

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, DECEMBER 6, 2011, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman, Pamela K. Cully; Vice Chairman, Michael A. Perri, Jr.; Secretary, Darrell Drummond; Deputy Secretary, Daniel M. Delulio; Mayor Robert J. Benton III; and Anne Satterlee, Ex-Officio Member/Acting 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 of Water/Wastewater Systems; Thomas W. Richards, Director of Electric & Gas Systems; Nancy Dallaire, Risk Manager; Levette Dixon, Communications Manager; and Eve Walker, Director of Shared Services.

The meeting was called to order by Chairman Cully.

Invocation was given by Pastor Andy Hamilton of Oleander Church of God.

The *Pledge of Allegiance* was recited.

The roll was called and a quorum declared.

Mrs. Cully asked if there was anyone from the public that wished to speak.

Mr. Perri said they are all working.

Mrs. Cully asked if Staff or Board Members had any item they would like to remove from the Consent Agenda.

Mr. Thiess pulled Item 2 - Approval of blanket purchase order payable to the City of Fort Pierce in the annual amount of \$74,586.72, for FY 2012 purchasing services, payable in monthly installments of \$6,215.56 to be brought back at the next meeting.

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

1. Approval of Minutes of the Regular Meeting of November 15, 2011.
3. Bid No. 6081 – Computer Equipment Miscellaneous (Hardware & Software) - Approval of the ArcGIS Desktop Applications Maintenance Renewal from Environmental Systems Research, Inc., Redlands, CA, in the amount of \$30,544.64.
4. Bid No. 6028 – 25% Caustic Soda (Sodium Hydroxide) – Approval of an increase to \$174.50 per wet ton for approximately 650 tons of caustic soda-25% (Rayon Grade) for a total not to exceed \$114,425 annually, under existing contract with Allied Universal Corporation, Miami, FL.

5. Bid No. 6086 – Vehicles FY 2012 – Approval to piggyback Florida State Term Contract #071-000-12-1, for the procurement of a Ford F-450, 2WD, Reg. Cab, 165” WB, 84” CA Dump Truck, from Alan Jay Ford Lincoln Mercury, Inc., Sebring, FL in the amount of \$38,540.10.
6. Bid No. 6086 – Vehicles FY 2012 – Approval to piggyback Florida State Term Contract #071-000-12-1, for the procurement of two (2) Ford F250 4x2, ¾ ton Service Trucks, from Alan Jay Ford Lincoln Mercury, Inc., Sebring, FL for \$28,851 each, in the total amount of \$57,702.

The following Letters of Appreciation were read into the record:

A post card was received from SFC Jose R. Muniz who is serving in the Army in Iraq, thanking Shari Franco of Human Resources and FPUA employees for the care package.

A letter was received from Olivia O’Neal thanking Sonia Gomez of Customer Service for her outstanding and exceptional service in assisting Ms. O’Neal when her meter was stolen.

A note was received from The Mustard Seed thanking FPUA customers for the amount of \$325.96 contributed through Project Care.

An email was received from Captain Donald Voss thanking Kyle Holman, Sherry Furgerson, and Gary Gillette of the Water Reclamation Facility for rescuing and returning a parrot that escaped from its cage.

An email was received from Cpl Darius Monte Evans who is stationed in Beirut thanking FPUA employees for the care package.

A thank you card was received from Drug Abuse Treatment Association, Hayslip Residential Center thanking FPUA employees for the food donations.

An email was received from LCpl Caleb Siegrist stationed in Afghanistan, thanking FPUA employees for the care package.

Cairo Vanegas, Assistant Electric T&D Superintendent presented the Semi-annual NERC Reliability Compliance Update. Mr. Vanegas said he has two brief items to present on the update. The first item he said is a positive step moving forward with NERC’s vision, which reflects a paradigm shift for their compliance enforcement initiatives. They announced in September a new approach that is risk based and meant to redirect their focus on issues that pose higher risk reliability; handle violations more efficiently; streamline the administrative paper work, especially the paper work directly related to processing violations; continue to encourage self reporting and mediation plans; and establish a find, fixed, and track avenue for

violations to take. Mr. Vanegas said since they announced it in September there have been some 350 violations that have gone through the find, fix, and track avenue that involved over 100 electric utilities around the United States. However, in the same time frame they also did file with FERC seven notices of violations involving various utilities. In those seven notices of violations they involved five utilities and the fines ranged from \$125,000 to \$650,000. Staff thinks it is a step in the right direction and we are about to see that is the direction they want to take moving forward. The industry has been pushing for that for some time. Mr. Vanegas said the other item has been on Staff's horizon for some time now and it is Version 5 of the Cyber Security Standards. He said Version 5 of those standards will definitely impact FPUA and at this point we are still unable to even begin to come up with an estimate of what the budgetary impact will be to FPUA. Version 5 of the standards is expected to be finalized around mid June of 2012 and that is the best estimate Staff has right now. If that was the case, then January 1st of 2015 is what the mandatory effective date will be. We have no way to begin to wrap our hands around what the costs will be because of not having a final draft. Staff has heard that some utilities are planning to hire a consultant in the very near future to begin the assessment process to find out what compliance is going to mean to them. It may be something to consider in the near future. Mr. Vanegas said this is an information only item.

