

## **LAKELAND UTILITY COMMITTEE**

### **July 20, 2009**

The Lakeland Utility Committee met in the Commission chambers. Members Karin McKnight, Dave Curry, Terry Simmers, George Lindsey, and Tom Joyner were present. Stacy Campbell-Domineck was absent without notice. Commissioners Justin Troller, Jim Verplanck, Howard Wiggs, Gow Fields, Edie Yates, and Mayor Fletcher were present. Commissioner Higgins was out of town. LE Managing Director Jim Stanfield, City Manager Doug Thomas, City Attorney Tim McCausland, and City Clerk Kelly Koos were present.

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

### **June 2009 Financial Report**

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

#### **Summary:**

Retail Sales - LE hit the target for retail sales in the month of June.

Profitability - \$1.9 million for the month. YTD \$4.7 million.

Amended Budget – Hit target, \$2.2 million to the good.

Controllable Cost – Flat for the month of June.

Fuel Forecast – Did not hit the forecast this month.

### **Remote Payment Methods**

David Kus gave this presentation, a copy of which is on file in the City Clerk's Office. Customers could pay their bill at over 100 remote locations. In 2008, 2.7% of all payments were made at remote locations. For 2009, it was 13%. The use of remote payment agents provided an annual cost savings of over \$350,000. The transaction fees ranged from \$3.95 to \$1 and were paid by the customer. The majority of customers used the low or no cost payment alternatives. Remote payment options provided substantial savings to LE while offering additional payment locations for customers to make payments.

The group discussed keeping a portion of the transaction fees to set up a fund for customers having trouble paying their electric bills.

### **Major Accounts Function/Operation**

John Adkinson gave this presentation, a copy of which is on file in the City Clerk's Office. He gave an overview of the major accounts program. In addition to key accounts, Account Executives handle energy audits and the surge program. John introduced the Key Account Executives. Combined they had 60 years experience in the utility business. These three account executives handled the largest 100

customers. That list was dynamic and ever changing. The primary role was to serve as a liaison between large customers, LE and the City. They served as the primary contact. They conducted annual visits to look over rates, deposits, usage, reliability, expansions, conservation, and a commercial newsletter. They also create a customer profile so that LE can know the customer better. The Key Account Executives also host customer events four times a year. One of those events was an annual review with Jim Stanfield. The account executives are also involved in the business community.

### **Regenesis Power Solar Water Heating Project**

Jeff Curry and Jeff Sprague gave this presentation, a copy of which is on file in the City Clerk's Office.

Anu Saxena, Chairman of the Chamber, came forward in support of the program with Regenesis. This program was in support of renewable energy, buying locally and there was no cost to LE.

Jim Stanfield submitted a letter from Bill Mutz supporting the program. That letter was on file in the City Clerk's Office.

The group discussed Regenesis's history with these type programs. Regenesis was a relatively new company.

**Motion:** Commissioner Verplanck moved to approve the program with Regenesis. Commissioner Fields seconded.

The group discussed pricing. The price can only go up by mutual consent. There were no escalators in this agreement. Staff did not expect prices to go down.

If Regenesis went out of business, their financial backers would have an interest in the equipment. The City of Lakeland would have the first right of purchase after the initial 20 years.

Thermal meters would be mounted alongside the existing meters. The City of Lakeland will read those meters. They would eventually be included in the Smart Metering program. LE would use the meters to document energy credits.

The customer would contact Regenesis with equipment problems.

**Action:** Mayor Fletcher called for the vote and the motion carried 8-3 with Dave Curry, Commissioner Troller, and Mayor Fletcher voting nay.

### **Agreement with CEA Materials, LLC for Sale of Reclaimed Coal-Fired Power Plant Combustion Byproducts**

Previously, Lakeland Electric issued two Requests for Proposals (RFPs) that offered byproducts (fly ash and bottom ash) for sale. American Cement Company, Inc., CEA Materials, LLC, and Charah, Inc. submitted proposals.

The purpose of RFP 9071A was to find a new Buyer (or Broker) for the fly ash and bottom ash that McIntosh Unit 3 produced. Mineral Resource Technologies was purchasing this ash, however, that relationship ended on March 15, 2009.

The purpose of RFP 9055 was to determine if there was an interest in reclaiming ash from the plant's ash storage landfill. In general, there was little interest at this time, but CEA Materials, LLC (CEA) did express an interest in trying to find a use for the ash. Lakeland Electric proposed that the City enter into a contract with CEA who would act as a (Broker) to sell all of its fly ash and bottom ash produced by the plant or reclaimed from the plant's ash storage landfill.

The Terms of the Agreement provided for no fixed selling costs, but with fixed allocations for distributing revenues realized from ash sales. The market (and the economy) was very flat so the intent of this contract was to empower the Broker to develop advantageous transactions based upon any specific circumstances encountered, but with a continuing obligation for disposal. The City and the Broker would then proportionately share in the proceeds.

Lastly, the Broker understood that the City's priority was removal of as much of the ash as possible and that CEA was to subsidize its efforts at moving bottom ash and non-spec fly ash with its proceeds from selling specification grade fly ash. The proposed term of this agreement was deliberately short (with a 9/30/2010 expiration date) and there was a "termination for convenience" (without cause) clause that may be exercised. The Broker understood that his performance would determine whether Lakeland Electric prematurely terminated the agreement or chose to extend the agreement beyond 9/30/2010. Likewise, the short term would allow reconsideration of the structure of this contract should the market change.

Staff recommended that the Commission authorize the appropriate City officials to execute this Agreement with CEA Materials, LLC.

Steve Marshall presented this item to the Utility Committee.

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

The Utility Committee adjourned at 2:52 p.m.