

SECOND TAXING DISTRICT COMMISSIONERS

Regular Meeting  
February 16, 2010

Present: Mary E. Burgess Chairperson  
Maria Borges-Lopez  
Mary A. Geake  
Mary Mann  
Cesar A. Ramirez

Also Present: John M. Hiscock General Manager  
Candace Pampoukidis District Clerk  
Kevin Barber Dir. of Admin & Customer Service  
Arthur E. Miller District Counsel

Public Present: Michael K. Geake

Absent: Al Ayme  
Sylvester Maultsby

Call To Order

Chairperson Mary E. Burgess called the Regular Meeting of the Second Taxing District Commissioners to order at 7:02 p.m. on Tuesday, February 16, 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 meeting to order, the Second Taxing District regular meeting, Tuesday, February 16, 2010 at 7:02 p.m., and Commissioner Maultsby called. he was planning to make the meeting. He's on the road. He is sick. He is not coming. And he's not driving any further in the snow. I need a motion for acceptance of the minutes."

Commissioner Mann: "I make a motion to accept it."

Commissioner Burgess: "Second?"

Commissioner Borges-Lopez: "Second."

Commissioner Burgess: "Okay..."

Commissioner Ramirez: "I'm sorry. Pardon me, what did we second?"

Commissioner Burgess: "The minutes."

Commissioner Ramirez: “Oh, okay. Pardon me, we were so intensive in conversation I didn’t even know you had opened the meeting. I’m sorry. Okay, my apology. Within the minutes, do you mind if I... Chair, can I make a little comment on the minutes?”

Commissioner Burgess: “Go ahead.”

Commissioner Ramirez: “Okay, and that’s basically just for the record. I know that we’re going open the agenda and continue with it, but within the minutes, I wasn’t here so I have to abstain, but besides that, I was reading the comments for the bilingual person that I kind of suggested, and we all kind of (inaudible), but for the most part most of the commissioners agree to entertain the idea of a translator. I was very interested to see the comments, but I just want to go for the record that I was very... I should commend the CO of this Company, that is very a very business, open-minded individual, and looking forward to serve a community that is fast... growing very fast in this community, and it keeps growing at a very large step every single year. And as businesses, entrepreneurs, it is good to know that we have a professional individual with an open mind to serve our community at large, and especially at my behalf, and on behalf of the Latino community, I want to say thank you. That’s it.”

Commissioner Burgess: “Thank you. Is there a second to the motion?”

Commissioner Borges-Lopez: “Yes, I had seconded it.”

Commissioner Burgess: “Okay, thank you. All in favor of acceptance of the minutes?”

Commissioners simultaneously: “Aye.”

Commissioner Ramirez: “I have to abstain.”

Commissioner Burgess: “I know. One abstention.”

Commissioner Geake: “I’m abstaining too.”

Commissioner Burgess: “Okay, two abstentions.”

Commissioner Mann made a motion to accept the regular meeting minutes of February 16, 2010. Commissioner Borges-Lopez seconded and the motion passed with three Commissioners voting in favor and none opposed. Commissioners Ramirez and Geake abstained.

### Declare Vacancy Filled

Commissioner Burgess: “Alright, now, we get to declaring the vacancy filled.”

Mr. Hiscock: “Absolutely, simply a procedural issue based on the way we wrote the Charter revision when Frank Murphy and I worked on it and prepared it for the Charter Revision Commission quite a few a years ago now, and simply we’ve gone through every requirement of the Charter. The Clerk has verified the procedure with respect to the Democratic Town Committee, so essentially the only thing that we are required to do to close this matter out is the Commission needs to declare the vacancy filled, and there is a resolution in your board book to that affect under tab three.”

Commissioner Burgess: “So we have to move the resolution?”

Mr. Hiscock: “Yes, I would suggest you move the resolution.”

Commissioner Burgess: “Okay.”

Commissioner Mann: “I make a motion that we move the resolution to declare the vacancy filled.”

Commissioner Borges-Lopez: “Second.”

Commissioner Burgess: “Alright. We have to vote on it, I’m sure.”

Mr. Hiscock: “Yes.”

Commissioner Burgess: “All in favor?”

Commissioner simultaneously: “Aye.”

Commissioner Burgess: “Do you want to read it into the record, or...?”

Mr. Hiscock: “It’s in the board book, so the Clerk will just simply attach it to the minutes. It will be part of the minutes.”

Commissioner Burgess: “Okay.”

Mr. Hiscock: “Unless there was a change to it, we can do it that way.”

Commissioner Burgess: “It’s fine.”

Commissioner Mann made a motion to pass the following resolution, declaring the vacancy on the Board of District Commissioners filled:

## R E S O L U T I O N

### DISTRICT COMMISSION VACANCY FILLED

WHEREAS that the vacancy on the Board of the District Commissioners, created by the death of former Commissioner/Chairman Otha N. Brown, Jr. on November 4, 2009, has been filled in accordance with the Second Taxing District Charter.

WHEREAS that the Democratic Town Committee, in accordance with the Second Taxing District Charter and its authority under said Charter, has named Mary A. Geake to fill said vacancy for the remainder of its term, which term expires in November 2011.

NOW THEREFORE BE IT RESOLVED that the Second Taxing District Commissioners do hereby declare the vacancy has been filled by Mary A. Geake who shall complete the unexpired term of Otha N. Brown, Jr.

Commissioner Borges-Lopez seconded and the motion passed unanimously with all five commissioners present voting in favor and none opposed.

### 2010 – 2011 Budget – Analysis and Discussion

Commissioner Burgess: “Okay, item four.”

Mr. Hiscock: “Just a simple reminder before we start going through the budget itself. We approved a budget schedule at the last meeting. February 12<sup>th</sup> the draft budget was transmitted to the Commission. Tonight is the 16<sup>th</sup> to discuss the draft budget, review and discuss. Final draft of the District budget needs to be transmitted to the District Commissioners for review. That is a holdover from the old Charter when we had an Electric Commission and a District/Water Commission. If we do a Charter revision that anomaly should be cleared up to make it clear that is no longer necessary because there’s only one body, and that really was the purpose of that, was for the District Commissioners, acting as Water Commissioners, and the Electric Commissioners, to transmit their fund budgets to the District for compilation into a single budget. So while it’s there, it’s the Charter requirement. Okay, we have a March 2<sup>nd</sup> optional meeting and may or may not do that depending on what the Commission decides this evening when we go through the budget, and then on March 6<sup>th</sup> the short form budget gets posted in the hour and then published on the 10<sup>th</sup>. And then we have the regular meeting of March 9<sup>th</sup> for the District Commissioners to finally adopt the budget and recommend it to the Commissioners... uh, to the Electors, excuse me, and if there are any changes between the published version and the version that gets recommended, we take care of that at the electors’ meeting and explain the variances to everyone. On the 10<sup>th</sup> the budget is available to the public in detailed form, and on the 16<sup>th</sup> is the annual electors’ budget meeting. So I just wanted to remind everybody of the process. The budget document as usual is quite large and quite detailed. We’ll probably... I’m going to start off with page 1. And there’s nothing unusual about this budget. I mean this is the same budget those of you who have dealt with this as a Commissioner previously have seen. Some of you have probably seen more of these than you’d like to see, but that’s okay. The first page, on 1, is the overall proposed short form budget, is page 1 and page 2. This is essentially what gets published. It starts off with all of the revenue. There is no revenue for the General Fund, so there’s zeros for that, or certainly no operating revenue; excuse me, and the Water Department operating revenue of \$6.9 million, the Electric Department revenue of \$16.2 million, for a combined District operating revenue of a little over \$23 million without comparing them to other budgets. They’re just certainly numbers at this point, and fairly consistent with prior budgets. We have other revenue. For the General Fund it’s interest. That continues to decline year by year as the interest rates decline and the amount of money in the General Fund Reserve declines. Other income; the Water utility is \$212,000, the Electric other income is \$304,000, of which \$220,000 is interest. That’s important to note. The other two big components are customer charges in the Electric and Water utility, so a total of the District of \$540,000, bringing the total District revenue to \$23.6 million. At the bottom of the page we do the operating expenses. There are... as you flip the page, for the District budget we have \$130,000, and there’s detail elsewhere in the budget we’ll quickly go over, but that’s simply our costs for meetings and printing, insurance, legal work, Commissioners’ salaries, other miscellaneous expenses, and on the bottom we have \$56,000 in community service, for a total operating expenses of \$186,850 in the District. There are no other expenses, so it’s \$186,850 for total, and we have a net revenue for the District of minus \$163,700, and not to prolong this issue I’m going to drop quickly to the bottom, and we proposed to cover that short fall with \$80,000 contribution from each of the two utilities, which is the standard procedure we use every year. Before we get into the two utilities, the other issue that you need to quickly look at is the opening balance in the Reserve Fund about, a little over halfway down the page. It’s

slightly over \$1 million. That is the reserve in the District for opening. Return to reserve is leftover money from the 2008-2009 budget. We returned \$29,000, so that's essentially the \$29,591 that was budgeted that was unspent. It comes back. So we have an opening adjusted balance. We go down to the transfers, and we show a closing balance of \$1 million. So in essence nothing is changing in the General Fund. We're doing exactly what we do every year. We approximate the shortfall in revenues by coming up with money from the two utilities, and it's just a straight transfer. Nothing there should surprise anybody. We've been doing that ever since the budget process was created through Charter revision. As we move into the Water utility, which is the second column over starting on the top of page 2, you'll see operating expenses of \$5.6 million approximately. No other expenses. So we have \$5.6 [million] in expenses versus the \$7.1 [million] in revenue from the previous page. So we have a net positive revenue in the Water utility of \$1.5 million. [It] sounds reasonably good until we look at the debt issue. As we move down from the net revenue, the next thing that we need to deal with in the budgetary process is we need to pay off the debt and the interest on the debt. We have old debt. The New Canaan Reservoir project, we have the \$300,000 and \$31... \$300,000 in principal and \$31,000 in interest. That debt expires in 2012. So that eventually will disappear, and not too soon unfortunately. Then we move into the big debt. We have the filter plant project. That's the State loan for the reconstruction of the filtration plant; principal of \$1 million, interest of \$455,000. As you probably recall this is levelized principal and interest, so the payments will be \$1.5 million per year for the next 20 years. Okay, this is not like the New Canaan project where we took a fixed principal payment every year and the interest declined every year because the balance declined; slightly different approach to it. We chose levelized. Capital appropriations are new capital projects, \$270,000. Change in cash position, an important number, negative \$572,000. Now that's change in cash position based on operating net and debt. So we end up with an opening balance in the reserve fund of negative \$952,000, fairly similar to what we predicted in the prior year. Return to reserve fund, \$473,000. We'll get into the detail later where that's coming from, but it's under spending the budget and some, I believe, some capital projects that have been completed and there are some funds coming back. And then we cancelled some previous year's projects, we'll get into the detail, for \$45,000. So we have an adjusted opening balance in the reserve fund of negative \$434,000. We transfer \$80,000 out of the Water utility. So the closing balance in the reserve fund becomes \$1 million; \$1,086 million actually. And we have one extraordinary maintenance project, \$195,000, for an adjusted closing balance of \$1.2 million negative. That's an increase from the prior year, and I would like to hold the discussion on that until we get to the detail because that's really what we're going to have to discuss this evening. We go down through the same numbers for the Electric utility. And it's kind of an interesting situation. The total operating expenses of the Electric Company are \$[1]6.4 million. We flip back to the page and we compare it to the total... let's compare the operating expenses of \$16.3 [million], and I'll do it this way: we have some interest expense, we have other expense. The total operating expenses as you can see for the Electric Company are \$16.477 million as compared to \$16.496 [million] in revenue on the prior page. The net revenue for the Electric utility is \$18,000. We then go down through the capital appropriations. We'll go into the detail in a few minutes, but it's \$1.8 million in appropriations for the year. Preliminary survey and investigations of \$44,000, that's looking into future projects; change in cash position of \$1.8 million downward, and as you can see there's no debt in the Electric utility. We have an opening balance in the reserve fund of \$6 million. We're returning to the reserve fund unexpended from the prior budget and the prior capital of \$1.4 million, the previous years cancelled projects of \$521,000, almost \$522,000, so that we have an adjusted opening balance in the reserve fund of \$7.976 million increases. We have the two transfers. We end up with a closing balance in the reserve fund after we're all done of \$6 million, meeting or staying relatively stable in the Electric Fund. In prior years we did better because the interest rate was higher, and that certainly was an issue that I previously

have talked to the Commission about, the fact that operating revenue for the Electric Company was relatively low, but it was made up for based on interest income because we have a very, very large reserve. And while you see an ending reserve balance of about \$6 million, the cash on hand is significantly more than that because of projects that don't get completed, and we'll talk about that in the Electric budget. Now that interest rates are dropping, that's an issue for the Electric utility. They will rebound, but as the Electric utility starts to spend money on projects we will continue to have low interest. That will not... that will create a situation where the Electric Company will need to look at expense issues and some of its projects, but the Electric Company is really stable and unchanged from prior years. And you all know that the Electric utility is a little bit more complex than that, because we set our rates based on our wholesale power costs, where we set our purchase power adjustment, and where we want our Rate Stabilization Fund to end. And you know that in January we made a decision to let the Rate Stabilization Fund essentially drop to almost a zero... well actually slightly lower than a zero balance. So this is the overall general budget that gets published. We should probably quickly go over the General Fund detail budget. If you go to page 3, this is where you see the detail. This is where you understand where we're spending the money. It's fairly easy to see the way it's laid out. We have the current year's budget, proposed, in the first column. The middle column is the budget we're currently working under today, and the right-hand column is 2008-2009. We do it this way for comparative purposes. Quickly, total revenue is declining over the three-year period. Again, it's simply an interest rate issue. The interest rate is declining. Expenses, if you look at the next grouping down. Expenses are very stable, \$128,000 in 2008-2009, \$130,850 in 2010-2011 proposed budget. Everything is very stable. Commissioners' salaries are stable; the Clerk's salary is stable; the Treasurer's salary had just increased slightly; Meeting and Printing comes about to the same; Legal was generally in that area, that includes the retainer; we budget about the same for Auditors based on what it's been costing us, and it's a pretty stable level, and so is Insurance. So the operation expenses are very level. When we go down to the community service projects, again it's absolutely level. You can see the total community service projects went from \$55,000 in 2008-2009 to slightly higher in the current year, and again slightly higher for the proposed budget. We have changed less than \$850.00 in the three-year time frame. This is sort of a re-hash. It's what you've seen on the prior page which we've already explained, but you can essentially see the ending balance of slightly over \$1 million. I'm going to stop here. Are there any questions about the General Fund budget?"

Commissioner Ramirez: "Chair, may I?"

Commissioner Burgess: "Go ahead."

Commissioner Ramirez: "This is just me. It became like a little routine every single year. I would suggest if there is anything that we could do in reference to increase the Summer Youth Employment Program. Can that be increased to perhaps maybe we can allocate more money to that specific (inaudible) for a better word, we might be able to provide a few more jobs for some of our own youth in the community, and especially now with this economy. You are going to see a lot of businesses short of funds, more unemployment, and if perhaps maybe we might increase a few dollars, we might be able to provide a couple, a few more jobs to our young people in our community."

Mr. Hiscock: "When we constructed the budget we simply used the historic number that has been approved by the Commission. Certainly this is the time frame in which if the Commission wants to modify the staff budget it certainly would be the appropriate time to do it. We have had no requests, but..."

Commissioner Ramirez: "I'm pretty sure there will be."

Mr. Hiscock: "...based on what's happened in the past, we haven't had a lot of requests in a timely fashion to change this amount."

Commissioner Ramirez: "It is a simple request of the Commissioners, and basically again, we're not asking for \$50,000, but just a few extra dollars to increase the well being of our young people in our community. I think... I would love to see that, and I think it definitely would be a good positive behavior on our part and help to the families in need."

Commissioner Burgess: "And we do not have a request for this yet?"

Mr. Hiscock: "No, we do not."

Commissioner Ramirez: "But it's always been a pattern that it usually comes after, unfortunately."

Mr. Hiscock: "Yes, it's... when there are requests made, they are generally not timely."

Commissioner Ramirez: "Exactly."

Mr. Hiscock: "That's the best way to say it on the record."

Commissioner Borges-Lopez: "Did we get a request last year after the fact?"

Mr. Hiscock: "Candace [Ms. Pampoukidis], would you remember? I don't recall. They usually come to you."

Commissioner Mann: "Yes. Yes."

Ms. Pampoukidis: "We did get the request."

Commissioner Ramirez: "I believe we did, yes."

Ms. Pampoukidis: "I think it was after the fact."

Commissioner Mann: "Yes, it was. It was after the fact."

Commissioner Ramirez: "Because I spoke to..."

Commissioner Burgess: "It was."

Commissioner Ramirez: "I spoke to somebody at City Hall and they submitted I believe."

Ms. Pampoukidis: "However... yes, I can't honestly remember if it was after the fact or not, but I know that it was discussed. We did get one, and it was discussed. And it wasn't approved, for the increase."

Commissioner Ramirez: “Ms. Mann, I believe, is that correct, because she told me she spoke to you?”

Commissioner Borges-Lopez: “That was the year before last though. I remember one that was the year before last. Two years ago.”

Commissioner Mann: “There was a request last year, but it was at the ninth hour and we just could not fulfill it. It did come at the last moment even though I had asked...”

Ms. Pampoukidis: “And so did I ask.”

Commissioner Mann: “...weeks in advance. But we just couldn’t...”

Commissioner Ramirez: “But again, you know, a request is not... I will say at this point it should not be an obstruction for us to give a chance, okay, an opportunity for an extra few people to become employed. I believe the request will be done, and it should be done in a matter of appropriate time, but it has not. But with that in mind I will suggest and strongly urge every one of us to approve a few extra dollars. Again, I don’t want to be repeating, but I think it will be going to a good use. And if you look around, the economy is really tremendously bad. It is not going to get better over night. One of the main issues all over the United States is how can we increase the opportunity for jobs, and that’s for adults. What about our young people that really are short experience?”

Commissioner Burgess: “How much money are you talking about? How much more money?”

Commissioner Ramirez: “I would be very conservative. I would like to see \$5,000, but I believe that’s probably not going to happen, but it’s all up to you.”

Commissioner Burgess: “Well it isn’t up to me.”

Commissioner Ramirez: “It is up to every one of us. I will drop a number, but I’ll leave it open to every one of us. Will \$5,000 make any harm to our budget?”

Mr. Hiscock: “No. No. Certainly, well, \$5,000 is money.”

Commissioner Ramirez: “Yes, absolutely. Yes.”

Mr. Hiscock: “But it’s not a significant portion of our budget. If it were to increase by \$5,000 the only decision we would have to make is whether or not to just simply take it out of the reserve or just transfer it from the two utilities. Obviously the...”

Commissioner Ramirez: “With that in mind, just let me go for the record, I would not like to see any other project be harmed based on that request. Perhaps maybe we can utilize anything in the reserves, or something that is not going to affect other programs which are already in place. Let me make that clear.”

Mr. Hiscock: “From staff perspective, certainly whether it comes out of the two utilities or comes out of reserve, I’m certainly going to indicate ambivalence. Either way it really doesn’t matter. It’s all the District’s money one way or the other, so it’s...”

Commissioner Ramirez: "Exactly."

Mr. Hiscock: "...it's simply..."

Commissioner Ramirez: "Just splitting the numbers from end to the other."

Mr. Hiscock: "Yes, it just goes from the left pocket, to the right pocket, to the rear pocket. So I mean procedurally you can, if there's a desire to do that somebody needs to make a motion and a second to do that, and you need to vote, and then we'll modify the budget accordingly, or you can take it up at the end of this topic. It's really however we want to deal with it."

Commissioner Ramirez: "With that in open mind, if you don't mind Commissioner, I mean Chair, I would like to make a motion perhaps to do the addition of... to add \$5,000 and we can discuss it or whatever you decide to do."

Commissioner Burgess: "Okay, is there a second?"

Commissioner Geake: "I second it."

Commissioner Burgess: "Is there anymore discussion of it?"

Commissioner Borges-Lopez: "I would just like to..."

Commissioner Burgess: "Pardon me?"

Commissioner Borges-Lopez: "I would like to say something. On this issue I'm going to have to abstain on any vote because I do serve on the Advisory Board, so therefore I will abstain."

Commissioner Burgess: "Okay, anyone else?"

[No remarks]

Commissioner Burgess: "No? Okay, are we ready to vote? All in favor say aye."

Commissioners simultaneously: "Aye."

Commissioner Burgess: "Okay, I'm opposed."

Commissioner Ramirez: "Did we pass it, or no?"

Mr. Hiscock: "Yes, passed."

Commissioner Ramirez: "Okay."

Mr. Hiscock: "Three/one, yes."

Commissioner Ramirez: "Again, on my behalf I want to say thank you for those that voted, and I know in the bottom of your heart I think everyone here is willing to assist our young people..."

Commissioner Burgess: "I would just like to say why I'm opposed. One year the money was not all spent, that bothers me, and I'm not at all sure we should be putting our money into various charitable things. I'm not sure we should be doing that. So I'm not against the program in any way, I'm just against the increase expenditure."

Commissioner Ramirez: "Okay, your opinion is very well respected by me, and I appreciate it everyone. Thank you."

Commissioner Ramirez made a motion to increase the District's annual contribution to the Summer Youth Employment Program by \$5,000, for a total annual contribution of \$15,500. Commissioner Geake seconded and the motion passed with three Commissioners voting and favor and one opposed. Commissioner Borges-Lopez abstained.

Mr. Hiscock: "Before we move on, unless the Commission has an objection I would prefer to deal with this by simply increasing the two utility transfers by \$2,500 as opposed to getting at the District Reserve Fund. It just makes it... it makes a little bit more sense the way we handle the budgetary arrangements between the two utilities and the District. Okay, any other questions about the District budget?"

[No remarks]

Mr. Hiscock: "Okay. If you move to page 5 you will see the budget versus actual, and the variance, for June 30, 2009; budget year ending June 30, 2009. You can see that the interest income was negative, that we budgeted \$30,000 in interest and the actual is \$16,000. We did not predict the decline in interest rates. On the other hand you can also see that we had a variance positive of \$42,754 operating expense, and it was a combination of legal, accounting and insurance, meetings and printing was down slightly, and community service projects were down significantly. The Treasurer's salary, we went over budget slightly because we didn't take into account the change in salary. We move to page 6, we've got the Water operating budget. Again, we have three years comparison for you. Two things to note; while this is not a commitment to a future increase, as we did in prior years, we have budgeted, budgetary purposes only, this will come before the Commission in May or June, a 3% increase in Water revenue consistent with the position of the Commission that we should raise the water rates consistent with or close to the CPI. So I want you to note that, that the operating revenue of \$6.9 million does include a 3% increase. You can see that revenue for the Water utility is going up very, very slowly. Our sales are flat and actually declining slightly. Conservation is causing it and until South Norwalk projects that are certainly under construction or almost under construction are finished, our revenues will not increase other than by increases in rates. Consumption is dead flat or declining, so just an important thing to note. If you look at the total revenue at the bottom of the page... middle of the page, I'm sorry, you can see the same affect; slightly increased as we go through the years. A few changes in the items, not a whole lot; miscellaneous customer charges have increased slightly. But other than that just very stable, stable income stream. If you go down to the bottom of the page you'll see the operating expense increasing from the 2008-2009 budget of \$4.8 million to \$5.1 million; a very, very slow, gradual increase in operating expense. Again, our expenses are relatively stable. We flip the page to other expenses. Our property taxes to the town of Wilton have increased significantly over the three years. We own 1,200 acres in the town of Wilton. That's a substantial amount of money that we pay to the town of Wilton for the 1,200 acres that we own. It's assessed at improved farm land according to the statute, so we don't have much of an ability to change that. New Canaan is up, down, relatively stable. We don't own nearly as much acreage in the town of New Canaan; and

two, the value of homes in New Canaan in relationship to the value of raw land is different, so consequently the price breaker is significantly cheaper in New Canaan, and I don't have the statistics on the difference; I mean we certainly have them in the office, we look at them, but the New Canaan property taxes are pretty stable. If you look at the net operating income you'll see that it goes from \$1.6 million to \$1.734 [million] over the three-year time frame. Total income minus expenses is also stable, \$1.4, \$1.382, \$1.5; again, very stable. The difference clearly and absolutely is the filtration plant and the debt. Our operation has not changed significantly, but that debt is very significant obviously, and it's what is driving the fund negative. It's starting to stabilize, but it's not fully stable yet, and if we approve the budget as submitted we are actually going to increase the negative in that reserve fund. It's not a good situation. It will come around. It will get better as time goes forward. There's really not many areas we can significantly change unless we change how we do business. If you look at the capital appropriations for the Water utility we're down to \$270,000. It's a bare bones budget. We're not doing many improvements, and we'll get to that on the next page. It's strictly debt at this point, strictly paying off debt. Things will improve to the tune of a little over \$300,000 per year in 2012. I think that a few other things have occurred that will help stabilize things. One, our electric bill has decreased significantly due to some changes in CL&P's rate structure that were favorable to us. It has to do with something called power factor and kva billing. That's a help. We have a little bit more operating experience with the filtration plant and we believe we're driving some of the operating costs downward at the filtration plant; still not as successful as we should be. If you go down to the bottom of that column you'll see \$195,000 in extraordinary maintenance projects. That's for replacing, or actually regenerating, the carbon in the carbon filters. Primarily there's another thing, a taste and odor issue. We're not sure that we want to go forward with that project. We're evaluating the condition of the carbon to determine its capacity for increased, or to continue to decrease taste and odor. We didn't have many complaints this summer, but I certainly noticed it, the slight increase in taste this summer compared to the prior two summers. That's certainly an indicator. On balance, if the budget gets approved this way it obviously indicates that we're appropriating funds in excess of our reserve, which is a difficult situation. The other thing to consider, each and every year, you know in the past that we've returned funds from the reserve, I mean from the budget. If you look at note 4 you'll see that we returned \$473,000 in the prior year after audit, so we generally do not come close to spending what we authorize. It has to do with the fact that we approve capital projects line by line as opposed to in a lump, so each of the capital projects spends less than actually appropriated, therefore we are returning funds. Still, it's not a terribly good situation. I'm going to stop here with respect to the Water budget and answer questions you may or may not have about it. I want to make it very, very clear it's not a good situation. It's, I think, going to turn around and improve itself, however right now, for last year and this year, it's not good."

Commissioner Ramirez: "Through the Chair, if you don't mind?"

Commissioner Burgess: "Yes [acknowledging Commissioner Ramirez]."

Commissioner Ramirez: "How many acres of land do we own in New Canaan?"

Mr. Hiscock: "I'm going to give you a number subject to my memory, and it may be incorrect. I believe it's 234. I know you wouldn't [directed to Mr. Barber]. Tom Villa might know better. I believe it's in the 225, 230, 235 range. It's land that came to us with the New Canaan Reservoir."

Commissioner Ramirez: "Okay, that was a simple... I heard that you made remarks a couple of times that the budget doesn't look that really well for this coming year and eventually it's going to

change. What makes you believe it's going to change based on the debt that we have. Are we going to pay it or we're expecting (inaudible) money, or...?"

Mr. Hiscock: "Well two significant things are going to occur. The New Canaan Reservoir debt will disappear in 2012, and that's \$300,000 per year that will work towards bringing it down. I also think that we're going to control the filtration plant costs a little bit better. We're certainly doing so on electric, and electric is a significant amount of the budget for the filtration plant itself. I believe that's going to be helpful. Really cost control, and really staying with this bare bones capital budget, and simply doing the absolute bare minimum with respect to new capital projects on the Water side."

Commissioner Ramirez: "So you don't perceive any increases of electricity, or perhaps more into water?"

Mr. Hiscock: "I don't... I really don't see any increase revenue on the Water side."

Commissioner Ramirez: "No, I'm talking about increasing our percentage to charge more to our clients to kind of subsidize this issue we have, or we will have."

Mr. Hiscock: "I think that's a possibility. I would like to avoid that for another year, other than the 3% increase. I want to say right now our rates are reasonable, and there's no doubt they're reasonable, and when we look at those numbers every May or June you'll see that we're sort of in the 30 to 40 to 50 percentile for our water rates. We're in Fairfield County which makes things expensive. Taxes are certainly one. But there are other utilities that are doing better actually in Norwalk and Fairfield County. It's interesting that the, I think the two currently lowest water utility rates in Connecticut are First Taxing District of Norwalk and Danbury, which is interesting. If you could eliminate those two from the analysis you'd find out we were pretty normal with respect to our rates; always attempting to minimize rates; always attempting to keep them as low as possible."

Commissioner Ramirez: "But as far as this point goes you're not contemplating to... already have in mind to increase in the near future?"

Mr. Hiscock: "No. No. There are a couple of other issues that I've been considering, and might be inclined to recommend prior to going the rate route. We have some surplus utility land in Wilton that we've identified for a very, very long time as surplus. We've left it as surplus. The real estate market right now is not the greatest, but we're presuming that the real estate market will rebound. With fairly small costs for subdivision approval, there's probably about four or five lots that are Class III land that's totally off of our watershed making permitting very, very easy that we could go through a subdivision process. We would probably net on balance in, not the current market, and not the market of two years ago, but in a reasonable rebound market probably about \$500,000 per lot that obviously would go a very long way of eliminating this. You don't like to take assets and use them to cover operating deficiencies. Okay, that's not a good thing to do in the long run."

Commissioner Ramirez: "Right. Right. What would be the size of each lot pertaining to this?"

Mr. Hiscock: "In Wilton all lots are two acres. That's the only zoning size they have. There are some one acre zoning, but not where we own land."

Commissioner Ramirez: "Interesting."

Mr. Hiscock: "In New Canaan there are surpluses. We haven't evaluated that. That would take a larger process, because everything we own in New Canaan is actually on watershed. That requires a very detailed study. If we were going to move in that direction it would take a long term approach to the Health Department, and then any restrictions that we would get from the Health Department would require us to return those assets to the utility, which is fine. That's what we would do anyway. So as hard as it is, I'm suggesting that we approve the budget the way it is, and we'll talk in a minute about the projects we are going to do. Knowing that it's not as bad as it looks, and I say that every year because it never is, because we return, you know, quite a few hundred thousand dollars every year, but as we squeeze the budget down the return will get smaller also."

Commissioner Ramirez: "By approving this budget, will we also have in mind the expenses we have discussed for the previous, or the projects that you, the reason why we property at Martin Luther King?"

Mr. Hiscock: "The New Canaan property was bought to get safe yield."

Commissioner Ramirez: "The Martin Luther King property."

Mr. Hiscock: "Okay, that comes out of the Electric Fund, and is not related to the Water Fund at all."

Commissioner Ramirez: "So we haven't got to that yet."

Mr. Hiscock: "Yes, totally different fund, and totally unrelated..."

Commissioner Ramirez: "So it has nothing to do with..."

Mr. Hiscock: "...a project totally unrelated to the Water utility. To give you a feel before we talk a little bit more about it, we won't spend as much time on the Electric budget. We don't need to. If you flip the page to the page that looks like this, with the yellow and the red, you'll see at the top of the page are prior approved projects from 2005 through 2010 and a status report on them. The yellow projects are projects expected to be completed. Some of them will have returns to them, but not very large returns because of the nature of the projects themselves, like a hydrant... the third one down, Hydrant Replacement, quantity of six. We will go through and replace those. Those are sort of cumulative ones that we work down. If you look at the red, those are the projects we've cancelled. We've carried two projects... one project for a while. If you look at the first red one, 2003, Study Alternate Source of Supply, based on the fact that we have flat level demand, and for a very long time period, we've decided we are not going to spend money on studying new source of supply at this point in time, and if something changes it will come back in a future budget, but it's going to be well out into the future. Investigate performance of flow meters; that is a project that gives us no benefit whatsoever, resolves a discrepancy in our flow meters, and it has to do with the unaccounted for water that we report to the State. We decided that that was one of the least important projects to do. There was a project in here for future membrane replacement and was going to reserved. We cut that out because we simply didn't feel it was appropriate to drive our reserve fund downward and then turn around and stick it in an alternate reserve fund in the same place in the budget process. That makes no sense at all. So we chose not to do that. In future years there will be an item there for membrane replacement. They have a 10-year life. We've used about 3 years out of them. Other than that you can see that very, very minimal. The first one, Install Tank Climbing Devices, is a safety issue. We have a broken pump in the Booster Avenue Pump... the

Bartlett Avenue Pump, that has to be done. We have a consent... not quite a consent order, but an agreement with the State that we'll replace our clearwell doors at the filtration plant, \$15,000. That has to be done. We're internally talking right now about the sodium hydroxide feeder and whether or not we're going to go forward with the project, but it's fairly small so we're leaving it in the budget. Hydrant replacement, we've got four more. Service replacement, that's out of our control. That's for service leaks when they break. We have to repair them. So we put a dollar amount in for that. Miscellaneous Operations Department equipment, we put a number in there so we don't have to come back to the electors for small items. Computer Equipment, the same way, it breaks, it wears out. Purchase Meters, we're into the AMI project; we'll be needing to purchase some additional water meters. And then we have Miscellaneous Capital Projects. That covers items that we don't budget for; a major piece of equipment breaks, a vehicle gets totaled. It doesn't happen often, but it does happen. Often that money comes back, or a portion of that money comes back, depending on what happens. But when we only have \$270,000 in capital projects; that means we're not going to run a big number back as we have in the past."

Commissioner Burgess: "Excuse me."

Mr. Hiscock: "Yes?"

Commissioner Burgess: "Mary [Commissioner Geake] has a question."

Commissioner Geake: "I have a real... just probably a simple question, but..."

Mr. Hiscock: "Sure."

Commissioner Geake: "...You have miscellaneous capital projects in the yellow, and then you have a miscellaneous capital projects in the white. They seem like the same thing."

Mr. Hiscock: "Okay, here's what happens on that. The miscellaneous capital project expires at the end of each year, so what will happen is the yellow one that you see expires at the end of the year, so any unspent amount comes back."

Commissioner Geake: "Okay."

Mr. Hiscock: "So when you see the budget, every year you will see that same item."

Commissioner Geake: "Alright, thank you. I'm sorry."

Mr. Hiscock: "Most of the other items here are for the duration of the project, and you'll see more of them in the Electric capital budget, but those are the kinds of projects that close out at the end of every year."

Commissioner Geake: "Okay. Thank you."

Mr. Hiscock: "We go down to the bottom; we have a fluoride tank relining. We've had a failure in one of our fluoride tanks at the filtration plant. It needs to be relined. Right now we're operating out of 55 gallon fluoride drums; not a very good way to deal with it. We have \$20,000 to inspect our distribution storage tanks, the State has asked us to do that; and that \$38,000... \$138,000 for the carbon replacement which we're unsure of at this point. So those are the projects. I can

characterize this list as bare bones compared to prior years. There's no doubt about that. You also know that as we've been dealing with the filtration plant, we have wound down the size of the projects and the dollars involved. I don't foresee any major emergency projects coming up other than a failure of a water main. And I don't mean a repair, I mean a significant failure. Usually it happens on an asbestos cement pipe where we get repeated failures in the same neighborhood. Years ago we had one on Hunter's Lane that failed six times in the winter. We just replaced it. We have only one area that's suspect right now, other than that we've been doing reasonably well. So this is where the Water budget is. I can take comments, or questions, or issues before we get into the Electric budget."

[No remarks]

Mr. Hiscock: "Page 9 is an analysis of the 2009, June 30<sup>th</sup> variances just to show that we are under budget, and that's where the \$473,000 return is derived. The next is just completed capital projects. It shows the numbers, how they're derived. On page 12 is the Electric operating budget. Quickly we'll move through that. The Electric operating revenues have increased steadily. Mostly due to the cost of... mostly due to our changes in rates to cover the wholesale cost of electricity, so that you can see that we've gone up about \$1.2 million in metered sales for residential and commercial. We've gone up slightly in large commercial primary. The others go up and down slightly. The conservation load management, while it's increasing, is offset by having to make those expenditures by law; that's the money the State requires us to collect, and the mills increase every year and we have to spend it. Other revenue, here's a telling one that I wanted to mention to you. We've talked about it before. The interest revenue is dropping to \$220,000 next year. We don't see a big rebound in interest rates. That's a bad situation. So our total revenue is estimated, or is proposed to be \$16.5 million. We don't have absolute control over revenues. It depends on utilization. It depends on the weather. It depends on a whole series of issues that we can't control. But generally it's relatively close, what we budget. Expenses, as we move down to the bottom of the page you will see that our expenses are estimated to be, or budgeted to be \$16.388 or 389 million, up slightly from the prior year, and up from the prior year, prior to that. In prior years we didn't budget the conservation and load management expense. It was in another item. So you can see that pretty much things have gradually increased. Nothing has increased significantly out of line. Flip the page; other expenses are minimal for the Electric utility; don't change the numbers very much. We move down to the net operating income. You can see that we're doing better for the net operating income in the Electric utility. We're proposing to be minus \$197,000 as opposed to the big numbers from the prior years. Total income minus expense is better than the two prior years. That's something that's certainly important. You can see under capital appropriations we have lowered the capital appropriations only slightly from two years ago, and I believe that the one year back was the set aside for the property purchase. The \$3.9 million in the prior year, you recall that we added money of \$1.5 million to the budget at an electors' meeting to cover the land that we just purchased at Martin Luther King Drive. If you take that \$1.5 [million] out of there you can see that the budget is relatively level. You go down through all of the transfers, all of the returns, you will see that the adjusted closing balance is \$5.6 million. And that's the Electric budget. I went over that quickly. It doesn't vary much from year to year. And the Electric utility is in a significantly better position than the Water utility primarily due to reserves being built up over a long time frame and no projects being completed; virtually no projects."

Commissioner Ramirez: "Through the Chair, a question. The Electrical... before you do this budget, bear with my lack of knowledge on this part, but do you folks also do an analysis, or a study

I should say, of the most serious equipment that has the potential to go... to die during the process of the year, meaning...?"

Mr. Hiscock: "Yes."

Commissioner Ramirez: "Yes?"

Mr. Hiscock: "Yes."

Commissioner Ramirez: "Okay."

Mr. Hiscock: "If you..."

Commissioner Ramirez: "So all that, you have contemplated as possible damage on the..."

Mr. Hiscock: "If you look at page... okay, here, page... this page, two or three further back you will see that we are spending large amounts of money in comparison to what I will say occurred prior to three, or four, or five years ago in the Electric utility. You go down and look at this list of improvements and you can see significant amount of equipment replacements and repairs. We're replacing a lot of switches in the electric distribution system. We have some very old gas switches, some SF6 gas switches that we're in the process of replacing. They're old, not worth repairing. These are all brand new modern switches. We are replacing conductors, not many conductors. We're in a modernization program where we're moving transformers from in ground to above ground and spending money to do that. The electric distribution system, the underground electric distribution system, I guess I can describe as haphazard is best over 30 to 40 years. Most of it was created by projects in town. Water Street happened because the State improved Water Street and everything went underground. South Main Street went underground when the City did redevelopment. In front of 50 Washington Street, in the 60's, that all went underground when that redevelopment project... when Reed Putnam project moved forward, everything was moved underground. It's all moved underground through contributed capital over about 40 years in time. Our major problem is that we have salt water intrusion. We have a lot of submersible transformers and a lot of switches that get wet all of the time. They have a shorter than normal life due to the salt water intrusion problem, especially along Water Street, along the side streets along Water Street. Those areas are basically are center South Norwalk undergrounds. If you look through this budget there's a tremendous amount of money spent for that. The other area we're spending a lot of money is in the substation. We are spending money to take a very antiquated, very old substation and putting modern, automated equipment, relays, devices to give us a better understanding of what's going on in the distribution system. The electric system is moving forward and spending a lot of money. So there's a lot of equipment that's being replaced in the electric system based on the budgeting process."

Commissioner Ramirez: "Okay, remaining in the same line, since a new project is coming along Putnam Avenue; on West Avenue, listening to you, what you said before, and obviously the new cities everything goes underground, but we are very close to the water and so the new system itself, is that going to remain above on the ground?"

Mr. Hiscock: "We are, wherever possible, eliminating underground transformers. We're minimizing underground switching. The problem that we run into on streets such as Washington Street and South Main Street, they..."

Commissioner Ramirez: "I am referring... I'm sorry to cut you short, but I'm referring to the new project that's coming along, I could see that we're going to probably have to invest some..."

Mr. Hiscock: "No."

Commissioner Ramirez: "No?"

Mr. Hiscock: "We are putting above ground transformers and above ground switches for the most part in that project. Example is there's new construction on Pine Street, and if you go up Pine Street on the left-hand side, right in the middle of the new construction you'll see a brand new above ground transformer."

Commissioner Ramirez: "Yes."

Mr. Hiscock: "That's a shared use transformer to feed that project and other facilities in the area. It's taking loads off of some of the underground transformers in that area. So we are moving to above ground transformers and switching wherever possible. There are some places there's nothing we can do, but the general rule of thumb is to try to get switches and transformers out of the ground. Now obviously the connections and everything else have to be in the ground, the cables, the elbows, and all of that, but that's the general trend that we're involved in right now. And it's a combination of safety and equipment. That's really where it's at, equipment failure. It's to minimize equipment failure. Transformers should last 40 to 50 years. They shouldn't fail after 20 or 30 years due to bad conditions."

Commissioner Ramirez: "With that in mind, do you know... we lost a lot of money that day that we went blackout, and from what I found out was a process between the CL&P, the line that was connected to our property. Are we getting any compensation because the... we were quite a few hours that we were in a blackout, for the lack of a..."

Mr. Hiscock: "One, we don't pay out damages."

Commissioner Ramirez: "I'm talking about this fault was considered to be CL&P or was [it] our equipment that took a fault?"

Mr. Hiscock: "Oh, we have not had an outage that relates to us in quite so time."

Commissioner Ramirez: "Okay, so we say it's their problem, is that correct?"

Mr. Hiscock: "It's absolutely a CL&P issue."

Commissioner Ramirez: "Was there any insurance (inaudible), since we lost so much. I'm pretty sure that we lost 'X' number of electricity, or income, or whatever you might call it. Are we getting compensated by this company, or is the insurance getting involved, or because of the weather condition, or what's the deal?"

Mr. Hiscock: "No. No."

Commissioner Ramirez: "So that doesn't...?"

Mr. Hiscock: “No, absolutely the arrangement that we have with CL&P is like any other utility arrangement. Weather is weather. That’s not negligence. The only time you can recover is when there’s absolute pure negligence.”

Commissioner Ramirez: “So when its weather related it’s not insurance covered in any way, shape, or form?”

Mr. Hiscock: “No, no, not at all. Nobody carries insurance for that. The premium would be too high. Virtually no one carries insurance for weather damage. That’s just simply not something you do. If you have serious weather damage, I mean really serious weather damage, you end up with FEMA loans to cover it, and FEMA grants. We’re now into this the Feds insure everybody.”

Commissioner Ramirez: “Right. Right.”

Mr. Hiscock: “The failures that we’ve had relating to CL&P have been failures along the two incoming lines that used to be called 43 and 44, but they’re now the 31 and 32. That’s the reason we’re moving to put a substation at St. Anne’s. We want to avoid dealing with CL&P. Only because the lines that feed us are old, and replacement of those lines is extremely expensive, and to make them more reliable would increase our operating expenses significantly.”

Commissioner Ramirez: “Okay, thank you.”

Mr. Hiscock: “Any other budgetary questions about the budget in general?”

[No remarks]

Mr. Hiscock: “You have the ability to review this and call for an optional meeting if you have other concerns. We don’t have to schedule it at this point. It’s listed. If you have any concerns about the budget that you want to talk to me about, that’s fine. Please do it one on one. If you decide that the Commission would like to discuss this budget again in detail at a Commission meeting jointly, we have the optional meeting, we can do that. Normally we do not approve the budget at this meeting. This is really a working session to discuss it. I gave you the overview, you get to look at the detail and go back, and we go from there, and if there’s a concern about doing something different then we take it up at the optional meeting. If there are any final changes that need to be made, they’re handled at the regular Commission meeting in March. So those are the two opportunities to deal with this budget again for other than what you approved this evening for a change. We will obviously put that right in the budget now. We will not issue you however another draft, because this is just a lot of paper, and it cost money to produce.”

Commissioner Ramirez: “Yes indeed.”

Mr. Hiscock: “So we will not issue another budget document with those simple changes.”

Commissioner Ramirez: “You know it might sound a little (inaudible), and something... I mean pennies here and there, you know I remember going to school, one of my professor’s said ‘You better watch your pennies because the dollars can take of themselves’. We receive information of all the paychecks, I guess on a weekly basis, is that correct, and envelope?”

Ms. Pampoukidis: “Yes.”

Mr. Hiscock: "Yes."

Commissioner Ramirez: "I believe that's a lot of... to me, time for people and places and a lot of waste in paper. Can that be added to a monthly basis report instead of a...? In other words can we summarize that report into one time a month instead of four times and wasting so much paper and time?"

Mr. Hiscock: "We could. We would have to change... we've adopted a policy, a Cash Management Policy that includes that procedure."

Commissioner Ramirez: "I kind of noticed that, but I've seen a lot of waste in time, and paper, and..."

Mr. Hiscock: "I'll tell you... let me explain to you quickly how it happened."

Commissioner Ramirez: "Okay."

Mr. Hiscock: "Originally, and Commissioner Burgess remembers this, the authorized signatures on both the Electric utility and the Water utility checks were the three Board members and the Manager of each utility, and it was any two out of four signature. And when we combined the two entities, and the Commissioners started talking about how difficult it was to sign all of these checks, we created a Cash Management Policy where staff and the treasurer would sign the checks and then your check and balance would be the check register. You could see every check that we wrote. We could change it from a weekly, because as you probably see you get a check register with a staffer and usually the Treasurer's signature. We could issue that monthly. It wouldn't bother me if that's what the Commission wanted. It doesn't cost a tremendous amount of money, but it costs money."

Commissioner Ramirez: "It costs money and it costs time for those that really take the time to do so, and if there's any discrepancy at anytime, I mean once a month you can look at it, come in and express your opinion or perhaps your concern and it can be changed. But I perhaps... I look at it, and I said 'why do we have to waste so much time and paper on this'. I, myself, I look at it and I shred it right away, because I mean how many... I hope everybody takes a look, but I say this is amazing. I actually collected them for a couple of months, but it seems to be... I said this is crazy. So to me, I mean that's my opinion. I think it's a waste of time, money, and paper; a few dollars that can be utilized for something else. I mean, tell me, who does that paperwork [directed at Ms. Pampoukidis]?"

Ms. Pampoukidis: "Me and my assistant."

Commissioner Ramirez: "Okay, and that's a time concern. I mean it's something that you can be utilizing to do something else instead of... I mean eventually it has to be put together, but you know the stamps and... I don't know, that's me. I see the few dollars can be saved for... it's not going to make much difference, a big difference in the budget, but it can make a difference for something else."

Commissioner Borges-Lopez: "It's even cheaper if you email it."

Ms. Pampoukidis: "Not everybody has email."

Commissioner Ramirez: "Right. What's your opinion?"

Commissioner Borges-Lopez: "Scan it, PDF, Email."

Mr. Hiscock: "Yes."

Commissioner Ramirez: "Do you save, I mean, be honest folks, do you actually save the paperwork and... I mean obviously we look at it, but then we immediately dispose it, right?"

Commissioner Burgess: "Do I look at it?"

Commissioner Ramirez: "Well obviously you look at it."

Commissioner Burgess: "Yes."

Commissioner Ramirez: "Yes, but do we save it?"

Commissioner Mann: "No, I shred mine."

Commissioner Ramirez: "I mean..."

Commissioner Burgess: "I save it for a while."

Commissioner Ramirez: "Maybe you would be the only... I save it for a couple of weeks right after, because if it's not a concern why should I wait? Why should I save it? You know what I mean? I mean it's loud and clear, very specific."

Commissioner Burgess: "Well I'd rather... well..."

Commissioner Ramirez: "I mean..."

Commissioner Burgess: "Personally I'd rather, then once a month have to go through a huge thing where I've got to take a chunk of time and do it, I'd rather do it weekly, but that's my own personal preference."

Commissioner Ramirez: "But it doesn't take that much though. I mean it's not like we're writing thousands of checks, or hundreds of... you know what I'm saying?"

Commissioner Burgess: "I said it really doesn't matter to me."

Commissioner Ramirez: "It's just a few. I don't know, I might be..."

Commissioner Geake: "No, I'm in agreement because I just started and right away I realize that we have a competent treasurer, we have competent secretary, we have competent clerks. If there was a problem now I'm sure that Mimi, Ms. Burgess [Commissioner Burgess] would know about it immediately. But then that's just me, you know, just coming on."

Commissioner Ramirez: "Yes."

Mr. Hiscock: "From my perspective it's Commission choice. It truly is. Whether we send you 7 pages every week, or we send you 28 pages every month. You know, it is what it is. It's just postage and whatever else. We don't hand deliver those documents so it's not a large amount of labor, it's just a lot of paper; killing a lot of trees."

Commissioner Ramirez: "Yes, killing a lot of trees, a lot of pennies, or I should say dollars."

Mr. Hiscock: "If you want to consider this at a future meeting, that's fine. I mean I could draft a change and you could accept it or reject it. I don't care."

Commissioner Burgess: "Okay."

Commissioner Borges-Lopez: "Okay, that's fine. Let's address it next time."

Commissioner Burgess: "Hmmm?"

Commissioner Borges-Lopez: "We're going to address it next time."

Mr. Hiscock: "I'm sorry?"

Commissioner Borges-Lopez: "We can address it next meeting."

Mr. Hiscock: "Okay."

Commissioner Borges-Lopez: "Draft it, and..."

Commissioner Ramirez: "Would you be so kindly to perhaps maybe just give us the approximate pages... well, I should say the amount of money that we might be saving? You don't have to say that right now; for the future."

Mr. Hiscock: "Less than \$25.00 per month."

Commissioner Ramirez: "Is that so?"

Commissioner Geake: "But in a year..."

Commissioner Ramirez: "And killing a lot of trees."

Mr. Hiscock: "I know, we're killing a lot of trees, that's the bigger issue. And the reason it's that small is the volume of paper is usually the same. It's just a matter of whether we mail once a month, or we mail it every week. That's all. So it comes down to postage and a little copying time, and a few extra sheets really."

Commissioner Mann: "I think the consensus might be though is to email it, or PDF it."

Commissioner Burgess: "Yes."

Mr. Hiscock: "Alright, so those of you are comfortable with email, that's fine, we'll do it."

Commissioner Borges-Lopez: "I'm very comfortable with email."

Commissioner Geake: "I'm very comfortable with email."

Mr. Hiscock: "That's fine."

Commissioner Geake: "PDF it."

Mr. Hiscock: "Alright."

Commissioner Ramirez: "I think in one way, any way that we can save time, and if we want to keep update on a frequent basis that's fine, but I think this is..."

Mr. Hiscock: "That's fine."

Commissioner Ramirez: "I mean even \$25.00 a month, times 12, times whatever..."

Mr. Hiscock: "Yes, and we are taking significant actions inside of the Water utility to save very large amounts of dollars."

Commissioner Ramirez: "Okay."

Mr. Hiscock: "But every little bit helps."

Commissioner Ramirez: "Okay."

Mr. Hiscock: "Not a problem."

Commissioner Ramirez: "I thank you folks. I was dragging that along for the past couple of months, and I said I have to say something about this."

Mr. Hiscock: "That will not require a policy change, because that's simply the same communication chain. We have no public here."

Mr. Geake: "Hey [responding to Mr. Hiscock]."

[Laughter]

Commissioner Mann: "We have no public here."

Mr. Hiscock: "We have no public here that's not connected to the District."

[Laughter]

Commissioner Borges-Lopez: "We only have a chauffeur here tonight."

Mr. Hiscock: "That's right."

Ms. Pampoukidis: "Number five [directed to Mr. Hiscock]."

Mr. Hiscock: "Yes, no I'm looking at that. I'm just trying to figure out whether or not to..."

Ms. Pampoukidis: "Oh, okay."

Mr. Hiscock: "This won't take long, or... you're going to stay awhile. No, you're not going yet."

Mr. Geake: "Oh, okay."

Mr. Hiscock: "Okay, sorry. I'm ready to move to number five if the Commission is ready to move to number five."

#### Employee Manual / Job Description Changes

Mr. Hiscock: "Okay, item five involves some changes to the Employee Manual job descriptions, not the manual itself, just the job descriptions. The purpose of the changes I think you can read from the narrative, and I apologize for the narrative being a little bit rambling, but it's real hard to explain what we're intending to do here. So I'm going to just give it to you quickly. We have a complex underground distribution system for our electric system. We have just completed the training of three apprentices. Apprentices take four to five years to train. They were all former employees in other work groups. They came to us two from the Water utility, one from the Electric utility, but they're basic journeymen linemen. Our linemen need additional skills in underground and substation work. In a large utility such as CL&P they have different work groups, and the overhead linemen, which is essentially what our people went to school for as apprentices and became journeymen, handle the overhead work; very visual, you can see it, you're on bucket trucks; yeah, when it's rainy, it's miserable and it's windy, it's miserable, but everything is out in the open and very easy, very visible. There's nothing to contain arcs. There's nothing to contain flashes, explosions. Anything that happens is out in the air. The underground is quite a bit different. You're in a confined space. We have had one injury, probably about 1998 I guess, where we had an individual injured in a vault, in a manhole. The utility was not at fault in that particular incident. Somebody failed to wear their personal protective equipment. But that's neither here nor there to what we're trying to do here. In CL&P the underground work is done by groups called electricians; and then there are substation electricians. They all have their specialty. We are way, way, way too small to have specialties, so our people need better training. In order to get them better training we've created a job description for a lineman that allows for two extra categories for training and expertise in underground. And I mean significant. I mean this is going to class. This is not just simply you get it because you work underground, because our guys work underground right now. But this is to have the ability to troubleshoot in the underground system, to understand the mapping, to understand the equipment, to have a working knowledge and understanding of the underground system. We currently have one employee in that category. That's an absolute disaster to have one employee that's capable. Yes, our people, with a little bit of extra supervision, a little bit of engineering help and maybe some outside help can muddle through it, but not officially. We need to develop underground expertise. The only way you get expertise is to give people training. And if you're going to give individuals extra responsibility, they should be getting extra money. So we've created this structure that you get one additional step for significant underground training. And you can see, if you read the job description, there's a very detailed series of things you need to go through, including essentially an oral exam by a body of three individuals; one outside electric expert, and internal one, and an internal individual from management. We've also done the same with the substation. The substation is open air, but its voltages are significantly higher and errors inside of a substation are very costly. You can damage a lot of very expensive equipment.

Recovery can be very expensive. Right now we have one individual that works in the substation from an engineering perspective, a former power plant employee who's taken a lot of extra courses, and Michael Giordano, the Electrical Engineer that works for the Department. Those two are the only ones who are really totally qualified. We have Paul Hedrick, an ex engine room substation employee who has good strong knowledge, but doesn't quite rise to this level. And again, we would give one additional step for that, so you... and they would be a year apart. You couldn't get them in the same year. You would have to gain the expertise, demonstrate the expertise, and you would gain the extra steps. The pay structure is slid to take care of the apprentice and the new pay structure by taking the step 9 and making it step 7, but those are equal pay ranges. So we've slid the total pay range higher, and you can see that on the pay range comparison which is... just missed it. There it is, before the job descriptions. You can see that the current step 8 and 9 are linemen, and the linemen move down to 6 and 7, and the bonus for additional training is 8 and 9 in the new structure. The other thing that this plan does is it eliminates the anomaly that was created where we have an Assistant Foreman, and no real Foreman. The Assistant Foreman developed and was created back when we had a Director of Electric Operations, Bill Cominos. We then had a Foreman and an Assistant Foreman. So we had three people in the supervision. We changed, and combined electric operations and water operations in a single administrative operations director. We took the Foreman and promoted him to Line Superintendent/Manager, a higher level position; sort of a cross between the former director of electric operations and the former foreman. We left the Assistant Foreman position on the job structure and said the Line Manager/Superintendent and the Line Foreman job description, while there were two job descriptions there would be only one person. And we did it because we wanted to make sure it was going to work out. There's nothing worse than making a decision and finding you have more people than you need for various reasons, so this is one further step along getting better expertise. It results in the Foreman position now having to have all of the qualifications of the linemen plus the substation individual and the underground. It makes little or no sense to have a Foreman that doesn't have at least the qualifications of the people under them, and that's an important issue. That means that we will end up sending the Assistant Foreman for additional training, and they'll be required, mandatory, to obtain the additional training. And it's going to be necessary. We will give appropriate time. We will cover all of the expenses for training like we always do. We're presuming that individual will be successful. I don't know how that's going to work out. I'm presuming they will be successful. This is designed assuming that person will be successful. If not, we will end up with an individual that will simply stay where they are in the pay scale, and we will fill the Foreman's position after providing adequate time and training. Our goal is to have the inside existing personnel assume all of the positions. So consequently we've made a lot of changes to the job descriptions. We've made one change to the org chart, and that simply eliminates the Assistant Foreman and replaces it with a Foreman position, and then takes the Assistant Foreman job description and upgrades it to a higher level. The goal in all of this is increased knowledge, increased training, increased backup and reliability with our staff. There's no reason to be in a position where there are only one individual in an area for various reasons; replacement if somebody leaves unexpectedly through their own choice or through an external problem affecting them. As we usually say, if somebody gets run over by the bus, or something similar, or retirement, or any other reason somebody might leave. We're in the position now where some of our people are at meetings, significantly out of state, and we don't have appropriate backup to handle emergencies while they're gone. This is designed to do all of that. It's also designed to create additional incentives to get good underground training so that we move from one individual highly trained in the underground system; and a guy who's really not supposed to be working, who's supposed to be supervising, to getting other people in that position. So that's the goal here. We're recommending... and there's one minor change to the Director of Technical Services. As I explained in the narrative we left an 'or' out of a job description where it

was either one requirement or the other, and it ended up as two requirements that really are kind of contradictory to one another. So that's the goal here, to change the job descriptions to take care of the issue, and the reason it wasn't in the Employee Manual changes last month was we were doing some additional research on the job descriptions to get them right, and to look at some of the other municipal utilities that have significant underground, in our size range, they can't have separate crews like a large investor owned company. Just to make sure what we were doing made sense. Questions, issues?"

Commissioner Ramirez: "Yes, through the Chair. Maybe... I don't know if I missed something while I was out there, but I totally agree with you and the whole philosophy of having more than one person capable to do any job as possible. The question is, within this range do you have the Electrical Company and the Water Company, for the most part does he... well (inaudible)... are you referring to have this specific group of people within the Electrical, in this project, to have more than one or perhaps in general, meaning from the Water Company they can go through and learn electrical, or vice versa, or... how..."

Mr. Hiscock: "No, this is..."

Commissioner Ramirez: "...what is the plan here?"

Mr. Hiscock: "This is strictly related to the Electric line worker department."

Commissioner Ramirez: "That is correct, right."

Mr. Hiscock: "Okay."

Commissioner Ramirez: "But are you giving the chance to the Water Company also, or just remaining within the Electrical group."

Mr. Hiscock: "If we get into a position where we decide that we want to increase our electrical line worker staff by opening another apprentice position, we will open it internally just like we did last time. That we would absolutely do. Before we went to an outside apprentice we would work internally, and that's the way we've done it in the past."

Commissioner Ramirez: "You're not going to have that interchange group right now without having any open...?"

Mr. Hiscock: "There is no way to cross train..."

Commissioner Ramirez: "Okay."

Mr. Hiscock: "...the water operators and the electric line workers because of the various specialized requirements."

Commissioner Ramirez: "Obviously, right. Absolutely. I agree."

Mr. Hiscock: "The linemen have to go through certain certifications."

Commissioner Ramirez: "Right."

Mr. Hiscock: "The water operators have to go through certain certifications."

Commissioner Ramirez: "Right. I understand very clearly."

Mr. Hiscock: "And really there's no parallel..."

Commissioner Ramirez: "Right. Absolutely."

Mr. Hiscock: "...path, and no comingling."

Commissioner Ramirez: "Right."

Mr. Hiscock: "This is strictly an electric line worker issue to increase line worker skills and give them appropriate compensation. And it has to with, I think you might have missed it, the extreme complexity of our underground distribution system and the fact that we're not large enough to have separately trained crews for each function."

Commissioner Ramirez: "Right, the whole dynamics are entirely different."

Mr. Hiscock: "Right."

Commissioner Ramirez: "So I was just trying to make sure that it was not going to be... not overlapping."

Mr. Hiscock: "No, no, this applies very specifically to the electric line worker crew."

Commissioner Ramirez: "Right."

Commissioner Burgess: "Yes [acknowledging Commissioner Borges-Lopez]?"

Commissioner Borges-Lopez: "I'd like to make a motion to approve the organization chart change, and approve the new job descriptions for Line Worker, Line Foreman, and Line Superintendent/Manager to accommodate the changes in the Line Foreman and Line Worker job descriptions, and approve the change in the job description of the Director of Technical Services."

Commissioner Ramirez: "I would like to second that please."

Commissioner Geake: "I have one real quick question."

Commissioner Burgess: "There was a second, correct?"

Commissioner Ramirez: "Yes."

Mr. Hiscock: "Yes."

Commissioner Burgess: "Okay, go ahead [acknowledging Commissioner Geake]."

Commissioner Geake: "I notice that you always have a year of probation. Why is it in this one instance only six months for a Substation Technician, before I approve it?"

Commissioner Ramirez: "That's a good question."

Commissioner Geake: "It's only six months and a review."

Mr. Hiscock: "Oh, it's probation period for the Line Department worker in general, and..."

Commissioner Geake: "Oh, oh, oh."

Mr. Hiscock: "...it would not apply to somebody moving upward through the positions. It's only the initial line worker hire; if we hired a line worker from outside. An example, one of our line workers retires. We have a line worker that could retire tomorrow if he wanted to. And if we needed the skills, and we hired from the outside because we couldn't go through the 4/5 year apprentice program, that probationary period would apply."

Commissioner Geake: "Oh, okay, thank you."

Commissioner Burgess: "Okay, is there any other discussion on the motion?"

[No remarks]

Commissioner Burgess: "Okay, all in favor?"

Commissioners simultaneously: "Aye."

Commissioner Burgess: "Opposed?"

[No opposed]

Commissioner Burgess: "Abstentions?"

[No abstentions]

Commissioner Burgess: "Okay."

Commissioner Borges-Lopez made a motion to approve the organization chart change, and approve the new job descriptions for Line Worker, Line Foreman, and Line Superintendent/Manager to accommodate the changes in the Line Foreman and Line Worker job descriptions, and to approve the change in the job description of the Director of Technical Services. Commissioner Ramirez seconded and the motion passed unanimously with all five Commissioners voting in favor and none opposed.

#### Public Participation

Commissioner Burgess: "Now we're..."

Mr. Hiscock: "Okay, item six, public participation."

Commissioner Burgess: "Now we're at public participation."

Mr. Geake: "Oh, now I'm public."

[Laughter]

Commissioner Ramirez: "Yes, now you're public."

Mr. Hiscock: "I don't know. You can classify yourself as whatever you'd like I guess."

[Laughter]

Commissioner Ramirez: "It was nice to see you, sir."

Mr. Geake: "I'm simply the chauffeur."

#### New Canaan Property Boundary Agreement

Commissioner Burgess: "Okay."

Mr. Hiscock: "Alright, the next three items we will need to go to executive session for each of them. Each one of them involves either a contract situation or a strategy with respect to an existing contract or arrangement. Unfortunately, to meet with legal counsel's issues, we need to go in/out, in/out, in/out as we deal with each one of them. The first one is New Canaan Property Boundary Agreement. There is information in your book. And I'm requesting that the Commission votes to go to executive session so we can discuss negotiations with the neighboring property owner."

Commissioner Burgess: "A motion..."

Commissioner Borges-Lopez: "Motion to go to executive session."

Commissioner Mann: "Second."

Commissioner Burgess: "All in favor? Aye."

#### EXECUTIVE SESSION

The District Commissioners moved into executive session at 8:40 p.m. The purpose of the executive session was to discuss negotiations with the neighboring property owner.

Present in executive session were Commissioners Burgess, Borges-Lopez, Geake, Mann, and Ramirez; General Manager, John M. Hiscock; District Counsel, Arthur Miller; and District Clerk, Candace Pampoukidis.

#### REGULAR SESSION

The District Commissioners returned to regular session at 9:12 p.m.

Commissioner Burgess: “Now we’re back in the regular session, and the action required is a motion to enter into a boundary line agreement between the Second Taxing District and the adjacent property owner, correct?”

Mr. Hiscock: “Yes.”

Commissioner Borges-Lopez: “So moved.”

Commissioner Burgess: “Is there a second?”

Commissioner Ramirez: “And I would probably say within the motion to let the attorney to utilize the expertise in the language that should be used. Is that correct?”

Mr. Miller: “Yes.”

Commissioner Ramirez: “Okay.”

Mr. Hiscock: “Yes, appropriate would be the motion to enter into the boundary line agreement as presented subject to non-substantive changes by counsel.”

Commissioner Burgess: “Is there any discussion?”

[No remarks]

Commissioner Burgess: “All in favor?”

Commissioners simultaneously: “Aye.”

Commissioner Burgess: “Opposed?”

[No opposed]

Commissioner Burgess: “Okay, abstentions?”

[No abstentions]

Commissioner Ramirez: “Are you comfortable with it [directed to Mr. Hiscock]?”

Mr. Hiscock: “Oh, yes.”

Commissioner Borges-Lopez made a motion to enter into a boundary line agreement between the Second Taxing District and an adjacent property owner as presented, subject to non-substantive changes by counsel. Commissioner Ramirez seconded and the motion passed unanimously with all five Commissioners voting in favor and none opposed.

#### CMEEC – Wallingford and Bozrah Membership

Mr. Hiscock: “The next item on the agenda is, and we’re going to be quick on these this evening. These are just some quick discussion. Alright, item eight, CMEEC – Wallingford and Bozrah

Membership. I mentioned to you before that Wallingford and Bozrah have requested membership in CMEEEC, and I've indicated to you that it requires unanimous consent of all of the existing members. The existing members are ourselves, Third Taxing District, Norwich, Jewett City, and Groton. And I want to discuss some strategy with respect to this and whether or not it's in the interest of the District to agree. So I would like somebody to make a motion to go into executive session to discuss strategy with respect to admitting these two companies.

Commissioner Ramirez: "Motion."

Commissioner Mann: "Second."

Commissioner Burgess: "Okay, second; motion and second, all in favor?"

### EXECUTIVE SESSION

The District Commissioners moved into executive session at 9:14 p.m. The purpose of the executive session was to discuss strategy with respect to admitting Wallingford and Bozrah into CMEEEC.

Present in executive session were Commissioners Burgess, Borges-Lopez, Geake, Mann, and Ramirez; General Manager, John M. Hiscock; District Counsel, Arthur Miller; and District Clerk, Candace Pampoukidis.

### REGULAR SESSION

The District Commissioners returned to regular session at 9:32 p.m. There was no action taken as a result of the executive session.

Mr. Hiscock: "Okay, we're out of executive session. The next item on the agenda is the CMEEEC..."

Commissioner Burgess: "Do we want to say as a result of the executive session no action was taken, no action will be taken?"

### CMEEEC/SNEW PSA - Discussion

Mr. Hiscock: "Okay. The next item on the agenda is CMEEEC/SNEW PSA, Power Sales Agreement, discussion. This involves an extension of an existing contract which we need to discuss the terms and condition of the extension. Therefore, I'm requesting that you move into executive session to discuss the terms and conditions of the contracts extension."

Commissioner Borges-Lopez: "So moved."

Mr. Hiscock: "This will be quick."

Ms. Pampoukidis: "Is there a second?"

Commissioner Mann: "Second."

EXECUTIVE SESSION

The District Commissioners moved into executive session at 9:32 p.m. The purpose of the executive session was to discuss negotiations with the neighboring property owner.

Present in executive session were Commissioners Burgess, Borges-Lopez, Geake, Mann, and Ramirez; General Manager, John M. Hiscock; District Counsel, Arthur Miller; and District Clerk, Candace Pampoukidis.

REGULAR SESSION

The District Commissioners returned to regular session at 9:37 p.m. There was no action taken as a result of the executive session.

Commissioner Burgess: “Now, as a result of the executive session there will be no action taken on this matter. Is that it, sir?”

Commissioner Ramirez: “This is very interesting, going in and out.”

Commissioner Mann: “I make a motion to adjourn.”

Commissioner Burgess: “Yes.”

Commissioner Ramirez: “I second the motion.”

Adjournment

The meeting adjourned at 9:38 p.m.

Attest:

Candace Pampoukidis  
District Clerk