

UTILITY COMMITTEE
February 16, 2009

The Lakeland Utility Committee met in the Commissioner chambers. Members Terry Simmers, Dave Curry, George Lindsey, and Tom Joyner were present. Paula Druen and Stacy Campbell-Domineck were absent without notice. Commissioners Justin Troller, Glenn Higgins, Jim Verplanck, Howard Wiggs, Gow Fields, Edie Yates, and Mayor Fletcher were present.

Mayor Fletcher called the meeting to order at 1:00 p.m.

LAKELAND ELECTRIC HOMEWIRE SERVICE

Ken Eddy came forward to protest Lakeland Electric's participation in this program. The local electrical contractors wanted the city to discontinue this program as it took work away from local contractors.

Discussion

George Lindsey asked if locals could be on the list. Eddy explained he was told they were not adding names to the list. They had one contractor for the Lakeland area and he was based in Lake Wales.

Recommendation: Commissioner Verplanck moved to instruct staff to end the contract with Progress Energy. Commissioner Higgins seconded.

Commissioner Yates thought if there was a way for local contractors to participate that would be better. She would also like to look into whether or not this was a good deal for the customer before just stopping the program.

John Reedy, of Reedy Electric, Albert Williams of Lighthouse Electric, John Renna of Renna Enterprises and Mike DeCarol spoke in opposition to the program.

Terry Simmers would like to hear from staff and the customers. He preferred this be scheduled for the next meeting to allow time for more information.

George Lindsey was prepared to vote on the issue.

Action: Mayor Fletcher called for the vote and the motion carried unanimously.

The group discussed the current customers of the program and the premiums they already paid. The Committee asked staff to come back with a recommendation on how to deal with the current customers.

Amended Budget 2009

Assistant Finance Director Don Eckert gave this report, a copy of which is on file in the City Clerk's Office. The new recommended budget was based on 2,914 Gwhs vs 3,013 Gwhs in the original budget. That was 100,000 Mwh less for 2009 than anticipated. Eighty percent of utilities are making changes to their 2009 budgets. The two biggest issues on this revised forecast were the residential and small commercial. If residential was hurting, most likely so was small commercial. There was a slight increase in the other category based on new facilities coming on line. The total base revenue reduction would be \$5.4 million, .2M reduction in other income and \$1M reduction in wholesale revenue.

Change In Forecast Assumptions – Original Forecast vs. Amended Forecast

- Forecast Models Estimated Through Dec. 08 VS. Dec. 07 (Also Includes 3 Months of Actual Data).
- Revised Economic Projections (Dec. 07 VS. Dec. 08).
- Revised Population Projections (Jun. 08 VS. Dec. 08).
- Revised Appliance Saturation and Efficiency Trends.
- Changes In # of Industrial Customers.

Don also reviewed the Impact to Income Statement and the Impact to Cash.

Financial Report

Assistant Finance Director Don Eckert also gave the January 2009 Financial Report, a copy of which is on file in the City Clerk's Office.

Retail Sales were were flat compared to the revised budget. Profitability beat the revised budget by \$1.1 million. The driver was the O&M Costs. The Fuel Recovery for the month was \$200,000 better than forecast.

Jim Stanfield asked the Utility Committee for their recommendation on the amended budget.

Recommendation: George Lindsey moved to adopt the amended budget. Commissioner Verplanck seconded and the motion carried unanimously.

Unit 1 was down. A tube blew out. They were evaluating how or if to make the repairs to the boiler.

The Committee adjourned at 3:42 p.m.