

SECOND TAXING DISTRICT COMMISSIONERS
Regular Meeting
September 21, 2010

Present:	Mary E. Burgess Maria Borges-Lopez Mary Geake Sherelle Harris Mary Mann Cesar Ramirez	Chairperson
Also Present:	John M. Hiscock Gwendolyn Gonzalez Kevin Barber Scott Whittier	General Manager Asst. District Clerk Dir. / Admin & Cust. Serv. Dir. / Technical Services
Absent:	Al Ayme	Vice Chairperson
Public Present:	Michael Geake	

Call To Order

Chairperson Mary Burgess called the Regular Meeting of the Second Taxing District Commissioners to order at 7:00 p.m. on Tuesday, September 21, 2010. The meeting was held at South Norwalk Electric and Water, One State Street, South Norwalk, Connecticut.

Acceptance of the Minutes

Commissioner Burgess: "I will call the Second Taxing District City of Norwalk District Commissioners meeting to order, Tuesday, September 21st, 2010 at 7:00 pm. And the first thing is I need motion for acceptance of the minutes."

Commissioner Borges-Lopez: "So moved."

Commissioner Mann: "Second."

Commissioner Ramirez: "Abstained."

Commissioner Burgess: "Abstained."

Commissioner Harris: "Abstained."

Commissioner Burgess: "All in favor?"

Commissioners Borges-Lopez and Geake: Aye."

Commissioner Burgess: "All right, now we are in the right to our agenda. I guess this is your show General Manager."

REGULAR AGENDA:

Mr. Hiscock: "We have a very limited agenda this evening. Just updates of two projects that are moving along and starting to move along fairly rapidly, so we felt it would be appropriate to bring back the status on each of these two projects to the commission. We are going to start off with the AMI, the Advanced Metering Infrastructure Project and Kevin [Barber] is going to give us a slide show power point presentation of where we are and the handout. You all know Kevin Barber."

Mr. Barber: "If you don't mind, I'm going to sit. I'll just let this fire up and..."

Mr. Hiscock: "Some of the information that you're going to get, for some of you, it will be a little bit repetitive. We'll go over that quickly, but when we started this project some of you were actually not on the commission, so we figured it would make sense to go back and give a little bit of the history."

Mr. Barber: "Good Evening. As John (Hiscock) indicated, I'm going to bring you hopefully up to date of where we stand on with our AMI project which is our Advanced Metering Infrastructure Project. As part of this little presentation we will go over number of things; the history of the project, we will go over a quick overview of the AMI Project as a whole. We will discuss the ConnSmart program which SNEW is part of. We will do a brief, quick explanation of how our AMI systems project will work. We will talk about some of the implementation steps involved with it and also some additional project components that are going to be related and intertwined with this AMI Project. We will talk a little bit about the future and then we'll finish it up with some potential system installation issues that we just want to bring to the commissioners attention so that you can be up to speed on and what may occur and things to be aware of."

Mr. Hiscock: "Because this is a small crowd and we're updating, if you have questions just jump right in and ask. Don't wait to the end. Just ask whatever you want."

Mr. Barber: "All right, now of the history, back in November 2008, when we started the process, that's when this project began with a simple kickoff meeting we then created a business case presentation to the commission, I believe on March 9th, 2009, Dave Scott from Plexus Research assisted us in that business case. In following that presentation we then began the RFP process to out to bid for a vendor for the AMI Project. In August of 2009 we joined the ConnSmart Program which is a group of Connecticut Municipal utilities that join together as part of CMEEEC seeking grant opportunity with the Department of Energy. In October 2009, we selected our AMI vendor and we selected Sensus. Following the selection we went through contract negotiation process which lasted from November (2009) to May of 2010. We then signed the contract with Sensus on the 14th of May and we begun or started the deployment process in June (2010). As indicated on the slide we are hoping, or expecting to have the electric meters installed by, hopefully, the end of this year and the intention is to have the water modules installed by SNEW employees beginning later on this year and hopefully commencing by 2013. A quick overview, as I indicated, we had selected Sensus as our vendor and the system is the FlexNet AMI System. This system consists of Radio Communications System, four radio towers which we are going to be installing on the tops of SNEW's water tanks. The electric meters have a two-way radio in it which will than communicate to the towers. We are doing approximately 6,200 single phase meters and over 300 three phase meters, which are more of the commercial stock. We will be installing approximately 9,500 water

modules in this project. We also be having computer system which will be used to manage and operate this entire AMI System.”

Commissioner Ramirez: “May I, if you don’t mind?”

Mr. Barber: “Absolutely.”

Commissioner Ramirez: “Are you referring to one way to water modules, referring to the water module which is only one way?”

Mr. Barber: “That is right. The Water module is right, what the Water module is, is a radio device that connects to the water meter and all that will do is to send a radio signal one way to the tower. Another words, from the tower, or from the computer we cannot send a signal to the module asking it to do anything but sending a reading. All it can do is send out a reading on a regular basis.”

Commissioner Ramirez: “You’re doing it two way for the electrical except the water. What’s the reason?”

Mr. Barber: “There is actually a few reasons, the electric, and John (Hiscock) you can help me if wish.”

Commissioner Ramirez: “A simple explanation.”

Mr. Barber: “Actually, one reason is the cost of electricity is becoming such an important factor that it’s more important to go out and get readings and get information on a more continual basis. The radio requires power also to operate and with electric you have that source of power right there in the meter. With water there is no source of electricity close by so they actually operate of the battery, so to minimize, or to maximize I should say, the life of the battery they usually just goes with the one way reading.”

Mr. Hiscock: “The reason you want two-way communication with the electric meter is, eventually appliances and other things like air conditioning systems in the house will become smarter. They will have their own little computer in them and through the system we will be able to send signals to appliances in individuals houses for those customers who agree to be on a program. We could do things like set back the thermostat in the house. We could essentially cycle air conditioning systems. We could provide information about peak pricing and critical time with respect to peak loads and peak demands so customers could shut off appliances if we were not actually controlling them, so it’s really designed to give the customer information or allow us to control things with the customers permission in the customers home. And the goal is to minimize peak use. Peak use is time period when the power is very expensive so that customers who, in theory, customers who allow us to do is probably will end up with a lesser electric bill during those time periods. So that’s why the two-way communications is appropriate. On the water side, water is very inexpensive. There is no elasticity to water pricing. Nobody cares.”

Commissioner Ramirez: “Presumably I mean, I’m okay, I don’t know if I’m getting ahead. With your permission, is that the one way reading of the water? Would you eventually, will the tank detect a leak? Leakage from the service tank at any point?”

Mr. Barber: "The way the system works is it will actually be sending readings that we will read the meters every hour and will be sending information to our computer system every four hours. The system will analyze those readings coming in and through some algorithms to determine where there are potential leaks. A simply way is over night. Most people won't use a lot of water or any water during the night hours. And the system will be able to determine whether there is any usage going through in that morning."

Commissioner Ramirez: "That makes sense."

Mr. Barber: "So it will, it does have some leakage detection capabilities for the water side."

Commissioner Ramirez: "Thank you."

Mr. Barber: "Now regarding the ConnSmart Program - As the commission may be aware, we are participating in what we labeled the ConnSmart Program. We are participating with not only SNEW, but Groton Utilities, Norwich Public Utilities and Jewett City, Department of Public Utilities, as a group with CMEEC and we applied for a grant with the Department of Energy in August. We were the only grant recipient in the State of Connecticut which is kind of very nice, a feather in our cap and are the value of the ConnSmart grant is \$18.2 million of which SNEW's portion is \$4.8 million. The grant is a what I describe as a \$.50 on the dollar grant. For every dollar we spend we are reimbursed by the Federal Government \$.50. Our portion is \$4.8 million so if we spend the entire amount we will get approximately \$2.4 million back from the Government. And it is part of the American Recovery Reinvestment Act, part of what they call Smart Grant Stimulus Fund. Now part of the ConnSmart Program has various pieces. Not only is it AMI Systems like we are installing, and we'll talk about it today, but is also dealing with some Meter Data Management System, upgrades to CMARS which is the CMEEC's Comprehensive Market Analysis and Reporting System, upgrade to CMEEC's NOC Network Operations Center and various Pilot Programs including Time of Use, Web Presentment, Home Area Networks, Demand Response, and Distribution DSCADA Systems."

Mr. Hiscock: "So that you understand the need for the Meter Data Management System, if we are going to be reading 6,000 electric meters every 15 minutes, 7/24/365 that's a tremendous amount of information and while some of it is valuable to us for studies, programs, information, a very large portion of it has nothing to do with the day to day customer bill. So, one of the problems with the Meter Data Management itself is to extract the information from this huge number of meter readings that is necessary for our business and/or necessary for the various programs that Kevin (Barber) has outlined on the sheet. The other thing you may want to know a little bit about is the Network Operations Center. Because of the issue of the electric pricing for large commercial customers and large industrial customers it's advantageous due to the electric marketplace, and ISO New England rules for CMEEC at a central location to be able to turn off certain components, just like we would do for residential. They're going to be doing them for much larger customers and because of all the rules in ISO New England, there has to be notification and verification and we have to be able to demonstrate our ability to, when ISO says you have to cut 5 megawatt load out and we have customers enrolled at CMEEC it has to happen. And if it doesn't happen, there are huge penalties, so therefore, the central location of the network operation center, that's extremely important. We probably will not have many customers that will take advantage of that program because we don't have large customers. We have a lot of small customers."

Commissioner Ramirez: "I know the computerized system is kind of interesting but is there anyway shape or form that the system can be designed or is designed for having minimized such a tremendous data that we don't want to use so if you make the other program to work a little more efficient its..."

Mr. Hiscock: "You're better off collecting the data and then using the Meter Data Management System to save what you need."

Commissioner Ramirez: "So its healthier to utilize the entire program."

Mr. Hiscock: "Right. And certain amounts of it will be discarded at certain time frames and intervals depending on what we want the information for, so we collect everything."

Mr. Barber: "Let's expand on that. Not only will we collect everything but it does come with a number analysis tools where we can go in and use a lot more analysis and use it to better balance our distribution system, probably size transformers, which would then potentially save on some loses, some line loss."

Commissioner Ramirez: "So would it fair to say 'yes indeed', part of that large data can be utilized in some way or form together."

Mr. Barber: "Yes, it's not just a bunch of data out there. The intent is to be able to use that data to our advantage to help our loads, help customers. You know, provide customers with information. There is one part where we talked about a Web Presentment which directly relates to the Data Management, Meter Data Management Systems."

Mr. Hiscock: "Do you have a description of what Presentment and..."

Mr. Barber: "A little one a little further on. "

Mr. Hiscock: "Okay, good."

Mr. Barber: "What we wanted to do quickly is just sort of give you a quick over thousand foot view of how our system is going to work. On the left here is one of our brand new electric meters which will communicate via a two-way radio to our TGB which is called Tower Gateway Basestation. Now the Tower Gateway Basestation is going to be installed on the top of our water tanks. Basically at the top of the tank all you will be able to see if you will be able to see it at all, is this antenna that is pictured here on the left. It stands, I believe, about 11 feet tall and it's probably 3 to 4 inches wide and it's just an antenna. So that will be located at the top of the water tower. This water tower is then connected via a cable modem and what we will need to utilize as a backhaul. To our regional network interface which is going to be located at our office, the permanent location for watch, it will actually be right here in this office over here. That's where all the data will be collected. All the data just is going to be sort of, I'll use the phrase 'pouring in over the cable modems into RNI'. The initial phase of the AMI system, it will be just to send the monthly meter readings to our billing system which we will then use that reading to generate the bill for the customer which we will then mail to the customer on monthly basis."

Commissioner Ramirez: "You stated that the centralized retrieving data will be right here."

Mr. Barber: "Yes."

Commissioner Ramirez: "I'm going a little beyond that and bear with me, okay? With all this sophisticated power, electrical power that's going right next to this building, are we required to install a specialized antenna so a specialized equipment to retrieve, not to interfere with the waves coming through this data because of the high magnetic field wires that we have over here."

Mr. Barber: "No, the connection we're going to have from our towers to here will be via cable. Sort of like your cable TV connection. So it's literally going across the cable company's distribution systems backhaul."

Commissioner Ramirez: "Something wireless that we are going to be dealing with."

Mr. Hiscock: "No, the wireless are on the water towers themselves."

Mr. Barber: "Yes, that was an option for us and we actually decided to go a different route than itself. Its going to be all basically with hard wire from the tower's basestation to here. So this is a very quick overview of how it will work. Now I will point out that it doesn't mention anything about that MDM we were talking about in this picture. This is basically just the AMI System. If and when we get an MDM it will actually basically fit in between these two. It will be after the AMI so the data will come in at AMI. The AMI System will hand it off to the MDM. And then that will be at the central repository of all this of information. Does anyone have any questions on our very simple View of the AMI System? Now the Implementation Steps for this system. The first step is that we're installing the TGB's which are the Tower Gateway Basestations. As I indicated we are going to have four of them located on top of our four of our elevated tanks that I listed – Witch Lane, Michael Street, Flower Lane and Summit Avenue. We'll then have our regional network interface, which is the computer systems installed, which will then run and manage the AMI Systems. The backhaul communications which we just talked about will connect the TGB's to the RNI and then the meters. Obviously, that's the point where that's probably the most important to everyone, that's what's going to be on everyone's house. We will install meters at everyone of our electric customers. And then finally we have to go through a Systems Integration which is connecting our new AMI System to our existing CIS System, which is Customer Information System."

Commissioner Mann: "I might have a question."

Mr. Barber: "Certainly."

Commissioner Mann: "When the meters are installed on the customer's homes there will be no interruption. They will all be installed outside correct?"

Mr. Barber: "They are installed outside, but as with any meter change, there is a brief interruption of power, because as you remove the meter power is lost and when you install it it's again. But it should be relatively short – five, ten minutes, possibly even shorter than that."

Commissioner Mann: "At any point will we need access into people's homes?"

Mr. Barber: "We have a number of our meters that are located inside of people's homes, basements or locked areas. So we will be needing to work with the customers to coordinate the installation process."

Commissioner Burgess: "For those people who's meter is outside, will whoever is doing this work notify the people that it may be off for a couple of minutes."

Mr. Barber: "Yes. The plan is we will be sending all of our customers a notification that the meter process, that we will be doing the meter change process. We're working, we're going to be working with the installer that we're going to use to determine the process whether we're going to send out a second notice or not. We will notify the customer when the meter has been changed by some sort of possibly door tag. They will leave it on the door and tell them they came today and changed the meters. Or possibly we try to and were unable to, so please call. So there will be a lot of communication with the customers indicating what's going on."

Commissioner Mann: "I would like to suggest, I know you will probably be sending a notice in with the bills which I think is a good idea, but a lot of people don't read those notices in the bills. One of my suggestions is, is there any way that maybe we could notify customers the day before, maybe with something in their door saying that we will be changing over your meter tomorrow, so..."

Commissioner Geake: "That's a lot of work."

Commissioner Mann: "So there won't be cops or anything else cause people are walking around my yard, or crazy little unnecessary things."

Mr. Hiscock: "Extraordinarily expensive. That's the real problem with that. It only takes ten minutes to change the meter and that's about the average meter change out time frame. You're essentially doubling it because you have to go through the same path two days in a row and that would really drive installation prices high. Now, when we change a meter, we don't do that. They will try a knock on the door or do something like that, but if there is nobody home we will change the meter. We do it without notice. We don't change a lot of meters compared to this program. We're not going to change out 6,000 meters in three months. We don't change out 6,000 in ten years."

Mr. Barber: "Direct to the point would be, the bill stuffer. What we are actually looking at instead of using the bill stuffer is possibly sending a post card. That would be in separate maybe in sort of a high visibility so if it's not that same old, I mean we have a number of customers who come in with their bill and the stuffer is still inside and they never read it. So, we are aware of that, that as well."

Commissioner Burgess: "Maybe one way to deal with it is people tend to read things printed on hot colors rather than on white, so maybe a hot pink piece of paper in the bill."

[Laughter]

Commissioner Burgess: "No I'm serious."

Mr. Barber: "We are thinking about all those things to try to get people to read the inserts."

Commissioner Burgess: "I'm talking day-glow. Remember I was around in the sixties."

Commissioner Geake: "May I ask a question? We had to have a new meter put on in July. Did we get one of the new ones since..."

Mr. Barber: "No we did not. No you did not, I should say."

Commissioner Geake: "I was just wondering, considering we had to."

Mr. Barber: "Unfortunately, the meters that we ordered, we just received those the last two weeks, or week and a half I should say. So, the ones that you have, unfortunately, we're going to have to go through changing the meter the second time. Now to provide you with a update of the status of where we are..."

Commissioner Ramirez: "I'm sorry to bother you. What do we do with the old meters? Do we sell them somewhere I mean to somebody or we make any money on them or just dump them somewhere?"

Mr. Hiscock: "There's not much of a market any more for used meters. There used to be a big market for used meters but with all this money going out and everybody changing millions of meters, the secondary meter market has kind of like fallen. There isn't much of anything. So we're not going to be able to make a large amount of money at all."

Commissioner Geake: "So are you going to be able to recycle it or, I mean, how are we going to get rid of it. I mean truthfully."

Mr. Barber: "We are investigating the best way for us to do it, whether scrapping or selling. We are going to figure out what is the most appropriate best deal then we'll take those steps. It's going to be fun when we have 6,500 and some odd meters to dispose of."

Commissioner Ramirez: "The final question on this one would be, I don't recall right now, but our customers wouldn't be paying any extra penny to... no right?"

Mr. Hiscock: "Well no, I mean, they aren't going to pay anything anymore than they are paying right now because it's in our budget. We budget it. It's in our plan. It's going forward. We know exactly how much money it is, approximately how much money it's going to cost. So no, this is not going to cause a change in rates because of this program."

Mr. Barber: "Now to give you an update of where we are on these implementations steps, Tower Gateway Basestations, we've done all our site work. It actually used our in-house staff for preparing the sites. The TGB's will be delivered next week and we're going to begin the installation process on October 4th. So, to install those it will take approximately three weeks to install all four of them. The Regional Network Interface were shipped, are being shipped on October 8th and we are going to have it installed sometime in the middle of October. Our Backhaul Communications, we've ordered it. It's just a matter of waiting for the TGB's to be installed. So, the plan is to have the first of the towers, the modems installed on the 5th. Those will follow and be installed immediately after. Now the meters we've ordered and received all of our 6,000 plus single phase meters, meters for residential, for all the residents. The installations for these meters will

begin in November. I've actually the last notification I had today was hopefully somewhere around November 8th. The commercial polyphase meters are actually a little bit harder and need a little bit more time to receive those. We're probably not going to receive those until sometime in December and then following the integration we started the integration process and we're just anticipating that will be done sometime in December and that integration with the AMI System with our existing CIS System. Now the additional program components, part of this whole process we are upgrading our billing system. The reason for that is in order for us to go to the next level with the MDM that we had talked about and we are going to need to go up to the latest and greatest version of CIS Infinity."

Mr. Hiscock: "That's not a change in the billing system that's just the latest version from the manufacturer or the..."

Commissioner Mann: "Is this going to allow me to pay my bill on line?"

Mr. Hiscock: "Some day."

[Laughter]

Commissioner Mann: "I going to keep asking."

Mr. Barber: "I would like to point out the phrase at the end 'future systems'. I would like to classify that as our future system. The newer version of CIS is really focused on that type of information, providing payments on line, providing the ability to even look up their accounts if so desired. By doing that it raises a whole security issue. Meter Data Management System, which is what John (Hiscock) talked about earlier, has gigabytes of data coming in and this in the end will allow us to manage, analyze and control and store all this information. The System Integration which will probably become more, the most complex, is to integrate the MDM, the AMI and our CIS systems to the point where we can automate a number of our normal processes. The simple service orders to go read a meter, we would no longer have to print a paper service order and if there is somebody to go to read a meter he would actually be done automatically by just handing out the information from the CIS to the MDA to the AMI and back again. So we're looking to eliminate a lot of unnecessary paper work and work that really can be handled automatically.

Web Presentment - The Web Presentment portion is actually directly related to the MDM. We have all this information on customer meter information. One of the best things that we can do for a customer who wishes to try and control and manage our energy is to, provide him the information of what they are using. The Web Presentment will allow us to present the customer with all their usage in 15 minute increments so they can actually go on line and see exactly their usage and when they use the electricity. Customer who may call up because they had a high electric bill, we can point them to the website. They can see their usage and we say on the 5th of January your usage was real high. Did you have a party going on, did you have the ovens running for cooking for family or, and by supplying the customer with that information he will be able to say 'yes' that's right. We did have somebody over, or we did this. It helps them to understand why they use electricity then hopefully how to curtail or change the usage patterns."

Mr. Hiscock: "The Web Presentment will come before paying a bill on line."

Commissioner Ramirez: “So it is safe to say that this system is more accurate, if I understand it correct, the system that we have right now, based on what you just mentioned, I mean it seems to be almost precisely to point...”

Mr. Barber: “No. Let’s just say, I wouldn’t say more accurate. What we’re doing is providing customers, instead of one reading a month, where right now, if in the last month you doubled your usage which you would have no idea when during the month. This information would actually allow you to see exactly where in the month you used the electricity and show you the exact trends.”

Commissioner Ramirez: “You will be able to pin-point the days and times precisely.”

Mr. Barber: “Exactly. It’s just giving you readings to a more granular level as opposed to that once a month. Part of another component is Electric Cost of Service Study and Rate Analysis. John, (Hiscock) you want to touch on this?”

Mr. Hiscock: “Yes. As part of this process we needed to hire a rate consultant to deal with some time of use issues if we were going to move this program forward. We have decided, I think I have mentioned this to you in various meetings, that our rate structure is kind of archaic. It’s unusual. It’s hard to understand. It’s very different than the rate structure from CL&P, because CL&P was ordered what’s called ‘unbundle their rates’. So if you look at the CL&P bill you probably got 20 lines of information. You got, well for commercial account, for residential maybe not that many. But it does break out your charge per kilowatt hour of use based on what’s called generation services. And you know that people outside of the Second District are allowed to pick an alternate supplier. In fact, portion of your bill, that’s called generation services comes in a kilowatt hour, so many cents per kilowatt hour. Our bill is not presented that way because for the cents per kilowatt hour you get the distribution, you get generation services, you get our overhead administration and all that’s in there. So you cannot take our bill and compare it to all of the offers that are out there in the market place. In other words, if somebody says you can have power for \$.09 per kilowatt hour they are only speaking to the generation services portion of the bill. Well, CL&P shows you the generation portion of the bill right on the bill so you can see it because they ‘unbundle their rates’. Our rate structure is not capable of being unbundled the way it is set up. You just simply can’t do it because we have inclining block structures in some areas. We have declining block structures areas, we have demand charges for the commercial accounts that depending on the actual demand in kilowatts, the kilowatt hour price varies. We have a rate system that was very popular in the late ‘80’s early ‘90’s. So as part of this project, in order to make full advantage of the AMI System, we have to dramatically change our rate structure. Now, I’m not talking about changing the rates. I’m talking about the structure. The way it’s presented. How it’s all dealt with. We have just started this process. We put out an RFP. We interviewed Consultants. We have a Consultant on board. We haven’t even signed the contract. We are right now reviewing that contract to make sure everything is going to be performed the way we want it performed. At the next meeting we’ll have a much more detailed discussion about that process. What it would entail, what it would involve. It takes several months to go through this process and there will be at least two commission presentations by staff and the consultant when we get further along. The only reason we’re discussing it here is because we had to hire a Rate Analyst for this to make it all inclusive and we then come back with a plan for a more modern rate structure very similar to rate structure that CL&P and UI use. I’m not talking dollar amounts, but I’m talking the way it’s presented to the customer so that as the Legislature changes its programs in Connecticut, we will have the ability to

adapt our rate structure to match those programs, because one of the problems we are currently having is that if the Legislature comes out with a program, we don't have a rate structure that matches up against the program.

Commissioner Harris: "John, I'm sorry. Can you explain why we cannot unbundle our rate structure?"

Mr. Hiscock: "We can unbundle our rate structure and we will unbundle our rate structure as part of this. Right now we cannot do it because the way the rate structure is designed, it can't be unbundled."

Commissioner Harris: "Got it, okay."

Mr. Hiscock: "It's an older style rate structure. If you really want to be confused, and I don't mean it, and I'm not being facetious here, if you go into our website, look under electric rates. Try to read them. They are very difficult to understand if you're in the business. They are extraordinarily hard to understand if you are a lay person. And that's what we need to change. We need rates that customers can understand and that the customer can see when they change their usage pattern they're going to benefit. So, the result in rates, if the commission agrees, will be much simpler, much more logical, and much more easy to explain to customers. So that's the goal. We talked about the read issue off and on, over the last several years. This gives us a reason to do it now, because there is no sense in trying to design time of use rates with our old archaic rate structure. They sort of go hand in hand."

Commissioner Ramirez: "A simple questions when the consultants... How much money are we talking about to hire a new consultant?"

Mr. Hiscock: "I think the \$19,000. Yes, \$19,000."

Mr. Barber: "I believe yes, just under \$20,000 I think."

Commissioner Ramirez: "Is that put in the budget or requires commissioners approval or..."

Mr. Hiscock: "It's part of the budget system, yes. It's actually going to get paid for through this program. At least half of it will be."

Mr. Barber: "Part of it will be."

Mr. Hiscock: "Yes."

Mr. Barber: "It will be directly related to the time and use rates which will be part of one of our..."

Commissioner Ramirez: "You select these consultants based on the different experience through this project or is local or state or out of town?"

Mr. Hiscock: "We put out our request for proposals. We started the process by calling all of the New England Utilities, all of the municipal utilities in New England. The investor owned utilities have their own rate department. They don't use rate consultants. So, the municipals, because they

are small they do. So we got a list of everybody in New England that was chosen for rate studies anywhere in the last four or five years. We then designed a request for proposal, telling them what we wanted, how we will go about doing it. We essentially emailed that request for proposal to everybody on the list, and they were consultants as far as the mid-west. From that list we received proposals. We looked at the proposals and then we invited firms in for an interview. We interviewed the firms and at the end of the interview process we then chose one. The firm that we did choose was PLM and they are located in central Massachusetts. There are no local firms that do that. It's a very unique kind of a business."

Commissioner Ramirez: "Just curiosity, would that be the least expensive or the middle or perhaps maybe close to the least expensive, least expensive...?"

Mr. Hiscock: "I don't have the numbers in front of me but it was not the most expensive firm and it was not the cheapest firm. It was sort of the middle of the pack."

Mr. Barber: "It was in the middle of the pack."

Mr. Hiscock: "Yes, and when, I know \$19,000 sounds like a lot of money but when we're dealing with a project this complex and it goes from 19,000 to 40,000 dollars the price generally is kind of small in relationship to the magnitude of what you're trying to do, so we wouldn't necessarily go with the low bidder and we generally don't go with the high bidder either. We generally, for consulting services, end up in the middle of the pack. And I can certainly send you all of the whole process."

Commissioner Ramirez: "That's fine, I can understand the whole processing."

Mr. Hiscock: "We will get into a detailed presentation about this as we move forward."

Mr. Barber: "As I indicated, the reason for the consultant was to design to the time of the used rates which will end up being one of our pilot projects, that as part of this ConnSmart Program we are required to do. A quick overview is the time of use rates which is often customers rates change the usage pattern. I'm sure that down the road we will learn in greater details on that. Load control devices which John indicated earlier, where we can actually from our AMI System, control internal devices whether the air conditioners or pool pumps or something of that nature and as indicated at the customer's authorization to do that. Home Area Networks are more of thermostats or displays that would provide information on the cost of electricity or what they used, and then distribution automation which is the installation of the devices within our distribution system to help, I don't want to say control. It's not what I'm looking for. Its, I'm going to look for John (Hiscock) for assistance on this one."

Mr. Hiscock: "Some of the distribution automation between MDM and devices put on the various lines and feeders, we can balance the system better. We would be able to identify out in the circuits themselves. We'd have control at the sub-station, or at least information. But further out into the distribution system, we could determine weak points. We could determine overloaded transformers. We could control capacitors. Capacitors are control devices in the electric business that improves the power factor, and I really want to get into the detailed electric issues because they are very complex. But there are devices in the distribution system that can increase the efficiency. And the

distribution system is obviously the transformers, the wires, the poles and all of that. We'll get into one more detail next year as we go forward in that."

Mr. Barber: "So quickly, we are going, this is the slide that actually had the previous presentation. We are moving toward a SmartGrid. Our goal is Customer Empowerment. We'll be using Time of Use Rates, some possible Critical Peak Rates."

Mr. Hiscock: "You probably have to explain that one too."

Mr. Barber: "What the Critical Peak Rates?"

Mr. Hiscock: "Yes."

Mr. Barber: "The Critical Peak Rates are that time of the year when usage is, the demand energy is, at its highest. When it's at its highest, it's also the most expensive to purchase. So the goal of Critical Peak Pricing is that we would price the energy during those times a lot. But higher than normal times so that we can incur or encourage people to curtail their usage during that time to lower the peak which will then in the long run lower cost of the electricity, hopefully for everyone. If we don't have to purchase electricity during its highest peaks, our total cost is going to be lower. So, the critical peak rates will be designed in a way to get people to lower theirs in those times. We are in the process of still discussing on an overall basis at our ConnSmart so the whole logic of how it's all going to work is still being worked out."

Commissioner Ramirez: "Will the critical time that includes commercials as well?"

Mr. Barber: "That will include everyone in the..."

Commissioner Ramirez: "I think I asked that questions before and I had little problem when you said you would increase the rates in usage when you have for instance, restaurants. You have, they have to run specific machines. Okay, a/c and so and so. How can we justify that? How can we tell people not to pay more than they should?"

Mr. Barber: "Well, as part of these programs, they are all pilot programs. So they are not going to be mandatory that will require people to be on these programs at this point."

Mr. Hiscock: "Everything under Customer Empowerment at this point in time is contemplated to be optional on the customer's part. So if you do not want to have a critical peak rate you won't. Now, having said that, eventually in this business it's likely we are all going to be forced to the next line to real time in market, price, rates and that's a whole order of magnitude more complex. Ontario, Canada, is doing that, where it price of power is based on the market rate for every single customer. And they produce what they call 'the day ahead rate'. They tell you based on projections what the rate is going to be the next day. It's very easy because it's whether dependent. So you can simply decide, if you want to turn your air conditioner on, you turn it on. If you don't, you don't. If you want us to control it, there will be a rate for that. This gets very complex. And that's why we need the rate analyst because we can't use our current rates to match up with any of these programs."

Commissioner Ramirez: “When you were referring to Ontario vs Norwalk, I mean it’s a different community so...”

Mr. Hiscock: “Not really, you know they, stores are stores and houses are houses, customers are customers. You know Ontario gets hot in the summer just like we are, but maybe not quite as hot and it colder in the winter, maybe colder than we are, but it has that cyclical pattern. They do have a winter peak and we have a summer peak. But really, it doesn’t vary a whole lot.”

Commissioner Ramirez: “How will this affect the people that really, the elderly people who have a limit, a limited income. Is that part of your planning that can also assist this group of specific individuals...”

Mr. Barber: “Once again, it’s optional. So...”

Commissioner Ramirez: “No, but eventually, I heard that actually would become out of the place and will go into the...”

Mr. Hiscock: “Education, Education. That’s going to put more pressure on our customer service people and they are going to be better and smarter. This is going to be a very interesting transition over the next five or six or seven years.”

Commissioner Ramirez: “My worry would be the elderly individuals and those who have very limited income. No matter how much education would come across, limited income won’t be the same no matter what and the elderly folks, how can we...”

Mr. Barber: “We may end up directing them into our conservation load management programs. We assist them and...”

Mr. Ramirez: “So we need a program that will get started to assist this...”

Mr. Barber: “Well, we already have in effect conservation load management where we do offer energy star appliances and other devices like that, the HES Program, The Home Energy Savings Program. So hopefully will be programs like that and be available to assist customers at that point.”

Commissioner Ramirez: “Hopefully I would like to see that, yes indeed will remain so because I could see this program eventually will become very expensive. One way or another the clients will be paying for all this enhancing issues, which I’m for it. I just want to see how limited it can be. You know what I’m saying. Thank you.”

Mr. Barber: “And as listed here in some home area networks demand response, electronic customer payments which is down the road. Now to discuss the final thing we wanted to discuss was some potential issues that may arise from this program. One issue may be the coordination of the meter change between the customer and the installation contractor. We are hiring or have hired a contractor to do the installation of all these electric meters. They are very well known reputable contractors called Scope Services and they work throughout the country doing large scale, small scale electric meter installations. But we still run into the issues of coordinating between customers and the installation contractor and that’s what we do see as a challenge and we will have to work it very carefully so that we can change all of our meters.”

Commissioner Ramirez: "A simple question and my apology again."

Mr. Barber: "That's okay."

Commissioner Ramirez: "This contractor would be, are they bringing in their own people or they will be providing an opportunity to our local people to assist the labor issue."

Mr. Barber: "We are working with them right now. The way the contract works with the installing contractor is Sensus. The meter manufacturer is hiring the contractor. I don't have a specific answer to that. They may be using some local, but that I believe is beyond our control."

Commissioner Ramirez: "Would it be fair to say they would bring their specialized people at such a program [inaudible] and I'm referring about the labor requirement itself."

Mr. Barber: "They are highly trained people capable of doing this. This is a..."

Commissioner Mann: "Complex."

Mr. Barber: "This is somewhat of a, called a dangerous job, to change electric meters. You are dealing with live electricity when working so you have to be highly trained to do it and they will have trained staff to handle it. And I believe we will be working with a local electrician to have them on call for such a situation where they may need them."

Commissioner Ramirez: "Thank you."

Mr. Barber: "Other issues will be Customer Complaints. Simple complaint will be a higher electric bill. It seems inevitable when you replace a water meter, an electric meter, the next bill always appears higher than the previous ones you used to have. They would call and complain. They will say, the new electric meter you put in is wrong. My bill went through the roof. It can't be correct. Our staff is going to be trained on how to handle that. We will explain to you that the new meters, actually I have one of our brand new ones here. The new electric meters are all basically computer solid state meters. These are the all electric, electromechanical meters with rotating wheel. Ever see them?"

Commissioner Mann: "Yes."

Mr. Barber: "The newer meters are more accurate than the old ones. They will record energy usage at a lower level than the older ones. So with that and as the actual meters get older they become a little less accurate. We are going to start recording electric usage on more accurate levels."

Commissioner Burgess: "Some of our customers could be enjoying the inaccuracy."

Commissioner Geake: "Absolutely."

Mr. Barber: "So with this meter change program we will be fairly charging all of our customers for what they use instead of some people paying for other peoples usage, because if we are not collecting and recording all the usage, everybody else has to pay to make up the difference."

Commissioner Mann: "That was [inaudible]"

Commissioner Harris: "But are you anticipating that the bill is going to be higher due to the accuracy?"

Mr. Barber: "I'm not saying it will, but that's, that does happen."

Mr. Hiscock: "In some cases it will. Not a lot of cases, I mean for the most part the electric meter does generally not slow down. It's a little more common on the water meter side, because the water meter is a mechanical device and it wears out and the internal friction is greater, therefore there is more slippage and so on the water meter side it's more common to have a significant change with the new water meter and the electric is not as common. But it will happen. We have another problem that we don't need to get into the detail of it but in some of our meters we retrofitted them, the older meters with a radio read device so that our meter readers could read without key punching it into the pad. It's read by radio. You walk by the meter. We had a lot of problems with the add on device not matching the meter. And that's a problem. It's possible that because of the failure of the older electric meters, especially with this radio-read device that we may get individuals who's electric consumption is very low. And most people don't complain if its low."

Commissioner Mann: "No."

Mr. Hiscock: "I've had conversations with customers who have wondered why, you know, you say to them 'gee your electric bill is only been \$12.00 a month for the last seven months. Didn't you think that was strange?' Well you know. You don't get a response. Okay. But there are not a lot of those situations. But there certainly are some."

Commissioner Harris: "By the same token, the newer device, will that force people to then get energy star. Like people who have older systems that are not energy star. Will that make their rates go up, not rates but the bill go up?"

Mr. Hiscock: "No. No. They are all optional. Most of these programs are designed to be generally what they call revenue neutral. You don't get a wind fall because of it. And the base rates that we charge today will be available for a very, very long time. Nobody will be in a position where, because they don't have energy star appliances, we are going to penalize them. If they have energy star appliances they will get an advantage because of the more efficient device. But we're not going to force people to change. We just can't do that. That just can't happen."

Commissioner Harris: "I was wondering more like the compatibility. Like if people, because this is so modern and people who have older equipment, would it generate a higher bill?"

Mr. Hiscock: "No. But they won't be able to take advantage of the program designed to lower their bill."

Commissioner Harris: "Okay."

Mr. Hiscock: "I think that's the way you need to look at it. That basic customer will still have the same service at the same cost that they always had and obviously taken into account, raising pricing in electricity. So it's those people who optionally get involved in these programs will get a savings. Now, theoretically, we need a revenue stream to keep our operation moving so that those whose bill

is lower will have an effect on everybody else's bill eventually. But you have to have a lot of penetration of users of the programs and the energy star appliances before the average customer will see anything. But eventually it will go there. Eventually and presuming, that will end up increasing the energy efficiency standards. We did it in the water utility business in the '80's and '90's that you can't have inefficient water fixtures anymore. You are not allowed to sell them. And the electric business is a little different. You can still sell them but you have to go through the energy star appliance process to show you how much you will save. So it's a little less punitive maybe in the electric business at this point. But it will be a long time before those who have the most modern appliances will affect the cost of those who don't. But eventually it will happen. Eventually it will happen."

Commissioner Harris: "For how long. It might be a long while?"

Mr. Hiscock: "Yes."

Commissioner Harris: "How long is, I'm sorry."

Mr. Hiscock: "The longest is five to ten years time frame. We are not talking one year, or two years that's just not going to happen. Those appliances, the refrigerators, you know, they are on a ten year or greater replacement cycle, as is our washing machines, dryers and all of those things. So it takes a long time for penetration of the more efficient appliances in the market place. It's longer than even cars. Appliances generally last longer than cars, although today's cars last quite a while."

Commissioner Borges-Lopez: "Not unless it's a Toyota."

[Laughter]

Commissioner Borges-Lopez: "Not unless it's a Toyota."

Commission Harris: "I have to leave. I'm sorry. I believe you have my ticket."

Commissioner Borges-Lopez: "I gave it to you."

Mr. Barber: "I would to just reiterate, the customer complaints that we're talking about here are, we figured to be small, but we didn't want to mention that these are the types of anomalies that we will save. We will get people to complain about high bills. We also have property damage. While we don't anticipate there to be a lot, inevitably changing out a meter, we will have the meter pan, and the jaws that actually holds the meter in place may break, at which time because we are replacing it we will then have to resolve the issue. So that's another type of complaint that we may receive. You guys went in there and this broke the gate to my door, broke or whatever. Those are issues we are going to have to deal with. Just want you to be aware of it."

Meter Access – It kind of goes hand in hand with the coordination of the meters. We will need access to all of our meters. Our policy is requiring access to our meters. We will inevitably have customers who won't want to give it to us, for various reasons. We currently have trouble at times reading the meters in certain accounts that have the meters located in the basement or in the basement of a neighboring business or, so we don't anticipate problems with this that we will work

to get it resolved. It may take a little bit longer than our installers are going to be in the area, but we will get them all changed out over time.

Commissioner Ramirez: "Simple question."

Mr. Hiscock: "I was just going to say to you that you may at some point get a call from a customer who we play hard ball with. And we do play hard ball. We've been through this in the mid '90's and Kevin was here at the time for our water meter program. And there were people who simply said 'you are not getting into my house'. And we went through a series of steps but in the end, the position of the company is 'we will get into your house to change your water meter or you will not have water'. Now, that sounds harsh and we don't do it. But at some point there will be one or two or three or four or ten or twelve customers that will simply say, they give you every excuse in the book as to why they can't grant you access. Usually it is because they are doing something illegal in the basement. But we get down to the point where we go out, go out to the pole and cut them off. So I just want you to understand that we go out of our way to be as polite as possible. We give them repeated notices. We are as patient, but at some point it all runs out. And I interrupted you. I'm sorry."

Commissioner Ramirez: "With all that such experience that you already have, could it be possible those meters instead having them in the basement, can be transferred to be outside as a standard process like anybody else."

Mr. Barber: "We actually have gone through and changed our policy that in order to..."

Commissioner Ramirez: "That's to avoid future problems."

Mr. Barber: "It's very costly to have somebody move meters from the inside location to the outside. I think it would be very hard to have an owner of the building saying you must move your meters out."

Commissioner Ramirez: "I wasn't counting for the owner to transfer the meter outside. I thought we could be, I mean, that could be a part of the..."

Mr. Hiscock: "Single family house, one meter in the basement, assuming you got an overhead drop that come down the side and goes in the meter in the basement, under the best, the best, circumstances it's about \$750. Under the most ideal circumstances, moving on up to the average, is in the \$1,500 - \$2,000 price tag. Then you get into the dispute where the owner is to, where the meter is going to go, is, they don't like where it's going to go."

Commissioner Ramirez: "Without getting further details, thank you. But it is, do you have a very large number of meters in basements? You don't know at this time, is that correct?"

Mr. Barber: [inaudible] 2,000. "

Commissioner Ramirez: "I'm pretty sure..."

Mr. Barber: "I believe is one third of our customers are located inside of the building of some sort. We do have a large number. For example, Maritime yards, or we may have a hundred meters, but

they are located two or three floors in controlled rooms that are not an exit. It's not an issue, an access issue."

Commissioner Ramirez: "You're not referring to the more, the latest buildings. We're talking about probably."

Mr. Barber: "Right. My point is, if we got 2,000 that I have coded as being inside, it may be 1,500. I apologize. I don't have the good number. But I say it's 1,500 or 2,000 meter that are inside of..."

Commissioner Ramirez: "But going back to your number can be a little..."

Mr. Hiscock: "Yes, and when you get into the apartment situation it becomes much more complex and much, much more expensive. The numbers are staggering. And really, the awful situation is Washington Street and if you recall Washington Street when it was all businesses, they generally had basements in them. The meters were in the basements for all the apartments above. There could have been 20 or 30. Well, because of the redevelopment on Washington Street and the fact that rents are high and related things, that most of those basements are now leased space. And we run into a lot of problems turning customers on and off in those basements. We've had customers that we've told them that we can't turn their power on until the bar opens, at three o'clock in the afternoon. Now that's kind of incredulous but that's the way it is."

Commissioner Ramirez: "Primarily there is the..."

Mr. Hiscock: "The older ones are very tough. You hope at some point the building gets upgraded and then we go into the new standard."

Commissioner Burgess: "Excuse me. Could we hold some of our questions until Mr. Barber finishes and then do as some of us do and call a staff member, and not prolong this? Go ahead [addressed to Mr. Barber]."

Mr. Barber: "I believe this one may be the last or one more after this - The Replacement/Repair of meter pans during meter change. We have some meter pans that are A-Base meters and very, very old style meters which remain a pattern to the place or repair to this process which may cause complaints from customers also, an issue that we will be addressing and planning for, during this whole process and the applying software integration issues. Anytime the integration get new systems you have to work to integrate the software together. That can always be a challenge. So that's an issue that we're going to try to alleviate very early on. We're also dealing with various steps in the process, not only the AMI Systems and the MDM Systems, a software upgrade, new rates, design, I should say. That will all be done sort of in the same time period. So, you know, a potential problem is the integration of all these systems. And there we are, questions, we can do questions now or we can do questions later it doesn't matter."

Commissioner Ramirez: "[inaudible]."

Mr. Hiscock: "The next item on the agenda is the 115 KV Sub-station (Progress Report). Because the project is not nearly as far along as the meter range and, I don't know if you all know Scott Whittier. He is our Manager of Technical Services."

Commissioner Borges-Lopez: "Hi Scott."

Mr. Hiscock: "He got to prepare the presentation. I'm going to go through it quickly than I'm going to sit here Scott will show you the slides for you, okay? And I am not going to go over every slide. Some of this is redundancy. I'll just grab the highlights, that's all."

Commissioner Mann: "Okay."

Mr. Hiscock: "All right, SNEW's service territory we all know what it is. We serve 6,600 customers. We know that. Our peak load was 21.5 megawatts in August of 2006. This summer we didn't get quite that high. And the reason we didn't get quite that high is because the economy. We were in the 20. something range this summer. Our peak loads down the road are anticipated to be 20 to 25 to 30 megawatts within ten years. A lot of that is the redevelopment project at 95.7 obviously delayed due to the economy. Current Supply – you got a sub-station, new for us is Flax Hill Road. We talked a little bit about this. We talked about reliability. We supplied by two separate lines from CL&P. We know all that. Our distribution system is fed from State Street with two primary voltages. We move on. Proposed Supply System is connected direct to the 115 system of the SNEW on land. You know we just purchased land. We are moving forward at Martin Luther King and the Metro North Line. This presentation is a generic one that we give to others. We will have redone the transformers. There will be two transformers to supply the system so that we won't run into outage problems like we currently do. Our connection is to the south line, the 1890 line. We've already found out from ISO New England that's the best line to be on from their perspective. And we did indicate those we could go to the north line but our facility is in the south line. Reliability is our issue. The current CL&P lines are old. The future loads will exceed the current feeder capacity and the transformer rating. We've talked about this many outages and we're going to show you a chart in a minute. And we have a single transformer Flax Hill with a switched feed to the Norwalk 9S sub-station so if there is a failure on a single transformer it will be a while before we get the backup to it. In your book, we're not going to go over this. This is the summary of the outages that we've had since 2007. You might have seen this before. We move on. Alright, SNEW's concern, obviously you've noticed the cost issue. Re-cabling the third feeder is not an option. I've explained this to you before as to why, because the CL&P charges us about 26 or 27% a year on Capital Investment and that's the way IOU's work. There is no way we can pay for new cabling. There is no way for a third feeder. There is no option that is economical for us to deal with CL&P. That's out. Some had talked about CL&P owing a sub-station at our new site for the same reason. If it's a 10 million dollar investment we're going to have to pay 2.6 to 2.7 million dollars a year to CL&P if it's their capital. It just doesn't work. This is an interesting chart that we talked about previously but it's important to note, up here in the upper left, in January of 1997 we were paying them \$2,283. a month for service over these antiquated lines. Look at the lower left hand corner, lower right hand corner, the anticipated December 2010 price is - \$83,328. a month. In 13 years the price has gone through the roof. Not because CL&P are bad people, it's just that they deal in a different cost structure than we do. And during the placement of the new transmission lines a lot of the 9S sub-stations moved from transmission to distribution, so many more assets were included in what we had to pay for. Okay, I just thought that would be an interesting piece of information for you. Site location you know. You all know where we are. And it's just an aerial view. Existing sub-station in front of the train station, a proposed site at Martin Luther King that we required. That is less than half of a mile apart. Interesting to say, this is just a street representation of the two sites. All the way over in the green is the Flax Hill Road sub-station and if you look carefully at your drawing you will see a yellow line down Flax Hill Road. You will

