

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, May 18, 2010, 4:00 P.M., CITY COMMISSION CHAMBERS.

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

Excused: Chairman, Robert W. Summerhays, Jr. and Secretary, Pamela K. Cully

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

The meeting was called to order by Acting Chairman Drummond.

The Invocation was given by Pastor Paul Munsie of Sunlight Community Church

The *Pledge of Allegiance* was recited.

The roll was called and a quorum declared.

A motion was made by Mayor Benton, seconded by Mr. Perri, and unanimously carried to approve the following items listed on the Consent Agenda:

1. Approval of the Minutes of the Regular Meeting of May 4, 2010.
2. Excuse Chairman, Robert W. Summerhays, Jr. from today's meeting, as he is out of town.
3. Excuse Secretary, Pamela K. Cully from today's meeting, as she is out of town.
4. Approval of budget transfers in the amount of \$40,500 for O&M and \$150,000 for Capital to cover over budget amounts for abnormal cold spell, unexpected expenditures of a railroad crossing permit and a Florida Department of Environmental Protection permit for the water plant.
5. Bid No. 5988, Dedicated Internet Access - Approval to accept the lowest and best responsive responsible bid from CommFunction, LLC, Stuart, Florida, in the amount not to exceed \$64,587.50 for the first three-year contract term. The term of the contract will be from May 17, 2010 through May 16, 2013 with three (3) one-year renewal options.

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A note was received from The Mustard Seed thanking FPUA customers for the amount of \$279.31 and Electric T & D in the amount of \$50.00 contributed through Project Care.

A note was received from Bob Lowe, Broker of Lowe's International Realty Plus, thanking Joyce Easterday, Key Account Specialist in Customer Service, for always being there to help him when he calls.

Mr. Drummond said that we are always happy to get those positive letters.

Mr. Thiess said that a month ago the Board requested a monthly update on the Gas Rate Stabilization Fund.

John Tompeck, Gas Operations Superintendent, said at the April 20th Board Meeting, the use of the Rate Stabilization Fund Methodology was approved as a tool for stabilizing the Purchase Gas Adjustment (PGA). He said the Board also approved a \$0.05 increase in the PGA effective in June. Staff was requested to provide monthly updates on the status of the rate stabilization fund to evaluate the accuracy of the forecasting and to determine if any adjustments are required. Mr. Tompeck said they re-ran the sensitivity analysis early this month and on the overhead, the green line is the original base case that was run back in March and was presented to the Board in April. An updated curve was run, which is the blue line and it represents the actual for March. Originally, the curves indicated that the rate stabilization fund (RSF) floor would be reached in December 2010. The green and blue lines come together at approximately the same time of 2010, so that has not changed. The Case 1 curve in orange shows the \$0.05 increase in the PGA and the projection for when that will fall to the RSF floor. Mr. Tompeck said that the earlier projection in February 2011 is still accurate and has not changed. He said the difference between the blue and green curves can be attributed to small differences in the price of natural gas and variances in the billing system between gas usage and billing. Where the blue line starts to diverge from the green line back in February, we normally bill exactly the amount of gas that we buy based on cycles and billing and everybody does not get billed at the same time. In February, we billed considerably less volume than we actually received. In March, the opposite happened where we billed low volume. Mr. Tompeck said that we are still a little bit behind in our billing and he expects the base case in May will actually start to move closer as we catch up on our billing. He said that there will be slight fluctuations month to month, but what is important is the normal rise in the slope of the curve. As long as the slope of the curve is close to the original forecast, we should be confident in our methodology. Mr. Tompeck said that based on this updated sensitivity analysis, no action is recommended at this time.

Nina Hurtubise, Finance Director presented the Status Report on Electric Power Cost Adjustment (PCA) for April 2010. She said that we are not making any recommendations for change in the PCA this month. The results for April were approximately what we were expecting. We did see a slight over collection of about \$40,000 for the month and about \$3.5 million charged by FMPA and about \$3.5 million

charged to our customers, which is what we would normally want to see. Ms. Hurtubise said that we have an over collection of about \$2.2 million. Starting in May, when we decrease the PCA down to \$44, we will begin to start giving that back. She said there was a significant decrease in the cost of power in the month of April to \$90.41 per megawatt hour. The tracking of the FMPA projections versus what they are charging us on a monthly basis continues to be at or below their projections even at the 50% confidence level. Ms. Hurtubise said that we are very pleased to continue to see that. In the Board packets are the projections that were prepared by Public Resources Management Group (PRMG) and what we see in the outgoing months between now and September 2011 is an increase in projections of about 2%. We will continue to watch this every month to see if there are any dramatic changes one way or the other. At this point we do not recommend any changes. This is an information only item.

Mr. Drummond asked if next month is when we should see a significant reduction in the reserve of the PCA based on the \$44 or a combination of the \$44 and an anticipated increase of the projections.

Ms. Hurtubise said it will be both. She said it is that time of the year where the 60 days operating cash that FMPA assesses us increases. The upcoming 60 days is a higher number in the summer months. We expect to under collect almost \$1 million next month, approximately \$942,000. Ms. Hurtubise said that is almost one half of the over collection in one month and the other half looks like it may go in June. She said that although it looks like a very large over collection, in the summer months it goes very quickly.

Mr. Thiess said that one of the important numbers is the projected over/under collection at the end of the fiscal year and it is basically zero at \$11,000.

Mr. Drummond said that one of the things that we want to say in a positive way is that we are not just holding on to that reserve, we are essentially by the \$44 giving it back to the customers at this time.

Ms. Hurtubise said that we absolutely are as we speak.

Ms. Hurtubise presented the March 2010 Quarterly Financial Operating Results. She said that we are already half way through the fiscal year and our Operating Results are very similar, bottom line, to what they were at this time last year. We do have a year-to-date increase in Net Assets of \$2.9 million, which is in line of what it was at this time last year. The good news is that we are seeing some increases in Units Billed compared to last year, although we are still down from 2008. It appears that 2008 may have been hitting the minimums of the consumption. We do have an improved cash position because of the over collection that we just talked about of \$2.2 million. Ms. Hurtubise said that represents about eight days of operating cash. She said that as of March 31, 2010, we had about 86 days of operating cash and that is a very high number. Eight days of that is the over collection, which will go away in the next two months. The City Distribution, which was paid in early April is about 18 days of operating cash. The

austerity program that we have implemented, basically trying not to spend money if it can be avoided, on the Capital side is about \$6 million that we have held back. That is like 20 days of operating cash. Ms. Hurtubise said that this is not an unusual spending habit. We want to be prepared in the event that something happens in the summer time. We do not want to spend all of our money back in October and then run out in the middle of the summer time when we might need it. We have begun to recommend some renewal and replacements that we were able to put off. We are beginning to spend that money. As of March 31st, we were only at about 15% of our Capital Budget being spent and that is 50% of the year.

Mr. Drummond said that we talked about this at the last Board meeting and Ms. Hurtubise indicated that FPUA would be able to spend the majority of the budgeted capital during the course of this fiscal year.

Ms. Hurtubise said that is correct with the exception of those items that were budgeted as the result of a developer coming in. She said we do have a great deal of money that is funded in the event someone else wants to make contributions in aid toward our system. We have spent about 23% of our rate-funded capital money and it is expected that we will spend much of it. Historically we do not spend it all.

Mr. Drummond said that going forward, Friday would be an opportune time for us to look in terms of what is being suggested by staff in the upcoming year and what impact that would have on our cash on hand.

Ms. Hurtubise said with respect to the Units Sold in 2010 versus 2009 and 2008, electric is up 5% from last year, but is down 6% from 2008; water consumption is up 5%, but down 2% from 2008; wastewater is down 1%, but is 9% from 2008; and the natural gas consumption is up 2% and is also up 1% from 2008. She said electric is the big dollar area for us and this is the Units Sold. In terms of the Operating Revenues that are generated as a result of those sales, electric is down 1%, but the power cost adjustment is down \$1.7 million from last year. Although we are paying less, we are receiving less from the customer and if we take out the PCA, our Operating Revenues are up about 5%. Water Operating Revenue is up 4%, wastewater is down 2%, and natural gas is up about 1%. As is the case with power cost, the purchased gas is also less than it was last year by about \$141,000. If we take out the PGA, the gas Operating Revenues are up about 10%. Companywide, the Operating Revenue is pretty much flat, the same as last year. Ms. Hurtubise said that looking at the rolling twelve months of Operating Income, it is about the same comparing it to our Debt Service Coverage Ratio, which is 3.05 for the month of March and is way above the 1.25 required by our Bond Covenants. She said that some of the biggest changes last year to this year are in both Revenues and Expenses. Our year-to-date overall operating expenses are down by \$2.4 million, but of that is the Other Post Employment Benefits (OPEB) that we are recording at a substantially lower level this year. Our purchases for resale are much less than they were last year to the tune of about \$1.6 million. The employer's share of the employee's insurance is down \$338,000 and that is without recording any benefit of our lower claims that we have had this year. We are self insured and when we have lower claims, we have lower expenses. Ms. Hurtubise said that she hopes that in the

month of April we will be able to get an adjustment to that number to reflect the lower level of claims. Our Capital Contributions are not what they were a year ago; they are down \$2 million, which is 70%. There is very little in Capital Contributions coming in through the door at this point. She said this is an information only item and requires no action.

Mr. Thiess reminded the Board of the Public Budget Workshop on Friday, May 21st at 1:30 at the Energy Services Center's War Room. Copies of the draft budget were distributed this morning to the City Commissioners' mail boxes and were handed out to this Board before the meeting started.

Attorney Koblegard said that in the agenda package is an outline of an issue that is developing between FPUA and the City of Fort Pierce as far as the use of procurement cards by the City to pay utility bills. The bank that the City is using gives them a discount; however, when the bank processes the payment to us, we get charged a fee. The savings annually to the City would be \$17,400, but it will cost FPUA almost twice that to the tune of \$35,496. He said that if other public agencies begin to use these procurement cards, it will go up from there. We could be dealing with the college, the county, the school board, who are some of our top customers as far as what it would cost us to process this for them to save a little, we pay a lot. Mr. Koblegard said that there are two Statutes, one that says we cannot charge a surcharge, it is actually a criminal infraction and this Board could be subject to be investigated by the State Attorney's Office if it went that far and we were wrong in doing this. He said there is another Statute 215 that says public bodies can charge back the processing fee. That Statute starts off in general terms saying for goods and services and if it just stopped there, he would say that utility bills would fall under that category. When it gets down to the municipalities, it goes into more specific charges that you can charge back, but Mr. Koblegard said that he does not believe it is clear enough to say that those specified amounts and specified categories include a utility bill. They do have the Attorney General's Opinion and his position is that the Statute 501 that talks about it not being allowed since it does not specifically mention public bodies, we do not fall under that. We actually fall under the 215 and therefore, their opinion is that we can charge a processing fee for utility bills. Mr. Koblegard said that the Attorney General's Opinion is not binding and it is not anything he would feel totally comfortable about as far as making sure this Board did not do something that could come back on us. He said it is an opinion that says it would be allowed. Mr. Koblegard said that he would suggest we send the draft letter to the Mayor and City Commissioners that Mr. Thiess handed out before the meeting and ask them to reconsider this since it is actually going to costs the same people. He said most of the people that pay taxes to the City of Fort Pierce are also rate payers with the Utility Authority and it is going to save them a dollar here, but cost them two dollars there. Maybe the City Commission would agree not to go forward with this. If the City Commission decided not to accept our request, we could either make a Board decision to charge the processing fee or we could write to the City Attorney and tell them that this is our position and what we plan to do and ask if he feels otherwise to please respond. Mr. Koblegard said that those are the two alternatives and

he would suggest that the Board consider the draft letter going to the City Commission first.

Mr. Drummond said that he would start by saying that he would be really excited if we had a full Board today.

Mr. Koblegard said that he thought about that too.

Mr. Drummond said that as he has read this, the overwriting factor is the difference between the 1% savings to the City and the 2 ½% cost to FPUA, that profit is going to the bank.

Mr. Koblegard said that the only person that makes anything on this is the bank because if we consider the tax payers and the rate payers are the same people, the only savings they make comes out in a different way.

Mr. Drummond said that he is guessing that the banks are looking in terms of that profit as the generator for offering this service as well as in terms of getting their billings a little earlier and getting that cash back to them. He said he is wondering if we might want to look at some point to see if it would be in our best interest to see whether or not it would be cost effective to offer some kind of discount directly for individuals with larger accounts.

Mr. Koblegard said that would certainly be worth considering for a timely payment.

Mayor Benton said that Mr. Thiess and Mr. Recor have discussed this issue.

Mr. Recor said that this is not going to become another issue that we add and that we need to agree to disagree on. He said that he agrees with the logic, but the City's Purchasing Director has offered to attempt to renegotiate the fee that FPUA is paying to its provider as well as a number of other alternatives, in addition to what Mr. Drummond just offered. Mr. Recor thanked Mr. Drummond for the offer because that is something that had actually been mentioned earlier today as another possibility. He said that the bottom line is that if the math does not work, the City is not going to turn this into another disagreement between FPUA and the City of Fort Pierce.

