

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, DECEMBER 15, 2009, 4:00 P.M., CITY COMMISSION CHAMBERS

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

Others present: William G. Thiess, Director of Utilities; Rupert N. Koblegard, III, FPUA Attorney; Nina Hurtubise, Director of Finance; Putnam Moreman, IV, Internal Auditor; Thomas W. Richards, Director of Electric and Gas Systems; Douglas W. Giel, Director of Shared Services; and Timothy E. Perkins, Director of Water and Wastewater Systems.

The meeting was called to order by Chairman Summerhays.

The Invocation was given by Reverend Moses Hill of Moses Hill Ministry.

The *Pledge of Allegiance* was recited.

The roll was called and a quorum declared.

-----

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

1. Approval of a Cardlock/Fuel Access Card Agreement with Port Consolidated, Inc. for an additional source of vehicle fuel to be purchased on an as-needed basis.
2. Approval of the Minutes of the Regular Meeting of December 1, 2009.

-----

The following letters of appreciation were noted.

A note was received from The Mustard Seed thanking FPUA customers for the amount of \$260.88 and Electric T & D in the amount of \$100.00 contributed through Project Care.

A thank you card was received from the youngsters at DATA for the November food donations. The total pounds delivered were 282.

A letter was received from Darrell Drummond thanking the Gas Department for their assistance with supplying gas service to his home. In particular he thanked Ted Cook, for his swift response for service and Ciro Sotelo for his suggestions on how to maintain the equipment. He also thanked Jeffrey Baker, Tommie McCarthy, Mark Bassett, and Scott Dennis for a job well done.

-----

Mr. Thiess said the Pre-Annexation Agreement for Wal-Mart was originally executed in October 2003 and it gave a 10-year deferment on annexation for the Wal-Mart Distribution Center. This agenda item is an Amendment to that Agreement. He said that Tim Perkins will explain the differences between this Amendment and the old Agreement.

Tim Perkins, Director of Water/Wastewater Systems, said that this Agreement would allow for the immediate annexation of the Wal-Mart property rather than in January 2014, as it would have been annexed under the prior Agreement. The store property will still be exempt from taxes through that date. However, FPUA will lose the 25% surcharge because it will become a part of the City, which will result in about a 20% reduction in water and sewer revenues. He said the City, between the 10% water tax and the changes in the 6% contribution would net about \$1,000 a year more than they are currently netting from the property through the utilities.

Mr. Summerhays asked if it would be a 20% reduction in Wal-Mart's payments and not overall payments.

Mr. Perkins said that is correct, Wal-Mart's payments. He said that equates to about \$10,500 a year, which we would have received for an additional four years, if we were not approving this Agreement.

Mr. Summerhays said that we are giving up \$10,500 for the City to get \$1,000.

Mr. Perkins said that the purpose is not so that the City can get \$1,000 more; it is to allow annexation of other properties as they become contiguous to this property.

Mr. Drummond said that Mr. Perkins said "store" and he wanted to clarify that it was the Distribution Center.

Mr. Perkins said it is the Distribution Center.

Mr. Perri asked if there are any annexations in the pipeline now that would be contiguous if we made that decision.

Mr. Recor replied yes that on Monday night's City Commission agenda, the first Amendment to the Pre-Annexation Agreement will be first considered by the Commission and it will be the first reading on the Annexation. He said, assuming the Agreement is approved, the second reading will be scheduled for the first meeting in January. As of February 2009, the County's landfill property has been eligible for annexation at the point that it became contiguous with the Wal-Mart Distribution Center. Mr. Recor said that they have advanced the annexation of the Distribution Center in the effort to bring in the County landfill, which then makes the City of Fort Pierce contiguous with the development known as Flatwoods along Midway Road. He said the City will begin to negotiate with their development plans for that property and process another annexation agreement at that time.

Mr. Perri asked a question of Mr. Koblegard. What would be the ramifications if FPUA did not approve our end of this Amendment?

Mr. Koblegard said that he went through the prior Agreement and the Amendment and FPUA is named in the Amendment only in the heading. He said that we have not set forth any provision in the Amendment to the Pre-Annexation Agreement. He said he thinks the City and Wal-Mart could reach this agreement without FPUA. FPUA signed the original Agreement just to cover the capital improvement charges and the water supplies; Mr. Koblegard said that is why we signed the original Agreement. He said he does not think if we voted not to approve this, it would make a real difference with the City going forward.

Mr. Perri said that he discussed it with Mr. Thiess earlier and that he finds it somewhat distressing that we can give and it is already approved in the Annexation Agreement, that we can give that much latitude in tax incentives for a project like that. It is owned by a corporation that its heirs are the fourth, fifth, and sixth richest people in the Country. He said it seems like they are doing this on the backs of the little people.

Mayor Benton said that he agrees with Mr. Perri. He said that way back when the Wal-Mart Distribution Center came to town, the City of Fort Pierce was left out of the loop. The discussions with the County took place for several months before the City caught wind of it and asked to be brought to the table because we are the water and sewer utility provider. Mayor Benton said he had a real heart ache with the tax exemption. Wal-Mart was wanted by a lot of people, but it has put a lot of people out of business, such as the little guy. He asked how come they were not on a fair playing ground, but when they are providing a lot of jobs at a time when they were needed, that is the agreement made with St. Lucie County and not the City Commission. Mayor Benton said that because the Agreement was in effect, we are just honoring that.

Mr. Recor said that one of the biggest tools that the City of Fort Pierce has in terms of recruiting industry and he said he would imagine that the Wal-Mart Distribution Center brought a lot of jobs to St. Lucie County as well as had an impact and much of that impact was very positive. He said the tax abatement is one of the largest tools that the City of Fort Pierce has. They have actually contemplated tax abatement for development in the Research Park or at least a commitment that the City would do the equivalent of what the County would do, that combined with some of the State and Federal incentives that are being marketed by the Economic Development Council. It made St. Lucie County an attractive place for business to relocate. Mr. Recor said that we will likely have this discussion again for the right manufacturer, production company, or distribution center.

Mr. Perri said that he would hope that we could lower our sites as far as the amount given. He said he does not mind incentives for any industry that is going to employ people to come to our area, but 90% is an exorbitant amount for the first year and right down the line. Mr. Perri said it seems like a bit much to him.

Mayor Benton said there is discussion now with other companies and one of the things he threw out there last week was because there were some decisions made in Port St.

Lucie and the company was brought in, the people in charge do not live in St. Lucie County. If we are going to give any type of tax breaks, first they should be decent paying jobs, better than the normal here, and the employees that are transferring here need to live within the borders of St. Lucie County. He said there are a few people that are irritated that some of the people that are brought here do not live in St. Lucie County and then the tax payer's are footing the bill for their business.

A motion was made by Mayor Benton and seconded by Mr. Drummond to approve the First Amendment to the Pre-Annexation Agreement between the City of Fort Pierce, Fort Pierce Utilities Authority, and Wal-Mart Stores East, LP. Those voting in favor of the motion were: Mrs. Cully, Mr. Drummond, Mayor Benton, and Mr. Summerhays. Those opposed: Mr. Perri.

-----

Nina Hurtubise, Director of Finance presented the status report on the Electric Power Cost Adjustment Over / Under Recovery for November 2009. She said the month of November was beneficial to add to the cost adjustment over recovery to the tune of about \$752,000. The current cumulative status of the over recovery is \$1.7 million and that sounds like a lot of money. However, when we reduce the power cost adjustment (PCA) in the month of December, we had expected that cumulative over recovery to be about \$3 million. It is short about \$1.3 million, not quite half of what we were expecting it to be. Mr. Hurtubise said that the way FMPA bills us is three parts, energy which is what we generally focus on when we talk about the FMPA bill and when we talk about our residential customer's bills and energy consumption. They also bill us for demand. Like our larger commercial customers, we also bill demand and transmission. These are the three components that FMPA bills us. Mrs. Hurtubise said that last month, one of those components, the energy rate, in October they had predicted that the November energy rate the following month would be \$22.30. They charged us \$42.32 instead, which is about 190% of their projection, almost double what they themselves had projected the month before. She said the point she is trying to make is that FMPA's projections have been historically quite unreliable. The demand rate increased 34% over October's rates. Last month, in October, FMPA was not doing projections on the demand rate, but had the demand rate not increased, our overall bill would have gone down. It did not go down because the demand rate increased. Mrs. Hurtubise displayed the chart for the charge for the power costs charged and paid from October 2007 through November 2009. There was an increase of \$4 from the October rate that was \$90.40 to \$94.40, which includes the nuclear power that we purchased, about a 4.4% increase in our power costs. She displayed the table of the projected power cost paid and recovered through September 2010. Mrs. Hurtubise said this shows the projected costs moving forward. The table at the top shows what FMPA had been projecting for power costs for the upcoming ten months. The table below shows that FMPA has come up with a new rate forecast methodology and she said she would love to believe it because it is about \$7 million less than what they were predicting previously. The old methodology seems to be understated, yet this new methodology is even less. We need to be prudent and keep an eye on whether the predictions are as viable as they say they are. The other difference in this new rate forecast methodology is they are using a 50% probability, which means they think there is a 50% chance that what they will charge is going to be equal to or less than what they are predicting. She

said that the numbers we have been using historically, which were again too low, were at an 80% level. We had a choice at that point, but they are not providing us with the 80% probability anymore, so we are going to have to move forward with the 50% probability. Perhaps add some type of contingency to it, but these do not have any contingency added to it at this point.

Mayor Benton asked Mr. Thiess about somebody from FMPA coming to our Board meeting in January.

Mr. Thiess said they were originally planning on coming at the second meeting in January to get past the holidays. He said he talked to Nick Guarriello a week ago Thursday and there are some things that are going to be happening with the rate methodology and that they are going to move forward with on forecasting rates and how that will be structured. That will be happening in January, so he suggested and we agreed that coming in February would be better because Mr. Guarriello could provide much more information in February than January.

Mayor Benton said that this was going to change in the fall and now it appears that nothing has changed, it is business as usual. He said he believes he saw a letter where Fort Meade had asked for an audit.

Mr. Thiess said that they have looked at an outside source doing an audit of the business practices and that was brought up at the last business meeting of the Executive Committee. He said that what was decided at that time was the Business Model Working Group is looking at a lot of these issues and focusing on it from an internal point of view. When they get finished with that process, they can identify certain things that are beyond their ability or resources and then they would go to outside auditing.

Mayor Benton said the letter lead him to believe that they were going to follow through and have an outside audit.

Mr. Thiess said there is going to be a detailed response to that letter, but the response to that one issue is going to be to let the Business Model Working Group work through what they have going right now, which includes the rate process. Last week they were looking at demand reduction.

Mr. Summerhays said they already had an outside audit. He said this was more on the order of management services.

Mayor Benton said he thinks they need someone to take a look at the organization because it appears that we have been misled for some time and he does not know how much longer and the letters that he gets from the other utilities or cities involved in this feel the same way. He said he does not know at what point, we finally say enough is enough. Somebody needs to come in and look at the practices of FMPA.

Mr. Thiess said there will be a detailed response to the Fort Meade letter. He said he thinks that is going out fairly soon and he can get a copy of that and get it to the Board

Members. The response to that one issue is to let the Business Model Working Group get through some of these issues and if there are other areas that are left over beyond their expertise and the time that they have available, then they will bring in outside assistance. Mr. Thiess said the management at FMPA is not opposed to bringing in an outside consultant to look at the agency; they just want to complete the first step. The Business Model Working Group was recommended by the City of Fort Meade so this was their project.

Mayor Benton said then he guesses that we will have to wait till February, but he feels bad for Mrs. Hurtubise trying to make excuses for them when he would like to hear it straight from them. When it comes to projections, we have heard for almost two years now that they were going to start getting it closer and it appears that they have not and they have made changes, but they still cannot get it. Mayor Benton said he has a tough time understanding.

Mr. Thiess said that is the subject of the January meetings of the Business Model Working Group. It is the rates so that is why we wanted to get past that and get information and the recommendations of the committee that will go up to the Executive Committee. We can get that behind us before Mr. Guarriello comes down to talk to the Board about that subject.

Mayor Benton said his suggestion would be and he is only one here, somehow the word needs to get to Mr. Guarriello and the folks at FMPA that we are going to make some decisions in January and they need to get on the road and start visiting all the Members. He said he wants to hear from them. He does not like putting Mrs. Hurtubise on the spot every month for her actions. Mayor Benton said that they need to be held accountable and come up with some answers that make sense.

Mr. Drummond said that when we had the last discussion about bringing the last \$2.00 reduction, we did not have a full Board present, two Members were absent. At that time Mr. Drummond said what he was asking for is a workshop. He said there is not only the component that FMPA is doing. There is also our component where we make a determination of whether or not we want to be higher in the winter and lower in the summer. All of those decisions the Board needs to make. Mr. Thiess suggested that when we go into the next budget year, we have the opportunity to be more aggressive in terms of how we are going to approach the budgeting process. He said that he would rather the Board have a full discussion at a workshop where we can have some input from our consultant, as well as FMPA representatives, so we can look at the PCA. We do not want to react to it. We need to know how and why we are moving forward versus just saying okay we are going to do \$2.00 and hope they were correct with their 50% probability schedule. Mr. Drummond said he is looking forward to an open discussion on this.

Mayor Benton said that he would go with a workshop, but he thinks we need not just our consultant; he wants some people from FMPA.

Mr. Summerhays said he agrees that if we are going to have a workshop, he wants it when FMPA can be here.

Mrs. Cully said she also agrees. She said we need to get more in depth to what we are getting.

Mr. Thiess said that maybe we can set up an afternoon workshop prior to the Board meeting when they are going to address the Board, take an hour and a half to start it.

Mayor Benton said we will need longer than that because it will take an hour and a half for them to hear from us because they need to do a lot of listening.

Mrs. Cully said maybe we could have it the day before so they have some time to think about it overnight before they come before the Board.

Mr. Summerhays said that it seems to be the consensus that the Board would like to have the workshop.

Mrs. Hurtubise said that one of the things mentioned is this is the first month of this new methodology and it has not been tested yet. She said she respectfully requests that no changes be recommended at this point until we have at least some idea as to how reasonable these projections are. The new methodology is \$6.8 million less than the old methodology. It is about a 14.5% drop in the overall costs over ten months and that sounds wonderful. Mrs. Hurtubise said that on top of that and included in this projection, FMPA is projecting a substantial one time drop in the December energy rate. She said that she is telling the Board about this now because in a month she will be saying this is great and that some of it has to pan out for certain. They are projecting an enormous drop just for the month of December and are pushing back the 60 days cash that we speak about each month. They are going to push it back out to the Member Cities because they will be over collected on their 60 days cash. She believes they will turn around and by the time March comes along they will have re-billed us for the same money that they gave us back in December so they are going to just collect it back from us again. If we were to make a decision based on what the rate is in December, we will have to bring it back up again. Mrs. Hurtubise said she does not think we are looking for that kind of a roller coaster ride in terms of the changes in the power cost adjustment.

Mr. Drummond said that is if we follow their projections to the letter. If we did something less than that, how great of an impact would it be on us if we reduced it? We are already looking at a \$1.9 million surplus.

Mrs. Hurtubise said we could sit here or do it in the workshop, but when we look at this in Excel, we can do "what if" scenarios. She said, yes we could reduce the power cost adjustment a small amount, but we would then need to be prepared to raise it a small amount in the event the projections do not come forth.

Mr. Drummond said that he is tired of FMPA driving this train. He said he wants it to be comprehensive and he is all in favor of a workshop. If we cannot have a workshop until February because that is when it is convenient for them, then our rate payers are going to have to wait until such time. He said that is his concern and he wants to try to be

aggressive because it has been on the backs of our ratepayers for so long that he wants to be comprehensive. Mr. Drummond said he hates to do that in the short term, but he does not want the rate payers to have to wait so long.

Mr. Thiess said that one thing the Board needs to be aware of is that no matter how good the rate forecast methodology is, when we are looking at a year, we definitely are guessing. Not only does it depend on the cost of fuel and inflation, it depends on each of these areas using and selling electric. He said the other variable that goes into this forecast is what the usage is by each utility. One would think that we could forecast pretty accurately a month or two ahead, but 12 months is really getting out there. Mr. Thiess said that we have done a pretty good job of managing the PCA other than it being big. It has been at \$54 and \$49, but you have not seen us having wild fluctuations. We rode out that big dip and under collected that \$4 million and sucked it up saying it is going to get better and now we are riding it back up. He said that over the last couple years we have been fairly flat across in the amount of \$54 to \$49 for the last 13 months. Once we hit \$54 in June 2008, we have been between that and \$49 for one and a half years. Mr. Thiess said he thinks there is no way that we can develop a strategy that will tell us where we want to be in June 2010 and the best we can do is maybe look a couple months ahead. If we start guessing to where we plan on going negative in March by taking aggressive cuts now, the bad side of that for the customers is we could end up raising it. He said that back in 2008 we were chasing it when the rates were going up and we did \$2.00 increment increases for eight months trying to chase that and catch up with it. We do not want to get in that catch up game. The customers need to realize that all of it comes back to them at some point in time. If we get aggressive now in December, we will have to come back with a higher rate in June for the rest of the year. Mr. Thiess said that the spreadsheet he handed out before the meeting shows the impact of reducing the PCA \$2.00 now. It would reduce the cost to customers \$2 for the first three months of 2010, then the customers would be paying about \$0.83 more in their bill for the next six months than they would if we waited until February to do the \$2.00 reduction. He said that is part of that decision that we are hoping to get some input from the Board on is do we want to develop a strategy to try to hold the PCA a little higher in the winter when the consumption is the lowest and the bills are lowest. December and January are the two lowest usage months for our customers. If the PCA is a little high then, it does not hurt as near as bad in the winter as it does in the summer time. If the Board gets aggressive in the winter then we may have to start raising the PCA in the summer and that is when it really bites because in addition to the higher PCA, the customers have 50% more use and will get hit with the big bills. Mr. Thiess said that is the philosophical question that we are trying to ask and get some direction from the Board. He said we do not have to do it this year. If we need to try to give back a little more this year we can shoot for that strategy next year and balance it out. We need to be cautious about not being too aggressive because we do not want to get back in June where we are chasing it going back up again and having to raise the PCA up to big numbers to catch up. Mr. Thiess said we watch it every month and the strategy right now until we get other direction is to look at it every month to see if we can lower it \$2.00 or \$4.00 and get it back as quickly as we can as we watch how the actuals come out with the projections. He said he does not think we can ever get to the point where we can tell you that in June it will be "x" dollars because there are too many variables in the rate forecasts to do that.

Mr. Drummond said that his problem continues to be if we look at it each month and we do not have some kind of measure that we are using for our policy on this, how do we come up with \$2.00, how do we come up with \$4.00? If we get to over collection of \$2 million do we go to \$4.00? If they were accurate with their 50%, would we go with 50% of where they are? There has to be something above and beyond us feeling comfortable with \$2.00 and is it going to hurt us or do we feel comfortable with \$6.00 and is it going to hurt us? Mr. Drummond said he would like to know how we are getting to the number each month. That is why he said comprehensive, but he does not want to wait until February. He said he wants to get there as soon as we can.

Mr. Thiess said we can have Murray Hamilton come down in the next couple of weeks. He said we can have all the spreadsheets where we can show the "what ifs". The big thing is all we have to work with on the FMPA rate is their rate forecast. That is the biggest variable in the whole model.

Mr. Summerhays said that he does not think we can look very far forward because the information that we get from FMPA is not reliable. Until they get a handle on the way they project, we are pretty much stuck with looking to the next month and saying what can we do for our customers this month.

Mrs. Cully said that she sort of agrees and she feels that we dropped it \$2.00 last month and people have not noticed that much of a difference. We are going into a lower consumption for the next month or two and we do not have the consumption that we have had in the past. She said we need to hold off and be a little conservative and wait until we can be a little surer of ourselves in what we are doing. With 50% reliability it is no reliability at all. We need to hold off until the first of the year and see where we are again and then act.

Mr. Summerhays said that he asked Mr. Thiess for these charts that we have because he wanted the Board to discuss it. He said we kind of brushed by it two or three meetings in a row. We really need to discuss it. A philosophy of how we are going to try to do this is not too much to ask for. Mr. Summerhays said that he agrees with Mr. Thiess that we are better off keeping it a little higher in the winter so we do not have to hit our customers with a double whammy in the summer. He said that he knows that a lot of our customers would like to see us drop it another \$2.00 now. He has heard from a lot of them and he has heard from some that support us and they say we do not understand how angry people are. It is a relatively minor risk to lower it \$2.00 for next month if it is going to help people, but he said he is not sure it is going to help.

Mr. Drummond said that he is for any kind of drop. He said his concern is that we keep saying that our policy should be to have it a little bit higher in the winter and then we can do more in the summer. The problem is when looking at the chart, we are almost at the top of the state. Everyone else has figured out ways to push to where we used to be in the center. Mr. Drummond said he is all for being conservative and being fiscally responsible, but he is very much all for trying to get back towards the middle of the pack. He hates that you are going to try and tell me that it is being driven by FMPA.

Mrs. Cully said that if we are talking about perception and we are going to drop it because it will make us look better, she does not think it will make us look better at all when we have to raise it \$2.00 again later on in the summer time. She said she feels that just because we are at the top of the chart, does not mean anything. What we have to do is work on what is important for FPUA. Everyone is angry and we are angry. She would rather be conservative and know that we do not have to come back and raise the rates again later. We can wait and see what the next month looks like. If we have to wait until February till we get more information until we see a couple more months of where this is actually going, she would like to see that than just make it good for us.

Mr. Drummond said that he wanted to make it clear that he is not attempting to look good. He said he is not concerned about a chart for the sake of a chart. He is concerned about the reality that if we are at the top end, our rates are some of the highest in the state. We need to figure out a way, if it is indeed a policy that we are going to set. We used to feel very good about and comfortable with being somewhere in the middle, that was a policy that we made. Mr. Drummond said that he is with the Chairman in that he would like to get back to setting policies that can say to staff where we would like to be, understanding always that we have a responsibility to be fiscally responsible. He is not looking to be outside of that scheme of things, but in the absence of being able to depend on FMPA to give us reliable numbers, we need to figure out a way of how we can relieve the burden on the customer as we watch what FMPA's predictability is. This is not for the sake of doing it, but for the sake of getting back toward a policy that says we are going to be in the middle of the pack if we can.

Mayor Benton said that because of the projections, which are pretty much useless, and when we have this workshop, he sees it as when he watches the price of oil, it bounces around at the pump and when the price goes down \$0.20 a gallon, he can use his boat for a few days. He said if he can give people a break because our numbers are up much bigger than they have been for some time, yes, we are not where we would like to be, but if we can give them a break and \$2.00 is not much, it is passing on something for a time until we can get something from FMPA. All he can say is that he is angry with FMPA and he wants answers, and he demands that they change the way they do business next year. Mayor Benton said that in his opinion, if it would not hurt us and it is not where we want to be, but he would like to give \$2.00 to help and he would support the \$2.00 right now.

Mr. Perri asked in the three phase bill whose demand it was predicated on.

Mrs. Hurtubise said it was on our demand.

Mr. Perri asked if the transmission cost is standard.

Mrs. Hurtubise said that it is very minimal in the scheme of things and they do not vary significantly as the others.

Mr. Perri said that he personally thinks that we should bite the bullet and go ahead and give it a \$2.00 reduction and hope that we did the right thing.

A motion was made by Mr. Perri and seconded by Mayor Benton and unanimously carried to lower the Electric Power Cost Adjustment by \$2.00 from \$52/MWh to \$50/MWh effective January 1, 2010.

Mr. Summerhays said that he hopes we do not regret it.

Mayor Benton said he hopes we do not regret it, but he said if there is a problem, he thinks it will make us even angrier with FMPA. They have to change the way they do business.

Mr. Thiess said that one of the things that they are going to be addressing in January at the Business Model Working Group is that there are two items in the rate that really push it all around. One is the 60 days cash requirement that has bumped it as high as \$10 and it swings all over the place and they either are trying to get more cash back or pushing it back to us. The other thing is the demand rate. If we look at the demand cost, it is a fairly stable cost, if you look across that 12-month table. What fluctuates is the demand, which is the denominator and is the billing determinate for the demand rate. The demand cost is divided it by the smaller number in the winter and a bigger number in the summer so that is why the demand rate fluctuates. What we are going to try to push FMPA to do is, take both the cash issue and the demand issue and try to level them out for the year because that is the way the bill used to be. The Member Utilities did not like that because they did not like FMPA holding their cash. Now these days it is not a big deal because they get a fraction percent of interest on it, we might as well let them keep some there and stabilize the rates. Mr. Thiess said that those are the two items that they are going to push with the Business Model Working Group to stabilize the demand charges throughout the year, which is how it used to be, and stabilize the 60-days cash so it will not be swinging up and down. If we can stabilize both of those things, the rest of the rate forecasting things should be much more basic and follow the trends of the industry and cost of fuel and inflation. Mr. Thiess said that is what they are going to push for and hopes that at least eight of the fifteen All Requirements municipalities agree that this is the way to go.

-----

There being no further business, the meeting was adjourned.

ATTEST:

\_\_\_\_\_  
SECRETARY

\_\_\_\_\_  
CHAIRMAN