

AGENDA ITEM 2-a

MINUTES OF A REGULAR MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD MONDAY, MARCH 16, 2009, AT 6:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

Preliminary Public Hearing RE: A Pole Attachment Fee for Cable Carriers

This public hearing was canceled*. (*Canceled subsequent to advertisement of this hearing and prior to release of the agenda for this meeting.)

Regular U.C. Meeting

Prior to opening the regular meeting, Chairman Allen proceeded with an invocation and requested Commissioner Diesen to lead in the Pledge of Allegiance immediately following. He then requested for a roll call to be taken and all of the Commissioners were in attendance as follows:

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

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. & Gen.; J. White, Director of Engineering; R. Lemoine, Director of I.T.; P. Di Chiara, Director of H.R.; D. Hoover, Director of Water/Water Reclamation; M. Lynch, Interim Materials Manager; B. Bilinski, Controller/Budget Supervisor; E. Fisher, Public Information Manager; D. Wood, Customer Service Manager; D. Zorge, Customer Service Supervisor; D. Simmons, Executive Asst./Recording Secretary; B. Preston, Interim U.C. Legal Counsel; Brad Douglas, Representative from Brent Millikan & Co., P.A.; Kevin Clancy, VP, Business Development Representative from Cogsdale Corporation.

(1) Agenda Changes, Additions and Deletions:

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

Mr. Rodi stated no agenda changes, but I would like to make a comment once we get to the Possible Other Business part of the meeting.

(2) Approval of Consent Items:

Chairman Allen asked if there was a motion for the approval of the consent items on the agenda.

Commissioner Diesen stated I have a question on item 2-g, would it be possible for us to see strike through where there are changes. I note that the dates are there but I don't know what the changes were, and when the manuals change you normally do a strike through, don't you? She asked could we see those.

Mrs. Di Chiara stated yes, I do have a strikethrough version, yes.

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

Commissioner Diesen then thanked Mrs. Di Chiara.

Commissioner Hall stated I have a question also about something in the policy that I don't quite understand.

Mr. Rodi asked Commissioner Hall if he would like to pull it off and then talk about it.

Commissioner Hall stated yes, let's just pull it off.

Chairman Allen stated okay, we will pull item 2-g off and bring it up a little bit later.

Commissioner Reynolds stated I would like to have a moment to discuss Possible Other Business items, on page 39 of the last meeting. He then asked if Chairman Allen wanted him to discuss it now.

Chairman Allen stated that's in the minutes right?

Commissioner Reynolds stated yes, it is.

Chairman Allen stated yes, let's go ahead and look at it right now.

Commissioner Reynolds then stated well, Mr. Rodi made the comment about small developers, seeing if we can somehow make life a little easier on them in this trying economic time. And I think that's something that we probably need to discuss, perhaps with the City Commissioners. To see what we can work out, so that the new business interests in this town has some benefit of doing business with us at this particular time, when they may be able to differ the payments or some other schedules like that. Commissioner Reynolds then stated so I would like to make that recommendation.

Chairman Allen stated okay, we will bring that particular area up, that could be another item under the Possible Other Business that we'll look at.

Commissioner Reynolds stated yes, that's fine, perfect.

Chairman Allen stated okay, other than item 2-g., as we pull that off to address some issues there, do we have a motion to approve the consent items.

Commissioner Hall made a motion to approve the consent items with the exception of 2-g. The consent items approved were item 2-a. Minutes of Regular UC Meeting Held 2-23-09, approved as submitted; item 2-b. EEI Master Power Purchase & Sale Agreement and Supplemental FCBBS Agreement to Master Agreement – The Energy Authority, Inc., a motion to approve these two agreements by and between The Energy Authority, Inc. and the Utilities Commission; item 2-c. Developer's Agreement and Addendum for Curative Massage, a motion to approve the agreement and addendum and to authorize the General Manager/CEO to execute these documents; item 2-d. Independent Contractor Agreement - Senior Network Consultant, a motion to approve the agreement by and between Bonnie Sanders, dba Syntris Technology Consultants, Inc., and the Utilities Commission, and authorize the General Manager/CEO to execute on behalf of the Utilities

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

Commission; item 2-e. Glencoe Water Treatment Plant (WTP) and Smith Street Pumping Station Water Facility Improvements (ITB 05-09), approve and award ITB 05-09 for the Glencoe WTP and Smith Street Pumping Station Water Facility Improvements to the lowest and most responsive bidder, Ortega Industrial Contractors in the amount of \$2,148,000, and authorize the General Manager/CEO to execute all documents associated with the request; item 2-f. Letter of Understanding – 301 Flagler Avenue – Clancy’s Cantina, Inc. – UC Project No. 09750-13, a motion ratifying the Letter of Understanding for 301 Flagler Avenue as submitted; item 2-g. Updating of UC Personnel Practices Manual (Human Resource Guidelines Manual) – removed from consent agenda for discussion later (item considered as the first item under old business); and item 2-h. Data Exchange MOU – Florida Department of Highway Safety and Motor Vehicles, a motion ratifying the MOU as submitted. Commissioner Diesen seconded this motion and it passed unanimously on a roll call vote.

(3) Public Participation:

Chairman Allen then opened the floor for public participation.

There being no public participation, Chairman Allen closed public participation.

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

Chairman Allen then stated the next item is the General Manager’s Report.

Mr. Rodi stated I know that Mrs. Klinkenberg will be doing a lot of talking later on in the meeting, so I’ll just make a brief comment about the financial status. As you notice for the combined system in February, that we finally swung into the black and it’s really touch and go. I just wanted to comment from a stand point of our budget compared to the actuals. Our budget’s down about 8.5% on sales, and I know the staff has been working exceptionally hard to keep us profitable. And even with, right now, this last month, it shows a 14.3% reduction in O&M expenses. Now that’s a significant amount to pull down and it hasn’t been without a great deal of sacrifice. But what’s really significant to show how much on the edge we are in managing, I mean every month. I think in one of the past meetings I had made a comment to you that during the last projected cold spell that I had asked Mr. Hoover fire up his generators because it was meant to offset peak. And that doesn’t sound like very much, but we think maybe we avoided, with that activity, maybe 3 MW of load that would have ended up being in our capacity charges for another year. And at \$13,000 a MW per month, very quickly you can see that decision totaled up to \$400,000 or \$500,000 dollars. So, those are the kinds of things that as you go, each decision that you make, have sometimes a pretty significant impact. He stated so I just wanted to pass that on, because I know that there are a number of things that are being done on a daily basis that have allowed this to happen. So, I wanted to pay a compliment to the staff for working so hard and listening to me ask questions a lot too. Thank you.

Chairman Allen stated especially if you end up spending \$3,000 or \$4,000 dollars on fuel and the units itself, and you avoid up to a \$500,000 cost by doing that which is a prudent thing to do; it’s good to see that done.

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

Chairman Allen then stated one of the other things I noticed from the financials and the statistics we had there was I know there's probably been a lot of complaints coming in about the high utility bills. It's not unusual when you have a temperature, the weather we had this particular winter, it's probably the worse weather we've had in 24 to 25 years in this area. You can see it in the statistics of the sales increase in February above the previous year; it's fairly substantial. Our peaks were fairly substantial over the previous years for the cold weather and so it does show that there was real consumption there and it's hard for folks to understand. And one of the things that we fail to see here, because when the weather gets drastic, and we've had a mighty move to people putting in heat pumps. Heat pumps are very efficient until you get below 50°, and so that heat pump's going to run and run and run, especially if they have a 5 KW or 10 KW strip stuck in there and they've got a module in there making it think, and that the strip is kicking in and out. I had several people come to me and say that they weren't going to pay their utility bill or they were going to pay what they paid last year. I said well, I wouldn't recommend you do that because you are going to pay more in the end. And just sharing with them, the one customer that talked to me, had just put a new unit in and it was supposed to be super efficient, and I said well it is, but when you look at the weather that we had, the cool weather, and the length of time periods, and that's the one thing the customer doesn't understand. Well, my furnace didn't run any longer, and I said, well it probably did and you didn't realize it. But you know, so our financials do show that increased consumption, and it is something that people need to be aware of. We try to have the most efficient units when we replace them, but when the weather gets to the right place, that units going to consume. So, and we've seen that this year and hopefully we won't see it again for 24 more years.

Chairman Allen then asked if there were any other comments.

Commissioner Diesen stated well I think too one of the things is we didn't have freezes, but it was just cold and then you'd get just a little warm up, and then it was cold, and but you know, no freezes. So people were not really I think aware that all night long their units were coming on, because it was hitting 40°, 41°; for a long stretch of time we had that. Frankly, I'm over it, I hope we're finished with it for 25 years.

(5) Commission Counsel's Report:

Chairman Allen then moved on to item 5, Commission Counsel's report. He asked Mr. Preston if there was a report.

Mr. Preston answered no report this month.

(6) Old Business

Consent Item 2-g. Updating UC Personnel Practice Manual (Human Resources Guidelines Manual) Chapter 2 (pulled from consent items):

Chairman Allen then stated before we get to item 6-a., can we go ahead and pick up item 2-g. Updating UC Personnel Practice Manual, the questions we may have there.

Commissioner Diesen stated that Commissioner Hall had the questions, I just asked for the strike-through copies so that we could see the changes.

Consent Item 2-g. Updating UC Personnel Practice Manual (Human Resources Guidelines Manual) Chapter 2 (pulled from consent items) (cont.):

Commissioner Hall stated it was about overtime. He found his notation and then reiterated it was about overtime and an employee having to take that overtime within the pay period that it was taken or given. He stated sometimes that's not possible, is there a fall back position we have, so that the employee does not lose time and a half, comp. time.

Mrs. Di Chiara answered well, they would never lose it. What we do is we try to have the employee utilize it within the same or the very next pay period, so if, that's taking comp. time. She added 99% of the time it is simply pay that goes into the paycheck.

Commissioner Hall stated that was next question, okay.

Mrs. Di Chiara stated comp. time would have to be at the request of the employee.

Commissioner Hall stated okay, thank you, I understand it now, clearly.

Chairman Allen stated to Mrs. Di Chiara, and then you are going to provide a strike-through copy.

Mrs. Di Chiara stated yes.

Chairman Allen stated there's really no action that needs to be taken on this so.

Mr. Rodi stated other than, as we had said to you before, you had given us the authority to make these changes, and what we said we would do is give you a copy of what we've been doing and then this way it keeps everything out in the open, so just for matter of being able to see it all.

Chairman Allen stated okay, appreciated.

Commissioner Diesen stated transparency.

Chairman Allen commented it's good to have that.

(6) Old Business

(6-a) Review of S&S Status

Chairman Allen stated okay, Mrs. Klinkenberg, it looks like you are on board here with the review of the S&S status.

Mr. Lemoine stated good evening, this is the first opportunity I've had to really give you the information requested regarding our Customer Service and Billing System. And we spoke about it last month, we know that we've had difficulties in the past. And what we had done back in 1999, is we installed a system called Cogsdale and part of Cogsdale's functionality has to do with being in

(6-a) Review of S&S Status (cont.):

sync with the Great Plains Accounting Software. And the Commission, for whatever reason, fell behind and they kind of got out of sync. So a lot of auditing issues, etc., came up, not so much due to the software but due to the fact that they were not in sync with our accounting package. He stated so we did a research back in 2006, looking for a software system that would be conversive with Great Plains and have the ability to provide the customer service that we want to give our customers. The Great Plains package is a Microsoft product and what we did is installed the latest version 2008, version 9, of our accounting package with modules that we had never installed before. With Mrs. Klinkenberg's guidance we were able to put in additional modules for Purchasing. We have a person on staff who is very aware of the SharePoint portion of Microsoft Software, so we can do ECN's, and do a lot of nice things electronically, that previously were only in paper form. He stated so the Great Plains software was relatively non-intrusive, it was a smooth change over to the latest version, and it's functioning near perfectly. During that time we had gone through the process of looking for software that would be conversive and enQuesta came here, and some of you are seated on the Commission and remember probably that presentation where they could do all the things that we needed them to do. We are engaged with S&S, Systems and Software, for their enQuesta System, and we went live a year ago, in July of 2008.

Mr. Lemoine stated one of the first things we started to notice, in August, July it seemed to be okay, especially the customer service side of the house, but when we started talking with the accounting package, and looking at our reports that we like to give to you each month, we were getting into a lot of disarray. One of them was a "time-out" issue which completely frustrated the staff downstairs, because when you are sitting at your computer and you are talking to a customer and your computer goes dead, it goes quiet, and you have to re-boot it, or you have to go out of the system and come back; it is very frustrating. Also, there was a number of bullet points that I put up there, credit card verifications, issues, tax calculations, as Mr. Douglas had mentioned last month, kind of came from the forefront. And the reconciliation was a nightmare for Mrs. Klinkenberg and her staff because they had to work four, five, and six hours into the evening at the end of the month to be able to reconcile our monthly accounts. So, it was obvious that things were wrong, and disarray.

Mr. Lemoine stated the Utilities Commission IT staff was able to solve the "time-out" issue alleviating some of the frustration, and in September of 2008, our auditors got engaged as far as our inability to report our taxes accurately. And Mrs. Klinkenberg, our Finance Director, had come here and informed the Commissioners of the deficiency with the system and that it was continuing to deteriorate. In October, Mr. Rodi contacted S&S when Harris had since purchased S&S, regarding this issue as well as others. The auditor contacted them and expressed his concerns, and he put together our top ten issues. There were others, but we took the top ten issues. And a Senior Management of System and Software visited us with the declaration that things would be fine come January 2009. Obviously, that did not happen and they suggested to rewrite the billing system with no guarantee of accuracy.

Mr. Lemoine stated at the November UC Meeting Mr. Rodi again conveyed the ongoing difficulties that we're experiencing, monthly reconciliation, any changes they make seem to be slow in developing, and we had so many people calling and asking about their bills that we had to take some of the internet folks and to handle some of those phone calls. And I think Commissioner Reynolds, you even called and said what's going on with your phone system. We were getting inundated with phone calls.

(6-a) Review of S&S Status (cont.):

Mr. Lemoine stated so the top ten issues were presented to S&S, some marginal improvements would take place, but when they fixed one thing something else would break, which continues to frustrate staff. We were able to internally write some of the reports that the accounting folks needed to get their work completed. It was a very slow moving process, caused a lot of heart burn, and we are still waiting for code adjustments to fix some of the ongoing problems. He stated under Mr. Rodi's direction I contacted a premiere leader in software technology called CIBER, we had a teleconference with CIBER. We then asked Attorney Preston to research and review the contract we had with S&S because CIBER had suggested that we move away from that particular software so that we could get things corrected. We also contacted other utilities that had employed enQuesta and engaged with them about their satisfaction, and if their performance was acceptable to them with limited results.

