

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, FEBRUARY 2, 2010, 4:00 P.M., CITY COMMISSION CHAMBERS

Members Present: Chairman, Robert W. Summerhays, Jr.; Vice Chairman, Darrell Drummond; Secretary, Pamela K. Cully; Deputy Secretary, Michael A. Perri, Jr.; Mayor Robert J. Benton III, and David Recor, Ex-Officio Member/City Manager (arrived at 4:15)

Others present: William G. Thiess, Director of Utilities; Rupert N. Koblegard, III, FPUA Attorney; Nina Hurtubise, Director of Finance; Nancy Dallaire, Risk Manager; Thomas W. Richards, Director of Electric and Gas Systems; Timothy E. Perkins, Director of Water and Wastewater Systems; Douglas W. Giel, Director of Shared Services; and Samuel A. Barnes, City of Fort Pierce, Director of Procurement.

The meeting was called to order by Chairman Summerhays.

The Invocation was given by Reverend Debra Thompson of Hope for Families.

The *Pledge of Allegiance* was recited.

The roll was called and a quorum declared.

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A motion was made by Mr. Drummond, seconded by Mrs. Cully, and unanimously carried to approve the following item listed on the Consent Agenda:

1. Approval of the Minutes of the Regular Meeting of January 19, 2010.

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A letter was received from the Children's Home Society, Treasure Coast Division thanking FPUA employees for the donation of canned food for the WaveCREST shelter.

A letter was received from the Salvation Army expressing appreciation to FPUA employees for their participation in The Salvation Army's Angel Tree Program.

A letter was received from Robert E. Brown, Director of MAD DADS Ft. Pierce Chapter, Inc. thanking Patricia Lopez, Customer Service Representative, for her outstanding service and for being helpful, thoughtful, compassionate and demonstrating positive attributes on a consistent basis.

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Mr. Thiess said the staff was going to bring a summary of projects to the Board from time to time and today Tom Richards, Director of Electric and Gas Systems has the update on the electric and gas side. We will be bringing the water and wastewater summary subsequently.

Tom Richards, Director of Electric and Gas Systems presented the current status of Electric and Gas Systems' projects. Mr. Richards said that we have committed to bringing to the Board periodic updates on the projects. He said the first project is State Road A1A rebuilding and there is significant utility construction going on there. Phase

one of the project is the red line as shown on the screen and is the last part of the project to be done. The electric feeder circuits that are being placed from overhead to underground is this one long red line that goes way down to Gulfstream and there is a shorter one that goes underground along the side streets and comes back overhead. Three circuits come from the substation, which is up near the wastewater plant. Mr. Richards said that this project begins about the easterly end of the Harbor Isles' property line and extends down through this curvy area with the narrow streets as shown on the slide. He said this was kind of expensive and was essentially and for all terms and purposes entirely funded by the FPRA.

Mr. Richards said the next project on the slide is under way. The design is done and they are about to start construction on the Juanita Avenue Bridge. The Board has had discussions in the past about the funding of this project. The bridge is shown in the aerial view, it is to be reconstructed and it involves all four utilities. He said from the electric standpoint there is an electric transmission line, a 138,000 KV line that ties us to Vero Beach and runs on an aerial basis across the bridge and there is also distribution on the same poles, a 15,200 volt circuit. These will be in the way during construction so our plan here is to build a temporary line that will jog to the south and run back on these poles and we will remove the conductors away from the poles while the construction is taking place. Mr. Richards said that this is about a year's construction roughly and then we will put it back where it was when they are done. On the next slide it shows a photograph of it looking to the west with US 1 behind, the bridge is in the foreground, the transmission poles are shown, and the corner pole is shown also. He said the conductor will be removed and the transmission line will go off to the side temporarily and the distribution line will follow the same. The restored transmission lines will be put back on the same poles and be put back the way it was. That project will start in the next few weeks and it will take us a few weeks to do that work.

Mr. Richards said the next project is the proposed 13<sup>th</sup> Street project from Orange Avenue to Avenue D and there are about four blocks that we plan to go underground. He said he understands that because there were some funds left from the A1A project that FPRA did not have to spend, we estimated one number and it is coming in a little bit less, we have recommended that they help us with the funds to put this underground. Mr. Richards showed a picture of it looking north on 13<sup>th</sup> Street.

Mr. Richards said the next project, which is almost finished, is the reconstruction of the feeders on 25<sup>th</sup> Street from Virginia Avenue to Delaware Avenue. We have Longwood Substation, one of our big and old substations that has been here quite a long time, at the corner of Rhode Island. He said that over the last couple of years, they have put quite a few improvements into this substation, including replacing the regulators and refurbishing the underground access to give them more capacity and to modernize them. This substation is 30 plus years old and we are in the position where we feel we have to renew some of this equipment so it is on a proactive basis rather than have it fall in place. There are now six circuits that exit from this substation and they all come out underground and go a short distance before they come up overhead. We used a small trencher/excavator from the Gas Department for burying the conduit for this project. Mr. Richards said this was a cooperative project. He said we hired a subcontractor to do the underground directional drilling. They start on one side of the

street, crossing 25<sup>th</sup> Street and they drill across and make the drill head come up on the other side of the street exactly where they want it to. They then pull the conduit back and we can pull the cable back through the conduit.

Mr. Richards showed a slide and explained that on the old wood poles, the contractor will lean the poles back a little bit and build the new poles. They put the new circuits on them and move all the facilities over there and kill the old circuit. They cut the old wood poles off just above where the communication cables for AT&T are located. AT&T will come in and move their facilities from the old wood poles onto the new poles.

Mr. Richards said a new project that was a surprise for them was Harbor Branch, which is now owned by Florida Atlantic University (FAU). They have some money in their pocket to spend and it has caused FPUA some work on the electric side. He showed an aerial view of the campus and pointed out the main campus and the agricultural facilities. This project is along Old Dixie Highway and the railroad tracks. Mr. Richards said the Link Building is being totally rebuilt and it is gutted on the inside. The outside is being redone to look like the FAU architecture. He said in addition, they are building a new research laboratory. FPUA electric circuits will come in overhead and as part of this project they will go underground. On the north jetty there will be a pump house and a mosquito control pump station that will need electric service. Mr. Richards said the old Seward Johnson residence is going to be a rehabilitation house for wayward sea turtles. He said their objective is to pump natural sea water into this facility so they will have fresh natural water. The area on the north end of campus will be placed underground. This is about a \$320,000 project and FAU will pay for all of it except about \$48,000. Mr. Richards said that later on the agenda today there will be a post budget work order request for electric to fund this project. It was not in the budget because we did not know about it.

Mr. Richards said that St. Lucie County Airport asked FPUA to place guide lights at the very top of our transmission poles along US 1. He said their objective is to provide a visual marker for pilots to mark a no-fly zone to urge them to turn away so they do not fly over St. Lucie Village and disturb the residents there. These are solar powered lights and are placed at the top of the poles, but they do not have any connection to the power. This project was funded by St. Lucie County.

Mr. Richards said that on Avenue C they are rebuilding the feeder tie, which gives us the ability to make a good strong tie between a couple of different feeder circuits and back up areas in case we have failures in close to the substations or inside the substations. He presented the slide that showed how the new construction takes place with the new poles placed for the vertical armless construction with a temporary arm. The old pole with the cross arms is next to the new pole and as the contractor installs the new conductor, which is heavier, and once it is all energized including the new transformer bank, they will swing the services over. They will then kill the old lines and cut down the pole until the communications companies transfer their lines. Mr. Richards presented the slide that showed the lines on Avenue C and Backus Avenue looking west and showed Orchard Island Juice and the transmission line going down 2<sup>nd</sup> Street, dropping in and out of the substation behind the old power plant and going back up 7<sup>th</sup>

Street south. He said once all the old poles and cross arms are taken out it will be a much neater appearance.

Mr. Richards said the power plant was retired in July 2008 and we started the demolition process shortly thereafter with National Salvage. He said this is our final report on this. It took a long time to get the asbestos out of the inside of the plant. That was the time it looked like nothing was happening and then the contractor disassembled and demolished everything from the inside out with the buildings being the last thing that came down. Mr. Richards said when they finally got done the Board saw a number of changes to the contract and with the final contract there was still money in our pocket, \$208,000. He said that hardly puts a dent in the \$11 million that was spent at the Hartman Substation to upgrade our interconnection. Some of the statistics on the material that the contractor salvaged out is 60,000 pounds of copper. He said the concrete was stockpiled and crushed and put back on the site. Mr. Richards said there were a number of local businesses that benefitted from the demolition of the plant with about \$400,000 spent in local wages. He presented before and after pictures of the plant. The environmental cleanup is going slowly, but there is no clamor for the site. We have managed to get the Treasure Coast Regional Planning Council to obtain funding to do environmental cleanup and they have hired a contractor that is actually taking responsibility for it. They have started with \$100,000 and they believe there will be up to another \$400,000 in grants. We expect to see them out there in February. There are a lot of FDEP approvals required before they can start anything. Mr. Richards said the environmental cleanup is really not that much; it is a big process to get it to the point where it can be cleaned up.

Mr. Richards said that they have a gas project at the IRSC Public Safety Training Complex and we have installed gas for them to use in their training area so that they can simulate extinguishing gas fires. He said they have put in over a mile of 4" gas main, gas service, and service lines on their property. The project was finished in August. IRSC contributed about two thirds of the cost of the project. Mr. Richards presented a picture showing the gas personnel installing the gas lines on the site. He also showed some of the props that are being used so they can practice putting out fires.

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Mrs. Nina Hurtubise, Director of Finance, presented the Rate Comparisons for the month of December 2009. She said that she will be presenting the comparisons of the residential electric rates compiled by the Florida Municipal Electric Association. She said the graph displays the municipal electric bills in the State of Florida for the usage of 1,000 kWh. FPUA is identified in green and yellow on the slide and its relative position compared to the other municipal utilities is now in the fifth highest slot, which is where it was in the month of November. Even though we had lowered the power cost adjustment (PCA) \$2.00, we still are in this relative position. Mrs. Hurtubise said that since November there are seven utilities that increased their bills and nine have decreased their bills. She said the most significant changes were all flip flopped from the previous month. Green Cove Springs increased by \$17.12, but they decreased \$14.78 in November, so they are swinging widely as they adjust their PCA. This and Starke are All Requirement Project (ARP) cities. Mrs. Hurtubise said that a very similar

situation is Starke that increased \$14.40 and they decreased \$14.40 last month. The only other significant change is in a non-ARP city Williston decreased \$17.90, but they increased \$13.80 in November. These cities where we are seeing these big changes are month to month significant changes. There were no changes in the investor-owned utilities for the month of December as compared to November. Mrs. Hurtubise said that on the 2,500 kWh comparisons, FPUA is in the 5<sup>th</sup> slot, which is an improvement over last month. She presented the slide showing the December comparison of residential electric, water, and wastewater as compiled by staff for Fort Pierce, Port St. Lucie, St. Lucie County, and Vero Beach. The only change shown is the reduction of FPUA's December PCA from \$54 to \$52 for 1,000 kWh. That has made FPUA comparable to the bills paid by the northern St. Lucie County residents and we are now below Vero Beach. Mrs. Hurtubise said this is an information only item and no action is required of the Board.

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Mr. Thiess presented the strategy for managing the electric power cost adjustment (PCA). He said that on January 14, we conducted a workshop with staff and the Board and we had a representative from the City Commission. He said at that staff meeting we presented a number of scenarios for strategies to manage the PCA. Those scenarios are shown on the slide presented. Mr. Thiess said there are five strategies there, but two variables for these strategies. One is the confidence level we pick on the rates. If we pick a higher confidence level of 80%, then we are 80% sure that the actual rate is going to come in at or below the forecast rate. Likewise, the 70% is a 70% confidence level. During the rate work shop it was said that FMPA has been using the 50% confidence level on their new methodology and Mr. Thiess said he would caution the Board on this level. He said that might work out as we move ahead, but for the first two months of the new rate methodology, FMPA was at or above the 80% rates when it actually came in. It may take a while for them to get the bumps out of their forecasting method and it may be better as they go ahead. The first variable is the confidence level that the Board picks. The higher the confidence level, the more conservative the approach. The other variable is whether we try to go with a constant rate, which is what we have been doing for the past year or so. We have been looking ahead and seeing what a sustainable PCA is and projecting out 12 months ahead. Mr. Thiess said that we have been pretty even with that up until the last couple of months when we started dropping it. We had one little blip where we went down and had to go back up again three months later. Other than that, it held pretty constant, but to do that we went in some serious holes of about \$4 million last June and now we are starting to see the peaks on the other side and starting to over collect. The first option of the second variable is a flat PCA where we try to hold our rates the same all year and adjust them in accordance with long term trends. If we have a constant fuel cost and constant wholesale cost, we will have flat rates for a long time. If the fuel costs and the wholesale costs are rising slowly, our rates will be rising slowly. The second strategy holds the PCA higher in the fall which is when FMPA, based on the 60-day cash requirement, set their rates and give a lot of that 60-days cash back. When they are looking at 60-day cash needs in September, they are looking at some of their lowest consumption and lowest production months and the 60-days amount they need is much lower. In May or June when they are ramping up for the summer months it is much bigger. The fall we typically get back a lot of that accumulated cash and the high-low

strategy has us holding that a little bit during the winter, keeping the winter rates a little higher when the power bills are typically a lot lower than they are in the summer. Last January was an exception where we had an extremely cold spell, but typically in the winter we have fairly low consumption and the bills are much lower than they are in the summertime. Mr. Thiess said that strategy number two would be to have the PCA a little bit higher in the winter and then go into the summer with the ability to lower it a little bit and have a lower PCA in the summer. He said those are the two elements that are combined to form the strategies. On the 70% confidence level, scenario #1 is the level strategy and scenario #2 is the high-low strategy. At the 80% confidence level, scenario #3 is the level strategy and scenario #4 is the high-low strategy. The hybrid is a high-low strategy with the high and low a little bit more compressed together. Mr. Thiess said these are the only ones that we talked about, but we are willing to entertain any departures from these five that the Board may want to come up with. He said that staff is looking for direction as we go ahead. If we look at these strategies here, there are going to be some times if we are on the 70% or 80% rate, where we will see in the months ahead where we will be wanting to recommend to go down to these levels. The strategy that the Board selects will determine how aggressively or how conservatively we will bring the power cost adjustments to the Board.

Mr. Summerhays said that we are not picking an amount for the PCA. We are picking a strategy for adjusting it and basically we have the two things, the confidence level we want to pursue and do we want it flat or do we want it higher in the winter and lower in the summer so customer's bills level a little bit, in a normal winter at least. He said that he and everybody else in town had the highest bill they ever had in January and that is what happens when Mother Nature slams us with up north. Mr. Summerhays said this is something we keep talking about and dancing around it, but we need to make a decision.

Mr. Drummond said he knows it is Groundhog Day, but it seems like we had this discussion. If we are not talking about adjusting the PCA, how else do you adopt your strategy?

Mr. Summerhays said that we are not setting the numbers. This is purely a policy of the way we want to do it.

Mr. Drummond asked then how would you implement it, if you are not doing it by adjusting the PCA?

Mr. Summerhays said that is adjusting it, which is implementing it. We do not have a strategy. He said that staff can plan this if they know what we want to do.

Mr. Drummond said that he thought that we adopted the hybrid at the last meeting.

Mr. Summerhays said that we did not adopt it, we talked about it. He said as far as he knows, we just dropped the PCA.

Mr. Drummond said his motion was to drop the PCA and adopt the hybrid and it was a three-two vote.

Mr. Thiess said it was to reduce the PCA.

Mr. Drummond said he thought he said to adopt the hybrid.

Mr. Summerhays said that Mr. Drummond just thought about it and did not say it.

Mr. Thiess said he believes Mr. Drummond said that he likes the hybrid, but it was not part of the motion. We had pointed out before that four out of the five scenarios had us going to \$48 for February, which is where we are. We are in sync with four out of five, all but scenario #3. We are at that level now. Mr. Thiess said he does not believe the motion was to adopt the hybrid. He asked Mrs. Mazzarella to read the motion from the last meeting.

Mrs. Mazzarella read the motion as follows: "A motion was made by Mr. Drummond and seconded by Mayor Benton to lower the Electric Power Cost Adjustment by \$2.00 from \$50/MWh to \$48/MWh effective February 1, 2010 and revisit it on a month to month basis with the intent of having another adjustment in October."

Mr. Summerhays said that is his memory of what happened too. He said we can fix that right now if you would like to make a motion.

Mr. Drummond said that he almost would like to see the tape because he really believes he said to adopt the hybrid.

Mr. Summerhays said that he did say he liked the hybrid.

Mr. Drummond said that he thought he said to adopt the hybrid.

Mayor Benton said that he knows they talked about it.

Mr. Thiess said that he would like to point out that on a monthly basis around the 9<sup>th</sup> or 10<sup>th</sup> of the month, we get the rate call from FMPA so we know what the rate will be for that month. We add another point to the graph. As we move out into the winter months and into the spring, if we are following the 80% confidence level rates, we are going to stay right where we are, if that is what the Board selects. If all of a sudden it looks like they are coming in at the 70% or 50% confidence level, we will bring back recommendations to lower the PCA in accordance to where we are with those rates. It depends on what confidence level we land on as the data points prove out one or the other. Mr. Thiess said the starting confidence level is just a starting point whether we start conservatively or aggressively, but we will always get back down to where the rates actually are.

Mayor Benton said that at the last meeting we talked about this and the reason that we did not implement it is because we wanted to see if FMPA's confidence level would come out a little bit better than it has. We do not have a lot of confidence in their putting the numbers out. We were looking for them to get a better grip on things with the

numbers and then maybe we could get an accurate number, but it is hard to project ahead when we know their projections are so off recently.

Mr. Summerhays said that we are not selecting a charge or rate here. We are selecting a method by which staff will do the projection.

Mayor Benton said they can only do that if the projections that come from FMPA are accurate.

Mr. Summerhays said that staff can month by month change this amount as we please.

Mr. Drummond said that is why he is of the opinion that the motion works for him as is even if it does not have the word hybrid in it. He said we are sitting at the \$48, we said we would look at it month to month with the intent of adjusting it in October. If, as we go along, it turns out that their projections are closer to where they suggest, then maybe we come back and adjust it some more. Mr. Drummond asked if we need to say hybrid at this point or we can live with where we are.

Mrs. Cully said that what we are really looking at is the 80% confidence level when we look at the hybrid scenario. She said what the staff would like to hear is that we as a Board would like to keep it at the 80% confidence level with them looking at it on a monthly basis to see where we are.

Mr. Drummond said that from his standpoint, if all of a sudden we start getting month to month reports that FMPA is coming in at 50%, we do not have to be locked in to that 80%. We need to be expecting staff to suggest changes. He said since it is so troubled at this point, he does not know if we would want to try and adopt a policy.

Mr. Perri said that whatever policy we adopt, if we adopt one today, he does not think it is written in stone and it can be manipulated at any time. He said what staff wants is whether we want to turn left or right or do we want to go down the middle.

Mayor Benton said if we set it at 50% confidence level, we would put the pressure on FMPA, wouldn't we.

Mr. Drummond said then how do you implement that level. In March we could go with something less than \$48.

Mayor Benton said that if we did change the numbers at least we would send them the message that we expect them to do a lot better. If we use 80%, then we are giving them some leeway; 50% is what we would like to do, but their past track record would not let us do that.

Mr. Summerhays said that what he is hearing as a consensus is that we want to be at 80% and if it turns out that 50% works better, we can revisit that. He said the consensus he is hearing is that we want to be at 80%, is that fair?

Mr. Drummond asked how we are going to implement our 80%. He said that he just gets the sense that he is going to see an increase in the PCA and someone will say I said I wanted it to be at 80%.

Mr. Thiess said that he wanted the public and our customers to hear that every dollar that is over collected by the PCA will go back to the customers eventually. The 80% is a little bit more conservative because we are assuming that the rates are going to be higher so we are not going to be so fast to give it back. If the Board changes the lower confidence level to 50% and gets aggressive, there is a good chance that we will get burned down the road if the rates come in at the higher level and all of sudden we will be chasing it back up the hill like we were doing about a year ago. The other part is the high-low thing. We are going to end up where we are going to end up on the confidence level once we start putting more points on the curve. We are going to see where we fall on that and staff will self-adjust. The part that staff needs the most input on is do we want to hold a little back in the winter time when the consumption is lower and give us plenty of cushion as we go into the spring when they are asking for more cash to make the 60 days cash. Mr. Thiess said that is the main question because we are going to have to answer that question as we look ahead between now and next spring. If we pick a level or even the hybrid, we are going to be looking long term and just trying to level the PCA out for the next 12 months. He said if we are going to do the high-low option, we will be a little bit more conservative and hold back the next couple of months and it will not be like January because January was an abnormal high consumption month. If we pick a high-low strategy we will hold back a little in the winter when the bills are lower and in the summer we will be in a much better position to go through the summer with a lower PCA, which will keep the summer bills a little lower. Mr. Thiess said the high-low is the most important part of the decision. The confidence level is the starting point, but we will self-adjust to what the rates end up being.

Mrs. Cully said that maybe we should not talk about the confidence level and just decide whether or not we want a high-low or flat rate.

Mr. Thiess said that he believes he already heard that a majority of the Board would like to start with the 80% confidence level, which is the conservative way to go. He said the first two months on the new methodology we have been at or above the 80% so that seems like a good place to start. Mr. Thiess said he is confident that it will get back down to 70% or below, but it is not there yet. To take that great leap of faith that it is going to be there is a little bit of a stretch until we get at least a couple data points on the other side that show us down to 70, 60, or 50.

Mr. Summerhays said that we can leave the confidence level decision for a later date when we see what is going on and we may just want to leave it and not do anything about it. We will just know what the 80% is and see what happens. We do need to adopt a scenario of whether we are going to follow FMPA's rates or if we are going to smooth it out for our customers. Mr. Summerhays said that he thinks that is what our customers would prefer, is smoothing it out so they do not have this huge difference between summer and winter. He said if someone is on a limited income and gets a giant bill in the middle of the summer or worse yet, three or four of them in a row, it

really stinks. If we can pick up some of that in the winter instead and lower those bills in the summer, he said he thinks our customers would be happy with it.

Mr. Thiess said that from where we are today, the hybrid is a flat line scenario. Scenario #3 is the flat line if we kept the PCA at 80% but that is if it was at \$50 for this month, but we are at \$48. If we look at the hybrid, it has us staying at \$48 and going up to \$55 in October and staying at \$55 for the following spring. The hybrid is the level scenario for where we are today. The only difference between that and scenario #4 would be to go ahead and bump it up a little more in October, hopefully it will not be at \$58.

Mr. Summerhays said that is assuming that the projections we are getting actually come to pass and we get the higher bills. If we don't and they go down, then we can still lower the PCA, even using the hybrid. This is not set in concrete, it is just an example. The question is the philosophy that we are going to follow in pursuing this thing, higher in the winter and lower in the summer, make it a little smoother for the customer. Mr. Summerhays said the complaint that he hears more than anything else is people just cannot stand the surprise big bill and they would like us to smooth them. He said we have another procedure that customers do not think about where they can pay the average and pay the same thing every month.

Mr. Drummond said that he still uses it, but it is going up each month.

Mr. Thiess said that if the rates stay at the 80%, there is not a whole lot of variability. The hybrid is kind of the flat line thing and scenario #4 we hold at \$48 and jump in October, but if we come in with the 50% confidence level rates or even the 70%, then there is a lot more room for making adjustments. He said that is why we need the direction whether to sandbag a little in the winter to try and lower the summer PCA or to just go ahead as we see the rates drop keep projecting out 12 months ahead and continue to make adjustments every so often to try to match that line out six months.

A motion was made by Mr. Perri, seconded by Mrs. Cully, and unanimously carried to approve the adoption of the hybrid scenario.

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Mr. Dino Nesselrode of Electrical Engineering presented the Harbor Branch Oceanographic Institute underground electric service project. He said staff is requesting funding for the Florida Atlantic University's (FAU) Harbor Branch Oceanographic Institute's project of \$320,756. Mr. Nesselrode said that since Florida Atlantic took over Harbor Branch, they have aggressively started to upgrade their infrastructure or add new buildings. He said this caught them by surprise. There are three brand new services and three upgrades. The new services are for pumps for the St. Lucie County Mosquito Control, the Seward Johnson house, and the new research laboratory. The upgrades consist of research trailers, the Link building, and the guard shack, which is the northwest entrance to the building. Mr. Nesselrode said they are going to convert that to underground. He said as they bring new things in, most of the northern part of the campus will be underground. The total project cost is \$320,756 with the developer contributing \$272,031, so FPUA's contribution is \$48,725. He said with the addition of the research laboratory, that money should be returned pretty quickly.

As for future plans, we are going to underground most of the northern section of the campus and work with FAU to give us a little more heads up in the future.

A motion was made by Mrs. Cully, seconded by Mr. Perri, and unanimously carried to approve a post-budgeted work order in the amount of \$320,756.43 to provide new underground electric service and convert existing overhead facilities to underground for the Harbor Branch Oceanographic Institute.

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Mr. Thiess said that the January power bills were considerably higher than last year's power bills. He said he ran some statistics and overall with all of our customers from January 2009 to January 2010, there was a 45% increase, which is substantial. He said that there were 22% of our customers that increased by 100% or more, which is phenomenal. Mr. Thiess said that the ten days of cold that we had in January was record setting across the State. He said he emailed the Board today three articles from Orlando to Tallahassee and some from the south of us where everybody has been hit with high electric bills across the State with the same numbers. Some have doubled and some have tripled, so this is not just an FPUA phenomenon, it is across the State and it is because of the cold weather. Mr. Thiess said that FPUA issued a public service announcement that was in the paper last week and we are making arrangements for customers that need to make some arrangements for payments. He said some of the bills are larger than their summer bills. We are giving extensions and making payment arrangements with customers that need it. During that cold spill, FPUA services were extremely reliable. We had less than 1% of our customers out over the entire ten days and most of those were a handful of customers or single customers. The paper said that our competition to the south, FPL, and Vero Beach to the North had thousands of customers without electricity and some for hours at a time. He said that is not just an accident, our folks have been working very hard to beef up and upgrade the system and have replaced a lot of conductors and other components in the system to make it storm ready and able to withstand heavy loads like this. Our reliability is due to a lot of hard work.

Mr. Thiess said before the meeting he handed out the update on the Avenue Q project. He said this is the project that has been around for at least five years and we have been working on it in earnest for the past two years. Looking at the hand out in the middle of the page under "signed up for service", there are still eight customers that have not paid their deposits. We need to get all eight of those signed up to meet the CDBG grant requirements. Of those eight, three have brought in paper work and have not paid the deposit, so they seem headed in the right direction. We have five that have not showed up at all with the paper work so we will continue to work on that. If at some point, we level off and still have some blanks there, we will get back with this Board and probably get in touch with the City Commission to see if there is something we can do to get these people on board with this project. We will continue to update this spreadsheet and will get it to you at the next Board meeting.

Mr. Thiess said that this Friday at 9:00 a.m. at the Riverwalk Center is the City's Strategic Planning Workshop that will probably be all day. He said that he plans on attending that workshop all day and will be looking for an electric outlet to plug in his

laptop so he can get some business done. He said he believes that Mr. Perri plans on attending and this Board is invited. Once we get the agenda, we will see if the utility related things will be bunched together for convenience and we will be able to call the Board members that want to come in for the utilities' stuff.

Mr. Summerhays said that he plans on attending.

Mr. Recor said the Board is all invited to participate and we may not talk a lot about utilities, but will certainly be talking a lot about financing issues as they prepare for the budget. He said the agenda will go out tomorrow, but they have been inundated with matters.

Mr. Thiess congratulated Mrs. Cully for her appointment to the American Public Power Association's Policy Makers Council. He said that is a national group and she brings very good recognition to FPUA as our Board Member.

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Attorney Koblegard said that there has not been any change since the Board met the last time on the FDOT issue. He said he did get an extension from the FDOT on filing the suit until after our next meeting this month in the hopes of getting this issue resolved with them and the City. We may need to have an "out-of-the-sunshine" meeting in two weeks, but he will let the Board know.

Mayor Benton said that he spoke with Mr. Thiess today not knowing if the pressure is still on with the attorney to enter into this suit. He said he had given that information to the Secretary of the FDOT over three weeks ago and still has not had a response. He contacted her aide in the office twice and he has had better response from the governor personally. Mayor Benton said that tomorrow he is going to send out this information to our local delegation, the senators, and the representatives hoping that they will put pressure on. He said that hopefully by the next meeting, they will call the dogs back until we can talk about this. It seems ridiculous throwing it to the attorneys or their attorney. He said that the City's attorney wants to fight it. From their discussions, they have ground to stand on and before three attorneys get involved in the lawsuit and we have to spend lots of money, he would like to see if we can negotiate this out some way. By the next meeting, if we have not heard anything, then he said he guesses that the lawyers get it.

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Marty Laven of 2400 South Ocean Drive, Unit V1115 said he comes to the Board as a renewable energy specialist from Climatic Solar. He said that he made the promise that before he came before the Board again he would do his homework, as he did not do regarding the PURPA. Mr. Laven said that he has a short list for them. He said that California has approved \$350 million in solar hot water rebates. He thanked FPUA Board and staff for providing rebates to the local population recently. He does not know if they will be doing that again as he is concerned about the state not resupplying it's rebate program. Mr. Laven said that some of them have asked to join him at their wine and learn events and he would like to invite them again and will provide them with another venue or even a workshop. He said he knows that they may realize why that

may be a benefit to everyone. Mr. Laven said the rebate programs are a concern to him and other contractors and certainly to the users as well. He said he is sure some of them are familiar with production based incentives. The idea of something in the form of purchase power agreement amortizing something over twenty years would be a great financial instrument if he could find some way to do that. He said he does not know if he could do it through municipal utilities, but he knows there are some difficulties in doing it with the public utilities because of the Public Service Commission and in the absence of the renewable portfolio standard at the state level. Mr. Laven said the other hot phrases that are being bandied about in this arena of renewables is the feed-in tariffs of property assessed under the clean energy PACE Program, which the County is working on in the energy financial districts. He said Scientific American has identified the PACE Program as one of the top twenty ideas that can change the world. He said his hat is off to the County for their solar initiative, but in the months between now and when the Community Development Financial Institution does come to pass, they are still going to need other opportunities in which to put people to work and more solar, in particular thermo as opposed to photovoltaic. He said they are fans of that as well. He said they are lobbying with other groups for the renewable portfolio standard for that initiative and they are hopeful that in the legislative sessions some of these matters will be resolved. Mr. Laven said they are cautiously pessimistic. He said there are renewable energy credits and certificates that he alluded to before and he said he believes the phrases "cap and trade" and "carbon tax" would raise too much discussion and too much concern to bring up at this point. Mr. Laven said that Climatic Solar would like to invite the Board to one of their upcoming events or maybe it would be better if they presented themselves to the Board's schedule at their convenience in the form of a workshop

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Mrs. Cully said that she would like to report, as this Board's liaison, that she along with Mr. Thiess, Mr. Perri, Mr. Richards, and City Commissioner Tom Perona attended two days of meetings at FMPA last week. She said that the Business Model Working Group discussion on the first day was regarding rate setting and rate methodology, and they are working towards a newer methodology. Mrs. Cully said that they are hopeful that they are coming up with something that will work for all of us.

Mr. Thiess said that he was glad to see two Board Members there and he said we also had a City Commissioner there for the first time ever. Commissioner Perona was the newly appointed liaison for the City Commission and he is going to join them on a regular basis. Mr. Thiess said that Mr. Perona was there for the second day because he had to attend the City's FPRA meeting the first day. Mr. Thiess said that we were very well represented at the FMPA meetings. He said that Mr. Tom Richards is always there because he is the Chairman of the Executive Committee and participates in all the other committees as well so we have a very strong contingent up there at FMPA, which is a very good thing. Mr. Thiess said the Business Model Working Group did talk about the rate strategy at length. He said he believes that group is headed towards leveling out the rates somehow, leveling out the demand charges that fluctuate because of the billing determinants, and leveling out the 60 days cash requirement. Mr. Thiess said they are going to get into that further as to how to develop the rate stabilization fund to level the cash. He said moving ahead, the Business Model Working group will

eventually pass something up to the Executive Committee to require the All Requirements Project to get more towards a level rate structure, which will be very helpful for us in these PCA forecasts and projections. Mr. Thiess said they did discuss the hedging strategies with the Executive Committee. Staff came up with a minimal hedging strategy that is short term, 75% hedges for four months and it only gets kicked into gear during very accelerated peaks. His guess is that it will be either that minimal strategy or no hedging at all. They are not sure at this point where it is going to go, but certainly no hedging like we have seen in the past. Mr. Thiess said that he does appreciate all the company that they have up there at FMPA now and he feels it will be useful for this Board and for the City Commission. There will be a lot more dialogue and communication going back to both groups.

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Mr. Perri said that it has occurred to him that our Board, FPUA, and perhaps the City of Fort Pierce would have a much better perception in the minds of our rate payers and citizens if we could somehow generate more public interaction and participation. He said to that end, he would like to offer the following suggestions for consideration. Mr. Perri said he would like to ask for public comments before the meeting after they look at the agenda. He said asking for public comments after we make decisions is like locking the barn after you stole the horse. Mr. Perri said that he would like the Board to consider a change in the regular meeting time to better accommodate the ratepayers and the citizens that want to attend these meetings. He said it is awful hard for a working guy to attend these meetings if he has any issues. If it is our intent to involve the public, he thinks we need to have our meetings in the evenings and possibly change the date to accommodate conflicts that others may have that are attending nightly meetings. Mr. Perri said that would help enlighten the ratepayers and show how we operate and perform with the tax payers' best interest in mind. He asked for any comments and if anybody would be interested in meeting later in the evening to the benefit of the public participation.

Mayor Benton said that he would agree to the public comment. He said one thing they did at the City Commission is entertain the discussion first especially if somebody has an interest. He said these meetings are a little different because they are not really public hearings on some of these matters. If somebody is out there and knows something about buying a new generator better than we do, it will give them a chance to put in their two cents. Mayor Benton said he would not have a problem with that. He said that one thing they have done, since he has been on the Board, is that we televise our meetings so hopefully we can get to the people that cannot get to the meetings - they can see it on TV. Mayor Benton said he does not think we would get more people at night coming to the meeting. He said he has heard the story both ways because at the City level he has asked that they stagger meetings. Years ago he asked that they stagger them like the County does having one during the day and the next week at night, but unfortunately that did not go anywhere. Mayor Benton said that some people will not go out after dark. He said these meetings are televised.

Mr. Perri said that Mayor Benton's point is well taken, but as far as watching television, he said he does not know too many employees that are able to watch television during work.

Mayor Benton said there are reruns.

Mr. Perri said he knows there are reruns, but they have no input after the fact. He said if we are looking for participation from the public, if we are truly looking for that and to involve them and to enlighten them on the fact that we are up here trying to bring them the best product for the lowest possible cost and you want to convince them of that, then we need to make it possible for them to attend the meetings. He said he will be bringing this up probably every other meeting until he leaves the Board. He said he firmly believes that it needs to be tried, if nothing else, we need to change our way of doing business as far as letting the public participate.

Mr. Summerhays said that it has always been in the afternoon while he has been on the Board, but somebody told him that they were in the evening at some other time, but he does not remember who told him.

Mr. Perri said he cannot remember that because he never attended any of the meetings. He said he never had a reason that he wanted to attend the meetings, but he said he still thinks we need to give the public the opportunity. If nothing else, we could try it for a three or four month basis, if we did not get any action, then we can go back to what we are doing. Mr. Perri said he knows it is a little bit more inconvenient, but being on these boards and making these decisions is not for our convenience. It is for the public's good.

Mr. Drummond said that he would not be opposed to anything that would improve our public participation if it is going to be helpful. He said he is kind of caught off guard so he is not ready to go in any direction immediately, but he would encourage comment. He will ask individuals and if anyone has a view about it he hopes they will get in touch with us. This meeting will be telecast repeatedly and if there is a strong consensus out there, he would not be opposed to it.

Mayor Benton said that maybe what they could do is send a questionnaire with the electric bill when it goes out and see if the public will become more involved. He said unlike the City Commission, this Board is more of a business board and when it comes to public input, you could fill the room up if we had a rate increase in front of you and they are all going to demand that we not raise the rates, but if we want to continue to operate the business we cannot give away power. It is a little bit different than the other one, but at least for informational purposes, Mayor Benton would like to see if they would like to come first.

Mrs. Cully said that she agrees. She said that Mr. Perri possibly has a good idea especially for the public comments, because of the type of business we conduct and the depth of it sometimes; she does not know how many people really are truly interested. She said a number of her friends wonder why she even sits up here because they find it so boring. When it comes to rates or something like that, we know that we will get participation and maybe when we are studying rates we might consider an evening meeting instead of an afternoon meeting for that purpose and/or make them aware of it through a mailing.

Mr. Summerhays said that the public oversight actually comes from the City Commission having the power to disapprove rate increases and our budget and things like that. He said that he noticed in Mr. Perri's comments that he used the word taxpayers.

Mr. Perri said he said rate payers and citizens.

Mr. Summerhays said what he did not miss is it happens to belong to the City.

Mr. Perri said the citizens own the City apparently.

Mr. Summerhays said that is right.

Mr. Perri said he could have said taxpayers and he thinks that would still be correct, but that is just his opinion.

Mr. Summerhays said that certainly gives us something to think about.

Mr. Perri said that is why he threw it out there. He said he did not expect it to happen today, Rome was not built in a day; he could assure them of that.

Mayor Benton said a classic example of something that we could get public opinion on is these PCA scenarios. He said he personally would like to hear from the public if they would want these numbers to jump around or not. The bill is going to go up one way or the other, but he would like to hear from the public on how they feel about this.

Mr. Perri said that another thing that the Mayor mentioned is that the City has a lot of public hearings and they are jammed with the public. He said he believes that we have public hearings every now and then, is that correct? Mr. Perri said that if we have a public hearing and it is 4:00 in the afternoon, most of the public that pay the bills are working.

Mr. Summerhays said that was not a public hearing we had, it was a workshop. He said he listened to Mr. Perri's criticisms last time and reread them in the minutes. That was a workshop; it was not a public hearing. We invited the public to attend so that they would be informed.

Mr. Perri said that he just asked the question if we have public hearings at these meetings. He said he was not referring to our public workshop. He was referring to if we had public hearings in these meetings.

Mayor Benton said that anytime we raise rates, there is a public hearing.

Mr. Perri said he rests his case.

Mr. Drummond said we have PURPA public hearings.

Mr. Summerhays said we have them on occasions, too.

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There being no further business, the meeting was adjourned.

ATTEST:

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SECRETARY

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CHAIRMAN