

SECOND TAXING DISTRICT COMMISSIONERS

Regular Meeting Minutes
January 28, 2014

Present:	Mary Burgess Maria Borges-Lopez Mary Geake Mary Mann Cèsar Ramirez David Westmoreland Martha Wooten-Dumas	Chairperson Vice Chairperson
Also Present:	John M. Hiscock Lisa Roland Kara Murphy, Esq. Michael Sutton	General Manager District Clerk Tierney, Zullo, Flaherty & Murphy Benefit Planning
Public Present:	None	

Call To Order:

Commissioner Mary Burgess called the Regular Meeting of The Second Taxing District Commissioners to order at 7:05 p.m. on Tuesday, January 28, 2014. The meeting was held at South Norwalk Electric and Water, One State Street, Norwalk, Connecticut.

Acceptance of the Minutes:

Commissioner Burgess: “Ok, I will call the meeting of the Second Taxing District, City of Norwalk to order Tuesday, January 21st 2014 at 7:05 p.m., January 28th, I am sorry. And I will have Lisa call the meeting since I can’t apparently read tonight.”

John Hiscock: “Read the re-notice one for the record.”

District Clerk: “The whole thing?”

John Hiscock: “Just the opening paragraph.”

District Clerk: “The legal voters of the Second Taxing District of the City of Norwalk are hereby notified and warned that the Regular Meeting of the District Commissioners originally scheduled for Tuesday, January 21, 2014 was **POSTPONED** and rescheduled for Tuesday, January 28, 2014 at 7 p.m. The meeting will be held at SNEW, One State Street, South Norwalk, Connecticut for the following purpose.”

Commissioner Burgess: “Ok, I need a motion for Acceptance of the Regular Minutes Meeting of December 19th.”

Commissioner Westmoreland: “So moved.”

Commissioner Mann: "Second."

Commissioner Ramirez: "One abstention please. I would like to abstain because I wasn't here."

Commissioner Burgess: "Ok, all in favor?"

Commissioners Unanimously: "Aye."

Commissioner Borges-Lopez: "Abstention."

Commissioner Westmoreland: "Two abstentions."

Commissioner Burgess: "Ok, two abstentions. Public Participation?"

Commissioner Ramirez: "We have a big crowd today."

[Laughter]

Commissioner Geake: "The best."

Consent Agenda

Commissioner Burgess: "Ok, I need a motion to approve the Consent Agenda."

Commissioner Geake: "I will make a motion to approve the Consent Agenda."

Commissioner Westmoreland: "Second. I would just like take number 2 off of Consent. I just have one question and it won't be long."

Commissioner Burgess: "Ok."

John Hiscock: "Ok, that means we can vote on 3, 4 and 5."

Commissioner Burgess: "Yes, ok all in favor?"

Commissioners Unanimously: "Aye."

Commissioner Ramirez: "On number 5, are we voting right now on number 5?"

Commissioner Geake: "We just did."

Commissioner Ramirez: "I have a comment on that one, if you don't mind of course?"

Commissioner Geake: "It would have to be pulled off the Consent Agenda."

Commissioner Ramirez: "I think you guys are going a little too fast for me. You were voting without any discussions to these votes? Just voting like that?" I have a simple comment on this."

Commissioner Burgess: "Well, you can move to take it off the Consent Agenda, right but we already voted."

Commissioner Westmoreland: "We already voted. We did discuss these at the last meeting."

Commissioner Mann: "At the last meeting."

Commissioner Westmoreland: "We discussed Webster Bank..."

Commissioner Ramirez: "You did discuss this at the last meeting but I wasn't here so therefore, I need to briefly address a question that I have, if you don't mind."

Commissioner Mann: "So we should move to take it off of the Consent Agenda?"

Commissioner Burgess: "Yes, I guess."

Commissioner Ramirez: "You guess; I like that."

Commissioner Burgess: "What do you think John?"

John Hiscock: "It is your ruling as Chair as to whether or not you want to entertain the question on number 5. We have already adopted, but you could certainly as Chair decide that Commissioner Ramirez ask his question."

Commissioner Burgess: "Well, alright, ok."

Commissioner Ramirez: "You do? I appreciate it for the record. I appreciate the Chair will entertain a question on the Resolution; with all due respect to John...it is just a question I have. Looking at the future, we are not always going to be here but and if there is any confusion, please feel free to ask or maybe you can clarify this to me. As acting CEO of SNEW and to be solely the person to maintain the full investment authority, why is that? Is it possible there could be a second person with him? I mean, it is not that I don't trust John but I still believe that John could be a..."

John Hiscock: "Ok, I can answer why this Resolution is here."

Commissioner Ramirez: "Let me finish it. Tomorrow or a week from now; John can say you know what I am getting tired of this cold weather and I am going to Florida. Are we going to give the full power to the next CEO, when we don't even know who this person is, just because we set the precedent?"

Commissioner Burgess: "Well, no. I don't think so."

Commissioner Ramirez: "Ok, go ahead sir."

Commissioner Burgess: "His name is in here John Hiscock."

Commissioner Ramirez: "Right."

Commissioner Burgess: "So I don't think that..."

Commissioner Ramirez: "Maybe I am confused about it, but I need it clarified as to why one person has the full power on investing instead of perhaps a co-chair or somebody else, the Chair, the Vice Chair, a Commissioner, just somebody else in the company. What I am looking for is...I better leave it like that. Would you mind to a...?"

John Hiscock: "Ok, the Resolution before you that the Commission authorizes me to direct Webster Bank. The only thing I can do is direct Webster Bank, National Association to maintain full investment authority over the Trust until the OPEB Advisory Committee is organized and meets with the Trustee. The reasons for this is after tonight, if and most of this has obviously been passed already, which is consistent with everything we have discussed for the last several months, we will open a bank account at Webster Bank, National Association and somebody needs to have authority over those investments until the Commission's Advisory Committee meets and we will not have formed the Advisory Committee the day we open the bank statement. So, this is an interim step and it doesn't give me investment authority whatsoever, it gives the Trustee the investment authority. That is the purpose of this specific Resolution. This tells me to tell Webster, you are in charge until you meet with the Advisory Committee and then they will direct you."

Commissioner Ramirez: "Do we have any idea how long it will take to organize this subcommittee? Could it be weeks, months, we have no idea? And the report for such investment, are we going to be getting...maybe I missed something here, are we going to be getting it on a monthly basis, biweekly or...?"

Commissioner Geake: "Quarterly."

John Hiscock: "Yes, it is quarterly and this issue came up, originally I believe it was annually, one of the Commission members thought that was insufficient and Allan Friedland, the attorney came back with a quarterly reporting. So you will get quarterly statements."

Commissioner Ramirez: "Yearly would be a little too far. Ok, that was my question and

thank you again Chair and the rest of the Commission of course.”

Commissioner Burgess: “Anything to add John?”

John Hiscock: “I think we have questions on item 2.”

Commissioner Burgess: “Right.”

Commissioner Westmoreland: “Yes, I just had a question on one of the write-offs for the account of Norman and Hillard Bloom at 100 Water Street B. I mean it is \$20.35 but I know Norm is on the other side, I believe that is the Third Taxing District where his business is but doesn’t Hillard Bloom have an operating business in South Norwalk and have other accounts with us, maybe under the name of Talmadge Brothers?”

John Hiscock: “Under a different name and I don’t have the liberty to change between names.”

Commissioner Westmoreland: “I guess there is nothing we can do to get our \$20 bucks back? They can’t give free oysters? The employees or the ratepayers free oysters, not the Commission.”

[Laughter]

John Hiscock: “Well, it is less than \$50.00 so I guess it is actually legal under Connecticut’s Ethics Codes.”

Commissioner Westmoreland: “Do we file something on credit reports for not paying your electric bill?”

John Hiscock: “We have not done that. We did it previously and we did not get very good results and on very, very rare occasion, we would get somebody who would come in and pay the electric bill to us. We would then send a check over to the collection agency and they did it generally because they had trouble getting a credit card or some other situation, maybe a car loan or something as simple as maybe an apartment lease where they run credit check. But, I would say in my experience three or four in six or seven years and always on small amounts. The bulk of these are people who have no credit and that is generally why we do not. There is another issue coming up however, with respect to that and it has to do with some of the moves that we have been making in small claims court where we are getting judgments awarded for motor vehicle accidents for uninsured individuals and those because of their size, we are going to end up having to go to a credit collection agency to get those judgments, otherwise you have to pay an attorney and that doesn’t work so well. So, we will end up doing that and only recently we have been going into small claims and getting judgments.”

Commissioner Westmoreland: "Does it cost us money to file on people's credit reports that they didn't pay their electric bill?"

John Hiscock: "It depends on the arrangement that you end up with the credit collection agency. It is expensive to maintain a relationship with the credit reporting companies and all of the things you are required to do to do this."

Commissioner Westmoreland: "Right."

John Hiscock: "So, companies our size end up going through a collections agency and they are the ones who are able to do that. We looked at this six or seven years ago trying to find out how difficult it would be for us to do it directly and it was just very, very difficult."

