

UTILITY COMMITTEE
October 20, 2008

The Lakeland Utility Committee met in the Commission Chambers. Members Tom Joyner, Stacy Campbell-Domineck, and Paula Druen were present. Terry Simmers and George Lindsey had emailed that they were unable to attend. Commissioners Justin Troller, Jim Verplanck, Gow Fields, Edie Yates and Mayor Pro Tem Glenn Higgins were present. Commissioner Howard Wiggs was out sick and Mayor Fletcher was out of town.

Mayor Pro Tem Glenn Higgins called the meeting to order at 1 p.m.

Jim Stanfield recognized the production team. All the units together had a 99.4% availability factor for the last month. This Saturday would begin the planned outage for Unit 5.

September 2008 Monthly Financial Report

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

Summary

Profitability-good month in September

Amended Budget-beat the amended budget because of cost management and non-operating income.

O&M Costs - LE beat the amended budget and had an outstanding year. Midyear, LE took out \$2.3 million in the O&M budget and the utility was still profitable.

Fuel Recovery-well ahead of schedule. 2009 will be a challenge.

APPA Benchmarking - LE attended APPA training conference last June.

Discussion

Transportation/CSX/Coal:

The price of coal has gone up significantly. Accordingly, it has been more effective to slow down Unit 3 and buy power elsewhere.

LE receives two trains of coal per week. It takes three days for the coal to arrive via train. They also receive coal by truck from the Port of Tampa. It was hard to catch up if the utility gets behind.

LE pays about \$65 per ton of coal from their supplier. It was more on the spot market. Fuel procurement was a long term planning activity. It was less costly for the customer if LE delayed the SCR outage. The coal situation was a result of something beyond LE's control. Central Appalachian coal was more valuable not just in the US but also overseas. The coal companies found it more valuable to sell coal overseas rather than domestically.

Status Report On The Electric Retail Rate Design.

Jeff Sprague gave this presentation, a copy of which is on file in the City Clerk's Office. This was the third status report on the Electric Retail Rate Design.

Was there an indication that residential users were using less power on an individual basis? The average energy consumption by customer shows that average consumption is on the decline but they put a larger demand on the system. Jim Stanfield explained that energy conservation and the economy plays a role.

What do past due accounts look like considering foreclosures? David Kus just got year-end numbers. Despite the economic conditions, LE was within 1.11% annual revenue. Bad debt was slightly up. LE had been flat where as other utilities had seen as much as a 60% increase in that area. Ten percent fewer accounts were disconnected this year due to non-payment.

Bennigans and Steak & Ale's lights were still on. When a business folds, the management company comes in turns the service on in their name.

Deposit Ordinance

Commissioner Fields requested an update for the Commission/Utility Committee on the history of the deposit ordinance.

Jim Stanfield pointed out the program Project Care. The customers can contribute monthly to project care. Those funds were used by the appropriate agencies to assist with utility bills. There were a number of activities in play to raise those funds.

Dave Kus explained the Round Up Program where customers can round up their bill to support Project Care. Alvin's team members often go to other agencies to try and assist customers with their bills. They were often successful in securing aid when the customer was not.

Stacy Campbell-Domineck clarified that the customer had to sign up for the Round Up Program in order to contribute.

The meeting adjourned at 2:44 p.m.