

LAKELAND UTILITY COMMITTEE
June 15, 2009

The Lakeland Utility Committee met in the Commission chambers. Members Karin McKnight, Stacy Campbell-Domineck, Dave Curry, George Lindsey, Tom Joyner, and Terry Simmers were present. Commissioners Glenn Higgins, Justin Troller, Jim Verplanck, Howard Wiggs, Gow Fields, Edie Yates, and Mayor Fletcher were present.

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

Quarterly Fuel forecast

Don Eckert presented the Quarterly Fuel Forecast. A copy of his presentation is on file in the City Clerk's Office. He reviewed the

- May Performance
- Assumptions for June Forecast
- Fuel Rate Sensitivity Analysis
- Rate Comparison
- Forward View of Market

There was not a big difference between the 12-month Nymex and the TEA/Nymex forecasts. The gas prepay settlement would have an impact on the recommended fuel charge. This settlement was approximately \$3 million LE would receive from UBS withdrawing from their prepay gas agreement. There were three possible options:
Lump Sum – take the prepay all at one time. Credit the fuel forecast by \$3 million
Maintain Prepay – take the settlement and draw down as if LE was still getting the prepay benefit.

Stabilization Fund – take the settlement and establish a reserve for when fuel costs were climbing

Staff recommended Stabilization Fund.

Action: Terry Simmers moved to adopt the Maintain Prepay Option. Commissioner Yates seconded and the motion carried unanimously.

Once the Utility Committee chose to Maintain the Prepay, Don explained the affects on the two curves. The difference between the two curves was 10 cents and the rate of \$2.15 was the midpoint between the 2 curves.

Action: Commissioner Yates moved to set the rate at \$54.75. Terry Simmers seconded and the motion carried unanimously.

Don then reviewed the Rate Rankings. Lakeland was the second lowest in the State in residential rates.

Terry Simmers left for the day at 1:40 p.m.

May 2009 Financial Report

Don Eckert gave the Financial Report, a copy of which is on file in the City Clerk's Office.

Retail sales - gained a lot of ground in May.

Profitability - still looking good beat

Amended Budget – beat the budget by almost \$6 million

O&M Costs - \$3 million year to date under budget

Fuel Forecast

Memo re: Agreement with GE Energy and Environmental for Zonal Combustion Monitoring System

Ramona Sirianni presented this item to the Utility Committee. This was an agreement with GE for Zonal Combustion Monitoring. This was to optimize the heat rate on Unit 3. Phase I would be a trial/lease period. LE would skip Phase I and purchase the equipment instead. \$100,000 of the contract would be for installation costs. LE was considered the customer in the contract.

Ron Cravin from Unit 3 explained LE would install the equipment themselves with technical support from GE. It included an 18-month warranty and involved any replacement of equipment. LE would have to pay for the shipping on that equipment. The equipment was oxygen monitors and a computer system to read the problems from specific burners.

Action: George Lindsey moved to approve the agreement. Commissioner Verplanck seconded and the motion carried unanimously.

The meeting adjourned at 1:57 p.m.