

SECOND TAXING DISTRICT COMMISSIONERS

Regular Meeting Minutes

May 15, 2012

Present:	Mary Burgess Al Ayme Maria Borges-Lopez Mary Geake Sherelle Harris Mary Mann César Ramirez	Chairman Vice Chairman
Also Present:	John M. Hiscock Gwendolyn Gonzalez Scott Whittier	General Manager Assistant Clerk SNEW / Director of Technical Services

Call To Order:

Commissioner Burgess called the Regular Meeting of The Second Taxing District Commissioners to order at 7:07 p.m. on Tuesday, May 15, 2012. The meeting was held at South Norwalk Electric and Water, One State Street, Norwalk, Connecticut.

Acceptance of the Minutes:

Commissioner Burgess: "This meeting of the Second Taxing District Commissioner Regular Meeting for Tuesday, May 15, 2012 is now called to order at 7:07 p.m. Before we start I would like a vote to place something on the Agenda at the end about negotiations with a customer for which we will go into Executive Session. If I can place it at the end after Item 7?"

Commissioner Ayme: "So moved."

Commissioner Geake: "I second it."

Commissioner Burgess: "All in favor?"

Commissioners Simultaneously: "Aye."

Commissioner Burgess: "Opposed?"

[None opposed]

Commissioner Burgess: "I would also like to thank everybody for their patience when I could not see and I was out being operated on and I would like thank Gwen for making me look good when she knew that I did not know what page I was on. Thank you Gwen. Ok, acceptance of the minutes?"

Commissioner Ramirez: "Chair, with all due respect, we welcome you back, it is nice to see you back and I am glad that you are doing well."

Commissioner Burgess: "Thank you. I can now see more than I needed to see."

Commissioner Geake: "Ok, I will make a move that we accept the Regular Minutes of February 21, 2012."

Commissioner Mann: "Second."

Commissioner Ramirez: "Yes, I think there is a little confusion on the matter of Heritage Place."

Commissioner Mann: "Page?"

Commissioner Ramirez: "No, the Heritage Place. I don't see the number here; page 5 I think, no page 9 all the way down at the bottom."

Commissioner Burgess: "Page 9?"

Commissioner Ramirez: "I do recall that there was a minor adjustment to the number but I do not recall making the final resolution to eliminate. This is just for the record itself. It has nothing to do with what has to be done; but just for the record. I don't believe that I suggested to eliminate the final funding to..."

Commissioner Geake: "Through the Chair. Everything is verbatim, when it is copied it is copied verbatim so whatever was said would be verbatim. So they can't change whatever they have heard. It might not be what you wanted."

Commissioner Ramirez: "That is fine but I just wanted it for the record that I do not recall suggesting the entire elimination of the program. I believe there was a lot of commotion going on at the same time so I suggested to eliminate a specific number of dollars, but not the entire amount as stated. I just wanted that on the record. Thank you."

Commissioner Burgess: "Well, we need a second to approve the minutes and we have heard the Commissioner. May I have a vote on that; to approve the minutes?"

Commissioner Ayme: "I abstain as I was not present at that meeting."

Commissioner Unanimously: "Aye"

Commissioner Burgess: "Are you voting nay?"

Commissioner Ramirez: "No, with that correction itself I do approve of the minutes."

Commissioner Burgess: "Ok, thank you."

REGULAR AGENDA:

Commissioner Burgess: "Ok, appointment of Directors and Alternates to the CMEEC Board. I am sure you have read that."

Mr. Hiscock: "Madam Chair, I think you missed item 3."

Commissioner Borges-Lopez: "Item 3."

Commissioner Burgess: "Sorry, the placement of a banner for SoNo Stroll is item 3. I believe the Human Services Council is a 501C3 which puts that out of the way."

Commissioner Geake: "Through the Chair."

Commissioner Burgess: "Yes."

Commissioner Geake: "I have a question, is this event going to be held yearly so this will be a yearly expense that every year they will come to us and request money or is it something, how do you know?"

Mr. Hiscock: "They have made requests in the past and we have not approved those requests in fact they never made it to the Agenda. So..."

Commissioner Geake: "It is hard to say."

Mr. Hiscock: "It is an annual event, they are saying this is the fourth annual so I do recall the, in fact we grabbed it out of the files, we found the 2011 letter and I believe it was probably a letter sent out to the Commission for informational purposes and no one requested that it be put on the

Agenda. So this year, when the letter came in we again sent it out and we had some inquiry so it made the Agenda.”

Commissioner Borges-Lopez: “I have a question, they are requesting for us to we donate the \$525.50 which is the cost for placing the banners or are they asking for us to provide because according to the letter, if I am reading it correctly, I would further request that SNEW hang the banner and ask your Board to fund this through your Community Services.”

Mr. Hiscock: “Yes, this is a non-cash contribution.”

Commissioner Borges-Lopez: “It is a non-cash contribution.”

Mr. Hiscock: “It is for \$525.50. It is our estimate of the time involved in placing the banner and taking the banner down. Unfortunately because the banners are usually long, it takes two line trucks to hang the banner, one on each end of the banner. That is why it is kind of expensive. If somebody had a short square banner that you can do from a single bucket truck that would be nice and easy. As soon as they get long it is a bucket truck at each end so more labor is involved.”

Commissioner Ayme: “So the estimate including the trucks is \$525.50?”

Mr. Hiscock: “\$525.50 is the estimate and I wanted to try and make it clear that it could be less, it could be more but it will be within \$50 of that dollar amount. So really what I think we are doing, if this is to be approved, it’s to approve hanging the banner and I am giving you an estimate as to what hanging and removing the banner costs.”

Commissioner Borges-Lopez: “I make a motion to approve the \$525.50 for hanging the banner.”

Commissioner Harris: “I second.”