Commissioner Westmoreland: "Alright, thank you."

Commissioner Burgess: "Now, do we need to..."

John Hiscock: "Yes, you need to deal with this as an agenda item, so you need to move it and vote it."

Commissioner Burgess: "We need to vote on the consent agenda?"

John Hiscock: "Just Item 2."

Commissioner Geake: "What about Item 5?"

John Hiscock: "Five was already voted."

Commissioner Westmoreland: "We did."

Commissioner Burgess: "Ok, we are now at the Regular Agenda."

John Hiscock: "Somebody needs to make a motion to approve Item 2."

Commissioner Borges-Lopez: "I make a motion to approve Item 2."

Commissioner Burgess: "Is there a second?"

Commissioner Ramirez: "I will second it."

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye."

Commissioner Ramirez: "That was a good catch."

John Hiscock: "Alright, I have a request to make this evening. I think some of you received an email earlier. An issue that has come up with respect to a potential formal legal action on some past due NEON accounts and I am requesting that the Commission add to the Agenda this evening the item called NEON Collections and then if that is approved and placed on the agenda, which takes a two-thirds vote, I am then going to ask the Commission to move to Executive Session to hear from our attorney that will also take a majority vote and I am requesting that it be placed ahead of Item 6, so that our counsel doesn't sit here through a very long discussion this evening and gets to bill us for sitting in the audience."

Commissioner Ramirez: "I move to accept the request."

Commissioner Westmoreland: "Second."

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye."

Commissioner Wooten-Dumas: "I would like to be excused."

[Commissioner Wooten-Dumas recused herself]

Commissioner Burgess: "Yes, ok. Now we have to move to go into Executive Session."

John Hiscock: "Yes, and the reason we are going into Executive Session is to hear a report from counsel with respect to this collections issue and potential legal actions we might take."

Commissioner Ramirez: "I move to go into Executive Session."

Commissioner Borges-Lopez: "Second."

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye."

Executive Session

The Commission went into Executive Session at 7:20 p.m.

The Commission came out of Executive Session at 8:10 p.m.

Regular Agenda

Commissioner Burgess: “Ok, we are back in regular session now and I will recognize Commissioner Westmoreland.”

Commissioner Westmoreland: “I move to authorize the General Manager to work with legal counsel to pursue any reasonable and practical legal remedies to resolve any outstanding amounts owed by NEON and others.”

Commissioner Borges-Lopez: “I will second the motion.”

Commissioner Burgess: “All in favor?”

Commissioners Unanimously: “Aye.”

Commissioner Burgess: “Opposed, abstentions?”

Commissioner Ramirez: “I have to abstain for various reasons.”

Attorney Murphy: “And I think Commissioner Wooten-Dumas is also abstaining.”

Commissioner Burgess: “Two abstentions.”

Attorney Murphy: “Thank you.”

Commissioner Ramirez: “We have two abstentions, right?”

Commissioner Burgess: “Yes. Thank you Kara.”

Commissioner Ramirez: “Thank you, appreciate it.”

Commissioner Burgess: “Ok, we are back to the Regular Agenda, Item 6.”

6. Employee Health Plan Premium

John Hiscock: “Item 6 there is considerable amount of information in your Board Book. With respect to Item 6, as you know we have discussed this in November and December. We took an action in December and it is now back on the Agenda for additional discussion.”

Commissioner Ramirez: “Through the Chair, may I?”

John Hiscock: “Excuse me, one second sir.”

Commissioner Ramirez: “Oh, I am sorry.”

John Hiscock: "Mike Sutton of Benefit Planning is here to answer any questions that the Commission may have. Mike is the agent on the health coverage."

Commissioner Ramirez: "Mike, if you don't mind, would you please get a little closer? Through the Chair?"

Commissioner Burgess: "Yes."

Commissioner Ramirez: "The one question I have right from the beginning is I can see that the company who provides the assistance or plan right now is Oxford right?"

John Hiscock: "Yes, Oxford/United Healthcare."

Michael Sutton: "Yes."

Commissioner Ramirez: "I see it was 16% and they changed it and then under Cigna, they said ok we will give you a 6.4% higher and then Oxford came back and said 7.5% and there is a difference of 1.1%. 1.1% is quite a few thousand dollars and that would make a big difference financially. Is there any reason why we don't go with Cigna or perhaps request Oxford again to equal the same price since they have been providing the plan for SNEW for a long time? I think they have shared enough. That is one question. The second question is and maybe I missed something. How much each employee has to share meaning a payment on the individual is based on their salary or you have a standard amount for each one. It doesn't matter how much money they are going to make?"

John Hiscock: "All employees are in the same exact plan and all retirees under 65 are in the same exact plan. The premium per employee is based on the census and age and is based on the number of people covered."

Commissioner Ramirez: "The family plan or the individual plan?"

Michael Sutton: "The whole census is made up of individual, family, employee spouse, employee children. It all goes in..."

Commissioner Ramirez: "When you say the census, you are referring to what?"

Michael Sutton: "Census of being eligible full-time employees who are enrolling for coverage."

Commissioner Ramirez: "What about the retirees?"

Michael Sutton: "The retirees are also considered as part of the group. They are covered under the plan."

Commissioner Ramirez: "I know, are they paying, will they be paying the same as...let's say I am retired and you are active? Are they going to be paying for the same plan, family

plan of two or more are they going to be paying the same thing you are going to be paying?”

Michael Sutton: “A 34 year old is going to pay the same as a thirty...”

Commissioner Ramirez: “Sir, I am talking about retirees.”

Michael Sutton: “Ok. I am trying to explain.”

Commissioner Ramirez: “Retirees who are 65 to 70 years old, you are talking about a 34 year old, I’m retired.”

Michael Sutton: “Sixty-five years and older are on a different plan. The under 65 are on the same plan as the full-time eligible employees.”

Commissioner Ramirez: “My question was, are the retirees going to be paying the same thing on the same plan, similar plan, same coverage?”

Michael Sutton: “Are you asking if the rate is the same?”

Commissioner Ramirez: “That is correct.”

Michael Sutton: “Yes. The rate would be the same.”

Commissioner Ramirez: “How can it be possible that the retiree is going to be paying the same rate when I am making less money than you are making? I have a set income, you do not.”

Michael Sutton: “It is not based on that. It is not based on your income. It is based on your age and the plan of benefits that you are enrolling in. The rates, we are talking about the rates for the plan?”

Commissioner Ramirez: “Yeah and my first question was, are you representing...who do you represent sir?”

Michael Sutton: “I represent you.”

Commissioner Ramirez: “Ok.”

Michael Sutton: “Well, SNEW.”

Commissioner Ramirez: “SNEW, right. What is your last name sir?”

Michael Sutton: "I am an independent broker. I deal with all the companies, all the carriers, but I represent my clients."

Commissioner Ramirez: "Mike is your first name right?"

Michael Sutton: "Mike."

Commissioner Ramirez: "And your last name?"

Michael Sutton: "Sutton."

Commissioner Ramirez: "You don't mind if I call you Mike?"

Michael Sutton: "You can call me anything you want, just don't call me late for dinner."

[Laughter]

Commissioner Ramirez: "No sir. Why don't we go back and ask Oxford to do the same thing Cigna had done? Have you figured out how much money would make the difference of 1.1%?"

Michael Sutton: "I will give you the history of the renewal. The original renewal came out..."

Commissioner Ramirez: "We saw the whole email that came out."

Michael Sutton: "And I was able to negotiate it down to that point, to get it to the point we got in and finalized. They wouldn't go any further down."

Commissioner Ramirez: "So what makes you to recommend going back to Oxford to remain with them when we have a 1.1% difference?"

Michael Sutton: "Generally speaking in my 30 years of experience, generally I like to see a more significant savings when you factor in the time, the upheaval and the changing of the networks and what you have to go through, I like to see at least a 5% savings differential. The 1%, 2% is generally not considered significant enough to make a change in everybody's coverage. Everybody is different, you can tell me differently but that is usually what I have seen in my experience."

Commissioner Ramirez: "Have you had any...well obviously nobody has asked any employees if they are really happy and how much money they are going to have to pay? I guess, I don't know."

Michael Sutton: "Are they happy?"

Commissioner Ramirez: "Yes, are they going to be happy? I don't know?"

Michael Sutton: "My understanding is that they have been very happy with the plan. In essence they have very good coverage. They have a plan that, in today's world, is extremely good coverage."

Commissioner Ramirez: "Yes, they do have good coverage."

John Hiscock: "To further elaborate on your question about the 1%, it is \$6,000 a year, approximately between Cigna and the lowest of Oxford/United Healthcare. I made it clear to the Commission quite some time ago that for \$6,000 a year I was not going to recommend that the employees have to deal with change of doctors, providers, potential change in prescription issues with respect to the formulary on various drugs because we have a high-deductible HSA, prescriptions are big numbers. My spouse just got three-months supply renewed at \$380.00. So, for \$6,000 it certainly was not worth creating upheaval inside the Department and dissatisfaction by the employees. I have been through two or three changes over the years and it is chaotic."

Commissioner Westmoreland: "To Cèsar's point, it is a game they all play. United Healthcare bet that, oh we can squeeze the extra 1½% because they won't want to go through the trouble, just like you said and when the other one, not that Cigna is any better, when they come in with a low enough rate to grab you, then they are going to screw you the next year. I fire my commercial liability insurance for my business every single year. This year they came in with a 20% increase, I am like are you kidding me? They were fired today. It is a stupid game they play and it makes me angry and I really actually would love to switch just...except that you are right, it causes all of this disruption. I have questions about this chart?"

Commissioner Ramirez: "Do you mind, with that in mind?"

Commissioner Westmoreland: "No go ahead."

Commissioner Ramirez: "Please, it might sound funny what I am going to ask but with this Obama care plan, would that make any difference in negotiating a different..."

Michael Sutton: "It actually increased in the overall...the affects that the ACA have added approximately give or take a few points, basically it added close to 2% to the overall cost of renewals this year. You can argue whether or not it should have because it was part of the law that says the insurers are supposed to pay the fee, but the reality is that most of them have passed it through to the rates. So, it is there whether it should be or not but that is part of the cost as well this year that we were dealing with."

Commissioner Westmoreland: "But 2% is nothing because every single year, it is 10%, 20%, 30%. That's nothing."

Michael Sutton: "I know, I am just saying it is part of the 6.5%, it is part of that. In my opinion it shouldn't be there because it wasn't worded that it should be passed along."

Commissioner Mann: "It been increasing every year, it has nothing to do with Obama

care.”

Michael Sutton: “Has it had any effect as far as lowering? No, not yet. First of all, it is too early to tell what it is going to do. It is probably going to be a few years before you see anything, if it works, if it does what it is supposed to do. The purpose of the law really was to get people coverage that can’t get coverage; I mean that is how it is read.”

Commissioner Ramirez: “Yeah for about 15% to 20% but I don’t know why, but I really don’t want to get into that one because really we can spend some time on that.”

Commissioner Westmoreland: “Well, if you have a business with two employees like my company, you can’t get a group policy. So, I am actually saving money through Obama care and I know several other people are. It is for people who have to buy private insurance. It isn’t anything to do with group, you know, companies like this. It is completely different.”

Commissioner Ramirez: “You in your case it is possible, but in our case it is not going to be...”

Michael Sutton: “Right, you are not going to see any immediate impact.”

Commissioner Westmoreland: “This has nothing to do with Obama care, nothing.”

Commissioner Ramirez: “I thought it would give us the flexibility to look and search for a better company that would allow us...”

Commissioner Westmoreland: “No, if you are eligible for coverage in a company, you are not eligible to go onto the exchange and buy your own insurance. You can’t.”

Commissioner Borges-Lopez: “For example, if you go onto the exchange, I went onto the exchange out of curiosity, right now it is \$411.00 at my company for a premium a month. Under the exchange it would be almost \$800.00.”

Michael Sutton: “Right.”

Commissioner Borges-Lopez: “So, that is it right there, for the same exact coverage.”

Commissioner Westmoreland: “Right, it is only for people who don’t work for big companies that have to buy private insurance because they have no other option.”

Commissioner Borges-Lopez: “Or if you qualify for subsidies, then it would be painless.”

Michael Sutton: "They have options to buy off of the exchange as well but for people who are lower income, the exchange offers subsidies and tax credit that will help them with the costs."

Commissioner Ramirez: "Yes, that makes a difference. Ok, yes I get it."

Commissioner Westmoreland: "And you can still buy, my insurance, I didn't buy through the exchange, my partner did and he saved a significant amount of money. I still have my own private insurance that I am happy with, I am not changing."

Commissioner Ramirez: "So, go ahead with your question."

Commissioner Westmoreland: "This chart?"

Michael Sutton: "Yes, I think I know the one you are referring to."

Commissioner Westmoreland: "So, this seems to indicate if we play around with changing in and out of network deductibles and things, that we can actually reduce our overall costs. Do I understand this correctly?"

Michael Sutton: "Yes."

Commissioner Westmoreland: "So we could avoid the employees paying anything for instance, if we chose alternative 2, it would decrease our overall cost by 9.4%. It's just that the employees would have higher deductibles?"

Michael Sutton: "That would have been the option, yes prior to January 1st."

Commissioner Mann: "Prior to January 1st."

Michael Sutton: "The plan renews on January 1 and these are the options given in November/December?"

John Hiscock: "Yes."

Commissioner Westmoreland: "Well, I really didn't understand that, I mean we had like five minutes to make a decision that would affect the next year. This should come to us in October."

Michael Sutton: "Agreed but unfortunately the law says that they only have to get it out 45 days."

Commissioner Westmoreland: "Then we should find another company that will do it."

Michael Sutton: "No, the State requires it."

Commissioner Borges-Lopez: "It is a State law."

Commissioner Mann: "It's a State law."

Commissioner Westmoreland: "I don't care."

[Laughter]

Commissioner Westmoreland: "This is Oxford/United Healthcare, if you want our business; give us the freaking rates in October when we can make some reasonable decisions."

Commissioner Wooten-Dumas: "They should be considerate."

Michael Sutton: "I understand but we had..."

Commissioner Westmoreland: "And if they don't like it, fire them."

Michael Sutton: "That is well and good, but there really isn't anything we can do."

Commissioner Borges-Lopez: "You will get the same thing with every other carrier out there. I had the same issue where I work. No one is going to give it to you prior to 45 days, they don't."

Commissioner Mann: "No, they are not going to do it."

Commissioner Westmoreland: "Well, we didn't see it until 12 days before the beginning of the year."

Michael Sutton: "I don't disagree with you. I have been on various boards. I have been on the Connecticut Broker's Association and we have argued with them for years and years that we would like more of a 90-day, 60-days would be good. We haven't gotten anywhere."

Commissioner Westmoreland: "So, you are saying none of this applies now or we have to just go through the notice period."

Michael Sutton: "None of these would apply with Oxford. The only option you would have would be if you were to change carriers."

Commissioner Westmoreland: "So we could change carriers, provide whatever notice we want and we can negotiate a deal with different deductibles, in and out of network and all of that stuff that would...where we would save almost 9.4% and the employees wouldn't have to pay anything other than the increased deductibles?"

Michael Sutton: "If you changed the carrier to Cigna because that was part of the issue with this group, with the under 65 retirees, we have difficulty, a lot of carriers will not write them. So, what do we do with them? This year we did get the competitive quote from Cigna, so that was one. So, if we wanted to go back to Cigna and say revise the number to whatever date you want to do it and give them 30-days notice of cancellation, yes we can do that and negotiate and talk about different deductibles, options and anything else that the Commissioners would like to see."

Commissioner Westmoreland: "John wouldn't that make more sense for the employees to not have to have a couple hundred bucks a month taken out of their paycheck, to just change the deductibles?"

Commissioner Borges-Lopez: "Administratively it is not going to work."

Commissioner Mann: "It is a nightmare."

John Hiscock: "It differs for every employee because they all pay different amounts of money."

Commissioner Borges-Lopez: "It would be a nightmare."

Commissioner Westmoreland: "No, I understand that but overall wouldn't employees be happier not having to have a deduction every month out of their paycheck?"

John Hiscock: "Either way dollars are dollars, they are fungible, they go back and forth and whether it is the deductible or the premium, it doesn't matter. It is the total dollar that counts however you slice it and dice it."

Commissioner Westmoreland: "But it is kind of the luck of the draw on how sick you are one year versus another. I mean most people who are working are fairly healthy and showing up."

Commissioner Ramirez: "In general you are looking at a family. When you have a family and I can see knowing most or at least three-quarters of the employees they are average folks. They have still have a family and I like the idea of the deductible but are they going to be paying a high premium at the end, that is my question?"

Commissioner Westmoreland: "Well, no, the point would be to have them raise the deductibles and out-of-pockets so that we don't have to do any deductions to the employees' paycheck."

Commissioner Ramirez: "What about the co-pays?"

Commissioner Westmoreland: "They would go up."

Commissioner Ramirez: "What is the co-pay right now?"

Michael Sutton: "There is no co-pay."

John Hiscock: "There are no co-pays on this plan."

Commissioner Borges-Lopez: "There are no co-pays. There is only a deductible."

Commissioner Ramirez: "No co-pay right? Ok, I like it. Can it be possible then to have..."

Commissioner Westmoreland: "That doesn't make any sense."

Commissioner Mann: "No."

Commissioner Wooten-Dumas: "I mean, you have to look at the families and if switching over and if Cigna doesn't have my doctor in their network and then I have to pay out of network and then if I should have a child with special needs or whatever and I need this doctor and I have to pay out-of-pocket, I don't know how long they have been with Oxford but if they have been dealing with Oxford for a certain amount of years and with their children coming up, I am telling you, you don't want to go through trying to get into a different doctor or a clinic or if they don't accept the Norwalk Health Clinic on Connecticut Avenue, now I have to go to Stamford."

Commissioner Westmoreland: "And do you think the families would be willing to pay \$223.00 a month to keep that? Because that is what I am saying, is either go through some change, change of doctors and pay zero a month or have \$176.05 deducted out of your paycheck every month."

Commissioner Wooten-Dumas: "But the deductibles are going to be higher."

Commissioner Westmoreland: "Yes, that is true absolutely. That is the question."

Commissioner Wooten-Dumas: "To me, my deductible being lower and if it is coming out of my pocket as long as my child or I am still with my doctor, who know me after so many years. I mean I'm paid pretty good. That is me."

Commissioner Ramirez: "How much was the number \$200?"

Commissioner Mann: "It is in your book."

Commissioner Westmoreland: "Well, it is Plan A or B."

Commissioner Borges-Lopez: "The employee contribution, is it a premium contribution or will SNEW continue to fund the whole deductible?"

John Hiscock: "We have no choice but to fund the full deductible for the rest of calendar year 2014 based on simple comments I made previously. It is issued January 1 and it is theirs. The day it goes into their bank account, it is theirs and you have no right to touch it, go near it or do anything to it."

Commissioner Borges-Lopez: "So that has already been done?"

John Hiscock: "So that has already been done."

Commissioner Borges-Lopez: "Ok."

John Hiscock: "So, the \$2,000/\$4,000 HSA bank has been paid. So that has been done."

David Westmoreland: "So in 2015 will we stop paying that or will we continue to pay it, is the question."

John Hiscock: "You can do whatever the Commission decides in 2015."

Commissioner Wooten-Dumas: "This is where we are at?"

Commissioner Westmoreland: "Well, I would like some time to think about it and not make the decision at the December meeting."

John Hiscock: "Yeah, it would be nice."

[Laughter]

Commissioner Geake: "Wish we could make the decision in June."

John Hiscock: "It certainly would."

Commissioner Borges-Lopez: "What is the total annual increase, it was \$60...?"

John Hiscock: "The total annual increase is \$60,000."

Commissioner Borges-Lopez: "\$60,000."

Commissioner Ramirez: "\$60,000."

John Hiscock: "And I want to clarify very, very specifically and I have done it before, but I want to make it very clear, that the handout that I handed out that is in your Board Book in front of Tab 7, is an illustration. It is not my recommendation. I want to make that perfectly clear because there are other Commissioners who were not here at the last month we discussed it. This is simply an illustration. So neither of those plans were my recommendation."

David Westmoreland: "So, what is your recommendation?"

John Hiscock: "My recommendation is to pay the \$60,000. Keep the employees happy."

Commissioner Borges-Lopez: "My recommendation is as well to pay the \$60,000 and

leave the employees alone.”

Commissioner Ramirez: “Right, we are reasonable, based on your experience that you are dealing with employees on a daily basis. We pay \$60,000 you have a good state of mind, motivated employees.”

John Hiscock: “My goal is to have happy employees.”

Commissioner Ramirez: “But that is what I am getting at. You will have happy employees, the self-esteem will be happy as well.”

John Hiscock: “The employees have different opinions. Some employees are very thankful for what they have, others expect it to go on forever. There is the whole gamut here; you know it is all over the place. Some of them have friends and they talk to their friends and go wow you have a great plan and some of them acknowledge that. Others are like, well when I first started working here it was 100% paid. So, you know, it is hard for me even to talk about how employees feel about any of this.”

Commissioner Borges-Lopez: “Our decision should not...”

John Hiscock: “I have gotten comments from employees who said to me wow all those years we did great. You know if we have to pay, we have to pay. And then I have employees who are saying wait a minute now, we were promised this. It is like any group of people, it’s all over the lot. And my recommendation about the \$60,000 has to do with the company in general and it has to do with the fact that our electric rates are significantly lower than CL&P’s. We have been able to maintain good rates, we have a fairly motivated workforce, although as in all workforces, we have problems here and there and on the electric side, excuse me on the water side, we are in the generally median area for in the District and about in the 65 percentile outside of the District. So, I am looking at this overall picture. However, I recognize that the money has to come from someplace and it is the balance between employees and customers. That is part of everything we do every day and that is sort of where I am in that position. \$60,000 is a lot of money, there is no doubt about it in relationship to the Budget and the rates; it is not a very big number and other things have a lot more to do with rates in the company. Simply, a single employee far overshadows that kind of money.”

Commissioner Westmoreland: “I must have misunderstood what you said in the last meeting because I thought you said that the insurance company was not going to allow us to pay 100% of the employees’ insurance costs.”

John Hiscock: “I think what I said to you is the insurance company doesn’t want us to do that. They are unhappy with that position. That is information that I have gotten from Mike over the years. They like the employee to share the pain on the early end of it because the employee then makes the decision as to what they do with respect to healthcare. When we first went to the HSA, our premium dropped phenomenally.”

Commissioner Borges-Lopez: “It was \$86,000, I still remember because it was the first

year I was on the Commission.”

John Hiscock: “It was a huge number when we dropped. That gap now between the different type of policy and the HSA gets tighter and tighter every year. Probably some of it has to do with the fact that companies do what we do, they contribute a portion of the deductible, it is truly not a high deductible program when I give you \$4,000 and say the deductible is \$4,000.”

Commissioner Westmoreland: “Well, it is because everybody switched to it so now they are raising the rates to make money, it is not because of anything rational, it is about them making more money, that is all it is.”

Michael Sutton: “What you say is partially true. The plans were designed when they first came out so that people had some skin in the game and the actuaries in setting the pricing had no idea how that would affect them going forward. So, what they found was that, like John said, it didn’t affect the actual claims, usage as much as they anticipated. They overestimated why we got that \$86,000. The differential in going from a traditional managed care plan to an HSA was about a 35% to 40% savings. They overestimated what the plans were really worth or going to be worth and some carriers, like Anthem, it really affected them. Their HSAs are not even competitive anymore they are so expensive because of the claims usage that went in underneath them. So, the gap has shrunk but there are still more competitively priced than the old traditional co-pay plans that we transitioned from.”

John Hiscock: “So my comment wasn’t that they won’t let us do it, they prefer that we don’t do it. And I don’t know about the future. Are we going to get into a position at a later date where they are going to say you can’t do that? I mean, if we elected the...I don’t know what will happen and maybe Mike will know, if we elected a \$2850/\$5700 deductible what their reaction would be? That is at the HSA limit isn’t it?”

Michael Sutton: “No, there are plans that would go and now with the classifications of silver, bronze and gold, there are plans in the \$3500 and \$4000, 4800, \$3700 deductible levels.”

John Hiscock: “What I was referring to is the amount the company can pay into an HSA.”

Michael Sutton: “Oh, yeah, oh I am sorry.”

John Hiscock: “What they can pay into the HSA bank? I think that is the tax limit?”

Michael Sutton: “Yes, right now for 2014 it is \$3,350 is the maximum for a single. You are still below that. Even at \$2850 you will be below it.”

John Hiscock: “We are still below that even if we go to a different plan.”

Commissioner Ramirez: “Question, through the Chair and it will probably be my last one. By agreeing to the company paying \$60,000 would that affect the retirees in any shape or

form?”

John Hiscock: “Actually we have a little quirk in our situation this year. The retirees’ premium is cheaper than it was in 2013. Mike can probably explain it.”

Commissioner Ramirez: “So it won’t make any changes.”

John Hiscock: “It has something to do with the drug plan or something. The actual costs per retiree for...”

Michael Sutton: “What is this on the Anthem?”

John Hiscock: “Yes, the Anthem.”

Michael Sutton: “The over 65?”

John Hiscock: “Yes, the over 65. For the over 65 retiree, med/sup plus prescription has actually dropped by a few bucks. So it is actually the retirees are costing us less.”

Michael Sutton: “It’s gone down a couple of bucks, but not significant enough...”

John Hiscock: “But not significant enough to come anywhere near offsetting the \$60,000, not even remotely close to it. Ok? I think I have this information somewhere in here.”

Commissioner Westmoreland: “Are these people that are not yet eligible for Medicare?”

John Hiscock: “I am sorry I didn’t hear?”

Michael Sutton: “Well there are two sets, there are the 65 and older who are eligible obviously and they are on a Medicare Supplement F Plan with prescription drug coverage and then there is under 65 retirees who are on the Oxford plan. And that has been the difficult nut to deal with when going out to bid. Every year we go out to all the carriers and there is usually...some of the carriers will come back for whatever reason, they won’t write or they don’t want to write whatever it is, that under 65 retiree population, so they will decline to quote. This year we got Cigna, it is kind of a year-to-year thing, the year before Cigna declined to quote and this year they quoted.”

John Hiscock: "I recall years that Oxford was very clear with the number on the plan and a percentage of the number of bodies and we were down to one this way and one that way, back and forth and there was always a discussion with Oxford over the years about the fact that we had too many retirees under 65 grouped in with the regular employees."

Michael Sutton: "Prior to Oxford we had Anthem and the reason that we moved to Oxford at the time was because it was competitive but rates number one and a plan but also they were the only other carrier at the time who would entertain writing the group versus Anthem."

Commissioner Ramirez: "Do we have so many under 65?"

John Hiscock: "I don't have the list in front of me but it is about...well here, let me do it this way. What have we got here for total enrolled? Eight I believe, somewhere between six and eight retirees under 65."

Commissioner Ramirez: "The final question will be your suggestion is that we pay \$60,000 and the employees will be happy. Is that what you are basically saying?"

John Hiscock: "My comment to you is that my recommendation is that the \$60,000 is not a large enough amount to create a plan and dissention among the employees."

Commissioner Ramirez: "And everything will remain as it is."

John Hiscock: "If it was the original percentage that came out from Oxford, I think it would have been a much more difficult decision. I recognize; I fully and absolutely recognize that our employees get better coverage than most places. I also recognize that slowly over time even government forms are making their employees contribute, there is no doubt about that. I don't know where the City of Norwalk is with all of this. They have staggered union contracts and I believe City employees, some of them are starting to have to contribute. I don't know the situation with respect to all of the different bargaining agents in the City. I don't know, I truly don't know."

Commissioner Westmoreland: "I know the Board of Ed's increase was only 4% because then they had the same thing, their original quote was 7% and they pushed back and got 4%."

John Hiscock: "Do you know if the Board of Ed covers them completely or not?"

Commissioner Westmoreland: "That I don't know."

John Hiscock: "I don't know; I truly don't."

Commissioner Westmoreland: "I would imagine they do, but I don't know."

Commissioner Mann: "Excuse me, I believe at the last meeting I put a motion on the table that we would, the employees would share in the cost of the insurance and that we would

make a decision at a later date as to which plan they were going to...that we would select.”

John Hiscock: “Yes you did. The motion is in the book.”

Commissioner Mann: “Yes it is.”

John Hiscock: “And it says to put the employees on notice that they will at some point in the upcoming plan year will be required to share in costs and the amount and notice period to be determined at a later date.”

Commissioner Ramirez: “I think myself this will be my...”

Commissioner Mann: “And it was voted upon.”

John Hiscock: “Yes it was.”

Commissioner Ramirez: “My opinion is...we can rehearse this back and forth and this is a very complex subject here but basically what I am hearing here is that our CEO and we have a group of folks, meaning workers, to be happy, motivated, their self-esteem will a benefit to our company and as well our customers, I will say pay the \$60,000 this year and see how the next year will be going forward and see if we can find something else. That would be my proposal.”

Commissioner Borges-Lopez: “I think what we need here is a motion and I am going to put a motion on the table to leave the insurance as is and without any employee deductible at this time.”

Commissioner Ramirez: “I will second the motion.”

Commissioner Mann: “I am kind of...”

Commissioner Wooten-Dumas: “It was already done.”

Commissioner Mann: “I am kind of...it was already done at the last meeting. So, a decision was already made by the Commission that was present at the meeting.”

Commissioner Ramirez: “And what was the decision?”

Commissioner Mann: “He didn’t read the package.”

Commissioner Borges-Lopez: “John just read it and it says that...”

Commissioner Ramirez: “What page?”

Commissioner Geake: “It is right here.”

John Hiscock: "To put the employees on notice that they at some point in the upcoming plan year..."

Commissioner Ramirez: "Ok, that was it?"

John Hiscock: "Will be required to share in the cost the amount and notice period to be determined at a later date."

Commissioner Ramirez: "But you see..."

Commissioner Wooten-Dumas: "If I am wrong, we can't do anything until 2015 right?"

John Hiscock: "No, you can with 60-days notice to the employees you can change the plan anyway you so desire provided you give them 60-days notice."

Commissioner Wooten-Dumas: "Ok."

John Hiscock: "And from a practical point I think I said to you before, it really takes about 90 days because of the timing of the Commission versus the actual beginning of each month."

Commissioner Wooten-Dumas: "Right."

John Hiscock: "Ok, I do not believe...I believe Mike that is correct, you can change the plan provided 60-days notice."

Commissioner Ramirez: "What I am reading here are those changes to the plan, I think it is just..."

Commissioner Borges-Lopez: "If a motion was in place last time, then why are we discussing it now?"

Commissioner Mann: "Right."

Commissioner Borges-Lopez: "Why wasn't it decided back then? I mean you have two Commissioners that were not here so if you were going to put a motion, then put an amount to it and vote it and pass it through but it didn't pass practically because there was no amount stipulated at that time. Because we can now say ok I make a motion to then to have the employee contribution of \$1.00."

Commissioner Burgess: "Yeah."

Commissioner Borges-Lopez: "That would overrule the motion that was made before, it is \$1.00."

John Hiscock: "Well, it would be consistent with it I think."

Commissioner Borges-Lopez: "I am sorry?"

John Hiscock: "It would be consistent with the prior motion."

Commissioner Westmoreland: "I was under the impression last time, I did not understand that it was your recommendation to pay the \$60,000 and I also was under the impression that we had to actually charge the employees something and my concern and part of the reason why I made the motion to begin with, was that I didn't feel it was fair to give the employees 12-days notice, if we were going to charge them \$200 a month out of their paycheck beginning January 1."

Commissioner Ramirez: "Absolutely not. It's not fair."

Commissioner Westmoreland: "That is what really bothered me and still bothers me about this whole process is just the lack of time for any employee notice if we are going to change something. I wonder if we went out to bid and said we are going to fire Oxford on October 1 and we go to bid and whatever August or November and say we want your quote and can you guarantee those rates through 2015 so we can avoid this situation and everybody just know up front we are going to fire Oxford?"

Michael Sutton: "That is fine."

Commissioner Westmoreland: "You know Oxford/Anthem, everybody takes Oxford and Anthem, I mean Cigna I don't know, but I ask my doctor at my office and they told me they take anything, they don't care. I think most doctors these days take anybody."

Michael Sutton: "The networks are generally pretty comparable. It is hard but Oxford is certainly in the tri-state area, one of the top networks and so is Anthem and it is hard to go against them, they still have a lot of doctors in New York, Connecticut, New Jersey and PA and it is truly seamless because they are owned by United Healthcare and if anyone is traveling they have access to United Healthcare providers across the country. So, theoretically, they have the option even if they are traveling to stay in network on the plan, which means a reduced cost for them. So, it's a good network but to your point, that is doable, we can get out to bid earlier ahead of January 1 and I can't guarantee that I can get in essence a 15-month guaranteed rate but I can argue for one. It's possible. It all depends, it is always a moving situation and if you happen to catch a carrier that is trying to be aggressive at year-end to make numbers or for whatever the reason is, we might be able to accomplish something like that. I just can't guarantee getting the rate guarantee from October 1 all the way until January 1, 2016."

Commissioner Westmoreland: "It just seems if we can do something like that, playing between Anthem and Oxford it would be worth even having to switch every other year."

Michael Sutton: "Yeah."

Commissioner Borges-Lopez: "So you are asking for like a 15-month wait rather than a 12-month rate?"

Commissioner Westmoreland: "Yes."

Michael Sutton: "Timing wise you can do all of that, the only thing I can't guarantee is how much reception I will get on how far they are willing to extend the rate out but the worse case would be you would have a new renewal, you know you can go from October 1 or November 1, whatever you wanted to do to November 1 and you can get off of the January cycle."

Commissioner Westmoreland: "And we can terminate any of these plans with a 30-days notice?"

Michael Sutton: "Thirty days notice, yes."

John Hiscock: "It almost seems easier when dealing with this particular issue that the decision with respect to the contribution or not, is made before the renewal only because you then set the policy going forward and this is the policy and this is what is going to happen and the problem with that is then the risk for the change in premium becomes an employee risk as opposed to a company risk and you have to look at both sides of that but it kind of sets the tone. It is very hard to try to make this determination when you get the renewal so close to the end of the year and I know what you just said to Mike about trying to get it that far in advance and I don't know if there will be any cooperation or not."

Commissioner Westmoreland: "Well, do most company go January 1 to...?"

Michael Sutton: "Yes, this year..."

Commissioner Westmoreland: "Maybe we would do better going in the middle?"

Michael Sutton: "January 1 is the bulk of renewal season. Most companies are generally on a January or maybe a February but it is the busiest time of the year. This year was a perfect storm because of the changes of the ACA it affected all plan designs and that I think was part of the problem with delay in the renewals because plans had to be changed, underwriting, they had to change everything in their systems. The systems slowed down, there weren't enough people; it was just a perfect storm in not getting things done. So, everything was delayed this year. It hasn't been as bad in the past as it was this year timing wise but it is still the busiest time of the year. Definitely either moving it, if you were to move it up you get in ahead of that whole crunch and it is easier to get things turned around and get them done."

Commissioner Burgess: "Apparently John, there is no action required tonight right?"

John Hiscock: "No, no and I think we talked about this again last month, there is no action required. The status quo is the status quo until an action is taken so..."

Commissioner Ramirez: "So if we take no action; everything remains as it is right now, is that what you are basically saying?"

John Hiscock: "That is true, if you were to take an action that would create a savings, at some point in the future, for every month you delay that is one month's worth of savings that you don't obtain. I don't know how else to say it. Certainly, no there is no...this is on the agenda this evening because I knew the Commission was interested in discussing it, we had discussion last month, the minutes are here, you can relook at them, you can also relook at the minutes from the November meeting as we talked about all of this and how it was laid out and who said what and when and all of that. There is no requirement. Everything will stay exactly the same as is if there is no motion passed this evening and it will stay the same until something happens. We have a plan that is adopted and that plan calls for doing exactly what we are doing now and until the Commission votes to change that plan it will stay that plan. We are required to legally have a plan and the plan stays where it is until it is changed and there is a written plan and I think it was about 2004 when it was first written and then we have made amendments to it as certain things have changed in the insurance business. We added some things to it, not as far as coverage but I think we added the FSA, which I think...I don't know if we have explained that to you but it is a for a limited purpose and cannot be used for insurance premiums because of obviously the tax issue and one of the comments that I think I have made previously with respect to using the HSA bank to pay the premium is incorrect. I did check on that and you cannot do that because again, it is the same issue, tax implication because of pre and post tax implications."

Commissioner Westmoreland: "Well, I think the whole purpose of the employee paying is like you said about trying to balance the increase in health insurance costs for the ratepayers as well as for the employees and you do almost have to look at it based on something that is in front of you in terms of whatever the rate increase is. I just kind of feel like we should revisit this later in the year and really think about seeing what happens if we go out, not in the regular cycle that everybody else is in, maybe ask for some different terms. The worst thing that could happen is that we are going to pay the same amount as everybody else and they are going increase our rates."

Commissioner Ramirez: "So, why don't we leave it as it is without taking any action and follow perhaps later?"

Commissioner Westmoreland: "Maybe we revisit this in July or August to try and plan with you and come up with some strategy."

Michael Sutton: "Sure that is fine."

Commissioner Ramirez: "Leave it alone."

Commissioner Westmoreland: "Does that make sense?"

Commissioner Borges-Lopez: "It makes sense."

John Hiscock: "It is truly a difficult issue."

Commissioner Ramirez: "Do you feel comfortable to leave it alone?"

Commissioner Burgess: "Yes."

John Hiscock: "I abide by my recommendation."

[Laughter]

Commissioner Ramirez: "Well, why don't we do that?"

Commissioner Westmoreland: "Well, I just feel like..."

Commissioner Borges-Lopez: "So we don't need to make a motion right John? I withdraw my motion."

Commissioner Ramirez: "We don't need to make a motion. Chair?"

Commissioner Burgess: "Yes?"

Commissioner Ramirez: "So we leave it as it is, we have no motion? So we can follow it later around?"

Commissioner Burgess: "Right."

Commissioner Borges-Lopez: "Thank you Michael."

Commissioner Ramirez: "Thank you Mike."

Michael Sutton: "Thank you."

Commissioner Burgess: "Ok."

Commissioner Borges-Lopez: "I think you are late for dinner."

[Laughter]

Commissioner Burgess: "Now, I would suggest anybody with suggestions call John between now and the next meeting."

John Hiscock: "And, and..."

Commissioner Borges-Lopez: “No, from now until...from now through Oct...no, call John in October.”

Commissioner Westmoreland: “June, July”

Commissioner Ramirez: “October.”

[Laughter]

Commissioner Burgess: “Call in October.”

Commissioner Borges-Lopez: “Call John in October. This is done and over with.”

John Hiscock: “The agenda is the Chairman’s agenda and things go on the agenda for the Commission with direction of the Chair and to do anything different requires four out of seven Commissioners to petition the Chair to place something on the agenda. I am only speaking procedurally; I am not making a recommendation here.”

Commissioner Mann: “And I will be calling you.”

Commissioner Burgess: “You what?”

Commissioner Mann: “I will be calling you.”

Commissioner Burgess: “I know. Ok, Item 7.”

7. Salary, Benefits and Employee Manual Report - 2013

John Hiscock: “Item 7. This very abbreviated and you have heard me speak to this previously, methodology for dealing with employees with respect to change in salary and benefits has historically been done on an annual basis and I think you will see in the report it was the last 5 or 6 or 7 or 8 years and if I got old reports, there is 15 years of this, it has historically centered around the Bureau of Labor Statistics’ calculations and reports and work and for a very long time we have altered the ten-step, fifteen-grade salary structure based on the Bureau of Labor Statistics’ information. It’s been historically very, very close to whatever the Bureau of Labor Statistics is indicated and it has always been that way. I will only say the only comment I have from employees is they have actually looked at the Bureau of Labor Statistics’ table, because we can all get them very easily these days, and the only grumbling was gee, it is pretty low this year and my comment position to that was yes and historically until the District and Commission decide to do something different, it’s been the methodology we have used and at that point there was no real comment. They have gotten cost-of-living increases based on the Bureau of Labor Statistics’ information, which has been given to the Commission year, after year, after year, in the very same format you have seen, we just changed the numbers. I think those of you who have been here a while know that. That is not to say

that we are under any obligation whatsoever to do this, we don't have a contract with anyone, there are no bargaining units for the employees, there has been in the past, there are not now and essentially, my presentation this evening is consistent with past practice and I know that is a labor term, I hate to use the word, past practice because it is used in arguments with union employees and that is not the case here. So, in the spirit of what we have done for the last quite a few years, I went through the exact calculations of the Bureau of Labor Statistics, it is clear in here. It lays out that 1 percent is the change in cost of living between last November's information and this November's information and the recommendation I have here is exactly that, to match the Bureau of Labor Statistics' increase at 1 percent. Based on the methodology we have used, I certainly don't have a problem with making that recommendation at all. I wouldn't anticipate that we would suddenly differ from what we have done in the past unless we did it in an overall change of what we have been doing for a while and a total review. And that is spirit this is provided to you in, simply that the change is 1 percent, which we have gone with the Bureau of Labor Statistics' information and 1 percent is 1 percent and in prior years you have received varies significantly, its 2 percent the prior year, it was 3/4 the year before that, 1.5 the year before that, 2 before that, 4.31 the year before that, all tied to the same indices."

Commissioner Ramirez: "I think we all know after not making changes on the insurance this would be also another increase for the employees, right? So you recommend the \$923.84? That is basically what it is, the increase that is recommended to us?"

John Hiscock: "As you can see on the fourth page, the cost to the company is \$48,000 per year."

Commissioner Ramirez: "And that would be including the percentage that you feel comfortable with is that correct?"

John Hiscock: "Correct. Not that I mean to bring the budget into it, this is actually less than what we budgeted, it's not relevant. I just want to tell you that it will not cause a problem with the budget when we redo the budget, which we have actually started internally ourselves, you know we look at the two halves of the year and we try to project. The cost of living has been less than we have projected."

Commissioner Westmorland: "Is there any other raises that happen? Is there like a pool set aside at some other point in the year for merit increases based on performance or is this the only raise unless somebody gets a promotion?"

John Hiscock: "Ok, the way it's structured has ten steps and you progress through each of the ten steps on an annual basis based on your review. If you do not have a successful review, you don't end up getting an increase and you end up getting placed on a performance probation arrangement. Having said that, most of our employees have been around for a very long time, very many of them are at the top of the pay rate. So, that merit incentive process has long disappeared. It generally applies to the new employees only. If I were to, without looking at anything, if I were to simply guess, I would be willing to say that three-quarters of our employees are at the maximum grade and I would bet it

was true in most governmental organizations. It is what we have used in the past, the typical standard governmental style that everybody seems to use. You have a job description and a grade and in that you have anywhere from five to ten steps depending on what methodology you use. We are exactly that, we look like every other single government form.”

Commissioner Westmoreland: “So, all those employees, this would be the only increase they would be eligible for?”

John Hiscock: “For two-thirds to three-quarters of the employees that is correct.”

Commissioner Westmoreland: “Ok.”

John Hiscock: “And as I say that is a rough number based on just looking at turnover at the top of my head and knowing the grades of the work group.”

Commissioner Burgess: “Are there any other questions or a motion?”

Commissioner Borges-Lopez: “I make a motion for the overall increase of 1 percent for all employees.”

Commissioner Ramirez: “I second the motion.”

Commissioner Burgess: “Any discussion on the motion? All in favor?”

Commissioners Unanimously: “Aye.”

Commissioner Burgess: “Opposed, abstentions? Ok, Item 8.”

8. Annual Budget Approval Schedule – Review

John Hiscock: “Item 8 is the Annual Budget Schedule. The Department Heads are now turning in their budgets to Kevin Barber for consolidation and work on them. We start off with the OM&A (Operations, Maintenance & Administration) and then we look at the capital budget. You can see the draft budget is due to the Commission on February 11th. You will get the standard packet, which will be the OM&A budget along with the capital budget. Those of you who recognize the capital budget sometimes deletes projects that have not moved forward for specific reasons and recommends new projects. We have a meeting on the 18th to discuss the draft budget and procedures and this has to do...the wording of this is kind of strange, you will see February 19th the final district budget transmitted to the District Commissioners. This was all adopted in 1997, when we had an Electric Commission and a District Commission. The District Commission would do the District Budget after receiving the Water Budget from themselves and the Electric Budget from the Electric Commission. Then we would combine them into a single document because we didn’t change the budget procedure when we combined electric and water by Charter, we simply did it by saying that the seven member commission will act

as Water commissioners, act as Electric Commissioners and act as District Commissioners so all of this stayed in place. So, the wording, I am sure looks funny to you that we are going to review and discuss something and transmit it to ourselves the day afterwards. It's just the work of the language. Someday when someone decides to do Charter revision there are other cleanups that need to be done. There is an optional meeting for February 26th. If the Commission discusses the budget on the 18th and wants to make changes, normally the staff will make those changes rapidly as possible and get it back to the Commission and then schedule the optional meeting so that the Commission can discuss the changes that staff makes hopefully in line with the Commission's direction. March 7th we have a meeting notice; that is a Charter required meeting notice. As you know, we are required to notice ten days before a public meeting of the Electors. March 11th we have a regular meeting of the District Commissioners to adopt and recommend the budget. So, really from the date that you get the draft budget, it's thirty days before you actually have to approve. Now, we have had situations where even on the March 11th as an example, the week before the Electors' Meeting, the budget has not been finalized and once or twice I can recall that the night of the Electors' Meeting, we held an early District Commission Meeting to vote on the budget. So, the long and the short of the schedule is that it is laid out sequentially and it should work, giving the Commissioners at least three opportunities to discuss the budget as we go through it and they did self-impose a fourth if we really got into a sticky issue. So, this is really the schedule that works best for us and I can answer any questions about it. I would encourage you the minute you see the draft budget to look at it and ask questions. It's a fairly lengthy document; it's relatively difficult to follow through. For the OM&A, you are going to get it grouped in a way that should be easy to make sense of and the capital budget, each project will come with a description of what the item is and the purpose of the item and that is sort of the basis for our discussion. Is there anything anybody needs other than the schedule at this point or does anyone want to discuss the schedule? Once it starts it moves pretty quickly."

Commissioner Burgess: "Item 9."

9. Update on Voltage Conversion and Substation Project

John Hiscock: "That is it; I guess we can move onto Item 9, the Update on the Voltage Conversion and Substation Project. Quickly on the substation, CL&P is probably 98% done with their work. They are down to the punch list. The station has been energized and then taken back off line and the jumpers are back in place so it is not live. The reason it is not live is so we can complete our construction. We have a bid package on the street, which seems to be getting significant interest. Bids are due the 7th or 8th of this month. From our perspective we have a significant number of firms that are highly qualified. As far as the bid package being taken out, it is a little hard to judge whether they are all prime contractors or some of them are subs. The way this work is set up, it really lends itself to a civil contractor putting the foundations in and the raceways and then the electrical contractor doing the electrical construction. The bulk of the work is electrical. We have a completion date listed in the bid package of April 30th for our work and testing. We are pushing ISO-New England for a last two weeks of May for a

shutdown and final connection. Hopefully that will work. Our remediation is completely done. Our grading project finished this morning. All of that is on schedule. We have agreed in principle with CL&P on our lease, with respect to the land and compensation; that is completed. We have agreed with CL&P on their portion of both the remediation and the grading. All of that is in place, there seems to be no arguments. We are doing quite well. We are just about to put out an electrical testing section to have the work tested; you use a third party to make sure it is constructed properly. Hopefully, the first week or the second week in March, hopefully, we will start the conduit work and the conduit work happens on Ely Avenue between where the old Ely Avenue comes out, you can't drive through it, to Martin Luther and then northerly along Ely to Mulvoy to where it joins our existing system and then two runs of conduit work from the substation to the railroad bridge and from the railroad bridge to Lowe Street where it meets to our system. So that is the substation construction and obviously conduits and switches and other things. Any question on that portion?"

Commissioner Ramirez: "The electricity that went off today?"

John Hiscock: "We will get to that shortly."

Commissioner Ramirez: "Oh, I thought it was part of that."

John Hiscock: "Well, it is part of the conversion. I am going to hand this to you."

Commissioner Ramirez: "I froze a little bit for this."

John Hiscock: "Yeah, it wasn't nice. It was our fault and a problem. I know this is a small one, I am just showing you what is on the website at this point in time; we have it plotted out through February 11th. For those of you who have a decent screen size, that is about what it looks like. I am going to pass this down, I don't need it. So, when people are looking on the internet, they can find it. You go to the SNEW website, there is a big thing that comes up and it says Conversion Information. You click on Conversion Information and this document comes up. There is a table and a layout of the process and the outages that our customers will experience. There is a paragraph that is not quite completed yet that goes in here and explains a little bit more about the conversion process. We are converting our overhead 4160 to 13.8 to match the existing substation. It makes the project difficult. It makes the outages quick and sequential but is a tremendous cost savings versus the alternative, which would have been to simply put a substation on Martin Luther King and run cables down to the existing substation and just tie into that. That was not cost-effective, it would have been a lot easier, but it is not cost-effective in the long run. We will end up with a brand new substation, brand new switchgear, the elimination of the State Street substation and the elimination of all of the interior relays, controls and breakers inside of the old power plant building. We started last night and if you look at the first line, it says January 28th, 2 a.m. to 6 a.m. Well, we were close. Crescent Street, Putnam Avenue number 6, 8, 10 and 12, West Avenue 17, 23, 54, 84 and 94, those were the properties that had service interrupted last night. Most all of this conversion will occur during the day time. The reason that this had to occur at night was we had significant number of commercial properties that we had to deal with.

As the process changes every single day, this document will be upgraded for a least the next two to three days out. Last night we had intended to simply shut down these individual areas because we started at a manhole, which is the focal point of conversion and in the beginning, on the upper end of West Avenue by the Shell Station by the apartment building by Walgreen's, that is where we started. The goal was to get 13.8 up the riser pole to start upper Reed Street and to pick up Crescent Street which is the transfer station, some highway lighting, the Shell Station, the apartment building and a couple of houses on Pine Street. Things were going well. When they tried to restore service at about 5 something this morning, I think it was 5..."

Commissioner Borges-Lopez: "5:12."

John Hiscock: "12, thank you. I was going to say 5:15."

[Laughter]

John Hiscock: "We ended up with a circuit trip on circuit 8. That meant all of circuit 8 tripped out and tripped out at the breaker. We had trouble restoring that breaker due to a minor misunderstanding of the relay system by our crew. A very obscure feature preventing us from restoring so essentially what happens is we went into the distribution system and tied two circuits together and restored power about 45 minutes or so after the initial failure and we remained that way for a while today. Crews did some work. Determined why we couldn't turn circuit 8 back in and determined that one of the new vulnerability assessments that we are required to do today due to terrorism threats, something that is called the Aurora Principle. All of our relays are set up now that if you try repeatedly to bring them on, they will not come on and they will lock out. There is a reason for that. If you get control over the breaker relay and do this, turn off on, turn off on, turn off on, you can destroy the breaker and the transformer that is related to it. So, there is a new lock out that was installed about a year ago. The individuals attempting to restore it didn't realize that they had run into this problem and the relay locked out."

Commissioner Mann: "Wow, ok."

Commissioner Ramirez: "It has proven to be effective though."

John Hiscock: "Ok, so that is what happened. Now, why did the circuit trip out? I am waiting for some detailed analysis of that. We have very complex relays and Mike Giordano; the electrical engineer will download all of that information. But it appears that when we tried to bring this grouping of customers back on, the lightning arresters on the circuit failed, created an outage, we had very high ground faults, 4,000 amps per leg, which is ten times what they are set at. So, they tripped out in 800th of a second and everything was protected, they repaired the lightning arresters and everything is back in service. So, that was the first day of conversion and it didn't go well."

[Laughter]

John Hiscock: "From here on out, the conversion...as I said, the overhead, we are starting

in the Reed Street/Cedar Street area. We are working down through Golden Hill and North Taylor. We are working through circuits 1, 2 and 3. One, 2 and 3 are the circuits to the west of West Avenue and this is the kind of data...we have this mapped out all the way through June and we will put them up maybe two weeks in advance and try to notify the customers. The only problem that we are running into is that there are two shutdowns required on some customers. And in fact if you look at the 29th and 30th, it is Cedar Street, 92, it is the elderly housing project, building F one day and then buildings A, B, C, G, H and J, the next day and that's because we have to change the pad mounted transformer in this case or maybe the overhead, in either case they are pads, and we put in what we call a dual voltage transformer. It converts the 4160 or 13.8 with the flip of the switch. So, we put all the transformers in. Everybody gets a one to as much as a four hour outage in one shot. Then we go back into the circuit after we get a run, and a run is like 7, 8, 9, 10 blocks and we shut the entire circuit down and we go transformer to transformer, flip the switch so it accepts the higher voltage and we turn it back on. Then what happens is we have what is called a long dead end. All of our circuits are looped but are open but will be susceptible to bigger outages for a while as we do the conversion because we are going to have a lot of customers on the new voltage in the old circuit and then a pile of customers on the old voltage on the old circuit so as we go piece meal through this, these runs get long. We can intercept them in places and make it better and then once that is done, they are done. We are planning on doing 1, 2 and 3, as I said, the west side through June and circuit 10. Circuit 10 is Lexington, Olean, Kossuth that general neighborhood moving over to Bell and parts of South Main. We hope to have that done by June. Our crews are doing it and doing it effectively. Circuits 7 and 8 won't be done until summer. The reason for that is we can't carry our entire load on our 13.8 existing transformers, so we have to stop at that point and wait for the new substation and when the new substation is put online, than we will convert 7 and 8. By the end of the summer everybody should be converted and we will be off CL&P. You might have seen an ad in the newspaper. We have an ad for an apprentice lineman. It will keep us with the same number as authorized in the org chart. We have a very large amount of work to do and we are planning for several things. One, there are some individuals...there is actually an individual who is eligible to retire right now on the line crew and they can leave anytime they want and go elsewhere. There is another individual who will be eligible to retire within the next 20 or 24 months. We don't want to be in a position we were when we lost all of our linemen with combining electric and water back in 2000 where we put three apprentices on in one shot. So, it's to stagger them. And two, the workload is going to be significantly higher and one of our individuals who has been on worker's comp for a very long time and I am not going to discuss a personnel issue here, but that vacancy has been there for a very long time and we need that position filled. So, we decided to fill it with an entry level apprentice and interviews should start next week, the end of this week is the application period and they have to go to line school on the 25th of February. Line school you go to line school for a week, every quarter for five years before you get your journeyman license in addition to what you learn in the field. So, that apprentice will help in the conversion. It will help our staffing because we always need to hold a lineman back to deal with trouble calls during the day while they are out doing this kind of work. We plan on having them work four days a week and leaving one day a week to pick up contractor's works and other improvements. So, that is what the conversion process is and how it goes through."

Commissioner Westmoreland: “Are there any other notifications beside what you are putting up on the website?”

John Hiscock: “We have been wrestling with that. The display ad issue gets very, very expensive and trying to run a display ad every week from now until August.”

Commissioner Westmoreland: “You mean like an ad in the Hour?”

John Hiscock: “Yes in the Hour.”

Commissioner Westmoreland: “Nobody reads the Hour.”

John Hiscock: “Not a whole lot of people read it. I think we are probably going to end up putting the more detailed schedule as an insert in the bills. The schedule that we now have run out through June with the caveat very clearly, please check the website because the website is more accurate. Now, that insert will get changed every month to be more accurate too, but the day-to-day accuracy is the website. I don’t have any better solution at this point.”

Commissioner Westmoreland: “Just answer me, have you notified Cedar Court?”

John Hiscock: “Yes, that issue...”

Commissioner Geake: “That was my question.”

John Hiscock: “Ok, two to three days in advance of an outage we hang door knob notices on every building and if it is a small apartment or a duplex or a quad, we will hang it on every unit if we can get in the building. If we can’t it goes on every entrance door to that building and it has the date right on it. So, we are trying to give everybody two to three days.”

Commissioner Westmoreland: “That’s fine.”

Commissioner Mann: “Wonderful.”

John Hiscock: “The notice kind of says, if we have a problem it may be off by a day, check the website. We had originally...the night we cancelled the Commission Meeting was the night we were supposed to start this conversion; we also cancelled that because of the weather. So, yes it is the website plus the doorknob notices. They are bright orange, about this big, by this big, they are in English and Spanish and they let everybody know what the deal is.”

Commissioner Ramirez: “And if you decide to send them in the bill; that will also be in both mailers?”

John Hiscock: “It would be like an 8½ x 11 probably both sides inserted into the bill and

it will clearly indicate it's the conversion information."

Commissioner Westmoreland: "And is the fishy smell in the water gone, that I can't smell?"

[Laughter]

Commissioner Borges-Lopez: "I smell like a tuna."

Commissioner Westmoreland: "I can't smell it."

John Hiscock: "You brought it up. I have a quick question, how many of you noticed it?"

Commissioner Borges-Lopez: "I didn't."

Commissioner Mann: "Neither did I."

Commissioner Ramirez: "Neither did I."

Commissioner Geake: "Neither did I."

Commissioner Ramirez: "I tasted a little different flavor, taste, but not a smell. You know what, my wife said it."

John Hiscock: "I was somewhat disturbed by the article. I was out of town, it got sent to me and I didn't get to read the whole thing. I think and I am sure it wasn't deliberate, but I think the reporter missed the point of the discussion. It is algae and diatom related. It does relate to a problem we had some years and it makes it hard to treat because there is not enough ice on the lake to go out into the lake and drill holes and hang copper sulfate. But there is too much ice to launch a boat so we are treating it with copper sulfate in the overflows between each section and it's not a very effective way. We have a die off. I was at the plant last night. The incoming water into the plant does not have that strong and I noticed it a lot, a strong taste to it. The point of the story is once you add the chlorine it creates compounds that intensify the taste and the odor and that was the point of the story, not that the chlorine was the issue."

Commissioner Westmoreland: "He totally didn't get any of that."

[Laughter]

John Hiscock: "It didn't come across that way. I can only apologize for that, but sometimes you think the reporter has gotten it and sometimes they don't."

Commissioner Westmoreland: "Actually it is probably better that people...people are probably happier thinking that it's the chlorine in the water than maybe some algae smell."

Commissioner Mann: "Yes."

Commissioner Westmoreland: "So it may have worked out ok."

John Hiscock: "Yes."

Commissioner Ramirez: "So it wasn't me that the taste was any different, correct?"

John Hiscock: "Yes...oh no, it does have a different taste to it. I am pretty good at tasting odor and the minute I tasted it, it was like awful. Now, we have had this for about three to four weeks. It was worse a couple of weeks ago. It is getting better. We are literally pumping out every section of the filtration plant. You all know how complex it is. You have all seen it, you might not have seen it [directed at Commission Wooten-Dumas] you are due a tour."

Commissioner Ramirez: "I haven't seen it."

John Hiscock: "All new Commissioners get a tour when they have a chance but we are pumping out everything and cleaning it and we are about halfway through the plant and it will certainly get better."

Commissioner Ramirez: "Do you have tours on Saturday?" Do you have tours on Saturday for the Commissioners?"

John Hiscock: "Well, the original tour we had was a Saturday, I believe."

Commissioner Mann: "Yes."

John Hiscock: "I don't think you were on the Commission at the time."

Commissioner Ramirez: "I think I was but I was working."

John Hiscock: "Unavailable. Yeah, ok. Alright, we wouldn't expect you to take a day off from work; we can do it on Saturday mornings."

Commissioner Ramirez: "Maybe we can get a tour."

John Hiscock: "So anyway to answer your question, it's getting better, it's not great, we are not happy with it, but it isn't quite as bad, at least in my opinion it isn't quite as bad as the individual who made the complaint."

Commissioner Ramirez: "It is safe to drink without boiling it right?"

John Hiscock: "Absolutely, absolutely."

Commissioner Ramirez: "One hundred percent?"

John Hiscock: "Absolutely, taste and odor are a complex issue."

Commissioner Ramirez: "It depends on what kind of..."

John Hiscock: "It takes an extraordinarily small amount of a compound to have an odor and a taste. And those of you who travel a little bit know that every time you go to a different city some places the water smells like Clorox."

Commissioner Ramirez: "Yes."

John Hiscock: "And other places it doesn't. It is what everybody get used to."

Commissioner Ramirez: "Just go to New York."

John Hiscock: "I don't want to put it in a bad light but it is sort of like the sewage treatment plant, you know after a while, you live close to that plant you get used to the smell and I know people don't like to hear that but you get used to it within an hour."

Commissioner Mann: "You get immune to it."

Commissioner Westmoreland: "Yeah, that is not a good analogy."

[Laughter]

John Hiscock: "I know. I want to make it clear that is not the problem. But, anyway based on your reaction, that is the reaction we had, we had very few complaints at this point."

Commissioner Westmoreland: "I thought I tasted something once I read the article and then went to the faucet...well, maybe there is something different."

[Laughter]

Commissioner Westmoreland: "I didn't notice it."

Commissioner Mann: "Neither did I."

John Hiscock: "It is clear; it's not our good tasting water. There is no doubt about it but it is not nearly as bad as the individual who claimed he felt like a tuna fish or thought he smelled like a tuna fish when he left the shower."

Commissioner Borges-Lopez: "I didn't taste that."

Commissioner Mann: "Tuna fish, yeah."

Commissioner Borges-Lopez: "Like a tuna, that was funny, I laughed."

Commissioner Ramirez: “We need a motion to a...”

Commissioner Borges-Lopez: “He came out of the shower smelling like a tuna.”

Commissioner Mann: “Evidentially he didn’t have good soap.”

Commissioner Ramirez: “I want to get the heck out of here.”

John Hiscock: “I know.”

Commissioner Borges-Lopez: “That was funny.”

[Laughter]

Commissioner Burgess: “Any other comments? Is there a motion to adjourn?”

Commissioner Borges-Lopez: “So moved.”

Commissioner Ramirez: “I second it.”

Commissioner Burgess: “All in favor?”

Commissioners Unanimously: “Aye.”

Adjournment

The meeting adjourned at 9:45 p.m.

Attest:

Lisa Roland
District Clerk