Mr. Drummond asked if it is necessary at this point since we do not have a full Board, to actually send forth the letter to the City or would Mr. Recor prefer the staff to continue to work with FPUA.

Mr. Recor said that he would prefer that the staff continue to pursue the alternatives and perhaps Mr. Barnes could give an update since he was going to meet with the local bank today. Mr. Recor requested that the FPUA Board continue to allow them to work through the issue, but the bottom line is that if the math does not work, it is not going to become an issue for our organizations to become disagreeable over it.

Tony Barnes, Director of City Purchasing, said that he spoke with PNC Bank today and that he really wants to work this thing out so that it would be a win/win situation for everybody. He said that they service both entities and we need a full document because they do not have one so the bank can get all the information that is needed. Mr. Barnes said that the full document is the contract that FPUA has with their provider that they currently have. He said that PNC and the State of Florida who has Bank of America both think they can beat the rates that FPUA have. FPUA will still see the 2.55% charge, plus the 10 cents per transaction which is a charge that is given to everybody, but what they charge FPUA for that service is where the discounts are going to come in. Mr. Barnes said that both of those entities need a full document to look at. He said the information that he provided to them did not give them enough to give the City a proposal back today. If he can get a full document of the charges and the things that FPUA's current provider is charging then they can look at it. Mr. Barnes said that PNC offered an incentive that if they could not beat it; they would give FPUA a \$1,000 check. He said that the City anticipates getting \$3.6 million and their program is a very broad program and he would also like to encourage FPUA to also get on this program because they have a consortium. Their consortium last year spent \$32 million with the additional spend, if FPUA opens their program a little bit, they will also get 1.6% and it could possibly go higher. Mr. Barnes said that FPUA's card program is very limited in what they are allowed to do. He said they want to create revenue in lieu of not having any expenses to cut in their budget, he would encourage FPUA to look at that possibility so they can generate some revenue from that source.

Mr. Drummond said that as one person, he would be comfortable allowing staff to work through something formally and bring it back to the Board.

Mr. Perri asked what Mr. Thiess thought about that comment.

Mr. Thiess asked if the question was about the expanded use of procurement cards.

Mr. Perri asked Mr. Thiess's thoughts about having more dialogue with the staff to see if they can work something out after more data is provided to Mr. Barnes.

Mr. Barnes said that Mr. Abramowicz has been working with him the past two days on this. He said that by the time of the next meeting they will have a more concrete hold on this and can give the Board an update and they can make a decision at that point.

Mr. Thiess said that his staff would be willing to work with the City to try and get something that is a little better for our customers than what we have now.

Mr. Perri said that he does not see any problem with sending the letter and getting a jump start on that.

Mr. Drummond said that he would love to have a full Board and he is a little nervous because letters are sometimes misinterpreted. He said that if we can get there positively at the staff level, it does not preclude our ability to send the letter later, if in two weeks there is no movement.

Mr. Thiess said the worst case is that we would pay another month of fees, but that is not a back breaker as long as we get a long term solution, we will be happy.

Mayor Benton said he would feel comfortable with staff working on it. He said he met with Mr. Thiess last week and asked him to put it in writing so that it does not get swept under the carpet. It appears that staff is working on it and he does not want the bank to make a profit off the taxpayers and the customers.

Mr. Drummond said he thinks that the Board does not need to take any formal action, but would like to see this back at the next regular meeting, if at all possible.

Mayor Benton said that since he does not have a voice, he is going to let Mr. Recor explain about the discussion last night at the City Commission meeting. It was about the City's Citizens' Advisory Board taking a look at FPUA's budget.

Mr. Recor said that last night there was an agenda item scheduled for discussion to utilize the City Commission's appointed Citizens' Budget Advisory Committee to assist the Commission in its review of FPUA's budget this year. He said that there appears to be a consensus of the Budget Committee to spend the time necessary to familiarize itself with the operation and the management of the Utilities Authority. The question is what role and what process and is the FPUA Board interested in something like that. Mr. Recor said that he does not think that the Commission intends to direct the Board or the UA to task them with this responsibility, but the City will utilize the Committee to advise them, just as they did on the City's budget. He said he has found, based on his experience with the Committee, that their feedback is useful on the front end of the budget as opposed to once the budget is already prepared.

