

## **SECOND TAXING DISTRICT COMMISSIONERS**

Regular Meeting Minutes

October 16, 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 Kevin Barber Lisa Roland	General Manager Director of Admin. & Customer Service Acting District Clerk
Public Present:	None	

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### Call To Order:

Commissioner Burgess called the Regular Meeting of The Second Taxing District Commissioners to order at 7:04 p.m. on Tuesday, October 16, 2012. The meeting was held at South Norwalk Electric and Water, One State Street, Norwalk, Connecticut.

### Acceptance of the Minutes:

Commissioner Burgess: "I will call the Second Taxing District Commissioner Regular Meeting to order for Tuesday, October 16, 2012 at 7:05 p.m. And I need a motion for acceptance of the minutes."

Commissioner Ayme: "I would like to move for the acceptance of the minutes. 2.1, I better say it by date, September 18, 2012, March 20, 2012, March 27, 2012, Special Meeting of March 27, 2012, Special Meeting of March 30, 2012 and I am going to skip one April 17, 2012."

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

Commissioner Geake: "I will second it."

Commissioner Burgess: "Any corrections or additions? Ok, all in favor?"

Commissioners Simultaneously: "Aye."

Commissioner Ayme: "I am going to move for approval of the minutes for April the 5<sup>th</sup>, 2012."

Commissioner Borges-Lopez: "Second."

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye"

Commissioner Mann: "I have a point for clarification please. On the April 5<sup>th</sup> meeting minutes, is it ok that we second them as Commissioner Ayme was the only Commissioner present? Is that acceptable?"

Mr. Hiscock: "Yes. I know you were not present and this record will indicate that. This is the meeting that was called and we didn't have a quorum and it was cancelled for lack of quorum. Commissioner Ayme as Vice Chair came in and ran the meeting."

Commissioner Ayme: "I know I was the only one present but I vote yes. The rest of the Commission can abstain."

[Laughter]

Mr. Hiscock: "It was an Electors' Meeting so it is not a Commission Meeting anyway. It is just accepting the minutes for the record."

**CONSENT AGENDA:**

Commissioner Burgess: "Can I have a motion on the Consent Agenda?"

Commissioner Ramirez: "I will motion on the Consent Agenda."

Commissioner Burgess: "Do I have a second?"

Commissioner Mann: "I will second it."

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye."

**REGULAR AGENDA:**

Commissioner Burgess: "Ok, the Regular Agenda."

Mr. Hiscock: "Ok. Item 5 under your tab number 5 is an update with respect to work we are doing in the substation control room. I don't know how many of you have seen the substation control room. It is directly adjacent to State Street as you come in, before you come in to the garage on the right hand side, you go past our building and the portion that you go past is actually the control room and then the generators are well behind that. Inside of the actual structure there is no wall between the; and you know the bulk of the building, you have seen it. It is huge. There is actually no wall between the control room and the generators and I think you all know that the generators are decommissioned and out of service and will eventually be scrapped and the building will be reclaimed for another purpose at some point in time. But it's extraordinarily expensive to heat that large of space. So we started out with a project to put a wall in and it is a significant wall because it is almost three stories tall and the structure is set up in a way that a block wall fits in it nicely and it is anchored in the existing structural steel and it is fine. We are putting in some fire doors in places where we originally had wooden doors that separated the control room power plant from the old office because it was really the old office that was on the end of it. So, we budgeted some money to come in and put the wall up and make some minor modifications. As we went through the process, we started looking at what we were doing with respect to the new substation and how it affects the control room of the old substation and it's not only a control room, it has all of the relays for the 4160 which we are eventually phasing out. So as we went through this process we were moving along steadily on the new substation, we made a determination that the control room is going to be there for a very significant time period and the reason we did not do things sooner is because there was one option to eliminate that control room completely. It becomes a very expensive option that we decided not to go in that direction from an engineering perspective. So, at this point in time we really decided that it is necessary to control the space properly. So in addition to the wall, which will allow us to heat, probably 20% of the building, instead of the whole building and save tremendously on heating and cooling because of all the fancy new relays that we have put in place in that location, quite a few hundred thousand dollars worth of brand new relays that are working out very well for us, we need to heat it, we need to put a HVAC system in it at the same time we have some roof leakage, we need to address the roof and probably need to replace the roof. Now this is not over the whole structure, this over the section that we are renovating. And the way the structure is laid out, it actually works because there is an actual separate, different roof for that portion of the building. And I know this is very hard for me to explain this to you but I am just sort of giving you our

rationale for what we are doing. We also looked at all of the windows and there are very large glass windows on that side of the building and they are old single paned in very bad condition, structurally the sills and the mullions and the dividers are rusting over the years and they really can't be reclaimed. We can't go in and pull the glass out, sandblast all the steel, paint it and then come back in put in new double or triple paned for energy savings. It just doesn't work. So, we are going to replace the windows with a material, an insulating material that let's light through. An opaque material that let's light in but is very thick and has a very high "R" value and that is actually cheaper than trying to replace the windows. So, when we added all of this up and looked at it, we have come to the determination, and we don't have a final number and we are working as fast as we can go to a final number and if you would take one and pass it down you can see the different areas that we are working on but we do know that the amount in the budget for the project is \$256,640.00. It is not sufficient to do all the work that we believe is appropriate. Now, we all know that our budget requires Electors' approval. We have an Electors meeting in November and that is why this topic is coming up and why we are trying to move it quickly from our end so we can give a detailed package to the Commission. I thought it would be appropriate at the November Electors' meeting which is not a budget meeting; it's an audit meeting that we notice a modification to the budget and make the presentation to the Electors at that point in time. It saves us an extra meeting, it saves us meeting notices, it fits right in and we have done this before in November we have made modifications to the current budget. So, what I am really proposing is to get you additional information but I wanted to give the scope of flavor of what we were doing here and that's what all the documentation is that sits here. Nick Pacella is the architect. In addition to the architect we need a roofing specialist; we need a HVAC specialist and a structural individual as consultants. Now, when we have all those numbers in place we will have an estimate from each of them on what each of the areas are going to cost and we will then have a budget number. And we are pressing to have a budget number and backup for you for the November Commission Meeting. So, what we are suggesting is that we would come back with a full package for the November Commission Meeting, which is the second Tuesday and not the third, because the Electors Meeting is the third Tuesday and ask you to evaluate our proposal and make a determination as to whether or not you want to fund it. And then if you move forward and agree to fund it, then we would go for a special appropriation from the Electors and then we would have the budgetary money to proceed with the project."

Commissioner Burgess: "So no action is required tonight?"

Mr. Hiscock: "No action, I just wanted you to understand what we are trying to do and why this is something that is a greater scope than what we had originally planned. We originally planned on the walls and the fire doors. Now it is the walls, the fire doors, the HVAC, the block walls and the roof. It will put the control room in a position where it will be a, and it is a secure space too that is another thing, security, we will have a secure, safe,

environmentally acceptable space and it is going to be there for at least 10 or more years in its current configuration. So this is not an expenditure for a short time period. Just to give you a heads up, we will do this work over the winter, it would all be bid; all of the construction work would be bid. We are not planning on doing anything other than a standard construction bid with contractors like we did with the modifications here. So that is really where we are. We have a lead architect, Nick Pacella who is a local architect and a team of specialists that he works with. Each of the specialists are making proposals directly to us and that saves on the administrative fees with the architect. He doesn't get a cut; he agrees; he prefers to do it this way. He doesn't have cash outlays. We deal with all the relationships with all of the sub-consultants and that is the process we would use. So really the issue is explained to you this evening and say to you that in your next board package you will be have a detailed piece of information, scope, cost and all of the individuals involved. So at this point I can answer any other questions relevant to it. And certainly after we get this work done then we will look at the scrapping of the existing engines and all of that stuff in the balance of the plan."

Commissioner Geake: "Through the Chair, one real quick question. Do you have someone in mind or something in mind for these offices once they are complete?"

Mr. Hiscock: "Yes and they are not really offices. It is really the control room which is not a manned space. It is a big open space. There is a small office for the operator that is going to get improved. Right now Fred Belinsky, who is essentially the Switching Engineer, is his title and he is certified to work with Convex, works for Mike Giordano. Mike Giordano works for Scott Whittier in the Technical Service Department. He is at the plant a lot; he uses that auxiliary small office that we are going to improve as part of this but he also has an office over at Water Street. So it is not a specific office that we are moving people into. Eventually as the circuitry is converted from 4160 to 13.8 and the 4160 relays are removed from the control room, substation switching area, there will be space freed up for other things but that is a considerable time frame away. The substation is almost two years from completion and we can't even start conversion until the substation is in place and operating, so it is sort of a phased approach."

Commissioner Ayme: "Any more questions from the Commission?"

Commissioner Ramirez: "Through the Chair. Would it be fair to say that this will be over a half a million dollars project?"

Mr. Hiscock: "I don't believe it is going to be over a half a million dollars but it is going to be in that ballpark. Without saying specifically to you, without having all of the information, I am in the \$400,000 to \$450,000 range."

Commissioner Ramirez: "From where is this money going to come from?"

Mr. Hiscock: "It is going to come out of cash. So it is going to come out of the \$10 million electric reserve. If you look at the budget, it is going to come directly out of there. Because we have been a little bit more careful with the electric and the water budgeting and we are budgeting tighter, there is not a situation where we can trade a project; cancel one project and replace it with another."

Commissioner Ramirez: "So it would not do any damage at all to the project we have in mind?"

Mr. Hiscock: "No. It will come directly out of cash and while I know this is an unrelated topic and I know that I explained to you that we were going to draw cash down to subsidize the wholesale electric rate, some of the good news is that CMEEC has done a very good job this year and the CMEEC bills have been lower than anticipated so that we are not going to have to go as deeply into that cash anyway. So we are doing ok, we are doing pretty good."

Commissioner Ramirez: "Ok. Thank you."

Commissioner Ayme: "Any other questions? Ok so we move onto the next item on the Agenda which is the Update on Audit and Annual Electors' Meeting Schedule."

Mr. Hiscock: "I think it is self-explanatory. We go through this every year. We have done it for the past several years. We issue a draft audit report on the 9<sup>th</sup> of November for you to look at and review. We put the meeting notices in on Saturday the 10<sup>th</sup> in the Hour and let the public know they are available here at the office. On Tuesday the 13<sup>th</sup> is the regular meeting of the Commission where we go over the audit and we talk about it. We will keep the Agenda relatively light. There may be only several items on the Agenda so that we can accommodate discussion on the audit. We have put a second, although not legally required. We put a second notice in on the 17<sup>th</sup> in the Hour and then on the 19<sup>th</sup> another notice that is really not required but we put a display ad the day before the Electors' meeting hoping to attract some attention and then the Annual Meeting is on the 20<sup>th</sup>. As you recall there is a quorum requirement of 15 so we have to make sure we get our Electors out. As you know the Agenda for that meeting is the Audit, Commission Compensation and Ethics Group. So there are three items on the Agenda."

Commissioner Ayme: "Ok any questions from the Commission? I turn the meeting over to Commissioner Burgess."

Commissioner Burgess: "We are on number 6 of the Agenda."

Mr. Hiscock: "Ready to go? Ok Item 7. Item 7 does not require action this evening. Actions will be at a later date although hopefully relatively soon. What we want to discuss and Kevin Barber is here to help with this topic as it is in his area of expertise. We are moving steadily along on the AMI project. As you know the electric meters are in, we have been billing off of the electric meters, we have made some changes to the electric rates and that has all been completed. You have seen the notices that have come in your bills. We have merged the electric and water billing system into a single system. They used to be separate systems using the same software. Kevin has been working on that for quite some time. We merged those together and the project he is working on now is the meter data management computer, I guess I should call it that. And along with that the web presentment which allows customers to log in with appropriate security and look at their account and we can spring off of that. Maybe Kevin you could sort of give them a better description of how it works; a brief overview?"

Kevin Barber: "Certainly. Just to clarify we did just go live actually with our Meter Data Management System last month which was part of the merge and the new rate structure. So we are live with what is called the MDM. The next segment of it is the installation of two web presentment tools. One of them is called CIS.link or Affinity.link to start. That is our web presentment tool for our CIS System. So every customer can elect to log in with the proper credentials and view all of their customer information. They can look at payments they made. They can look at bills they received. They can inquire into reading history and stuff like that. The second portion is what is called our MDM web presentment which is with the AMI meters that we installed and metered through the data management system. We have been collecting hourly reads from all of the customers. The MDM is actually collecting all of that information and sort of managing it for us. It will allow all of our customers to log in and then view all of their hourly data or hourly usage so they can see on an hourly basis what they have used and when they used it. So, if they have a question on their bill, we can direct them to go to the website and we can actually see exactly when they had an increase in usage, which will hopefully help them understand as to why they, oh that is right I turned the dryer on the Saturday and that was why my usage went up. So these are the two tools that we are in the process of installing to provide their customer with more information to better understand both their water and electric usage. It will be available right up front for all of our electric customers because right now I think we are at 97% installed on our AMI meters and we are just starting the process with the water meters. We probably have under 200 water modules installed so that we can actually go in and see water usage on an hourly basis also."

Mr. Hiscock: "Ok and I guess related to that when we have a problematic customer, an issue they automatically go out and install a water module so we can start tracking that customer if there is a particular problem. That is one of the advantages we are starting to have and that is helpful."

Commissioner Ramirez: "Through the Chair?"

Commissioner Burgess: "Yes go ahead."

Commissioner Ramirez: "I may be comprehending something wrong. Did you say the client, when they log onto the website, will the client view only his or her account or others?"

Kevin Barber: "No, only theirs. They will have a log in specifically for their account so that is all that they will see."

Commissioner Ramirez: "Terrific. My second question is. When you say you have a question, you said you would refer them go to the website and follow the whole protocol in how it goes. What will happen to those who don't speak English?"

Kevin Barber: "Well, we have..."

Commissioner Ramirez: "The ones who cannot comprehend exactly what is going on. How will you then assist them?"

Kevin Barber: "We can actually have them come into the office. We could go over it with them in the office and provide them with that data. We understand that not all of our customers will have access to the internet and access to the websites so we will provide sort of the same tools that we have now."

Commissioner Ramirez: "So you will have Customer Service assist with such a person, customer?"

Kevin Barber: "It will actually provide our Customer Service with more tools to help the customers as well."

Commissioner Ramirez: "Terrific."

Commissioner Geake: "Through the Chair?" How do you sign on? We have not signed on, any of us, so how do you sign on?"

Kevin Barber: "Well we are not at that stage yet, but each customer as they elect to join, I believe the process is that they will end up working with a customer service rep where they will get, their account will be associated to this web presentment tool. I believe they may be assigned a temporary password, where then they would log in. Sort of like your banking,

you log in and then change your password. And then you would be the one who would control your access.”

Commissioner Ayme: “I only have one question, through the Chair.”

Commissioner Burgess: “Go ahead.”

Commissioner Ayme: “Are we paying extra for the software?”

Kevin Barber: “The software we purchased was in addition to our CIS system, yes.”

Commissioner Ayme: “How much?”

Kevin Barber: “The CIS portion...”

Commissioner Ayme: “Ballpark. It doesn’t have to be exact.”

Kevin Barber: “It was approximately \$30,000 or \$40,000 for the CIS portion.”

Mr. Hiscock: “Now, if you remember this is all part of the stimulus grant, so.”

Commissioner Ayme: “Oh, ok.”

Mr. Hiscock: “Half of it is reimbursed.”

Commissioner Ayme: “If I may, my last question. Second part is how much per transaction every time a customer makes a payment?”

Kevin Barber: “Well, just for a customer to go in and look at their account and just view; there is no cost.”

Commissioner Ramirez: “There is no cost right.”

Commissioner Ayme: “When they make a payment how much do we have to pay?”

Kevin Barber: “I think, well we haven’t...”

John Hiscock: “We have not quite got to that portion. I just wanted Kevin to explain to you where we are and then we will talk about the actual agenda topic which is how we are going to deal with this.”

Commissioner Ayme: "Oh, ok."

John Hiscock: "But if you have any more questions about what's going to be available for information you can ask questions. I know you had a question." [Directed to Commissioner Harris]

Commissioner Burgess: "Yes go ahead."

Commissioner Harris: "Thank you. I just need clarification. You mentioned that there are under 200 modules installed?"

Kevin Barber: "That is for the water; the water system."

Commissioner Harris: "And then you can install, like when we have problem customers, you can install, is that what you were saying, if we have a problem customer?"

John Hiscock: "If we have a customer who is having problem with either high bills or unusual situations they can simply go out and put a module on and set it up. The water meters now, there is a little touch pad about this big round with a black raised surface on it that we go out in the field once either a month or once a quarter and go and touch it and it puts the information into the computer. We have been using that since 1995?" [Directed at Kevin Barber]

Kevin Barber: "92 or 93."

John Hiscock: "93 or something like that. Ok what happens in this case is there is a module that snaps over that and that contains the radio and all of the other information to send the readings hourly. And for the water meter pits, there is a little flat disc that sits on top of the water meter pit, they simply pop the existing one out and put the module that almost looks identical in there so the installation for water is very quick. It's not like the electric where had, well pulling a meter out and putting a new one in is pretty quick too, so anyway that is how it actually happens."

Commissioner Harris: "Is there a protocol like for when you are installing the module?"

John Hiscock: "No."

Kevin Barber: "Not really. Right now we have focused on our monthly accounts because those are month accounts that we go out and have to read on a monthly basis. So when we can read those, we are freeing up labor time to read and as Mr. Hiscock indicated, when we have an account that we may have an issue with or trouble where we can put a module on,

then we can view their usage.”

Commissioner Harris: “Ok, I got it. That was your question?” [Directed to Commissioner Ramirez]

Commissioner Ramirez: “Yes when you say that you can go out and buy another one and put it on, I was wondering how that would go but obviously he clarified it.”

Mr. Hiscock: “If there are no more questions about this portion now I think we need to talk about sort of the next phase and the next phase is, and they are not necessarily sequential, but we obviously promised our customers and we talked about this before that we are going to get involved with credit card transactions so that people can call in or people can come to the window and pay by credit card and that takes some equipment. We are also going to get involved with electronic banking transactions where people can transfer money to us electronically. It sounds great except there are some issues with respect to that. Nothing in life is free including this arrangement and one of the things that has to happen in order to do this and make it cost-effective for us, is we need to utilize a service that is I guess related, authorized to work with our CIS, our billing system software. So we just can’t go out to anybody. It’s got to be a...”

Kevin Barber: “To correct you a little bit, we can go to any credit card processor but one of the key points for us is because, we are going to use this online tool, we need to have a processor, if we select anybody we would have to pay for the interface with our web presenter tool and those interfaces I believe, last time I checked can cost anywhere from \$50,000 to \$70,000 just to develop a software interface for it. All that is, is that when the customer wants to make a payment it sends them to their website and they send the information back in a secure format. It is a very expensive process. So we are better off going with a credit card processor that has already developed the interface with our CIS vendor and I think there are five, maybe six or seven different options that we can choose from.”

John Hiscock: “We did some preliminary investigation last year. Just started talking with representatives of the CIS software billing system that we use and got some ballpark estimates and information with respect to it and it really depends on the number of transactions, the average size of the transactions and I think it is a varying fee depending, and Kevin might have more detail about how it works.”

Kevin Barber: “When we first talked to our CIS vendors, actually with their parent company Harris Computer Corporation they asked us about how many transactions we would expect, what are the average amount of the bills and what do people expect, what do we expect people to possibly pay with a credit card because the amount of transactions and the

amount of each transaction will change or dictate the amount or percentage that they are charging us per transaction. So, a lot of numbers we provided them with were from over a year ago and those numbers are bound to change and we may, based on some conversations we have had with other utilities, be able to provide them maybe with a better feel for how many of our customers may elect to be in line for credit card payments to a varying degree. There are also two different ways to go about it. Do you want me to touch on that?" [Directed to John Hiscock]

John Hiscock: "Yes, sure."

Kevin Barber: "There are two different ways we can go about using credit cards and handling the charges related to them. One of them is called a convenience fee where would actually require the customer to pay an additional fee on top of their bill for the convenience of paying by credit card. I believe the, John you can correct me if you think I am wrong, the City of Norwalk with their tax bills utilizes the convenience fee. They will go and I guess use a third party, they will pay their credit card or pay their tax bill but on top of that at the end they add a fee to that and that is a convenience fee. That is one option we have and those fees vary, depending on the credit card processor, depending on the number of transactions we have. John, do you recall the numbers?"

Mr. Hiscock: "Yes, just quickly looking at the board book and we have numbers from, depending on the residential; it took a \$125.00 average rate of average transaction. That is probably a very high number but the various vendors anywhere from \$1.21 up to \$3.95 and then it talks about an annual processing fee so it is a matrix of how much you pay and we are not really presenting these numbers to you for any kind of approval other than to give you the concepts. We can minimize the transaction fee if we pay more to the company for an annual fee. It all varies back and forth."

Commissioner Ayme: "May I through the Chair? In the event of that convenience fee, the customer pays a fee, we pay nothing, is that correct?"

John Hiscock: "For the individual transaction we would pay nothing, obviously would we have to pay to set it up and do all of that and buy the hardware."

Commissioner Ayme: "But that is a one time."

John Hiscock: "That is a one time, well there are annual fees that are related to the maintenance of the equipment, anytime you get involved with large computers systems there is maintenance, licensing fees, all of those things."

Commissioner Ayme: "Ok."

John Hiscock: "Now, there is one thing to remember and we started with the City of Norwalk as an example but they charge it, but you only pay your tax bill twice a year. You pay your electric bill twelve times a year. So that is a big difference. I just wanted to lay that out to say that to you. You can keep going." [Directed to Kevin Barber]

Kevin Barber: "I do believe that the amount of the convenience fee depending on the processor would change with the amount of your bill. If you are a company paying in that fashion, you may be paying a larger convenience fee due to the amount of your bill."

Commissioner Ramirez: "Through the Chair if you don't mind. Will it be a fair statement to say that this convenience fee will only be paid by the customer that chose to pay by credit card. Is that correct?"

Kevin Barber: "Yes that is correct."

Commissioner Ayme: "Any other options?"

Kevin Barber: "The other option is probably how I would describe more of a standard set up where we would basically the utility would absorb the fees, the credit card fees when a payment is made. Which is probably the same set up that you have when you use your credit card at a restaurant, gas stations, anywhere else. Where it is paid by the transaction and a percentage of that transaction which could range from, I have not looked at the numbers in a while, 2, 3, or 4 percent and please don't hold me to those numbers. I am just guessing."

Commissioner Ayme: "That we would pay?"

Kevin Barber: "That we would pay."

Commissioner Ayme: "Now, if I may through the Chair. Unless we go with a, we are giving the option, as we know of a discount to all of the customers who pay on time ten percent. Unless we go with the convenience fee we are going to be losing a lot more than ten percent."

John Hiscock: "Yes, absolutely."

Commissioner Ayme: "We could be losing as much as fifteen percent, fourteen, fifteen."

John Hiscock: "No because you are not going to get that many customers."

Commissioner Borges-Lopez: "No."

Commissioner Ayme: "Oh because we won't have that many customers paying by credit card."

John Hiscock: "The fee is going to be in the two percent range, give or take a percent."

Commissioner Ayme: "That is the option you were talking about?"

Kevin Barber: "Yes, the second option is that the utility would pick up the..."

Commissioner Ayme: "Would pick up two or three percent is what you are saying."

John Hiscock: "In that range."

Commissioner Ayme: "In that range. So instead of the customer, what percentage of customers pay on time that get the ten percent, do you know off hand?"

Mr. Hiscock: "Seventy-five percent maybe."

Kevin Barber: "I can tell you that dollar wise it is about anywhere between 68 and 75 percent, dollar wise not necessarily total customers but dollars."

Commissioner Ayme: "What I am driving at is that we would be losing over that ten percent another two or three percent on at least 75 percent of the customers who use it."

John Hiscock: "You know, what I need to point out to you, and we are going to get into this discussion a little bit deeper when we get further along. But yes you are going to pay out more in actual dollars on the other hand the transactions go into the account automatically and they don't have, the envelopes don't have to be opened, the payments don't have to be posted, so there is savings on that side of it. So, it is not just a cut and dry situation where we are going to spend the money. We are going to spend the money, but we are also going to get some efficiency savings on the basis that somebody is not going to sit there and key the transaction in. Right now, what happens is, is that if somebody pays by mail, it comes in, somebody goes to the post office, picks it up, goes into the accounting department, the accounting department opens the envelope, looks at it, matches the stub up against the bill and then sits there and puts it in to a batch, they key it in and they balance the batch to make sure it is correct. So there is labor involved in taking in mail payments. There is also labor involved in counter payments. There is virtually no labor involved in these types of transactions. It is all done electronically and it is posted right directly to the customer's account."

Commissioner Ayme: "If I may finish. I know it is too early to, but there is a lot of speculation, are you anticipating that in that event any loss of jobs, attrition perhaps?"

Mr. Hiscock: "We are pretty bared bones at the moment."

Commissioner Ayme: "Ok."

Commissioner Ramirez: "The only thing we can see is more productivity."

Commissioner Ayme: "Ok, I know that, it's too early, so I don't have to..."

John Hiscock: "There is another thing I want you to think about, we have always, at least in the last ten years, not gone through an actual layoff process with anyone. Even when we were unionized we did layoff employees and then turned around and gave them another job in the company. We have a history of not simply saying there is less work to do. So we find ways to work through it and an example is nobody reads electric meters anymore, well there are a few we are still reading, but nobody reads electric meters anymore and we are getting all of these huge reads, but yet those two electric meter readers are working doing other things. They are installing modules. They are working in other areas so the labor savings is going to be so small that it would not be offset by an actual layoff. We are not going to save one full-time equivalent employee. The labor savings is not going to be that big. Not even close."

Commissioner Ayme: "That is good to know."

Commissioner Borges-Lopez: "Will the system also have the feature of paperless billing or online billing where you will not have to mail statements out?"

Kevin Barber: "Yes part of the CIS the Infinity.Link, which is our CIS web tool, will allow us to do e-bills as they call it."

Commissioner Borges-Lopez: "So there will be more savings there on stamps right?"

Kevin Barber: "Yes."

Mr. Hiscock: "Right. And this rolls into electronic bank transfers too as part of the system."

Kevin Barber: "If I can just point out one thing that is the two differences between the convenience fee and the utility picking up the credit card charges. One thing to note there is a distinct difference between the acceptance of paying by credit card when there is a

convenience fee or when the utility picks it up. For the next meeting I can make sure I have some numbers but there is a, I don't know whether it is a 20% difference, if I recall, between when you utilize a convenience fee you may only get 10% of the customers that will start paying by credit card. When you have it the other way, when the utility pays the fees, the acceptance rate is a lot higher. So, you should also take a look at that and understand that concept. It also may help; it may help with our revenue stream also if we provide that option for credit cards."

John Hiscock: "There is always that annoyance factor and that is one of the last things that I really wanted to talk to you a little bit about. People cop an attitude when they have to pay it. I mean, I belong to an organization that does pay property tax in Norwalk and I have had the unpleasant experience of going at the very last minute and boy there is nothing worse than listening to people howl about having to pay for the extra service charge that sits on their tax bill. They get mad and you know they cop an attitude. It may or may not be warranted and I think that is what Kevin is alluding to. If I have to pay \$3 to pay my electric bill and I can pay 42 cents to mail it, I might as well mail it. But if I can do it online, it is so much easier than, so that is an issue and I think before we got too deeply into this, I did go over and interview Ron Scofield, the Accounting Office Manager over at Third Taxing District and I asked him about the issue, they absorb the fee by the way. And it appears that utilities and this is a generalization and I will get you more information. Utilities have the tendency to absorb the fee where city governments have a tendency not to absorb the fee. But again, remember in electric utilities in Connecticut only five percent of the customers are government formed customers, 95% of them go to an investor owned utility and to them it just makes sense. It goes into their rates and their rate structure and the DPUC approves them. We will get arguments. If I have got to pay CL&P, I can pay CL&P by credit card, it doesn't cost me anything. You will hear that so these are all the things I want you to think about. We don't need decisions here. This is kind of a free form discussion."

Commissioner Ramirez: "It is starting to make a lot more sense now. Going back to the labor, presumably all the time that the person has been utilizing now, you could utilize that person in productivity in some other form of labor."

Commissioner Ayme: "Any other questions to the Commission."

Mr. Hiscock: "Ok and now Kevin is going to go through the banking."

Commissioner Ayme: "Oh, I thought we were finished."

Commissioner Ramirez: "Is it me or is it cold?"

Mr. Hiscock: "We are having heating system problems."

Commissioner Ramirez: "I thought it was me."

Mr. Hiscock: "It is not you. I will explain it to you later."

Kevin Barber: "The last functionality that we are looking at is the electric bank transfers. Most customers, when they go to use their online banking to pay SNEW, they go in, set SNEW up as a vendor and pay it, while the bank, for us ends up cutting us a check and mailing it to us. So we basically get a check just like when the customer sends us a check normally. One of the options we have is to actually utilize a service I believe by MasterCard that, and I apologize for not remembering the exact terminology of what it is called, but it is basically we would set up an account through MasterCard where a customer, when they log in and they set up SNEW it would actually instead of cutting a check to us they would actually wire the money to us automatically. They would actually set up their customer number, their account number and all of the pertinent information so that when it is wired to us we get a file on a daily basis indicating how many dollars went to this account for this person. My conversations with our billing system people, I asked them how do you run into the headaches of somebody typing in the wrong number, wrong account number and the next thing you know we are getting money and we have no idea where it is coming from. And from what I have been told is that MasterCard has come a long way with their systems and computers to correct a lot of that where they may have a bad account number but it does get corrected and then going forward it makes it a lot easier and a lot smoother. Now that is, there is another charge for that. But that charge is a lot smaller than the percentage of, let's say, the credit cards we are dealing with. If I recall correctly, it is somewhere in the neighborhood of 25, 35 cents a transaction for us to be into this MasterCard system to allow us to automatically get the money wired in and electronic file sent to us. Now to give you a little idea of the savings that we could possibly see with that is as we mentioned earlier, we send someone to the post office, we open up those envelopes and have someone compare checks to stubs. Well, when we get checks from banks we don't get stubs with them. All we get are the checks. And, hopefully it has an account number on it. Hopefully it has a name on it and we then have to go through, take that check, look up in our CIS system, find the account it belongs to then handwrite a stub so that we can put it into our batch and do the batch process. Those types of payments we receive take up a lot more time than just a normal check we get from a customer."

John Hiscock: "You need to mention the problematic issue of the banks always picking up the float, have a tendency not to pay quickly. Customers would pay to get the discount and the bank would screw it up and the customer would not get the discount then it gets to be a big to do. So I believe what most of the customers have to do is put a due date way earlier than the actual due date otherwise it doesn't get to us on time. So the banks are always picking a float up. Two days of float is a lot of money to them."

Commissioner Ayme: "That is right."

Kevin Barber: "Think about them mailing the check to us. So it takes us a day to get it, a day to get it to the bank so they actually gain two or three more days of float as opposed to wire transfer. Once they do it, it is out of their account and into ours."

Commissioner Burgess: "Go ahead."

Commissioner Ramirez: "It might sound a bit funny, but going back to the email, this is technology, for those who do not have computers, you will still be accepting the old style payment?"

Kevin Barber: "Absolutely. We will not..."

Commissioner Ramirez: "They will not be penalized or you won't delete the whole system. What about when you say 35 cents per transaction. That would be for those that were every transaction that has been done through the system?"

Kevin Barber: "That would be per transaction that is sent through that MasterCard system, the ECS or something to that affect, so only the people who elect to go onto their online banking and make an online payment."

Commissioner Ramirez: "So we would be paying for that or they would be paying?"

Kevin Barber: "In that scenario, we would be paying for that. Because I believe that does not offer the option of a convenience fee or anything like that for that service."

Mr. Hiscock: "I am sure you have all looked at advertisements and obviously all the iPhone apps that are coming out and you can pay your bills by phone now. All of this is moving along to the point where I don't think we have any choice. We need to be in the game unfortunately."

Commissioner Mann: "I am one of those Commissioners that have been waiting for it."

Commissioner Geake: "So have I."

John Hiscock: "Good."

Kevin Barber: "If it makes you feel any better I do believe our CIS vendor has an iPhone app for our system. I will double-check that but believe you will be able to look up your account on an iPhone and possibly an Android also."

Commissioner Geake: "Ok, as long as it has an Android then I am good."

[Laughter]

Commissioner Ramirez: "Amazing."

Commissioner Burgess: "You will be coming in later with a staff recommendation?"

Mr. Hiscock: "We will be coming in with a specific recommendation and specific numbers."

Commissioner Burgess: "Thank you."

Mr. Hiscock: "Now, we won't be able to guarantee the numbers because we don't know the utilization rate, obviously. But we will have a relatively good idea and it is based on demographics. What kind of a small geographic area are our customers that walk through the door and they may never change their habits or they may not have the tools necessary to pay that way. So maybe our utilization rate obviously will be less than a comparable utility. I don't know."

Commissioner Burgess: "Thank you."

Commissioner Ramirez: "Chair, we have a question here."

Commissioner Geake: "I have a real quick question here through the Chair. What if, are we going to, once we have this established put a letter or something in the mail so that way we don't have to bother to explain it all, they can just go to the internet and do whatever it is that you are going to recommend?"

Kevin Barber: "Yes, we will develop some sort of a marketing plan so we can notify people and I would also like to update our website as part of this whole process, to make it more current."

Mr. Hiscock: "It all has to work together."

Kevin Barber: "We are going to be driving, I don't want to say a lot, but a lot of it will be through the web, a lot of people will be able to access their account, make payments and all that stuff so we do need to make sure our web presence is appropriate for what we need."

Commissioner Burgess: "Thank you."

Commissioner Ayme: "There is another option, through the Chair. I just realized; when the customer goes online to the website and they look at the account they will see how much they owe, if they have a bank that allows for online bill payments, they can go to the bank, they can go to their bank and have their bank mail a check, no charge whatsoever."

Mr. Hiscock: "Yes."

Kevin Barber: "It may not be a charge but the amount of labor we have to incur with that type of a payment is a lot greater than if it was done through the electronic button, you know transfer."

Commissioner Ayme: "I am only thinking from a standpoint that because we could save some money doing it that way."

Kevin Barber: "I think it is probably safe to say that if the transaction is 25, 35 cents apiece; we would more than cover out costs of justify."

Commissioner Ayme: "Ok, I see your point."

Commissioner Burgess: "Can I have a motion to adjourn?"

Commissioner Ramirez: "Motion to adjourn."

Commissioner Ayme: "Second."

Commissioners Unanimously: "Aye."

Adjournment:

*The meeting adjourned at 7:58 p.m.*

Attest:

Gwendolyn Gonzalez  
Assistant Clerk

*Transcribed by: Lisa Roland*