

AGENDA ITEM 2-a

MINUTES OF A REGULAR MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD MONDAY, DECEMBER 21, 2009, AT 6:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

Chairman Allen opened the regular U.C. meeting and stated we'll begin with an invocation as we stand, and then Commissioner Zeller will lead us in the pledge.

Chairman Allen then requested for a roll call to be taken and a majority of the Commissioners were in attendance as follows:

Commissioner William H. Reynolds
Commissioner Oscar Zeller
Chairman Walter Allen III
Commissioner Jeanne K. Diesen (ABSENT)
Commissioner William E. Hall

Others in attendance were as follows: R. Rodi, General Manager/ CEO; L. Klinkenberg, Director of Finance; R. Mitchum, Director of Electric Operations; T. Beyrle, Director of System Ops. & Generation; R. Lemoine, Director of I.T.; P. Di Chiara, Director of H.R.; D. Hoover, Director of Water Resources; M. Lynch, Materials Manager; E. Fisher, Public Information Manager; D. Wood, Customer Service Manager; D. Zorge, Customer Service Supervisor; B. Keehn, Administrative Support Specialist; D. Simmons, Exec. Adm. Offices Mgr. /Recording Secretary; W. Preston, U.C. Legal Counsel (Participating Via Teleconference); City Commissioner Judy Reiker- City of NSB; Patricia James, Manager for Human Services with the County of Volusia; and Bob Tolley, Chuck Carter, both members of the public.

(1) Agenda Changes, Additions and Deletions:

Chairman Allen asked if there were any agenda changes, additions or deletions.

Mr. Rodi stated Mr. Chairman I just have a couple of discussion items during Possible Other Business.

Chairman Allen stated okay, thank you.

(2) Approval of Consent Items:

Chairman Allen then stated item 2, the approval of the consent items, we have nine items on our consent agenda. Do we have a motion for approval or any discussion on that.

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

Commissioner Zeller stated for items b. (Bid No. 01-10- Contract to Supply Qualified Backup/Emergency Crews and Equipment for Electric Dept.) and c. (Bid No. 02-10 – Contract to Supply qualified Backup/Emergency Crews and Equipment for Water Resource Dept.), that is at no cost to us until we incur them.

Mr. Rodi stated that's correct. He added and just for everyone's knowledge, the municipal utilities in Florida have a helping arrangement with each other, but you very much know that when a hurricane hits it normally covers a very, very, wide area. So what this is, is a backup even to that plan. So if we need additional crews, whether they're for electric activities or for water activities. Just like all of the heavy rains that we had, it was very, very taxing for the water folks. Then these crews are available and these are expensive people, so basically they are at very high premiums. So if you call them you really want to make sure you need them.

Commissioner Zeller then made a motion to approve the consent items: item 2-a. Minutes of Regular U.C. Meeting Held 11-16-09, approved as submitted; item 2-b. Bid No. 01-10- Contract to Supply Qualified Backup/Emergency Crews and Equipment for Electric Dept., a motion to award Purchase Order No. PO00008851 to Heart Utilities of Jacksonville Inc. for the provision of qualified backup/emergency crews and equipment for the Electric Department on an as needed and job specific basis, as determined and requested by the Utilities Commission; item 2-c. Bid No. 02-10 – Contract to Supply qualified Backup/Emergency Crews and Equipment for Water Resource Dept., a motion to award Purchase Order No. PO00008852 to Masci Corporation for the provision of qualified backup/emergency crews and equipment for the Water Resources Department on an as needed and job specific basis, as determined and requested by the Utilities Commission; item 2-d. Bid No. 03-10 – Aerial and Padmount Transformers, a motion to award Purchase Order No. PON0008879 in the total amount of \$125,637.12 to Gresco/ Capstone Utility Supply and Purchase Order No. PON0008880 in the total amount of \$75,229.34 to HD Supply Utilities; the evaluated low bidders for aerial and padmount transformers for the Electric Department; item 2-e. Authorization for Purchase of Two (2) Used Bucket Trucks – Replacements, a motion to award the purchase of two (2) used Altec Bucket Trucks (replacement trucks) to National Utility Equipment Company, LLC in the not-to-exceed amount of \$138,000 (includes estimated transportation costs); item 2-f. Joint Pole Use Agreement – Bright House Networks, a motion ratifying the U.C.'s Joint Pole Use Agreement (2009) with Bright House Networks as submitted and as executed by Bright House Networks and the General Manager/ CEO on behalf of the Utilities Commission; item 2-g. FRCC Settlement Agreement – RE: NERC Reliability Standard – FAC-010-1, a motion ratifying the approval and execution of the attached Settlement Agreement of Florida Reliability Coordination Council, Inc. (FRCC) and the U.C; item 2-h. Dedicated Internet Access – Service Agreement (1 Year), a motion to approve a one year Service Agreement with Bright House Networks to provide dedicated 10 mbps metro-Ethernet internet access, at a rate of \$1,036.00 per month for a total of \$12,432.00 (from May 10, 2010 and ending May 9, 2011); item 2-i. Revisions to Language for Medical Retiree Benefits and UC Definition for "Retiree"* (*Employee

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

not in FRS Plan), a motion to approve the proposed updated language with respect to medical benefits for retirees within the Manual for Human Resources Management (Section 3: Group Medical Plan for Retirees), and within the Collective Bargaining Agreement (Section 25.7 Medical Plan for Retirees) pending Local 2088 acceptance; and with respect to defining the term “retiree” for a UC employee not in the FRS Retirement Plan. Commissioner Hall seconded this motion and it passed unanimously on a roll call vote.

(3) Public Participation:

Chairman Allen then proceeded to agenda item three, public participation, and asked if anybody in the public would like to make a comment or stand before the Commission. After a man indicated he would like to address the Commission, Chairman Allen stated yes sir, come to the podium, and state your name and address please.

The man in the audience addressed the Commission and stated my name is Chuck Carter. I live in Samsula, 3597 Parsley Lane, and I’m here to kind of discuss with you guys some things about the Net Metering Agreement. He stated if I may do so, I actually brought copies where each one of you can have a copy of what I kind of want to get across to you. Is that possible, may I approach?

Chairman Allen answered yes.

Mr. Carter stated these are, the U.C.’s Net Metering Agreement is on top. If you take the center paper clip off, then also in there is Florida Power and Light’s and Progress Energy’s Agreement. I know that these are investor agreements but these agreements are actually between the customer and the utility, and I think that most customers not knowing a lot and not having the knowledge of the members of the U.C., engineers associated, you actually have an engineer that handles these agreements with the customers. And I’m actually an electrical contractor and I’m kind of new to this solar thing but I think that this whole thing should be as user friendly as it can be.

Mr. Carter stated and the first system that we did here was actually in Florida Power and Light territory. And I called my, the representative for the area because they cover such a large area, they have a representative for different areas, and he said okay, call this guy in Miami. So I called him and he says okay, go on our website FPL.com/netmetering, print out the agreement, execute it, and mail it to us. He stated you can also email it to us or fax it to us, go head and hook it up, and we’ll make sure that you have the proper type of meter installed.

Mr. Carter stated and I thought well, that’s really simple, you know. So the next one we did was in U.C. territory and these are all permitted jobs. We got the permit, installed the whole thing. Coincidentally, this first job in U.C. territory needed to be connected right near the meter, at the meter, and so I contacted my U.C. field guy and he brought in some

(3) Public Participation (cont.):

other people, which then brought in the engineer, and they didn't know anything about it. He stated well I was more than willing to tell them about it. If you look in these documents, anything marked in orange has to do with a disconnect that the U.C. is requiring and also the standards that these net meter inverters must adhere too, UL and IEEE Standards. He stated they really didn't know any thing about it, I had educated myself pretty well about it and tried to relay this information to them, and they were still very hesitant about what we had and what we were doing. So, coincidentally after that we did another. Let me back up a little bit, they said we'll hook this one up and then you execute the agreement and we'll just kind of keep an eye on it, check it, and see what's going on with it. And they did so, as far as I know, and we executed the agreement and everything was fine.

Mr. Carter stated then we did some more in Florida Power and Light territory, and we did one in Progress Energy territory. And Progress Energy was the same way, they said just print out our stuff off the website, fill it out, mail it to us, we'll make sure you have the right meter in there. They seemed to, I guess maybe because they know more about it, their agreements are only six pages, and the U.C.'s agreement is seventeen pages and quite a bit of it is redundant. And that's really one of the items I wanted to bring up was the user friendliness of it. It just seems that U.C.'s is not very user friendly and the other ones, and I don't know anyone there, they seem to be very user friendly.

Mr. Carter stated another item I want to bring up is the disconnect. On the U.C.'s agreement, if you go to the second part, there are three stapled sections there and it would be page four I think. Yes, page four, item number sixteen, says the U.C. may require the customer to install at customers expense and subject to the approval of UCNSB a manual disconnect switch of the visible load break type, to provide separation point, dah ta dah ta dah da... adjacent to the meter. Okay, if you look at Florida Power and Light or Progress Energy they both state, and it's like the second or third page, in the event FP&L elects to install a manual disconnect switch it shall be installed at FP&L's expense, and Progress Energy is the same thing, adjacent to the meter cans. He stated I don't know if that has to do with the fact they're investor-owned utilities and this is a municipal utility. I don't know anything about thing about that, but I can tell you that part of the UL Standards and IEEE Standards that these invertors are built adhere to, mandate and it is fail-safe, fool-proof that if a grid goes down that the inverter shuts down, it shuts down instantaneous. If you walked off and shut a breaker off, in other words simulating pulling the meter or the grid just going down, the unit shuts off immediately, so there's never any backfeed. The UL Standard, if you actually look at it a little bit further, this unit will burn down off the wall and will never backfeed to U.C. if the U.C. is down.

Mr. Carter stated so the disconnect switch really is, is a redundant thing. It could be quite costly to the customer should the U.C. require it. Like I said, it's really not doing anything. If a serviceman walks up, pulls the meter off, the system is going to go down no sooner then he gets the meter out. He won't even be able to stick his hand in there and shock himself on the load side. So that was really the first thing that I wanted to bring up.

(3) Public Participation (cont.):

Mr. Carter stated the second thing is the insurance requirement, and this is liability insurance for the homeowners. As you know these systems are, there are three different sizes, Tier 1 which is 10 KW or less, Tier 2 and Tier 3. I'm not concerned with them, Tier 2 and Tier 3 are going to apply to businesses or somebody else that wants a large system, not residential. Tier 1 is going to cover, in my guesstimation about 95% of residential applications of this which we are all going to have to welcome gladly in the future.

Mr. Carter stated Tier 1 with Florida Power & Light or Progress Energy, all they say in there is they, Florida Power & Light's for example is the fourth page, item number 11, recommends that the customer maintain liability insurance for personal injury and property damage in the amount of not less than \$100,000, which all basic homeowner policies are, a \$100,000 limit. The U.C. requires a minimum of \$1,000,000 policy. And I think that that is, why? Are we in the business of mandating that these homeowners that want to go green, protect themselves further. And why a \$1,000,000, I mean it's, I don't understand that. So maybe you can look at these things, I would appreciate greatly, and let somebody know that I can get a hold of Mr. White or Miguel Rodriguez, he's the engineer with the U.C. that is the head, as far as I know, in charge of these net metering agreements. And let them know what changes you intend to make or if any, and so I know. I mean it just seems like we're going to have get friendly with people so they do take advantage of things like this in the future. He then asked, do you have any questions, anybody.

Chairman Allen stated okay, and then asked Mr. Rodi, do we want to address a couple of things.

Mr. Rodi stated yes, I will address a few things. First of all insurance, since you ended with insurance, when the net metering proposal was being pushed through the Florida Public Service Commission, all of the investor-owns had requirements for Tier 1 residential users. The Commission (PSC) decided that for investor-owned they should waive that and just have a recommendation. As a little bit of a background, we rent, not really rent, we make this room available for certain public functions. When those individuals come here they're required, just for this room, to have \$1,000,000 worth of liability insurance, that's just to come to this room. That's a very standard amount for liability insurance. He stated you notice that it is in the name of the customer, we're not a co-insured, and we're not requiring that. He stated we have Mr. Preston, legal counsel on the phone, I think you...

Mr. Carter interjected I've known Bill (Mr. Preston) for 25 years.

Mr. Rodi stated and I think his research has shown the million dollars is very appropriate for liability. What is important here, this is a generator onto the U.C.'s electrical system. This is not a normal customer relationship, in this case the U.C. would be the customer and in that case when there is flow onto the system, there is a retail payment in kind that

(3) Public Participation (cont.):

is made and trued up once a year. As far as the disconnect switch, the tariff says there shall be one and that is for the peculiar situations that, whether it's a service man or a fireman, they may want part of the residence de-energized. They may want the renewable source be energized. And you're speaking primarily about a solar system.

Mr. Carter stated yes, yes sir.

Mr. Rodi stated we've had individuals approach us about taking a standard emergency generator and powering that diesel engine, powering that with bio-diesel. And that would be considered to be a renewable unit and depending upon the size it would be Tier 1. That would be very different characteristics and that would be a direct AC.

Mr. Carter stated agreed.

Mr. Rodi stated so the disconnect in that case would be a very, very different need than something with an inverter. And I might suggest if you look at a lot of the history of inverters, and the new requirements for inverters, they are the failure prone part of the system. They don't hold up and many of those are 10 or 15 year units on a 25 to 30 year system. And part of the goal of the Department of Energy is to get the next generation of inverters that also have substantially less heat because as you know with inverters there's a tremendous heat byproduct and the salt environment with connections, those are weak spots with inverters and they start fires. So there are a lot of aspects to this and as far as the background for the authority, the Utilities Commission is the authority for this tariff. This tariff also was submitted to the Florida Public Service Commission and we've had, I had, those very discussions with them. And all of the same issues you brought up are actually intended for the protection of both the U.C. and the customer. So that's a very quick response and I think I addressed almost all of the issues. If I didn't address something let me know. Mr. Rodi introduced Jim White to Mr. Carter. Mr. White was in the back of the room and he raised his hand. Mr. Rodi stated Mr. Carter can now see who to speak to when Miguel Rodriguez is not available.

Mr. Carter stated okay, very good.

Mr. Rodi added to Mr. Carter, please work with us.

Mr. Carter stated all right, so do you think that your position is that you don't intend to make any changes.

Mr. Rodi stated at this point we do not. I think if you look at what's playing out on the national scene, with climate control and who knows where the cap and trade is going to go, carbon control, we don't really know what's going to happen with this whole renewable thing. There may be more of an emphasis on it, I think what you have seen is early on Charlie Crist (Florida Governor) pushed it, and it stalled. And many of the

(3) Public Participation (cont.):

utilities put this in just to satisfy the initial executive orders that Charlie Crist wrote. So there's a whole lot to this as you well know.

Mr. Carter stated but this agreement that you just printed out or that we're speaking of, was just acted on within the last few months.

Mr. Rodi stated no, the tariff's been active for a year. If you look at the tariff, it has my signature on it, September 2008, and the tariff is what is controlling. The application is something, it's part of the 17 pages, so that someone can see what the application would be rather than just the tariff.

Mr. Carter stated okay, but what I'm referring to, and I don't have one with me but I do have one is the last agreement, and I could be totally wrong, but the last agreement, the actual agreement did not require the insurance for Tier 1, but the rider did.

Mr. Rodi stated no, the tariff itself requires the million dollars and it's been that way ever since it's been put in. Now whether there was an old document, a document in error, but it's always been a million dollars for Tier 1. I might add many homeowners have insurance that covers them beyond a normal, you know a PLUP type of insurance, so that if you have liability beyond what your normal insurance is then this covers that amount up to a million; that's an acceptable alternative as well.