see another one down Highland and coming back up to our two sub-station. Those are the two lines that feed us. You really have to look at those in some light. We didn't do a good job of showing that. But there is a ledge in that it will show you exactly where it is. Progress to date – This is the important issue. We acquired a parcel on Martin Luther King Drive from the City of Norwalk in 1997. That is the existing storage yard. It came about when we got involved with the railroad station. When we occupied the condo we picked up the Franklin Street traffic Island. There was a negotiation back and forth. Part of our building was torn down to make way for the entrance into the parking garage. So, it was a negotiation in the mid '90's. We ended up with first parcel. We acquired the parcel at, contiguous parcel at 80, 84 Martin Luther King Drive last October (2009). We all know about that. In order to move this project forward we hired a Consultant, AE Com as the primary consultant. The electro consultant who is a sub-contractor to AE Com is Mott McDonald. We used the same basic process that we use for hiring consultants. We created a list of competent consultant firm that had experience. We then issued an RFP. They responded to the RFP. We interviewed the consultants and at the end of the interview process, the team that did the interviewing picked the consultants and we awarded the contracts. The payment for this consultant, and everything we're doing to date, is included in 1.5 million dollar allocation that we got approved for the budget, about a million dollars for the property access all in when we were done and about half a million dollars to move this process through the Siting Council permit. Okay, so we are working on that budgetary item. Everything that we are talking about to date has been covered inside the 1.5 million dollars and it does not going look like we are going to exceed that until we get into the construction phase. What else have we done? We met with the Southwestern Connecticut Reliability Study Group. Scott and I met with them a little over a month ago. The study group is there to clean up reliability problems in Southwestern Connecticut as a result of the new transmission system. The members of that are ISO New England staff, NU staff, UI staff and these are really electric transmission techies, a really detailed engineering types who understand electric transmission in detail. We had a favorable meeting. We were encouraged to move forward and that's important. We then met last month with Siting Council staff. We sent a letter to the Siting Council saying we like to meet and explain the project to you to show you where we are. What you are looking at here is actually the Siting Council presentation. It was also the presentation that we gave with the reliability group. Every time we give a presentation we add more to it. That happens. Okay, so we met. We filed a pre-demolition application with the City of Norwalk to tear down the existing structures. We have to wait a time frame. If we get through the time frame very shortly, we will tear the buildings down sometime in early October (2010). If somebody decides they have historic value, we'll have to wait 90 days and try to work with the group. There is really not much to work with. We can't put a sub-station inside an old building. There is nothing notable about the building. I don't think it's going to be an issue, but there is a process to go through. We've advertised for demolition contractors and the big opening is on my birthday, the 28th of September. Coincidentally, they didn't plan it that way and I don't think I'm older than the building.”

[Laughter]

Mr. Hiscock: “I'm not sure.”

Commissioner Geake: “We'll have to see.”

Mr. Hiscock: “Okay. Next step. A local officials briefing – sometime during the month we're going to request a meeting with Planning and Zoning staff or head of the department, Michael Green and the Mayor and we're going to say 'this is what we're doing'. And this is where we're

headed. We always like to let them know before they start reading things in the newspaper. Mayors get unhappy when they read about a project they don't know anything about. So, we'll do a briefing within the next several weeks. We have to do an interconnection study and we're looking at the fourth quarter of 2010 which we're in the fourth quarter in another week and a half. The interconnection study is an electrical study to determine if what we're doing is going to impact the bulk power system and whether or not we need to make improvements to the bulk power system. What we're doing is, we are taking a potential 30 megawatt load off of the Flax Hill sub-station which is on a different 115 line and we're moving the load to the 115 line that runs along the railroad tracks, the 1890 line. Electrically that's got to work. So we do an interconnection study. They are not cheap. About \$150,000. We do the electrical interconnection study and out of that study, they will tell us what improvements we're require to make to the system. I think we're okay. The study group indicated to us that the 1890 line was not congested. It was a good place to go. It's a strong line and the older line along the tracks. CL&P is in the process of showing a 60 MVA, approximately 60 megawatt sub-station called Sherwood in the eastern section of Westport. Just permitted, so we're not anticipating issues. Things can come up. This relaying this break is the big issue. Final design - third quarter of 2011. It will take us until next summer to get through the Siting Council process. It's a slow time consuming. Commissioner Burgess went through it once before with us when we sited the power plant that wasn't built. There are hearings when Siting Council comes down just until the process renders the decision. In service, third quarter of 2012 if we do well. If not, it will be sometime in early 2013. Not a real problem. We have settled with CL&P. We talked about this last month. We signed the settlement agreement on September 15 (2010). So, the earliest we can get out is September of 2013. There is some question about whether we can get out of the CL&P contract. It's a megawatt month contract. We don't have any megawatt load, how are they going to react to that? I don't know. We'll see. But, the long and short of it is we have to pay through 2013, September and the price we have to pay, by the way, is fixed. They have agreed with us that they would hold the price at the current price which is just under a million dollars a year for the next three years no matter what they do to the lines. And the only issue is if they make major improvements we will have to pay them what's called stranded costs. We're in the process of telling them want no improvements. So, optimistically in service, third quarter of 2012, worst case scenario first, second quarter of 2013. The only other slide I have is - 'Other Issues' - CMEEC is our market participant and they will remain the market participant during this process, even though we will have a direct connection to the 115. We are working with CMEEC to change their rules, obviously to our advantage. Whether we will be successful or not depends on a lot of issues. But we are setting ourselves up to be in a position by hooking into the 115 that if for some reason CMEEC becomes obsolete, we'll have direct connection to the grid and we'll be able to function on our own in a stand alone position. Important. I'm not saying we're going there. I'm simply saying we're moving in to enable that as a future potential position. The Third Taxing District - early on I think I might have mention to you that we were thinking about doing a joint sub-station with third where it would be about 50 or 60 MVA on sub-station and we were going across to East Norwalk to their sub-stations. They have been hot and cold on that issue. They are not sure as to whether or not they want to involve themselves with us. I essentially sent them a letter telling them had until the middle of this month (September) to tell us if in fact they wanted to go forward with us or not. We've spend some dollar to study whether it's feasible, with Gary, Walter and electrical consultant we hired about one year and a half ago, jointly. We paid for. I'm anticipating an answer fairly soon. They had a commission meeting last night. I don't know the results of their commission meeting last night. I assume they had it, actually last week was supposed to have it but they had some illnesses so the postponed it for a week. If the Third Taxing District decides that they are better off dealing with us, and going forward jointly, it complicates the

legal portion of this in the arrangement between the two parties. But it simplifies the sub-station to this only on configuration that works, 115 to 27.6 two feeders to us, two feeders to them. The existing State Street Station stays identical. If they say no, they don't want to be with us, the station will be smaller but then we'll have to decide how much of the circuit functionality remains at State Street vs moves to the new sub-station. Those are engineering determinations. They really don't affect what we're going to do or not going to do other than the physical layout and other things. If the Third Taxing District joins with us, it's likely that our per megawatt cost will be less, but that's yet to be determined, so we're proceeding. We cannot do the connection study until Third gives us that answer. And that's why we press them, because there is a difference in the study whether you put 40 megawatts or 60 megawatts on a particular site. And they are connected in a different location. They are connected at 9S so they will be moving their load from a different place. So the connection study will be different. And that's where we are at this point. We are waiting for a response from them, but we're moving along steadily and we will not delay any further. Our process is moving. So at this point I will answer any question anybody has any issues anybody has. If there are none, I'm done."

Commissioner Burgess: "Thank you."

Mr. Hiscock: "Okay."

Commissioner Burgess: "And thank you Mr. Barber. Now, can we have a motion to adjourn?"

Commissioner Geake: "I make a motion that we adjourn."

Commissioner Burgess: "Is there a second?"

Commissioner Borges-Lopez – "Second."

Commissioner Burgess: "All in favor."

"Aye."

Adjournment

The meeting adjourned at 8:30 p.m.

Attest:

Gwendolyn Gonzalez
Asst. District Clerk

Transcribed by: Connie Farrugia
Reviewed by: Gwendolyn Gonzalez