Commissioner Burgess: “Ok, any discussion? All in favor?”

Commissioners Unanimously: “Aye.”

Commissioner Burgess: “Opposed, abstentions?”

[None]

Commissioner Burgess: “Appointment of Director and Alternates to the CMEEC Board.”

Mr. Hiscock: “The CMEEC by-laws and founding resolutions require each of the CMEEC members to appoint two members to the Board of Directors and to have two alternates who can serve in their place. The current representatives are Mark Harris and myself and the alternates are Scott Whittier

and Joe Tamburri. I have had some discussions with Joe Tamburri and my recommendation is to replace Joe Tamburri with Kevin Barber. My reason for that is that Kevin Barber is heavily involved in the CMEEC AMI Project, the stimulus grant and is at CMEEC a significant amount of time and is involved with CMEEC operations. Joe Tamburri on the other hand has not been involved, although he has been an alternate for a considerable amount of time. Prior to making the recommendation, as I said I did discuss this with Mr. Tamburri, and he has no issue with it and he has no concern in making the swap or that I am recommending the change. The other issue with respect to CMEEC is continuity and it takes a while to understand CMEEC's operation and for long-term purposes I would prefer that we have individuals from an actuarial basis who are likely to be involved in the organization for a significantly longer time period. And that is not to say that Mr. Tamburri is leaving, don't get me wrong, but considering the members of the Board, you always want to have somebody who has been involved for a long time, it's a very, very long learning curve. Mark has been on the Board for a long time and I have been on the board for 10 years, Scott has been an alternate for a couple of years and it takes a while to bring people on so I am proposing that we add Kevin Barber and remove Joe Tamburri. If you go a long with that recommendation, there is a Resolution in your Board Book and since it is going to the CMEEC records, we need a formal Resolution. If there is a decision in the affirmative it would be the Resolution in the book."

Commissioner Burgess: "Will someone make a move to approve the Resolution?"

Commissioner Ayme: "I move to approve the following Resolution."

RESOLUTION

APPOINTMENT OF DIRECTORS TO THE CMEEC BOARD

BE IT RESOLVED that the Commissioners of the Second Taxing District hereby appoint John Hiscock and Mark Harris as Directors to the CMEEC Board, and appoint Scott Whittier and Kevin Barber as Alternate Directors to serve in the absence of John Hiscock and Mark Harris, for the period from January 1, 2012 through December 31, 2014.

Commissioner Ramirez: "I second."

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

Commissioners Unanimously: "Aye."

Commissioner Burgess: "Opposed? Abstentions?"

[No Opposed]

Commissioner Burgess: "Next."

Mr. Hiscock: "Item 5 on the Agenda, Rate Increase Notification and Public Hearing Policy Revision. There is an explanation in your tab on the Board Book. Simply as we all know, that when SNEW did the water rate increase, in the fall of 2011, it was met with some concern about the notification policies and procedures that were used with respect to items, essentially rates and rate changes. And from my perspective it is simply, we no longer get coverage from the Hour. The Hour used to cover our meetings. The Hour would have picked up the Agenda and called me and asked for an explanation as to what was on the Agenda. They would have checked back after the meeting to see what was going on and none of that is occurring and has not occurred, as you can tell, in quite a few years. So given that, sometimes issues that come up at our meetings really don't receive widespread notification because people don't read the legal ads. After the rate increase, Senator Duff, after hearing from some constituents, was not happy with the procedures and policies and put some information on his website indicating that he was going to sponsor some legislation. As a result of that the Commission and comments by our own Electors passed a meeting notification policy for rate increase changes in January 17, 2012 and we actually used the policy during the rate structure changes and rate changes for the electric utility and went forward. Senator Duff put in legislation that met significant opposition in the electric industry and despite Senator Duff's influence and he has considerable influence considering his chairman's position and seniority positions, it wasn't going to go forward so Senator Duff narrowed the legislation considerably and at that point I started entering into discussions with Senator Duff because it appeared that he had the ability to move that legislation forward and it might have been detrimental to the District. As a result of the information going back and forth between Senator Duff and I; Senator Duff suggested the changes that you see in the redlined version of our January 17, 2012 policy and I reviewed the changes. The only one that gives us any real concern with respect to cost is the bill insert. We found a few ways to mitigate that cost by timing issues and certainly we can mitigate all of the costs if we announce potential water rate increases well in advance. Having said that and having this dialog back and forth with Senator Duff and looking at the upside and the downside and it just provides for some additional information to be transmitted through other media and that is fine and then the suggestion that no decision should be made until seven days after a public hearing. I certainly didn't think that was an issue because we wouldn't do that. You go to the hearing, you think about the input and at the next meeting you would deal with it. So that certainly is not an issue. Commissioner Geake did make a suggestion that I didn't put in here because I wanted you to see what Senator Duff and I agree to, but Commissioner Geake indicated that we should add 'at least'

into that sentence, 'that no decision shall be made until at least seven days after the public hearing'. And I think that is fine. It is certainly not an issue and I would suggest that if we are inclined we should go forward with this, that we add the words 'at least' and do it that way. While I didn't, as I think you all understand, I did not make this decision on my own, I ended up going back and forth with Senator Duff on Friday night while I was on my way out of town, but the wonders of modern electronics, it allowed us to go back and forth over the drafts and then I called the Chair immediately and the Chairman and I discussed it and under the circumstances we believed it was in the best interest of the District to adopt the changes that Senator Duff had indicated. On that basis, I got back to Senator Duff and said that the Chairman believes it is appropriate and we will go forward but it cannot be voted on until May 15th. On the basis of my statement and the Chairman's statement, Senator Duff on faith that the Commission is going to go forward with an affirmative vote, withdrew his legislation. So, I simply would urge you to, based on everything that has occurred, to accept the revisions and I am not saying without discussion but simply I think it is within the District's long-term interests to accept those suggestions in light of the fact that they are not materially different from what we have did anyway."

Commissioner Mann: "My question is in the Hour article. It stated that the pending rate change is to be emailed to rate payers?"

John Hiscock: "Yes, that is not a difficulty for us?"

Commissioner Mann: "It's not?"

John Hiscock: "No, because what we would end up doing is we would probably have a sign up section on our website saying anybody who wanted notification of District notifications, we would take their email address and put it in one of those group email blasts and we would set it up that it would go out at night, if it was a long list it would go out during the day, if it was a short list...that is not an issue. It is common practice, a lot of trade associations, a lot of businesses and certainly a lot of advertising goes out that way. So if anyone signed up for that, and there will be some people and it's not a difficulty because under state law, right now, you can register with the Clerk for individual mail notification of any formal notification of a public entity. So this actually would be easier done by email."

Commissioner Mann: "I see."

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

Commissioner Burgess: "Yes."

Commissioner Ramirez: "There is a circumstance that a very large population is Latino members of the community are clients of SNEW. Would that flyer also, perhaps since the

notification is such an important matter that is taking place, could it be translated into Spanish also?"

Mr. Hiscock: "It could be. I think we have had some discussions at previous Commission Meetings about this issue and I think that, my personal opinion is that if the Commission adopted a translation policy it should be really involve all of our notifications and not just this particular notification because right now our legal notices are in English."

Commissioner Ramirez: "And the reason I suggest this is I am concerned. If it was up to me, for the Latino community members, there are a lot of folks that do not understand exactly what is going on and need help from somebody else, if we can find somebody, who knows exactly what is going on, so perhaps we can make it easy. I don't think it would be a big expenditure but we do have somebody on staff, is that correct?"

Mr. Hiscock: "We do have a member of staff who is fluent in both English and Spanish."

Commissioner Ramirez: "So they could do the computer translation."

Commissioner Burgess: "Yes?"

Commissioner Geake: "I was under the impression that if you speak another language that there is a format that you can just automatically go to and it will automatically change yours to Spanish or German or whatever."

Commissioner Ramirez: "Those computer translations are really bad. It is very confusing."

Commissioner Mann: "While I understand the logic and the reasoning, I am having some difficulties right now because when you start translating in one language we have a very large Haitian population and now do we have to do it in French and on and on so I think we should be very cautious in what we do because it is now becoming a very big issue within our community."

Commissioner Borges-Lopez: "Through the Chair. We went through a very long discussion in the past with regards to the invoicing and having it in Spanish and other languages and I think to entertain this every time we have a forum is really not necessary. We should really move on and we have discussed this for at about and least an hour and a half, I remember from one other meeting."

Commissioner Ayme: "Through the Chair. The last time that we had this discussion we, I believe, I could be wrong, but I think it was determined at the time that any translation would have to be through a certified translator. Not just anyone can translate. Many people speak perfect languages whether it is England, Spanish, French or whatever. But if

they are not certified translators it could run into a problem. That is my point.”

Commissioner Ramirez: “What kind of problem are you referring to? It is a simple notification in simple language.”

Commissioner Ayme: “A simple language that goes to Hispanics for example who come from different countries. One sentence could mean something to one group and the same sentence could mean something else to another group. Last time I heard that is the consideration we would have to make.”

Commissioner Ramirez: “Through my experience in fact, that could happen with a certified translator.”

Commissioner Ayme: “Well a certified translator is a certified translator at least; I think we got into that discussion as well.”

Commissioner Ramirez: “I am going to let it rest right here.”

Commissioner Ayme: “The point I am trying to make is that it gets more complicated than just a simple translation. It gets more complicated than that.”

Commissioner Burgess: “Yes. Commissioner Harris?”

Commissioner Harris: “Could we just put something on the bill that we have someone on staff who works as a customer service person?”

Mr. Hiscock: “One of the members of the customer service staff was hired I guess about a year or a year and a half ago, I don’t remember time Gwen, two years excuse me, time flies. Anyway regarding the ad for a customer service representative it was required there be Spanish and English fluency, if that is the way you say it, and we actually ended up hiring somebody we were all aware of who happened to be a bank teller who worked at one of the local banks and came to work for us. So that when a customer comes to the window or someone calls and does not understand English but does understand Spanish, we do have the facilities in place to take care of that. And that does work reasonably well. If she is out to lunch well that is not a good situation but at least with respect to the personal contact we have taken care of that issue. It is the only language, I guess, other than...”

Commissioner Harris: “That was going to be my next question.”

Mr. Hiscock: “Mr. Tamburri speaks?”

Commissioner Mann: “Italian?”

Mr. Hiscock: "What does he speak?"

Commissioner Mann: "Italian I think."

Commissioner Ayme: "Yes Italian I think."

Mr. Hiscock: "Yeah I think he speaks Italian and that is it as far as I know."

Commissioner Harris: "My suggestion was going to be that we put something maybe at the top that says if you need help understanding this document you can call this number but then it goes back to Commissioner Mann's statement that if we do it for one other may say how come you don't have this so."

Commissioner Geake: "Through the Chair. I was under the impression that if they come here and don't speak English then they bring a translator with them. If they have to discuss something that they feel is important or that is what I have always seen or heard stories about how somebody brought along their sister, their brother, their child, someone."

Mr. Hiscock: "Usually their children."

Commissioner Geake: "Yes their children speak the language better than they."

Commissioner Mann: "Yes."

Commissioner Burgess: "Can I have a motion on this Rate Increase Notification Policy?"

Commissioner Borges-Lopez: "So moved."

Commissioner Ayme: "Second."

Commissioner Burgess: "Any more discussion?"

Mr. Hiscock: "Can I get a clarification? That does include the words 'at least' or not?"

Commissioner Borges-Lopez: "I'm sorry?"

Mr. Hiscock: "That does include the words 'at least'?"

Commissioner Borges-Lopez: "Oh yes, it does include the change with the word."

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye."

Commissioner Burgess: "Opposed, abstentions?"

[None Opposed]

Commissioner Burgess: "SNEW policies review."

Mr. Hiscock: "Ok. Consistent with what we have done during previous meetings, we have picked certain policies and the policies that we have placed here; you have the new version black-lined and the redlined to show the changes. I believe if you look at these changes you will see that in all four policies the only thing we did was get the Commission issue straightened out because some of them were passed by the District Commission, some were passed by the Electric Commission and there is no longer a difference between the two Commissions as they were merged into one so we cleaned up all of the language that separated the two entities and made it consistent with the current structure of the District. All of the substantive issues relating to this remain the same, the rules, the prices, the polices, the practices we changed none of those. So this would simply be making those four policies consistent with our current organizational structure. And just looking one more time to make sure I am not misleading anybody. Oh, we changed the word 'program' to 'policy' on the Non-Residential Deposit Policy."

Commissioner Burgess: "Are we to vote on these one at a time?"

Mr. Hiscock: "Your choice. I think they are so innocuous and consistent with respect to concept that you can approve them all at once unless someone wants to pull one of them off."

Commissioner Burgess: "Is there any discussion on this or confusion about what we are doing or trying to do?"

Commissioner Ayme: "If I may through the Chair. What we are looking at here is the ratification of the existing policies that we have. Is that correct?"

Mr. Hiscock: "No, we are looking to alter the existing policies to match the current structure."

Commissioner Ayme: "To alter or make a revision. Ok I am sorry. So we need an authorization to review the policies?"

Mr. Hiscock: "To adopt the polices, as placed here, making the red-lined version match the black."

Commissioner Harris: "Are we ready for a motion?"

Commissioner Ramirez: "I will make a motion to approve the changes."

Commissioner Harris: "Second."

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

Commissioners Unanimously: "Aye"

Commissioner Burgess: "Opposed, abstentions?"

[None Opposed]

Commissioner Burgess: "Ok, the Substation."

Mr. Hiscock: "Ok, we are going to do an update to let the Commissioners know where we are on the Substation project. Those of you who have been on the Commission for a while know that, when we built our filtration plant every six months or so we would get an update. With me here this evening is Scott Whittier, our Director of Technical Services. Scott is in charge of this project and is working on it day-to-day and dealing with all of the various entities that we have to deal with to move this forward. And I am going to say to you, that here is the hand out, take one and pass it on, in case you want to follow along. And I will also indicate to you that you have seen some of these slides before so we will go through the initial ones pretty quickly and it is just a recap and since I am going to go quickly through the first couple, if you have questions just please stop me and that way we will get through this within a reasonable time. And I am going to do the overview and Scott is here in case you have any detailed questions about the issues going forward. Ok, the simple Agenda here is the background of the project. What has been done, what is being done now, and what needs to be done. This is just a simple review. This background, I think you all recognize this, you have seen it before, we've got 6600 customers, we have 21 megawatts; it is going to be 25 to 30 megawatts. We have gone over this territory quite a few times. We know we have a Substation on Flax Hill supplied by CL&P, we have two feeders, we have had trouble with the feeders and we've got 13.8kV and 4160 voltage at our existing State Street Substation, not the Flax Hill, CL&P. Here is the map, you have seen it before."

Commissioner Ramirez: "Bear with me, I am sorry."

Mr. Hiscock: "Yes, go ahead."

Commissioner Ramirez: "What is the difference between kV and just v?"

Mr. Hiscock: "Oh, ok it's thousand volts versus notated with the Vv versus the volts in V and it is a funny little quirk in the notation that we use. When we talk about 13,800 volts we call it 13.8 kV, it is the same thing. For some reason in our business when we talk about 4160, we talk about 4160 volts as opposed to 4160. It's just a jargon quirk that goes on in the industry and it's kind of weird, but it is. And Flax Hill Substation is in green; that is where we are supplied by CL&P, you have seen the map, the faint yellow lines are the supplies routes, the proposed Substation is the lower red triangle and the existing State Street Substation that is our Distribution Substation, is the red triangle. You can see the obvious distance in location between the green CL&P and the proposed red, its closer; it's quicker and tremendous increased reliability and obviously a huge cost savings. Proposed system – connect directly to the 115 kV on the property that we own adjacent to the 115 system on Dr. Martin Luther King, just north of UPS. Technical detail – fed with a loop-line, one breaker in the middle, meaning if the 115 line goes down, the breaker opens up and we get served from either side depending on which side got a fault. It is also for maintenance so that we are never out of service. We are putting in redundant transformers so we will have two 115 to 13.8. We will replace the 13.8 to 4160 and there we use 4.16 kV, not the normal jargon but it fits better. And the connection is to the south line and since we have approval now to get into the 1890 line, the last part of this phrase is that the 1460 could be tapped. Well, we already have ISO New England's approval for tapping the 1890 the southern one. Just and aerial shot from a map showing the proposed Substation here, the existing substation is going to be fed and one route for the feeder is going to be out of the Substation, down existing conduit works that were laid a long time ago in anticipation of this project and come into the existing Substation. The second route will cross Martin Luther King and go through the Old Ely Avenue connecting to existing duct work at the intersection of Mulvoy and Old Ely right here and then it will continue through existing duct work here. The purpose of that is to have redundant paths because, for two reasons, one if we have a manhole fire, we don't want to take out both systems so you don't run both sets of feed conductors to the same manhole and two, underground linemen are a little uncomfortable working in a manhole with live 13.8 so it is really both a safety issue and a redundancy issue. It costs a little bit more, but considering the life of the facilities, it is not a bad situation. These are our concerns and needs as to why we are doing it. We talked about this a million times but our 27kV lines are very old, expensive and prone to failure. We are paying CL&P for assets at their cost to capital, that's not very good and the CL&P transformer Flax Hill is a single, it is non-redundant, it is manually switched into 9S; the 9S is a substation of CL&P at New Canaan Avenue. You can't really see that, but this is the circuit outages for all of the outages we have had since 2007 to date. That is just a lot of outages and some of those are outages of only one line and not our whole system so it is not as bad as it looks without reading through it. And again, we talked about this municipal debt at 5%.

Carrying costs for CL&P debt, profit and taxes is at about 18.5% so it is significantly cheaper if we build the facility as opposed to CL&P. This is our local facilities charges, you can't see this table but it shows \$684,000 last year and it shows \$58,000 way back in 97. So you can see it has gone up ten-fold and that has to do with new facilities they put in place at the Flax Hill Road and the other new facility they put in place at the 9S Substation. And down here is the projection to go higher. And it is showing about \$900,000 I think; the projection for 2015. These are the monthly numbers and these are the annual totals and for \$900,000 a year you can carry a lot of debt. And we have, as you know, the financing decision will be made by the Commission when we have a final cost and we understand where we are. Progress to date – we have acquired the parcel, you know that, you voted for it, the Electors voted for it. And I am talking about the second parcel, the first one we acquired way back in 1997 from the City. You know we hired AECOM/Mott MacDonald in 2010 and in fall of 2010 we advised CL&P of our intent, we met with the Reliability Study Group of ISO-NE, we met with the Siting Council in August of 2010, we demolished the buildings in October, 2010 and in February of this year, 2012, we received I.3.9 approval from ISO New England. That is the permission to hook in. The best part of that approval was no improvements in the transmission systems are required to be paid for by us. And that was an important issue. We met with the Mayor several times but the most significant time to initiate presentation was in February. We submitted the Municipal Consulting Filing Application to Planning & Zoning on April 19, 2012. We presented the application to the Plan Review Committee last week, May 10 and that is what has been completed. What are we doing now? Ok now we are getting into what is the issue here. We are on the Agenda for tomorrow night and hopefully we will get approval and the result of an approval will be a letter from Planning & Zoning Office to the Siting Council saying that they reviewed our plans and find them to be consistent and acceptable with local control and we did not get many comments at the Subcommittee Meeting, we answered a few questions and that really has a lot to do with the way the Subcommittee process works because the P&Z staff pretty much knows what the Commission is interested in and the topic and they made some suggestions to us that Scott spent a lot of time with Michael Green going over our plans and he made suggestions, we incorporated his suggestions so that when it got to the Committee the staff suggestions were already in the information we provided. So if that happens tomorrow night or it happens at a subsequent meeting, we will then file the application to the Siting Council. Now, there is normally a sixty-day waiting period between the beginning of this whole consultation and the Siting Council acceptance of the application. However, the Mayor and Corporation Council along with Third Taxing District's Siting Council counsel has requested that the Mayor and he has agreed to sign a letter waiving the remaining period of the sixty days indicating that P&Z has reviewed it and finds it acceptable. We are anticipating that if there is action tomorrow night our Siting Council counsel, who is the same attorney that represents the Third Taxing District, will ask the City to sign the same letter. And the Siting Council has, per the TTD recommendation accepted that letter as ok as the waiver so we can move along quicker. If we get approval tomorrow evening, we will get involved with a little bit more discussions with FERNs for final design. When we hired ACCOM/MacDonald

it was to file the Siting Council Application, which is a preliminary design. We will now go back and issue an RFP to match the scope that we have agreed with for the final design for final construction. We are, by the way, so you know and it has to do with the next item, we are negotiating with CL&P. We are considering hiring the same design firm that CL&P uses to really make the coordination quicker and I will explain that in a minute. This Substation, while designed completely to feed SNEW, the transmission portion of the Substation, which is three towers, the relocation of the 115 wires into the Substation grounds going through a relay control breaker and some CL&P controls and two take-offs, one on either side of the breaker and a control house will be owned, operated and managed by CL&P. There are two sides to that. If CL&P owns, operates, controls and manages it, since it is part of the PTF (Pulled Transmission Facilities) ISO-NE gets billed for that, we don't pay for it, we have no capital outlay for it, however, we also need to provide CL&P with a permanent easement for their portion of the yard. They will take up approximately 25 or so percent of the land of the actual lot that we are placing this on, which is the combined lots. We will take up another 40% or so and the remaining 30% will remain undeveloped. So we are negotiating with CL&P with respect to the easements and negotiations in this area are not going to be easy. We are giving an easement back to them, which essentially is ground control. We will hold title but it is essentially full ground control but we will retain title."

Commissioner Ayme: "I would like to ask you something. Through the Chair. I have to be able to understand this. We are building the Substation that was the original idea because we are paying CL&P some \$300,000 a year, am I correct?"

Mr. Hiscock: "No, we are paying them now \$800,000 a year."

Commissioner Ayme: "\$800,000 a year. Once this substation is operational we will not have to pay CL&P a penny, is that correct?"

Mr. Hiscock: "That is correct."

Commissioner Ayme: "Ok. Now we are allowing CL&P an easement into our property basically. How much are getting for that?"

Mr. Hiscock: "Ok, we have not gotten there yet because we don't have the final design and plans. What we intend to do is to accumulate all of our costs with respect to the site acquisition including some of the environmental cleanup, including the costs, including the Siting Council Application and all of the work that we have done to date and then look at it on a prorated basis between ourselves and CL&P and then we will consider that, and we are on the public record so I don't want to get into any more detail than that. That will be part of the basis of the cost of this permanent easement and from CL&P perspective, the cost of this easement, as long as it is fair and reasonable, will be part of their cost to build the PTF section and will be part what they essentially lease to ISO-NE as PTF."

Commissioner Ayme: "As a follow up to that, the CL&P Substation we are still using it?"

Mr. Hiscock: "We will be using it until this Substation is on line."

Commissioner Ayme: "Until this Substation is operational. I understand that, and I will say it on the record, that CL&P never did the upgrades that had to be done to the Substation. Am I correct?"

Mr. Hiscock: "Well, not specifically. What happened was in the mid 2004-2006, we dealt with CL&P because they determined they wanted our 27.6 kV lines including some lines that fed their customers off the 9S Substation because the 27.6 backbone was being overloaded. The 27.6 backbone goes up into New Canaan, goes down into Darien, goes over to Westport and they have done a lot of development on it. So they said we are going to build you a new transformer set up at Flax Hill. They did not give us a choice and they had the right to do that, but if they came to us and said, well how do you want it designed, knowing that we were moving in this direction, we told them to put in one transformer not two and we told them not to upgrade the lines because every time they upgrade the lines and the Substation and whatever cost they put into it, we were paying them 18.5% to carry the capital and we were paying them another rough number 15% for the OM&A on those facilities. So, numbers got big quickly. So, we limited them and said not don't make improvements, repair as necessary, do not put in an redundant transformation in there knowing that we were moving to our own facilities because once we agreed with them to put the facilities in, then they became stranded costs and they had an argument with the regulator to force us. So this was part of this negotiation that we ended up with for the 21N rate. So we limited the assets because we did not want to get stuck with the costs. So that was a cost saving measure and we weighed the outages against the cost because the arrangement we have now with CL&P, all of the facilities that were in place when we signed the contract last year, year before, and you are aware we signed a contract because we came to this Commission for approval, they agreed with us that there would be no stranded costs for anything installed prior to the signatures on the contract. So any improvements from a few years ago forward we are obligated for stranded costs so we said improved nothing, improve nothing. We don't want to pay for facilities while the transformers could be reused, they would have to be moved and the cables couldn't be because they only supply us. Now, to their credit, they knew where they were going because the cables that are in their service territory that feed us they are going to convert to 13.8 and use for additional circuitry. So it is part of the reason they are being as cooperative as they are because it helped their system also. So, it wasn't a situation where we were giving something up, they were getting something, so this is a really good arrangement for all of us. It's probably a longer answer than you wanted but I wanted to answer it fully."

Commissioner Ayme: "I just wanted to understand the financial aspect in the sense that, I

am just going to ask, do you have any idea how much we could possibly, just a ball park, as to how much we could possibly get in giving them an easement?"

Mr. Hiscock: "No, I cannot discuss that on the record. Talk to me privately and I will give you some idea."

Commissioner Ayme: "Ok. I understand."

Commissioner Harris: "Can I ask you a question, maybe in a different way? Would there ever be a situation where you would not enter into a permanent easement?"

Mr. Hiscock: "We will probably and we haven't really dealt with legal counsel on this and we don't know really where we would go, we probably would have a sort of a sunset on the permanent easement that if the Substation was removed and the PTF facilities were removed or if something changed dramatically, it would revert to us and they would lose the easement. In other words, I think what we are willing to commit to them is that they will get permanent means as long as their facilities are at the site. Now, an example if we negotiated with them to own those PTF facilities for some reason and I couldn't give you an example as to why, then the easement would disappear because we'd own those facilities. And that might have to do with regulation and that is way too speculative to talk about. And in the life of the facilities they are putting in is 50 to 60 years probably. They may be upgraded, if the lines are upgraded. If they put a 345 loop in, they would then probably be obligated to convert our facilities to 345 a higher voltage. So, to answer the question; the only way it can go to there is if it is a permanent grant to them but with reversion rights if they own nothing on the land."

Commissioner Ramirez: "With that, through the Chair, if you don't mind? The same line that Commissioner Ayme was talking about, I know that there is giving and taking, but I would like to know if there is some financial rewards towards SNEW by them utilizing the easement. You stated loud and clear that a negotiation has not reached to that point yet. It would be nice to see something."

Mr. Hiscock: "And what will happen is that an arrangement will come back to this Commission with all the information and justification. I don't have the authority to do that at all."

Commissioner Ramirez: "I know. I just wanted to know financially what the amount could be."

Mr. Hiscock: "It will certainly be a fair deal, they have to obviously justify it to the regulator because if it is an excessive payment, then it becomes a problem and they will disallow it. So, it will be scrutinized by ISO-NE to make sure it is appropriate. But along the lines I

discussed, it should be appropriate without too much trouble. The other benefit of doing what we've done with CL&P is that it lowers our costs, our initial outlay significantly. It lowers our costs significantly so that our cost to build is going to be less, so our financing decision and I am not saying will be, but might be different on the basis that the initial construction is going to be significantly lower and we won't know that until we get a little bit further along in the process."

Commissioner Ayme: "Well, I am just happy to know that we will be getting something back as long-term, we have paid CL&P a lot, a lot of money. So, it would be nice if we could get something back."

Mr. Hiscock: "The only other issue that has cropped up here that we just need to mention to you is UPS plays into this. We have been dealing with UPS; we got permission to bring some surveyors onto their site yesterday. We need access through their site to do a soil boring and because a third tower is necessary due to the alignment of the railroad tracks and the wires, we are going to have to get onto UPS' property to construct the third tower in the railroad right of way so that it feeds our two towers. Again, all part of the PTF. So we have initiated all of the discussion with UPS. We are leading the project with UPS but at some point, relatively soon, I am assuming after the soil borings are done, we are presuming that CL&P will be taking over negotiations with UPS because there is an aerial easement necessary. One section of the lines are moving slightly, way high up, slightly over a corner of UPS's property. They actually don't own it. It is a 99 year lease so it has something to do with the current property owner but CL&P will deal with those negotiations."

Commissioner Ramirez: "We are not paying anything for the utilization there?"

Mr. Hiscock: "No, I have to say that UPS has been very cooperative and very prompt and they license for no charge our access. They made us sign a Hold Harmless Agreement which we signed obviously and provided insurance documentation but it will be the same for the boring. I think the only time they are going to get into any payment will be from CL&P for the permanent aerial easement. Final issue is soil borings, environmental and foundation design. We have a boring plan but we haven't issued contracts for those borings. The borings are necessary. We are going to do borings on both our portion and CL&P's portion because it is easier to bring one boring contractor in. We have environmental cleanup that we were aware of when we purchase the property and instead of having an environmental restriction and sort of mitigation and reporting, we decided it is more cost effective and certainly more acceptable to both ourselves and CL&P to cleanup. Cleanup means we have to truck some soil out and replace the soil. It is probably the most cost-effective way to go over the long term. We will be asking the Siting Council for permission to do the environmental cleanup prior to their approval because you are not allowed to start construction on a Siting Council facility until you get final approval. Our position and our attorney's position with them will be that the environmental cleanup is necessary regardless

of the eventual use of the parcel. We believe they will grant that. So that is sort of what we are working on right now. What needs to be done? Well, we obviously have to submit the application and that is dependent upon what happens. We have to do the actual environmental cleanup not plan for it and we have to do final design. And the important thing I wanted to talk to you about is we need to move the existing storage yard. You know that we still have transformers, poles, wire and equipment at that site. I am not going to be divulging anything that is no longer a secret. It might have been a couple of weeks ago, but our fence is on City property. It is on the remnant of Old Ely Avenue, we fenced right out to the guard rail. It is on City property. We have constructed a pad and our facilities are stored on City property. Due to the nature of the site and we have been told by P&Z and our local legal counsel, who is a land use expert, has indicated that our use is incompatible. So, and we knew about it, the City did that back in 1997 because we needed the space in trade for building this. So we need to move that from the site. They will not allow us to continue to store. It will require variances and other things and they indicated that they were not inclined to approve that. So, the north end of the parcel is going to be converted back to kind of open space; the triangular north point. And actually a very significant portion of the triangle runs down to the railroad right of way and we would have to build a big, very expensive retaining wall and deal with the railroad. It just doesn't make sense. So, we are going to look at that. We don't have specific plans for you yet. We own a vacated facility at Lawrence Street we are evaluating and we have some significant space at State Street right now, where we can store. We also have some significant space at Water Street. Water Street is problematic because it is in a tidal flooding area and we would have to fill it and to fill it we would have to get a permit and then we are in marine commercial. We are not in a storage yard facility so that would require more. Just to let you know."

Commissioner Geake: "Through the Chair. Could we use State Street exclusively? Would that be enough space?"

Mr. Hiscock: "Kind of tight. And we have other potential uses for State Street."

Commissioner Ayme: "Through the Chair. We still have the buildings there?"

Mr. Hiscock: "Yes."

Commissioner Ayme: "Is there anything that could be done with that building in the sense that we might take down the building. I am not suggesting that but..."

Mr. Hiscock: "In an ideal world, well let's not start that way. There is a section of the Statutes that allows a generation plant to be built through a declaratory judgment of the Siting Council on a brown field, an existing closed generation site. So we have the right to build very easily a replacement and any kind of replacement facility could be a fuel cell, it could be anything that generates power. So I have been reluctant to convert the use of the

building. If that section of the Statutes were to disappear and we no longer had an advantage and no longer had reason to leave it as a generation brown field site, we could easily accommodate our entire operation, including our entire Water Street operation onto the State Street site with no problem. We would remove the engines, we would make the ground floor, which is about 3 or 4 feet above street level, we would make the ground floor the generation building, a garage for all of our vehicles and equipment, we would put a second floor in. We would have a massive second floor for all of our administrative facilities. We would also have plenty of room for storage. Ok, this is also a long answer to a quick question but I think we need to hold the State Street generation site, the actual building until they change the statute because future generation might come with significant rewards; significant financial rewards.”

Commissioner Ayme: “Exactly. Ok, I was going to say that.”

Mr. Hiscock: “If we came up with a renewable arrangement, we have a tremendous amount of gas at the site and Connecticut defines a fuel cell as a class one renewable.”

Commissioner Ayme: “That option that we have it’s a vital option to the electric portion of SNEW.”

Mr. Hiscock: “And as you know, we had Siting Council approval.”

Commissioner Ayme: “I know that but I am concerned with the environmental cleanup.”

Mr. Hiscock: “We have done phase I, II and III. We know the cleanup costs.”

Commissioner Ayme: “Ok.”

Mr. Hiscock: “And again, I am not going to talk about the actual cost on the record because we have to bid it.”

Commissioner Ayme: “I understand.”

Mr. Hiscock: “But that was part of when we acquired the land, we were aware of the environmental cleanup.”

Commissioner Ayme: “I totally understand that. I am fully aware of that.”

Mr. Hiscock: “And to make it clear because we are on the public record, it is not a big issue. It is lead and arsenic. It is lead and arsenic in very small concentrations.”

Commissioner Ayme: “We knew that from the beginning. Moving the existing storage; is

that running into, if can we can't talk about it, I understand also. It could possibly run into a lot of money."

Mr. Hiscock: "No, not at all. There is nothing there that is structural other than a concrete pad for transformers. If we moved to Lawrence Street or we if did something here because of the spill regulations, we would have to have containment for the storage of the transformers. We'd actually prefer to store transformers in doors and as part of this project we may cleanup sections of the existing generation building and start storing our transformers indoors."

Commissioner Ayme: "My other concern was, but you have already explained that, the modification of the Substation on State Street."

Mr. Hiscock: "The reason I put that there is that it actually frees up some space."

Commissioner Ayme: "You explained it and I am ok with that. Thank you."

Mr. Hiscock: "Ok. And the last item is the placement of In-Service. And that would be the end of the project and hopefully, although it looks like it is a little optimistic. Hopefully that would be the fall of 2013. The outside at this point appears to be the spring of 2014. And the reason it is either the spring of one or fall of the other is that they will not take the transmission lines out of service for the connection during the summer or during the winter because those are peak electric use times and it messes up their contingency level so they would probably drop the level three contingency back to two and they won't do that during peak. So it will be fall or spring connection."

Commissioner Burgess: "Are there any more questions here?"

Commissioner Ramirez: "I am sorry?"

Commissioner Ayme: "The Chair wants to know if there are any more questions."

Commissioner Ramirez: "No, I believe that John has done an excellent job."

Mr. Hiscock: "Well, it is actually John and Scott and other members of the staff who did a really good job. I may be doing the administrative oversight but Scott is doing the day-to-day work."

Commissioner Ramirez: "Scott, well done."

Mr. Hiscock: "We have added an Agenda item and that Agenda Item is going to go to Executive Session so we better go to public participation now."

Public Participation:

Commissioner Geake: "That is you."

Commissioner Ayme: "Public participation."

Unidentified Participant: "I thank you for the review and have a good night everyone. I couldn't wait to hear about the Substation."

[Laughter]

Commissioner Geake: "Thank you."

Commissioner Ramirez: "Thank you."

Commissioner Ayme: "Thank you for coming."

Commissioner Mann: "John, this picture?"

John Hiscock: "Oh I am sorry. I didn't go to the picture did I?"

Commissioner Mann: "We can see it in our books. But that is what it is going to look like on Martin Luther King Boulevard? That is a lot of wires."

{Laughter}

Mr. Hiscock: "Lots of wires, take a look around this building."

Commissioner Mann: "We try not to look at it. I like the trees. The trees are beautiful. We are going to plant them right, we are going to plant all those trees?"

Commissioner Borges-Lopez: "The flowers and everything?"

John Hiscock: "Yes, Flowering Cherry and arborvitaes."

Commissioner Borges-Lopez: "I think it looks very nice."

Commissioner Geake: "So we are not getting the City to give them to us?"

Commissioner Mann: "Yes it does."

Mr. Hiscock: "And the final page, I am sorry I did not go to the site plan with the landscaping on it, the fold out page, I forgot to go to that."

Commissioner Mann: "The three towers, this is a park corner that you are talking about, the triangle? Is that it all the way at the end?"

Mr. Hiscock: "No, [pointing at map] that is a new tower, no I am sorry, that is a new tower right there and that is an existing tower, that is a new tower, that structure is new and all of this is existing."

Commissioner Mann: "How come I haven't seen this? Ok, I have to ride down there and look."

Commissioner Ramirez: "Those are the high towers of Metro North."

Mr. Hiscock: "This is from a photograph and this is so you have a perspective here, this is the bridge over the tracks. You come up Martin Luther King you go over the bridge and the next thing you have is Lowe Street and you look from Lowe Street both ways and see what is there. It is kind of nice that you don't notice that it is there."

Commissioner Mann: "I certainly didn't notice it."

Mr. Hiscock: "We tell everybody. In a month you won't even see it anymore."

Commissioner Ayme: "We need a motion, in the absence of the Chair. We need a motion to go into Executive Session for a specific purpose."

Commissioner Ramirez: "I am sorry to interrupt you but what happened to the Chair?"

Commissioner Ayme: "She went to the ladies room, she will be back."

Mr. Hiscock: "Good, because we only have a single bathroom at the moment."

Commissioner Ayme: "She had asked me to take over for a couple of minutes."

Commissioner Ramirez: "Ok, thank you I just wanted to clarify that. Why don't we jump in. Go ahead."

Commissioner Ayme: "We need a motion to go into Executive Session."

Commissioner Ramirez: "I make the motion to go into Executive Session."

Commissioner Ayme: "Can you state the purpose please? As to why we are going into Executive Session."

Mr. Hiscock: "I am sorry, to discuss a potential contract with a large customer."

Commissioner Ayme: "I need a second."

Commissioner Harris: "Second."

Commissioner Ayme: "All those in favor?"

Commissioners Unanimously: "Aye"

Commissioner Ayme: "Opposed?"

[None Opposed]

Mr. Hiscock: "Just for the record I am going to ask Scott Whittier to stay as it is a project that Scott is working on."

EXECUTIVE SESSION:

The District Commissioners moved into Executive Session at 8:20 p.m. The purpose of the Executive Session was to discuss a potential contract with a large customer.

Present in the Executive Session were Commissioners Burgess, Ayme, Borges-Lopez, Geake, Harris, Mann and Ramirez; General Manager, John M. Hiscock; Assistant Clerk, Gwendolyn Gonzalez

REGULAR SESSION:

The District Commissioners returned to Regular Session at 8:44 p.m. The following was a result of the Executive Session:

Commissioner Burgess: "Back in Regular Session and as I understand it, no action will be taken as a result of the Executive Session and now I need a motion to adjourn."

Commissioner Ayme: "Second."

Commissioner Ramirez: "So moved."

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye."

Adjournment:

The meeting adjourned at 8:45 p.m.

Attest:

Gwendolyn Gonzalez
Assistant Clerk

Transcribed by: Lisa Roland