Mr. Perri asked if FMPA has any help in this direction for the Members.

Mr. Vanegas said they have provided some help and they staff a full time Cyber Security Compliance Officer. From time to time when Staff has the regular phone calls or workshops, they do present some materials to keep them abreast of information that is put out by NERC in relation to Cyber Security. As to whether they will do more like have a collaborative effort to have a consultant work for all the Members individually to address Cyber Security and Version 5 compliance specifically, he does not know that and it remains to be seen. Mr. Vanegas said it is something that has been kicked around.

Mr. Perri asked if FMEA is big enough to do anything with it.

Mr. Vanegas said FMEA has not done a whole lot, but FMPA has been very instrumental since mid 2007 when all the standards became effective.

Mr. Perri said we might question them when we go to Orlando to see if they plan to do anything more than they are doing now to help the Member Utilities out.

Mr. Vanegas said that certainly if they plant the seed, it would be great. He said some of the Members have mentioned it, but it is not something FPUA staff has seriously considered or discussed at length.

Mrs. Cully said in reading the information on this item on the NERC issues she was wondering about our own ITS department and the security there. She asked if we are secure at the moment or if there is any chance we could have any problems with that.

Mr. Vanegas said anything that is connected to the Internet has some vulnerability. He said as far as ITS is concerned, he cannot speak on their behalf because the Cyber systems that control electric equipment that makes up our system is isolated from the corporate network for the most part. It was considered that way in light of the new standards and when starting to look at the framework NERC provides for them in guidance, they may find in reevaluating it, that there is a greater vulnerability than was assessed before. For the most part the system that operates the electric network is on an island of its own.

Nina Hurtubise, Finance Director presented the rate comparisons for the month of October 2011. She said what is displayed is October's comparison of the residential electric rates compiled by the Florida Municipal Electric Association and it displays the municipal electric bills in the State of Florida for usage of 1,000 kWh. FPUA is identified in yellow and this represents FPUA's relative position as compared to the other municipal utilities. We are 10th from the right on this comparison. FPUA moved over four positions from September and we did have a \$1 increase in the power cost adjustment in October. Since September, eleven utilities have increased their bills and ten have decreased their bills. Historically, October is a very busy month for all the utilities and it is the first day of the new fiscal year. There were quite a few changes to the comparison. There are four very substantial changes in the cities reflected here. Starke reflects an increase of \$23.82, Newberry reflects an increase of \$16.40, Green Cove Springs reflects an increase of \$11.29, and Havana reflects a decrease of \$11.19. Ms. Hurtubise said the 2,500 kWh comparison has FPUA's position at 10th which is exactly the same as it was last month. Ms. Hurtubise said the comparison that is in the Board packets shows the residential electric, water, and wastewater rates as compiled by staff for Fort Pierce, Port St. Lucie, SLC Utilities, and Vero Beach. She said after the Board meetings, this comparison is on FPUA.com for anybody that wants to look at it since she is not able to bring it up on the screen today. The changes in that comparison are that FPUA's power cost adjustment increased \$1 from September and that was a 0.8% increase. Port St. Lucie's water and wastewater bills for 6,000 gallons increased \$3.19, which is 3.6% increase. They advertised a 3% increase and used 5,000 gallons as an average customer, but FPUA uses 6,000 gallons. Part of the reason the percentage came out a little bit different is because Port St. Lucie changed their billing structure. As FPUA does, we have three different tiers of rates and 5,000 gallons for Port St. Lucie is all the lowest tier, but using 6,000 gallons, it takes the second tier into consideration. The second and third tiers are at higher rate and in FPUA's rate resolutions, FPUA calls them conservation rates, essentially a penalty for using more. We want to encourage people to use less and because of that there were higher increases in Port St. Lucie's second and third tiers. Ms. Hurtubise said also the way they changed their billing structure, they had a small billing charge for water and a small billing charge for wastewater. She said it cost the same amount to produce a bill whether it is for one or the other. What they have done now is bill a flat \$2.71 for whether it is one service or two services, regardless. So that also affected it and the 3% was the first tier rate that really changed. The water and wastewater bills for Port St. Lucie increased \$3.19 for 6,000 gallons and that was a 3.6% increase. Vero Beach had their 1,000 kWh electric billing increase \$1.45, which was 1.2% increase overall. The PCA did not change; it was the rate and customer charge that changed. There was a 1.2% increase. FPUA is in

relatively the same position that it has been in prior months. Ms. Hurtubise said this is an information only item and no action is required of the Board.

Mr. Delulio asked if there was a way to change the schedule where the taxes, fees, and charges are broken out for Fort Pierce, Port St. Lucie, SLC Utilities, and Vero Beach.

Ms. Hurtubise said yes there is a second sheet in that workbook that has the details of all that, but it makes it very busy.

Mr. Delulio said he would like to see it.

Ms. Hurtubise said she will put it in the packet because in terms of presenting it on the screen it gets kind of confusing.

Mr. Delulio asked if it was one total, like have a subtotal of the actual costs and then just add taxes, fees, and other. He said then we can compare what our ratepayers are paying in taxes compared to the other local utilities.

Ms. Hurtubise said that is exactly what it is. She said we do want to show what are the taxes related to the electric, what are the taxes related to water, and what are the taxes related to wastewater. It will be included in Board packets next month. She will email this month's to Mr. Delulio.

Mr. Thiess said he would like to remind everyone that the next regular FPUA Board meeting on December 20th will be an evening meeting at 6:00 p.m. We will be bringing the rate adjustments and the culmination of our effort with the City to work out distribution issues and rate issues. The summary of what is on the agenda is those rates will reflect redistributing the power cost adjustment (PCA), moving \$30 to the base rate and \$0.17 on the gas rate from purchase gas adjustment (PGA) to base rate, a 2.5% increase in the water, wastewater, and gas utilities, and inclusion of the Public Service Commission (PSC) deflator index going forward after this year. Mr. Thiess said that should be followed very shortly the day after, December 21 at 2:00, by a City Commission meeting here in the Chambers for them to act on those rates. He said we will probably do both of those, approval of this Board and approval of the City Commission contingent on getting the final word on both of the bond insurers. A notice will be sent out to our customers, which we are required to do. We can go ahead and have our Board meetings and Mr. Thiess said he discussed this with our Attorney. We can have the Board meetings, do the approvals, but make it contingent on getting those approvals from the bond insuring companies. We are doing very well with Assured, but with AMBAC we are having some difficulties we are trying to work out. We will get those approvals with that contingency, then if we get delayed, we can still go ahead and put the rates into effect after we get the bond insurer approvals.

Mr. Perri asked if there was a 2:00 joint meeting with the City.

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Mr. Thiess said no that it was a 2:00 Special City Commission meeting the following day because they have to approve the rates after our Board approves them.

Mr. Perri asked if that meeting would be televised.

Mayor Benton said he doubts it because the City has to pay to have their meetings televised and special meetings are not usually televised.

Mr. Thiess said the public hearing is at the FPUA Board meeting.

Mr. Perri said he understands that, but he thinks the public deserves to see these proceedings.

Mayor Benton said then they can show up.

Mr. Perri said that is very generous of the Mayor.

Mr. Thiess said typically the public hearing is at our meeting and there is public comment at the City Commission meeting.

Mr. Perri said he understands that and that is why we are having it in the evening because it is a public hearing.

Mrs. Cully asked if that is the only item on the City Commission's special meeting.

Mayor Benton said yes.

Attorney Koblegard said as part of the process he prepared the Interlocal Agreement to send it over to the City Attorney's office to cover the advance to the City, the repayment process, and the agreement on the utility tax. He requested the City Attorney to return it in time to get it on the agenda for the Board meeting on the 20th.

Mayor Benton said he would like to set the record straight when it comes to televised meetings. When the City Commission started televising meetings they entered into a contract and if we recall correctly, he was the one that brought televising these meetings to this Board. There were a couple of members that were a little reluctant at first, we have done it, and it is just not in the budget to televise every meeting.

Mayor Benton said when it comes to minutes, last night Mr. Perri had made statements under public comment were a little critical about the way minutes were taken at the joint meeting they had. Through a lot of workshops and meetings they have on this Board or many boards in the War Room, he quoted the law that the Attorney General's Office has concluded that "minutes of sunshine law meetings need not be verbatim transcripts of these meetings, but rather use of the term minutes in Florida Statute contemplates a brief summary of a series of

brief notes or memorandum reflecting the events of the meeting". Mayor Benton said he was a little taken by the comment because a lot of their meetings they do not get word for word minutes. He was a little taken when the comments were made on who decides what language goes into the minutes whether it be the City Manager, Department Heads, the Mayor, or the Commissioners. By State Law the City Clerk is in charge and he is not sure with the UA, but the Mayor has never tried to hide anything nor the Commission. Mr. Benton said they have done everything on the up and up, their meetings are televised and open to the public and they can join them. Nobody is trying to hide anything.

Mr. Perri said he understands they are not to be verbatim, but when you leave out a whole paragraph or two of someone making a comment, you could miss a word or two here and there, but all of his comments were lifted out of the minutes.

Mayor Benton said he did not leave them out.

Mr. Perri said that somebody left them out of there and he asked who did and who authorized it. He said that is not, in his opinion, government in the sunshine. Mr. Perri said he does not intend to be silenced by anybody.

Mayor Benton said they go by the State Law and he wanted to make it clear that they have done nothing wrong of the Attorney General or the State, period.

Mr. Perri said, "Please do not make me push this issue, Mr. Benton".

Mayor Benton said "you can push it all you want".

Mrs. Cully said that is enough and asked if anybody else had any other comments.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN