

SECOND TAXING DISTRICT COMMISSIONERS

Regular Meeting Minutes

June 16, 2015

Present:	Mary Burgess Maria Borges-Lopez Mary Geake Mary Mann	Chairperson Vice Chairperson
Absent:	Cèsar Ramirez Martha Wooten-Dumas David Westmoreland	
Also Present:	Paul Yatcko Kevin Barber Lisa Roland Frank Murphy, Esq.	General Manager Director, Administration & Customer Service District Clerk Tierney, Zullo, Flaherty & Murphy
Public Present:	None	

Call To Order:

Commissioner Burgess called the Regular Meeting of The Second Taxing District Commissioners to order at 7:01 p.m. on Tuesday, June 16, 2015. The meeting was held at South Norwalk Electric and Water, One State Street, Norwalk, Connecticut.

Commissioner Burgess: "I will call the Regular Meeting of the Second Taxing District Commissioners to order Tuesday, June 16th at 7:01 p.m. and I will ask Lisa to read the call of the meeting, please.

Lisa Roland: "The legal voters of the Second Taxing District of the City of Norwalk are hereby notified and warned that a Regular Meeting of the District Commissioners will be held on Tuesday, June 16, 2015 at 7:00 p.m. The meeting will be held at SNEW, One State Street, South Norwalk, Connecticut for the following purpose."

1. Acceptance of the Minutes

Commissioner Burgess: "Ok thank you. I need a motion for acceptances of the Regular Meeting minutes of April 21st."

Commissioner Borges-Lopez: "So moved.

Commissioner Geake: "Second."

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye."

Commissioner Burgess: "Ok, no corrections. Public Participation, we have none. And now I need a motion to go into Executive Session and it will just be for the number 2, the Wilton Tax Appeal. So, I need a motion to go into Executive Session."

Commissioner Mann: "I make a motion."

Commissioner Borges-Lopez: "Second."

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye."

Commissioner Burgess: "In the meeting will be the District Clerk, General Manager, Commissioners and legal counsel."

EXECUTIVE SESSION: 7:05 P.M. – 7:20 P.M.

Commissioner Burgess: "We need a motion to come out of Executive Session."

Commissioner Mann: "I make a motion to come out."

Commissioner Burgess: "Is there a second?"

Commissioner Geake: "Second."

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye."

Commissioner Burgess: "Now, we are back in Regular Session and as a result of the Executive Session, no action was taken or will be taken and I would like a motion to move item 3 Executive Session down to where, maybe the end?"

Paul Yatcko: "That would be fine."

Commissioner Borges-Lopez: "So moved."

Commissioner Mann: "Second."

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye."

Regular Session:

Commissioner Burgess: “Ok, Water Discoloration.”

4. Water Discoloration

Paul Yatcko: “I don’t want to take too long with this, but as you have probably have heard, we have had a number of incidences of discolored water in the system this spring and you have probably heard your friends and neighbors complaining about it. And I just wanted to bring you up-to-date on what some of the reasons were for it. It is not unusual to have turbulence in the pipe under certain conditions that stirs up sediment, which is mostly iron and manganese and is less a public health issue or a health hazard and more of a matter of aesthetics. But it does get stirred up by various pumping and flushing operations. We have had a number of those this spring. We did do our normal hydrant flushing in the system this spring. Immediately following that we had a couple of incidents of vandalism where some unknown person or persons were opening up our hydrants and in the middle of the night and they were running for a considerable amount of time before they were detected and that caused some turbulence. It stirred up some sediment.”

Commissioner Geake: “Where were these? Do you know?”

Paul Yatcko: “I did and I am sorry, I just don’t remember. I can get you the locations. If I remember there were two or three the first night and one the second night. They were in widely scattered areas of the system. I want to say, I think the first couple might have been in Rowayton, but I am not sure or on the edge of Rowayton and then one of them, on the second occasion was up towards where I live, going up off of the New Canaan Avenue, in the Ponus area. So, there was no pattern in the locations and we haven’t heard from the police department whether anybody was apprehended or not. But we do know that the incidents, at least for the time being, ceased after the second night. We had one instance where we had some unusually warm weather that we didn’t anticipate and got some unusual water demand. I guess some people were out there planting flowers and irrigating and so forth, and ran the level of our Steven’s Hill Tank down much more rapidly than we anticipated and we were forced to pump it back up. The accelerated pumping there did stir up some sediment and got some folks justifiably unhappy. And then the most recent one, just a couple of weeks ago, actually two weeks ago now, where we were doing our normal flushing of our transmission mains, where they come out of the water treatment plant and come down into our distribution system. That requires us to pump a considerable amount of water and it always does stir up a lot of sediment. Exacerbating the problem this time around was the fact that those mains had not been flushed since 2012, even though it should probably be an annual event and so the sediment was heavier than normal and that is what caused the press coverage that we had a couple of weeks ago that you saw in the paper. In response to that and the fact that people are pretty sensitized now to the water discoloration, the following week we were supposed to do the second transmission main. We postponed that, recognizing that people might have gotten to their limit on how much dirt they were willing to tolerate in the water. So we pushed that off probably to the later part of the autumn, after our

reservoirs recover from the summer season and we will do it then. The other thing that we need to do better on and we are starting to work on this already, is frankly we need to do a better job of notifying our public as to what is happening out there.”

Commissioner Burgess: “Right, yes.”

Paul Yatcko: “I had the experience the Monday after I had my appointment over at Norwalk Hospital. I turn the water on in my house and it came out brown and we tell people to just run your water for 15 minutes or 20 minutes or a half an hour and it will be all gone. Well, I ran the water in the slop sink for 2½ hours before it finally ran clear. Now, it was probably where I am in the system and so forth, but people don’t want to hear that. People want to know what is happening and we have to do a better job. It is not enough for us to say to people, well we put a notice on the website and we put an ad in the paper. Well not everybody gets up in the morning and reads the paper anymore. Not everybody has web access or, I don’t know about you, but I don’t get up in the morning and read my utility websites. So we have to be better at informing our public of what is going on in the system. So, we are looking at social media, Facebook and Twitter. We have already gotten a couple of accounts there and we are figuring out how to use them. We are going to have to be more aggressive in informing people and we are going to do that.”

Commissioner Geake: “Through the Chair. This is going to sound a little ridiculous, but maybe we should get the automated telephone that would automatically call them and say that tomorrow we are going to have a flushing or something in the area that we are going to be affecting?”

Paul Yatcko: “It doesn’t sound ridiculous at all. It is one of the things that we are battling around. The issue that we probably have is, we probably don’t have updated telephone access numbers for as many of our customers as we might like. So before we could implement something like that, we would have to put some kind of an effort in place to get people to provide us with a telephone number where they can be reached. It is not impossible, it is one of the things we are considering.”

Commissioner Geake: “Through the Chair. I mean with the City there are numbers they can call in case of an emergency for certain areas. I think that might be appropriate at our late stage.”

Paul Yatcko: “Right, I don’t disagree with you.”

Commissioner Borges-Lopez: “Can you include a card in the bill so when they pay, they can see...?”

Paul Yatcko: “That is one of the things we are looking at. The problem, I don’t know, I am probably not a typical customer, but usually when I get a bill in the mail, I pull the bill out and whatever else is in that envelope is going in the recycling bin because I pay my bills online and I don’t care about all the rest of that paper. So, a bill insert will be part of it, but it probably won’t be all of it.”

Commissioner Burgess: "You agree that it is a good idea?"

Paul Yatcko: "Absolutely. We need to do a better job."

Commissioner Burgess: "Yes, I think so."

Commissioner Mann: "I had one customer that said their water was brown almost two days. Is that possible?"

Paul Yatcko: "Again, it would depend on where they were in the system relative to where we were doing the flushing. For example, if you are in a complex let's say, an apartment complex, and it may take a while for that water at some points in the complex itself to flush clean. There may be relatively dead zones in there that there might not be a lot of usage in that building and you are the first one to open your faucet in the morning and you are getting it all. So, it may take some time for it to work out. I am not surprised to hear that. In a limited number of cases, it does happen. And it is something I need to talk with our operation folks about it as well. When we do those transmission mains particularly, I have to wonder whether or not there is not a better way to do it. At least we have two mains, we ought to be doing them on alternate years. We have just got to get more sensitive."

Commissioner Burgess: "Ok, any questions? Ok, Purchase power adjustment."

5. Purchase Power Adjustment

Paul Yatcko: "Purchase power adjustment, this is the time of year we normally look at our purchase power adjustment to see if we need to make a change in it. In addition, we have a situation like we did last year where CMEEC, our wholesale supplier, the co-op of which we are a member, has decided to distribute some of its excess equity that it has. This year that amount is about \$341,600 for us. So, we need to determine whether or not there is something we need to do to the purchase power adjustment or PPA and what to do with that chunk of dollars that CMEEC is giving us back. As you know, our retail rate structure recovers the cost of energy in two pieces. There is a generation charge, on the bill, which is right now at about 8.5 cents and then there is the purchase power adjustment, which accounts for fluctuations in the power cost that we pay CMEEC. And that is right now at about .64 cents, so if you add them together, it is a little bit over 9.1 cents. The first question that we have ask ourselves is, how is that 9.1 cents doing in terms of recovering the generation costs that we have to pay? Any excess at 9.1 cents over the actual cost of power goes into a fund up at CMEEC called the rate stabilization fund or RSF. And if there is a shortage in any month, it comes out of the RSF. So what we need to do is, in addition to looking at how we are recovering costs, we need to look at what the balance is in the rate stabilization fund. The third thing we want to ask ourselves with respect to the \$341,000 and change is do we have any extraordinary need for cash? And then finally, the \$64,000 question is, what is our competitive position? What do our rates look like relative to...I almost said CL&P, but Eversource? How do we stack up? Well, the truth is that the RSF fund, since you all changed the PPA this time

last year and made a big deposit of the equity from CMEEC, the RSF is in very good shape and there is a graph in your package that shows that. What it shows is that the blue line is the actual performance of the RSF over time. The vertical scale is the balance that is in that fund and across the bottom are the months. As you can see, about this time last year, it was pretty low. It was down below \$200,000, but you put in the equity distribution from CMEEC, which looks to be about \$800,000 and you raised the PPA at that time. So, the balance in the RSF fund has gradually walked up to where it is now about \$1.6 million. The red line there is what our staff is projecting, the continued performance of the balance in that fund is. And because we are, at least for the next several months, we are over recovering energy costs, we are expecting that balance to continue to rise to the point where it gets to be about \$2 million by the end of the calendar year 2015. Then because we are expecting a spike in power costs in the early part of next year, the coldest winter months when power costs tend to shoot up around here, we are going to see that balance come back down. Now you might ask me what that dashed black line is. CMEEC's staff is doing some financial work right now and CMEEC is starting to make some sales outside of Connecticut, in the competitive markets in Massachusetts and because of that they need to make keep some additional working capital in the business up there. So one of the ways they are going to accomplish that is they are going to have a short-term credit facility with a major bank. I think it is the Bank of Montreal, but don't quote me on that. One of the requirements of the Bank of Montreal is going to have of them keep more money on deposit and so they are thinking of imposing a minimum balance in each of the member's RSF. If that is the case, we are expecting it to be probably 60 days of power bills and that would probably be about \$1.9 million. So as you can see, our red line is creeping up to just to the point where it gets over that \$1.9 million, but then it is going to fall back down as a result of higher power costs during the winter. I don't believe we need to raise our PPA at this time. I think our energy recovery looks good for the next twelve months. I did have staff look at that for me and it's borne out by the performance of the RSF balance. In addition, our competitive position right now is very good. Even though CL&P...I am sorry I did it again, Eversource recently reduced its rates, due to some favorable power it was able to buy, our typical residential customer who uses 700 kilowatt hours is still on the order of 11% to 12% cheaper than CL&P. So, I think we are in a good competitive position, as Kevin told you all when we were putting the budget together, our cash balance is somewhere in the neighborhood of \$10 million. So we don't have a need for additional cash down here in Norwalk and the RSF balance is behaving the way we anticipated it would when we did what we did a year ago. So, I don't see the need to raise the PPA and I don't see the need to bring additional cash down from CMEEC, so I would propose that we simply leave the PPA right where it is and put the \$341,000 into the RSF where we may need it in the future."

Commissioner Borges-Lopez: "So I will make a motion to maintain the PPA at its current level and to transfer the excess equity distribution to the RSF."

Commissioner Burgess: "Is there a second?"

Commissioner Geake: "I will second it."

Commissioner Burgess: "Any questions? All in favor?"

Commissioners Unanimously: "Aye."

Commissioner Burgess: "Thank you."

Paul Yatcko: "Thank you folks. Now, is Kevin still here or has he gone to sleep?"

Commissioner Geake: "Yes, he is here."

Commissioner Mann: "He went to sleep."

[Laughter]

Paul Yatcko: "Oh, there you are."

Commissioner Geake: "He went to sleep and was snoring, that is the reason we had to wake him up."

Commissioner Burgess: "Ok, you are on, Kevin."

Paul Yatcko: "You are on, Kevin."

6. E-Payment Update

Kevin Barber: "Good evening everyone."

Commissioner Burgess: "Good evening."

Lisa Roland: "In the hot chair Kevin."

Kevin Barber: "I can come up to the hot seat?"

Commissioner Mann: "Yes."

Kevin Barber: "I was asked to provide everyone an update as to where we are on our electric payment system and as we discussed at the Commission meeting two months ago, we were going to go into what we would describe as a soft launch, offering our access to the online system to Commissioners and if everything went well to other select customers, as I will describe it. As of today, we actually have opened it up to Commissioners and other customers and we have 13 current registered users of our online system, which means people have logged in, looked at their accounts and I believe all of them have made payments. To date, we have accepted payments totaling about \$1,500 through our online system, which has been, I would say pretty good. For customers who have logged in, we have also asked them...we sent a little email back asking them for feedback on how they thought it was. And right now we have had actually very good feedback. Customers have

said it has been a very easy system to use. They are obviously happy to be able to make an electronic payments and so right now everything seems to be going pretty smoothly. I know a few of the Commissioners have registered and made payments and I have gotten some nice feedback from them. So, to those, thank you. Now, the next step, since we had what I would describe as a good soft launch, our next step is, we are going to get our customer service representatives trained. I have created what I describe as a user's manual on how to use the system. I have had my Administrative Manager use the manual and try it out and she provided me some comments back. So we are going to make some changes to that and then also send it out to the other people, our customer service representatives who will then learn how to use this system and then hopefully be able to answer any customer questions they may have on how to use it. The hope is that I can get this document all finished up within the next week or so and customer service representatives trained probably within the next few weeks or by the end of the month or month and a half. And then the hope is that we can open up the system probably to all of our customers. I don't anticipate any major problems, everything seems to be running very smoothly. Payments have been processing through to their...everyone's payments have been posted to their accounts. Customers who have been eligible have received the discounts. And everything seems to be running very smoothly. So, I guess at this point I will answer any questions you may have regarding this."

Commissioner Mann: "I have a question. I found no problems with the system, very easy to use. I just log in and have been able to pay my bill. My only question is, you can't see the discount."

Kevin Barber: "Yes."

Commissioner Mann: "Is that going to be a feature or...I just was wondering?"

Kevin Barber: "More than likely we will not be able to see that discount. It has to do...I am trying to answer this as easily as I can, it has to do with the way our system processes the discount. The system generates a bill and so on the account it shows a bill of \$100. In the background the system knows there is a discount available for this account, but there is no, I will describe it as a field, where that discount is populated. And the way our online system works, is it goes in and grabs the transaction history and uses that for what is displayed to the customer. That discount amount is not something that is available to be shown online. So, that is a...I don't want to use the word quirk, but that is one of the little quirks."

[Laughter]

Kevin Barber: "That we are going to have to deal with. I did ask the vendor about that but it has to do with the way our system works and the way we process the discount. So it will only show you the total amount of the bill."

Commissioner Mann: "So if you were to calculate the discount yourself and pay a different amount, would it create problems for the system?"

Kevin Barber: "If you pay an amount greater than the...because on your bill it does show the two amounts due. The amount before and after the discount period. If you were to pay an amount greater than the discount date, the due date, there wouldn't be a problem. But, if you pay less than the amount you should have, even by a penny, the system will not identify that as being eligible for the discount. Now, we have gone through on where it is pretty obvious that a customer has, let's say a transposition error or something like that, we have gone through and granted the discount to them. But the system generates it based on paying that specific 90% or greater of the amount."

Commissioner Mann: "That might be a little problem when we go live."

Kevin Barber: "Yes, that is one area where I tried to figure out a way, I don't know, when you went to make a payment, it says please be sure of the amount you want to enter, and I forget the exact words used, if you are looking to get the discount, please be sure to pay the correct amount. This is a canned package, so we are very limited on how much flexibility SNEW has to make a lot of changes and the discount does create difficulties for us."

Commissioner Burgess: "Yes Mary?"

Commissioner Geake: "Through the chair. My husband tried to sign on. He got on it and then it froze several times, so he didn't do anything more. So I thought I would try it, but he said I couldn't use my pocket phone, I had to go to my screen. So, what I want to know is, what is your extension in case I have problems again?"

[Laughter]

Kevin Barber: "2031."

Commissioner Borges-Lopez: "I am writing that down."

Kevin Barber: "Absolutely, and if you want my email, actually my email is available, Kbarber@snew.org. Please feel free to email me with any questions."

Commissioner Borges-Lopez: "I have it. I have your email."

[Laughter]

Kevin Barber: "I have not been made aware of any trouble with the freezing up of the computer with this. I know the vendor tested on multiple versions of different operating systems, so I am kind of curious. I can always send that issue into our vendor to see if they can figure it out."

Commissioner Geake: "Well, my husband got such advanced stuff because of security reasons. When he does his life insurance, if he doesn't do it within so many minutes, it voids it and stuff. So you know he is like at the top of it."

Paul Yatcko: "It might be a firewall issue."

Kevin Barber: "It very well could be."

Commissioner Geake: "Thank you."

Kevin Barber: "You are welcome."

Commissioner Burgess: "No action is required on this?"

Kevin Barber: "No, just an update."

Commissioner Burgess: "Thank you, nice job Kevin."

Commissioner Borges-Lopez: "Thank you Kevin."

Commissioner Mann: "And you did give me my discount on my next bill. I just want to say that, I want to make it very clear, I got my money back; because that was the first thing I was looking for."

[Laughter]

Kevin Barber: "I know it is always easy, if you are ever concerned, pay the full amount and then you will get the discount and you will have a credit on your next bill. But, I mean that is the easy way out. We will see what we can do about resolving that."

Commissioner Burgess: "Well, some of us who may have family discussions on too many Christmas lights and stuff, some of us need to know what the discount is and be able to maintain a real positive position on this."

[Laughter]

Kevin Barber: "That is why we send you a bill. On the bill it clearly says what the discount you can pay is. I would always go to your bill as a backup to see what to pay. That is probably the safest bet."

Commissioner Geake: "Through the chair. I have one more question. Do you think some day we will be paperless?"

Kevin Barber: "That is going to be a goal of ours is to move to an electronic billing process. So, you can elect it. You can say send me an electronic bill, I believe it will send you an email that says your bill is available when you log in, you would then be able to see it. So, that is on the horizon for us."

Commissioner Borges-Lopez: "Thank you Kevin."

Paul Yatcko: "Thank you Kevin."

Kevin Barber: "You are very welcome."

Commissioner Burgess: "That wasn't so bad was it?"

Kevin Barber: "No it wasn't. Everyone have a nice evening."

Commissioner Borges-Lopez: "You too."

Paul Yatcko: "You said I just push the on button?"

Kevin Barber: "I will hang out and make sure you are good. It is going to take a moment."

Paul Yatcko: "You don't go anywhere until it comes on."

[Laughter]

Kevin Barber: "I won't leave until I know it is working. There is your screen."

Paul Yatcko: "Holy smokes, it worked. Thank you Kevin."

Kevin Barber: "You are very welcome, have a nice evening."

Commissioner Burgess: "So I need a motion to go back into Executive Session."

Commissioner Borges-Lopez: "So moved."

Commissioner Geake: "Second."

EXECUTIVE SESSION: 8:00 p.m. – 8:45 p.m.

Commissioner Burgess: "As a result of the Executive Session, there will be no action taken."

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

Commissioner Burgess: "Is there a second?"

Commissioner Borges-Lopez: "Second."

Commissioners Unanimously: "Aye."

Adjournment

The meeting adjourned at 8:50 p.m.

Attest:

Lisa G. Roland
District Clerk