Mr. Carter stated right. See I not only think, honestly, I feel that the intent of this, the million dollars really would, and I think also your example of this room and people that use it are business people, and they already have a million dollars of liability insurance. I'm a business man with a small business and I have a million dollars worth of liability insurance.

Mr. Rodi interjected just one other comment since you brought up business, I think someone who puts one of these systems in under this tariff, whether it's FP&L or this one, you really should talk with the Florida Department of Revenue because from the writings that I've seen they consider any payments as income and that makes it a business.

Mr. Carter stated payments, pardon me?

Mr. Rodi stated when someone generates onto an electrical system.

Mr. Carter stated that the U.C. would make to the customer.

Mr. Rodi stated that's correct.

Mr. Carter stated okay but...

(3) Public Participation (cont.):

Mr. Rodi interjected but that's a business.

Mr. Carter stated right I understand that but the agreement actually states that the size of this should be no more than 90% of the size of their service.

Mr. Rodi stated I understand that, sure.

Mr. Carter stated you're going to be hard pressed to find one in the future that's put in that is actually going to be a money maker. It's going to net out, hopefully a zero.

Mr. Rodi stated well that's a whole different story and I think in the future if thin film comes along and I hope it does, then the cost paradigm is going to change tremendously and you won't have things like feed-in tariffs where they're paying someone 32 cents a kilowatt hour because it's solar; that's just nuts. He stated I wanted to be very direct and straightforward so you understand.

Mr. Carter stated I appreciate that, I guess we just disagree.

Mr. Rodi stated we're going to disagree, but the tariff is controlling.

Mr. Carter stated thank you.

Chairman Allen stated the other thing we may very well disagree, but as far as the million dollar liability, that's a very small end if there should happen to be some type of fault on that system with loss of life. You talk to any insurer and they will say that the million dollars is the beginning point and if you follow industry as far as utilities we may be on the very front end of a lot of them, but I think in the very near future you'll see that million dollar liability being required by many more in the near future. We strive to work with this and it gets down to a point when somebody's going to put in green energy to evaluate the return and do the research and go through a process and evaluate, is it cost effective at this time. I walked through that process a couple of times and to me for my point it's not cost effective at this time. You know maybe three to four years from now when things get a little bit more reasonable but that's the thing that needs to be evaluated by each customer and they need to understand the process that they walk through. Our people are here to help them understand that process and as these are in place, that they can evaluate their particular need and go from there. He added to Mr. Carter we appreciate you speaking.

Mr. Carter stated I appreciate you all hearing me and I hope that I'm right in saying this is really going to be something in the near future and it's already looking like it's a very wise investment. So, I mean you have to get these contractors, these people who are selling it to sell it for a realistic price because a lot now are selling it for \$8 to \$9 a watt. And we are right now, I'm not trying to sell you a thing, but we are right now selling for less than \$6.00 a watt and making a good profit. I think if you do the math on that you'll

(3) Public Participation (cont.):

see we're already coming to at least a 10% rate of return which is very good. And if that keeps going then yes, I think something will happen; but thank you very much.

Commissioner Reynolds stated may I ask a question. He stated I think the idea of maybe putting it on line may be a good idea, can we do that.

Mr. Rodi stated it is on line (<http://ucnsb.org>).

Commissioner Reynolds stated all right. He then added to Mr. Carter thanks for coming. I think bringing these things up out in the open like that helps us all to better understand, and I'm sure over time things will work out.

Mr. Carter stated you know I talked to Bill (Mr. Preston) a couple of times. I know he's your attorney but he's been my friend for a long time and he said the Commission's a bunch of reasonable people, just go to the meeting and talk to them and tell them what your differences are and what you think, you know, and they'll take it all into consideration. He added I'm sorry he couldn't be here, but it is Christmas. So you know I just really hope that everybody looks at this with an open mind and tries not to close things out because I really do think and hope and pray that this is going to be something. I don't think it's ever going to put you or any of my friends that work at the U.C. out of a job.

Commissioner Reynolds stated well, we all hope it works, believe me.

Mr. Rodi stated and we do too.

Mr. Carter stated I've been here my whole life and reiterated I have a lot of friends that work for the U.C. And for me to try to do something like this that I'm excited about, it makes me feel so good and to run my head in the wall and have people telling me well you can't turn this on, you can't do this until the agreement's done, and da da da. And I call Florida Power & Light and Progress Energy and I don't know anybody there except for the rep. and he wouldn't even talk to me about it, he said call this guy. I call him, he says look it up, execute the agreement, we're good, we'll make sure you have the right meter, you know. It was just, it was frustrating, I've been living here my whole life and have people tell me oh no, you can't hook that up until that agreement is done. So any way thank you very much, Merry Christmas to all of you.

Chairman Allen then confirmed there was no further public participation.

(4) R. Rodi - General Manager's Report:

Chairman Allen then moved on to the General Manager's Report. Mr. Rodi asked Ms. Klinkenberg if she was ready to talk about finances.

(4-a) Financial Status – September 2009 and October 2009:

Ms. Klinkenberg addressed the Commission and stated for the month ending November 30th our change in net assets for the combined system was a negative \$196,000, and that's on the GAAP basis. She stated what I think is also important is if you look at our forecast reports, which is more of a budget versus actual, we are under budget by \$543. She stated we are right on target with where we want to go, so I think that's looking really well.

Ms. Klinkenberg stated another real highlight, for the first time since May 2002 we have an over recovery of fuel (fuel adjustment balance) and we are at \$492,000 over recovered. She stated I have a graph if you want to see it and I can actually give you handouts if you want to see it but even just holding it up like this, it's enough to really shock you. We're finally down to a decent level, and Mr. Rodi and I discussed, we'd like to stay somewhere around the plus or minus \$1 million range. That would be tolerable with our financial situation and acceptable with our customers to handle the rate changes, so that we don't have to continually hit it, we don't want to always change our fuel adjustment obviously.

Mr. Rodi requested to interject a couple of things, and added maybe somewhat of a translation. He stated for this time of the year, we normally run a negative balance because our costs far exceed what our sales are, and that's been pretty traditional. So what you can see is the continuing cost savings and the continual review of what we're doing with our expenditures is having an effect. Second point, the recovery of the fuel that we spent at the end of 2007, into 2008, where we were carrying over \$4 million, I think it was something like \$4.6 or \$4.8 million. It shows that we were trying to, even during that period when there was \$4.00 gasoline, and still carried through until today. Now what Ms. Klinkenberg's comment means for us, and next meeting in January, is we will be reviewing now the performance through December and we may be able in January to reduce our rate. It won't be a big amount but the fact is that since we have recovered all of this expense, then we want to be able to share it at this point in time. So I think in the end of the January period we'll be looking at being able to do that. I say that with some trepidation because fuel prices are expected to be very volatile in 2010 and I've been watching, one of the indexes is natural gas and it's bumping \$6.00 a million again, and it was all the way down you know to around \$3.00, which allowed us to recover a lot of what our previous costs had been. So I wanted to inject those points and give credit to staff for working through this because we're now at the point of being able to maybe take a positive step.

Ms. Klinkenberg stated and as you all know from the email I sent you, we are live on credit card acceptance and everything so far is going very smoothly. We are accepting credit cards in-house with the direct connect with Bank of America, with the "swiping" machines. And also on our website, on-line, all through secured connections with SSL certificates and special encryptions through PayPal online, there's like a three-way encryption before it gets to the bank. The funds are flowing fine and in the short period

(4-a) Financial Status – September 2009 and October 2009 (cont.):

of time we've already taken over \$18,000 in web payments and that's only in eight days. She added we haven't really advertised it yet so I'm hoping. And you also know there isn't any convenience fee any longer, there's no convenience fee because we qualified for a special municipal utility rate that is offered by VISA and MASTERCARD only. That's the only reason we are currently accepting those two cards. There are rumors that DISCOVER and AMERICAN EXPRESS will eventually get on board with that, and if they do accept that rate, then obviously we'd offer them also. She stated the total cost of the credit card payment is about 84 cents to the Utilities Commission, and it's regardless of whether you pay us \$5.00 or if you pay us \$5,000, it's 84 cents. For comparison purposes, accepting cash or checks, costs us anywhere from 41 cents to a dollar per transaction, so it really is no different than accepting it any other way, there's really no additional expense to the U.C.

Mr. Rodi stated another injection point, part of what Ms. Klinkenberg and her team and the I.T. team had to do was look at all the U.C. processes to put the new system in. This is one of the positive outcomes because the processes were changed which then makes it more efficient and we're able then to pass that benefit on to our customers. So that's what allows this kind of thing to happen and process, as you well know, is sort of boring to analyze but it's very detailed and meticulous, and again it's a positive outcome. And all of the issues we've been dealing with have been external to the U.C. and had it not been for some of our own I.T. staff to write software to allow this to happen, I don't think we would have been here yet.

Ms. Klinkenberg stated we had a lot of support from our own I.T. people who by the way prior to probably, and Mr. Lemoine you can fill me in, to maybe three months ago had no clue about webs and web design. I think we have two people right now that are pretty expert at it. They learned by the "seat of their pants" and they've done an incredible job and that was a big part of getting this going.

Ms. Klinkenberg stated the other big thing I wanted to point out was when we were on enQuesta and we knew that our uncollectibles were rising rapidly but we couldn't get a handle on it because we couldn't get the reporting, we couldn't get true collections, true billings, we were so unsure. Through the year, which in accounting that's kind of normal, you accrue something because you know it's coming, so you expense it as going at an estimated amount. At the U.C., historically, our provision for uncollectible has usually run around \$100,000 to \$150,000 a year and we generally don't even have to write that amount off, but it's a provision, it's there. While we were going through this enQuesta thing we started accruing a minimum of \$20,000 a month so by the end of September 30th we had accrued \$400,000 worth of provision for uncollectible, which in layman's terms means we expensed \$400,000 worth of uncollectible accounts on our financial statements; it was like an expense. We, finally in November completed, or we believe we completed and hope we don't find any more, the actual number of uncollectible. It was just a hair under \$250,000, so our provision at this point is back down to about the \$150,000. Which is normal for us to maintain around a \$150,000

(4-a) Financial Status – September 2009 and October 2009 (cont.):

provision, but we did write off, and I guess technically the auditors wouldn't say that we wrote it off, but we have sent \$250,000 to the collections agency to attempt to collect. With them being about a year old, the chances of collecting that are very slim. Normally if you can't get them to a collection agency within 60 to 90 days the chances decrease dramatically. So we will continue to try that avenue but I wanted you to be aware we did write off \$250,000.

Commissioner Reynolds then asked if Ms. Klinkenberg was seeing, you know from a chart standpoint, are you seeing non-payments continue to rise.

Ms. Klinkenberg stated what's amazing is, and I think Mrs. Woods will confirm however nod at me if I'm wrong, we are seeing a lot more like hang tags and collections, the notices are a lot more because they're consistent, this software does them consistently. We are having a lot of difficulties, of course, because of economic reasons collecting funds from customers, which I'll be talking about later after our other presentation. But as far as the accuracy and collection of the funds, I think we're seeing a big improvement.

Mr. Rodi stated I might add that's part of the reason, and Ms. James has joined us tonight and she's very gracious to come, but what we wanted to do was have another part of this conversation because I think what we're seeing on our aging reports, 30, 60, 90 days, are a lot more people being carried into the 60, 90 day period. We do a balancing act, where it really comes down to try to work with those individuals that we're able to work with, and there are many more of them now. We expect in 2010 that this is going to continue, maybe get worse, and part of what I think Ms. Klinkenberg has given to you is a comparison, or Mrs. Simmons will pass out, that will show you we're very much in line with the best practices and very consistent with others. But part of what we wanted to do was just for awareness to understand and Ms. James really understands this because she deals with so many different people who have legitimate needs, as well as working through those individuals who might be trying to trick a number of folks; so she does a lot of that. And that's why we asked for her insight into some of this so we can learn, but I wanted to pick up on that because part of our resolution requirement in 28-78 is to be aggressive in the collection of our debts and that we are not allowed just to ignore things or to write things off because someone just doesn't want to pay. I mean it's very strict for us and that affects our bond covenants. So with that I'm trying to do some filling in here and at this point I think I'll just back up and let Ms. Klinkenberg finish.

Ms. Klinkenberg then stated to the Commissioners, if you don't have any more questions about November financials, I'd like to give you some information about our audit. There being no further questions regarding November, she stated the field work is completed with our FY2009 audit. She added and I have to "toot" the Accounting Department's horns, we have dramatically decreased audit entries. I think the first year when I first came to the U.C. as an accountant, we had about 39 audit entries in order to get our books to be an acceptable financial representation. Then we dropped that down to seven, then to five, and this year we're down to two. We have two audit entries necessary, and both

(4-a) Financial Status – September 2009 and October 2009 (cont.):

of them, in my opinion and the auditors made the same comment, both of the audit entries they're recommending there's no way in the world we could have known because the information became available in December. We produce our financials for September closing in the October, November time frame, so there's no way we'd know what these different numbers were until December. So it was nothing that was inappropriately done, it's just a timing thing. So at this point, Brent Millikan, they're not allowed to create our CAFR, we work in conjunction, it has to be our financial statements that create the CAFR, so Mr. Rodi and I will be working together to write the management discussion analysis part and then our transmittal letter that explains what was accomplished for the year. We'll be working with that within the next probably month and then you'll get your final presentation from our auditors. We did end the year with \$2.3 million change in net assets, to the positive.

Ms. Klinkenberg added and a part of the audit was GASB Statement 45 which is OPEB's, which is "other pension and employee benefits". It's a requirement that must be implemented for FY2009. We went through the RFP process back in June and we had the evaluation done and it came out that our liability is \$41,000 for the year. It's a liability we will never pay, it's not a money transaction at all. It is something that sits on your balance sheet and it really is, to understand what OPEB is, it's basically how much more we pay, the Utilities Commission as a whole, pays for health insurance and life insurance due to the age of our employees including retirees. So basically if all of our employees were 20 years old, our life and health insurance would be very, very inexpensive. But because we have people in their 40's, 50's, and above, our premiums are higher. So that's really what that liability is, if everybody was really young it would be this much, so here's the difference because we have older people. She added even 30's and 40's make it go up, so it's not just retirees. She stated we had a very good evaluation, it's very low. Some cities, and it's basically because we don't have fire and police, that ours is so little. It will probably be right around \$40,000 a year. She stated we have a full report so if anybody is interested in getting that, Foster and Foster is the firm who got the RFP. And I can send it out electronically for anybody who wishes to see that. She concluded by stating I think that's all I have and asked if anyone had any questions.

Chairman Allen confirmed there were no further questions for Ms. Klinkenberg.

(4-b) Presentation by County of Volusia Human Services:

Mr. Rodi then proceeded to ask Ms. Patricia James if she would like to speak from the podium or the table, adding whichever was more convenient for her.

Ms. James indicated she would like to speak from the table.

While Ms. James was distributing a brochure and moving to the table, Mr. Rodi stated one of the things we've been doing in customer service is reviewing all of the

(4-b) Presentation by County of Volusia Human Services (cont.):

opportunities we have with one group of customers in particular. And that group of customers is sometimes called difficult, but I do think over the last week or so we've improved our internal procedures about how someone who does this, really for eight hours, this is very difficult work. Some of the stories will cause you to weep, I mean some of the things customer service reps. hear and try to help with, and with a daily diet of that, there's just been a lot of activity going on there. In other cases we have individuals who are somewhat threatening so we've also dealt with what do you do if and have received some help from the police department who has given us some coaching tips. As a part of that we wanted to hear, really from someone else who also deals with this, only on a much broader scale with the County, and we thank Ms. Patricia James for joining us.

Ms. James thanked Mr. Rodi, and stated first of all I would like to wish the Chair and all of the Commissioners a Happy Holiday, and also to you ladies and gentlemen. I am Patricia James and I am the Manager for Human Services with the County of Volusia. I have given each of you a brochure that outlines some of the services that we provide. We receive grant funding from the state and federal government, and we also have county funds that are a part of our budget. And in addition to that we are fortunate enough to get contributions from the customers within the city limits of New Smyrna Beach through their Utilities Commission specifically for residents within the New Smyrna Beach limits. So we really appreciate the funds that we have gotten through the Utilities Commission.

Ms. James stated Human Services basically provides emergency assistance to low income residents within Volusia County. We have four offices throughout the County, one here in New Smyrna Beach, right across on Canal Street. We have an office in Orange City, Daytona Beach, and then our main administrative office is in Deland. What we do primarily is look at what constitutes, and what a household or family may be going through, as far as how we define a crisis. And then determine first of all are they financially eligible for assistance based on income. Then we have to look at what extenuating circumstances have happened within their household within the past 90 days. They also have to establish that they are Volusia County residents. When we look at the services we provide, we assist individuals, and an individual household can be a family of one or up to how many, when we look at the assistance we provide we may be able to assist them if they are behind on their rent or mortgage. We also provide assistance with their utilities and in some cases we may also provide assistance with prescriptions, dental extractions, and we also receive funds through the County for indigent burial.

Ms. James stated we also receive grant funds, which our primary is the low income home energy program, which a lot of individuals refer to that as LIHEAP. So what I would like to focus on here with the Utilities Commission and with you are the services that we provide through the utilities assistance. When we receive funding for the low income home energy assistance program, that grant primarily is to assist individuals with heating and cooling. We will be able to provide assistance once during the year, for them to have what we call is our home energy. Through the home energy program what we can do is

(4-b) Presentation by County of Volusia Human Services (cont.):

provide one time assistance any where between \$150 up to \$300 once a year.

Ms. James stated when we look at the crisis or the emergency assistance for the LIHEAP program, they can receive assistance up to a maximum of \$600 per heating season and per cooling season. Federal government defines what constitutes heating and cooling seasons. So between September 1st and March 31st it's considered the heating season and they may be able to receive up to \$600 but we have to look at what is the minimum amount necessary to resolve their crisis. Right now with the weather being the way it is we're in the heating season so we have to look at how does this family heat their home. If they heat with electric then we can assist them through the crisis. If they heat with gas then we can assist them during this time of year with the crisis. However, if they heat with gas but cook with electric, then we will not be able to assist them with their electric bill because we have to look at the heating and the cooling, that is the Federal requirement for this particular program. Sometimes we do have individuals that are coming in and they're wanting assistance with their electric but when we find out how they are actually heating and we may not be able to pay their electric bill. Then that creates a problem for the individual, but the grant specifically stipulates how these funds are to be used. When they come in for the cooling, the cooling season for emergency is from October 1st through September 30th, during that season we specifically do electric. Every once in awhile we may find that there may be a household that has to use gas in order to generate the electric for their air conditioning. I was really shocked because I didn't realize that but apparently there are exceptions to the rules so I had to make sure that our state knew that there may be individuals where we had to approve during that cooling season gas expenses. She stated so when individuals come into us for assistance, specifically for the utilities, and we also do water as I said, and we do gas if it's not related to the heating and cooling season.

Ms. James stated when individuals come to us for assistance, they have to prove that they've had a crisis, they have to show documentation of certain information. Some of the information is outlined in the brochures that I've distributed to you. It tells you that they have to prove that they're Volusia County residents. When they're doing that we have to look at either a signed lease agreement for the past 60 days or we have to have receipts where they have actually paid their rent or their mortgage. An individual can not come in and give us a notarized statement stating this is their proof of residence. We also have to have picture I.D. and social security cards for all household members. We do not make copies of those cards but we do look at those cards and we track the information on the social security cards. It's specifically for tracking purposes because you'd be surprised at how many people have the same name, in some cases same and middle initial, so we have to use those.

Ms. James stated right now what we're seeing, because of the economy, we're seeing more people than we have seen before. We have seen so many people that are coming in for emergency assistance, and the unfortunate side of this is everybody that comes to us is in a state of crisis. So we have to look at whether or not that crisis is a crisis that meets

(4-b) Presentation by County of Volusia Human Services (cont.):

the grant criteria and oftentimes it may not be. We have to look at if your water is off, or if your lights are off, or your gas is off, what happened to cause this. We have to look at whether or not you have had extenuating circumstances, whether or not you may have had a major car repair, you may have had a major medical expense where you had to pay out of pocket, or you may have had a high utility bill as a result of the weather. You may have had some type of loss of income, and a lot of people lately we're seeing that either have become unemployed or as a result of a reduction in their hours at work they are facing those situations.

Ms. James stated so we only have "x" number of funds to go so far. We can not provide and unfortunately aren't able to serve everybody that comes through our office. Everyday, here in the New Smyrna office, we only have one case worker. We have a supervisor that comes over twice a week to assist and what we have to look at is we take appointments in the morning and we take walk ins in the afternoon. We usually see our utilities on Mondays, Wednesdays, and Fridays. And the reason we had to go to this is because we were finding across the county we have so many people that are either delinquent or facing shut off or are shut off, that the supply could not meet the demand so we had to designate certain days. On those days, here in the New Smyrna office, with one case worker, she's seen between, on Mondays, Wednesdays, and Fridays when we have the utilities, she's seen between 12 and 15 people a day. We're having anywhere from 30 to 40 people signing in.

Ms. James stated what we have to do is look at the situation as far as what has happened and what we're looking at for utilities, with this particular low energy home assistance program. We're looking at individuals that are elderly, that are disabled, and households with children under the age of five; those are the priorities according to the grant. There are times during the year, depending on how much funding we have available, we may be able to assist individuals that just basically meet the income criteria. But because of the number of people we're seeing right now for New Smyrna we have spent I think last year over \$75,000 just to help those individuals. And in addition to that what we try to do is look at if we have individuals that may not meet our grant requirements, then that's when we use the funds that we get from the Utilities Commission, to see okay, what else can we do, how can we assist these individuals.

Ms. James stated when it comes to our other grants, we try to look at what has the crisis been in the past 90 days. With the LIHEAP it does not have a specific time frame like our other grants and with the LIHEAP program that grant gives us more flexibility. It's not as strict as the other grants so we have more funds available through the LIHEAP program. We're on an October through September fiscal year with most of our grants with the exception of the LIHEAP grant. The LIHEAP grant will end March 31st or sooner depending on whether or not funds will be available through then. So that grant overlaps our fiscal year, so sometimes people come in thinking they may be eligible for the grant because they're thinking well you're in a new fiscal year, but that particular grant overlaps our fiscal year so they may not be eligible, they may not be entitled to it.

(4-b) Presentation by County of Volusia Human Services (cont.):

Ms. James stated so what we're trying to do is look at how we can best serve the population that we're seeing. We are making changes to the way we are conducting our business. We're also looking at bringing in additional staff to help. We were fortunate enough to receive some stimulus funding through our community service block grant, so we are looking at trying to bring in at least one more person into the New Smyrna office. But because of the size of the office, that person will only be able to be there certain days per week, because right now we do not have the space to have more than two or three people there five days a week.

Ms. James then stated she would open up for questions or if you want to know more, but I wanted to specifically focus on the utilities part and how we do that. She stated now one of things that we're constantly having problems with or encountering is that when people come to us for assistance, if they do not have the basic documentation required for services, either we have to deny them or we would have to actually what we call is "pend" them until they can go back and bring that documentation to us. We will usually have a three-day turn around time for them to get that information to us. When they come in for assistance for utilities they have to bring in their utility bill, they have to bring in their electric, gas, or water bill. If they do not have that then we let them know that they have to bring that back to us. When they bring in those bills, if it's for a crisis, then we have to look at that bill to see if that account is either delinquent, facing shut off, or has already been shut off. With the regular community block grant, that's a requirement for that. Under the LIHEAP crisis, that's a requirement for that. With our regular grant it has to be, as I said, within a 90-day time frame for the crisis, but with our LIHEAP grant we can go a little longer and which we do. But right now with the number of people that we're seeing and with the amount of funds and the LIHEAP program that we have available through the end of March, I'm trying to see and make sure that we will be able to manage to provide assistance through the end of March. She then asked if there were any questions or comments.

Commissioner Hall stated I'm curious, you mentioned that you're seeing, I think you said 30 to 40 people on Mondays, Wednesdays, ...

Ms. James stated no, I'm saying we have approximately that many signing in and what we're seeing is between 12 and 15 a day.

Commissioner Hall asked is that the tip of the iceberg in your opinion, are there many more people out who do not know about this service.

Ms. James stated yes.

Commissioner Hall continued, or who are staying with relatives.

Ms. James stated yes, we are seeing that there are more people staying with relatives and when they come in we can not accept that notarized statement from their relatives saying

(4-b) Presentation by County of Volusia Human Services (cont.):

that they're staying with them. We are seeing, and I don't have the figures in front of me, but I know that we are seeing more people that have never come to us for assistance. We have people now that are coming in, with single parents, that have been head of households, that have had well paying jobs but as a result of unemployment and lay offs, they're finding out about us for the first time. They're coming in for assistance, they have no idea what they need, and they're very embarrassed about sitting down. She stated my staff is predominantly female and some of the male households that come in to us they are very intimidated that they have to sit down and almost, I have to tell my life history to this female, and so they have problems with that. And again, we have people who have never come in for services, they have no idea, and they just heard about us through word of mouth or they may have seen something in the library or may have heard someone talking about it or through County Council meetings or whatever. Then they would come in just to get information and find out that they may qualify for assistance. She reiterated but we are seeing a lot that have never come in for service before and I think that number may increase before it gets better.

Commissioner Zeller stated Ms. James, your people are under a lot of pressure.

Ms. James stated yes.

Commissioner Zeller asked how are they holding up, do you have special counseling for them or...

Ms. James stated no I don't. It's a very stressful situation and what we've had to do within the past six to eight months is I've had to put security guards in every office for my staff's safety and the other clients, the customers in the waiting rooms. I had no choice but to present this to my supervisors and we had to put actual security guards now in every office. In our Daytona Beach office, we now have a Sheriff in that office. But we have a lot of people that are wanting assistance and we're trying to look at what we can do to make our system better as far as our intake. Just to give you an example, we were seeing clients coming into our office, our office would open at 8:00 a.m. in the morning here in New Smyrna and in Orange City, our Deland and our Daytona offices were opening at one point at 7:30 a.m. in the morning, and we had people that were standing out at 5:00 a.m., 6:00 a.m. including here in New Smyrna waiting for our doors to open at 8:00 a.m. And when they opened the doors the massive rush would come in to try to sign in to try to be seen that day. It was becoming such a problem, not only with staff but with the customers there, that we had no choice we had to look at the safety. So now what we do is we take our appointments in the morning and we take the walk ins in the afternoon. So here in New Smyrna we start seeing walk in clients at 1:15 p.m. because the office is closed from 12:00 to 1:00 for lunch. But even though we start seeing people and start having our walk ins to sign in at 1:15 p.m., they're still coming to that office before we open that door at 8:00 a.m. They will sit there knowing that they may not be seen, we have to let them leave and come back at 1:00 p.m., and they're still doing that trying to be seen. It's an unfortunate situation across the board, the staff is

(4-b) Presentation by County of Volusia Human Services (cont.):

feeling the pressure, and I get calls on a regular basis. There are times where I make an exception to the rule depending on a situation. I had four cases this morning where we had families with children, I think there were three families with three month olds and one with a one month old, and their heat was off. So I had to look at what do we do because we can't afford to have a family with an infant in the house, the way the weather is right now, so we have to look at those. On a case by case basis I may make an exception to the rule. But it is heartbreaking I have to tell you because we can't do everything and it's very stressful when we have to turn people away, and then there's anger when we have to turn people away.

Mr. Rodi then asked Ms. James what is the interface with your area and the churches in the communities. Do they call and ask for help or refer people, or can you refer people to certain denominations that have maybe some help available.

Ms. James stated yes, the relationship that we have with a lot of the community agencies and faith-based organizations here within the New Smyrna area is very good. We are constantly referring people because we have a maximum amount of assistance that we can provide and so what we try to do is touch base with some of the faith-based organizations and other agencies within the community to see if they may be able to provide some financial assistance. And we also look at the funds that we get through the Utilities Commission to see how we can offset some of those expenses. And we also get referrals from the organizations, referring people to Human Services in order to see if they may qualify, maybe not for the utilities but for the rent or prescriptions.

Mr. Rodi stated just to make sure that I'm interpreting correctly, you're seeing this all over the county.

Ms. James stated yes.

Mr. Rodi stated it's not peculiar just to New Smyrna.

Ms. James stated no, no it's not.

Mr. Rodi stated I wanted to bring this forward because the very same pressure that, and to Ms. James he stated you've been very gracious to explain this, but for individuals who work in customer service who deal with this every day, and it's the same thing there, you're never quite sure about what direction the engagement will go. You have great compassion and it takes a very strong person to be able to deal with the emotions because any human being is empathetic for another human being that is truly suffering. And I know that we've been sending in envelope stuffers the "We Care" information in trying to obtain more in the way of funding. But I think it's important to just heighten the awareness of this a little bit and I certainly want to thank Ms. James for coming this evening and sharing with us.

(4-b) Presentation by County of Volusia Human Services (cont.):

Ms. James stated my pleasure, and if I may add two things. Just in the month of October, across the county, we ended up having to turn away 1,200 people that we were unable to see and I don't know how many we were unable to document. So we documented at least 1,200 that we were just unable to see. This year during the Christmas holidays we receive toys through our County Leisure Services and we help families and we give families toys during the holidays. Last year we were able to provide over 200 families toys. This year it may have been between 75 and 100, so it has really impacted, and we can see it. Last year I had three offices filled with toys, we had eight bikes, and this year we got two bikes and I had everything in one office. So the economy unfortunately is affecting everyone across the board and for anyone that's in public service I have to say hats off because it is very strenuous. And although our customers feel like we're not being empathetic, that we're not understanding, we do understand, we do empathize but we do have our criteria and guidelines that we must follow and sometimes it's just hard for them to understand because the only thing they see is the pain and the necessity of what they have right then and there. She stated so thank again for allowing me an opportunity.

Chairman Allen and a couple of Commissioners thanked Ms. James for her presentation.

(4-c) Additional Guidelines for Customer Deposits:

Ms. Klinkenberg addressed the Commission again and stated she would like to build on things that Ms. James had said. They're professional social workers, we're customer service reps., and our ladies are dealing with so much of what they are. We try and keep the judgment calls out of it because we can't look at one case and treat them differently from another. So we have a little difficult line there whereas they can do that, social services can, so every time a customer comes in, they're having difficulties, and we're always trying to help them and give them a list of all of the social services that are available, not just Volusia County but all the churches. And we get the same thing the people are hitting that she was discussing, it's their pride, it's difficult, they've gotten along every day of their life for the past however many years and now all of a sudden they need help and they don't want to ask, they feel embarrassed, and state I don't need this. Our ladies take a lot of abuse, like she said these people get very angry, they think we're not trying to help, but we are very much trying to help the customers the best we can. We've had police training recently, Detective Kirk, came in the other evening, Tuesday evening, and gave us training on how to diffuse situations because customers are at their last straw. And on the social service part again, with the We Care Fund, I want to give you some numbers from our UC customers. I want you to see the big difference that is happening too. In the full year last year, our fiscal year, \$1,200 was donated. Two months and 18 days of this fiscal year, we've had almost \$1,200 donated. So while things are getting really, really tough for a lot of people out there, I think the ones that do have it are stepping up and trying to help out a little more, and I wish we could get more to transfer over to community services, social services, and get them help.

(4-c) Additional Guidelines for Customer Deposits (cont.):

Ms. Klinkenberg then stated we've actually, like Ms. James said she's getting help for her people and how they're dealing with the stressful situations, we've set up a little quiet area when our CSR is very abused, which does happen at times. That they can actually leave, we can take them off the floor, and a Supervisor or Manager can replace that seat. The CSR can go to a nice quiet area, it has nice pictures, to just get away from everything to calm themselves down and kind of get over the attack. Not physically, but it's stressful to them, to calm down before they go back and have to deal with the next crisis situation.

Ms. Klinkenberg then stated back in April I gave you a Guidelines of Customer Service and that's what Mrs. Simmons has and can hand out to you. Where we were proposing, and we're doing these things already, additional courtesies for these first time people that these things are happening. We also, I think at that time, had given you a comparison of different utilities and what their policies are versus our policies. And what I provided you is the original thing we had, and I'm going to give you some additional information that we're doing now, also as a pilot again because we're not going to formally change our policy. But on the comparisons I've highlighted the things that have changed since the last time I gave this to you. The majority of these, with the exception of I think one, are all changes that the other utilities are getting stricter with instead of more lenient. We're trying to be more lenient while at the same time protecting the U.C., because as Mr. Rodi said many times, we can not give free service. So we have to protect our own interests, at the same time protecting our customers and letting them have power. Part of what I think is nice about us, and Mr. Rodi has never told me I couldn't do this, when we get to this kind of weather like now, freezing cold, we had 67 people that were suppose to have been cut out today. The original weather I was looking at this morning said we were going to be near freezing temperatures this evening. We have not cut anyone out today, they were scheduled to be cut out, they're still going to get their cut out fee once we go out and do it, but with freezing temperatures they will not be cut out. We will not put a family in jeopardy of freezing and we've done that historically since I've been in this position, at least five years.

Ms. Klinkenberg stated some of the additional things we've been doing to try and help, you know we do know that social services is taking appointments, we know they give out cards now, and if they don't have a card we'll call social services and ask do they have an appointment. If social services confirms that information and they were suppose to be cut out tomorrow, then we are extending them because we know they're going to go get help, they're scheduled to go get help from social services so we're going to wait until that determination comes from social services. So we give them that additional time, that's one of things we're doing. We still, for those first time people, this is the first time they've been disconnected, we're waiving the deposit completely. Just get your power turned back on, get them back on track, and go on. Now if it continues to happen obviously we have to protect ourselves and that's when we'll have to get into the double, two times the average monthly bill for deposit. But we are giving more time and we've now, because this has become much bigger of a crisis than I think any of us every thought

(4-c) Additional Guidelines for Customer Deposits (cont.):

it was going to be, originally, we were going to have just the Customer Service Supervisor, the Managers, to have the authority to give extensions. What we're hearing mostly from these customers, and Ms. Wood and Ms. Zorge keep me informed on a regular basis, is someone coming in and saying you know what I had to pay my car payment this week, I get paid in two weeks, and I can pay you then. I'm paying half my mortgage this month and I can pay half for you next time. So if they're sincere with how they get paid, we're trying to work with their pay schedules in order to come up with a payment arrangement that will fit them to make these payments. So it's not the stringent 10 days, and then 10 days later, as most people get paid bi-weekly, most people do not get paid weekly any longer. So we gave the CSR's that authority, they can make that call. They can document the account, customer says their payday is on such and such a day, I'm giving them an extension until then to pay the deposit, the second part will be due the next time they get a payday. If it's beyond that, because again we don't want people making judgment calls based on a preference, so if it has to go beyond that, that's when they can go to a customer service supervisor or a manager and if they can't find one of them they can find me, and then we'll try and assess the situation. It would have to be pretty extenuating, but we do not and will not get into a medical history, we don't want to know that kind of stuff, and we don't believe that's our role to do that, to make that judgment call. But if a person is being sincere, we can usually tell, and we will help them.

Ms. Klinkenberg stated so we're giving them more time, we're giving them more extensions, and you know we're trying everything we can without giving away free services. What I really want to get out there and I'm not sure how to do this, even through a bill insert, is if these people would come to us before they're disconnected, we can help if they let us know before. Some of the most irate customers we have, and one of them came to a Commission meeting a couple of months ago. She came in customer service ranting and raving and carrying on, she cursed me out on the phone, she worked her way all the way up and cursed everyone of us. She had never been cut out for non-payment but she never even tried to call us, she got all her notices, you get the late fee, you're going to get disconnected, she got the hang tag, but never bothered to call anybody until the power was turned off. If they let us know first, we can help and we want to help, so I want to try and get that out to everybody. If anyone else has any other recommendations in other ways that you think we can better help them without it being a judgment call, we're willing to consider just about anything, and we'll work with them.

Mr. Rodi thanked Ms. Klinkenberg and stated I wanted you to hear from her directly and I know that anyone in customer service will support I think what she just said. But we've tried to give as much authority as we can to the U.C. employee closest to the customer. I need to emphasize a point because it sounds as if it's a cliché, but when we say no free services of any kind whatsoever or no subsidies, that is a legal requirement that we have, it isn't just something that we talk about. We have limitations that we have to work within too but I wanted you to understand that there's a great deal of compassion that is

(4-c) Additional Guidelines for Customer Deposits (cont.):

used daily. And you've heard it from a couple of people that deal with this every day, that someone who doesn't get what they want and they're just up against it, say some things at times that aren't true. They're sometimes very volatile, many times very unkind, but within the organization, in every department, one of the things that I try to do is force the question and the issue back into the organization because we can better serve when we're all doing it and the answers really come from within the organization as opposed to a top down. So I wanted to use this as an opportunity tonight because this is going on, we're monitoring for example, even with the moratorium that the banks have called for basically December, you know it's like the first week in December, the first week in January, we're still seeing five to seven foreclosures a week. And that's just us, that's out of New Smyrna, and the pace before was running around 10 to 15 a week. So that's a very striking impact so we wanted to let you know that we're trying to be equitable and compassionate. We're trying to help our own employees, we've hired a couple of extra temporaries to get other customer service personnel there to be able to talk with the customers because we're dealing with a lot of walk ins.

Commissioner Reynolds then stated I appreciate those efforts and I was somewhat concerned a few months ago that we could do a little more and I think staff has done really a good job in that. It's going to get worse and we may have to figure out some unique ways of helping those in dire needs and I think getting it down to quote "where the rubber meets the road" with those folks here gives you the feeling you're empowered to do these things, I think that's great.

(5) Commission Counsel's Report:

Chairman Allen then moved on to item 5, Commission Counsel's report. Mr. Preston was out of state but participating in this meeting via teleconference. Chairman Allen asked Mr. Preston if there was a report.

Mr. Preston then apologized that he couldn't be at this meeting in person. He stated he was able to hear much of the meeting, not much of Ms. Klinkenberg's presentation, but the other including the dialogue with Mr. Carter. He added I didn't see anything where, that there was anything I could contribute significantly, so didn't. He stated I have nothing to report. He concluded by wishing all a Happy Holiday.

(6) Old Business:

Chairman Allen stated there were no old business items to consider.

(7) New Business

Chairman Allen then stated for item 7, there is no New Business.

(8) Possible Other Business – Time for Commissioners:

Chairman Allen went on to item 8. Possible Other Business - Time for Commissioners, He stated before I turn this over to Mr. Rodi, I have some plaques laying up here. It says they're from the American Waterworks Association and recognizing 2009 Conservation Awards for Excellence, meritorious, for the showerhead exchange.

Prior to reading the other two plaques, Mrs. Fisher addressed the Commission and stated UC staff had put in for those awards several months ago and it was for the conservation efforts we did with the waterwise garden, showerhead exchange, and rain barrel buy-down. She stated I should have brought that to your attention earlier, I just wanted you to see those awards.

Chairman Allen stated well done. He then stated before I turn this over to Mr. Rodi I just wanted to welcome City Commissioner Judy Reiker, sitting in the back. He commented I hate to put people on the spot at the beginning of the meeting but she's sitting here and added I look forward to working with her in the future.

(8-a) Discussion RE: Potential Joint CC/UC Meeting* in April 2010

(*Per City Manager request from discussion by C.C. Hathaway at 12-08-09 CC Mtg.)

Mr. Rodi then stated he would like to first introduce the item that is on the agenda. This started with an email exchange and what's being proposed at this point is to have myself, Chairman Allen, and of course meet then with the Mayor and the City Manager, to talk about agenda items some time in April that are meant to reinforce a partnership. The City Manager and I had a brief conversation again today because I think it's critical that we view this as a partnership. I know that in the past I've referred to them, we've had many piñata sessions, and those aren't helpful. There are some really serious issues that are coming forward, and I obviously have copied the U.C. Commissioners. He then added, by the way you are free to share those with your favorite City Commissioners should you choose to do so. But with the changes that are occurring just on the environmental scene, now that the EPA has determined they're going to regulate greenhouse gases, what that means over a long time period is a lot more cost, lawsuits, a lot of acrimony, and of course in the House they've already passed a climate bill. The Senate is quietly working on one and despite what may have happened at Copenhagen, there are still some very serious issues that will become "pocketbook" issues. He stated regulating the amount of carbon and depending upon the generation source, if it's got anything to do with fossil fuel, it will be more expensive than if it's a renewable.

Mr. Rodi stated so I think that is some very good ground to talk about, you know what is the position on climate control. A lot of this has to do with building codes and how efficient your buildings are or whether or not we're going to have renewable energy sources here in New Smyrna Beach, a variety of kinds. So what I promised the City Manager I would do, and I have done so, is to put it on the agenda, to open the floor to what it is you'd like to do. What we are requesting is your approval for Chairman Allen and myself to meet with our City counterparts to put an agenda together. So that's

(8-a) Discussion RE: Potential Joint CC/UC Meeting in April 2010 (cont.):

basically what this item is.

Commissioner Hall asked, and Chairman Allen confirmed, a motion was needed.

Commissioner Hall then made a motion to approve Chairman Allen and Mr. Rodi to meet with NSB Mayor Barringer and NSB City Manager Brangaccio to develop an agenda for a potential joint City Commission and Utilities Commission meeting in April 2010. Commissioner Reynolds seconded this motion.

Chairman Allen asked if there was any discussion on the motion.

Commissioner Reynolds stated I think in my career what I found out, in many cases people hear something and the perception becomes fact without people really examining issues. I think in many cases we have the same thing in this City, whether it be the City Commission and what they do, or the Utilities Commission and what they do. And somehow, even though we have open sessions, and as you know we've had controversial issues, and some people come here but if you really take a look at it, not very many people hear what really goes on or even reads what really goes on. I think it's important for us to address, particularly since there's no newspaper coverage here, that now the City Commission and the Utilities Commission, we have to get the word out about what we're actually doing. And I know that we're doing our best and I still think more has to be done in that fact. I'll bring up a specific, if you take a look at "The Shadow", which I guess some people read, maybe a thousand hits on this thing, and some of it is so absurd and so false. It leaves a citizen that reads that to think that the worlds caving in and their money's going down the tube. I think what we need to do is that the Utilities Commission makes sure that the City Commissioners know what is going on here factually. That's number one, and number two, continue to strive to reach our citizenship so they really understand that the Utilities Commission does not make profits, that we are providing a service at a cost, and basically doing the best we can to get the cheapest service. So I'd like to ensure that if this is done, that this is brought up, and let's face the facts that we've got to get our word out there. Because it's propaganda in one sense if it's false, and if it's the truth, we need to get that on the street.

There being no further comments, Commissioner Hall's previous motion then passed unanimously on a roll call vote.

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

Mr. Rodi stated I have a second related item just for information. The Utilities Commission will have the opportunity to participate in the Citizen's Academy. For those of you who aren't familiar with that, usually most cities have a selection process for citizens to have special exposure to government operations. This is something that is starting new here and it will go for about a six week period, 15 to 20 citizens. Then of course they'll go to different organizations within the City. We've agreed to participate,

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

our meeting date I think is March 18th, and it will be from 6:00 to 9:00 p.m. What we're basically going to do is present here's what the Utilities Commission is and provide the back drop for a lot of the things that we talk about. I've asked Tim Beyrle, for example, to show a live demonstration of the OASIS system, which is the software that he goes into as far as buying and selling power when you're buying it out on the market, at least the public part of it. He added there are some of those things that might be edifying that we will participate in. We just wanted to make you aware of that, we thought it would be a good opportunity to share those things.

Mr. Rodi stated the last item that I have is also an information item. I've been working with Dave Hoover, and also Tim Beyrle and Robert Lemoine. Our SCADA systems, our supervisory control and data acquisition systems, basically are a form of artificial intelligence that tells dispatchers the condition of the system and some of the components. With new NERC reliability requirements on the transmission side of the house, and Dave Hoover dealing with more health requirements as well as St. John's requirements, we need to upgrade these systems; it's both hardware and software. Mr. Hoover's system I think is in the worse shape, but part of what's occurring on the electrical side of the house are many new requirements that the software isn't even capable of doing. So as we move forward with this I just wanted to let you know in case you hear of someone saying well now what are they doing with computers, these become very important and oftentimes they are a partial substitute for people. If you don't have an electronic device that says I'm off, someone come out here and talk to me, then you have to send a person out there and find out why it's off. So there are some offsets to this but we'll be moving forward with that. And we're in the price category, in each of them of maybe around \$60,000 for hardware and software, in each case for what we know right now. So I just wanted to bring that to your attention, a little awareness.

Commissioner Reynolds asked if this was going to be this fiscal year?

Mr. Rodi stated yes, it will be starting. Mr. Beyrle has a requirement that he had to complete that is part of the compliance audit that we had over a year ago and have just finished that. That will require partial extensions so we're starting on that, in fact, today. Mr. Hoover is already working on his, but most of those will start rolling out here January, February.

Chairman Allen stated he saw that ten years ago, coming to this point, and the tragedy of that is it doesn't get any easier. As the technology gets there and improves, the requirements of this gets really tight so it's an ongoing battle we're going to deal with. The complexity of the operation becomes that much more complex and to keep on the front of when you start dealing with all of the regulatory groups and the reporting that you have to make. It's not just "pie-in-the-sky", it has to be actual, factual, and they're wanting to see the real stuff.

Mr. Rodi stated and just a little add-on to that, I sent out today a study that was done,

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

about electrifying the transportation sector in the United States, and you know when you open it, it starts to scare you. But when people are going to use electric vehicles, and part of those batteries on those vehicles are meant to be a generation source, then you have to know through the metering exactly what that generation source is doing. Is it taking power from the system, is it putting power onto the system, and is it putting interference on the system. There are a lot of these issues that are very, very complex when you start getting these kinds of generators onto the system. So in order to set it up correctly, you have to make sure that you have good requirements coming into this and it's going to prove to be very interesting. This is all part of the smart grid and there are just lots of things that we should probably talk about at some other time, but not tonight.

Chairman Allen then asked if any other Commissioner had anything they would like to add.

Commissioner Zeller stated I just want to thank Ms. James again.

Commissioner Reynolds stated I wish you all a Merry Christmas and a nice holiday, certainly a Happy New Year, and let's all be back here in January.

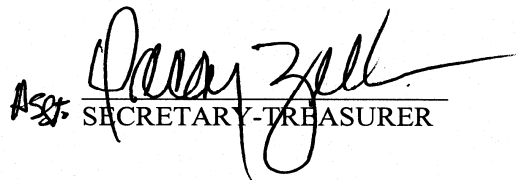
Chairman Allen stated and I wish you all a Merry Christmas and I again thank all the employees and staff for all the good work they've done through the year, and may you all have a blessed New Year.

There being no further business to come before the Commission, Chairman Allen closed the regular U.C. meeting at 7:35 p.m.

APPROVED:

ATTEST:


CHAIRMAN


Asst. SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their
January 25, ~~2009~~ meeting.
2010