

**CITY OF NORWALK
POWER AUTHORITY COMMITTEE
REGULAR MEETING
OCTOBER 30, 2008**

ATTENDANCE: Kelly Straniti, Chair; Michael Geake, Douglas Sutton, Andrew Conroy (7:21 p.m.)

STAFF: Thomas Hamilton, Finance Director; Ossie Lewis, Finance

OTHERS: Laurel Lindstrom, Common Council Member; William Sawicki, UHY, LLP; Douglas Marsh, Organizational Dynamics, LLC

CALL TO ORDER

Ms. Straniti called the meeting to order at 7:17 p.m. There was not a quorum present.

**UPDATE ON STATUS OF PUBLIC POWER AUTHORITY
PRELIMINARY FEASIBILITY STUDY**

Mr. Sawicki then distributed copies of a report titled "Preliminary Feasibility Study: New Municipal Power Authority Status Report, October 30, 2008". He then reviewed the first few pages of the Preliminary Study. Mr. Hamilton asked about the figures between the actual distribution and the generation.

Mr. Conroy joined the meeting at 7:21 p.m. A quorum was now present.

Mr. Hamilton asked which six towns were part of the work area cited on pg. 6. They are Norwalk, Westport, Darien, Noroton, Noroton Heights and Wilton.

In speaking about the frequency of interruptions, Mr. Sawicki said that there did not appear to be many serious interruptions. Mr. Hamilton pointed out that the Second and Third District did not have to file statistics regarding this with the State.

Mr. Marsh pointed out that there has not been a strong trend of transfers from investor owned power companies to municipally owned power companies over the last few years. Mr. Marsh then gave a brief overview of CMEEC. He added that Cheshire had explored purchasing CL&P following an increasing number of interruptions to service. After a few attempts to form a power authority, the town and CL&P reached an agreement and the service improved.

One issue is a change in the DPUC rules, which allow CL&P more latitude in purchasing.

Mr. Marsh then reviewed the energy demand growth for the City. Since Norwalk is already a smart purchaser regarding energy, having a Power Authority would not result in significant savings, since the differential between South Norwalk Electric Works (SNEW) and CL&P is only one penny, a CL&P customer using 1,000 kwhr a month, would pay \$12.00 more than the SNEW customer in their energy costs. Mr. Geake asked if the fact that the Second and Third Taxing District's non-profit status had been factored in. Mr. Marsh said that was an important factor and that he would research that aspect more thoroughly.

Mr. Conroy said that in the past few months, his electrical costs have been around .23¢ or .24¢ per kilowatt hour. Mr. Marsh said that he believed that might be because of the fuel delivery costs, which were not factored into the kilowatt hour numbers for SNEW and CL&P. Mr. Marsh said that the information had been directly given to him by the companies.

Mr. Marsh then reminded everyone that if the City pursued acquisition, the City would need a buying service, hire buyers, or consultants, which would be an added cost. Mr. Geake asked about the two tiers of membership in CMEEB, one being a full membership and the other being an associate.

Mr. Sawicki then reviewed a theoretical scenario outlined on page 14 of the report with the members of the Committee. Ms. Straniti asked if the per monthly charges on page 14 would be in addition to the cost of the energy. Mr. Sawicki said that the City would have to recover that money in some manner.

Mr. Hamilton pointed out that CL&P was not interested in selling their assets, which means that the City would have to buy it. The value of the assets would be determined by the court after years of litigation. Mr. Marsh pointed out that if Norwalk creates a new authority, it would only be allowed to bond for seven years, while if it became a City department, there would be a 30 year bonding period. CL&P is not interested in leasing equipment because CL&P is planning on investing 30 million in capital improvements in Norwalk over the next five-year. The City would have to assume that maintenance and upgrade costs if the City took the system over.

In doing the research, a company was located in Massachusetts that does customer service because Massachusetts has many municipal power authorities. However, a system like this would require a third party operator, which has not been easy to locate.

Work is still being done regarding the steps that would be needed in order to acquire assets from CL&P for a voluntary sale and for an involuntary acquisition. Mr. Marsh then reviewed the concerns and issues with Manresa Island Power Plant as a primary power generator. Manresa is an oil-fired plant and only operates a few days a month. There are also DEP concerns regarding the plant.

Mr. Marsh then reviewed four possible alternatives, aggregator, direct supplier, Energy Improvement Districts and Retail Co-operative. The last two have limited applications. Mr. Marsh said that the spreadsheets would be developed for the Committee in the next few weeks, along with exploring the four alternatives further.

Mr. Conroy asked if there was a boutique generation was an option. Mr. Marsh said that the group had not explored this. Mr. Hamilton commented that the Norwalk High School had a co-gen unit, as does the hospital. He added that co-gen units generate energy, but can not pick up the full load because they are not as efficient as a regular power plant.

Ms. Straniti asked if there were any grants available for this. Mr. Marsh said that he had not discovered any.

Mr. Conroy said that he was not looking to get rid of CL&P, but to reduce the rate for the residents for the City.

Mr. Marsh said that he would expect to have a draft of a report, but said that the early indications were that a new power authority would not be feasible.

Ms. Straniti asked about the risks to the City. Mr. Hamilton said that he felt that the risks would be enormous.

Mr. Hamilton then asked if the group would include more information on what is left regarding the Margin of Opportunity.

APPROVE MINUTES OF THE MEETING OF AUGUST 6, 2008

- ** MR. GEAKE MOVED TO APPROVE THE MINUTES OF THE AUGUST 6, 2008 MEETING AS SUBMITTED.**
- **MR. CONROY SECONDED.**
- ** THE MOTION PASSED UNANIMOUSLY.**

ADJOURNMENT

- ** MR. CONROY MOVED TO ADJOURN.**
- ** MR. GEAKE SECONDED.**
- ** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 8:25 p.m.

Respectfully submitted,
Sharon Soltes
Telesco Secretarial Services

City of Norwalk
Power Authority Committee
Regular Meeting
October 30, 2008
Page 3