Mr. Drummond said, as an old political junky, that he is watching and he was watching the City Commission meeting last night. He said he wanted to thank Mr. Perri in that he did a very good job and he thought of suggesting the position as an individual member, but he said he would just jump on board since he and the Mayor have already spoken to it. Mr. Drummond said that he believes early on in the process when the City first talked about having a budget committee review the City's budget, there was discussion about the Utility participating at that time. He said at that time the discussion was that we would not have a problem participating and as Mr. Thiess has said in the past, we would be happy for the City and everybody that wants to take a look at the budget. If the City found it helpful for that Committee, he does not see where this Board would be opposed to having them review this budget as well. Mr. Drummond said that there was a question regarding a time frame.

Mr. Perri said that the City's Budget Committee started in January and there would be time restraints for ours. He said he is sure that the staff will do everything they can to provide whatever to the Budget Committee, if they are willing to take this project on. Mr. Perri said that he knows that the FPUA staff, contrary to some Commissioner's beliefs, are very diligent and they are trying desperately to shave everything that can be shaven

to keep costs down. He said that in the past, they have cut their staff quite a bit and it did not take an outside budget committee to make them to that. They are charged by Ms. Hurtubise to do the best they can with a lot less. Mr. Perri said that he has no qualms about any committee as long as staff has the same input as the City's staff did and can participate.

Mr. Recor said it was explained last night that he did not parade his Department Heads in to the Budget Committee. He determined whether their input was necessary and he said they had good leadership on the Committee that kept the decision very focused. The purpose and the intent of the Budget Committee was established by Resolution so there were several times during the discussions that they had to remind the group. Mr. Recor said that we have to realize that there are five opinions and sometimes they may be differing opinions, but there is one voice. He said consensus of the group is what ruled so suffice it to say that there was not agreement on every issue that came about. For the most part, it was the City Manager and Director of Finance that provided the assistance to the Budget Committee and he only brought in two Department Heads, the Chief of Police and Director of Public Works. Mr. Recor said that it was not until the very end that the Committee expressed an interest in the Sunrise Theatre and meeting with the Department Head then and he did agree to allow him to come in.

Mr. Perri said that he thinks that could be adequately handled by Mr. Thiess and Ms. Hurtubise.

Mr. Thiess said he has a couple of questions. He asked if the Committee would consist of all five members of the current committee being involved in this.

Mr. Recor said that as of lunch time there was a consensus of the Committee. He had not heard from everyone, but there were three that were interested. Mr. Recor said that we need to have all five if we are going to do this. He said it needs to be the Budget Committee and not just three members that are interested in participating. The Budget Committee needs to operate under the same parameters and their charge is to advise the Commission to the extent that this Board wants their feedback. They are charged to advise the Commission and not Mr. Thiess. Mr. Recor said that he has committed to avail himself to the Committee again just to get a better understanding of the operation of the Utilities Authority and he would be glad to participate as well.

Mr. Thiess said he would like to do as we did with the City's Citizen's Advisory Committee in that the Committee requested things by consensus as opposed to individual members making request to FPUA.

Mr. Recor said that everything came through Mr. Recor and he would be glad to work with Mr. Thiess to establish the same structure or frame work. He said that there were no direct calls to his Department Heads, there was an agenda every week, a very thorough paper trail, and minutes were taken at the meeting.

Mr. Thiess said he was fine with that and he could make staff available for meetings as well.

Mr. Drummond said that he whole heartedly agrees that it was a rule that and it would be absolutely necessary for the full Committee be tasked with this responsibility and not a majority and that it come through Mr. Thiess. He said above and beyond that, as long as it is not something that is going to impede FPUA's ability to timely proceed through the budget process, there should not be any problems. Contrary to any thoughts, he is positive that staff will be most supportive.

Mr. Perri asked if a motion was required.

Mr. Koblegard said that we could adopt it through the course that we authorize them to review our books and records and come up with whatever recommendations or tasks they may have, but they would report back to this Board, not the City Commission.

Mr. Recor said that the way the Resolution was set up was that they were to advise the City Commission by May 1st of each year. He said that when he set this up, he wanted the input of the City's Budget Committee to be on the front end and a deadline was established when their written recommendations would be due and the City Manager would provide that report to the Commission within 14 days of receipt with or without comment. Mr. Recor said that the report speaks for itself. There were many recommendations that could be quantified, but there were several that could not, but there were targets. He said he would be glad to share his experience and how the conduct of the meetings was run. The agenda and the follow up was very involved and very time consuming, but he said he is better prepared this year for this budget than he has been in the past. Mr. Recor said that he will have two balanced budget proposals to the Commission on June 3rd and he cannot remember the last time that has happened. He said that has never happened.

