

AGENDA ITEM 2-a

MINUTES OF REGULAR MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD MONDAY, NOVEMBER 20, 2006, AT 6:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

Chairman Para requested Pastor Don Bremer (First United Methodist Church) to lead in an invocation and then Commissioner Hall in the Pledge of Allegiance.

Chairman Para then asked for roll call to be taken with all of the Commissioners present as follows:

Commissioner William E. Hall
Chairman Kevin J. Para
Commissioner Richard L. Spangler
Commissioner Walter Allen III
Commissioner Jeanne K. Diesen

Others in attendance were as follows: R. Rodi, General Manager/ CEO; L. Klinkenberg, Acting Director of Finance; R. Mitchum, Director of Electric Operations; T. Beyrle, Director of System Ops. & Generation; M. Mines, Electric T&D Superintendent; J. White, Director of Engineering; D. Hoover, Director of Water/ Wastewater; B. Mudge, Director of Human Resources; R. Zani, Development Specialist; G. Markos, Risk Manager/Safety Officer; C. Montgomery, Acting Director of I.T.; E. Mahle, Public Relations Manager; R. Wetherington, Materials Manager; D. Simmons, Executive Asst./Recording Secretary; and additional U.C. personnel; Bill Preston, Interim U.C. Legal Counsel; City Commissioner Hathaway; Melanie Stawicki-Azam, Reporter for the NEWS JOURNAL; Joel Addington, Reporter for THE OBSERVER; Pastor Don Bremer, Christine Davis and Bob Coleman, FP&L representatives; Jim Crage, Sid Cohern, Charlie Meyer, Bob McEvoy, Bob Tolley, and a few other unidentified men and women, all members of the public.

(1) Agenda Changes, Additions and Deletions:

There were no agenda changes, additions or deletions at this time.

(2) Approval of Consent Items:

Chairman Para then asked if anybody had a desire to change anything on the consent agenda items. He stated I do, I would like to discuss item 2-h. and place it down under New Business. After confirming there were no objections to that, he asked for a motion to approve the remaining consent items.

Commissioner Diesen made a motion to approve the consent items with the exception of item 2-h. The items approved were item 2-a. Minutes of Final Public Hearing and Regular U.C. Meeting Held 10-16-06, approve as submitted; item 2-b. North Causeway Force Main Project, approve award to Thad Construction Company in the amount not-to-exceed \$1,377,000 (PON0003813) and authorize the General Manager/CEO to execute any and all documents associated with same; item 2-c. Bid No. 36-06 – Manhole Replacement Project for Water/Wastewater Department, approve award of purchase order no. PON0003811, in the amount of \$68,172.00 to East Coast Underground, the low responsive and responsible bidder;

(2) Approval of Consent Items (cont.):

item 2-d. Florida State Contract Purchase of One Vehicle, approve award of purchase order no. PON0003780, in the amount of \$43,113.00 to Duval Ford utilizing the Florida Sheriff's Association Contract #06-14-0821, Specification #39; item 2-e. Sole Source Purchase 2000 PPH Lime Paste Slaker, approve award of purchase order no. PON0003802 in the amount of \$64,470.00 to Water Treatment & Controls Co., a sole authorized distributor for the State of Florida, per Sections 2-1(2) of the Purchasing Policies and Procedures Manual; item 2-f. Sole Source Emergency Approval for 138 KV Switches at Field Street Substation, approve award of purchase order no. PON0003785 in the amount of \$115,000.00 to Aubrey Silvey; item 2-g. Developer's Agreement and Addendum – Victory Square, approve the Developer's Agreement and Addendum for Victory Square and authorize the General Manager/CEO to execute these documents; (item 2-h. pulled from consent agenda and approved at the end of New Business); and item 2-i. Assignment of Developer's Agreement – Villagio, approve the requested assignment attached to this agenda item, entitled Assignment of Developer's Agreement for Water, Wastewater and Reclaimed Water Services and authorize the General Manager/CEO to execute same on behalf of the Utilities Commission. Commissioner Hall seconded this motion and it passed unanimously on a roll call vote.

(3) Public Participation:

Mr. Jim Crage, a resident at 300 Beachway, addressed the Commission and stated I would just like to take a few minutes. I have a situation with Utilities Commission where there was confusion and I was hoping to get some resolution with it. We have a rental property here, my brother and I, and he had his account under the auto-billing program. We had a renter that came in and when they rented the property they put the utilities under the new renter's name. Well, when they did that, my brother closed the account that he had the rental income coming from that was paying for the bill. When he did that he got a bill that he thought had been paid for, down in south Florida, and asked me to come in and take care of it. It was put into collections because he didn't realize that it was due. I came in to speak with them here and they had told me to, or there was some confusion, because they told me it was an auto-billing and I said I thought there was a collection on it and they said that basically, the impression I got was that there was nothing due so I left. He called me a few months later and said that he had gotten something for collections on his credit and so I came back here to the Utilities Commission to discuss it with them, explained that I had come in to take care of it and pay the bill, it was a \$32.00 bill, and asked if we could get it straightened out because the collection was causing problems with his credit. I told them, explained that I had come in, that there was some confusion with the auto-billing and they said that I could pay for it but unfortunately they wouldn't be able to remove that from the credit. I explained that I had come in, I had made every effort to do that and they said because it wasn't documented in the system that there was no way that they could allow me to pay for that and have it removed. I was hoping that I could get some resolution with that because we had made every effort to do that, to get it paid, and we had only gotten one notice. They said that was all we were suppose to get and it's just ending up costing us a lot of money in return for the \$32.00 bill that we had come in to pay.

Ms. Klinkenberg stated the Customer Service, Billing and Collections Manager, she works under me and I discussed this situation with her. The reason it was sent to collections is the \$32.00 you

(3) Public Participation (cont.):

did pay but it came back as an NSF, and then when you were notified it was an NSF it was not paid and there's a \$35.00 fee that's added at that point.

Mr. Crage stated right, actually that's not correct because it wasn't a paid check, it was on an auto-billing so when it was sent in for collection on the auto-billing the account had been closed. So they sent a notice to him that the account was closed so it looked like a bounced check but it was actually just sent back to him on the auto-billing. That's when he got that, he called me up immediately and said Jim could you please go into the office, see what's going on, explain to them that I'm down here, I just got this, I didn't realize that it was coming in, and pay for the bill. That's when I came in here, explained to them what was going on, and said hey, my brother says he has a collections, someone at the counter said no, this was on an auto-billing. I said okay and we left it at that. I was here to pay that bill.

Chairman Para stated not to jump into this, I think really there are two legitimate sides to this. I understand your predicament and you're correct. I see what's happened is the bill came through and it wasn't able to be debited because there were no funds because the account was closed and the rest. But we have a policy and we can't change this, even if we did it still right now currently reporting against your credit and the only thing that you could do conceivably, and I'm not trying to give you unsolicited advice, but maybe give an explanation on your credit report, it isn't a huge amount. And again, we have policy, unfortunately, that's the way we have to do it. If it comes back we're a company that when if funds come back and they're not there, we have no alternative.

Mr. Crage stated no, I understand that and I don't have any problem with that.

Chairman Para stated no one said you didn't have the money to pay the bills.

Mr. Crage stated no, no, no, and the money isn't the concern with this situation. The mistake was made when we didn't realize that final bill was due and so we closed the account without anticipating that there would be a final bill due, so when it came in, it was returned back. We understand that and because of the situation with that it wasn't an issue about paying the \$35.00 or whatever that might be, the situation is that I came back in here to pay that before it went into collections which affected the credit. When I came in here to pay that, I went and sat down at one of the desks with one of the girls in Customer Service and explained that I'd like to pay the bill, and that I was told that there was a problem with it. They looked it up on the computer and said that this was on auto-debit and I don't know if there was a confusion between the conversation that I had with her at that time, but I came in here to pay that bill and they told me that, whatever it was, I ended up leaving here without paying it. I came over here from Orlando to pay that so I wouldn't be have been put into collections at that point. So due to the confusion with the conversation that I had with the person here, now I have a collection against my account whereas I wouldn't have if I had just been told to pay the bill when I came in. And that collections now is not an issue of \$32.00, this is an issue of, you know, thousands of dollars that it's going to cost us because of this collection notice when I did come in here and sat down and spoke with somebody and wanted to pay the bill.

(3) Public Participation (cont.):

Commissioner Diesen asked if there was a lag time.

Ms. Klinkenberg stated there could have been a timing difference. It could have been that we had just debited the account for the funds and then, so on our computer screens it would show that it was paid, and then the girls wouldn't have known that it would have come back returned. There is quite a bit of a delay from when we report it.

Mr. Crage stated right, so that's my point, if that's a confusion that was in the computer and I came in there to take care of that, then the collection issue became that once that delay came about, and you realized that it wasn't there, there wasn't a second notice that went out, so it wasn't the collection that you had here, it was the collection that went to the collection agency that reported it to the credit because I came here to address it with you before it went to the collection agency. And like you said, because of a delay or whatever it might have been it ended up not getting taken care of and then went through whatever process you have with the collection agency, when we made the effort to come in and take care of it.

Ms. Klinkenberg asked Mr. Crage if he would like to call her or come in and see her personally.

Mr. Crage stated absolutely, I don't have any problem, and I don't mean to take up your time. I know you have business to take care of, we've just been trying to resolve this and it's not a matter of the money or anything else, it's just a matter of me trying to get this taken care of for him because I feel guilty too that I came in here to take care of it and the confusion I had with the customer people downstairs.

Ms. Klinkenberg stated to Mr. Crage, if you see me after, I'll give you my card.

Mr. Crage stated that would be great, thank you very much I appreciate the time.

Chairman Para thanked Mr. Crage for bringing this to the Commission, and added again we're just a company that has to deal with roughly 20,000 customers and I think this all slipped between the cracks.

Mr. Crage stated I understand, I don't have a problem, I just wanted to try to take care of it.

Chairman Para added we don't want to hurt you but you understand our position. He then asked if there was any further public participation.

Mr. Barry Glidden addressed the Commission and stated good news. I don't know if you remember me, I was at a meeting several months ago with not only the Commission here but the New Smyrna Beach people. At that time I was introduced by Kevin Para as the gentleman that had his wife's Mercedes out in the parking lot that was running on french fry oil acquired from Clancy's Cantina; of course we had our jokes and our session.

Chairman Para interjected we've got you to blame for all this.

(3) Public Participation (cont.):

Mr. Glidden stated but things have continued on and speaking of placing the blame here I would not normally be at a meeting such as this, but with people like Kevin Para involved, and I give him all the credit. You guys are very fortunate to have somebody, not only a visionary but somebody that follows through and works hard on this. I mean this is a tremendous undertaking and it's a statement, not only for the community but also the planet. But anyway, what has happened, as of tomorrow we will have one of your utility trucks running on waste fryolater oil. The components have been purchased and installed, and your mechanics have done a tremendous job. I've been looking over their shoulders, and they really have done a bang-up job, I mean basically other than a paint job and a few decals, it'll be a show vehicle, something you can be proud of as far as making a statement in the community. We've had numerous restaurants that want to participate in this project and help us out with the oil. That's one end of it, the collection, we haven't quite figured out as far as collection and quality control on the oil itself. I've been doing that on a personal level for nine months now and I've learned a few tricks which I'm more than happy to pass along.

Mr. Glidden stated I would like to go possibly and project maybe a next step that might kind of fall in line with this project. I think this truck is itself not only statement but it would be a tremendous tool, educational tool, and I would like to see it put together to represent not only bio-fuels but conservation, recycling, alternative energy, and become a mobile display educational unit that could be taken throughout the schools. Not just the schools but also some of the clubs in town, Kiwanis Club, military, VFW, and anyone that would be interested in learning a lot of things that are out there today that isn't really in the mainstream at this point. We can cover conservation which is going to fall in line with you folks as far as water conservation, electric, conserving all the resources, the energy, the solar, the wind, the hydro, solar thermal, and photovoltaic and hydro-tidal as well. I'm kind of excited about this and I just want to put it out to give you guys something to think about, you know that maybe this might be a next step and something that would come together. And its public relations, I understand that, everybody kind of wants to look green today and that's the buzz word. Way back in the 60's when I was getting this, you know you were crazy.

Chairman Para commented they still say we're crazy.

Mr. Glidden stated but now, fortunately it is a different world and people are at least looking in that direction considering these things. I know that Orlando Utilities Commission, they must spend tremendous amounts, I see their ads on television all the time, they're running their trucks on bio-diesel, and you know that's kind of the buzz thing. I think we could do something where all that money that's spent for television ads could actually be spent for a vehicle that would become something for education. There was an old song that I grew up with, Crosby, Stills, Nash, and Young, "Teach Your Children Well". I'm almost 60 years old and I think I've just finally learned what that song was about. He concluded by stating anyway, thank you.

Chairman Para thanked Mr. Glidden and added its people like yourselves who are members of our community that are buying into this program and this concept of looking at energy differently and looking at conservation in a very progressive way. I thank you for the participation you've placed up there. I also want to say thank you to Swamp, he's not here

(3) Public Participation (cont.):

tonight, and I'll no doubt forget a few of the guy's names up there, Todd, so I won't try to list them all, but they have been just superb in their professionalism, their enthusiasm. I was telling Mr. Beyrle earlier today, it's kind of like when guys get together and build a stock car, well in our case we're building a vegetable vehicle. He stated I think it's wonderful, it really builds good morale amongst our own people and also it communicates a very progressive thought, a value of our Utilities Commission to the community. Chairman Para thanked Mr. Glidden again for being a part of it.

Mr. Glidden reiterated they have done a bang up job on the truck, a really good job.

Chairman Para then asked if anyone else would like to be recognized.

Mr. Charlie Meyer, a resident from Sugar Mill, addressed the Commission. He stated the part in the Old Business that's going to cover Sugar Mill property might very well answer my questions but if it doesn't, could I ask the question then.

Chairman Para stated yes, you can be recognized at that point. He then asked if anyone else would like to be recognized for public participation.

There being none, Chairman Para handed the gavel to Vice Chairman Spangler and requested to be recognized to speak as a member of the public.

Mr. Kevin Para, a resident at 214 Palmetto Street, addressed the Commission and stated I would like to formally invite the Commission to a public forum. He addressed Mr. Preston and stated I hope it's legitimate, that the entire community will be invited, and hopefully the press will participate in that. It's going to be a Next Steps, one of our initial meetings, a kick off of Our Green Coast project. The concept is a regional one and it's sharing a lot of enthusiasm among people who are local in our community and also statewide. We've got four key note speakers currently scheduled and I think it will be an interesting event. It will begin the process of having a community wide conversation about Our Green Coast, which is a concept to bring renewable energies, research development, and implementation to this community. He then offered to answer any questions.

Commissioner Diesen asked who are the speakers.

Mr. Para stated Bob Bullard, he'll be giving a technical representation, Kevin Schweitzer will provide an overview, Lee Bidgood is our green ambassador, and Glen Storch is going to wrap things up and he'll be kind of putting everything together. It's all volunteer and there will be a lot of community participation as well. It's going to be at the Volusia County library, begins at 5:30 p.m. We'll probably get into discussion around 6:00 p.m., that's when the speakers will begin to get us going and it's last until about 7:00 to 7:30 p.m. I have invited the Mayor and the City Commission, and again the whole community, however many we can pack in.

Commissioner Diesen asked if Representative Dorothy Hukill's going to be there?

(3) Public Participation (cont.):

Mr. Para stated I've invited her office, yes, and along with everyone else that I could invite.

Chairman Para then resumed as Chairman and asked if there was any further public participation. There being none, he closed public participation.

(4) General Manager's Report:

(4-a) Monthly Summary Report for September, 2006:

Chairman Para asked if there were any questions regarding this report. There being none, Chairman Para moved on to the next item.

(4-b) Budget Summary through August, 2006:

Ms. Klinkenberg stated September financials are a little bit later due to the audit, there's a lag time here. We did our best to prepare as many of the audit entries as possible but there will still be some audit entries coming forward, so these are the unaudited financial statements. Most of you had known that the audit had stopped due to a situation at Brent Millikan. They are underway again, they began last week, they were here again. The year end I thought looked a little better than I was expecting, with only a \$462,000 loss, I was actually expecting quite a bit larger. She then asked if anybody had any questions.

Chairman Para commented that was a good way to put it, that was a positive spin.

Ms. Klinkenberg commented when you're dealing with these kind of losses, anything positive is great. She then asked if there were any questions about that part.

(4-c) Communications Profit/Loss:

Ms. Klinkenberg had distributed information entitled "Telecommunications Losses – Draft". She stated again this information is unaudited. I've taken what the auditors prepared for fiscal year 2004 and 2005 and added 2006 and the first month of this fiscal year to that. She stated we're with an uncollectible balance, of accounts receivable, of about \$3.6 million. On our balance sheet we have accounted for that as a provision for uncollectible all but about \$100,000 of it, so we're not carrying anything on our balance sheet that we don't expect to recover. The total loss that we're estimating it to be at this point through October 31, 2006 is \$10 million financial losses. And then we add the additional factors like the uncollectible accounts receivables and all the other stuff, about Epicus and VStar, we're up to \$13.1 million. And now, also at the end of this year we expect to sell off some of the telecom assets hopefully, and there's about \$2.7 million worth of assets. Any portion that we don't sell off would also be an additional loss.

Chairman Para then asked who wants to go first.

(4-c) Communications Profit/Loss (cont.):

Chairman Hall stated this refers to the entire budget for 2006, or 2005, not just what you have on telecommunications.

Ms. Klinkenberg stated this is just telecommunications.

Chairman Hall commented we're not going to deal with the entire budget, when are we going to get the report on the entire budget and where we stand.

Ms. Klinkenberg stated the unaudited financials are presented in the agenda and you received those. The audited financials will be as soon as Brent Millikan prepares them, they are working on them now.

Commissioner Diesen interjected that's 2006 they're working on.

Chairman Para stated so we lost \$4 million in 2004, \$4.6 in 2005, and \$4.1 in 2006, and are projected to lose another \$62,000 (FY2007), correct.

Ms. Klinkenberg stated the \$62,000 was lost just in the month of October.

Chairman Para stated okay, that's already started, our fiscal year started. He then stated to Mr. Rodi, is this sort of like the last red bow to be placed on this.

Mr. Rodi stated what we're doing now is doing a recap. The outstanding costs, we still have a number of contracts to close out, the telecom and cable contracts. We also have a State of Florida tax audit that we've been working with the State on and many of these go back multiple years. So these are outstanding issues and as we continue to close them up then we're keeping a tally on what these are. What we're trying to do is show just some break down of where these costs were incurred and where the losses were incurred.

Commissioner Spangler stated well I would like to make a couple of comments. Having seen the results of 2003, 2004 which is where telecom came up over the horizon, we were reported as having \$5.2 million in sales and \$2.6 million in uncollectible receivables on those sales which sort of seems to me to be 50% of the revenue wasn't even collected. So right then and there it seemed to me that we had a big, big problem that somebody should have been investigating. So now I'm looking at this and a huge amount of this is uncollectible accounts receivable, so I think we can say that this was some type of a management problem where they couldn't even collect from the people they were billing. Without getting into whether that was 50% or 35% uncollectible, that's way above what you would expect so I think probably what we were getting was bad. Another question that I have here is I see a loss of revenue from Epicus of \$1.7 million. I don't understand how a loss of revenue could be called a loss, it just contributes to a loss because we had more expenses than revenues. So I keep seeing that appear, could you explain that to me.

Ms. Klinkenberg stated unfortunately I can't, that's something from the auditors, I wasn't here then.

(4-c) Communications Profit/Loss (cont.):

Commissioner Spangler confirmed Brent Millikan came up with that and then stated all right I'll ask them. To me revenue that you don't have is not exactly a loss, it's just an opportunity not gained, so I don't know where they're coming with this but I'm sure they have a good reason and I'll ask them.

Chairman Para then asked if there were any further questions or comments.

Ms. Klinkenberg stated I'd like to make a statement about the collections, the part with the \$3.6 million, I agree that they didn't pursue it as well as they should have. The Commission approved sending all of our customers to an MAF Collections Agency and we have sent everything there. They have since come back and requested more money to go after these because its such a different type of clientele. We have turned that down, we have exited that contract, we are not going to go forth with that one and we are looking for a collections agency that specializes in telecommunications because we would like to go after this and get something.

Commissioner Spangler asked Ms. Klinkenberg what percentage of that do you think is collectible?

Ms. Klinkenberg stated realistically, not much, a very small percentage. She commented the clientele they marketed to are the type who pack their bags and leave in the middle of the night.

Commissioner Spangler commented good commissions though.

Commissioner Diesen asked where in here, and maybe that's what you were asking Commissioner Spangler, the figure of Epicus in the bankruptcy that we lost, is that part of that perhaps.

Ms. Klinkenberg stated we received \$69,000 through the bankruptcy and that was netted in 2006, that was part of non-operating income, so it's been netted against the non-operating income and loss.

Commissioner Diesen stated which they owed us \$2.7 or \$2.3 million.

Ms. Klinkenberg answered \$2.7 million.

Chairman Para thanked Ms. Klinkenberg for putting this together. It's a very simple, straightforward approach, and I agree with Commissioner Spangler, we need that other question answered. Because I think that the community wants to know two questions. One is obviously from a business standpoint, the other is how many real dollars did we allow to drain out of our pockets in this adventure. He then stated to Ms. Klinkenberg, I think you have the next item too.

(4-d) Financial Performance Metrics:

Ms. Klinkenberg stated yes, I was looking at my position and thinking it needs to be a little more analytical and interpretive of the financial statements. So I've come up with some performance

(4-d) Financial Performance Metrics (cont.):

measures that go right along with Mr. Rodi's strategic plan. I want to introduce you to a couple of them where I think they would be very good indicators for going forward. There's three different kinds of performance measures. Financial input indicators, those are things like the total revenue by division, what percentage we are receiving from each division. Total revenue per account and then we can compare them to the total expenditures per account. I have done some of the initial calculations but I'm not ready yet with those. Then the financial process indicators are things like the current ratio, that's something that I'm trying to get as good as possible before we go out for bond. A typical benchmark of a current ratio is 2.0, which is what's our ability to pay our current obligations from our current assets. Another one that's going to be involved in going out for bond is our borrowing capacity. And that's another ratio, a typical benchmark is .5. Then the financial results indicators would be our asset allocation efficiency, to see how well we're utilizing our assets and our return on assets which is a typical profit measure but I think we need to go more that way since we are an enterprise fund. I feel like we should be worried about profits. So in the coming future I'd like to present those each month to see how we're doing as a measure.

Chairman Para commented very well stated and asked if there were any questions. He commented I feel like we're in an episode of Star Trek, and you're like Data over there giving all this information; very well presented, very factual. He stated next is Ms. Ellen Mahle.

(4-e) Timber Harvest and Reforestation:

Ms. Mahle distributed some copies of digital photos to the Commissioners and addressed the Commission by stating I'm just here to give you an update on the timbering and reseeded project that's going on out by the Wastewater Treatment Plant. As you no doubt recall, this was the site of the wildfires in May. The total acreage is 720 acres, we've been able to harvest about 360 acres of burned timber and another 360 acres of the property has been select cut and thinned. The company doing the work for us is Atlantic Land and Timber and the receipts today for that timber total about \$200,000. This has all been planned and processed through the Purchasing Division. The project is nearing completion and they're looking to wrap it up by the end of the year.

Ms. Mahle stated we have been consulting with the Division of Forestry expert, John Marshall who is out of DeLeon Springs, and we're looking to reseed some of the property with slash pine. So we're working with the Division of Forestry to accomplish that. We're looking to accomplish this aerially through a helicopter seeder, to reseed about 240 acres of the burned land. Mr. Marshall oversaw this process in 1999 and 2000 with the property that is depicted in the pictures. That was land near Ormond that was reseeded aerially. You can see that it doesn't look funny, it sort of grows up, and as Mr. Marshall puts it, like God put it there. It does look quite natural. It will take about a quarter pound of seed per acre to accomplish this. This is one of his personal projects, he really likes this sort of thing. He flew helicopters, so he's taking it upon himself to find us some comparative pricing for seed and for helicopters. So he's going to get that information for us and pass it along and then we'll go through the Purchasing Division for that part of it as well. We're looking to do this project in the spring when the ground is wet enough to take the seed. Unfortunately, there's no Federal or State grant money available for this

(4-e) Timber Harvest and Reforestation (cont.):

project, when property is burned, it's for private property owners only. So we're looking at a cost for seed of approximately \$7.50 acre, which is not a whole lot. The variable in this situation is going to be the cost of the helicopter, getting it here, as there are no local helicopters that he's been able to find so far. But we will just take that out of the revenue that we've gotten from the timber already so it should be a net gain in the end.

Chairman Para stated you don't know approximately what the whole reseeded is going to cost.

Ms. Mahle stated it will be 240 times \$7.50, plus the cost of the helicopter which is the big unknown. It will depend on if we get a helicopter from south Florida, from Tampa, from Georgia, if its here already for a project or if they're going to charge us fuel costs from Georgia. It won't, from his estimation, take long to complete the project. So that's what we're looking at and if you have any questions, I'm happy to answer them.

Commissioner Spangler stated I would like to make a cheerful comment, we got about \$200,000 from the timber harvesting and if this cost \$5,000 or \$10,000, there's something where we're ahead. I don't know where it's a business we want to be in, but something put us in it.

Ms. Mahle commented its making something good out of something bad.

Chairman Para commented we made lemonades out of lemons, and added I think we've got Mike Mines in the back of the room to thank for that. He thanked Mr. Mines and added good idea, good thinking.

(5) Commission Counsel's Report:

Mr. Preston stated he had nothing to report at this time.

(6) Committee Meeting Reports:

(6-a) Status – Contract for General Manager/CEO:

Commissioner Diesen stated I'm bringing forth, rather than an extension, a new contract with everything to remain the same with the exception of, in the page that you have, the two paragraphs that would be changed. And that would be paragraph one where the old contract says that the Commission hereby employs the services of Robert J. Rodi as General Manager/CEO commencing July 11, 2005, that would be commencing this said effective date, and change terminating July 11, 2008 to terminating January 2, 2010. And then in paragraph eight we would make a change that says it is further understood, covenanted and agreed between the parties hereto in the event the Commission should discharge Robert Rodi without just cause or terminate the contract for any reason before July 11, 2008, change that to before January 2, 2010, and then change the plus three months to plus twelve months, and change after July 11, 2008 to after January 2, 2010. So that would be a three year contract plus a little, 40 days, and everything else would remain the same, with the exception of those two items.

(6-a) Status – Contract for General Manager/CEO (cont.):

Chairman Para stated alright is there a motion.

Commissioner Diesen stated so move.

Chairman Para then stated this came out of committee so it really doesn't need a motion, is there discussion, there being none, he asked for a roll call vote.

Mr. Preston stated you should move and second that.

Chairman Para then stated okay Commissioner Diesen you were probably right to make the motion, I didn't know if out of committee it needed a motion.

Commissioner Diesen then reiterated her motion to approve the contract for the General Manager/CEO as presented and submitted. Commissioner Allen seconded the motion and the motion passed unanimously on a roll call vote.

(7) Old Business

(7-a) Status for Use of Letter of Credit – Addendum to Developer's Agreement:

Mr. White addressed the Commission and stated this item is just to clarify the past use of letter of credit device for the payment of infrastructure fees by developers. As the memorandum says, this device was intended as a temporary or interim measure when we were developing and planning the contract document known as the addendum. The procedure has kind of outlived its usefulness at this point and we want to discontinue using it in the future.

Chairman Para stated as a procedure in the line of credit. He asked if there were discussions or questions.

Commissioner Diesen stated so in other words you want cash on the line instead of the line of credit, is that pretty much what that says.

Mr. White stated that's the plan. The idea was, and it kind of I guess ruffled some feathers when the understanding was released, that the reason for the letter of credit was a very interim situation and that as soon as we got those letter of credits it was our intention to liquidate them immediately and deposit the results into a separate account.

Commissioner Diesen stated so we're skipping that step, going straight to the money.

Mr. White stated its not needed any longer.

Chairman Para stated cleaning things up a little bit, making it a little bit more straightforward, the concept here is to bring the revenues in so the improvements can be made for future development.

(7-a) Status for Use of Letter of Credit – Addendum to Developer’s Agreement (cont.):

Mr. Rodi stated as you may recall there were some developers who said they needed to move forward with their subdivisions and we offered this as a way for them to continue to move forward until we had our public hearings and then officially adopted the addendum. So it has served that purpose so we’re requesting that the letter of credit at this point just be suspended as a tool.

Chairman Para asked if there was a motion.

Commissioner Spangler made a motion to approve the suspension of the use of a Letter of Credit option for the Addendum to Developer’s Agreement, for Developer/Addendum Agreements, effective December 1, 2006. Commissioner Diesen seconded this motion and it passed unanimously on a roll call vote.

(7-b) Communications Tower and Status Update:

Mr. Rodi stated I wanted just to provide a current status and make a request with regard to the Communication Tower. Since we made the presentation as to why the tower wasn’t commercially feasible, I had indicated that there were a number of issues that we would attempt to continue to work through. We have since had the strobe light, the FAA warning light, repaired. But in the course of having that repaired we now have another issue. That issue is that the person who made the repair essentially said that had he known the condition of the catwalk, he would not have taken the job on. What he’s referring to is when he went up there, the catwalk was rocking and there were missing bolts, wrong bolts, and he was concerned about what would happen with the catwalk. Our research, because the first thought you have is who put it up there and when did this happen. There’s some indication for us to believe that it has been this way from the time it was installed. Now we cannot prove that, so we’re in the process and we’re looking for a 300 ft. crane and getting quotes; that has to be repaired. We had employees inside that headend building taking inventory of the electronic gear and the cable gear that was in there for purposes of going out for bid. Had I known that, I would have never let them in there. So our first step is we have to have that repaired, we’re getting quotes on repairing both the ground grid and the grounding for the headend building, so that those two are compatible. And with that we think that the tower will be commercially available. We’re not going to address the generator, any companies who would care to locate on that tower can provide their own generation, their own little control building.

Mr. Rodi stated the reason why I wanted to bring it to this Commission was I’m expecting to spend, and these are just guesses because we haven’t received the quotes back, but maybe \$15,000 to repair the catwalk, and another \$20,000 for purposes of the ground grid. Then, of course, I have approached the communications disposition by saying the electronic gear inside the headend, we’ll declare that as surplus, we’ll put it up for bid, and those parties that are interested in purchasing can buy it as is. Regarding the existing fiber system, right now we have eleven high speed Internet customers in Venetian Bay. We’ll continue to use the fiber system and deploy it. We’ll have the communication tower functional. We plan, currently the headend building just has the fiber supply for internet services to Venetian Bay, but it will eventually become our house for our network application which is housed right here in this building and

(7-b) Communications Tower and Status Update (cont.):

very susceptible to hurricane impacts.

Mr. Rodi stated so that's the going forward position so I'm confirming with you your permission to spend this additional money and secondly to dispose of that equipment that's related to the cable entertainment.

Commissioner Diesen asked what's the timeline on the antenna, for the tower to be available.

Mr. Rodi stated it depends upon the engineer for the ground grid. Ground grids are particularly difficult, not from a standpoint to repair but for taking measurements for their effectiveness in dealing with lightning discharges. So I'm guessing the engineer we had previously contacted is both capable and available, so my guess is two to six months. I've communicated this to the City Manager so he's aware of where we are because there's some other issues that the City is dealing with, so they're aware of our status of this. But that's, at this point, just an estimate of when we should have it done and our intent is to move forward as quickly as we can.

Commissioner Diesen asked where are we on the fiber back into the city.

Mr. Rodi stated we have an initial plan. We've run conduit along with the completed water lines from along S.R. 44, from Airport Road back to the labeled Williamson Boulevard extension where the firehouse is. We're looking at whether or not we want to string fiber on to our poles and we're just examining now the different routes and what it might cost to deploy that. The idea would be to go to all U.C. buildings, and also then municipal buildings and eventually to the schools. So that's where we stand, we're still developing the plan on that.

Commissioner Diesen stated and right now we're not, I'm kind of skipping around here but kind of in the same neighborhood, we're not currently taking anymore wireless customers, is that correct.

Mr. Rodi stated currently we are not and what we've done is we've tried to assess what our status is with the wireless, and we're still assessing that.

Commissioner Diesen asked in that assessment, will there be a consideration for possibility of broadband over power lines.

Mr. Rodi stated we will look at the BPL, there's some potential to do the last mile, if you will, with that. The technology has continued to improve but we may be better off, you have seen recently the third generation of wireless that's coming out and we would hope that if we install the fiber backbone that the wireless might be a more effective approach although we still have the capability of either running fiber too. For example, Venetian Bay's going to have a commercial center and we have fiber out there already. We also have the opportunity to use the broadband over power lines and currently there's been a number of hybrid systems where they're just covering the last amount beyond the transformer to the home and then using the power line with the wireless modem in the home that deals with the signal from the power line.

(7-b) Communications Tower and Status Update (cont.):

Commissioner Diesen asked are we reading meters now.

Mr. Rodi stated yes, most of those have been converted to a radio conversion because the fiber did not work. So we are, especially looking at difficult to read, and meters that are under water. He commented I'm talking about water meters that under water, not electric meters under water. I wanted to get your permission to spend that money and I would like a motion to allow me to do that.

Commissioner Allen stated I had another question while we're talking about the headend building and possibly even looking at the headend building as far as caging for everything to be in that building and lease that space. And then even at the same time while we look at that even though we talk about the vendors supplying their own generator, what would it cost us to set up a generator in place.

Mr. Rodi stated I haven't had time to research that and explained Commissioner Allen's talking about rather than having individual little control rooms outside the building, can we co-locate inside. I've asked for the dimensions of our own network facilities now to see how much of that building would be occupied because we've done a lot of consolidating over the last month here. Then as long as we can provide security for all the players that are involved there, then that would be the biggest driver for us. The generator really would have to be pretty bulletproof and the one that's out there right now is not, so I haven't tagged that cost yet.

After a couple of comments, Commissioner Allen then made a motion to authorize the General Manager/CEO to spend the money to make progress on this project (communications tower). Commissioner Hall seconded the motion and it passed unanimously on a roll call vote.

(7-c) Williamson Boulevard Alignment – Status Update:

Mr. Rodi stated he will now be putting the screen down and that this map I plan to use on a couple of different items here. He stated you have seen this map previously and what I wanted to convey is that the use of the land that the U.C. has and Williamson Boulevard really do impact each other. The map itself, this is the northern most area where Williamson Boulevard is suppose to come across Pioneer Trail and then two potential routes that come down in this direction, and this is S.R. 44 here and then I-95. In looking at our water needs, part of the representation is to take the aqua colored areas, since they are potentially wetlands, and harvest water during the wet periods. As you may recall Dr. Missimer's presentation, we may need some above ground storage and part of the goal was to try to store this water in another area. What we were talking about was drilling a deep well that would go down 1,200 ft. and store in the lower floridan, in the very top most part of that, this water that we would harvest as well as be able to extract potentially some of the water from that same region. This area right in here, this is the Wastewater Plant and these red dots represent our new wellfield. As you can see, if we locate centrally this deep well and processing facilities, the recall that I have of that presentation from Dr. Missimer is that we can blend the water sources and use that for make-up purposes. As a reminder, the primary driver for the water need is indirect. With our western development area, it's forecasted that we would be two million gallons a day short for irrigation

(7-c) Williamson Boulevard Alignment – Status Update (cont.):

purposes. Right now our irrigation comes from our Wastewater Treatment Plant which is pretty much at capacity as far as its ability to contribute Bright Water. So in looking at the layout of the land and where the highlands are located, we would be using surficial wells, these are horizontal wells, to be able to harvest that water and store it underground, and some of it would be above ground.

Mr. Rodi stated why I wanted to talk about Williamson Boulevard is an awareness because there's no question, if the developments to the north and to the south, and there's a couple of large ones to the south of S.R. 44, move forward, there has to be another corridor for this. Basically, a lot of commercial traffic with the malls that are anticipated internally to these subdivisions. What I wanted to point out, and I'm getting a little head of myself, is that in this corridor right here we have a paved roadway that goes back here and that roadway is probably 40 ft. wide, and on each side of it we have the FP&L easement, and there are two 115 KV lines, and we have our own 115 KV lines and our own substation located here. And then we've been talking with FP&L about locating a 230 KV station and we have a guest from FP&L with us this evening. So the 130 ft. wide roadway will have a tremendous impact. We just finished putting in a 20 inch water line and a 16 inch Bright Water line right in that same area. It would seem to us that there might be a better route down in this area, the area that covers along the western boundary of the property. This area over in here, I think, is being converted over to a golf course by Johnson Enterprises. Then to the south, somewhere out in here, is LandMar that has taken an option from what is referred to as I know it, the O'Reilly property. Down through the center of that property, but they have not purchased this area here where they still have an option.

Mr. Rodi stated and pointed out there's been an alignment previously discussed to follow this path and you can see that if it does follow that path, then all of these electrical facilities could well be impacted. The purpose of this agenda item is for awareness and discussion purposes, that's all I'm trying to convey. What we hope to accomplish is that with a central water plant in this area for water harvesting, this would be the potential source area for a generating facility of whatever kind, and it would also make sense that you wouldn't want a 50 mph roadway, 45 mph roadway, going down through these facilities even if they were relocated.

Mr. Rodi stated now, both FPL and ourselves have easements through that area so it's not in a road right-of-way and it will be very expensive to relocate those lines. Part of our discussion with FP&L is that they are planning a substation here and I think that is an important consideration. What we were trying to do with this map, as you may recall, is show all of the impacts, like borrowing pits for the widening of I-95, the interchange at Pioneer, if its proposed or whatever will happen with it, here's the Rubin property where there's a request to consider access over in this area where all the congestion is. There's a lot happening there and so I'm again just bringing it to you for your information.

Commissioner Hall stated when you say the realignment would impact us, are you saying it's going to make it impossible for us to operate.

Mr. Rodi stated what I'm saying is in this area here, there's a 130 ft. roadway trying to fit it into a 50 or 60 ft. wide space that has existing 115,000 volt lines. Depending upon when, and

(7-c) Williamson Boulevard Alignment – Status Update (cont.):

assuming that a 230 KV substation would be built, there will be a 230 KV line in there as well, and then the effects on the substation and it just seems to me that isn't a really good idea. I'm not even addressing the issue of traffic, an exit here onto S.R. 44 so close to the intersection of I-95.

Commissioner Hall stated did we put the lines in before the Williamson Boulevard extension was planned to come down this way.

Mr. Rodi stated yes.

Commissioner Hall stated the first extension of Williamson Boulevard was to come down Fairgreen Avenue back in the early 80's and of course the Fairgreen residents got together and said no way, so they started looking elsewhere. Then it was going to be on the east side of I-95, that got stopped, and then it was put on the west side. What you're recommending, or what you are suggesting we look, maybe I should say, is the Williamson Boulevard extension through our piece of property, through the U.C.'s property, should go further west than what's being proposed. My question is who makes the final decision on that, does the Department of Transportation make that decision, does the County of Volusia make that decision, does the City of New Smyrna Beach make that decision, or do we make that decision.

Mr. Rodi stated I think we are the landowner of record. I think like other landowners that we have a right to use our property with legitimate reason. As you may recall this land was taken for public purposes. You had asked a question about the facilities, I believe they had pre-existed all of this discussion about Williamson Boulevard. Those of you who have been here longer than I, that's almost everybody, I think there's a bonafide issue. I want to clarify something, the City had become engaged in a discussion with regard to the location of Williamson Boulevard and Jim White and I had met with the City Manager, the County Engineer, and our City Planner. In that meeting I had shown this map and had also expressed that we needed to locate somewhere to the west. I had asked Jim White to send out a letter because the assumption on the part of the City could well have been that we were in agreement with its current forecasted route, which is down through this area, and we are suggesting that it be the western area over here be looked at. For those individuals who were looking at Mr. White responding, I had felt that because of the time for consideration, I thought it was at a P&Z meeting. I don't recall at this point recently, but I asked him to send that letter out. That's another reason why its here, its just that there are some legitimate, bonafide questions that will require more discussion because this is an important corridor and I wanted to bring it to everyone's attention.

Commissioner Diesen stated hasn't the County stated that they don't have the money currently.

Mr. Rodi stated yes, they have, and its not on their ten year plan. Regardless, we're making decisions now and I think by having public conversation about it, there's a lot of different interests that are involved here that need to be discussed.

Commissioner Diesen stated I think you're absolutely right, we need to make the decision now, even though it may be ten years down the road. She stated I doubt that it will be ten years down

(7-c) Williamson Boulevard Alignment – Status Update (cont.):

the road, I think there's a developer willing to step forward and probably make it happen very quickly, including the interchange at Pioneer Trail. But, no, I think it's absolutely imperative that we talk about it now and location, location.

Mr. Rodi stated so I don't have to put this back up again, Chairman Para with your permission, I wanted to talk a little bit more about the FP&L station if I may.

Chairman Para stated yes, but if we're going to leave this subject, could we kind of wrap a little bit up or do you want to weave the two together.

Mr. Rodi stated I'm trying to weave the two together so that I can put the screen back up and not bring it back down again.

(7-e) FP&L Substation:

Mr. Rodi stated we had received a letter from FP&L and our discussions have reached the point where they've committed a lot of study time and are now looking for the next step and had asked that I bring to this Commission the permissions to take the next step. We would intend to lease this land, a long term lease to FP&L, and there will have to be some detailed designs and then start to lock that down. The issue becomes the location of the site and as I'm recalling this area here is zoned industrial and the zoning I don't believe would be applicable to a substation. But in looking at the competing needs and using this centrally located area for both water and maybe a potential green plant, power plant, or more traditional, whatever it is, that the collective bodies, the City and this Commission would decide. I wanted to move forward with the FP&L station because it dramatically affects both our reliability and our access to better purchased power contracts. So we're at that point and they're looking for commitment to move forward, so I would ask your permission to be able to take those steps. Of course this Commission would have to approve whatever we would hammer out and it would obviously come back. This is one of those first steps and we talked about this location previously for the FP&L station because it would have its proximity to our own station. Also the longer term impact of where we might build a generating plant if it's on this property.

Commissioner Diesen stated that's then the optimum site for FP&L at this point in time looking at it.

Mr. Rodi stated well it seems to be but they have a centroid where they could put this station in a number of places. This would be ideal because of the 230 KV line that runs parallel to the east coast of Florida. It is way out over in here, about five or six miles, so anywhere where they were going to tap into the 230 KV and then come across. But right now it seems to be an advantage because of its location for serving areas to the north, as far north as Ormond, and then moving as far south as down into Brevard; this whole corridor needs relief.

Commissioner Spangler stated it would appear to me that if we control where Williamson Road goes, because this is public land that was obtained for a purpose, we would stir a lot of consternation of the property owners to the south of us who aren't going to know where that

(7-e) FP&L Substation (cont.):

main feeder's going to enter their property and then they wouldn't be able to plan anything. I don't think that we would probably reasonably have the option of saying nowhere on our property because then we would end up on Jerry Johnson's and get further and further west. So I guess what I'm saying is that it appears to me that as close to the westerly boundary of our property as possible would still allow for that thoroughfare to go through and continue too. I'm sure the County would be screaming if they didn't have any way to get across S.R. 44 through our property. So, is that a consideration?

Mr. Rodi stated that's how we first started to look at this, to try to understand what would be to the north of us and to the south of us, and as we're understanding it, Airport Road is a north and south corridor, and because of expected development immediately to our north and to our south, this is the likely location. Even if there is an interchange developed at I-95 and Pioneer, there's still going to need to be some north south migration route. When I look at the established facilities, and there just isn't enough room there, it seems that it would be reasonable to shift it. Especially if we're going to have any kind of, just for purposes of discussion, a renewable plant where we're bringing in bio-mass or whatever it is, that you would want a traffic corridor that is not going to be having to turn off and on wherever Williamson Boulevard is, so that would allow for some kind of private access to that area, just as an extension of the existing road following the transmission lines and then going over.

Commissioner Diesen stated it would seem too, given what's happening with I-95 south of us and going north, and I think that contract has been let or it's close to letting, that it's going to get widened and there's going to be a greater impact there and the closer we are to the activity center and S.R. 44, I-95 interchange, we're just asking for a pile up of traffic. So it would seem that it would be, even in that respect, much better to be a little further west.

Mr. Rodi stated my reason for bringing it here is that the decisions are starting to stack on one another. I don't know what lead times are now for 230 KV auto transformers but they could be well over a year; you just don't have 500 MVA auto transformers laying around, not even FP&L does that.

Mr. Beyrle stated we have Christine Davis and Bob Coleman from FP&L if there's any questions about the station or the 230 KV lines.

Chairman Para stated just a couple of things, with my P&Z background, and Mr. Taylor are you still here, good to see you. I think we've got just a facet of this, we certainly don't have a unilateral perspective on this and I think this conversation needs to encompass a larger group, certainly the City Commission and possibly even P&Z in a larger discussion. We tipped on this I think at the last meeting, Commissioner Diesen mentioned charrettes and the idea of really developing a master plan. We approached, part of Commissioner Diesen's and my efforts at P&Z was to, among others, was to help to bring about the new urban development concept and it was a very careful process and I think we spent almost two years on it and was very deliberate. This project is that size and scope, and it's a very sensitive piece of property and it relates to so many parts of the community. The wetlands, future development, an investment, a responsibility to the shareholders who have basically paid for this property over the years. So all that to say

(7-e) FP&L Substation (cont.):

that I would like, in keeping with what you're saying, is to enlarge this discussion and have a very deliberate discussion so that we don't, and you're right for bringing this to us, that we don't end up sideways. And we begin to, and Commissioner Spangler's been a developer and builder over the years, knows you don't start building the house from the one corner, you look at the whole plan. That's what I'd like us to begin that conversation, that process, and I'm echoing that. My limited experience with the property and studying it for other reasons is that the exit is, that it thoroughfares on down to the south, it's a potential conflict with the wetlands if we go further to the west, and we don't want to get in and destroy a huge section of the wetlands because the target speed for that property, or for that road, is 55, and in order to do that there are ways that you have to be able to make those transitions. So again, I would like to expand the discussion and from the standpoint of FP&L being here tonight, we can take discussion and separate that out but I'm saying wherever we've got to put that we need to do that, that's from my perspective. It's something I'd like us to move forward, that's a given, but I think I would like for us to have our City Commission meeting and at the tail end of that begin to discuss how we can then, and get the counsel from our City Commission, and say how can we address this larger issue. And is this going to be a larger meeting or how do we do this.

Mr. Rodi stated I'm glad you brought that up. Prior to this meeting, I had a call from the City Manager and not knowing your schedules, but he had suggested that the 29th of November is a date we could probably have a joint meeting and I mentioned to the City Manager that if I had the presence of mind to remember it I would bring it up so I have this opportunity. But exactly this point, it is not, and I support what you're saying, that this can't be done in isolation, that's not the intent, otherwise I would never have brought it up. As you can see we have significant wetlands to deal with as well but there needs to be a collective look at this and my suggestion also was that we have just one topic to discuss. We could talk about the generation topic but it necessarily has to involve the Williamson Boulevard extension, for example in the path you can see that the substation property for FP&L might move further north and go where the plant is, but then we would give up the central feature of harvesting. Whatever that discussion is, I firmly believe, and I said this at a City Commission meeting, that there are these issues that we need to collectively discuss. That's part of the reason why I bring it up and I was going to ask with your permission later in the agenda if Ms. Simmons could call around and see what your calendars are like for that day.

Chairman Para stated in response to that, and I agree, my premise in having the discussion with the City Commission would be just to discuss what the next meeting would be like, the flavor of the context of it, who should be invited, we can't speak for them. I certainly don't feel I have the authority to invite the P&Z, that's really the Mayor's and the City Commission's, that's their group, so again we can make suggestions, but that would be at the tail end of that generation meeting because I think the legacy that we're trying to establish here is one of good effective communication about a holistic view of the City as opposed to everybody being in a corner and you've done an excellent job in that. I agree with you that we ought to discuss generation, and bio-fuels which is a part of that conversation, at that meeting and limit it to that and at the tail end talk about these other things. But again its entirely up to everyone participating as to how it goes.

(7-e) FP&L Substation (cont.):

Mr. Rodi stated with regard to FP&L, after listening to that, is it this Commission's desire to revisit that location after this discussion in I'm assuming it will be in a month or two if it doesn't occur at this time, I think it should occur after the first of the year then.

Commissioner Diesen stated you can have some discussion though. You want a motion so you can move forward.

Mr. Rodi stated yes, because we can start to cover some of the issues and then as far as exact location maybe its this one or that one and tie it down so that they have some alternative to move forward also.

Commissioner Diesen stated I will make a motion that you go ahead and begin your initial negotiation with FPL. We don't want to hold them up and we certainly don't want to be held up because that's going to help us with our fuel and purchased power.

Mr. Rodi stated yes.

Commissioner Spangler stated he would second that motion and the motion passed unanimously on a roll call vote.

Chairman Para thanked the FPL representatives for being in attendance.

(7-d) Energy Wise – FMEA Policy Position on Climate Change:

Mr. Rodi stated I had included in your packet a FMEA draft on climate change policy position. I had done so because this Commission had previously requested some examination of the Kyoto Accords and I had provided background information and some of it is quite extensive. But we were requested, along with other municipals, to provide comment to FMEA. Since this was a public topic of this Commission I wanted to gain your counsel on what you think of this particular policy statement and whatever comments, I can move those forward on to Barry Moline at FMEA. As you know in the background of this, APPA is also developing a policy statement so they're looking at both consistency and comprehensiveness from a State point of view as well as a national.

Chairman Para asked if there was discussion. There being no others, Chairman Para stated I think the FMEA people are a pretty comprehensive group but yet fairly independent and I'm not sure they're going to stop the press for us but I appreciate your sentiment and why you're bringing it to us. He commented it's an interesting perspective.

Mr. Rodi stated if there's really no comment anyone cares to make now or if you have a comment that you care to make later, that's fine. I just wanted to have the public hearing of it so that if there was anything, it could be voiced.

(7-f) Sugar Mill Property – Update and Status:

Mr. Rodi stated a little history, in the fiscal year 2005 budget the U.C. properties, there are two properties that previously had been owned by Sugar Mill (Florida Water Services) for its water treatment and for waste treatment. When the Sugar Mill facilities were acquired by the U.C. these two properties of course came with it. From time to time there's been some interest but in the fiscal year 2005 budget those properties were declared as surplus. Then there were requests made to find out how much it would cost to demolish the facilities that are there and a valuation of the properties, and it just really didn't go anywhere. And of course, from time to time we have other inquiries. It's been my procedure not to talk about individual potential deals with anyone but rather to bring them forward to this Commission and then subsequently, if there are others that have such interests, because we are releasing a public asset, then we would go out for bids and individuals so interested would be able to bid on it. I think I've been relatively consistent with that. We do have an expressed interest again and part of the competing need is of all the facilities that are there, we have I think a half million gallon concrete water tank. As you well know we're going to have a need for reuse water and the area that is immediately to the north and northeast is scheduled for some development as well as to the northwest of this area depending upon when the area south of Turnbull Bay Road will develop. Well it seems as though this water tank would have some value for purposes of reclaim water, however its not really in the best location, if we were able to pick it up and put it somewhere we would want to move it a little bit. I thought rather than just proceeding, I did not know if it was this Commission's desire to go out and get appraisals again, to have current ones and to offer and see what kind of proposals we might receive from interested parties. So the way for me to deal with this is to just bring it forward to your attention and then get your counsel on it.

After a couple of comments, Chairman Para requested permission to speak first and discuss his thoughts. He stated to begin with on a philosophical basis, I'm against, ever, a public entity selling property of this nature because ten years from now a future Commission's going to look at us and say wow, you got \$200,000 or \$300,000, great, and inflation might have bought us a line truck ten years ago and now we're going to spend \$7 million to buy the same value of real estate to put a station out there. So again from a philosophical standpoint I'm against public entity selling land unless its really deemed surplus. I mentioned to you earlier we ought to create almost a different category for your options of our assets. We've got active and surplus. There ought to be a reserve category that gives you, as our CEO, the latitude of placing something in a reserve capacity that says listen, I'm thinking far in advance. We've got a 70 some year old company, we've got to think that way, and why don't we create a reserve capacity that allows you that latitude in a long term strategic capacity to reference something, and that's a separate discussion. But on this piece of property, I've reviewed it with Mr. Hoover, walked it, we went through it, and it's got enormous potential for utility use in the future. So I would say if we could at all possible pass right now, respectfully, and allow this to continue to roll through a conversation that we're going to be having with the community over the next say, six to twelve months, about generation sites and other issues, and water; there's all kinds of opportunities out there. We never do good when we sell things like this, something happens. Anyway, that's just my thoughts and thank you for allowing me to share those.

Commissioner Diesen stated I think we need to look at what the potential is given that location. I mean there are clearly some things that wouldn't work there and what could possibly, what

(7-f) Sugar Mill Property – Update and Status (cont.):

could it be used for in the future, and then make a determination rather than just saying I'm going to hang on to it for the sake of hanging on to it. I have not walked it, I don't know how close it is, I can't imagine though, given that its in Sugar Mill, they would want a bio-mass plant there, that doesn't seem feasible. But I would like to explore it some more before we simply say we're going to put it into inventory some where and leave it.

Chairman Para stated just for the record I'm not advocating a bio-mass plant there, but it might make good sense for a generator.

Commissioner Spangler stated we do have a tank there. Mr. Hoover you looked at that tank, and wastewater storage is probably one thing we would have considered. He asked Mr. Hoover if he had looked at that tank from that point of view.

Mr. Hoover stated that is basically a Crom concrete tank and it's indestructible, pretty much. It's in good shape, given that we have two fairly large ponds there, reclaimed ponds for the Sugar Mill golf course, and we have several new developments clustering around that same area. Turning the former water plant pumping station into a booster station for reclaimed distribution makes some real sense. Remember Brad Blais gave in his presentation the point that the distribution system for reuse is usually much less developed than a potable system and the demands are triple spiking factors because everybody wants it at the same time of day. There's a narrow window when reclaimed is used, so reuse booster pumping stations are part of our master five-year plan. In fact, he wanted to put a 3 MG tank in the western area and we have no tanks that large, but he again reminded us that because of the large demand in a short period that it makes a lot of sense; so its hard to say we want to just dispose of that.

Commissioner Spangler stated so it has some potential for wastewater.

Mr. Hoover stated very much for reclaimed.

Commissioner Spangler stated and as Chairman Para said, no potential for a bio-mass plant. So the question is, you know, the problem is if you let a piece of land go, as Chairman Para says, then the next time you go to get a piece of land its going to cost you a lot more money. So certainly before we decide that we want to declare this surplus and sell it to somebody for whatever use, we need to determine what we can use it for and if that's the best location for it.

Mr. Hoover stated and there are some minor maintenance needs that we're having to deal with. The old wastewater treatment plant which has open top tanks and the treatment process train, we have to go in monthly and pump that rainwater out so they don't get mosquito problems. Recently we were requested by the homeowner's association president to get in there and brush it out with a bush hog because it was getting wild from just being untended. At the water treatment plant we had to board up windows on the old pump station, vandals had got in there, we had to do some fence mending, and it does look neglected if you look real close.

Commissioner Diesen stated those are all things I think in deference to the people who live there we need to tend to and I do think we need to look at the possibilities and see if that outweighs the

(7-f) Sugar Mill Property – Update and Status (cont.):

idea of getting rid of the properties.

Mr. Hoover stated the wastewater plant itself is pretty well off the beaten path but the water plant backs right onto several homeowners back yards and because its close to Clubhouse Boulevard, and the back transmission corridor to Mooneyham, it has some value as a possible reuse booster station and it could be analyzed from that perspective.

Chairman Para asked if there was further discussion.

Commissioner Allen stated of course if you get to the point you valuate and see a need for a 3 MG tank, resources on that property may go to purchase another piece where that tank would fit, so that's another piece of the pie you need to think about.

Commissioner Diesen stated to Mr. Rodi, you're looking for some kind of a motion.

Mr. Rodi stated what I was requesting was if this Commission wanted me to move forward with obtaining appraisals and going through that process or whether you just wanted me to stay pat with it, and that's why I brought it up.

Chairman Para stated in respect to the individual, is it Mr. Williams.

The gentleman stated no, Mr. Meyer.

Chairman Para stated Mr. Meyer stood up during public participation and asked if he could speak, so before we get into a motion maybe we ought to give him the opportunity and open up the floor.

Mr. Charlie Meyer stated certainly whatever you folks decide to do with the property is fine with me, you're in the position to make the decision. One thing I would like for you to consider is cleaning it up. We had the Division of Forestry out to our facility not too long ago and they did a survey of all of our energy areas with the palmettos and so on and so forth, and they've done an extensive review and we're in the process of changing some things I understand. But he did point out that the utility property over there represents a very substantial hazard and if you go down there, it's a disaster. I don't think anything's been done for an awful long time, so I would ask that you would have the opportunity to possibly clean it up and allow us to have some safety features over there too, because we had two close calls with fires last year and I hope we don't have any this year.

Mr. Bob McEvoy addressed the Commission and stated he was President of the Homeowner's Association that this gentleman just alluded to. I was down there surveying the property and I took some pictures of that property and brought them down to the Utilities Commission. It was two fold, one for the fences that were knocked down, and possible vandalism into the shack that was there. I was very pleased to see that the next day the Utilities Commission did send someone down, the fence was repaired, the shack was boarded up, but I also took pictures of the dead trees that were in there, as Mr. Meyer alluded to, and the ground cover. When we had

(7-f) Sugar Mill Property – Update and Status (cont.):

Timber Weller, he identified that as probably his biggest concern for a fire-wise safety program which we are exploring. We have a committee, a chairman, and we're very involved in Sugar Mill about cleaning up our properties since the fires. But I did give the Commission pictures, if you weren't able to get down there, of how bad that area is. My only concern is as a fire hazard, and when I say clean it up, I don't mean just have somebody come in with a lawnmower making a path to the fence, and to me that was all that was done. I'd like to see some of the brush cleaned up, the dead trees hauled away, the grass that's up this high, just mow it, and basically clean it up. We do have homeowners that have to look at that everyday. To look at that water tower is one thing but to see it all trashed, vegetation-wise, is something else. So I'm only here to say its your decision what you'd like to do but first I'd like to see you clean it up a little bit.

Chairman Para interjected I think we've got that message.

Mr. McEvoy reiterated Timber Weller was here, it's not just our association, it was designated as a dangerous area in the future.

Chairman Para stated we want to be good neighbors and I think we'll get that taken care of.

Mr. McEvoy stated you have been in the past, and I'm here also to thank you for that, and your continued support would be greatly appreciated.

Chairman Para thanked Mr. McEvoy for his comments.

Mr. Rodi stated so I gather we're going to study it some more.

Commissioner Diesen interjected but clean it up.

Mr. Rodi stated one of the things I think we're going to have to do is talk about what gets removed so we don't expose some other things.

(3) Public Participation (cont.):

Chairman Para then asked Mr. Tolley if he would like to be recognized.

Mr. Tolley stated the only thing I want to ask, I want to go back to the Commission Counsel's Report. As a ratepayer I think I'm entitled, after all the work that's gone into this by everybody in this room, there's something a little bit more than no report tonight. I stood in this room and I heard you guys direct counsel, a couple weeks maybe more than that, what to do. We were waiting for a report or something from Mr. Roper, and then you directed him to do something I believe on the Federal compliant. Since then I've heard we're a couple of weeks away, so to hear what I heard tonight was a little unsettling. Where are we?

Chairman Para stated if I could speak for everyone.

Commissioner Diesen commented be careful.

(3) Public Participation (cont.):

Chairman Para stated we had previously made the request to Mr. Preston to draft the letter and I believe that's still in the process.

Mr. Preston stated yes it is.

Chairman Para added and he didn't have an update for us tonight, so I'm assuming that its still in the process. I won't tell him how to be a lawyer, and he doesn't tell me, well, he gives me recommendations when I mess up my motions or whatever. Anyway, that a side of it, the other side of it is we did meet with the counsel's representatives today and that is proprietary discussion. We have that right to exercise that, is that not correct, what was discussed.

Mr. Preston stated that's correct.

Chairman Para stated so I'm not in the position I want to discuss it.

Commissioner Diesen then confirmed with Mr. Preston, on the Federal level you are moving forward.

Mr. Preston stated I am moving forward with the Federal level.

Mr. Tolley stated well that was better than just blowing it off, thank you.

Chairman Para thanked Mr. Tolley.

(8) New Business:

(8-a) Modification to Fuel and Purchase Power Cost Adjustment Clause (FPPCAC):

Chairman Para stated for the next item of business, Mr. Beyrle or Ms. Klinkenberg, who starts.

Mr. Rodi stated I'm going to ask Mr. Beyrle to start.

Mr. Tim Beyrle addressed the Commission and stated a lot of this information has been covered at previous meetings. The last couple of meetings we've been kind of leading up to this, discussing some of the issues we're seeing as far as increased fuel prices over the summer months, and the transmission constraints that have really been hampering us this summer as far as getting power to New Smyrna Beach. What it ended up at the end of the summer is we have an underrecovery of around \$4.7 million in our fuel and purchased power account. In looking forward, we're looking at projected fuel costs for the next twelve months based on contracts we have, based on fuel prices that our suppliers are projecting, and energy costs that we're hearing back, as well as taking into account the fact that the robust market that used to be out there on the wholesale side is not there anymore. A lot of times we're restricted to whatever we can get is kind of what we're stuck with due to the transmission constraints. What you see here before is we've projected out for the next, say, twelve months to recover the underrecovery as well to cover our fuel and purchased power costs, and we see a need to increase the fuel adjustment, the

(8-a) Modification to Fuel and Purchase Power Cost Adjustment Clause (FPPCAC) (cont.):

fuel adjustment factor from \$31.20 to \$45.29.

Commissioner Diesen stated if we get the kink out of the line, but that's not going to happen soon enough where we get the back up, because that's part of the problem really if I can put it in those terms.

Chairman Para stated he didn't understand kink.

Commissioner Diesen stated a kink in the line, you don't understand that.

Chairman Para stated I'm thinking of a fuel line with a kink in it.

Commissioner Diesen stated in that vernacular you can think of it that way, but that's really we're not able to get what we need because we don't have the 230 KV.

Chairman Para stated okay, thank you for clearing that up.

Commissioner Diesen stated so we might hope that a year from now that the fuel adjustment would be adjusted down.

Mr. Beyrle stated yes, I hope so, and a lot of this has to do with fuel prices as well. We're still seeing natural gas prices up around \$8.00, oil prices are coming down but the price at the pump is not coming down, it's actually going back up.

Commissioner Diesen stated and a lot of this emanated from because we're playing catch up, it emanated from the problem with Katrina, right, and the natural gas problems.

Mr. Beyrle stated yes, and even this past summer we saw six named storms but fuel prices still went up because people thought there might be a problem.

Commissioner Diesen stated this is not good, I mean no one is ever happy about the fuel adjustment having to be moved up and its separate and apart from everything else. That's the thing I've been getting from folks today, thinking that is somehow tied to everything that's gone on. It isn't, its separate and apart, it's the fuel adjustment.

Mr. Beyrle stated it's a pure pass through amount.

Commissioner Hall asked have we considered other options to take care of this problem. Let me give you an example, in other organizations they look at downsizing personnel, or freezing positions, etc., etc. We've just adopted a budget, what in September, did we not project that we were going to have this problem.

Mr. Beyrle stated the fuel adjustment is not anyone's salary, no trucks, nothing comes out of this fuel adjustment, this is pure fuel and purchased power costs.

(8-a) Modification to Fuel and Purchase Power Cost Adjustment Clause (FPPCAC) (cont.):

Commissioner Diesen stated it's a tariff.

Mr. Beyrle stated this is what it costs us to procure power or to generate power for the needs of the City.

Commissioner Diesen interjected it's a pure pass through.

Mr. Beyrle reiterated a pure pass through and with FPL or Progress Energy they have to go and justify all of their fuel numbers before the Public Service Commission every year and even theirs is a pure pass through, there's no profit in their fuel rate.

Commissioner Hall stated and there's no profit in this increase.

Mr. Beyrle stated no, this will cover projected costs plus recover the underrecovery.

Commissioner Hall stated are we certain this is going to get us through this fiscal year and then confirmed we can't be certain of that. He stated, and in fact, the report that was given to us by the consultants indicated that we would probably have to make four or five fuel adjustment charges.

Commissioner Diesen and Mr. Beyrle simultaneously stated no.

Commissioner Hall stated their's was the worse case scenario.

Mr. Beyrle stated their's was the base rate, their's was for constructing new lines, for buying new trucks, for paying salaries.

Commissioner Hall stated I looked at the chart that you gave, that's in our agenda, and I have a couple of questions and again its probably my ignorance. Under the customer charge, I counted 33 towns or communities on this chart, and it's the third or fourth page of the agenda item before 8-b. Under the customer charge there are 22 cities that have a higher customer charge, on the base rate there are 15 cities that have a higher charge, and on the total there are three that have a higher charge than we do. So we end up having the fourth highest total rates to pay. Is that because of our fuel adjustment?

Mr. Beyrle stated yes.

Commissioner Hall stated and I look at the investor owned utilities and all of them are lower than we are and most cities.

Mr. Beyrle stated let me say something about this chart you're looking at here. Our rates, those 33 cities and the four investor-owned, those are the September rates, which are the most recent rates I could get for those utilities. If you compare our September rates with them we were still at \$31.20 for fuel adjustment. I don't know what their rates are going to be in December.

(8-a) Modification to Fuel and Purchase Power Cost Adjustment Clause (FPPCAC) (cont.):

Commissioner Hall asked what's the reason the price of gasoline at the gas pump went down but the cost of doing business with the utilities did not go down.

Mr. Beyrle stated most of the generation out there is natural gas in Florida, probably 50%, and all of the new plants are natural gas versus oil. So while you've seen oil prices come down to \$55, natural gas prices are still staying up there.

Commissioner Hall stated well let me express my concern. It seems wherever I go, whether its at church, to Publix, or the Fairgreen Homeowner's swimming pool association, which I'm not going to any more until it warms up, there has been a lot of fussing about, of course, the tax increase on land. Particularly on secondary land, land that people own with apartments on it and so forth. Or like the gentleman that I sold the lot to behind my brother's house because I knew the assessment was going to go up. It had gone up from \$34,000 to \$84,000 and I sold it, I saw it coming. He had called up the real estate agent that sold it for me and said I have to sell this piece of property, its now appraised at a \$130,000. So there's a lot of consternation, anger out there about taxes all over the State of Florida and Volusia County is not exempt from that. This is a 12% plus increase and we are going to catch holy you know what when we put this through. Now I know we talked about it, we all said we're going to have to bite the bullet at some time, its just, I wish it could have come out at a different time or in parts or something. That's my concern, strong concern.

Commissioner Diesen stated I think there's a tendency for people to believe that this is a base rate increase again and in fact the last time this fuel adjustment was adjusted was what, November of 2005.

Mr. Rodi stated October.

Commissioner Diesen added and we normally do it once a year for a while. Are there some that do it every six months or quarterly.

Mr. Rodi stated yes, there are different schedules. Our tariff says that we do it every twelve months unless there are some unusual conditions and as you can recall back to that time, there was an increase that was what 1.74 cents to the current 3.12, and now we're moving it again. But throughout that twelve month period, in June we had an effective base rate increase. Just to clarify a point, when Mr. Beyrle says this is underrecovered, we have paid out, we have already paid \$4.7 million that we haven't collected on. So during the period when gasoline for your car was at \$3.00 to use some comparison, not that we're tied to that, we were only collecting the previous amount where gas was at \$2.25 a gallon. So that's what was happening, we were paying \$3.00 and charging this lower amount. Even if you look at FPL that has a very sophisticated hedging and fuel purchase program, their fuel adjustment per 1,000 kWh is \$58.41 compared to even our proposed \$45 (excluding base). So the area of dealing with fuel and purchased power is extremely complicated, your kink in the line I think is very appropriate. We had a contract or still do with Tampa Electric and because of restrictions in central Florida, they couldn't flow the power here, so we ended up getting our power from Georgia, from MEAG. So there are a lot of complexities with this but it would be our hope, and I say it that way because

(8-a) Modification to Fuel and Purchase Power Cost Adjustment Clause (FPPCAC) (cont.):

we can't tell what's going to happen on the market, but if we waited the odds are its going to go up again and because of the amount we've already paid out, it would be on top of then even higher rates for fuel and purchased power. So in responding to is there a better time, I don't know, and even then its going to take twelve to fourteen months. If we recover sooner our intent would be to want to lower it back, but we don't want to do a yo yo thing up and down.

Commissioner Diesen then asked Commissioner Allen for his comments, and added having been there, that's why I want to ask him.

Chairman Para stated I think Commissioner Spangler was first.

Commissioner Spangler stated we are going to get to him, that's for sure. He stated I have the same concern Commissioner Hall has, when you're out on the street people say we're one of the most expensive utilities around and we can sort of say okay, when everyone else does their adjustments we won't be the fourth highest in the state any more, we may be in the middle of the pack of municipal utilities like we were before. But politically around here, everybody compares us to Florida Power & Light and we're still a lot more than Florida Power & Light and I don't know what to tell people as to why that is, unless maybe we need to have a more sophisticated hedging apparatus. But what we look for when we go out on the street is how can we explain why we're that much higher than FP&L, what are we getting for the difference.

Commissioner Diesen stated they generate their own.

Commissioner Spangler stated do they, is that where we're headed one of these days.

Commissioner Hall asked if he could respond to Commissioner Spangler and stated we've been talking about alternate fuel sources for 18 months. We get an email from a gentleman in the back row back there once a month or once a week, depends on when my computer's working, about how much money we're losing by not generating our own source of power.

Commissioner Diesen stated and I think we're having a meeting about that aren't we?

Commissioner Hall stated we have a meeting Wednesday I believe, am I right Commissioner Hathaway?

City Commissioner Hathaway stated no meeting date has been set, I believe the 29th was the number, the date that was thrown out. He stated we're waiting on you.

Commissioner Spangler interjected a week from Wednesday.

Commissioner Hall stated well, if we were to decide tonight to go with an alternative energy source and produce our own energy, its going to take what, three years at least to get it built, and its like building a high school, two and half years.

Commissioner Diesen commented then it's obsolete by the time it's built.

(8-a) Modification to Fuel and Purchase Power Cost Adjustment Clause (FPPCAC) (cont.):

Commissioner Diesen then reiterated I want to hear from Commissioner Allen.

Commissioner Allen stated I had met with Tim Beyrle. I looked over the system and having looked at the historical data that was handed out at the last Commission meeting, and after the meeting and looked at some things, I have my personal opinion I'm going to share right now. As I look at this information we had from last month, I began trying to think about well how did we get to this place. With the discussion with Mr. Beyrle, looking at the operation, we all realized that we can't dwell on the past but I think some of this has come from the past. I believe its come from a poor planning process that helped developed it. Back when I was here and the big talk was Duke, and Duke was going to be the big life saver, we were going to be some of the cheapest rates in the state. When the Duke Energy project didn't pan through and I believe there was probably reaction to that failure to see that project move forward and become a build. So the thing was to react and build the Field Street Generation Station which has a major impact on energy costs for the U.C. whether we realize it or not. One thing, we built a generating station looking at capacity and probably some of the thought for that capacity was we can go out and purchase against that capacity. But when you look at a poor heat rate, you look at debt service to bring that facility on line, and its impacting us to date.

Commissioner Allen said and then the other thing as I looked at the data, it appears that there were some drastic changes in the fuel adjustment or the lack of action. Some of that possibly was driven politically to kind of make things look better and didn't help. But I believe in the last two years the greatest impact is transmission, the constraints that do happen across Florida, and especially the constraint in Central Florida, coming from the west going to the northeast. When that constraint comes into play during the summer months, then you have to look elsewhere to fill that economical resource that you're planning on.

Commissioner Allen stated secondly was the natural disasters that caused a market driven price for buying, purchasing, or people selling power out there. He stated back in my day and time you didn't have to deal a whole lot with market driven pricing and that's become more popular today, what will the market bear. We see that we're stuck on the end and many people are going out there and trying to make a large profit in sales.

Commissioner Allen stated we can look at how did we get there and then we look and we think about how do we get a handle on where we're at today. We have to make corrective action and keep it manageable because as it gets further out and we don't take action then it gets bigger. So its something we need, to make the corrective action and manage it. Then also I spoke to Mr. Beyrle a little bit, we need to look at prudent daily operations as managing that resource and purchasing and look at all the aspects. When you look at and think about that aspect, one of the best things I had going for me was developed relationships with those others who had the resources. I think you go a long way when you understand one another and you develop those relationships. When you develop those, and we look and think about them supplying, I think maybe, possibly as time has past and as back in the 2000 time period with the Duke Project, when that came in, it hindered some of that communication and even some of the integrity that was developed together. I think a lot of this needs to be rebuilt, there needs to be openness in communicating with those of our suppliers. Then the other aspect is understand real time energy

(8-a) Modification to Fuel and Purchase Power Cost Adjustment Clause (FPPCAC) (cont.):

costs. That's important in the operating end and as Mr. Beyrle moves forward and makes decisions, understand the real time energy costs, and understand that while looking at the market, so you have a good comparison and know what's available.

Commissioner Allen stated the other thing is planning, looking outward, with an open mind. Don't buy energy just on one day, but go out and purchase on a block or given amount of time that will fit your time period, whether it's a month, it might be a two month block, it might only be a two week block. It might be twelve hours or it might be sixteen hours. There's a lot of planning, there's a lot of forward looking that has to be done along with this fuel adjustment to be able to bring this back into line and stay on top of it. As I studied this and I looked at it and looked at some of the data, and that some of the other companies were looking at increases. Its kind of a hard thing to swallow, this increase, but it is real numbers and it's a real number out there across our state. On the average its 10.9 cents per kilowatt hour, and that's a drastic change in seven years when I sat right where Mr. Beyrle sits.

Chairman Para thanked Commissioner Allen for his comments and added he enjoys having Commissioner Allen on the Commission, this is very helpful, an excellent perspective.

Commissioner Allen stated I would just like to share one other thing. I went back into some of my own personal records, just for my own expenses at home to try to look at some things. I looked back in the early part of 2000, \$73.17 a 1,000 kWh, and here today we're looking at, right now, we're at \$107.65 a 1,000 kWh; that's a drastic increase. When I looked at that and then I started comparing those numbers, and I looked at the fuel adjustment and the erratic swings. If you'll look at yours, there were some wild swings and it's hard to understand. The over-recovery was coming down and we immediately dropped the fuel adjustment back in 2002, went from \$28.47 and dropped it down to \$8.82, over a 300% shift and it came back to bite. You go down, you make that drastic drop, you drop underneath and you're over-recovering on the good side for three months and then you're climbing back up and don't make any corrective action, it just keeps rolling. Then when the hurricanes come in, then you can see the impact and along with the transmission. It is something that you fight, and we need to stay ahead of it. If we make shifts in it, you need to understand that when you look and you think that you're really getting a handle on it, you need to remember that you're collecting on the past, because you're paying for the fuel now and you're collecting it the next month. It's a moving ball, there has to be that awareness and that planning looking outward, and hopefully we can get there.

Chairman Para stated excellent comments and from my perspective what I'm hearing is that we are looking in the rear view mirror trying to drive down the street so its difficult at best and we got here collectively for a number of different reasons, but we're here.

Commissioner Spangler commented but we'd look good too if we charged \$8.00 wouldn't we, and then someone else would have to pay it.

Chairman Para stated exactly and we've got to get ourselves out of this. I think the other thing you touched on is sound management, we've got a good team, and the big thing is planning for the future. I remember the very first meeting that I attended as a Utilities Commissioner, it was

(8-a) Modification to Fuel and Purchase Power Cost Adjustment Clause (FPPCAC) (cont.):

City Commissioner Hathaway that represented the history of the Utilities Commission and how this Commission began with an eye on autonomy. Kind of like the fire truck driver, you're in the back of those long rigs and it's where everybody else is steering you, where we're going, and I would differ with my colleagues. It isn't two years down the road, I think we've got some unique opportunities in the assets that we have to begin fighting back. During World War II, I used this illustration with Mr. Beyrle, we were in the beginning parts, an anniversary coming up on Pearl Harbor. In the early days a small group of fighters, warriors, under the command of Jimmy Doolittle led a raid. From a morale standpoint it was a turning point and we too need a turning point here, we need to begin to fight back, send a message that we're doing something about it. I think that the answer is, I'm still convicted, is in the area of generation and renewables. It gives us a level of autonomy, we're doing the right thing. It's one thing to look in a customer's eye and say yes this is the expense, but its another to say this is a cause worth fighting for, and this is the purpose behind what it is that we're doing. There's an environmental reason for what we're doing as well as an issue of autonomy and of value to this Commission, not just being a pass through, not just being a broker, but in fact having a purpose for being here and that will come in a discussion that we'll have with our City Commissioners. Again, we've got some unique assets, whenever I see trouble brewing in whatever group that I'm a part of, I start looking around and saying what do I've got to fight with. Again in this illustration of the past, some very brave and courageous men did the heroic thing, so I think we've got to do the same thing. Anyway, sorry for the emotional illustration but I'm very proud of that.

Chairman Para then asked if there was a motion.

Mr. Bob Tolley indicated he would like to speak and addressed the Commission. He stated I just don't know where we are some days, I hear what you're saying back there and yet I just don't see it. This is the second time since last year since we've had a rate increase, I understand the need for the rate increase. What's got me aggravated, and everybody else is aggravated, as these increases come through and costs go up, we're still not getting together to address these things. I heard every word that you said back there and I sometimes feel like I'm not on the same planet with you and I can't figure out why. But I heard City Commissioner Hathaway say we're trying to have a meeting. Remember something, by the time you guys have a meeting, make a decision, and do something, we're going to have another half a dozen of these. Half a dozen of these even if you guys made a decision tomorrow and you can look at Mr. Rodi, he'll tell you. Wartsila's out to 2010 almost, just to get an engine, how many more rate increases are we going to go to. Yet FPL's cheaper than us, this is the aggravating part for me, I'm not trying to work against you guys, I'm trying to work with you but if we can't even sit down and come up with a meeting to agree to agree to move forward, how many more of these rate increases are we going to get. And it's not their fault, its not Mr. Rodi's fault, it's going to happen but we keep getting behind, when are we going to get ahead.

Commissioner Diesen stated I think Mr. Tolley, I want to know that there's a clear understanding this isn't an increase in the base rate, this is the fuel and purchased power. She stated when you say there's two increases, yes, one, and you know what it was about, the one for the base rate, we are still paying catch up for the infrastructure, but I think its real important to know that this is a pass through. This is strictly a pass through, nobody gets anything out of it and who knows, you

(8-a) Modification to Fuel and Purchase Power Cost Adjustment Clause (FPPCAC) (cont.):

don't know FPL may be raising theirs next month or in the next few months.

Mr. Tolley stated I can tell you, right now we're working with both FPL and Progress, let me tell you what the year 2010, 2011 brings, and I didn't want to get into that. We're looking at \$14, \$15 gas, one incident, and this is what they're trying to build into the contract, everybody's trying to cover themselves and run. If another Katrina hit the gulf, I've heard \$22 gas. What I'm driving at is every day that we rely on that grid and everybody else, we're at their whim. That's what I keep trying to drive home here, I'm not so much about the \$4 or the \$5, I mean it is what it is, but everyday that we waste, its just getting worse.

Commissioner Diesen stated well when you send out your calculations, you calculate as if that were today and we know even if we had started back without any planning and just said you said go forward and just do it, it still wouldn't have been in effect. So to be calculating it from you know eighteen months back isn't really giving a true picture.

Mr. Tolley stated I can exaggerate like you guys do once in awhile can't I.

Chairman Para thanked Mr. Tolley and then recognized City Commissioner Hathaway.

City Commissioner Hathaway addressed the Commission and stated I have to act on some of the sentiment's that's already been voiced tonight. Obviously, it is what it is and our citizenry aren't happy about it. The issue is, you know, I've heard tonight, the talk it's just a pass through, it's just a pass through. Okay, it may be just a pass through but I've also heard tonight, and its been going on for a long time, the head end building, is there some value to it, do we need it, can we get rid of it, can we make some extra money for our ratepayers to come off this bill. It would come off of the base rate not the fuel adjustment price. How about the tower, heard tonight we want to spend \$35,000 to bring the tower back up. Well, here we were two or three months ago had an opportunity and maybe the opportunity still exists, I don't know, where the company wanted to come in and rent space off that tower. Well, I'm sure if the company were told you've got to fix the tower in order to rent from us the tower, I'm sure they would have gotten into negotiation with you again, another revenue stream. Not a big revenue stream but what you've got to do is take baby steps now because we're taking a giant leap backwards in the eye of the consumer as to our status in the Utilities Commission and we need to show them we have some positive aspects that we're going forward with. Tonight, the Sugar Mill property, it's already been declared surplus. I'm hearing everybody talk about well, we're going to put it back into the system, well I didn't hear that. I didn't hear a motion let's take it out of surplus and put back into our system. As far as I know in 2005 it was called surplus, it's still surplus, unless you all make a motion and declare there's a need for it and put it back into the system, its surplus property. People will say well if its surplus property why are you all spending money to fix it up, why aren't you putting that money back into the system, giving it back to the ratepayer. The roadway, the roadway we had this nice package on it. Mr. Rodi is aware of the concern of the developer that wants that road to come shifting down, I think most of you have heard a little bit of the snippets of what's going on. Let's sit down and negotiate with some of these people and see what kind of money they're willing to throw at the U.C.'s way that might help the ratepayer, again reduce the base rate. Let's look at some of these other options out here and say this is what

(8-a) Modification to Fuel and Purchase Power Cost Adjustment Clause (FPPCAC) (cont.):

we can do to try to bring in some extra revenue. I'm glad to hear the harvesting issue brought in \$200,000, that's great, that's swell, let's bring that into the system. Anything we can do that brings in extra revenue, I think we should be looking down that avenue equally as well as what Mr. Tolley's been harping on for the last year and a half. I think there's some good points to what he's making but obviously we don't want to jump off the band wagon. New Smyrna use to generate its own electricity, you all remember those days, those of us who have been here for a length of time, and we got out of generating business because we didn't expand our plant in a timely fashion. It'd cost us more to double the size of the plant than it would to go and buy from other people. So I just, just to throw these things out, I know you've thought about them, I know you've got a lot on your plate, but we need to get a positive spin from the U.C.'s side to our consumers out here, our citizenry, and let them know we are moving forward and we're trying our best to swing this pendulum back to where we're not the bottom five. We're going to be working our way back up to the top as being the cheapest.

Chairman Para thanked City Commissioner Hathaway and then asked if there was any further public participation.

Mr. Richard Abbott, a resident of New Smyrna Beach, addressed the Commission and stated he just had a brief comment. I know you have a lot in your plate and I appreciate everything that you people do. I'm just one of the thousands of seniors that live here in New Smyrna Beach for the last 20 years on a fixed income and unfortunately I hear a lot of talk, talk around town, that I realize its probably not true, but there is a stigma about the utilities that every time they get an increase they feel that are we paying off the millions of dollars that were maybe stolen or missing from the utilities. From these increases, why are we having all these increases, and unfortunately I realize this isn't the case but there's a lot of conversations around town that utilities and the stigma from the past unfortunately is with us. I think that's an unfortunate situation that presents itself and every time you have an increase the people go right back to the well, that's why Silver Sands didn't join because of the utility problem.

Chairman Para thanked Mr. Abbott and added you make a good point, it's up to us or incumbent upon us to communicate. City Commissioner Hathaway makes the same point, the virtues and Ms. Mahle does a great job, so do you Mr. Rodi, and we're just going to keep that up I assume and even do a better job at being very candid with, as Commissioner Allen walked us through, not to go through the whole thing again, but why we're here and where we're going from here. In response to whether it be the Sugar Mill property or anything else, I think its incumbent upon us to be very judicious about what we say because there's a lot of properties in the past that were declared surplus but now they're very valuable. I'm thinking of one on the beachside and these things wax and wane and again once you sell it, it's gone. I know City Commissioner Hathaway, I'm not putting words in his mouth but I know he wants us to be careful, at the same time be responsive, and I think we're trying to walk that very fine line, at least I am. He then asked if there was a motion.

Commissioner Diesen stated I also would like to comment that yes, I think we do, I think he's absolutely right Commissioner Hathaway, that we have to look at some other options. In people's minds and Mr. Abbot it's very true, I got emails and phone calls. In people's minds

(8-a) Modification to Fuel and Purchase Power Cost Adjustment Clause (FPPCAC) (cont.):

there's no difference between the fuel and purchase power increase and a base rate increase; to me it's just an increase. When I look at my tax bill and my wind storm and then you add this to it, it's getting to the point where every little bit hurts. And I don't know, I think we do have a fairly decent program but I think it could be better as far as getting the word out. I don't know how to do it, I'm not an expert in that area but somehow or the other we need to do a better job at communicating this to the folks. I don't know what the answer is, I'm not taking anything away from what Ms. Mahle does, she does a good job, but the people are not grasping that aspect of it and somehow we need to work toward that end. Maybe we need to look and see what they're doing at other utilities in that respect and you would have a good handle on that Mr. Rodi I'm sure. I've had a feeling for a while that we're not getting out the positive information about the U.C., at least its not getting into the minds of the people. So, that's all I would have to say.

Commissioner Allen stated the fuel adjustment, when we look at our own finances in our own home and we budget, and if you budget a certain amount for fuel to travel with and expenses, and all of a sudden you have \$3.15 per gallon gasoline. You blow your budget and you start figuring out what are some ways that you can bring that back into control. You start making less trips down the road, doing more things in one trip, you look at getting the bicycle out and getting a little exercise while you're at it. We look and we think, and its especially important for our day to day operation, to be sensitive and really watch the opportunities that they can do along with this fuel adjustment.

Chairman Para then asked if there was a motion.

Commissioner Spangler stated is this for the rate increase, are we doing that now.

Commissioner Diesen stated fuel adjustment.

Commissioner Spangler commented well anybody that wants to do that is welcome to.

Commissioner Diesen stated well I'll make a motion, to approve a modification (increase) to the fuel and purchased power cost adjustment clause, from the current \$31.20 per 1000 kWh to \$45.29 per 1000 kWh, effective with the first billing cycle in December 2006. She added I don't see we have a choice unless you want to just go and try to borrow the money.

Commissioner Spangler then stated I admire your courage, I'll second your motion.

Chairman Para confirmed there was no further discussion and then requested a roll call vote to be taken on the motion.

Commissioner Diesen's prior motion then passed with a majority of the Commissioners voting yes, Commissioner Hall voted no.

(8-b) Modification to Personnel Practices Manual – Proration of Benefits for Part-Time Regular Employees:

and

(8-c) Modification to Collective Bargaining Agreement – Proration of Benefits for Part-Time Regular Employees:

Mrs. Mudge addressed the Commission and stated this would be a modification for both the Personnel Practices and for the Collective Bargaining Unit. The Collective Bargaining Unit is the next agenda item, we'll just talk about them at the same time unless there are any questions.

Chairman Para stated that's fine unless there are any objections by the Commissioners, not seeing any please proceed.

Mrs. Mudge stated this is to help us become more flexible and agile in our hiring processes for the flexible demographics that exist around us and for the market that we're in right now. We need to have more part time people for projects that come along, that we don't need full time people for, and we need to get them the benefit of health insurance. No other benefits would be recommended with this proposal but health insurance seems to be the primary concern of most people seeking employment. She then asked are there any questions?

Commissioner Diesen stated you're talking about part time folks we're going to give full benefits to, the same as the full time people get.

Mrs. Mudge stated no, Commissioner Diesen, we would be giving 75% as we're giving right now to those that are working at least 30 hours and not more than 40 hours and we'd give 50% of the \$393.13 that we pay for each employee who's full time, for those that are working at least 20 hours and less than 30 hours.

Commissioner Diesen asked when does the insurance start, it doesn't start on day one does it.

Mrs. Mudge stated that is correct, that would also be pro-rated. For those who are getting 50% they would be waiting four months and then the first of the month. For those who are getting the 75%, it would be three months and then the first of the month. Whereas our full time employees, its two months and then the first of the month.

Commissioner Diesen asked is this common in this industry, I'm not aware.

Mr. Rodi stated it depends upon the category, if you're looking at Customer Service areas, it's relatively common to use a whole array of part time classifications, temporary part time...

Commissioner Diesen interjected I'm really speaking directly to the issue of health insurance because that is such an enormous cost.

Mr. Rodi stated generally when you're using those as regular filled positions they have done that, yes. Part of what we're starting to encounter is the availability of qualified people. We're perceiving a couple of things, one is the baby boomers start to exit, and I don't know if it was,

(8-b) Modification to Personnel Practices Manual – Proration of Benefits for Part-Time Regular Employees (cont.):

and

(8-c) Modification to Collective Bargaining Agreement – Proration of Benefits for Part-Time Regular Employees (cont.):

probably 14, 15 months ago we gave a profile of the U.C. and what we're looking at are some employees who might continue employment here on a part time basis. As you know, when individuals retire from here we don't pay any retirement benefits as far as health care's concerned. So in order to maintain the work force, we're looking for a number of flexible tools we can use to maybe have others who would want to work here part time. Even looking at Meter Readers, which is, you would think, might be an easier position to fill. It's extremely demanding, and we're even trying to use a part time concept with them so that if we have students who are going to school, and some others depending upon what their work schedules are, we might be able to fill positions because of the turn over that's there and have a regular approach to meter reading using a composite of full time employees and part timers. There's a lot of flex scheduling that's beginning in the industry because a lot of people are retiring.

Commissioner Diesen asked does the City do this?

Mr. Rodi stated I don't believe so.

Chairman Para then stated may I speak up. The last couple of conferences I've attended I've listened in on these discussions and they've got some really neat people, I don't remember what their names are, but exactly what you're saying, that we need to look at different ways because of the shift and being able to keep these employees employed, through job sharing or whatever. We've really got to kind of entice these folks, the good folks, to be a part of that because there is right now and looking out, a labor shortage of qualified people that are really stable and yet they're not in a position for a number of factors, of being a single mom or whatever, to be able to be full time. So I think this makes us better at what we do because we're more accommodating to the needs of those people who are actually providing services. I'm very much in support of it myself.

Commissioner Spangler stated I think this is something that's going on in the industry, I think the U.C. here particularly has an older average age, and everyone who's going to be short of qualified people is looking to hiring back on a part time basis their qualified people. It's a good place you can go right away and know you have somebody you can use. So to give them a pro-rata benefit is sort of just like keeping them on, which we'd like to do; so I'm all for it.

Chairman Para then asked if there was a motion.

Commissioner Spangler stated if we're ready to move, I'll move to approve, to ratify the modified Personnel Practices Manual to reflect the changes referenced in the agenda item and become effective immediately, and to ratify the modified Collective Bargaining Unit Agreement to reflect the changes referenced in the agenda item and to become effective immediately upon pending Local 2088 member ratification in December 2006. Commissioner Hall seconded the motion and it passed unanimously on a roll call vote.

(8-b) Modification to Personnel Practices Manual – Proration of Benefits for Part-Time Regular Employees (cont.):

and

(8-c) Modification to Collective Bargaining Agreement – Proration of Benefits for Part-Time Regular Employees (cont.):

Chairman Para confirmed the motion was for both, agenda items 8-b. and 8-c., and asked if there was any further discussion on the motion.

There being no further discussion, a roll call vote was taken.

After four yes votes, Chairman Para started to move forward. Mr. Preston interjected and asked if there was a vote for Commissioner Diesen. Commissioner Diesen hesitated but then gave a yes vote, and the motion then passed unanimously on the roll call vote.

(2-h) Utilization of Volusia County’s Intra-Governmental Service Agreement for Fuel Purchases:

Chairman Para stated item 2-h (formerly on consent agenda), I had asked that it be put down into the New Business category. This might just be a minor issue, I’m interested in us getting more information on fuel diversity and obviously renewable fuel diversity, and in fact, I’ve got some further comments later about that. I guess, just so that we speak this in public, we’re not locking you in on this, what we’re saying if we agree to this is this entitles you to continue with the contract, it doesn’t mean that you have to purchase all. Let’s say we elected to purchase 10% or 50% bio-diesel, in our own right we could do that and this agreement doesn’t force us that we have to buy everything from these people, correct.

Mr. Rodi stated yes, and we’ll have to confirm this, but the understanding I hold is that it’s not exclusive because for a while we had the opportunity to restart our own pumps or whatever. I would envision that we would be, for example the one truck we converted to bio-diesel, there are other progressive changes that are made and we should be able to substitute. And we might find the County to be a very willing partner because I know the schools have tremendous exposure and they also have been examining things. I think collectively there’s an opportunity there but I don’t think the contract would limit us as I’m understanding it.

Chairman Para stated to Commissioner Hall, this is an area of interest to you, do you have any questions or comments about it.

After a few comments regarding the bio-diesel truck, Commissioner Diesen stated we need a motion on this.

Commissioner Hall stated I just want to say this, in education we’ve been talking about conservation since I started in 1968 and even though I make some funny remarks concerning your stand on this thing, I do respect it.

Chairman Para thanked Commissioner Hall.

(2-h) Utilization of Volusia County's Intra-Governmental Service Agreement for Fuel Purchases (cont.):

Commissioner Hall stated it's nice to see after 35 years somebody is really trying to do something about it. I did read something in Time magazine a couple of weeks ago that said the oil companies were concerned because a lot of people are beginning to look at alternative fuel choices, more people are riding their bicycles. I see it in downtown New Smyrna Beach, people went to work on their bicycles. I ride mine, it stays in the garage but I'm a consultant so I can ride it around the driveway. I also want to commend the Bob Tolleys of the world, sometimes we kill the messenger because we may not like the way they present the message or whatever, but we're past the time, and I'm talking about the United States, we're past the time of looking at alternatives for fossil fuels, we should have been doing this in 1960.

Commissioner Diesen commented Brazil did.

Chairman Para commented and look where they are now. He then asked if there was a motion.

Commissioner Diesen made a motion to authorize the General Manager/CEO to sign the renewal agreement utilizing the County of Volusia's Intra-Governmental Service Agreement for Fueling Services. Commissioner Hall seconded the motion and it passed unanimously on a roll call vote.

(9) Possible Other Business – Time for Commissioners:

(9-a) Request to Attend Conference – Power-Gen International Conference 2006 – Orange County Convention Center:

Chairman Para stated the last thing is this conference, the Power-Gen Conference and I might add due to the shrewd and quick thinking actions of Mrs. Simmons, we have a \$95 credit because she sent in the proper paperwork and got an exemption here.

Commissioner Diesen stated so you're going free.

Chairman Para stated no, that part of it, one part of the conference, the \$95 for the exhibit is free, cross that one off.

Commissioner Diesen stated so you want to go I guess.

Chairman Para stated I think it would be good for not only myself but for others to go.

Commissioner Diesen stated it takes a motion doesn't it.

Chairman Para stated yes.

After a couple of comments, Commissioner Spangler stated the dates are November 28 through 30, and we just talked about scheduling November 29 for this meeting with the City Commission, what's going to happen.

(9-a) Request to Attend Conference – Power-Gen International Conference 2006 – Orange County Convention Center (cont.):

Chairman Para stated I have a real problem with that date for a number of different reasons and I would prefer that we eek it into December if we could, the first week in December, can we do that. I realize our City person has left, so.

Commissioner Spangler stated I don't like December, besides the fact that this is good thing you want to go to, I don't like postponing that meeting at all, and it looks to me like we're recruiting Commissioners and people that ought to be at that meeting to go to the conference, so we've got a conflict here in a way. Because it looks like a good conference and we don't know that we have the meeting for sure, but if we were not going to have the meeting on the 29th I'd sure like to have it the following week, Wednesday at the latest, and I don't think that's going to happen.

Commissioner Diesen stated I think the meeting has to take precedence, I would vote for it on that contingent, assuming that you get us out of here in five minutes.

Chairman Para stated its not imperative that I go and its not something I can't drive back for, I won't be the stick in the mud for the whole community.

Commissioner Spangler commented its only in Orlando right, its an evening meeting, so you hit the nail on the head, its not going to interfere.

Chairman Para stated right and again that's fine because the two shouldn't conflict because business of the Commission always has to come first.

Commissioner Spangler stated so anybody that goes, including you, will come back for that meeting if it occurs.

Chairman Para stated absolutely, if that's the date that everybody can attend.

Commissioner Spangler stated then I make a motion that we approve this, to approve and authorize Chairman Para to attend the Power-Gen Conference 2006 and approving the attendance of any other interested Commissioner. Commissioner Hall seconded this motion.

After a few comments about past trips, Commissioner Spangler's previous motion then passed unanimously on a roll call vote.

(9) Possible Other Business – Time for Commissioners (cont.):

Chairman Para stated before the five minute exit, we've had a lot of discussion this evening about a lot of topics and I think they're very relevant and I'm turning to each one of you to do some heavy lifting. There's some real issues in our community, we've talked about value, we've talked about management, we've talked about planning, and it's incumbent upon this Commission to address these issues. So I've come up with some ideas for future communications, conversations, and some background. We've got an excellent staff and I think if each one of us takes a bite out of this we'll make it a lot less intense for all of us.

(9) Possible Other Business – Time for Commissioners (cont.):

Chairman Para stated so enough with the preludes, Commissioner Allen would you be so kind as to bring us information, cognizance, and research on the two following areas: net metering and green power marketing. Net metering, we currently have a plan, I think it could be easily expanded, I've downloaded some information, you'll turn to it in your catalog. He stated press, I've got a copy for each of you that I will give you before you leave. I won't go long with this but it is somewhat restrictive, I think it can be expanded and I think it would be a mechanism of enticement for homeowners and business people to get involved and make this more of a community effort. He stated that leads to green power marketing, it's a concept we've got some of that it works, but I think it could go further. Instead of chipping in \$5.00 a month, some of the plans out there, and I've downloaded a whole marketing study that's a tool kit for communities like ours, but in essence that concept allows the consumer to vote with their checkbook as it were, this happens quite often and I've downloaded also a list of companies that currently provide that. And that's all there Commissioner Allen if you're willing to undertake that, there's no time limit, it's just whenever you all can and reiterated we've got some good staff people.

Chairman Para stated Commissioner Diesen, would you be so kind as to help us in the area of grant writing to establish whether or not there are any possibilities in some grant programs. Representative Hukill, I attended a symposium that she put on, and apparently there is some funding that she mentioned or alluded to that might be for community-owned utility companies to do research projects, i.e. if we converted one of our larger generators to waste vegetable oil and all the rest, there's possibly some funding, and again that's your area of expertise. He asked her if she would look into that.

Commissioner Diesen stated maybe, but commented I usually get paid for doing things like that.

Chairman Para then commented you get \$98 a month, you're paid handsomely. Next is Commissioner Hall, you are our resident interested expert in the area of bio-diesels and fuels and that sort of thing. I jotted some notes, there's some interesting things, I've done some cursory stuff. Again, it's important to broaden the base and we've got some options and to make economic sense. They certainly make environmental sense and they will make economic sense. He stated if you would be so kind, there are issues, I think it was City Commissioner Grasty that mentioned, what are the emissions like with this stuff. Some one else mentioned warranties, will that exempt the warranties on the vehicles if we go with bio-diesel. Griffin Industries has sent us an unsolicited offer to bring bio-diesel to the railroad station here in town in bulk. The School Board would be a good group to contact, those buses, I know a little bit about diesel engines, spent my life in this industry. One of the things that kills a diesel engine faster is when that soot gets up into the air cleaner, you cannot restrict the air flow on a diesel engine because it breaks down it's fuel efficiency and all the rest. That's what happens with school buses, they idle, the smoke comes up around, sucks into the intake, and also with our line trucks, the same things. Air filters are very costly, so again that's one of the nice things about bio-diesel, it does not have that soot ratio.

Commissioner Hall made a comment about his consulting fee.

(9) Possible Other Business – Time for Commissioners (cont.):

Chairman Para commented \$98 a month and then stated to Commissioner Spangler. You have the heaviest package, your background is uniquely suited for this area I thought. We've got a really good developer's agreement, we've got a good start, Mr. Rodi thank you, you really were very progressive in that issue of tackling something really thorny. But I think there's some really cool incentives out there. I remember Representative Littlefield, when I attended the conference a year ago on energy the Governor had up in Tallahassee, on my own dime, he had some really good advice, he said incentivise people, inspire them. This LEED building thing, we have a City Commissioner who just left, I've spoke with him on the phone about this, I would like to challenge as many, many, it's in the report, cities have passed ordinances that require any City building be a LEED rated building. I challenge our colleagues across the street to do the same and we'll meet them, I'm saying in faith as one Commissioner, if they want that \$320,000 some back, let's have it back but build a LEED platinum rated police station. I think that's really something that needs to be considered, and this is a part of a conversation, Commissioner Spangler, that I would like us to have with City staff, the Planning Department, everybody. I hear it bubbling over on that side, I think it's a great time in our community for us to discuss these big picture, broad stroke type issues.

Commissioner Spangler stated you're talking about your incentives.

Chairman Para stated exactly, incentive so we can build in, if somebody puts generation or if they build a building that digressively reduces the load, if you incentivise them to build a building that's less efficient. (Commissioner Diesen had to leave the meeting at this point.) Dr. Effenton with the Solar Energy Center presented at the Orlando, I attended that conference recently, Re-energize America, and he said Florida customers are exponentially consuming energy, it's off the charts, Mr. Rodi I'm certain knows about this. He stated California if you look at them they're flat line, actually they're less. We wouldn't have half these conflicts that we have with the development community if they would conserve water better and if they would conserve energy better. If we could create an incentive package that says build smarter, we're not only fixing it today, we're fixing it 30, 40, 50 years out. Again, that's a huge challenge and I've given you some good information, from the National Energy Research Lab, there's a whole bunch of information just to get started with some ideas.

Commissioner Spangler stated so we all have different packages.

Chairman Para stated no, you all have different responsibilities yes, but everybody's got the same baseload information to look at as a starting point.

Commissioner Hall asked when do you want this.

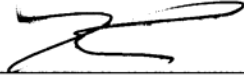
Chairman Para stated I'm thinking March of next year for Commissioner Spangler just to begin the process, the conversation, it's just whenever they start bubbling in, the information, we can start communicating. He stated this is a part of what we said, we're giving Ms. Mahle excellent stuff, by we communicating back to the community, we're taking a leadership role as Commissioner Hall's said, and saying you know what, after 30 to 40 years enough is enough and

(9) Possible Other Business – Time for Commissioners (cont.):

we're ready to start doing something about it. He stated that's my report, thank you, and I thank you all for doing these things.

There being no further business to come before the Commission, Commissioner Hall made a motion to adjourn and Chairman Para closed the regular U.C. meeting at 8:49 p.m.

APPROVED:



CHAIRMAN

ATTEST:



SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their
December 18, 2006 meeting.