Mr. Lemoine stated in February, last month, Mrs. Klinkenberg recommended that possibly the best solution would be to go back to Cogsdale, and we had numerous conversations with the staff, with the IT people that were here during the initial installation of Cogsdale, and everybody has concurred that the easiest way to get us where we want to be and cause the least amount of discomfort would be to go to the latest version of Cogsdale, which has since kept up with the releases from Microsoft. There really is no other software out there, and one of the only other resolutions could be to write your own software and that is very time consuming and extremely costly. Cogsdale has provided us with a pricing and project Plan.

Mr. Lemoine continued with several of the top ten issues remain from S&S and now appear to be irresolvable. Cogsdale has, just today I found out from Mrs. Klinkenberg that Cogsdale can begin this project, if it was awarded to them March 30th, which is a very quick start to get us where we want to be. And you can see there, the funding situation as far as the balance remaining in our Upgrade Project Fund, it was our Customer Service Accounting System for enhancements, and you can go on to any funding questions that you may have at this time.

Mr. Lemoine then stated the discussions with Harris are still ongoing and we really do not have any immediate resolve to the top ten issues, they're still there. So we believe from a technical perspective that we can move towards a Cogsdale solution in a very good project timeline, probably by August 1, we will be up and running on Cogsdale. We think it's a viable solution to a very difficult situation we're in right now. He then asked if there were any questions he'd be glad to answer them.

Commissioner Reynolds stated well I think that it's good to keep a real record of this because we all have to be accountable for actions taken. So make sure you keep all your documentation because I'm sure someday somebody's going to ask us what happened to this \$600,000. And the other thing, could you put that last slide back up? I guess what my basis question is, is that money spent is sunk money. You know we may be able to, through legal actions, to be able to retain or get something back but I imagine the billing for that, for the legal fees would be pretty significant. So in essence, I sort of get a feeling from this briefing that we're still trying to work the S&S System, while we're going to consider using Cogsdale. If you look up there, "Continued discussions with S&S for "make whole" resolution with amicable transition to alternate system... Now, that "make whole" resolution, is that litigation that you would have with S&S or is that just trying to, have we officially stopped them from doing any more, spending any more money.

(6-a) Review of S&S Status (cont.):

Mr. Rodi stated well, there are a couple of things, one is under the existing contract they must also maintain the system, so just like we are using the system. The idea of "making whole" was that in the system so far we've spent maybe about \$500,000, it was \$600,000 project, and I'm just rounding numbers. And we owe them say \$100,000 yet on their contract, and I've said to them that we don't intend to continue with S&S. What I mean by "make whole" and what I've tendered to them as an amicable resolution, is that it may cost us \$250,000 to move to Cogsdale and they owe us \$100,000 and I want \$150,000, and that in essence they would make us whole to be up on a different system. What that that allows them to do, obviously, is to keep some of the money in their investment and we then get some of the money back so that we have an operable system. I've tendered that to the CEO of Harris Systems, as well as the CEO of S&S, and they're considering right now what it is they may or may not want to do. The alternative is Mr. Preston, and he's been reviewing the documents, and we have a great deal of detail. I said to Mr. Lemoine for purposes of this presentation, which you had asked for Commissioner Reynolds, that I want just highlights, because there are lots and lots of meetings and requests, and with projects like this, as you well know there are just tons of detail.

Commissioner Reynolds stated this is fine, I wasn't appealing to that, I was just saying you know good and well this is going to come back up somewhere along the line.

Mr. Rodi stated sure.

Commissioner Reynolds stated so, what you're saying is that by June, July, or August, say if that's the transition period with Cogsdale, then some letter of termination, hopefully you would have available so that we wouldn't have any further maintenance cost on the S&S System.

Mr. Rodi stated right and what I've said to them is, look they asked for two months to fix it, we gave them four, it's still not fixed. From their perspective they disagree with the auditor's characterization of the system and our view of what it doesn't do, and regardless of any of that, the fact of the matter is the system does not perform as we need it to perform, and as the customer I think that that's our choice, and then we move on.

Mr. Rodi stated I also wanted to make a comment about Cogsdale, because both Cogsdale and S&S are the customer side of this system, it's not the accounting side which is the Great Plains System. We ended up with S&S because way back, there were some issues as well with Cogsdale, some of them because we did not keep up with the most current versions, and others that were inherent in the system. But, Cogsdale treated us very equitably when we left, they were supportive, you know that that's a difficult transition to lose a customer. And likewise, since we have approached them, they have been very open and frankly generous, because when it says reimplementation, they will allow us to keep our old licensing current where they could have put a road block in there. So, they're obviously trying to get a customer back, and what we're trying to do is just have a functional Customer Service System again; so, it's a difficult thing.

Mr. Rodi then stated I wanted to comment just briefly about CIBER. The issue there is S&S has proprietary systems, and in order to fix, or even know where to look, you've got to have some access to that, and we or CIBER could not gain access to that. So, with that kind of a stopper and not being able to get the changes that we need to have done, it's pretty difficult to conclude with some trust that it will be fixed. So, that's something I need to say.

(6-a) Review of S&S Status (cont.):

Commissioner Reynolds then asked if S&S was still entering our system.

Mrs. Klinkenberg stated yes.

Mr. Rodi stated well, they've been blocked out, but since we thought they were blocked out, they've been able to get in and we're not quite sure how that's happened. Whether someone has forgotten in the evening to put the firewall in, or whether or not there's a back door that we don't know about. But there are a number of questions that happen, for example, even in dealing with credit card payments. Kubra is a subsidiary of S&S, which is now a subsidiary of Harris, and there was a problem with Kubra. They, S&S, were trying to help, they got in, they had it changed to the pass code, but didn't tell Mrs. Klinkenberg that they changed the pass code. So they fixed the problem that we were having, but then we couldn't get into the system to reconcile accounts. So, that's one of those things that could happen quite by accident, but it's just another continuing kind of an issue. He stated what we're trying to do with this presentation tonight, and that's why it says authorization is move on. I know that S& S has tried very hard, we've tried very hard, and it's just not working.

Commissioner Diesen stated were not losing the whole \$500,000 though, it's the labor basically.

Mr. Rodi stated no, what we're losing is actually a lot of the licensing costs. All of the computers, and the hardware are reusable, you know printers. He asked Mr. Lemoine and Ms. Klinkenberg to let him know if he was misstating. He continued with so what's happened then is that the differential is smaller because we have continuing licensing agreements with Cogsdale and we have new licensing agreements for the newer versions of Cogsdale. And that is what represents in that \$250,000 is Cogsdale's cost which is the majority of it, IBG has one part of that, and then there's some residual that were probably going to have to pay that we're just not aware of right now. So it's an inexpensive transition in relative terms, it's still a lot of money, but nevertheless what we're trying to do is amicably walk away from this. And we'll see if it happens, if not, then we'll have to take some other steps, probably.

Commissioner Reynolds stated are you asking for an authorization or right to continue with Cogsdale not-to exceed \$250,000.

Mr. Rodi stated yes, that's what we want, we want to move on with this thing, and let it go.

Chairman Allen stated one question I have is, coming back to Cogsdale and with the Great Plains is, it's prudent and responsible for us to keep those upgrades flowing forward so we don't get in this trap again. But the other thing was, with Cogsdale, my concern looking outward is with the Windows based system and the way Microsoft is continuing to change, and Vista there was a lot of problems and to be able to write the coding for Vista, but as we move forward into the future, will Cogsdale be able to do the proper coding. Because somewhere along the line, Windows XP is going to be outdated and that's some of my concerns, is knowing and understanding that the Window environment, the operating environment that you're running in, that those programs will run.

Mrs. Klinkenberg stated maybe the best thing is Kevin Clancy is here, he's the Vice President of New Business with Cogsdale, maybe he can answer those kinds of questions for you and tell you

(6-a) Review of S&S Status (cont.):

the differences, how it's evolved from the 7.5 Version, to the one we're considering. Would that be helpful do you think?

Mr. Rodi stated yes, if he would be willing to. I wanted to address one part of the question. Part of the problem that was faced previously was penny wise and pound foolish, and both of those systems resided on one server. So, now what we did was we have multiple servers, we've separated them, we have training server, I mean those are the kinds of things that should have been done, and that would have allowed for the upgrades irrespective of what version was on one or the other. But before since they were locked together, there wasn't anything that could be done that would be effective. So, I thought I'd address that part of it, and if you (Kevin Clancy) would address the "What's going to happen with Microsoft", if you know.

Mr. Kevin Clancy stated first of all good evening, my name is Kevin Clancy, I'm from Cogsdale, and I'm the V.P. of Business Development. I've been with Cogsdale 7.5 years and my first customer visit was New Smyrna Beach Utilities Commission, 7.5 years ago. I have a lot of personal ties with New Smyrna Beach, over those years as well, both good and bad, and I'm pleased to be back here tonight in front of you all. He stated to Chairman Allen, your comments too about Cogsdale and the future of Cogsdale, I just wanted to just kind of tell where we came from 1999 to where we are today. Back in 1999, we were an employee base of around 15, 16 people. I would say yes, you're still putting a lot of eggs in a company with you know that small amount of employee base, are they going to be able to maintain that, and continue forward. Well, I'm pleased to say we are 116 people, we just hired two more this morning, so we at 116 people and we continue to grow as a company. We have a revenue base this year of about \$18,000,000. So we have come a long way from our early days with New Smyrna Beach when they were the first client ours in Florida. We are now, we've got 19 clients in Florida, of differing usages of the software, so different commissions, like Fort Pierce, and Toho, Kissimmee, and then we've got other ones like St. John's County Utilities, and so on. So we have grown significantly over that time. He stated we have a strong development team, maintaining code sets that follow the rest of Microsoft, just to very clearly kind of understand that. We get a certification level from Microsoft for staying current, for developing and doing quality assurance practices, the same way they do their steps and developments. They come in and they test us, and they keep us at a higher level of certification. So, we work very closely with them, every time there's a release from Microsoft Dynamics Great Plains, as it's now known, our release is current as well.

Mr. Clancy stated so, looking back to the 1999, to where we are now, there was definitely a tough time in trying to make the transition from our older platforms that were used here at the Commission to where we are now. So much has grown from our use of the customer facing technologies, the user's experiences, and the clean-ups of the screens and process that we've built over the years that never really got moved into back in the 2006, 2007, time here. So, there's a lot of change that has taken place. And other folks like Bonita Springs Utilities, they also joined in 1999, with Cogsdale, and they have maintained all their current releases and now they're on version 10, with us, and have enjoyed all that different changes and functionality. So there's a stronger team in IT here than there certainly was in the early 2000, that I see, which certainly will make that partnership with us a lot easier in maintaining the go-forward. He stated so hopefully that helped with some of the explanation for you.

(6-a) Review of S&S Status (cont.):

Commissioner Reynolds asked Mr. Clancy where Cogsdale was located.

Mr. Clancy jokingly stated Holiday Inn Express.

Commissioner Reynolds stated I was just saying that with the name Clancy, I'm sure you can go down to Clancy's Cantina, and get a free taco; there must be a relative there.

Commissioner Diesen stated a margarita if you ask.

Mr. Clancy stated he had heard that and added maybe tomorrow on St. Patrick's Day. He stated actually our official headquarters is in Charlottetown Prince Edward Island, so a lot of Irish and Scottish up there on the East Coast of Canada. Unofficially, we are team of folks who really like working across the continent. We have customers all the way from Antigua, which is very attractive for Canadians this time of year, up to the Northwest Territories, not so attractive this time of year. So we've developed, that's our mentality, out of 116 employees, I think 37 are now U.S. based, so we have grown. We have two employees living in Florida, now as well, so we have branched out quite a bit in that time as well.

Mr. Rodi stated there was a second part of Commissioner Allen's question, and it related to the platform that Microsoft, the Great Plains System is on. And his concern was just like Microsoft stumbled with Vista, he was asking if from your experience whether Microsoft will continue to evolve their business platform, which is very different, so that it will be stable in the future to keep up with. So do you have anything that you can comment on, and confirmed with Chairman Allen that was the other part of his question?

Mr. Clancy stated yes, well first of all I have used Vista for two years, still going, going on my machine, so, no, obviously Microsoft is looking forward obviously to Office 7, which is coming out faster than they expected, and analysts are gleefully announcing the return of Microsoft on the platform side. I just actually came last week from the main user convention for Microsoft Dynamics called Convergence, and our user group is held at the same time. And in there you are seeing a community, just last week their was 7,000 people in there, there was 3,000 employees dedicated just to this Dynamics Great Plains Platform; so they are very definitely keeping this thing current. He stated more than that, the strategy of using Great Plains as a business platform integrated with the rest of their platform is so strong to Microsoft's vision. I mean they did things, and I might be getting a bit Techie, but just to give you an example, SQL (Structured Query Language) 2008, is a new SQL server version that came out late last year. Well, Great Plains was pre-certified for that because they have all the development teams themselves, they are working together as a common vision of where all this stuff is headed. He stated so the business platform itself is very, very, strong, it's going to be around for a long, long, time. And call it a stroke of luck, when we started developing on Great Plains, 13 years ago, we had no idea Microsoft was going to buy Great Plains and it was going to be as big as it is now, but it turned out to be a good decision.

Chairman Allen thanked Mr. Clancy and then stated the main concern I had is because if the operating system doesn't mesh with the different software properly, it's just like gears coming together and you end up with a stuck cog and you can't get anywhere. So, and looking and knowing where Microsoft's been and where they're at, and knowing that they're looking forward to moving forward to Windows 7, there has to be some resolution. To turn out a piece of software that

(6-a) Review of S&S Status (cont.):

causes a lot of problems for business is a bad deal, and we've been sitting here, working with the Windows XP Professional Operating System, which is solid, but somewhere, as you move forward, the newer operating systems are a little tighter on security and things, where it just makes it to be able to make that flow; so that was just some of my concerns and that ordeal. And then to make the shift and looking at moving from S&S over to Cogsdale, is that going to affect any kind of the reporting that goes to customers, the billing, and is there going to be much shift, the changes in the looks of that.

Mr. Rodi stated I don't know that the bill is going to look that much different, the bill will look a little bit different. But it will be a whole cut over again, just like we did to come off of Cogsdale to go to S&S, so a lot of pizza nights I guess. But in any event it will, I think, be a smoother transition because of the previous background many people have with some of the overall drivers in the Cogsdale processes. I tend to think from what everyone is saying to me, not having been personally involved, that they feel more comfortable about what to expect than having cut over to S&S, just because it has some still basic familiarity.

Mrs. Klinkenberg stated another benefit we're going to have doing this cutover is when we did the enQuesta cutover, we were basically held captive to S&S to do everything because it was their software, their programs, they knew everything, we knew nothing. With Cogsdale, we have in-house expertise in all the reporting and the data conversion and that's part of what we're using IBG for, we're going to be running, basically the whole conversion part from enQuesta into Cogsdale in-house. That will all be handled internally, it won't be in anybody else's hands, so it should make for an easier transition into Cogsdale.

Chairman Allen stated the positive side that I would see moving forward and transitioning is manpower, and my concern is trying to do an audit and the auditor's feel comfortable about the numbers coming out. If you can't get numbers out through a reporting system without somebody sitting over there with a calculator and going through a back door trying to figure out what you got, it doesn't give me a very good feeling. And I think that we need to move forward and get something that's accurate, something's that's user friendly, and something that we can respond to our customers with. If we can't respond to our customers in a timely manner and know exactly what we are doing, we're in a heap of trouble.

Commissioner Diesen stated yes, my concern is when we can get a real clear report. We believe that customers have been dropped or cut outs haven't been handled.

Mr. Rodi stated just if I may, I'll comment on that. That's, part of what the audit showed was a lot of the detail within the billing itself is correct. There were tremendous problems in getting reports that help you manage the business. Also, in finding information within the reports, errors would occur. So I think what the audit report showed is that the S&S System does not satisfy auditing requirements. What we're having to do is spend a lot of additional time for employees to answer each customer's question, and that's just taking a lot of manual effort to do. And we won't be able to reconcile some of this until we're onto the new system. And that's been part of the frustrating and I think that's the primary point that you make, you don't know if there is something wrong because you can't get a report to help you find it, but occasionally something is wrong and you find out about through a customer asking a question and that's not a good position to be in.

(6-a) Review of S&S Status (cont.):

Commissioner Diesen stated now we do know that this is not a proprietary system, we're not going to get ourselves, I mean we've been down this road so many times, where we've had people who have been able to go through the back door but we can't get through the front door, and so I want that assurance that that's not going to happen to us again.

Mr. Rodi stated well, I think the Cogsdale Software itself is proprietary, is it not.

Mr. Clancy stated yes, but in terms of accessibility it's a completely different game. Not only is it using the same data tools, the same data base as the Great Plains that everybody here is familiar with, so when you talk about proprietary it's really the closure of that system to other users and to be able to get to data. I would say that the experience will be completely different.

Commissioner Diesen stated so there's not going to be time when you are going to be able to get into something that we can't, that we need.

Mr. Clancy stated we don't like that.

Commissioner Diesen stated no, we don't either, I've got to tell you, we've been there, done that, not doing it again.

Mr. Clancy stated our happy face is when the user never calls us because they do everything themselves.

Commissioner Reynolds stated I would like, just for clarification, Commissioner Hall asked this question last meeting, can we unequivocally state that the billing to our customers is an accurate billing. In other words all those billings that we've sent out, 23,000 something customers, from your standpoint is 99.9% accurate.

Mrs. Klinkenberg stated for the bills that the customers received the calculation is accurate. Whether all customers have received a bill for all services that they have, I cannot say with confidence that they have all been billed. At the last Commission Meeting, Commissioner Diesen asked me how much of our revenues are due to enQuesta and billing and I said honestly I didn't know. We've since requested a report be written, and we had asked for some guidance from S&S to write the report because we were going to do it in-house, and they said no, no, no, we'll do it for you. They wrote the report to my parameters that I gave them, because I wanted to see how many customers haven't received a bill in the last 35 days, but not new customers, it should be somebody who's received a bill. Well, the report shows that every customer is billed every single service, and it showed, I think we had four accounts that came up, and of those four accounts, the first time I ran it, it was somebody who had just cut in. Well, since then we received a customer was cut-out, and complained about being cut out for non-pay, came down, we reviewed their account, and it turns out that for three months they were billed only garbage, only city services. They have electric, they have water, they have sewer, but for three months they've received none of that on their bill, their bill was just city services. All of sudden, we don't know why this happened, electric, water, and sewer, all of sudden came back in, into their bill, and it was three months worth of consumption all at one time, and when the customer didn't pay it, that's when they got cut out for non-payment. And if we hadn't, if the customer didn't come to us with that we would have never had known because the report didn't pull it out, and it was supposed to.

(6-a) Review of S&S Status (cont.):

Commissioner Diesen stated so that level of comfort is not very high, with that report.

Mrs. Klinkenberg stated correct.

Commissioner Diesen stated because it may show that everybody got a bill but nobody got billed for everything.

Mrs. Klinkenberg stated and they told me they ran it specifically for each individual application and their applications are electric, water, wastewater, and city services. They said they specifically ran it that way so that if someone billed for one service and didn't bill the other, this report would catch that, but we found proof that the report didn't. And that's typical of what we've experienced with the reporting from enQuesta.

Mr. Rodi stated so the statement remains that if you got a bill it's accurate for the part that was billed, but you may not have all the parts and pieces.

Commissioner Diesen commented just bill me for garbage for a couple of months.

Mrs. Klinkenberg commented it will catch up with you, I promise.

Commissioner Diesen stated maybe, maybe not, oh yes but we're switching over, we'd catch it.

Commissioner Reynolds then asked is the switch over July and August? Is that based on how soon we can get there, or through mitigation and litigation with S&S, or a combination thereof.

Mrs. Klinkenberg stated what were hoping for, and to Mr. Clancy, we're still trying to fine tune everything, and I understand from Cogsdale's standpoint, they don't want to commit their resources until they know for sure that we are going to go with them. So tentatively they can have, I guess it's like their Project Manager, John Wema, who did our implementation back in 1999, so he is familiar with us and our processes, they can have him here in March. And if our IT Staff, and they are ready to start moving immediately, as well as IBG is ready to start immediately, on getting the data conversion going, then once we start that, that's dependent on when we can "go live". My goal is to "go live" as soon as possible, because once we get past that one year mark on enQuesta, I think it's our Charter that says we can back bill one year. So, God forbid we lost some customers out there that haven't been billed for a year for pieces and parts of their bill, we could still recover that money if we can get live, because we can go back 12 months, but the further we get from the "go live" date, that's more lost revenues that we can't recover.

Commissioner Reynolds stated can we do a statistical analysis, in other words take a portion of the billing cycle and just say 2% to get a feel of what percentage of missed billing went out. Is that worth doing so that we sort of have an order of magnitude of the problem.

Mrs. Klinkenberg stated well, we tried what we called in the middle, billing parallel. We took all the reads that were going into enQuesta, the meter reads, and converted those because it's a different platform from enQuesta to Cogsdale, and we put them back in Cogsdale 7.5. And we did three months worth so that we could get an accurate picture of the same billing cycle and the same time period. And when we did that, and we printed both bills from both cycles and we literally sat

(6-a) Review of S&S Status (cont.):

there and flipped page for page and checked every one of them. We found some discrepancies, but they more like people, we have such a transient population in New Smyrna, that it was so hard because so many move in and move out. So we really didn't find anything that we expected, we totally expected to find a lot of disarray in the billing and it wasn't there.

Mr. Rodi stated so we did try that parallel path in order to get some indicator of what order of magnitude we might have been facing and it just didn't happen. He stated there's another part of the time table and it relates to a longer cut-over time, like Labor Day Weekend, Memorial Day Weekend, Fourth of July, you know some because there's such a tremendous amount of effort to get off of one system and then populate the new and then get onto it, and test it, and get it going. So that there's some natural time frames, like the end of May, and then you look for July, and then the next one is in September and so that filters into this. And what I wanted to do with this evening's presentation was not only to give, okay here's the history of how we got to where we are today, but also we need to really hit it now and move forward.

Chairman Allen asked if there were any other questions.

Commissioner Diesen stated one other thing, Mr. Lemoine the consultant that we approved, will that person be helping with this as well, was that part of this, under the consent agenda, we approved the ongoing consultancy.

Mr. Lemoine stated yes, she will, the consultant that we utilize today will be part of that whole effort because the normal trend of other things that need to be done on a daily basis will be handled by U.C. staff, so the consultant will be freed up to take care of any special consideration that needs to take place more than our system.

Commissioner Diesen thanked Mr. Lemoine.

Mr. Rodi then added to Commissioner Diesen, in this amount is cost for Cogsdale and IBG, and some other external facilitators we may need, and that's why I phrased it external costs, it doesn't relate to internal employees.

Chairman Allen asked if there was a motion to move forward on this.

Commissioner Reynolds stated I make a motion that we approve moving forward* with a \$250,000 ceiling, and if anymore is necessary of course come back, (*authorization to move forward with the Cogsdale replacement/re-implementation upon satisfactory timeline and cost discussions and authority to \$250,000 for external all-in costs, excluding legal expenses). Commissioner Hall seconded the motion and it passed unanimously on a roll call vote.

(7) New Business

(7-a) Capital Improvements Plan – 5/10 Year (FY2010-2014 / FY2015-2019):

Mr. Bilinski stated good evening Commissioners and Mr. Rodi, this presentation will address the capital improvements necessary to maintain and continue the level of service our customers are accustomed to for the next five and ten year periods.

(7-a) Capital Improvements Plan – 5/10 Year (FY2010-2014 / FY2015-2019) (cont.):

Mr. Bilinski stated as you can see the Capital Improvement planning process was a collaborative effort with input from all the divisions at the Utilities Commission. Fiscal year 2008 and year to date 2009 activity, as you've seen from the financial reports, shows a significant slowing in growth. February 2009, over February 2008, customer growth is stagnant to a slight 1% decrease across all services, therefore capital needs in 2010 are expected to be 31% less than last year, a decrease in over \$2 million dollars, primarily in the wastewater and reuse areas. And as you can see on the charts there, there are five projects we've identified that can be delayed beyond 2010 generating over \$2.3 million in savings for next year.

Mr. Bilinski stated over the next five years we are projecting in total \$44 million dollars of capital requirements, which is a slight 3%, decrease from the same five year period from last year's plan. In this plan, the major focus is shifting to wastewater and reuse as we will be having projects to improve, increase, and maintain systems such as the Aquifer Storage and Recovery for reuse irrigation, costing approximately \$6 million. Wastewater treatment capacity expansion of \$4.5 million, which includes the beginnings of a 3.5 million gallon per day expansion, and additional improvements of \$9.5 million dollars for things such as lift stations, line rehabilitations, and line extensions. Of course we always have our electric sources that we need projects to maintain, improve reliability, and cover peak usage, which will be about \$12.5 million over the five year period.

Mr. Bilinski stated in the recently passed economic stimulus package from our federal government, one of the provisions was to increase the borrowing limits for states and other governmental entities such as the UC, for bank qualified debt for the years 2009 and 2010. This limit increases to \$30 million rather than the \$10 million that had been in place. We at the UC expect to do a new financing placement later this year in 2009, and to use a major part of that refunding or refinancing to eliminate the debt we currently have with the FMPA which is about \$16.5 million currently. The FMPA is having difficulties going out and renewing their line of credit with Wachovia Bank, which as you know has been taken over by Wells Fargo, so we believe it is prudent at this point to really consider eliminating that debt. We also have about \$2.5 million of 1993 Revenue Certificate debt that is due in 2018 and 2019 that we'd also like to eliminate using this debt placement. He stated all told for the next five years we expect to need about \$23 million, in capital improvement funding requirements, but only \$5 million would be required in the first two years, so \$30 million would cover us for the next two years, being 2010 and 2011, with no problems.

Mr. Bilinski continued and stated this chart just shows again, of the \$44 million we're projecting for the first five years, that almost half is in requirements for reuse and wastewater, just over a quarter for electric, and then water and common projects in the IT area and accounting and engineering, about 13% each. And where are we going to get the funding for this \$44 million, again half from alternative financing, such as the debt placement we were talking about, and the other half from internal sources within the UC.

Commissioner Reynolds asked does this account for any alternative energy sources that we've been talking about.

Mr. Rodi stated the alternative energy plant that we're talking about is going to benefit the U.C. through a purchased power agreement, so all the investment at this point, they're forecasting \$130 million will come from the private sector through that company.

(7-a) Capital Improvements Plan – 5/10 Year (FY2010-2014 / FY2015-2019) (cont.):

Commissioner Diesen asked on the raising of the \$10 million to the \$30 million, now that doesn't, we're not in any combination with city on that.

Mr. Rodi stated well, I think it is the same pool, and we'll have to coordinate with the city's needs too, and I think Mr. Bilinski said it very delicately, FMPA is dealing with some pretty trying issues at this point and we've been advised that it's probably in our best interests to refinance the loans that we have with them to some other type of an instrument at this point.

Commissioner Reynolds then asked does this include any grants that we propose or have written.

Mr. Rodi stated it has no grant money in there, no.

Mr. Bilinski then stated I was just going to say to close the loop on the succeeding five years being 2015 to 2019, pretty far out, but just to give you a feel, the first five years we were talking about \$44 million worth of capital improvement requirements, and the second five years we're talking about \$52 million of improvements, for a total of \$96 million over the 10 year period, and again in the second five years, the primary focus continues to be on wastewater and reuse requirements. Also there's about \$41 million dollars worth of projects funded by developer and infrastructure fees within the context of our Capital Improvement Plan; just so you get a whole picture of what we're looking at.

Mr. Rodi stated I would like to provide a couple of comments. One of the approaches that we have used consistently, at least from my direction, is that we put dollars that we think we're reasonably going to need, and then we also look for ways not to need them. And part of what we've been seeing with not only the change in the economic conditions but there's just a tremendous amount of unknown that's occurring now. For example, the carbon dioxide issue is you know really being bantered about again, and even aside from a cap and trade type situation, which would impact us through purchased power agreements, unless we had renewable plants in nuclear for example. There could be a tremendous impact to us, just based upon our contract that we have with now with Progress Energy, and the daily buys or the strips that Tim's buying. We may have another \$4 million a year, if there's a \$15 dollar per ton CO2 tax, that's just CO2 tax. Likewise, the drivers that are occurring on the water side of the equation are very significant, in that, as you may recall you gave us permission to hire a Tallasse firm to work through the issue with St. John's on their providing a CUP for reuse water. Now what's happened with that, it's our understanding that particular regulation has been parked and for whatever period of time it's not on the agenda. But what it says to us is that if all of our water sources are being regulated, and we end up with even greater limitation which you see now, St. Johns has promoted another set of rules and I think the county has adopted those rules as well, and the city by ordinance had already followed St. John's whatever that would be. There will be, as a result, a tremendous burden to find alternative water supplies that are reasonable in cost, and the technology that is available today doesn't fall into that category. So those portend some expensive solutions and that's why I think our alternative water project that we've been working on has reasonableness to it and it has new technology that even goes beyond the bonds of the traditional that we haven't been talking about. So with all of that in mind what we're trying to do is spend the dollars we need to spend to keep the system in a safe operable state and spend money in a timely fashion, so that we don't spend it sooner then we have too and if we can delay it we'll push it off. So that's in summary what the numbers are starting to show, and we shifted a great deal. What we forecasted for fiscal year 2010 CIP is down 30% over

(7-a) Capital Improvements Plan – 5/10 Year (FY2010-2014 / FY2015-2019) (cont.):

what we forecasted last year for fiscal year 2010. So as we can shift those out, I think that's the prudent thing, but we can only do what we are able to do.

Commissioner Reynolds stated first of all it looks to me like it's very prudent to wastewater. And I want to congratulate the fact, I noticed today, that wastewater is bringing in more revenues than fresh water. That's really significant when you think about, so it's a gold mine out there in that respect. Secondly, will this new capacity provide distribution expansion, so that ...

Mr. Rodi interjected for reuse.

Commissioner Reynolds confirmed yes for the reuse. And my second question is, through this period of your budget, what do you expect the increase in rates would be for water, electric, if we looked at this and our expenses here are based on what we think for all the expenses for electric and water, what can our customers expect through this five year period.

Mr. Rodi stated it depends upon external financing. If we have to go out and obtain more expensive external financing and additional financing, then there's a likelihood that rates can go up. What we've tried to do is time any new financing to occur with the expiration of the old debt obligation. And the trade off on this has been that if new growth pays for itself, then we've removed that part of the cost from the equation and base rates. What that allows us to do then, as we arrive at the 2017, that time frame, and if we're able, for example, not to have build a new wastewater plant, because that's triggered on a 70% capacity use. That allows us then to replace that old debt with new debt for the new plant, and then we recover that cost back through capacity fees as we have for the existing plant. So, a lot of what we had shown you when we went out for the financing for the 20 inch water line, if you go back and look at those numbers you'll see a very careful structure that we're trying to implement that allows us to work our way out of our debt and replace it with only needed debt. So it sounds almost totally repetitive, but the fact is that's what we are trying to achieve. The cost for next year, for the O & M part of the budget which is coming up next, we are planning at this point, and we've got to work the numbers out, is to have no increase in electric rates, no increase in water rates, no increase in wastewater rates, but an increase in reuse, because the reuse is very, very, inexpensive, and it's being used somewhat, in some cases, recklessly. So we feel that we need to recover a great deal more revenue from the reuse dollars and then use those dollars to help us. And part of what you don't know that's in some of these numbers, is that we are at this point devising ways for us not to discharge any of the excess reuse into the river, or into the Mosquito Lagoon. And we have a project now that we're doing, we will be able, for a short time, to supplement the new well that was just drilled out at I-95, to test it out to supplement reuse. And by doing some of these things what we're trying to do is build an extension for the reuse because that's where it's going to go, but there's a lot that has to be done just to allow us to take those steps. So, it's going to be a very challenging time.

Commissioner Hall stated how often are we going to revisit the five year Capital Improvement Plan, do you plan to give us a yearly report, a semi-annual report, or what?

Mr. Rodi stated well every year we present not only this five year plan, but then there's another five years with it, and that's part of the infrastructure requirement that we must have actually a ten year plan, so that's why we present a ten year plan. But what happens then, the projects as we are building them, we're reporting some of them through the financial reports, but mostly the progress

(7-a) Capital Improvements Plan – 5/10 Year (FY2010-2014 / FY2015-2019) (cont.):

on the projects is included in the General Manager's Report and that's on a monthly basis. If you would like to see more specific project reports, Mr. White has a wonderful Excel spreadsheet that has yellow highlights and everything that he shows us every month, and he manages that very well.

Commissioner Diesen asked does that show where the reuse will be extended.

Mr. Rodi stated at this point we haven't developed a plan as to where we're going to go with the reuse, first what we have to do is make sure we have a sufficient supply. For example, the plant that we're talking about, the renewable energy plant, has a water demand. The water demand's going to come from reuse, so part of what we have to do is also become more efficient with how reuse is used, with addition to being more efficient with potable water consumption. So we've been working with the University of Central Florida, to try to develop with them new sensors that go in the ground, that will monitor irrigation, whether it's from reuse or from potable design, as a way to get more reuse water, and then see how else we can supplement. Because I know at this point, Mr. Hoover does very, very, well in redeploying all of the reuse that he makes, for most, I think somewhere around 90% of it is redeployed. He then asked am I close Mr. Hoover?

Mr. Hoover stated yes sir.

Mr. Rodi stated okay, so that is going to be the challenge, those are the parts that we have to work out. We're talking about reusing the old Sugar Mill water tank, there's a \$25,000 amount that's in there that had been a potable tank, we hope to store reuse water there. So, those are just a lot of little things but we don't have a sophisticated plan at this stage.

Commissioner Diesen stated I would like to put in a word, beach.

Mr. Rodi commented I know.

Commissioner Reynolds stated well, I've been telling everybody forever, I have a 13 foot well, which pumps out water, what is it Mondays and Thursdays or whatever, and it keeps everything alive. I'm sure it has some salinity to it, but if we could somehow get a program going of where the Utilities Commission would put a well in for somebody 13 feet and maintain it and they rent it from us, that would be a great way of solving the beachside problem, and make some money at the same time.

Commissioner Diesen stated I don't know how you can go only 13 feet, you're on a sand dune.

Commissioner Reynolds stated no, this is on the beach, this is another beach property.

Commissioner Diesen stated oh I was going to say, it can't be at your house that would be a miracle.

Chairman Allen then asked if there were any other questions. Then he added so we are going to have work closely with the city as far as that \$30 million cap.

Mr. Rodi stated for the coordination, yes.

(7-a) Capital Improvements Plan – 5/10 Year (FY2010-2014 / FY2015-2019) (cont.):

Chairman Allen stated for the coordination for that, because I know last year when we went out, they were looking at this year. It will have to be taken care of as far as our side communicating with them. He then asked if there was a motion to approve the proposed 5/10 Year Utility Capital Program.

Commissioner Hall stated so moved, and then asked do we need a motion.

Mr. Rodi stated yes, I do, but I'd like one clarification for scrivener's errors. One of the things we find is as we rush to put these together, we sometimes need to make corrections, and with that understanding, I ask for a motion.

Commissioner Hall then made that motion, to approve the proposed 5/10 Year (FY2010-2014 / FY2015-2019) Utilities Capital Program, with allowance for correction of any scrivener's errors, and Commissioner Diesen seconded the motion. The motion passed unanimously on a roll call vote.

(8) Possible Other Business – Time for Commissioners:

Chairman Allen stated okay, no other New Business, let's move on to Possible Other Business – Time for Commissioners. He then asked Mr. Rodi to begin.

Mr. Rodi stated part of what I wanted to talk about was the power plant. We've quietly been working to assure ourselves that there will be fuel supplies and that's the primary burden of the builder. But what I'm doing now is we're beginning to start to put the contract together and what we'd like to do is, and I'm saying this because the timing of this will be such that it will maybe arrive through public hearings, etc., in front of the City Commission about the same time our O&M budget would be arriving. And I think that's probably a positive and a negative both at the same time, but I'll try to expedite it, but there's a lot that still has to be done. So I just wanted to communicate that I'm continuing to move forward with this, I would expect that at some point, maybe April or May, that Mr. Beyrle and perhaps one of the Commissioners would visit the plant in Canada, and that requires a passport by the way now. Mr. Beyrle has a passport and it will be warmer then, but we'll have to line that up, you know, for those parts of the due diligence. So I'm communicating at this point that we're still moving forward with that, there's just a tremendous amount of detail to work out.

Commissioner Hall commented Commissioner Zeller volunteered.

Commissioner Diesen commented to Chairman Allen you know more about this.

Chairman Allen stated well I might know more about it, but I just don't want there to seem to be a conflict of interest.

Mr. Rodi stated I think Commissioner Zeller at one point wanted to kick the tires on one of them, and I think he may be...

Commissioner Diesen stated we had recommended he go to Canada and intended to send him in February.

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

Mr. Rodi stated thank you and added that's all I had.

Chairman Allen asked Commissioner Hall if he had anything.

Commissioner Hall stated no, except that in reading the minutes of the last meeting my blood pressure went up in reviewing what the gentleman said from Flip Flops, and I hope we don't get into a situation like that again. I mean he was quite rude, he interrupted Mr. Preston several times, you could see it in the minutes, he interrupted several others, and I just hope we'll stop that kind of behavior; it doesn't do any of us any good.

Chairman Allen commented it doesn't give us any good PR either.

Commissioner Hall stated no, no.

Chairman Allen then asked Commissioner Diesen if she had any comments.

Commissioner Diesen stated I just want to thank staff for giving us excellent reports tonight. I think it's hard, it's a difficult time for us, and I think we're moving forward in a positive way and I'm glad to see that, and I wanted thank everyone who put the time and effort into doing this.

Chairman Allen asked Commissioner Reynolds if he had comments.

Commissioner Reynolds stated I would certainly agree with Commissioner Diesen what she says there. I think it's remarkable that we can have such candor in reporting problems and challenges, and I hope we continue to do that because the world is not simple and so we have to keep up, and you're doing a great job. The other thing that I wanted to mention to you, is that if we can have program where we try to get the, I talked to Mrs. Fisher briefly here. For instance, the hospital hasn't had an energy audit, so I'm trying to get the hospital involved in doing that and it's large facilities. And I don't even know, has the city asked or requested that, but that's a good thing, to save stuff, save energy, to save water. And I think the plant program is great, I somehow wish that we could get all of the city involved in that, but we're trying, we're doing a good job, so keep that up, that's really a good program.

Chairmen Allen then asked Commissioner Reynolds what was the other item that you wanted to kind of discuss a little earlier.

Commissioner Reynolds stated that was in one of the minutes here.

Mr. Rodi answered it was new business for struggling entrepreneurs.

Commissioner Reynolds stated yes, Mr. Rodi brought that up. And you know, in some cases, the impact on small developers could be \$25,000 and \$30,000 dollars, and from all that I hear and have known is that small business is the engine for economic development. And it would seem to me that if we can work with the city to come up with something like that, perhaps they can waive the permit fees, and we can do something like this, maybe staff could begin working with the city to see if there's something that could come out of that so that we could announce it. You know, if you want to apply, it's a good time to do it.

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

Chairmen Allen stated the other side of that would be a time table for those paybacks, for that costing, where it wouldn't hit somebody right on the very front end in starting up, trying to get started up and start moving. So that basically would take looking from our end, it's going to be some type of a policy or something that would have to come out, would it not, or do we have something in place for that.

Mr. Rodi stated yes, I think part of what I was trying to propose is a way for a developer, especially a small one, to float money for some period of time. You know, we are so bound by some of our resolutions that we can't show favoritism, we can't subsidize, so what we've been trying to do is to think of other ways that can facilitate things. I know that, just like in the solar debate, some cities have gone out and have financed buying solar panels for residents, and used the cities' financing ability to pay for those units, it's very expensive, and then they pay it back in taxes. So, there may be some creative ways to generate that so it doesn't end up in your base rate.

Commissioner Reynolds stated we had a program like that I think a while back, because I was pretty interested in it, and I think at that time the utility was funding half of it.

Chairmen Allen interjected a third of it wasn't it, and confirmed that with Mr. Beyrle. He added I was interested in it and got shot down.

Commissioner Diesen commented wasn't that with the Solar Energy Center, through the Solar Energy Center.

Mr. Rodi stated yes, yes it was, and added none of us know how long all of these economic conditions will continue, but if we can be more creative without transferring that burden onto the rate payers or citizenry, that's the important thing.

Commissioner Diesen stated and there may be extra money coming down, there's a big chunk, billions that's coming down, and some of those things may funnel on down with that kind of grant available.

Mr. Rodi added we're trying to find some of that money too.

Chairmen Allen stated well that may be an issue that we can discuss if we were having a joint meeting again, to try to come up with some ideas there. He then stated a couple of things I wanted to, I'm concerned about is, when we look at and we think about alternative energy, alternative resources, and I think it's very prudent for us to stay right on that. That should be a hot item right up on the very top of our list. A lot of people tend to back away from it at this time because you know fuel is coming down. As a matter of fact, fuel has gotten very reasonable compared to what we've paid in the past. But the other thing is, even energy in certain places across the country have dropped considerably, but it doesn't appear to be dropping to much here, and I think there's this play the game and see what I can pull out of it. But the tragedy I see that's going to happen is in another three years, we're going to be back in the same place and it's not going to be any fun coming out of it. So when we look, and we think about needs for our community and to be on the forefront, it's so important to stay on top of that.

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

Chairman Allen stated and then my other concern is just reading over the last couple weeks and even this morning, a lot of the bond ratings that are changing, and how's that going to impact us as a utility.

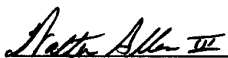
Mr. Rodi stated it will.

Chairman Allen stated I see a lot of folks being impacted, so that's a big concern. And then the other thing is, you look at transmission, and I've been reading some of FMPA's predicaments that they got into. And the other thing is trying to figure out what the markets like, projecting where you're going to be, and then all of sudden somebody hedges, they're hedging, and all of sudden you're hedging where you thought things were climbing and you get stuck, and prices are going down. It takes a big impact on a utility and on the customers and on communities, there's going to be a major outcry in the next couple months, as a matter fact the next six months, I think, across Florida.

Chairman Allen stated but I just want to express my appreciation to the Commission's staff, to the employees, for the way they manage in their particular areas and operate in a prudent manner, a safe manner. So it's very important for us, you know we think it's not a big thing, but it is a big thing, and as we try to meet our customer needs, and I just appreciate the good work that goes on. He stated with that I have no other comments and after confirming there were no other comments, stated I guess we can close and end the meeting.


There being no further business, Commissioners Reynolds made a motion to adjourn. Chairman Allen closed the regular U.C. meeting at 7:33 p.m.

APPROVED:



CHAIRMAN

ATTEST:



SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their April 20, 2009 meeting.