folks, as a Commissioner, and I think every one of you probably share the same feeling, okay; we want to be fair with the people that really are the back, the ground bones in our, the foundation of our organizations, okay, and we want it to be fair with everybody. Do you understand what I'm saying?"

Mr. Hiscock: "No."

Commissioner Ramirez: "No?"

Mr. Hiscock: "Don't understand that at all."

Commissioner Ramirez: "What I'm saying is if we're going to approve over 4%, 4.31% with the non-union people, so-called for a better word, I was just wondering if we're going to be fair for those that are not, that really actually want to be part of the union. That's what my... you know..."

Mr. Hiscock: "This discussion just doesn't work."

Commissioner Ayme: "Mr. Chairman, I..."

Commissioner Ramirez: "I know, it's getting too... Yes, I know. It's getting too far."

Commissioner Mann: "No, it doesn't work."

Mr. Hiscock: "This discussion just does not work."

Commissioner Ayme: "I suggest that we close discussions."

Commissioner Brown: "I'm getting more liberal every moment."

Commissioner Ayme: "I suggest that we close discussions at this point and do whatever we have to do, because..."

Commissioner Maultsby: "Well that was my motion, Mr. Chairman, and you steam rolled over it. I saw where this was going from the very beginning."

Commissioner Ayme: "That's right [responding to Commissioner Maultsby]."

Commissioner Maultsby: "And I move, I will again move, that we discontinue this conversation."

Commissioner Ayme: "Okay, I second the motion."

Commissioner Brown: "So what do you suggest we do then [directed to Commissioner Maultsby]? I've been asking for some form of recommendation."

Commissioner Maultsby: "Could it come back to the agenda at the next meeting? Would that be too late?"

Commissioner Brown: "I've been asking for what is your pleasure with regard to the recommendation?"

Commissioner Ramirez: "Can we table this until the next meeting?"

Commissioner Maultsby: "Mr. Chairman, I move that we table this."

Commissioner Brown: "I didn't hear you, by the way, so I'll look this way because my hearing is not too good anyway."

Commissioner Maultsby: "Okay, strike that, Clerk."

Commissioner Brown: "I do hear. I asked for what is your pleasure with regard to the recommendation that..."

Commissioner Burgess: "Alright, I will..."

Commissioner Brown: "...increases the structure of 4.31 for grade 1 through grade 15."

Commissioner Ayme: "Don't we have, Mr. Chairman, as a point of order, can we have a vote on the motion that was made that was seconded?"

Commissioner Brown: "I didn't hear it."

Commissioner Ayme: "To close the discussions."

Commissioner Mann: "To table it?"

Commissioner Ayme: "No, to close discussions. There's a motion..."

Commissioner Brown: "We're closing it now."

Commissioner Ramirez: "We are closing it."

Commissioner Brown: "We're just having a... on the recommendation to increase the wage structure of 4.31 for grade 1 through grade 15 based on the increase in CPI from October 2007 to 2008. That's what's on the floor."

Commissioner Ayme: "Oh, okay."

Commissioner Brown: "So do we have a motion to that effect?"

Commissioner Mann: "Okay, I will move that recommendation."

Commissioner Ayme: "Second."

Commissioner Borges-Lopez: "I will second."

Commissioner Ayme: "Okay, Maria [Commissioner Borges-Lopez] seconded."

Commissioner Brown: "Will you remark? Any further remarks?"

Commissioner Ayme: "No."

Commissioner Burgess: "No."

[No remarks]

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

Commissioner simultaneously: "Aye."

Commissioner Brown: "Those opposed say nay."

[No opposed]

Commissioner Brown: "So ordered."

Mr. Hiscock: "Thank you for accepting the recommendation. With respect to some of the issues that came up in the discussion that we couldn't talk about, please call me. Anyone who has anything, and wants to know the status of anything outside of where... where we were headed, just please call me and ask me, and I can freely discuss it with you in extreme detail. And we cannot add to the agenda to move in that direction this evening, because this is a special meeting, because we moved the scheduled meeting."

Commissioner Ramirez: "Yes, you are correct. That's why I was saying correct me and stop me if I going too far."

Mr. Hiscock: "Okay, and I'd be happy to explain exactly where we are to everybody, and what the ramifications may or may not be."

Commissioner Brown: "I want us all to be happy."

Commissioner Burgess made a motion to approve an increase in SNEW's wage structure of 4.31% for Grade 1 to Grade 15 based on the increase in CPI from October 2007 to October 2008. Commissioners Ayme and Borges-Lopez seconded and the motion pass unanimously with all seven Commissioners voting in favor, and none opposed.

Request for Proposals for Independent Auditing Services – Update

Commissioner Brown: "The request for proposals of the independent auditing services. I think you and I talked about that John [Mr. Hiscock]."

Mr. Hiscock: "Yes. Yes."

Commissioner Brown: "So I will be quiet."

Mr. Hiscock: "Well the request for proposal documentation is in your board book. I think it's self-explanatory. It simply says that we are going through this process, and during the annual budget meeting, before the annual... during the annual budget process, the Commission will need to pick an auditor based on the responses and proposals that we receive from audit firms. I can tell you that Candace [Ms. Pampoukidis] has updated me that at this point we have had four requests for RFP packets, and one firm has declined, so... but we're early on in the process, and if you look at the document the bids are not due until February 20th I believe."

Commissioner Mann: "Yes."

Commissioner Burgess: "The 20th."

Mr. Hiscock: "Okay, so this is an informational thing so that everybody understands how we do this, and to give the Commission some advance notice about the issues that we will be dealing with in the next two months. Does anybody have any questions about the process or how we're doing it?"

Commissioner Maultsby: "Yes, I do. Is there an expense to a proposed applicant?"

Mr. Hiscock: "A firm will have to spend time and effort to do investigation as to the size of our audit, the number of transactions, and other things. So yes, anybody who is attempting to make a proposal to us will have some out-of-pocket expense, which is a normal business expense. We don't charge them anything. We simply indicate that their cost of providing a proposal to us is at their own expense, not at ours. They can't bill us for it."

Commissioner Maultsby: "You've answered my question, sir."

Mr. Hiscock: "Okay."

Commissioner Maultsby: "Thank you."

Commissioner Brown: "I just want to confirm, I believe after being here 30 years almost, because at the... there are many who will seek information, and even to send a proposal, but cannot be

depended upon all the time to accept if it's offered. Is that correct? In other words, some of them propose to keep their name in the box."

Mr. Hiscock: "Oh, yes. Yes. Yes, there will be firms that will just want to have their name out there and occasionally they may not want the work; yes, absolutely."

Commissioner Brown: "I threw my hat in the ring one time and they through it back out. I'll see them this time. Okay, now the next thing... I told them I would do that one of these days."

Annual Budget Schedule - Review

Commissioner Brown: "The next thing is the... I guess we're at the budget; the budget schedule."

Mr. Hiscock: "Yes, the annual budget schedule. The annual budget schedule is under tab eight."

Commissioner Brown: "Why don't you throw your hat in the ring, and I can run against you [directed to Commissioner Borges-Lopez]."

[Laughter]

Commissioner Brown: "We both could beat Moccia."

Commissioner Maultsby: "You're bad [referring to Commissioner Brown]. He's bad [laughing]."

Mr. Hiscock: "Our target at this point is to provide the Commission on February 13th a draft budget. And then we have a Commission meeting on the [February] 17th at which time I think we can answer questions, review the budget, talk about what the issues are, and have the documentation gone over by the entire group. If on the 17th there are suggested changes, or requests for additional information, or anything else, we would transmit changes to the Commission on the 27th of February. Now there's the March 3rd optional meeting. If, as part of this process, the Commission wishes to further discuss the budget and deal with budget issues, we would schedule a meeting for the 3rd, a special meeting of the Commission, and I indicate optional because we have scheduled that in prior years and the Commission has decided not necessarily to meet and discuss the budget on that optional date. It's an extra date put in there for additional discussion if necessary."

Commissioner Brown: "John [Mr. Hiscock] have you, in terms of the original, the initial discussion that we provide, do you have any comments as to... in terms of this... a probability in terms of the possibility of future discussions? My impression is that the one discussion that we do have is that there have been very little left in terms of concrete or substantive areas for any (inaudible). However, that simply would mean that we would have to decide to have another meeting."

Mr. Hiscock: "Yes."

Commissioner Brown: "Okay, fine."

Mr. Hiscock: "And then on March 7th the electors budget meeting notice is posted in the newspaper. You know, we're required to notify and warn the electors. March 9th the consolidated version of the final budget that was approved at either February 17th or March 3rd gets printed in the

Norwalk Hour. It's in the summary form. It's not the entire budget, because you couldn't afford to do that. It's the summary budget document that gets put in the paper. At that point in time electors can come in and get the detailed budget, if they'd like to look at the detailed budget, and they can ask questions. And then on March 10th is the regular meeting of the Commission. That's the second week of the month, because we can't do everything in one night. So at that point the District Commission would finalize and recommend to the electors the adoption of the budget. So there's always the opportunity to make changes all the way to the 10th, and that's okay, but we prefer that by the 3rd we have a finalized budget at the very latest. And then on March 11th, obviously the final recommended budget is available to the electors. And then on the 17th we have the annual electors budget meeting."

Commissioner Ayme: "Through the Chair, we get it on the 27th of next month?"

Mr. Hiscock: "You will get your first cut out delivered to your house on the 13th. You'll have your first discussion on the 17th."

Commissioner Ayme: "Oh, okay."

Mr. Hiscock: "We will then, if there's significant discussion on the 17th that makes changes to the budget, by the 27th we'll transmit to you all of those changes discussed. And then if we need to discuss it again, it will on the 3rd of March."

Commissioner Burgess: "Must the electors meeting be on March 17th?"

[Laughter]

Commissioner Burgess: "[Laughing] Never mind, John [Mr. Hiscock]. Must it be on March 17th?"

Mr. Hiscock: "Yes."

Commissioner Burgess: "Okay. Alright [laughing]."

Mr. Hiscock: "It's Charter required. I wouldn't do that to you otherwise."

Commissioner Burgess: "Alright."

Commissioner Borges-Lopez: "Is that your birthday, too?"

Commissioner Burgess: "It's Saint Patrick's Day."

Commissioner Maulsby: "Saint Patrick's."

[Laughter]

Commissioner Borges-Lopez: "Well March 3rd is my birthday, so I already said it's a holiday. So I won't be here."

[Laughter]

Commissioner Brown: "I just want to stipulate that my name is O. Brown."

[Laughter]

Commissioner Maulsby: "O. Brown."

Commissioner Brown: "I have an interest too."

Commissioner Burgess: "It's not going to get you anyplace [laughing]. It didn't get me anyplace."

Commissioner Ayme: "Alright."

Commissioner Brown: "Some people call me other things, but that's okay."

Mr. Hiscock: "Does anybody have any questions?"

Commissioner Ayme: "Nope."

Public Participation

[There was no public present]

Commissioner Brown: "Generation."

Commissioner Ayme: "Do you need our approval on the schedule?"

Mr. Hiscock: "No, most of the schedule is actually mandated by Charter."

Commissioner Ayme: "Okay."

Commissioner Brown: "Generation."

SNEW Generation Plant Rebuild Project – Update

Mr. Hiscock: "I have a very brief report on the generation plant rebuild project that I need to give in executive session because it involves negotiations with the partner to SNEW; negotiations with EMCOR."

Commissioner Ayme: "Alright, Mr. Chairman I move that we go into executive session for the purpose of discussing the generation plant."

Commissioner Maulsby: "I second."

Commissioner Brown: "We will call off for about two minutes for any other caucuses, and then we'll be ready; we will be in the executive session."

EXECUTIVE SESSION

Without objection the District Commissioners moved into executive session at 8:37 p.m. following a brief recess. The purpose of the executive session was to discuss negotiations with SNEW's partner on the project.

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

REGULAR SESSION

The District Commissioners returned to regular session at 8:58 p.m. There was no action taken as a result of the executive session.

Commissioner Brown: “[The Clerk will indicate] that no action was taken, that the ones that were present here (inaudible) bono fide, and so on.”

Commissioner Ayme: “So moved.”

Adjournment

Commissioner Brown: “Without objection, we are adjourned.”

The meeting adjourned at 7:58 p.m.

Attest:

Candace Pampoukidis
District Clerk