

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, FEBRUARY 1, 2011, 4:00 P.M., CITY COMMISSION CHAMBERS.

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

Others present: William G. Thiess, Director of Utilities; Rupert N. Koblegard, III, FPUA Attorney; Nina Hurtubise, Director of Finance; Timothy E. Perkins, Director Water/Wastewater Systems; Thomas W. Richards, Director of Electric and Gas Systems; and Levette Dixon, Communications Manager.

The meeting was called to order by Chairman Drummond.

Invocation by Pastor Andy Hamilton of Oleander Church of God.

The *Pledge of Allegiance* was recited.

The roll was called and a quorum declared.

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

1. Approval of the Minutes of the Regular Meeting of January 18, 2011.
2. Approval of the JC Park Tank Rehabilitation Project, budget transfer of \$31,000 and authorize Crom Engineering and Construction Services, Inc. to complete rehabilitation at a "Not to Exceed" cost of \$30,850.
3. Approval of the Gardenia Avenue Rehabilitation Project, budget transfer of \$80,000, and authorize the use of the Unit Price Contractor to complete the construction at a cost of \$74,000.
4. Approval of the Minutes of the Regular Meeting of January 4, 2010.

An email was received from SFC W. Henry Swartz, Jr. serving in the US Army, thanking FPUA employees for the care package, especially the homemade cookies.

A card was received from SSG Matilde Ott, thanking FPUA employees for the care package, especially the homemade cookies and Christmas cards.

A letter was received from Charles Pitt thanking Lori Bianco of Customer Service for her help in

handling his recent problem with a water leak that resulted in a very large bill.

A letter was received from Roger L. Gates thanking Jeff Baker, Mark Bassett, and Ciro Sotelo of Gas Operations for assisting him in converting his barbeque grill to natural gas and upgrading his entire system to gas.

Nina Hurtubise presented the Rate Comparisons for the month of December 2010. She said the table displayed is the comparison of residential electric rates compiled by Florida Municipal Electric Association. It displays the municipal electric bills in the State of Florida for the usage of 1,000 kWh in this case. FPUA's relative position as compared to the other utilities in the month of December is the 7th highest on this comparison. It is one position better than the November rate comparison, but not the 9th it might have been had we had the \$36 PCA in November. Ms. Hurtubise said since November, six utilities have increased their bills and nine have decreased their bills. There were a couple of very large increases this past month. The month of December was the month that FMPA's All Requirements' bill jumped quite dramatically for us. Green Cove Springs reflects an increase of \$26.98 for 1,000 kWh and they are one of the municipalities that adjust every month to whatever the costs happen to be. Tampa Electric's bill increased by \$18.51 in December and that is because it went down by the same amount in November. It was a onetime adjustment made to their conservation capacity and environmental refund credits. It was a temporary dip that went right back up the following month to what it had been previously. Ms. Hurtubise said it is important to note a \$5.37 decrease in FPUA's bill would bring us to the ARP average of \$126.40 and that would be approximately the middle of the pack. She said for the 2,500 kWh, FPUA is in the 7th spot and is the same as last month. The comparison of our local utilities that is compiled by staff for the electric, water, and wastewater systems is for Fort Pierce, Port St. Lucie, SLC Utilities, and Vero Beach. The only change is FPUA's \$4 decrease in the PCA that we did in the month of December. This is an information only item and no action is required of the Board.

Mr. Drummond asked if the utilities to the right of FPUA on the graph are relatively small utilities.

Ms. Hurtubise said that in this case they are with the possible exception of Key West, which is about the same size as FPUA. Half of them are FMPA ARP cities and the other half are non ARP cities. Sometimes it is consistently one way or the other, but not in this case.

Mr. Drummond said at our last meeting it was a suggestion that both Mt. Dora and Key West are in some process of getting a new contractor or provider.

Mr. Thiess said definitely not Key West, but Mt. Dora was looking and Quincy had a new contract recently. He is not positive about Mt. Dora, but can get that information.

Mr. Thiess reminded everyone of the Rate Workshop, Thursday at 8:30 a.m. at FPUA's Energy Services Center on 37th Street. We are primarily looking at bringing rates down. We might do some adjustments in both directions, but the net effect of any rate adjustments would be downward adjustments.

Mr. Drummond said this is in anticipation of going forward to the City Commission with a resolution for a change in the rates.

Mr. Thiess said that is correct. Following the rate workshop, hopefully we would come to a consensus on what the staff would bring to this Board. We could do that within a couple of meetings. After that, we would follow up with the City Commission with a net rate reduction.

Mr. Drummond said to the Mayor that it would be extremely helpful if we could have as much participation as possible from the Commission.

Mayor Benton said they have been invited, but he cannot tie them up and bring them.

Mrs. Cully said she would like to talk about the last Board meeting when Mr. Harrington gave a report about the different ways FPUA could get out of the FMPA contract. She has thought about this and talked to Mr. Thiess and Mr. Richards about the Contract Rate of Delivery (CROD). This is such an important decision and Mrs. Cully said she is not comfortable just using one report with one person even though he has a great reputation and has been in the utility business for a very long time, but he is a one man show. She said she was hoping there was enough support from this Board that would agree to a motion that we direct staff to do an RFQ to find another consulting firm maybe outside the area. Maybe find someone even outside of Florida who would be able to give it another look. Mrs. Cully said whatever happens, it is going to be five years and we will not see a big change for four or five years. A lot of this Board will be gone and our responsibility for right now is for 5, 20 or even 30 years out and that is a big responsibility. We do not know if we will be using natural gas in 20 years. She feels before we make any big decision, we should take another look.

Mr. Drummond said he is not opposed to additional information and would suggest that it is sooner than five years. He said we have to have an understanding in December.

Mrs. Cully said we would have an understanding, but we would not feel any effect.

Mr. Drummond said we left it with staff having an opportunity to gather further information and come back to us. He said that does not preclude us from some point if we are not comfortable, we could go out for an RFQ. He would welcome the information from staff in

February 1, 2011

Page 4

seeing how involved that is. Mr. Drummond said he agrees it is a very important decision we are going to be making.

Mr. Perri asked if we are getting some kind of report from FMPA about the report.

Mr. Thiess said we will be getting input from FMPA on the report. We do not have it yet. Staff is working on the list that was at the end of Mr. Richard's memorandum at the last Board meeting. He is working on a time table to get all those things done. Mr. Thiess said we do not have a problem with doing an RFQ because it does not cost any money to do one; it is just staff time. With an RFQ, we would rank the folks that would submit their qualification statements and negotiate with each one. We could bring that back to the Board and it could be approved at that time. To do the Request for Qualifications does not require spending any money. It is staff time putting it together and getting it out there. If we are going to do that, we should do it fairly quickly so we can get the information back and get the study done before decision time next fall.

Mr. Perri said he is not comfortable at all with that report. It is all on suppositions for prices way out there and nobody knows what is going to happen. He cannot put a lot of credibility to it. If we request somebody else, we need somebody that is totally oblivious to FPL, FMPA, FMEA, FPUA, and Progress Electric, somebody from some other part of the world as not to have any conflicts.

Mr. Thiess said he has already put some feelers out there and we would look for firms that know the Florida power market, but not necessarily aligned with any of the parties involved. He said it is important to have somebody that is very aware of the Florida wholesale power market. From what he is seeing, there are some firms that have that knowledge.

Mr. Summerhays said he would tend to agree with Mrs. Cully and Mr. Perri. We need further information because he was not happy with the report.

Mr. Drummond asked if there was a motion to proceed with an RFQ.

A motion was made by Mrs. Cully and seconded by Mr. Perri to direct staff to proceed with an RFQ to find another consulting firm.

Mayor Benton said he would agree if it is going to take a second opinion to get some resolution to the problem that we have. He is more than happy to take a look at it, but has a feeling it is going to come back saying the same thing. Let's untie the hands of the people that sit here in the future from buying from one wholesaler. Whenever you bring in competition, the price always gets better, but what is it going to take to do it. Mayor Benton said if it takes someone else, let's hear what they have to say too.

Mr. Perri said the original intent of the FMPA Contract and the people that entered into that way back when and has us in the position we are in now, had very good intentions. It worked for a long time. He said in his mind's eye and in a few years down the road, it might very well work again that we might be lower than FPL's rates. We were at one time.

Mr. Summerhays said we were and it very well could be.

Mr. Perri said his point is, without doing nothing and jeopardizing anything, we very well could be in a very good position in the next two or three years, especially when FPL gets their rate increase, which we know they will get.

Mayor Benton said we could still continue to buy that power from FMPA if we wanted to. It just does not hold our hands by contract to buy just from them. A lot can happen in this business in five or ten years and we have all seen that and that is why we are having this discussion. Maybe the government will jump in and decide that utility rates should be a little bit closer together throughout the whole country. It is amazing in some areas how much cheaper it is to buy power in Florida. There are going to be a lot of changes in this industry and it is hard for us to keep up on, but in 5 to 10 years a lot will change. Mayor Benton said he believes they had the best intentions with the 30-year contract, but we can see what is out there.

Mrs. Cully said if we think about five years ago and look what has happened. We just do not know and again, we may not even be using natural gas in 20 years. For us to make this decision with one person's report is not a smart move. Let's see what someone else has to say and then we can talk again.

Mr. Drummond asked for the roll to be called.

It was unanimously approved to direct staff to proceed with an RFQ to find another consulting firm.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN