

**Utility Committee
December 15, 2008**

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

Unit 5 ST Generator Rewind

Tony Candales announced that one week ago yesterday, Unit 5 returned to operation. The outage was finished 3 days ahead of schedule and close to \$1 million under budget. The unit was exactly in the same condition that LE expected. Tony recognized the different groups that worked on the outage.

Ron Kremann, Engineering Supervisor, gave the presentation on the outage, a copy of which is on file in the City Clerk's Office.

Summary: The ST Generator Rewind was badly needed and possibly done just in time. The Outage was completed early. Many systems were opened and inspected with no major discoveries. Expectations were that no major work or cover lifts would be needed before the next scheduled Hot Gas Path Inspect (12,000-Hours).

Discussion

The City had Unit 5 for eight years. The problem with Unit 5 was a vibration issue first identified in the 1950s. It should have been a known design flaw. LE was receiving a credit with Siemens as a result.

LE was able to come in under budget because of hard negotiations. LE knew the problem was a design issue and were able to get a good price for the work.

November 2008 Financial Report

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

Summary:

Retail Sales – 10% below budget for the first 2 months of the year.

Profitability – down for this month however overall still positive year to date

Amended Budget – maintaining a variance on the upside due to lower O&M spending to match our shortfall in revenues

Fuel Recovery – slightly lower than forecast for the month but beat the forecast over the past 3 months by \$3M

Quarterly Fuel Forecast - Dec 2008

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

- Review November Performance
 - Final look at September Forecast
- Assumptions for December Forecast
- Fuel Rate Sensitivity Analysis
 - Decision on Fuel Rate
- Rate Comparison
- Forward View of Market

LE recommended the Utility Committee go with the 12-Months Nymex curve and allow a 6% cut in the fuel rate. \$61.70 would be the Nymex curve and TEA/Nymex would be \$59.75.

The group discussed the pros and cons of reducing the fuel charge to give customers the maximum break or being more conservative to avoid a big hit in the summer when demand was the highest.

Failed Motion: Commissioner Fields moved to reduce the fuel charge to \$62.00. Commissioner Yates seconded and the motion failed three to eight.

Action: Commissioner Troller moved to reduce the fuel charge to \$60.90. George Lindsey seconded and the motion carried nine to two with Commissioners Gow Fields and Edie Yates voting nay.

Don Eckert then presented a comparison of LE's new fuel charge.

Memo re: Interlocal Agreement with City of Bartow to Assist with Maintenance and Operation of Bartow's Electric Distribution System

Tim McCausland presented this item to the Utility Committee. The Commission approved this item on the Consent Agenda this morning.

Memo re: General Services Agreement and Task Authorization with Telvent Miner & Miner for Utility Software Consulting and Support Services

This proposed Software Consulting Services Agreement was between the City and Telvent Miner & Miner for software consulting and support services related to the ArcFM® GIS software suite. In August 2004, the City purchased ArcFM® software, along with licenses and maintenance services, from TMM to interface

with the City's existing ArcGIS® database software. The ArcFM® software was a Windows supported open architecture platform whereby users had a toolbar visible on their computer screen that enabled them to easily maintain and view GIS data. Along with the purchase of software and maintenance services, the City has also maintained a software consulting services agreement with Telvent Miner & Miner for support services related to the ArcFM® GIS software suite.

To date, TMM was the only firm that performed consulting and support services for their ArcFM® software. As such, the City's Purchasing Department recognized that TMM was a sole source provider. The term of this Agreement was for a three (3) year period, with an option to renew for two (2) additional one (1) year periods. TMM would perform services pursuant to this Agreement on a task authorization basis with a mutually agreeable scope of work and schedule of services based on the fee schedule attached to the Agreement.

Pursuant to this Agreement was a Task Authorization for the design, development, and deployment of TMM's "Designer" compatible unit estimate application with the City's GIS software and Maximo version 6.2.x. Lakeland Electric used their design and estimate application, known as Visual Job Planner (VJP), to generate construction drawings while simultaneously computing a cost estimate for a particular job. IT developed this application in-house and it had been in production use since August 2002. The VJP employed a complex estimate component known as a compatible unit (CU) to generate an estimate. The CU was comprised of a combination of labor, materials, and equipment and accounting elements. VJP was integrated with the City's enterprise work management system, Maximo, and produced the construction drawings, bill of materials and work orders used by all Transmission & Delivery Operation line crews for capital and maintenance activities.

Since VJP had not been enhanced since 2002 to maintain pace with new technologies, it has become technically obsolete. When created, no viable commercial alternatives existed for purchase, which was why the City decided to develop it in-house. The in-house development effort spanned 18 months and consumed considerable Lakeland Electric IT resources. Due to the workload of the City's IT Department, and the presence of readily available off-the-shelf applications, staff decided to explore the purchase of commercial products. After analyzing market alternatives, staff selected TMM as the most appropriate vendor capable of meeting Lakeland Electric's requirements.

The Task Authorization was composed of four (4) separate tasks, each with its relevant associated cost; (1) Design - \$77,899.50; (2) Development - \$170,866.50; (3) Deployment \$131,019.00; and (4) Project Management - \$31,390.80. Work pursuant to this particular Task Authorization would take approximately ten (10) months to complete.

Staff recommended that the Commission authorize the appropriate City officials to execute all components of this Agreement.

Ramona Sirianni presented this item to the Committee.

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

Jim Stanfield announced this was Mr. Whittle's last meeting with the Utility Committee. He thanked Mr. Whittle for his service.

Tim McCausland announced the Commission appointed Dave Curry to fill the vacancy.

Commissioner Higgins reminded everyone that the Commission also reappointed George Lindsey.

The Utility Committee adjourned at 2:17 p.m.

Ralph L. Fletcher, Mayor

Kelly S. Koos, CMC, City Clerk