

DOCKET NO. 07-05-23
DPUC REVIEW OF
AT&T CONNECTICUT'S COMMUNITY ACCESS
FUNDING OBLIGATIONS

WRITTEN COMMENTS
GOVERNMENT ACCESS TELEVISION
TOWN OF WALLINGFORD

August 13, 2007

C. Advisory Councils and non-CATV Operator Community Access Providers

39. Should the community access funding obligations of Conn. Gen. Stat. § 16-331a(k) apply to AT&T through October 2007? If so, what level of community access funding is appropriate for AT&T pursuant to Conn. Gen. Stat. § 16-331a(k)?

Yes. AT&T (the "Company") should be required to calculate funding amounts for community access providers retroactive to the date that the Company connected its first customer as a MVPD. This will encourage AT&T to expedite its efforts to "interconnect" PEG channels. In fairness to its customers - who should not pay for a product not received - the Company should make every effort to add the PEG channels to the programming lineup prior to launching its service in a community.

40. Should AT&T's funding obligations be based upon an incumbent cable operator franchise-by-franchise basis, statewide basis, or some other basis. Discuss the pros and cons of each approach.

In the spirit of fairness and equitable treatment among MVPD competitors, AT&T's funding obligations should mirror those of the incumbent cable operators. The Department has established funding levels for the existing franchises that are based upon a measured need to facilitate "meaningful" community access programming. The Department should, however, remember that the current funding levels are for established community media operations and do not reflect the challenges unique to delivering programming to competing MVPDs.

Based upon the documented experience of accommodating a direct overbuild competitor in SNET Personal Vision¹, community access providers will have to reeducate local residents about the availability of local programming. In some areas, it is likely that AT&T will initially offer service without PEG channels active on the programming lineup. If the Company adheres to the provisions of Public Act 07-253, the community programming will eventually be made available to customers, but only after they have been deprived of an established community resource for a period of time. Once the PEG channels have been added to AT&T's service, the community access providers will have to publicize the availability of the programming and the location of the channels - in all likelihood channels different than those on the incumbent cable operator's system. It is also possible that, based upon the manner in which AT&T delivers its signal to a household, the appearance of the PEG channels may differ, further complicating a provider's efforts to educate residents. In addition, each community access provider will face technical

¹Docket No. 96-01-24.

challenges unique to AT&T's IPTV service. Unfamiliar technology and additional equipment will have a decided impact on limited human and physical resources.

For these reasons, a higher per subscriber funding amount may be warranted for AT&T during its initial three years of service. This amount will assist community access providers as they deal with the disruption of new equipment installations and activities to promote the availability of service on a new MVPD.

While a statewide funding level appears to be the least cumbersome, it is likely that some community access providers would receive an amount lower than that currently supplied by their franchise operators. Should the Department identify the statutory midpoint² as an appropriate funding level, no fewer than eight (8) franchise areas would see a reduction in the per subscriber allocation. In fact, several community access providers would experience a distinct hardship due to the small number of subscribers in their respective franchise areas.

41. If AT&T has community access agreements/arrangements in place in your franchise area, describe them.

To our knowledge, AT&T does not have community access agreements or arrangements in the Comcast/Branford franchise area.

42. In determining the appropriate initial community access funding amount for AT&T, should all of the Conn. Gen. Stat. § 16-331a(k) 1-6 criteria apply through October 2007? If not, why?

As discussed in the response to Question #40, the Department has applied the criteria in Conn. Gen. Stat. § 16-331a(k) in numerous franchise awards or renewal dockets. While the level of public interest in community access operations, level of community need for educational access programming and level and breadth of participation in community access operations have been well documented in virtually every area, it is important to periodically revisit the needs of each community. A mechanism for review, such as a Needs Assessment, remains a valuable tool. For the purposes of this proceeding, however, existing documentation should suffice for answers to criteria 2-4 in Conn. Gen. Stat. § 16-331a(k).

As part of the funding criteria, Conn. Gen. Stat. § 16-331a(c) addresses the option of a community-based nonprofit organization acting as the community programming facilitator. While some company-managed access facilities have performed admirably, the third-party option would appear to be a more logical management model in areas where two (or more) MVPDs are competing for customers. Whether nonprofit-run or company-run, all funding for community programming should be consolidated and passed to designated PEG managers. It would be a significant disservice to residents and subscribers to consider dividing monies to fund parallel providers.

Conn. Gen. Stat. § 16-331a(k)(5), addresses the adequacy of existing facilities, equipment and training programs to meet the current and future needs of the franchise area. During its

² Docket No. 07-01-07. In the May 16, 2007 Decision, the Department established a statutory midpoint of \$6.74 per subscriber per year for 2007. The highest amount ordered was \$9.11 for Comcast/Norwich; the lowest amount ordered was \$4.83 for Comcast/Seymour.

deliberations, the Department should carefully consider this provision. In some areas, it is likely that the addition of new equipment and technology (to accommodate AT&T) will further stress already marginal facilities. Subscribers who are considering a change in service providers will need to know that their community programming can be found on the new entrant's service as well as that of the incumbent cable operator. Also, the availability of community media production facilities – whether the manager is a nonprofit organization or cable company – needs to be properly promoted by all multichannel programming services.

43. Reference Conn. Gen Stat. § 16-331a(c)(1). If AT&T is providing video service in your franchise area, has AT&T discussed its community access proposals with municipal leaders and advisory councils in the areas in which it has deployed or plans to deploy video service? Describe the community access proposal(s) discussed.

To our knowledge, AT&T has not conducted discussions with municipal leaders or advisory councils.

44. How should AT&T fund community access operations for any communities served in 2006?

As discussed in the response to Question #39, funding for 2006 should be calculated on a franchise-by-franchise basis at or above the levels established by the Department in Docket No. 06-01-04.

45. If applicable, how and when has AT&T passed funds to designated community access providers?

Does not apply.

46. Do you support interconnection between incumbent community access providers (cable operators or third parties) and AT&T? What potential difficulties do you foresee related to that interconnection?

Yes, interconnection is appropriate. The purchase, installation and maintenance of any interconnection equipment should be the responsibility of AT&T. This would mirror the commitment made by the incumbent cable operators. The very nature of AT&T's delivery method, IPTV, suggests that Company personnel – not community access provider staff – will be best equipped to monitor and verify the encoding and delivery process.

Among our concerns is the manner in which community programming is delivered to customers. Signal quality and reliability are paramount. Subscribers to the AT&T service should expect PEG channels to closely resemble traditional offerings, such as broadcast channels.

We are also concerned that "live" delivery of community programming may not be offered by AT&T. Government access channels, in particular, expect to be able to use "live" channel capabilities to reach local residents in the event of an emergency. The ability of a community to communicate in a timely and effective manner should not be compromised by AT&T's choice of technology.

47. What reporting requirements should apply relative to AT&T's community access obligations?

AT&T should adhere to the reporting requirements for incumbent cable operators as specified in Conn. Gen Stat. § 16-331a(i).

48. What other information should the Department consider in this proceeding?

As discussed briefly in our response to Question #46, AT&T should undertake the purchase, installation and maintenance of equipment to ensure that community programming is delivered via the appropriate protocol. In response to the demands of the marketplace, it is likely that AT&T will modify its service over time and implement improved delivery methods, thereby requiring periodic replacement or modification of encoding and distribution equipment. Our facility – and numerous other community access operations – do not have the financial or human resources to assume the responsibility of maintaining a rapidly evolving technology.

Respectfully submitted,

TOWN OF WALLINGFORD

By: _____
Scott A. Hanley, Manager
Division of Government Access Television

DOCKET NO. 07-05-23

DPUC REVIEW OF
AT&T CONNECTICUT'S COMMUNITY ACCESS
FUNDING OBLIGATIONS

39. Should the community access funding obligations of Conn. Gen. Stat. § 16-331a(k) apply to AT&T through October 2007? If so, what level of community access funding is appropriate for AT&T pursuant to Conn. Gen. Stat. § 16-331a(k)?
- CACSCC advisors are not clear as to why delineation must be made between before and after October 2007. CACSCC is on record for Docket 05-06-12 with the opinion that what is referred to now as an MVPD provider is actually a CATV Provider; the signing of Public Act 07-253, An Act Concerning Competitive Video Service, not withstanding.
- There is consensus that if this proceeding goes forward with the timeline distinction; any adopted approach to funding Community Access should be retroactively applied to the date by which AT&T indicates IPTV services began in CT in the AT&T response to Question #2.
40. Should AT&T's funding obligations be based upon an incumbent cable operator franchise-by-franchise basis, a statewide basis, or some other basis? Discuss the pros and cons of each approach.
- Some other basis that acknowledges certain aspects of current franchises: Hybrid Included among the provisions of Public Act 07-253, effective October 1, 2007, are terms requiring an MVPD provider to fund community access pursuant to Conn. Gen. Stat. § 16-331a(k). These provisions *give the appearance of a parallel process* for CATV and MVPD providers regarding Community Access. However, start-up and established enterprises have distinct budgeting differences especially regarding start-up costs, franchising inherently has a history of differences in definition of 'reasonable community needs' and agreements on provision of services/funding. For summaries of pros/cons please see Appendix Q40_Detail). CACSCC recommends a Hybrid funding model that recognizes existing community agreements and fairly augments cable company models.
- Primary assumption is that additional provider will redistribute current community access market not necessarily expand it.
41. If AT&T has community access agreements/arrangements in place in your franchise area, describe them.
- CACSCC has never been approached by AT&T.
- No Town specific Community Access Provider in the Comcast/Branford franchise identified that an agreement is in place.
42. In determining the appropriate initial community access funding amount for AT&T, should all the Conn. Gen. Stat. § 16-331a(k) 1-6 criteria apply through October 2007? If not, explain why.
- YES
43. Reference Conn. Gen. Stat. § 16-331a(c)(1). If AT&T is providing video service in your franchise area, has AT&T discussed its community access proposals with municipal leaders and advisory councils in the areas in which it has deployed or plans to deploy video service? Describe the community access proposal(s) discussed.
- One community member identified AT&T has having gone before the town council to 'explain' IPTV and the installations in progress on their streets due to resident's interest in the 'large grey metal boxes on poles in their neighborhoods' (Wallingford).
- One Advisor/PEG liaison indicated that his PEG had met with AT&T to get an understanding of 'interconnectivity' and potential funding/costs. The response to the meeting was reported "as surprised that existing Access stations would be charged significant dollars to get interconnectivity." No written details on the proposals/discussions were provided. (Branford).
44. How should AT&T fund community access operations for any communities served in 2006?
- First, marketing a product in a community is not 'serving' a community.
- Communities in which lines, poles or other apparatus were installed for the purpose of marketing a TV product should be compensated in keeping with the franchise start-up investments of cable operators and not limited to per sub ongoing support of renewed franchise funding.

DOCKET NO. 07-05-23

DPUC REVIEW OF
AT&T CONNECTICUT'S COMMUNITY ACCESS
FUNDING OBLIGATIONS (continued)

45. If applicable, how and when has AT&T passed funds to designated community access providers? Unknown
46. Do you support interconnection between incumbent community access providers (cable operators or third parties) and AT&T? What potential difficulties do you foresee related to that interconnection? YES, conditionally
CACSCC supports leveraging current community investments in Community Access and feels Community Access should continue based on geographic definition of communities and not market penetration of providers; therefore, interconnection would provide the least disruption.

The most difficulties are foreseen in communities operating with company model Community Access currently. (See Appendix Q46 Detail)
47. What reporting requirements should apply relative to AT&T's community access obligations? CACSCC feels that changes in reporting to safeguard confidential marketing information has already diminished the councils ability to monitor franchise obligations like senior discounts.

AT&T Reporting should be by CT Cable franchise areas even if statewide franchise authorized.

Reason. Comparative information will be needed to assess impact to customers and community access and support communication with other entities such as video cable council, DPUC, or community media.
48. What other information should the Department consider in this proceeding? Court actions finding the ' by law, AT&T Connecticut must observe the federal franchising requirement in 47 U.S.C. § 541 requiring "cable operators," such as AT&T Connecticut, to obtain a cable franchise from the Department in its capacity as the appropriate state franchise authority prior to offering services in this state.'

Materials available from AT&T during Docket 05-06-12 proceedings referred to a U-verse video platform and the 'next' generation of community access but did not refer to who would be providing content and how content would be developed. In general these materials focused on the distribution platform and not the resources necessary within a community to sustain awareness, training, tools and commitment to enabling alternate or minority views to be heard, coverage of local government or development of education exchange opportunities. Based on these claims AT&T should provide such services in addition to 'interconnectivity'.

It is suggested that TV services be augmented by such 'next' generation tools, as appropriate and potential as an option in current company run communities.

CACSCC APPENDIX
DOCKET NO. 07-05-23

Q 40 Detail Funding Pros & Cons

Funding framework	franchise-by-franchise	statewide	some other basis? Hybrid
Pro:	Easy comparison of provider data		Summary reports with Franchise breakouts data to provide global picture and essential comparative data.
	Reflects geography & history established in per sub existing funding inclusive of special arrangements for small towns in Town specific models		Reflects geography & history established in per sub existing funding inclusive of special arrangements for small towns in Town specific models
			Allows variable response to community access models: company, communities centralized, community town specific.
		Easier for AT&T to manage.	
			Supports clarification of when AT&T is in the franchise area and aligns start-up expenditures with same.
			Allows for adjust current agreements by specific start-up costs associated with adding additional provider.
	Minimal Accounting – Funding algorithm changes for local access management		Minimal Accounting – Funding algorithm changes for local access management
			Allows for statewide guidelines to be developed once and applied based on market variations.
Con:		Difficult to accurately compare service provider data	
	Piggybacking current agreements 'as is' means that most operation underwriting falls on incumbent whose market share is being challenged. Level playing field concerns.		
			Requires more DPUC support ongoing.

Q 46 Detail Interconnections

3 rd party	Company Model
Adds costs (responsibilities need clarification)	Adds costs (responsibilities need clarification)
Maximizes existing community investment in Community Access	Does not recognize competitive nature of services provided.
Multiple 'connected' providers adds to day-to-day maintenance of access facility: 1) cablecasting becomes more complex requiring more technical awareness on the part of part-time staff, 2) increases risk of service disruption, 3) requires more equipment be added to confined space 4) requires different procedures for outage follow-up without an increase in funding to support complexity	
May enable Cable Channel Numbers to remain unchanged across markets – less customer confusion	Limits ability to strategically align channel numbers, if required.
Augmenting Services via U-verse may expand Community Access viability for all content regardless of whose producer developed content. (U-verse becomes negotiable aspect of overall services)	There is no direct relationship between subscribers and content producers.

Town Clerk 30

TOWN OF WALLINGFORD, CONNECTICUT

SPECIAL TOWN COUNCIL MEETING

October 22, 2007

6:30 P.M.

The following is a record of the minutes of the Wallingford Town Council at its special meeting held on Monday, October 22, 2007 in the Robert Earley Auditorium of the Wallingford Town Hall. Town Council Chairman Robert F. Parisi called the meeting to order at 6:39 P.M. Responding present to the roll call given by Town Clerk, Barbara Thompson, were Councilors Michael Brodinsky, Lois Doherty, Jerry Farrell, Jr., Stephen W. Knight, Rosemary Rascati, Chairman Robert F. Parisi. Vincent F. Testa, Jr. arrived at 6:45 P.M., having been delayed for business purposes, and Iris F. Papale arrived at 7:23 P.M., also having been delayed for business purposes. Vincenzo M. DiNatale was absent from the meeting. Mayor William W. Dickinson and Janis M. Small, Town Attorney, were also present.

A Moment of Silence began the meeting. The Pledge of Allegiance to the Flag was said and the Roll Call was taken.

2. Report of the Consultant on the CRRA Project
– Chairman Robert F. Parisi

ORDER OF THE MEETING

- A. 6:30 P.M. – Public Session

The following people were present for the discussion of the report:

Don Roe, Program Planner
Doreen Zaback, Wallingford Resource Recovery Project Coordinator

Susan Raila, Senior Project Manager, HDR Incorporated
Shawn Worster, HDR Incorporated
Steve Lynch, President & Founder, RS Lynch & Company

The Council received a public summary from Mr. Roe. Mr. Rowe explained the importance of the independent review of information prepared by CRRA regarding future solid waste disposal options for the five towns participating in the Wallingford project, including alternatives for Wallingford, such as a “go-it-alone” strategy. A bid was prepared, and the town received and evaluated three

bidders; the successful bidder was HDR Engineering, who teamed with RS Lynch & Company. Staff from these two organizations would provide a presentation to the public and to the Council in Executive Session.

Ms. Raila, while not performing an independent cost evaluation, considered alternatives provided by CRRA by using their information to decide whether or not the information provided was reasonable. She said HDR that added more alternatives to determine what is best for Wallingford.

Mr. Lynch discussed details of the "matrix report" created by RS Lynch, which looked at all the physical places where Wallingford's trash could go, as well as ways to administer such a system. Physical options included:

- continue to direct-haul waste to the facility in Wallingford
- use a New Haven transfer station to transfer waste to the Bridgeport waste energy facility
- direct-hauling with Wallingford trucks to Bridgeport,
- direct-hauling to the mid-Connecticut facility.

CRRA presented options of building a new transfer station in Wallingford, or delivering waste to the CRRA transfer stations in Bridgeport, Hartford, or out of state. For each alternative, they looked at three different ways to administer such a system: continue to contract through CRRA for one of the physical options; Wallingford could "go it alone," independent of CRRA and the other four towns; Wallingford could proceed independent of CRRA, but in consortium with the other four towns. RS Lynch was asked to look at eighteen different options listed on the matrix, and in addition, the possibility of the Town of Wallingford buying the transfer station in Wallingford and using it for Wallingford's solid waste.

The town also asked RS Lynch to look at the likelihood under each option that there could be two solid waste facilities in Wallingford. When available, RS Lynch used numbers made available by CRRA, and RS Lynch found no fatal or glaring errors in CRRA's numbers. When CRRA numbers were not available, RS Lynch used industry standard assumptions and results.

Specific details are confidential and cannot be shared with the public; however, following the evaluation basic findings of the report will be made public.

There does not seem to be any substantial advantage to recommending an option involving the town participating in a proposed new transfer station in the town of Wallingford, either independently or partnering with the other four towns.

The set of options involving the transfer of waste to the New Haven station and then further transfer to the Bridgeport station seems to be prohibitively expensive and should be ruled out.

The idea of having Packard trucks transport waste from Wallingford directly to mid-Connecticut Hartford or Bridgeport without using a transfer station raises a number of reliability options, such as the environmental impact of driving the

trucks that far, and scheduling and maintenance issues. The total cost of such a system, using industry standard costs, compared relatively equal to the total cost proposed by CRRA for the transfer system. This option deserves further consideration, despite the potential reliability issues.

The option of continuing to bring waste to the Wallingford facility is uncertain because it is unknown what the tip fee will be at the Covanta facility; it appears there may be a range of high tip fees. This would eliminate the necessity of building a transfer station or hauling solid waste on Packard trucks – so the tip fees could be mitigated by these other costs, and the total costs appears to be one of the lowest, if not the lowest, of the options. There could be additional cost savings through lowered administrative costs if the town pursues this option independent of the CRAA (either go-it-alone or in consortium with the other four towns), as well as an opportunity for the town to negotiate directly a continuation of the favorable Pilot payment. It seems highly unlikely that if all five towns negotiate a favorable agreement to continue going to Covanta that the CRRA would nevertheless proceed with the transfer station – so it seems unlikely under this scenario that there would be two facilities in the town.

RS Lynch recommended three next steps, emphasizing that the scope of their research was limited.

- First, the town should identify one or more of the options for further study and there should be an independent and in-depth cost estimations.
- Second, it is appropriate for the town to consider issuing an RFP to those who would be proposing each of the alternatives – Covanta, Wheeler-Brader in Bridgeport, the CRRA. Instead of estimating what costs might be, the RFP would require exact costs, and this is a more reliable way to evaluate options. This is the course of action chosen by Norwalk and six other towns in a very similar situation to Wallingford. This is something the company believes would be a good option for the town of Wallingford.
- Third, under any option, the cost for Wallingford to get rid of solid waste is going to be substantially higher than the cost enjoyed over the past years. The town might want to consider the possibility of initiating a hauler-franchise system, which would select one or more hauler to be the exclusive waste collectors for the town. The haulers would then be directed to bring the waste to the selected disposal location. These waste-franchise systems have been found to save substantially in the collection and transport costs of waste because the town competitively procures the services on behalf of the entire town, rather than requiring individual homeowners to select a collector. Also, there is route-density because haulers have designated areas of the town, which saves on costs and is better for the environment.

PUBLIC HEARING

Geno Zandri, 9 Balsam Ridge Circle, asked when the town would find out if Covanta is going to continue operating the facility or whether the facility will be closed. Mr. Zandri feels that the decision of Covanta is a driving force in Wallingford's decision about what to do, and it seems unfair for the town to have to wait until the last minute to make a decision. Perhaps CRRA should be in touch with Covanta to help make this determination. The community should put pressure on CRRA to set deadlines as to when the town will receive the information.

Mr. Lynch said that under the contracts, the facility will become owned by Covanta for the payment of \$1, and that CRRA has the right to buy the facility from Covanta for fair-market value. Assuming that Covanta ends up owning the facility, only Covanta will decide based on projected revenues from tip fees and the sale of electricity and their costs whether or not to stay in operation. There will be some influence based on what the five towns decide to do, but even if all five towns decide not to sign up with Covanta, the facility retains the right to determine whether or not to stay in business. The time-frame is also entirely decided by Covanta.

John LeTourneau, 3 Regent Court, asked what will happen when the town or state undertakes a more aggressive recycling program because this will reduce the tonnage of solid waste.

Mr. Lynch recommended avoiding any contract that has a mandatory tonnage requirement without regard for recycling because recycling and reducing solid waste is a priority under the state's solid waste management plan.

Mr. Worster strongly recommended avoiding a contract with a minimum tonnage requirement. This is not an unreasonable request based on the marketplace, especially because there is a large emphasis on increasing recycling.

Bob Gross, 114 Long Hill Drive, said that it seems unlikely that Covanta will buy the plant prior to the actual end-date of the contract in 2010. Mr. Gross asked if Covanta could add on to the plan if the town's solid waste were to be decreased based on recycling. Mr. Gross also asked what would happen to the Pilot Program if the town decided to pursue a "go-it-alone" strategy, and the possibility of an additional facility being built in Wallingford.

Mr. Lynch said that the state's solid waste management plan calls for an examination of the possibility of permitting additional resource recovery capacity in three to five years when the state's recycling programs have had a chance to begin fully function. This won't happen suddenly, but CRRA has indicated an interest in considering this. Mr. Lynch does not know specifically whether this is something Covanta is considering. In regards to a "go-it-alone" strategy, issuing an RFP would lead directly to negotiations between the town and Covanta, and it seems that there would be an enhanced opportunity for a

continuation of the Pilot Program. Absence a continuation of the Pilot Program, the facility would be subject to town taxes. Mr. Lynch said that if the five communities negotiate an agreement with Covanta, it is unlikely that CRRA will proceed with a transfer station.

Mayor Dickinson said that CRRA entered into an agreement not to proceed with any project that would result in two facilities being in Wallingford.

Mr. Gross asked why direct-haul to Hartford is not a good option, especially because it is unclear what Covanta will charge.

Mr. Lynch said that this option is more expensive than continuing with Covanta based on proximity, but the cost is similar to a transfer station cost. There are some disadvantages to a direct haul relating to the environmental impact, as well as the difficulties that arise from a Packard truck making the haul several times each day. Mr. Lynch said there is a strong indication as to what Covanta will charge based on on-going negotiations between Covanta and CRRA, as well as experience throughout the northeast. The estimates are conservatively high.

Mr. Gross asked about the ownership of the plant in Hartford because the plant in Wallingford will be privately owned.

Mr. Lynch said that the plant in Hartford is a public-sector entity and that CRRA has a contract. Covanta will be a privately owned entity and will charge what the market will bear, but this option still looks attractive because the town is looking at the total cost, including environmental impact.

Mr. Gross asked about how much "life" is left in the plant.

Mr. Worster said that a well-maintained facility, like a power-plant, is renewed on a continuing, daily basis. It isn't unreasonable to expect that a well-maintained facility could be used for forty years or more.

Mr. Gross asked if the Pilot Program was issued through CRRA.

Mr. Lynch said that the Pilot Program would be negotiated between Covanta and the town, and the state would likely not be involved. This is one of the reasons that RS Lynch is ranking direct negotiations with Covanta highly because this direct negotiation will put the town in the strongest position to link the continuation with the Pilot to the town's commitment to continue shipping to Covanta.

Mr. Gross asked what the plant is actually worth.

Mr. Lynch said that this has not been addressed by RS Lynch, but generally, the value of the plant is very difficult to estimate because the value is based on eighteen different variables.

Mr. Gross asked how much more waste the facility is able to handle.

Mr. Lynch said that this hasn't been addressed by RS Lynch, but because CRRA presented this as an option, it is assumed that the plant could handle the additional tonnage.

Jason Zandri, Lincoln Drive, asked how many kilowatts are produced by the plant, and how often the plant runs.

Ms. Zaback said that last year, the plant generated 62 million kilowatt hours, and that the plant is running 24 hours a day, 7 days a week, unless there is an outage.

Mr. Zandri asked what the maximum growth size would be for the Covanta facility, as well as possible incentives for Covanta to increase electricity production.

Mr. Lynch clarified that RS Lynch did not say that there is room to grow. If there is room, growth is subject to many factors, but RS Lynch was not asked to examine any potential for growth.

Councilor Knight asked Mr. Lynch to elaborate on the explanation that the cost of transporting waste to Hartford or Bridgeport would be comparable to the cost of the transfer station option.

Mr. Lynch said that the total cost of the transfer station options are quite similar to the cost of the direct-haul options. Mr. Lynch clarified that costs associated with transporting waste via Packard trucks a long distance would be borne by the hauler, not directly by the town, although this cost is passed on to the homeowner.

Councilor Knight asked if the transportation cost of bringing the waste from the transfer station to the final destination is included in the tipping fee.

Mr. Lynch said that the CRRA operates by creating an annual budget that the town pays its share of, including the cost of building and operating the transfer station, as well as the transportation of the waste. This would increase the annual CRRA fees to the five towns. If it were a direct-haul, either through CRRA or the five towns independently, the costs would not be institutionalized, but would be borne by the private hauler and passed along to the homeowner.

Councilor Knight asked if the towns will pay directly to operate the station, or whether CRRA will pay to operate.

Mr. Lynch said that if the town pursues the transfer station option through CRRA, CRRA would charge the town, annually, the cost of the transfer station, and to transfer the waste from the station. If the town chooses an option independent of CRRA, there would be a budget that the five towns would share. Only under the direct-haul scenario does the expense appear to "disappear"

because it isn't in the public budget, but the cost will be passed along. That is why RS Lynch suggests, as a potential option, staying with Covanta because there is no transportation cost and no cost associated with a transfer station.

Mayor Dickinson said that the question is really who pays the tip fee because the homeowner pays the hauler, and the hauler then pays the tip fee from what the hauler collects, and the town pays tip fees for what the town deposits. This money goes to pay CRRA.

Council Knight said that the structure would be similar to the current structure, that the hauler charges a certain amount per ton, and this cost pays for the operation of the transfer station. Councilor Knight asked where the Pilot money comes from – the state or from the project?

Mr. Lynch said that the Pilot payment comes from the project out of the tip fees that are collected. The tip fees also cover the cost of the operation of the plant, the services to the plant, etc.

Mayor Dickinson said that CRRA's role is as an administrator. CRRA, if involved, collects an administrative fee, and this is one component of the cost included in tip fee. If CRRA is not doing this job, then someone else would have to be hired for this job.

Councilor Knight asked if a Pilot Program would be negotiated as a part of the tip fee because this is a substantial sum.

Mr. Lynch said that it seems that this is the position the town would adopt.

Councilor Knight asked about other possible advantages of the option #4 such as the low likelihood of having two facilities in Wallingford, as well as an opportunity to attempt to negotiate a continuation of the Pilot program with Covanta.

Mr. Lynch said that if Wallingford and the other four towns negotiate independent of CRRA so that all five towns continue using Covanta for the future, CRRA will not build a transfer station. In addition, only the Town of Wallingford cares strongly about the Pilot program because the other towns will, in essence, be paying for the program. If CRRA negotiates, CRRA might not put such a strong emphasis on renewing the Pilot program.

Councilor Knight asked how far a municipality can be located from a station before the transport costs become prohibitive.

Mr. Lynch said that the current solid waste market is becoming increasingly regional, meaning that as tip fees rise due to supply and demand, it becomes economic to haul trash longer distances in search of a lower tip fee. Some communities in CT spend \$10 to \$20 to transfer their waste from a Packard truck

to a tractor-trailer to drive the waste 4 hours. The distance waste travels is increasing as communities seek low-cost alternatives.

Councilor Knight stated that Covanta is under no obligation to handle any trash produced by the five towns.

Mr. Lynch stated that the current facility would basically be full if Covanta were to renegotiate the contracts with the five towns. If Covanta does not negotiate a contract, they will be seeking waste from other sources.

Councilor Knight asked about the option of transporting waste to New Haven, and then further transporting the waste to Bridgeport.

Mr. Lynch said this option was prohibitively expensive because of the cost of the Packard truck to get to New Haven, the cost of the tip fee in New Haven, and the cost of the tractor-trailer to transport the waste from New Haven to Bridgeport. The haul is too short to justify this type of multi-step transfer.

Councilor Testa asked whether #3 referred to directly hauling waste as a group of five towns, or directly hauling waste as the Town of Wallingford.

Mr. Lynch said that both scenarios are discussed, but the best case would be if all towns negotiated with Covanta.

Councilor Testa asked whether it is feasible for Wallingford to independently haul waste to Bridgeport or Hartford and would this be a similar cost to using a regional transfer station with all five towns as a group. Would it be possible that this could be cost effective?

Mr. Lynch said that the total costs would be quite similar.

Councilor Testa asked when the contract was written. Has it always been contained in the contract that Covanta could buy the facility for \$1?

Mr. Lynch said this has always been a clause of the contract since the beginning of the plant's operation – the operator of the plant would have the option to purchase the plant at the end of the current contract.

Councilor Testa asked who owns the facility.

Mr. Lynch stated that bond-holders have a first-mortgage lien on the facility. Covanta is essentially the equity owner. CRRRA claims ownership through control of the capacity of the facility. The five towns have no ownership.

Council Testa asked whether the towns have the option of purchasing the plant.

Mr. Lynch said that the towns only have this option if one of the parties who has the direct option, like Covanta, offers the plant for sale.

Councilor Testa asked about the financial responsibilities of the town if the plant were to be closed.

Mr. Lynch said that the five towns created a reserve fund to help off-set the future increases in tip fees. This subsidy has not been factored into the numbers prepared by RS Lynch. Mr. Lynch does not think that this money has been specifically ear-marked for a closing of the facility.

Ms. Zaback stated that there is approximately \$36 million in reserve funds from the five towns for tip fees adjustments.

Councilor Testa stated that the town was not given the option of determining what to do with the \$36 million. If the town decides to proceed with any of the mentioned options, what happens to the \$36 million?

Ms. Zaback said that if the town stays grouped with the other four towns and works with CRRA, the money can be used to offset tip fees. If the five towns decide not to work together, the money would need to be disbursed in some manner.

Councilor Testa asked whether the money is under direct control of CRRA, and whether the money is contingent on the towns moving in a certain way.

Ms. Zaback stated that she believes that the money would be disbursed among the towns.

Councilor Testa asked about the status of the law regarding two potential facilities.

Mayor Dickinson stated that no legislation has passed, and at the end the session, all legislation that was not passed is now defunct.

Councilor Testa inquired as to whether RS Lynch looked into a transfer station being built in another town.

Mr. Lynch said no.

Councilor Testa asked about the 19th option – the purchase of the facility by the town or by the five-town consortium or CRRA. Is this option only CRRA's option at this point?

Mr. Lynch said that RS Lynch was asked to include this because this question has come up before. The company believes that it is unlikely that the town could purchase the facility and then use the facility for Wallingford's waste. It is unlikely to be an economically viable option because such a small portion of the plant's capacity would be utilized. There is a remote possibility that the town could purchase the property for a low price, but this is highly unlikely.

Councilor Testa asked whether the plant could continue to operate legally without selling electricity.

Mr. Lynch said that RS Lynch's understanding of the lease is that the facility shall only be used as a facility that processes waste and generates electricity.

Councilor Testa asked whether this site lease provision would expire upon the expiration of the contract.

Mr. Lynch said he suspected there were renewal provisions, but he could not speculate.

Councilor Testa asked to whom the property would revert if the facility were to be dismantled.

Mr. Lynch said that the owner is Cy-Tech and there would be a reversion to Cy-Tech at the point when the plant was no longer in operation.

Councilor Testa clarified that the stipulation requiring electricity production is in the lease with the actual landowner.

Mr. Lynch confirmed.

Councilor Testa asked the rate being charged for electricity.

Ms. Zaback said that for this fiscal year, the average is 19 cents per Kilowatt hour.

Councilor Testa confirmed that this electricity is sold directly to CL&P.
Councilor Testa asked about the timeline for a decision.

Mr. Lynch stated that the contract with CRRA terminates in January 2010 but it is in the town's best interest to begin to proactively find solutions now.

Councilor Testa asked whether it is feasible to continue working with CRRA and be a part of a transfer station in Wallingford operated privately by Covanta.

Mr. Lynch said that this is feasible and it seems likely that Covanta would continue operating in the current capacity, and it seems unlikely that Covanta would change its permits to being accepting medical waste or something of that nature. Mr. Lynch stated that the five towns negotiating a continuation with Covanta is one of the best options available because of price, to avoid two facilities, to create the maximum leverage for the continuation of the Pilot program.

Councilor Testa asked whether there was a possibility of incorporating Wallingford's electricity provider as a buyer of the electricity created by Covanta to create a better deal.

Mr. Lynch said that the state tries to provide a regulatory environment in which waste-electricity providers negotiate with the state electric utilities to reach mutually agreeable pricing. This would be a variable price, not a fixed-price, that would change based on the marginal cost of electricity from other sources, and that there would be a fairly complex rebate system to equalize this. Mr. Lynch stated that this isn't something power companies don't really want to do, and probably wouldn't be in the best interest of the town.

Mr. Worster stated that there would be a trade-off between the price purchased from Covanta and the price paid to buy off the grid. This would likely depend on the degree of the town's willingness to enter into a formal contract to capture this.

Councilor Brodinsky stated that the contract allows Covanta to buy the plant, not the land, for \$1.

Mr. Lynch confirmed.

Councilor Brodinsky asked if Covanta would buy the plant from CRRA.

Mr. Lynch said he wasn't sure if the dollar would be paid to CRRA or to the trust that relates to the bonds that were issued.

Councilor Brodinsky stated that Covanta does not have the option to buy the land, which is owned by Cy-Tech, and that this is under a land-lease, and this land-lease is renewable at Cy-Tech's option.

Mr. Lynch stated that the renewal option is Covanta's option, that Cy-Tech is obligated to renew, but this should be checked for accuracy.

Councilor Brodinsky asked whether there is a possibility that Covanta or CRRA could end up owning the actual real estate.

Mr. Lynch said RS Lynch did not investigate this possibility.

Councilor Brodinsky confirmed that the land-lease requires Covanta to produce electricity. Is there a way that this obligation disappears? Is Covanta generating electricity at a loss if they were required to sell electricity at market rates?

Mr. Lynch stated that it depends on tip fees. The less Covanta charges for electricity, the higher the revenue that would need to be generated through tip fees.

Councilor Brodinsky asked whether Covanta is efficient enough to compete with other facilities, not taking into account tip fees.

Mr. Lynch said that the waste-energy plants only work if they are subsidized by tip fees.

Councilor Brodinsky said that it would be in Covanta's best interest to stop producing electricity because they do so at a loss.

Mr. Lynch stated that it would be in Covanta's best interest to stop producing electricity if the facility cannot obtain tip fees high enough to make the total economic picture profitable.

Councilor Brodinsky asked about selling electricity at market rates because these rates do not cover Covanta's costs.

Mr. Lynch said that data from CRRA showed the tip fee needed by Covanta in order to be profitable under the new lower-electric rates.

Mr. Brodinsky asked, hypothetically, if Covanta could stop producing electricity, and if this would lower their cost-structure, which would in turn lessen the tip fees required.

Mr. Lynch stated that waste-energy plants economics require two revenue streams – tip fees and electric sales. There are no waste-energy plants that are economically viable with only one. The idea of taking waste and burning it without producing electricity is an unlikely scenario based on industry practice.

Mayor Dickinson clarified that it had not been determined by anyone that Covanta sells electricity at a loss. The question is what price can be obtained for the electricity because the higher the price, the greater the revenue stream.

Councilor Brodinsky asked if there would be enough time to build a new transfer station.

Mr. Lynch stated that time is of the essence, that two and a half years is not too much time, but the town isn't out of time yet. Mr. Lynch said that CRRA's process and estimates are not exact, and it could take much longer and be much more expensive than estimated.

Councilor Brodinsky asked if time has run out on building a new station.

Mr. Lynch said that a construction schedule of eighteen months would be a very aggressive schedule.

Councilor Brodinsky asked what leverage the Town of Wallingford and the Council will have on the decision-making process.

Mr. Lynch said that the town has quite a bit of leverage – the town can issue an RFP that would require everyone interested in obtaining the towns' trash, but before issuing an undertaking, the towns would have to be careful to avoid violating any contracts entered into with CRRA or between CRRA and Covanta that would be violated by the five towns independently issuing an RFP.

Councilor Brodinsky said that because of this, it doesn't seem that the five towns could issue an RFP.

Mr. Lynch said that the town of Wallingford could probably issue an RFP by itself, but whether all five towns could issue an RFP would depend on an examination of existing contractual relations with CRRA.

Councilor Brodinsky stated that it might be possible for Wallingford to independently find another facility to take the town's trash, while allowing the other four towns to continue dealing with Covanta.

Mr. Lynch said that this is a scenario, and that an RFP would be issued to everyone wanting to take Wallingford's trash. Prior to issuing an RFP, the Town would need to verify that at least Covanta and the facility in Bridgeport would respond.

Councilor Brodinsky asked what would happen if the other four towns decided to greatly reduce the Pilot Program. What could the town do?

Mr. Lynch stated that the town wouldn't have many tools to force Pilot continuation, but could use incentives for the other towns – the towns need somewhere to send their waste.

Ms. Zaback said that there is a resolution that commits the five towns to negotiation only with CRRA.

Chairman Parisi stated that he isn't overly crazy about this idea, and that the longer this plays out, the greater the disadvantage for the town.

Bob Gross, 114 Long Hill Drive, stated that the land lease is perpetual and that electricity is a by-product of the waste process, which impacts tip fees. Mr. Gross asked whether the other towns can bypass the consortium and deal directly with Covanta.

Mr. Lynch stated that a town not subject to the resolution could deal directly with Covanta.

Mr. Gross asked whether the town or the mayor was involved in the initial contract to sell the plant for \$1.

Mayor Dickinson stated that the contract for the plant is not a contract with the town of Wallingford. The town of Wallingford has a contract regarding the placement of the garbage. The contract is between CRRA and the operator. There are several different contracts involved. The town pays for the plant through tip fees that go to CRRA, and the town is obligated to provide garbage and pay for the processing of this garbage.

Chairman Parisi stated that he thinks the contract has been a very good contract for the town over the years.

Councilor Testa asked about the resolution.

Ms. Zaback stated that the resolution was agreed upon by the Policy Board that allows CRRA to act as their agent in negotiating future options for the five towns as a group. This does not prohibit each individual municipality from going out and looking at its own options. Any option pursued by all five towns must be negotiated by CRRA.

Councilor Testa asked if the resolution is binding.

Ms. Zaback confirmed.

Councilor Testa said that the town cannot pursue options with the other four towns without using CRRA as an agent.

Ms. Zaback said that this is her understanding.

Mayor Dickinson said that if the towns didn't want to continue with this resolution, the towns could adopt a new resolution. CRRA wanted the authority from the five towns to represent the towns. At the point when the towns are seriously interested in something else, the towns should be able to change that.

Councilor Testa asked whether the resolution resulted in a contract with CRRA. Could the five towns pass a resolution getting rid of CRRA's role as agent?

Mayor Dickinson confirmed; there was no consideration, and at the point when the towns didn't want CRRA acting as their agent, the towns could do something else.

Gail Trazinsky, 25 Turnberry Road, asked whether this is a signed contract, and how this contract can be changed.

Mayor Dickinson clarified that there is no contract, but simply a resolution, which is a discretionary act by a policy board. There is no consideration, so the resolution can be changed at any time by another resolution.

- B. Executive Session as defined in the Connecticut General Statutes §1-200 (6)(D) and (E) and pursuant to Connecticut General Statutes §1-210 (b)(5)(B) and §1-210 (b)(7) to discuss future solid waste options.

Mr. Knight made a motion to go into Executive Session as defined the Connecticut General Statutes §1-200 (6)(D) and (E) and pursuant to Connecticut General Statutes §1-210 (b)(5)(B) and §1-210 (b)(7) to discuss future solid waste options.

Mr. Farrell seconded the motion.

Eight (8) Councilors present voted aye. Mr. DiNatale was absent from the meeting.

The motion passed.

The Council entered into Executive Session at 8:32 P.M.

Mr. Knight made a motion to come out of Executive Session.

Ms. Rascati seconded.

Eight (8) Councilors present voted aye. Mr. DiNatale was absent from the meeting.

The motion passed.

The Council exited Executive Session at 10:11 P.M.

Attendance at the Executive Session:

Eight (8) Councilors, Mr. DiNatale was absent from the meeting; Mayor Dickinson, Town Attorney Janis Small, Done Roe and Doreen Zaback, Program Planning.

Also present: Susan Raila, Senior Project Manager, HDR Engineering; Shawn Worster, Senior Consultant, HDR Engineering; Stephen Lynch, Manager, RS Lynch & Co.; Mr. Howe, Jr., appointed to CRRA by Governor Rell.

Mr. Knight made a motion to adjourn. Ms. Rascati seconded.

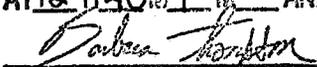
All eight (8) Councilors present voted aye. Mr. DiNatale was absent from the meeting.

The motion passed.

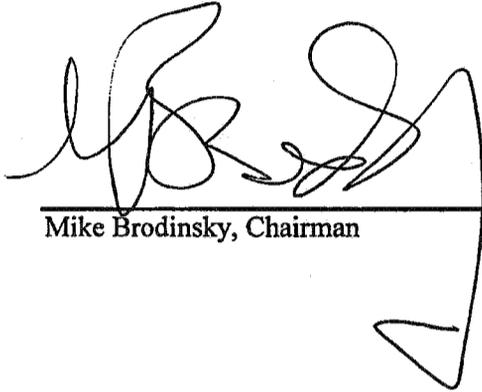
Meeting adjourned at 10:12 P.M.

Respectfully submitted,


Erin R. Occhiogrosso
Temporary Town Council Secretary

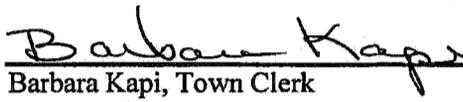
RECEIVED FOR RECORD JAN 3 2008
AT 12 44 00 P.M. AND RECORDED BY
 TOWN CLERK

Meeting recorded by Sandra R. Weekes



Mike Brodinsky, Chairman

1/8/07
Date



Barbara Kapi, Town Clerk

1/8/07
Date