Mayor Benton said the problem here is because the Budget Committee has been brought in so late in the process, that it is not going to be the same role that it played to the City Commission. He said if they were going to look at it, it is going to have to be a full Board/Committee. They should make some recommendations to the FPUA Board because he would not want to go past this Board to the City Commission and then have a Commission that is not willing to approve the budget that the FPUA Board has already approved. Mayor Benton said that there have been some issues with that in the past. He said giving them a budget as quick as possible and then they can look at it and make suggestions to us and work with Mr. Thiess. He said it is kind of late in the process this year. A lot of the issues with the City had to do with retirement and pension issues, which would be the same with FPUA. There would also be issues that would be handled by the Retirement Board. Some of it is legal issues and Mayor Benton said he does not believe they will be able to be addressed in the City's budget this year unless it is new hires. A lot of emphasis was put on the benefits of the employees and personnel and union issues that FPUA does not have to deal with. He said they cannot negotiate something and take it away from the employees. The policy for new hires can be changed. Mayor Benton said he would prefer that the Committee make recommendations to the FPUA Board.

Mr. Perri said that he would agree with that and their report should be addressed to this Board and then we do what we can with the report as the City is doing with the report they have now. He said then the budget could be brought to the City Commission.

Mr. Recor said that we should see what the response has been today, but there appears to be a consensus here that we would want a full composition of the board and not those few.

Mr. Perri said that perhaps if we cannot accomplish that this year, we should be open it for next year's budget and give them more time to get willing participants to sit on that budget committee.

Mayor Benton said this Utilities Authority as well as the City's budget and proposed budget is public record so the public can get a copy of it and we do have public comment at the meetings. He said we can get it to this Committee if it is willing to take it on as a full board as soon as possible.

Mr. Drummond asked Mr. Koblegard if it needed a motion.

Mr. Koblegard said that if you want to make the decision today, you could do it in a motion. He said if you want to wait and get more feedback as to whether or not the five people are willing to do it, and then we could adopt the City's Resolution after we review it. The Board can certainly pass a motion today to request that same budget committee review our budget and our costs and expenses, the same as they did the City's.

Mr. Perri said that he would make that motion.

Mayor Benton said he would second it, but that would mean the full board.

Mr. Perri said that is right, the full Committee.

Mr. Drummond said that if we have to adopt that Resolution, it would then come back to this full Board.

Mr. Koblegard said that he does not know how much detail is in it, but he could get a copy of it tomorrow to look at and we could adopt it at the next meeting. At least this would start the process.

A motion was made by Mr. Perri, seconded by Mayor Benton, and unanimously carried to approve the use of the City Commission's appointed Citizens' Budget Advisory Committee to review FPUA's budget this year, if it is the full Committee.

Mr. Perri said that he attended a meeting in Orlando last week and it was brought to his attention that the City of Ocala is getting into an electricity conservation advisory program. They are trying to develop a proposed program to advise when the peak hours are and get a color band like red, orange, yellow, and green to advise the

customers when the peak hours would be and they could participate in not running their dryer during that peak hour. He said the customers would help themselves lower their bills and we would have to keep an eye on that. If it comes to pass, we could put a trailer on the bottom of our public television and people could get an idea of when the peaks are and they could conserve their own electricity and help themselves. We all need help in lowering the bills, but the consumer has to do their part and if we get something like this, it might help lower their rates.

Mr. Thiess said that some communities out west do this. He said it is in the weather page in the corner that it is a red day or a yellow day and here are the times. It does two things; if our system is really good at that and we can shave our peaks better than the other All Requirements Project members then we have an advantage in what we pay in the demand rate. Our peak demands for the month, like the peak shaving we did back in January and February, saved us \$75,000 a pop lowering our demand charge for that month. One utility with respect to the others can gain an advantage, but all the utilities together doing it, cuts the overall demand and every kilowatt that is not used, is a kilowatt of power that is not built. Conservation takes the place of new construction. In the long term, if everybody does it, it lowers everybody's peak demand and postpones the construction of new facilities.

Mr. Drummond said that sounds good and we should see where this goes.

Mr. Thiess said that the agency is probably going to move forward on it and it will take involvement from the Florida Municipal Power Pool and all the agency members. If it moves forward and gets some momentum, we will certainly be on board with it.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN