

AGENDA ITEM 2-a

MINUTES OF A REGULAR MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD MONDAY, JUNE 16, 2008, AT 6:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

Chairman Allen proceeded with an invocation and requested Commissioner Hall to lead in the Pledge of Allegiance immediately following.

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

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

Others in attendance were as follows: R. Rodi, General Manager/ CEO; L. Klinkenberg, Director of Finance; T. Beyrle, Director of System Operations & Generation; R. Mitchum, Director of Electric Operations; D. Hoover, Director of Water/Wastewater; J. White, Director of Engineering; P. Perez, Director of H.R.; R. Lemoine, Director of I.T.; B. Bilinski, Controller/Budget Supervisor; E. Mahle, Public Information Manager; D. Wood, Customer Service Manager; D. Zorge, Customer Service Supervisor; D. Mallegol, Fiber/SCADA Technician; B. Sanderson, I.T. Independent Contractor; D. Simmons, Executive Asst./Recording Secretary; B. Preston, Interim U.C. Legal Counsel; City Commissioner J. Grasty; City Commissioner L. Plaskett; Melanie Stawicki-Azam, Reporter for the NEWS JOURNAL; Bob Tolley, Steve Provost, Jay Preston, and Grey Wilson, members of the public.

(1) Agenda Changes, Additions and Deletions:

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

Mr. Rodi stated there were none.

(2) Approval of Consent Items:

Chairman Allen stated okay with no changes, let's go on to the next item, approval of consent items.

Commissioner Diesen made a motion to approve the consent item, item 2-a. Minutes of Regular U.C. Meeting Held 4-21-08, to approve as submitted. Commissioner Reynolds seconded the motion and it passed unanimously on a roll call vote.

(3) Public Participation:

Chairman Allen then opened the floor for public participation. He requested the man who had his hand up first to step to the podium and give his name and address.

(3) Public Participation (cont.):

Mr. Jay Preston addressed the Commission and stated I currently reside at 1114 Palmetto Street, that's in your service area. I've been a Utilities Commission customer for 25 years, since the summer of 1983, and I'd like to continue to be. What I come to you for is if you could insert a little willingness, I have a piece of property that I'm going to build a home on that is split in the boundary of Florida Power & Light and you guys. And that's a map of it, I'll be glad to turn that in, and Florida Power & Light has written a letter. Maybe I could hand it to the Chairman?

Chairman Allen stated yes. (Mr. Preston handed Chairman Allen two pieces of paper.)

Mr. Preston stated I've obtained a copy of the Territorial Boundary Agreement, back in 1982, and there's an excellent provision in there for properties that from time to time, you know small service areas, that are located in such a way that it's more practical for one power company to serve than the other, and they could be wholly in the other one. That the one power company can write to, in this case, Florida Power & Light can write to you, and that's what they've done, and you may agree to serve it. Now since it says you may agree, I guess you could say you may disagree and right now my understanding, I haven't seen it in writing, didn't ask for it in writing, but I understand that you staff intends to deny the service to my home. I entered an obligation a few weeks ago to complete it by December 3rd or there will be a penalty of \$500 a month plus interest and I didn't see this coming. I had met with staff earlier and needed to get that letter, and I knew that, but we may be stuck. Florida Power & Light has a great staff and they have a great willingness, they don't have an ability. You all have an ability and I hope you could insert the willingness and I would like to be your customer.

Commissioner Hall stated can we ask where the property is located.

Mr. Preston stated yes, it's on Taylor Road, or off of Taylor Road I should say, Taylor Road running between Old Mission and the South Glencoe Road. You follow South Glencoe Road until you can't go anymore, the last turn it makes it becomes Taylor Road. Al Smith's borrow pit you know is back there, in fact this property is part of 85 acres that was the Smith's property. They use to have a sign there, grow for fruit and all that. It's down a private easement, I don't know how many feet, 600 feet or something from Taylor Road, you have service on Taylor Road. Florida Power & Light, the biggest problem is that their lines, aside from the fact that they're 3,000 or 4,000 feet from me, is they're on the other side of lands that no one has easement across, including state owned now. It's that trail, the new rail to trail FEC sold to the state a strip of property, and they do not have easement across it. So long short of it is that the house needs to be done by December and I trust that it will be and they won't be there. I know I can investigate generating power and all that but I would rather have service of course.

Commissioner Hall stated and I want to be clear, you want service from us (Utilities Commission).

Mr. Preston stated yes I do, yes, please.

Commissioner Diesen stated and you've been told staff is going to deny it.

Mr. Preston stated that's what I've been told, I've talked with Randy (Walter) a couple of times and Mr. White, just today actually. I just came up last week and I'm happy you had a meeting so

(3) Public Participation (cont.):

quickly but, and I signed the papers, the commitment on June 5th. I met with Randy prior to that, he obviously made no promise, but I do say I had an expectation, maybe that was my fault. So there's an opportunity no doubt, and I hope you have a willingness.

Commissioner Hall stated you signed papers before you had a commitment from this Utilities Commission to provide power.

Mr. Preston stated correct and you know I did meet with your staff prior to that and I knew that I needed the letter. I thought, if you read it, they did an extremely good job. Florida Power & Light explained what their problems are, or my problems are, whatever you want to say, and they've got a hold harmless forever and ever to ya'll. And as I understand it, the worse risk is that someday they may demand me as a customer and you will lose all of your investment as I go away. I can't imagine that happening and I don't know how they can enter on my property and demand me as a customer, but that's beyond me. But they have put in writing that they, and the provisions of this territorial agreement allow this to happen, and it finishes up by saying it is understood that no additional regulatory approval will be required under such agreements. That's where it's okay with them if you serve me, it's okay with you if you serve me, and I'm here to tell you it's okay with me, that's what I want, that no further is required. One of the points discussed was that they should describe these lands and transfer them over formally as part of this boundary, the provisions are here for small things that that's not necessary. And this has gone on in the past I'm understanding, probably in both directions, where ya'll have served in theirs, they've served in yours; you know I don't know all those details. Florida Power & Light said something about Turnbull Bay Road and one that they're serving for ya'll, and it's a good idea in a practical way.

Mr. Rodi stated I see a lot of question marks on faces. This involves a small, I'll call it a subdivision, ten lots. Nine, or eight of them are in FP&L certified territory, one is in the U.C.'s, one is split. What we have asked FP&L to do is transfer their rights to us because we're able to serve the one lot, but they're not willing to give up their right to claim service in the future as Mr. Preston had just described. So what can realistically happen here is if we build our facilities to this location, obviously there's one household out there running on a generator at this point. Am I correct about that?

Mr. Preston stated they haven't started, yes, but that's right they were faced with the Florida Power & Light is not going to show up, and they've got \$20,000 or \$22,000 out and they're finishing their house on a credit card; they're in a bad way. They're not split, I wish you could serve them, I wish you would, but that's not why I'm here, I'm the split lot.

Mr. Rodi stated well, we understand that but the minute we have power to that location then everyone else is going to line up here and we have no assurance that our investment would be recovered and I think that's the core of what we're talking about here. Mr. White, am I stating this correctly from what your involvement has been.

Mr. White answered yes, and that was designed to protect the services that are distant or scattered, the cost per service is very high.

(3) Public Participation (cont.):

Mr. Preston stated and then of course I am here owning the one piece and not asking you to go any further than you choose, and then all of your infrastructure as I understand it would be in your territory. And if it's dollars, I don't have a limitless amount but if you said well for \$2,000 we can do it, I would say okay, let's do it, or I don't know.

Mr. Rodi stated I think the price is in the \$80,000 range to get power to just close enough to serve you.

Mr. Preston stated now you have it on Taylor Road and serve the properties there, so that's for this one.

Mr. Rodi stated this is for a line extension.

Mr. Preston asked and that would be just to get to my home site that I brought in today, would be \$80,000?

Mr. Rodi asked Mr. White if he was close to the number.

Mr. Preston commented I couldn't swing that.

Mr. White stated the \$80,000 figure was a raw estimate done approximately a year ago, a little over a year ago, and it was for the ten lots.

Mr. Rodi stated okay.

Mr. Preston stated that would be 1,000's of more feet of service, I think 3,000 more feet.

Mr. Rodi stated what I'm trying to do is frame the rest of the information for the Commission, that's all I'm doing at this point.

Mr. Preston stated okay, and again my formal request or however I need to do it is that I have a house that's going to come up by December. I can make my own power, Florida Power & Light, or you guys, and if there's costs associated, I'm not able to say any amount will be fine, but if that's the issue and it's fair, I understand that. I have to pay for all the wires in the house, if I have to pay for wires to get there, I don't know. I'm not volunteering unlimited, I'm just asking if that's the issue.

Commissioner Diesen stated you're only asking for the one lot that's split between the two territories, is that correct.

Mr. Preston stated that's why I'm here today, that's the picture there. You know I'm an engineer that started in surveying and I got all excited because I say mathematically that there's more in yours than there's, but the truth is that the proper homesite is in theirs. I didn't know if an offer for the service point in your territory would help. I would like to work our way to yes, and again I think it is you have the ability and we have an opportunity but staff clearly wasn't willing. And I thought maybe you guys are just regular citizens, and nothing against staff at all, I just thought that

(3) Public Participation (cont.):

maybe you would inset the willingness element, or maybe tell me how much it would cost or something.

Commissioner Diesen stated there has, I mean when someone is in "no man's" land and they can't get service, there has to be an answer. Now how do we work it out and what do we have to do. He's not asking for the ten lots as I understand it. Our argument is but they're going to line up and want it.

Mr. Preston stated well they, I don't know that they can create the same circumstances, but they have the right to come here yes. And my circumstance that I wanted to create as unique was the split service area, logically it will be one company or the other. Whether it's the 3,000 to 4,000 feet to Florida Power & Light across lands that they can't cross, or the 600 feet to ya'll where we have easement. I think the logical answer was there if you can find a way to get there.

Commissioner Diesen stated there's got to be some way to get there.

Mr. Rodi stated just so I'm clear, the lot you're talking about is the one that is split. The lot that is clearly in the U.C.'s service territory is not your lot, it's someone else's, right.

Mr. Preston stated it's in my name and my two sons and our gardener's name because the County denied that division. It was intended to be given to my two boys because that's why I did all this stuff, but it's been denied. I don't mind if you refer to it as two lots, I don't mind if you refer to it as one, there's ten acres between me and the little house and the trailer that you do serve.

Mr. Rodi stated but you're intending to build on the lot that is sort of bifurcated between the two.

Mr. Preston stated yes, that was the last lot that was approved by the County and it is the lot that I own. So it is all that I have to build on, those lands that are partly mine and my sons, we cannot pull building permits on those lands.

Mr. Rodi asked Mr. White if a line extension cost had been done for this at any point.

Mr. White stated not for the singular property, no.

Commissioner Zeller stated my question is going's to be how far is it from the nearest U.C. power pole to your proposed house.

Mr. Preston stated that's to scale (on map he provided), I think it's 600 feet.

Commissioner Zeller stated so 600 feet is what four power poles, three.

Mr. Rodi stated no, in that location what are we, 150 feet in separation.

Mr. Preston stated it looks like 500 to 600 feet it looks like to me.

Commissioner Zeller stated so if he's willing to pay for that, why wouldn't we be willing.

(3) Public Participation (cont.):

Mr. Rodi stated that's the part I was asking Mr. White, I don't think we've developed what that cost is.

Commissioner Zeller stated just for his, not for the ten lots.

Mr. Preston stated right. Well, if that's something we can explore, I like anybody, don't have unlimited funds, but if it's what it costs to get it, and I can afford it, I would like to do it, yes.

Mr. Rodi stated I think our next step is to calculate what the line extension is.

Commissioner Diesen stated well I think we need to work with him as we can, this is you know, if I were in that place I would not be as calm. Because I think there's an obligation when someone owns a piece of property and you're split, you have a split territory. Now for the other ten lots or whatever, that's a whole other ball game, that's not what we're talking about here. We're talking about you individually and your situation.

Mr. Preston stated that's why I'm here for, yes.

Commissioner Diesen stated so I would like for us to explore it more and try to work something out if possible.

Chairman Allen stated also along that line I would like to see us even communicate with Florida Power & Light as far as that one parcel, maybe they'll turn loose of that. We've never went over, we've never served anyone in their service and they haven't served anyone in our service area. as this was developed, as the territorial agreements were laid out, it was laid out particularly so everybody knew where they were serving and if someone was closer and it was more costly to serve them, a lot of the times, abrogated and said we'll let you have that customer. But to go over and serve it and then possibly they come along later on and say well we're going to take over that, what you've done out there. Especially if you're looking at developing ten additional parcels out there and we invest a lot into that and then Florida Power & Light comes along and finally begins developing back in behind there, then we've lost our investment.

Mr. Preston stated right and if you notice after they described the circumstances where they can't there (in the letter he brought to the Commission), and they thought that you could, they said Florida Power & Light would hold the U.C. harmless from crossing the boundary into FPL's service area, and they stated this will constitute a perpetual agreement between FP&L and U.C. As the landowner I don't see how they can enter my property to take me as a customer, but in any event in that I've made my commitment where I'd like my service, I could sign something that I would never subscribe to or allow them on the property. Whatever it takes from the private property side to insure that they don't steal me as a customer, but I don't think that I'm a big "fish" that they're after, a 1,800 square foot house there.

Chairman Allen stated okay, so we can say that staff will look at and then work on that to get a costing up and see what we can do there.

Mr. Rodi stated we'll take that step and try to put some cost boundary on that.

(3) Public Participation (cont.):

Mr. Preston stated thank you and then I follow up...

Mr. Rodi stated it will go to Mr. White again.

Mr. Preston stated okay, is that it.

Chairman Allen stated that's it.

Mr. Preston stated thank you very much.

Chairman Allen recognized Mr. White to speak.

Mr. White stated we've had a perpetual, reoccurring request from that subdivision, pops up every three to six months, has for years. That circumstance arose a few years ago as a result of a dispute between the Utilities Commission and Florida Power & Light over service boundaries in that area, and that circumstance is the resolution of that dispute. That request in my files has popped up three times in the last four years at least, the last time of which Florida Power & Light informed us that they were going to service those lands, they were not going to relinquish the service area, and that's pretty much it. The PSC requires them to serve their service area, the negotiating point is the fee. They extended an overhead line a substantial distance to that subdivision boundary in order to serve that area.

Commissioner Diesen stated are you talking about that man's lot.

Mr. White stated I'm talking about that man's lot which is part of that subdivision which is part of FP&L's service area.

Commissioner Diesen stated the rest of that area though isn't split is it, isn't bifurcated.

Mr. White stated on the County's property maps it shows either ten or eleven lots in that subdivision.

Commissioner Diesen stated but are those lots partially in our territory as his lot is.

Mr. White stated no.

Commissioner Diesen stated I think that makes a difference.

Mr. White stated not to Florida Power & Light.

Commissioner Diesen stated well, accordingly to that letter it seems to.

Mr. White stated and I have one that says they intend to serve it.

Commissioner Diesen stated dated the same date.

(3) Public Participation (cont.):

Mr. White stated I don't know, I have not seen this one, I have some in the files.

Commissioner Diesen stated we're kind of talking about here and now.

Mr. White stated FP&L's legal department says they will never give up a square inch.

Commissioner Diesen stated well we may be talking about a different circumstance, let's get staff to work on this.

Mr. Rodi stated I think what we will do is examine the letter which we've not seen. Secondly, what the line extension costs would be for this location, and see where we can go from there.

Commissioner Diesen stated okay, thank you.

Chairman Allen thanked Mr. White for his input and then recognized another public participant to speak.

Mr. Grey Wilson, 6112 South Atlantic Avenue, addressed the Commission and stated I'm just here to make a few comments on just some water usage. I attended a meeting a few months ago that the State was holding around in different areas, went to the one in Orlando hosted by Linda Chapin, talking about the water issues and the shortages. Attended by, had a panel participation with Water Management Districts and others, and the purpose was to discuss solutions. I just want to bring a couple of these forward, and maybe you've discussed them and maybe you haven't. But one of the issues is the perception of citizens when we have additional water restrictions placed on us, then we look at future development as being granted. So we feel as citizens, and I think they were in agreement, that we have a conflict feeling. You know, we're holding back on our water and then this large development's going in and kind of the water that we're saving, maybe they're getting. And they feel that local Water Management Districts and Commissions ought to be addressing that. They'd like to see the utilities commissions and the Water Management Districts more active in the water management, or in the growth management process, rather than just saying if something works or doesn't work. To be actively participating in it, and maybe that's more at the State level where it has to be mandated. So I know a lot of times you probably feel that you're just approving a particular if it can be done or not done, and you're kind of cut out the verbal participation that has to go in to that particular process.

Mr. Wilson stated some of the examples they were giving for some incentives, Oviedo was one where they had offered free xeriscaping for cutting out St. Augustine grass in already existing homes. So if somebody went in to their own home and cut out a large portion of their St. Augustine grass, then Oviedo would come in and plant xeriscaping. So they were trying to save water that way; I don't know if that idea's come up here. Then there was a thought about restriction in the type of grass that's used to the point that if this is really a serious problem, if you feel this is a serious problem, water shortage. And I think that it is, I mean I don't think that's there any disagreement on that but just to ban it, ban St. Augustine grass. That would be a huge reduction in the use of water and as well as air pollution. That was suggested by Charles Lee. And then finally one of the things that they thought would be important was to get the City and the County revenues separate from the utility bills. That way the citizens that are saving on energy or saving on water,

(3) Public Participation (cont.):

that there's not a potential counterproductive overall bill where you're looking at the tax or the fees going up because of city revenues, because the cities are counting on those revenues. So those are kind of the ideas that were brought forward. Maybe you've covered these before but I just would like to hear some discussion and feedback on some of those things or maybe along those lines of, you know, concerns on water shortage because it's here and it's serious. Thank you.

Chairman Allen thanked Mr. Wilson and stated I believe some of this is going to be addressed within our joint meeting that's coming up. A lot of the things that you've suggested there actually have to come from looking at the new construction and the building codes, how we do our landscape as far from the City side and we're striving to work together. We definitely believe in conservation, I believe right across this board right here, as a Commission we are sensitive and striving for the conservation. It is something that needs to be looked at and I believe will be addressed in a forward moving process that we'll be walking through.

Commissioner Diesen stated St. Augustine (grass) is a big no, no. I just recently talked with the Developmental Services Director about that issue and for about seven years it's been kicked around but nothing's come forward. I'm glad to hear what Oviedo's doing, anybody can come and xeriscape my yard anytime they want to, I'll be thrilled, because I think we have to get away from St. Augustine. I couldn't agree with you more, but that would have to come through the land development regulations, so we will be discussing that on Thursday night I'm assuming.

Mr. Wilson stated well that was just, those aren't my ideas, that was from the panels.

Commissioner Diesen stated that's good, thank you.

Chairman Allen asked Mr. Rodi if he had any comments.

Mr. Rodi stated I and others have been participating in these meetings, especially listening to the large cities like Orlando and Jacksonville talk about their respective rights. But in our case, from a design standpoint, we have demanded commitments for new developments to be served by reuse water. Currently we recover about 70% of our potable water supply with reuse. Recently we were, last year, in the 90% use range so that that's an effective way from a structural standpoint to address where the water supply comes from. Our use permit also is a part, it supports these conservation measures, and we currently are right at around 210 gallons per account, which is down substantially over the years. Part of it has been due to reuse, it's been due to customers cutting back, and we have some conservation efforts that Ms. Ellen Mahle has been promoting. For example, if you look out here in some of our beds we're putting in drought tolerant plants, we're a show and tell. And we're also requesting that the structure for new development include changes in the building codes as well as the land development regulations to further enhance how people use water. Our CUP allowance is in very good shape from a standpoint of the City's ability to serve future customers. Our real need has been, right along, supplementing irrigation based upon the premise of existing plants in use. So if we can further reduce the kinds of plants in use, then we further improve our situation; that's part of what we're doing. Our focus here is more educational, we have a Green Fair that we've sponsored, along with the City, that's coming up in September to highlight not only energy conservation but water conservation. So, as you well know, it's difficult to change a lot of habits, and a lot of it, I think you said it very well and very appropriately, if you believe there's a

(3) Public Participation (cont.):

problem then you'll do something about it. So I think everyday, more and more, there are indications that we can't take this resource, as we have, for granted in the past. And frankly part of the structure is an economic design. It's just like you know people driving their cars, with gas piking at \$4.10 a gallon now, the SUV isn't quite as attractive and at some financial point you shift into something else. So those are all things that we've been involved in recently.

Chairman Allen thanked Mr. Rodi and then Mr. Wilson for his input. He added it is a concern on all of our parts, education is very important for us to continue at and to work toward better conservation. He then asked if there was any further public participation and there being none he closed public participation.

(4) General Manager's Report:

Chairman Allen stated the next item is the General Manager's Report and directed this to Ms. Klinkenberg.

(4-a) Financial Status May 2008:

Ms. Klinkenberg stated she wanted to mention the email she sent to all of the Commissioners through Mrs. Simmons, regarding the depreciation, to kind of explain that in case you had any questions. Over the past year and a half the Finance Division went through a very tedious job of doing a true accounting of our actual assets, from buildings, lift stations, down to the nuts and bolts, to verify what was on our books as what we really had and still owned. It was maintained in the past in an Access database, not in the accounting software, and it wasn't as accurate as I felt it could be. So before we converted to the Great Plains module for fixed assets, we wanted to bring in good information instead of bringing "garbage" in. We had our auditors blessing, we ran by them everything we were proceeding with and we ended up finding stacks of asset records that we no longer had that we had to take off the books. They were zero depreciated so it really had no effect on our books, but they were there. So we cleaned all that up and we went live in May with our fixed assets module and all of our records are in the same accounting software that we use for all of our financial statements now, and we're doing a true accounting of actual depreciation on a month to month basis. We also put assets into service during that month, instead of normally the way it was done was once a year. All of this generally occurred at the CAFR, when we do year end close out with the auditors, that's when all of this normally would happen. We now did it in May, we have all the records to back everything up for the auditors for their blessing when we go forward for the audit this year. But that was the majority of the loss on the statements this month for the combined system. It accounted for \$439,000 worth of the loss and that was just additional depreciation to true it up for the first eight months of the year. We also wrote off some assets that were still on our books that we no longer had, and that totaled around \$73,000.

Ms. Klinkenberg stated so if you look at our financials for the month ending May (2008), our loss for the combined system was \$577,749, and you see that the majority of that was depreciation. For the year to date, for the combined system, we're just over \$3 million positive. And our forecast reports reflect \$176,000 unfavorable balance for the month. She then asked if anybody had questions about the depreciation part or the financials.

(4-a) Financial Status May 2008 (cont.):

Ms. Klinkenberg stated I have a couple of other items if there are no questions. She stated I just wanted to point out as we continue to monitor and control and reduce our expenses, fuel and purchased power is one of the expenses we have a difficult time controlling obviously as Mr. Rodi has explained many times. If you take that out of our O&M expenses, we're actually under budget by just over 16% on the rest of our spending, so that's a good effort on all departments. I also wanted to let you know about FEMA. Back in 2004 when we had the three hurricanes in a row, we used to file for our FEMA relief with the City. We provided information to the City and the City filed on our behalf, combined with them. We don't do that any longer, with the new Finance Director at the City, she's agreed for us to handle our own because we understand our processes better. But they are here, FEMA has now come on site to close out the 2004 hurricanes. In essence they audit everything that we submitted. I believe they finished the audit at the City and wrapping us up to actually close theirs. They were suppose to have been here over the last couple of weeks and I believe today was the first day they came and started that process. She commented I'm not sure how long it will take, they said it would be about...

Mr. Bilinski stated probably by the end of next week.

Ms. Klinkenberg stated okay, so hopefully by the end of next week we'll have a determination from them. And they're reviewing if we received all the money we should have or received more money than we should have. We did have all the documentation to back up our filings, so I think we're in okay shape for that.

Ms. Klinkenberg stated another big one is the consultants are here for Enquesta. Enquesta is the new customer service software. They are on site this week for end user training, all our customer service representatives and cashiers and internet technicians are all learning the new software in anticipation of the go live on July 1st. I have not done the final sign off on going live, we expect to make that decision by the end of this week. It's looking up, a little nerve wracking but we're getting there. And in regards to Great Plains, this is the first time, and I bet our IT Department is really happy about this, we are finally off dial up modem communication. All of that is done, we do uploads to the bank now via the internet and we have one module left to implement on Great Plains and that's the bank reconciliation module which we might hold off until the beginning of the next fiscal year because of the Enquesta go live. That's the module that will allow us to have a cash flow for you all to see, that module should enable us to do that on a monthly basis.

Ms. Klinkenberg stated one last item, I was analyzing the interest regarding the money from Jerry Johnson that he had paid for the land through the FMPA loan. We are currently averaging 2.25% at the bank and we're paying FMPA 1.7%, so the spread's getting a little closer so I believe the time is coming when we're probably going to have to make the large payment down on the principal portion of the debt, but we are monitoring that and I wanted to make sure you were aware of that.

Chairman Allen thanked her and added we appreciate that. He then asked if there were any questions or comments.

Mr. Rodi interjected bill format.

(4-a) Financial Status May 2008 (cont.):

Commissioner Diesen stated right, it's going to be printed on both sides right, you just did this (sample bill) for convenience.

Ms. Klinkenberg answered yes.

Commissioner Diesen then asked are we still with the same vendor, we haven't had any vendor problems.

Ms. Klinkenberg stated for the actual printing of it?

Commissioner Diesen any of it, have we had any change in vendors for any of this.

Ms. Klinkenberg stated no, we're still using, I think, Better Business Forms for the actual bill stock.

Commissioner Diesen stated and we haven't had any vendor problems with any of the change overs.

Ms. Klinkenberg stated for the software.

Commissioner Diesen stated right.

Ms. Klinkenberg stated no, Enquesta is created by S&S, Systems and Software is the provider.

Commissioner Diesen stated so everything's on track. I mean in the past, you know, we haven't had a real good track record with some things so that's why I'm asking.

Ms. Klinkenberg stated well, every upgrade I believe has it's little glitches, I would say these are expected glitches that we've encountered. There are times when we are all quite on edge because of it and then we come back and we're thrilled with how we're proceeding, I think the outlook is good.

Commissioner Diesen stated and you are expecting to make the decision about the go live date this week.

Ms. Klinkenberg stated the end of this week because we have some higher up consultants coming in on Wednesday and Thursday to actually sit with the accounting staff and work one on one with the reconciliations to the general ledger; once I have a comfort level with that. At this point, as of today, I can tell you we can go out and read meters, we can upload them into the new system, and we can bill the customers. We can't get everything over to the general ledger yet and I believe it's because we just haven't learned that whole process and that's why they're coming here and they're holding our hands and getting us through that full process. Once we can get all of that, then I'll feel comfortable signing off on the go live.

Mr. Rodi stated if I can interject a point here, behind the scenes, what is occurring is like a parallel run. Using the new system and making sure that it matches the output of the old system and in some cases it means that all of the embedded protocols and formulas have to also be examined especially when there are some differences that come forward. So while this is occurring, if you

(4-a) Financial Status May 2008 (cont.):

don't balance to the penny, then it starts a whole cascading effect trying to find out is it an aberration with the system, is it just a difference in how things were input and rounding and formulas. And we're approaching the final stages and I'm sure that as we go through this, there have been a number of things that have turned up and we're correcting those as we go so we have good solid information when we go forward. So, that's a lot of what, I don't think Ms. Klinkenberg said, but I think needed to be said a little more strongly.

Chairman Allen commented a long, tedious process. He then asked if there were any other questions or comments. There being none, he moved on to the next agenda item.

(5) Commission Counsel's Report:

Mr. Preston stated I have no report.

Commissioner Diesen asked is this the time to ask the questions. Okay, let's talk about the 35 feet and the 25 feet.

Mr. Preston stated the easement issue.

Commissioner Diesen stated yes.

Mr. Preston commented which is now an agenda item as well for the joint meeting. He then started with the easement issue is one where, but then stopped and added I'm not sure what your question is at this point, and at what stage you understand.

Commissioner Diesen stated what is the status of it?

Mr. Preston stated the status of the ordinance is that there has been the first reading of the ordinance (ordinance was tabled at first reading).

Commissioner Diesen stated I'm aware of that, but have you gotten any further.

Mr. Preston stated well, there hasn't been any action taken by the City Commission in regards to that ordinance beyond the first reading. Mr. Gummey (City Attorney) and myself are planning a meeting for Wednesday of this week to discuss the issues, our concerns and the proposals that we had made early on in regards to the memorandum of understanding and regards to a blending of the desires of both the U.C. and the preservation of the ability to construct and maintain within the easement areas that we place our infrastructure as well as to attempt to provide the buffers and the beauty that is desired by the City. As you well know, to take both of those into account, one contiguous to the other, will result in a significant taking of land from the land owner. I believe it's 60 feet total, one 35 and one 25 section. So the point comes to where can we minimize the impact on the land owner and still maximize our use and ability to install and maintain with the type of vegetation that would allow us to do so without significant expense in both. And have we resolved anything, no, I have not met with Mr. Gummey. I've talked to him over the telephone about the actions that have been taken thus far in regards to this, and added I mean, this has been a period, it's been years.

(5) Commission Counsel's Report (cont.):

Commissioner Diesen stated two years, yes, two or three.

Mr. Preston stated two years and attempted negotiation and resolution to try to come to something that is amendable to all.

Commissioner Diesen stated and it's not that much property involved at this point, it seems to me, and I know the City's made exceptions to their own ordinance; the activity center being one primary one. I just don't understand what all this much ado about nothing is and that's why I asked the question. Thank you for your update.

(6) Committee Meeting Reports

Chairman Allen then confirmed there were no committee meeting reports.

(7) Old Business

Chairman Allen confirmed there was no old business to consider.

(8) New Business

Chairman Allen also confirmed there were no new business items to consider at this time

(9) Possible Other Business – Time for Commissioners:

Chairman Allen then asked the Commissioners if they had any items to discuss.

Commissioners Zeller and Hall stated they had nothing.

Commissioner Diesen commented you know I always have something. She stated something came up the other night and I think it needs to be clarified. Maybe I didn't show up at the City Commission meeting but I certainly, I can hear and read. There was an issue about West Canal Street and that got resolved and I don't think the resolution of it was attributed properly. I think that actually happened because Ray Mitchum talked to the landowners and actually brought that to fruition and I think that needs to be recognized.

Mr. Rodi stated yes, and thank you for bringing that up. Actually we were looking for an alternative because the situation became very difficult again and I had asked Mr. Mitchum just to go out there in the back yards and look around and see where we might discover something we hadn't seen previously. And while Mr. Mitchum was there, actually the owners of some of the lots approached Mr. Mitchum, one in particular. Mr. Mitchum had explained what it is we were trying to achieve and what have you and that led for this property owner to call another property owner and they both agreed to provide the easements for the three phase supply that was needed back there. I think it works out as win for everybody, but the property owners actually approached Mr. Mitchum because he was back there looking around and they were saying what are you doing back there.

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

Commissioner Diesen stated I think that needs to be noted because they actually, that's the way it came to fruition and that's good, that is a win, you're right. She stated that's all.

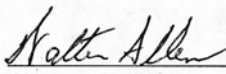
Chairman Allen stated the only comment I have is as you were sharing, you know, as people come together there's unique ways you can work things out and I believe a lot of times when we lock ourselves in through, whether it's resolutions or other means or legal ways, many times we cause more problems and more conflicts rather than trying to cooperate together to work out the best solution for the best area. And as you work in individual areas, no matter what we do, as we try to lock things in and maybe to try to control everything, there's still that area where it doesn't meet that need and so often I think we find solutions being worked out when we cooperate and work together and I think that's a real thing we need to look at in the future. And with that, that's all I have to say. Mr. Rodi do you have anything else?

Mr. Rodi stated I just wanted to highlight something. I don't know if you've been picking up in the media but there are quite a few rate increases that are occurring all over the state. FP&L just put in for a, I don't know, 15% or 16% rate increase to be effective July 1st. That's very significant, FP&L has extensive capability in many, many different ways. Of course what happens then is as we approach the hot weather, heavy demand months, with fuel prices just skyrocketing, more and more it's just putting an extreme burden. Through your guidance and the Commission's interest at this point in trying to hold the line, it's I think really critical, and I know that staff has worked very hard to try and support that approach at this stage. So before the meeting, Commissioner Allen was sort of wondering what happened to us last month because now we're getting into the high price months and not a lot of economical generation's available, so we don't know the answer to that right now. But what we see coming is again some heavy cost burdens to absorb during this heavy month period and we'll see where the fuel costs go as the year goes on. It's very sobering, and if you couple that, and I'm saying this on behalf of many folks with the flooding all through the Great Plains states in the Midwest, the future is going to be pretty tough for some. Thank you.

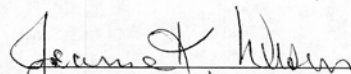
Chairman Allen stated if there are no other comments, do we have a motion to adjourn.

There being no further business to come before the Commission, Commissioner Diesen made a motion to adjourn and Commissioner Hall seconded the motion. Chairman Allen closed the regular U.C. meeting at 6:48 p.m.

APPROVED:


CHAIRMAN

ATTEST:


SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their July 21, 2008 meeting.