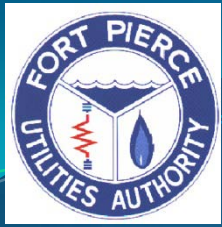


Fort Pierce Utilities Authority

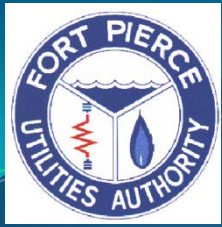
Fiscal Year 2009 Rate Adjustments
Presentation to FPUA Board

March 3, 2009



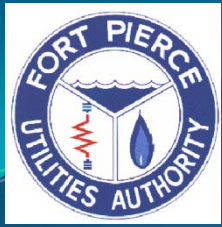
Actions Taken to Minimize Rate Increases

- Reduced 2009 Capital Budget by \$5.2 million
 - Most cuts were in renewals & replacements or deferred capital projects
- Deferred filling vacant staff positions - savings of \$512,000
- No staff salary increases – about \$500,000 in savings



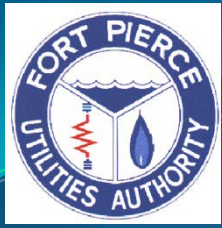
Actions Taken to Minimize Rate Increases

- Lowered health insurance costs – about \$400,000 in savings
 - Received Lower Bid from Blue Cross/Blue Shield
 - Employee Contributions for dependent care increased from 25% to 29%
- Committed to use \$3 million in cash reserves for 2009 expenses. This will take us to only a 30 day cash reserve at the end of the year.
- Reduced the system-wide requested rate increases from 3.5% to 1.2%



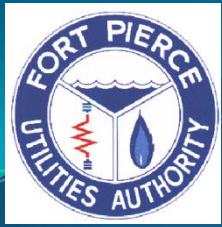
No Electric Rate Increases

- Actions taken to dramatically reduce expenses eliminated the need for an electric rate increase in 2009.
- The Power Cost Adjustment was lowered \$5 in February and we are optimistic that if natural gas prices stay low, we will be able to significantly reduce the PCA after September.



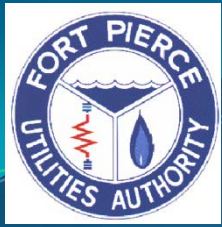
Why Do We Need Rate Increases?

- Keep up with rising costs of materials & services
 - O&M costs increasing on average 2% per year
 - W/WW treatment chemicals increased up to 260%
 - Asphalt pavement repairs increased 190%
 - Power costs increased 30%
- Fund renewals & replacements at a sustainable level
 - Pay-as-you-go basis (Do not “mortgage future”)
 - Currently unfunded in total without rate increases
 - We have over 200 miles of old pipes that must be replaced
- Maintain our commitment to local road projects, such as South A1A, U.S.1, 25th Street, Midway Road, 13th Street and 10th Street



Active Road Projects - Water

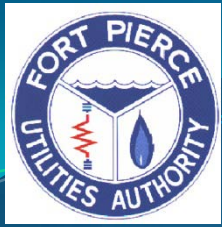
Project	Cost
South A1A, U.S.1 to Blue Heron	\$1,687,000
25 th Street, Orange Ave. to Avenue Q	\$200,000
10 th St., Canal Terrace to Georgia Avenue	\$290,000
U.S.1, Edwards Road to Taylor Creek	\$500,000
Moore's Creek Linear Park	\$159,000
Midway Road, Turnpike to 25 th Street	\$500,000
South A1A, Blue Heron to Martin County	\$100,000
Harmony Heights Water MSBU	\$626,203
Sunland gardens Water MSBU	\$495,202
TOTAL	\$4,557,405
Annual Water Renewals & Replacements	\$1,150,000



Active Road Projects - Wastewater

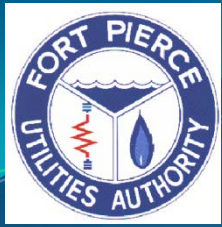
Project	Cost
South A1A, U.S.1 to Blue Heron	\$612,000
25 th Street, Orange Ave. to Avenue Q	\$148,000
10 th St., Canal Terrace to Georgia Avenue	\$205,000
U.S.1, Edwards Road to Taylor Creek	\$256,000
13 th Street sewer Replacement*	\$87,000
Midway Road, Turnpike to 25 th Street	\$48,000
TOTAL	\$1,356,000
Annual Wastewater Renewals & Replacements	\$1,550,000

*The 13th Street sewer project was needed for City development and was not in our original budget. With the deep budget cuts we have made, it will be difficult to respond to unbudgeted projects like this.



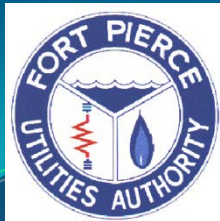
Why Do We Need Rate Increases?

- Maintain a minimum cash balance of 30 days of O&M
 - A minimum of 60 days of O&M is recommended; 90 is desirable
- Adequately recover the fixed operating costs of the system in a declining economy
 - 92% of water system costs are fixed
 - 95% of wastewater system costs are fixed
- Meet regulatory and financial obligations
- Maintain reliable service



Debt Service Coverage and City Distribution

- Debt service coverage for FY 2009 projected to be 3.26 (1.25 minimum required)
- Full City distribution projected for FY 2009
 - Estimated at \$5.05 million



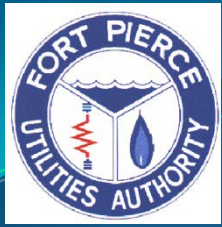
How much will my bill be?

	March Bill	New Total Bill	Increase
Electric (1,000 kWh) *	\$144.84	\$144.84	\$0.00
Water (6,000 gallons)	\$27.25	\$28.61	\$1.36
Wastewater (6,000 gallons)	\$41.95	\$44.05	\$2.10
Total Electric, Water & Wastewater	\$214.04	\$217.50	\$3.46

* Amount reflects a \$5 reduction per 1,000 kWh for the decrease in purchased power costs, effective February 1st

Natural Gas (13 ccf) **	\$32.83	\$34.79	\$1.96
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** Subsequently, gas costs have declined, and the PGA has decreased \$2.60 since November 1st



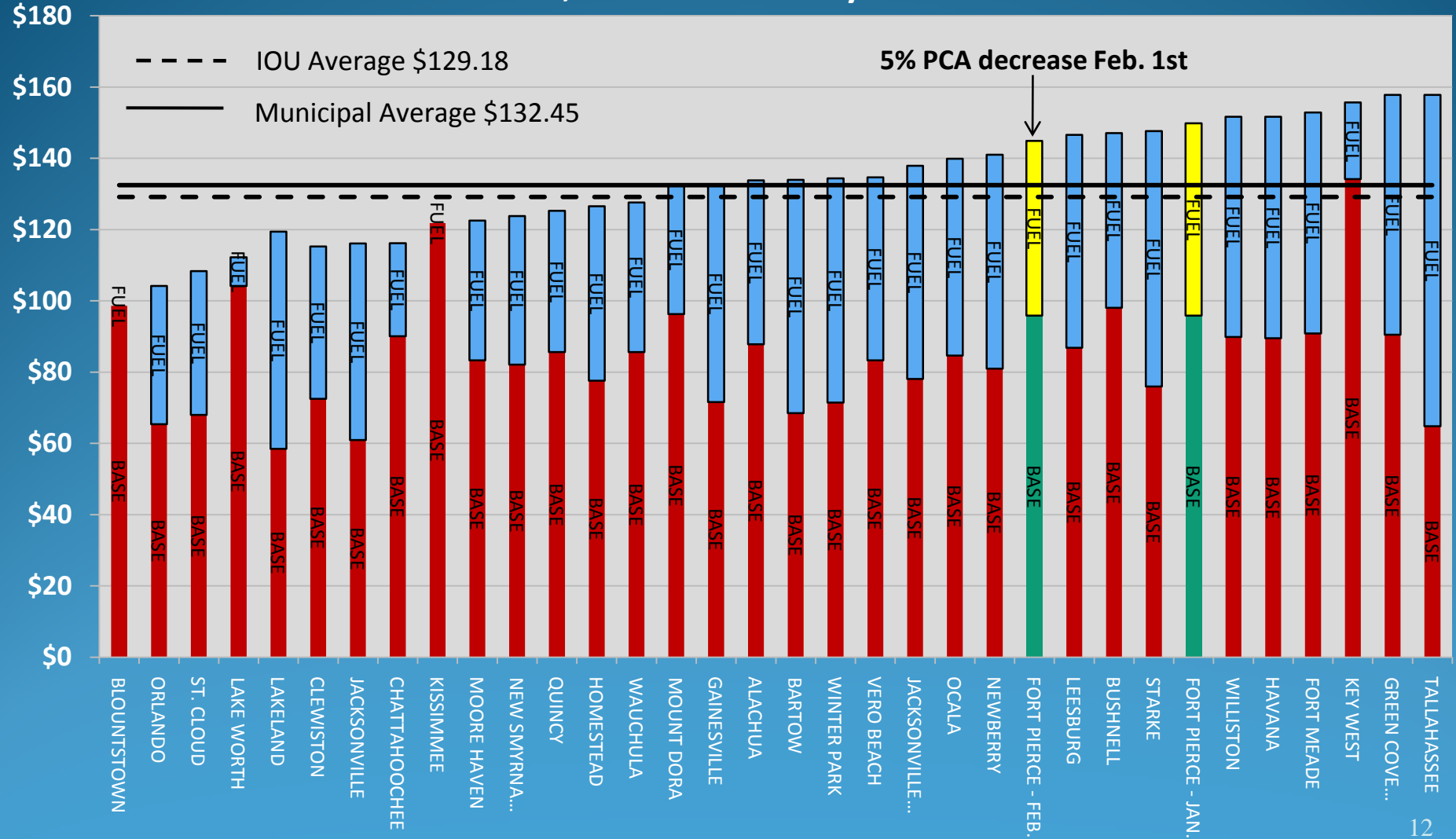
Comparison: 2007 to 2009

Year	Average Use (gal./mo.)	Combined W/WW Bill
2007	7,000	\$71.74
2009 (with rate increases)	6,000	\$72.76
Difference	1,000	\$0.92



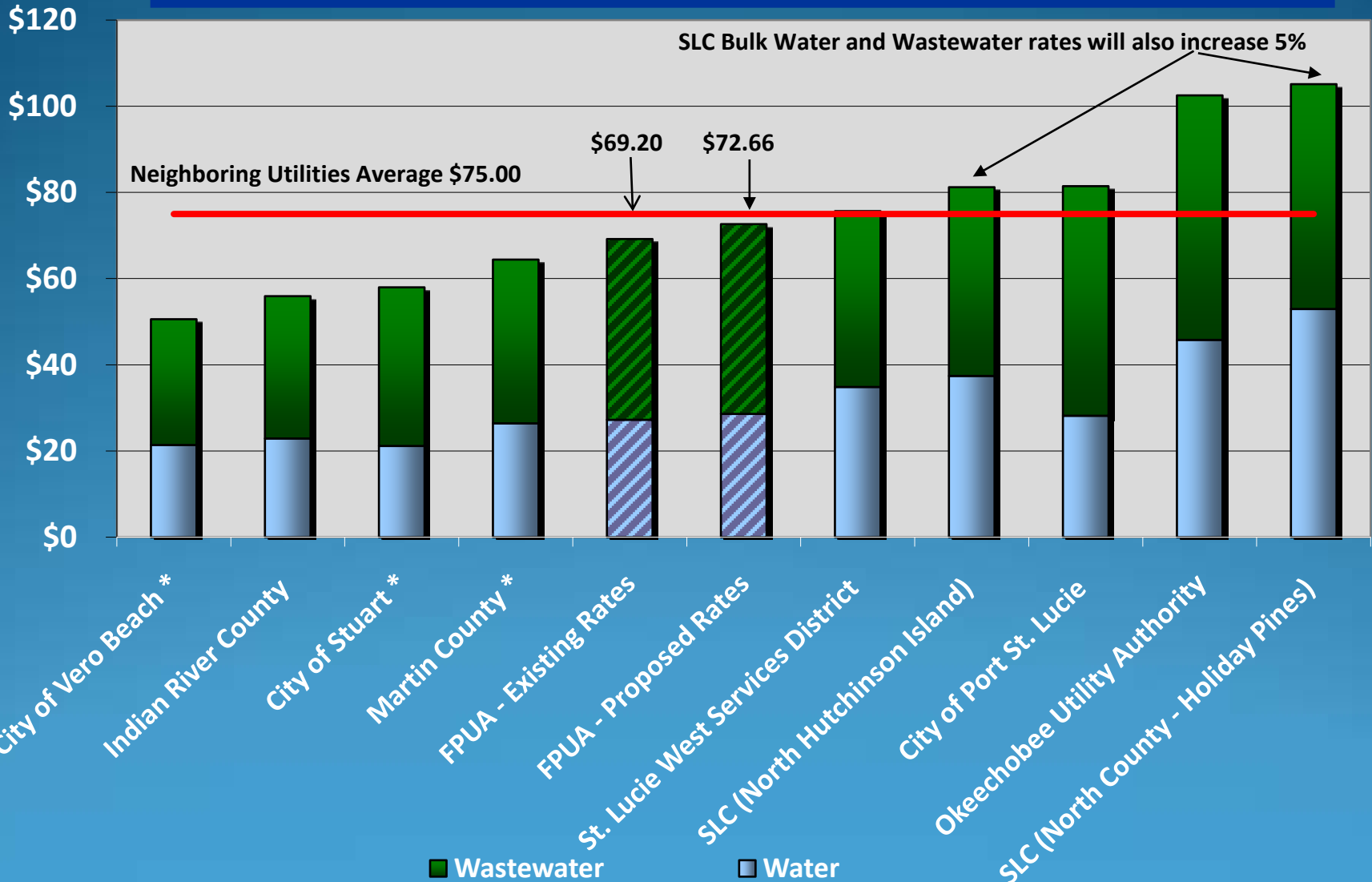
FMEA Electric Bill Comparison

1,000 kWh - January 2009

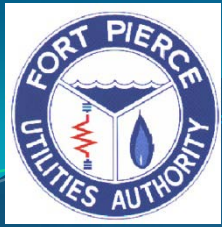




Residential Water and Wastewater Bill Comparison (6,000 gallons)



* Utility currently involved in a rate study or plans to increase rates within the next twelve months.



Discussion and Questions