

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, DECEMBER 1, 2009, 4:00 P.M., CITY COMMISSION CHAMBERS

Members Present: Chairman, Robert W. Summerhays, Jr.; Secretary, Darrell Drummond; Deputy Secretary, Pamela K. Cully; Mayor Robert J. Benton III and Ex-Officio Member/City Manager, David Recor.

Others present: Director of Utilities, FPUA Attorney, Director of Finance, Risk Manager, Director of Electric and Gas Systems, and Director of Water and Wastewater Systems.

The meeting was called to order by Chairman Summerhays.

The Invocation was given by Reverend Bill McClain of St. Lucie Presbyterian Church.

The *Pledge of Allegiance* was recited.

The roll was called and a quorum declared.

City Clerk Sandy Steele swore in new Board Member, Michael A. Perri, Jr. He then took his seat on the Board.

An Election of Officers was held to replace Mr. Tom Perona's vacant position as Vice Chairman. Mr. Thiess read the proposed slate of officers as follows:

Mr. Summerhays	Chairman
Mr. Drummond	Vice Chairman
Mrs. Cully	Secretary
Mr. Perri	Deputy Secretary
Mayor Benton	Mayor/Member

Motion by Mr. Drummond, seconded by Mrs. Cully and unanimously carried that the proposed slate of officers for the period of December 1, 2009 through September 30, 2010 be approved as read.

Mrs. Nina Hurtubise, Director of Finance, presented to the Board the GFOA's Certificate of Achievement for Excellence in Financial Reporting Award for FPUA's FY 2008 Comprehensive Annual Financial Report. She said that this is the 15th year that FPUA has won, receiving this award since 1994. About 3,500 governments participate in the program and they recognize those governments which have prepared a high quality comprehensive annual financial report. Mrs. Hurtubise said there is a great deal of information that needs to be in there and not just the financial audit. She said it has a lot of additional statistical information that is made available to the public. Also as well, Mrs. Hurtubise said it is viewed by credit rating agencies as a measure of how

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professional we are and how well we function. It sheds a very positive light on the Fort Pierce Utilities Authority.

Mr. Summerhays said that as a fellow CPA, he knows this award is not easy to get.

Motion by Mrs. Cully, seconded by Mr. Drummond, and unanimously carried to approve the items listed on the Consent Agenda:

1. Approval of the Financial Consultant Agreement with RBC Capital Markets to provide financial consulting services in the amount of \$70,000 in fees, plus expenses not to exceed \$5,000.00.
2. Approval of payment in the amount of \$34,387.07 for the Florida Municipal Electric Association dues for the period of October 2009 through September 2010 and request a budget transfer to cover the cost.
3. Approval of sole source purchase of two (2) 15kV ABB reclosers from Wesco Distribution, Inc. in the amount of \$34,402.00.
4. Approval of the purchase grant writing services from Florida Municipal Electric Association (FMEA) for the Department of Energy's Smart Grid Investment Grant submission and a corresponding budget transfer from Operating Supplies (04-4-32-92100-3316) to Professional Fees-Consulting/Engineering (04-4-32-92300-2164) in the amount of \$32,681.31.

A letter was received from Gloria Stuart thanking Thelma Tipton of Customer Service for helping her discover the cause of her water usage being so high, which was from a water leak.

Motion by Mr. Drummond, seconded by Mayor Benton, and unanimously carried to excuse Chairman Robert W. Summerhays, Jr. from the November 17th meeting, as he was out of town.

A motion was made by Mayor Benton and seconded by Mrs. Cully, to approve the Minutes of the Regular Meeting of November 17, 2009. Those voting in favor of the motion were: Mrs. Cully, Mr. Drummond, Mr. Perri, and Mayor Benton. Mr. Summerhays abstained as he was not at the November 17th meeting.

Mr. Thiess said the next item was on the agenda at the November 3rd meeting and the recommendation from staff at that time was to hold taking action on it because we did not have enough information. He said it is one of nine PURPA standards and is the last of nine that have to be acted on by December 19th. Mr. Thiess said that Mr. Bill Baldwin

will be presenting this item and will give a summary of what has been done with the preceding non PURPA standards.

Mr. Bill Baldwin, Supervising Engineer in Electrical Engineering, said that the Public Utility Regulatory Policy Act (PURPA) was enacted in 1978 and they had specific goals. He said that they want us to reduce our dependence on foreign oil and become more efficient in the electric industry. Mr. Baldwin said that in the regular meeting of November 3rd, the Board was asked to take action on several PURPA Standards that were proposed by the Energy Standard Act of 2005 and Energy Independence and Security Act of 2007. He said at that time, no action was taken on Standard Number 17, the Rate Design Modification to Promote Energy Efficiency Investments. In addition, this Board asked for clarification and some additional information on PURPA and the requirements that are imposed on FPUA. Mr. Baldwin said that FPUA is required to consider implementation of these Standards and to make a public declaration of the Board's decision by December 19, 2009. These decisions are not binding. In the event that something changes and it becomes in the best interest of FPUA to revoke one of the decisions that has been made, that can be done at the discretion of the Board. There are specific procedures that are required to be followed and all of those have been followed. The public announcement was done on FPUA's website in October, a public meeting that encourages public comment took place on November 3rd, and here today the Board is requested to take action on Standard 17. Mr. Baldwin said that staff did need a little bit more time to look into this because we are doing some of the things recommended by this Standard and we recommend continuing doing those things. They include the partnership with the Fort Pierce Redevelopment Agency, where we offer weatherization programs to assist low income families. We participate in the Energy Star Rebate Program through FMPA and we recommend continuing to do that. It encourages smart investments in appliances and home insulations for some of the residents. Mr. Baldwin said, in addition, FPUA also offers the high load factor credit to our electric demand customers to encourage them to have a good load factor. He said that means their demand load as compared to their energy usage is in the close proximity and that is a ratio number that FPUA tracks and offers an incentive to them in our rate structure. It is recommended that the Board reject this Standard 17.

Motion by Mr. Drummond, seconded by Mrs. Cully, and unanimously carried to approve Staff's recommendation to reject PURPA Standard 17 "PURPA Standard 17 – Rate Design Modification to Promote Energy Efficiency Investments".

Mrs. Valerie Schulte, Supervising Engineer for Water/Wastewater/Gas Engineering presented the water main looping agenda item. She said that Copenhaver Road, which is near the western service area boundary, will help support our Orange Avenue/Kings Highway demands and water pressures. Elm Avenue is in the southern area near US 1 and Midway Road. Mrs. Schulte said that the combined construction costs are \$375,000 for the two projects and they would be using the unit price contractor. She said that this item was already put on their renewal contract for the unit price contract. Staff has evaluated these various projects by doing a matrix and ranked the projects based on costs, design and construction, difficulty of construction, benefits to the

systems, fire flow, pressures, reliability, and potential for new customers. These two projects had the highest ranking.

Mr. Drummond asked if this impacted any ongoing discussions that FPUA has had with the County in their service territory.

Mr. Thiess said this is strictly in FPUA's service territory and it does not impact rates because it is funded with capital improvement charges.

Motion by Mrs. Cully, seconded by Mr. Drummond, and unanimously carried to approve two water main looping projects; Copenhaver Road and Elm Avenue for a combined project cost of \$375,000, approve the budget transfers, and authorize the use of the Unit Price Contractor to complete the construction at a cost of \$355,000.00.

Mrs. Hurtubise presented the rate comparisons for the month of October 2009, for residential electric rates compiled by the Florida Municipal Electric Association and the comparison of the residential electric, water, and wastewater rates as compiled by FPUA staff for Fort Pierce, Port St. Lucie, St. Lucie County Utilities and Vero Beach. She said the graph displayed is the municipal electric bills in the State of Florida for October's usage at 1,000 kWh. Mrs. Hurtubise said that at the last meeting she was asked to identify which of the entities were governed by separate utility boards and those have been indicated by the gray and white. She said the information is off by a couple of cities because when she originally created the agenda requests there were two cities that threw her off, Lakeland and Gainesville. Those are both just departments within the City even though they are referred to as Lakeland Electric and Gainesville Regional Utilities. Mrs. Hurtubise said that the thing that caught her attention was there were so few, but it did not demonstrate whether those rates are higher or lower because certainly Key West and Fort Pierce are on this end of the array and Jacksonville, which is a very large utility as well as OUC are all in the lower end of the scale. The month of October for the 1,000 kWh, FPUA is number four and in the 2,500 kWh, FPUA is also number 4, which is an improvement in our position from September. She included a sheet which shows the different cities and the changes from the previous month. Since September, six utilities have increased their bill and thirteen have decreased their bills. Mrs. Hurtubise said that there were four of note and it was interesting to see that the very large increases were FMPA All Requirement cities, Green Cove Springs an increase of \$17.73 and Starke had an increase of \$10.03. The more significant decreases were not FMPA All Requirement cities, Chattahoochee \$12.48 and Tallahassee \$11.35. The local comparisons show that the City of Fort Pierce, St. Lucie County Utilities, and Vero Beach Utilities for electric, plus water, plus wastewater is right at about \$234 each. This is a significant change from September and the year previous. There were increases effective October 1st in St. Lucie County's water and wastewater rates of 4.9%, Port St. Lucie had a water and wastewater increase of 3%, and Vero Beach was a little bit more confusing because they changed quite dramatically how they bill. Their rate structure changed, it was not just a rate increase and decrease. As a result, Vero Beach's water rate for 6,000 gallons decreased, but their wastewater increased more than the water decreased. The overall increase of both the

water and wastewater is 14%. Mrs. Hurtubise said this is an information only item and no action is required of the Board.

Mr. Drummond said the chart that Mrs. Hurtubise included in the agenda packet he found very useful.

Mrs. Cully said that she looks forward to the next couple of months so that the charts will look a lot better than this.

Mr. Summerhays asked if the decrease in the power cost adjustment goes into effect next month.

Mrs. Hurtubise said it is effective today, December 1st. It will not reflect on the next comparison, which is November, but it will show on the following one.

Mr. Thiess said that he has a couple of follow up items from the last meeting. He said we had some discussion on the Power Cost Adjustment (PCA) and he had indicated that we needed a full Board to get into a greater discussion on that. We will receive our materials from FMPA about the 10th of December that will tell us what the rates will be for the month ahead and shortly after that what our bill will be for the month we just completed. Mr. Thiess said that when he receives the information, he will immediately get it to our rate consultant, PRMG, and have them revise the spreadsheet that takes a look at the PCA 12 months forward. We will then get it to the Board before the agenda packages so you have time to look at it. Mr. Thiess said he will put some notes in the email explaining what staff sees and what we need as far as Board input. That will be presented at the next meeting in two weeks. Another item that was requested at the last meeting was the wholesale electric rate comparison for the State and we are still working on that. There are not as many contracts as there were last year. We hope to have that complete by the next Board meeting.

Mayor Benton asked for the southeast region comparison.

Mr. Thiess said that is correct the southeast area. He said the last thing the Board requested is that representatives from FMPA come before the Board to explain a few things. Mr. Thiess said that he has emailed that request to Nick Guarriello, the Executive Director of FMPA, and he will see him Thursday when he is in Orlando at the FMPA meetings. We are suggesting that they attend the second meeting in January.

Attorney Koblegard said he has two items. He said that the Board approved the rejection to be filed by the Utility Authority for two water permits for Groveland LLC and Bluefield. There was a complication with the County and he has since met with the staff of Bluefield and Groveland, which is the old Evan's property. He said after hearing what they really plan to do, he does not believe we will have any real objection. They told Mr. Koblegard that they met with the County before their meeting and they had come to an agreement. Mr. Koblegard said he is going to meet with the County shortly to see if this is accurate and to see if FPUA has any issues beyond that. He believes it is going to

work out with some type of agreement and that we will not have to move forward with contesting it. It is an administrative process and it would be very costly. We should be able to get out of it without spending any kind of money and have a good agreement. Mr. Koblegard said he will report back to the Board as soon as he hears back on it.

Mr. Koblegard said in another issue, when FDOT decided to come in and widen 25th Street, FPUA was a part of the utility relocation with AT&T and Comcast, in what was going to then become the right-of-way or the new road on 25th Street. He said that FPUA staff had design meetings with FDOT and the City of Fort Pierce attended those and others. The design meetings took place in March of 2006, and then for some reason in July or August, the City conveyed a strip of property along 25th Street to the FDOT by a Quit Claim Deed and they did not notify any other Departments to see if there were any other issues or objections. FPUA had electric, water, and gas utilities in that strip of land. Going forward from that, we agreed to set up a time schedule with FDOT as to when we would relocate what was necessary. FPUA gave them a time frame, met the time frame, and actually finished earlier than that. The contractor for FDOT, Ranger, is claiming delays caused by FPUA and that we delayed their project in certain locations. They then filed a claim with FDOT and FDOT was to discuss it with them and come up with the issues and where they thought FPUA may be responsible. They went ahead and settled it with Ranger and paid them \$182,000. After the fact, FDOT is claiming that we should reimburse them. We have discussed this back and forth with them since May and have not gotten anywhere. Mr. Koblegard said they have sent him a copy of a complaint they plan to file if they cannot resolve the \$182,000 in delay costs. When they first notified him, he met with FPUA staff and drew up a list of our costs. With our figures, we do not owe them anything; they actually owe us relocation costs of about \$131,000. Mr. Koblegard said that there is a gray area on both sides. He said the bottom line is that he and FPUA staff are meeting with the FDOT and a mediator tomorrow. This mediator has done a lot of mediations for the FDOT, for the State, and for private contractors and seems to be very knowledgeable and should be able to flush out what the issues are and see if there is anything that can be resolved. After this is resolved, it would be brought back to the Board for approval. We could have had a meeting out of the sunshine for the Board to give their approval as to a range if they wanted to, but he said that is a complicated process and there is no urgency. Mr. Koblegard said that he hopes they can get some type of resolution tomorrow, if not, we may end up in court.

Mr. Drummond asked if we were told by FDOT that we had a certain period of time to relocate our utilities.

Mr. Koblegard said that Mr. Thiess could tell him more clearly. He said the FPUA set up a schedule as to when they think they could have the utilities relocated by.

Mr. Drummond asked if we were ahead of that schedule.

Mr. Koblegard said that he believes we were somewhat ahead of the schedule. He said that Ranger finished their project ahead of their schedule, but in certain sections of the road they claim they had someone there ready to start something and FPUA had not done something in advance of that. Mr. Koblegard said that in talking with FPUA staff,

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he does not agree with Ranger. He said had we known about the City conveying the land to FDOT, some of these issues as far as the costs to relocate could have been resolved, but that is another issue another day.

Mr. Perri said that he is still going through a mountain of material that he has received and he is about one third of the way through it. He said there is a lot there to digest and he will be kind of low key here for a few meetings.

Mayor Benton said that he would like to welcome Mr. Perri to the Board and looks forward to working with him for the next few years.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN