ELECTRIC ADVISORY BOARD
MEETING
AGENDA
MONDAY, OCTOBER 7, 2024 5:30 PM

1. CALL TO ORDER

INVOCATION

PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

2. APPROVAL OF MINUTES:

A. Regular meeting held September 16, 2024

3. DISCUSSION:

A. Metering

4. ROLL CALL:

5. ADJOURN:

PERSONS WITH DISABILITIES NEEDING ASSISTANCE TO PARTICIPATE IN ANY OF THESE PROCEEDINGS SHOULD CONTACT THE HUMAN RESOURCES DEPARTMENT, ADA COORDINATOR, AT 728-9740, 48 HOURS IN ADVANCE OF THE MEETING.

F.S.S. 286.0105 "If a person decides to appeal any decision made by the Commission with respect to any matter considered at this meeting, they will need a record of the proceedings, and that for such purpose they may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based." The City of Leesburg does not provide this verbatim record.

AGENDA MINUTES
ELECTRIC ADVISORY BOARD MEETING
MONDAY, SEPTEMBER 16, 2024 5:30 PM

1. CALL TO ORDER

The City of Leesburg Electric Advisory Board held a regular meeting on Monday, September 16, 2024, at Leesburg City Hall. Chairperson Morris called the meeting to order at 5:30 p.m. with the following members present:

Board Member Dan Robuck
Board Member Marc Schwartz
Vice-Chair Jessica Flinn
Chairperson Timothy Morris

Board Member Jack Braton was absent. Also, present were City Manager (CM) Al Minner, City Clerk (CC) J. Andi Purvis, the news media, and others.

INVOCATION

Chairperson Morris gave the invocation followed by the Pledge of Allegiance to the Flag of the United States of America.

PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

2. APPROVAL OF MINUTES:

A. Regular meeting held May 6, 2024

Chairperson Morris asked if there were any corrections to the May 6, 2024, minutes. If not, he would entertain a motion. Board member Schwartz made a motion to approve the minutes, seconded by Board member Robuck. Chairperson Morris stated all in favor to signify by saying aye, oppose same sign, Motion carried unanimously.

B. Regular meeting held June 3, 2024

Chairperson Morris asked if there were any corrections to the June 3, 2024, minutes. If not, he would entertain a motion. Board member Schwartz made a motion to approve the minutes, seconded by Board member Flinn. Chairperson Morris stated all in favor to signify by saying aye, oppose same sign, Motion carried unanimously.

3. DISCUSSION ITEMS:

A. Power Cost Adjustment

B. FY 25 Budget

CM Minner started his PowerPoint presentation by mentioning that he weaved both discussion items, review of the budget and the power cost adjustment, together, so we will tackle both at the same time. Our last meeting was in June and then everyone's schedules and summer got in the way and everything went crazy. The budget is only half approved, so if you want to yell at the commission or advise a changing course, there is still time.

Before we really get started, I know one of you is going to ask how the teacher incentive program is going. Laughing, **Board member Schwartz** asked how is the teacher incentive program going. **CM Minner** replied as of Friday, the city has given out four (4) waivers. One was for Beacon College, by the way that one was not supposed to go out, it was K-12, and we have fixed that error; that was an implementation error. There was one for Pinecrest Academy, one for Rhymes Elementary, and one for Lake Minneola High School. All those teachers are now living in the City of Leesburg.

The budget, and some of this is probably repeat of the changes, but he wanted to bring out six points. One, we changed up the wholesale purchasing formula, so obviously the Lion Share of the electric budget at 80 some odd million bucks, most of that is the power purchase line from FMPA (Florida Municipal Power Agency). Second, and no disrespect to the consultant but some of the numbers that were projected were actually giving the Electric department too much money. The profit margin was too big and he felt like where the cash levels were, and because we were historically underperforming those estimates, we needed to change that up. What we found was the power cost adjustment charts, which incorporate more FMPA numbers, were a little bit closer to actual value, so we used that a little bit more to estimate overall power expenses. And, then also, revenue in was kind of the big one so that actually left Brad probably a couple of million dollars short. So, where he was teetering on balancing, he went back to not balancing because we were tighter on the power cost numbers versus revenues in. That made his budget a little bit tighter so it is a little more conservative, and we made up for it though in other places.

Contribution in Aid Agreements, we talked about a little bit so we are changing the process there, reviewing those. Brad and his group probably even need to review some of our performers in there, like do we go out a little bit more on a four-year ROI. Think we used to be at eight- or six-year ROI. **ED Chase** asked if subdivision or commercial; the Commercial was two. **CM Minner** said we kicked it out to match our competition, which made it harder a little bit to recoup money, so that was something we wanted to look at. We talked about a potential rate increase, but we avoided that and instead decided to do a little bit less in capital spending. I suspect there will be some in the electric department who you may hear complain about the city cutting back on stuff and less tree trimming and less this and less that. I am going to tell you I think some of those concerns that you may hear are not from a management perspective. At the end of the day, I think the electric department has three goals: 1) keep the lights on, 2) work safe, and 3) get the best possible price to the customers. The extra tree trimming and extra CIPs that maybe we want but do not really need, that is kind of where I think it comes to management to start trimming the budget. **Board member Robuck** asked on that, how do we stack up on the reliability metrics with the other cities. **CM Minner** said we do those numbers a little bit, will get you more of those details, and FPL does it by city. Do not know where it was versus a bunch of other people, but I am going say it is not bad. **ED Chase** added it is a tough peer group, the mid-sized utility is who we compare against. When you look at average outage time, look at frequency, how many outages a year, we are not bad; about one outage a year that our customers see. He thinks our average outage time is a little higher than the norm, probably in the 75th percentile rather than at 50, so we are putting in some reliability improving measures trying to do some enhancements there. We are not quite at average, about slightly above average, but not bad. **Board member Robuck** asked how that compares to Duke. **ED Chase** replied that Duke spent a tremendous amount of money for a lot of reliability improvements and they are fairly competitive there again. The benefit of a bigger utility is the one to two outages you have, just the noise. Where we have one big outage, we are going to feel it all year long right until it drops off. One big outage, a tree comes down, some car hits a pole, and we are out for a couple hours. We are going to feel it all year long. **Board member Robuck** said for Duke, you would have to look like a subset of their similar density. **ED Chase** agreed saying we can report more and one of the news items he put out there was we looked a little bit about Sadie, which is where you take all the outages everybody sees, add those altogether and divide by everybody on our system and that is a Sadie number that normally utilities kind of share. **Board member Robuck** said he thinks it was two years ago, that Duke and FPL made that their push at Tallahassee, the reliability. **CM Minner** said he thinks if we get the test and we have to come up with numbers, we are not going to have a reliability issue and especially when we get into the major storms and that data you see where we report that back to the state. FMEA does a great job on that and we are consistently a top performer after the major events. **Board member Flinn** said as far as like the capital expenses, the difference between 2021 and 2024 is substantial. For people who may be reading this later or watching this later, what does that generally encompass? **CM Minner** said he stuck in this little capital expense chart to kind of show what we have spent and long story short, these numbers are not sustainable, and they are not sustainable for number of reasons. If we are going to spend 10 million a year on Capital Improvements, you are looking at a cost increase of 10 to 20% in your rate, and I am pulling that out of the air roughly, but it is substantial. The things that go into these numbers are a lot of system expansion, a bond issue when we hooked up The Villages, there was some system improvements for the major transformer change out and there were some other system Improvement things that we did because we were sitting on 25 million bucks. We were able to be aggressive in those years. That money is not there and with inflation, the cash levels have just dissipated. Realistically, he thinks the electric department really needs to come up with CIPs that are probably closer to the 3-to-5-million-dollar range depending on where the commission and you all want to go with rates. **Board member Schwartz** asked on that potential rate increase, is that a reverse of the rate increase that was recently announced. **CM Minner** answered there was no rate increase announced, what was announced was a power cost adjustment increase. You, as members of the Advisory Board, need to know the difference between a rate increase and a power cost increase. A rate increase is when we increase the base rate. We have a three-tiered rate, and will use residential as the example. We have a base rate, a customer charge, that goes out every month, it is 15 bucks. Then we charge you for the first thousand about 9 cents a kilowatt, and then we charge you about 11 cents a kilowatt thereafter. Those three rates and then the power cost adjustment. So, when we talk about base rate, our base rate is 107. So, at 1,000 kilowatts that is a $15 customer charge, the 9 cents over a thousand and it comes up to about 107, and then the power cost adjustment goes on top of that. What we increased was the power cost adjustment and remember when we increase the power cost adjustment all of that money is going to pay the power bill or fuel bill. It does not go back to pay salaries; it does not go back to pay debt. When you increase the base rate, you are now tackling all the things like personnel, tackling Capital, and tackling power supply. When you increase the power cost adjustment you are only dealing with fuel, that is significant. The other thing that we added in the budget that is not on this chart, we did end up going back and putting in the one transformer for the North substation.

Going to the Electric Fund Cash and Reserve Requirement slide, CM Minner explained the cash levels. The Green line basically shows where the cash flows are. The Blue line represents the balance of the power cost adjustment, so this number is embedded in this number. Moving to the far end of the chart, July 24, it shows that we have about 10 million, I call that 11-million bucks, but a little over three of that is the power cost adjustment so that is a separate pot. Their total cash is really about 7 million bucks. He likes to show this chart because you see where the power cost adjustment is. Brandy likes the slide without the BCPA, because it is more of the true cash number chart. You see the decrease from the 20 million where electric was sitting on a lot of cash to the low point now where we have started to build back up, so we are sitting right about the reserve requirement. All those things are derivatives from being aggressive with Capital Improvements, with inflationary costs, and those types of things. Again, all the money that went out for the when the gas prices went bad has been recuperated. **Board member Robuck** said so we were under our Reserve requirement according to this chart for a bit. He asked if the Bond people would care about this sort of accounting. **CM Minner** agreed that the Bond people would care that we were under the requirement and could give us a lower rating. They care about that number and they check in on us periodically, think it is the spring or so when they typically call us to check in on our cash. **ED Chase** added that we have an ordinance that says this is the minimum amount of flow. **CM Minner** replied by ordinance, as well as the bond covenants, that say we are going to keep a certain amount of cash on hand and so that is the number that we need to watch. At this rate if we dropped and got dinged on our credit rating, it is not going to affect us as far as increasing our existing obligations, but if we need money in the future, it will. **Board member Robuck** added that will enable them to call the bond. **CM Minner** said he does not think it will get that bad, but obviously we think the healthy number to have that sitting around is probably closer to the 15-million-dollar mark. Not too much and that is comfortable so that is really where we would like to see the electric fund get back to. Moving to the Historic BPCA Reserve slide, CM Minner explained how that matriculates into your rate and kind of the derivatives between the base rate and the power cost chart. He tried to make this simple because what we are trying to do is understand that the power cost adjustment is a significant part of your bill and we have been very successful at keeping the power cost low, which helps bring down your overall bill.

On this chart, basically the blue line is showing what the power cost is in per 1000 kilowatts. In October of 15 the power cost per 1000 was about 12 bucks. The Orange line represents what the balance of the power cost adjustment number is, the Black dotted line represents where the goal we want to maintain it is around $3 million. So, this line represents, in thousands, we had just about 10 million bucks in the power cost adjustment reserve account. We jumped up so obviously when this number was high, we said that our power cost is too much, so we actually dropped it to zero and when this was at zero, we are not collecting funds for fuel so our power cost reserve drops and as we get to the $3 million mark, we bring that back up. We did pretty good again from April 17 through about the spike where we really maintained it around 3 million. We had a couple of drops in there to, so to get money back, because we do not want to sit on too much money because then we are overcharging you and we do not want to sit on not enough money because then we have to go into our cash and deplete our other unrestricted reserves to pay the power bill. The number there that we try to hang out around is 3 million because that is about the flexes that we see in the market; that is the goal. What you see when everything spiked and we see this big drop, we were slow to react. We were sitting on cash so we let some of those cash reserves fill in the blank hoping life would get better, but it never did, it only got worse to where we said okay, we have to recoup this, this is too much of a loss. Then as soon as we got the cash back, we dropped the rate, and we dropped it again. Looking at the Pink circle on the last slide, CM Minner said this is from October 15 to this fiscal year and projections into next fiscal year. There are three little squiggly lines here and there is a method to that. But first, he just wanted to say that August was a super good month for us and this is kind of how everything can fluctuate. He has talked about growth and then he said something goofy like a black cloud can come out July 23rd at 2:00 p.m., and it is not quite so hot so we do not peek. August of this year, just this past month, and he received this number today, is a great illustration of when we do not peek, and we do not use quite so much energy, but we are nice and consistent. The system performs well in the summertime, and remember every month it changes. So, pointing to another slide, he said we almost made an unaccounted for million dollars in August and that was after we announced that we were going to increase the power cost adjustment. That is good news. It does not mean we cannot not increase it and he will show that, but what it does mean is it might mean we do not need to do a second adjustment in April 25 like we were thinking. He is not ready to say that yet, but what he is trying to demonstrate is just a shade of a variant in the million-dollar range can really change projections. He thinks the worst complaint he heard when the rates were going up is oh, we are racketeering and we are jacking our prices. No, we are actually trying to do the opposite; we are trying to keep your price as low as possible, but at our current levels when we see these fluctuations, we cannot be slow to react like we were in the past. To show you how this fluctuated, back in July or first part of August we said we have to go from one cent to two cents effective October one, and then we had the good August. So, what were we thinking, we estimated that we were going to have a capacity peak of 112 megawatts, we peaked at 110, so that is only 1.3% off, but it was enough to make a difference. We thought that capacity charge was going to be 1.7 million, it was 1.6. We thought we were going to use about 59 million kilowatts of energy, we used 55. We thought we were going to pay 2 million for it, we paid 1.6, so if you put this number and that number together there was a variant there of about a half a million bucks. What we thought based on our original projections where we thought we were going to lose about $653,000 in the power cost number, it actually went up almost 300 because of these dynamics. So, instead of having the month ending out at 1.8 million, it ended at 2.8, so that was a delta of almost a million bucks. **Board member Robuck** said so this is a combination of the peak charge being less and then the other is that FMPA charge to us was less based on their buying. **CM Minner** replied no, this is all consumption. The unit cost for capacity, think it is 1550 a KW and the energy charge is like 3450, so those numbers stayed the same, this was just our performance Matrix. We did not consume as much as, we were more consistent so our costs were less, but we still sold a considerable amount, so we were able to over recover and, in a time, where we thought, we were going to under recover. **Board member Schwartz** asked do you have any idea what the factors were that went into the under consumption. **CM Minner** replied weather; rainy, not quite as hot weather and weather during peak times. It is that touchy. Back to the pink circle slide, he said he is trying to show where the power cost adjustment was and the actual numbers are now until August. We are planning to stay at 1 cent or 10 cents per thousand on the power cost adjustment and in October we go up to two. What we thought was going to happen, when we increased the power cost adjustment, that was the dotted line, we thought we were going to continue so here is a reference line of that black line, again is the reference line of three million in reserve that we wanted to keep in the power cost adjustment. The dotted Red line represents where we projected the power cost to end at the end of October 23, but then we saw this trend coming where we said we need to increase the power cost adjustment to avoid this.

With the change in August, at one we would still under-perform, but the difference is at two versus this green versus this red, is now showing where the trend would be if we stay at two; actually, this one showed it at two and a half all the way through. This one stays at two cents on the power cost, so long story short, we had a super good August. That million bucks makes a difference and it has made enough difference that depending on what happens in the winter, we might not need to do the extra half a cent. His guess is we are probably going to need something come April, probably it is going to be like 2250. **Board member Robuck** said so you had $900,000 swing versus your projected, correct, and asked what is your average monthly swing versus projected. **CM Minner** replied it can go all over the place but typically it could, we can miss either a half million either way, plus or minus. **Board member Robuck** said so that 900 is a little outside the norm, but not a lot. **CM Minner** answered it is a little outside the norm for August because typically August is a loser month.

Jumping to the Electric Highlights slide, he added a rate chart. This chart shows where we are as far as our rate comparisons, $117.94 is our all-in rate, which includes our power cost adjustment and our base rate when the power cost adjustment is 1 cent per KW. To the right, in this box is the base rate for the first thousand, are these two charges, the base charge and the base charge plus the per kilowatt charge, so 9.2 or 9.3 cents a kilowatt times 1,000 plus $15 is 107.94. Then the power cost adjustment is 1 cent per kilowatt, so at 1,000 that is 10 bucks; $117.94. Our change was the power cost adjustment, not the base charge, so that is 2 cents that changes a 1000-kilowatt bill from 117 to 127; that is 8.4% not 100%. The other trick of this is you do not know everybody's consumption. Typically, in the summer you are high, so the person who uses 1,000 kilowatts in the summertime you can see them use about 500 kilowatts in the winter, fall, or the spring. So, even though their consumption goes down or the power cost goes up they can see a lower bill, but we do not know where that is. Our average user in the City of Leesburg is 1362, the industry uses that 1000. I think the last time we pulled up that number, about 40% of Leesburg customers are at a thousand or below.

Board member Flinn said September is when we get most of our hurricanes. What resources do we have, as far as reserves, for the electric department for if something were to happen? **CM Minner** replied the 7 million bucks of cash they are sitting on. **ED Chase** added plus a whole lot of inventory in the warehouse. **CM Minner** said yeah that was another number we did not talk about that Brad and he argue about. You know we are sitting on, think the last time I looked at his inventory number, he is sitting around 6 to 8 million bucks in inventory. That is wire, transformers, all sorts of stuff that has already been purchased, in place, so I am not worried about the reupping and getting things running after a Hurricane. I am more worried about refilling the inventory he has got after he is done, but then again too if it is that name main storm where you are going to get reimbursement from the federal government for supplies, what goes out is going to come right back in after the reimbursement comes back in from FEMA. **Board member Flinn** said but then also you mentioned at our previous meeting that it takes a year or two years to get things. **CM Minner** said it could take a year, it depends. **ED Chase** stated we have a large amount of inventory to pull from for storms and even jobs. We talked about Arbor Park a few meetings ago where there is like 54,000 pieces that we are going to pull from the inventory, already in stock. There is going to be a few items we will have to replenish, but the majority of the 54,000 pieces and parts are all coming from the warehouse. We are not going to order transformers, we have plenty of those to pull from, but some of the smaller, the primary cable will have to rebought, and some of that stuff, but leaning on a warehouse for jobs and for storms is our plan.

Back to the comparison chart, **CM Minner** said if you take your base rate matrix and stick it back in and compare, we just keep this chart just local. He thinks that number for Duke is actually wrong, Duke was closer to 165, SECO 131, FPL 119, and Mount Dora is 109. **Chairperson Morris** said he read somewhere that Duke was having a decrease. **CM Minner** said he actually thinks you are going to see Duke and FPL go back up; they have already petitioned the Public Service Commission (PSC) on that so I think everybody is probably going to actually start trending up. **Board member Robuck** said he just pulled this up because he thinks this is important. He thinks it is great you guys are keeping the rate down and doing as best as you can to cut and help people out, but like the 127 number even he just does not see how it is sustainable long term. He is not suggesting you do anything this year, because you figured it out, but when he just pulled up August 2014, ten years ago a thousand kilowatts in Leesburg was 133.80 something and Duke was 129.49; ten years ago, August 2014. There is nothing in this world that is cheaper today than it was in 2014, other than our electric. I know people do not want to hear that, and I do not want to hear it, because I certainly do not want to pay more. But the actual rate is less and with the inflation, salaries, and equipment and everything else that is why Duke is at 150 and going up because this is not the long-term sustainable number, but I am glad you figured out how to do it for a year. **CM Minner** thinks we were doing a little better than that because where do we get the money, we have significantly cut the electric to General fund transfer and yeah that is a significant number. In 13, we were pumping five and a quarter million dollars into the general fund and this year we are doing one and a half million, so if you are an outside city customer, you have got to love that number because that means you are not paying for general fund services. **Board member Robuck** thought the charter said it had to be 6%. **CM Minner** replied it did. **Board member Robuck** asked then how are you transferring less than 6%. **CM Minner** said he does not think we are going to get challenged. **Board member Robuck** thinks you can do that for a little while, but at some point, why even have an electric system if you are not going to transfer the franchise fee? **CM Minner** replied because he also thinks state law is going to put that on us. **Chairperson Morris** asked if they are going to have an upcoming state law. **CM Minner** thinks upcoming state law is going to mandate less than six, so what this represents, what this number actually represents is a 6% franchise fee on customers inside corporate limits. That is where he thinks the State legislation is going to go. **Board member Robuck** said that is a reasonable interpretation as opposed to just pulling it. **CM Minner** also thinks one of the reasons that fight is going to be an issue is because we are losing Senator Baxley and so some of the legislators that were key and senior keeping some of these arguments from getting to the floor are not going to be there next session. He cannot remember the bill numbers from this past session, but literally Senator Baxley kept those issues from getting to the senate floor, so even though they passed in the house they never even saw a senate hearing because Baxley kept it from going that way. That is no disrespect to whoever will be our next Senator, but the difference is our next Senator is not going to have the seniority that Senator Baxley had. We need to work our next Senator and Representative. The frustration I see, even on our house side, is split between Yarkosky or whoever, and as those districts start, Leesburg electric becomes a smaller cog in their representation because you know like for Yarkosky for example, he is going to get hit on by Duke. **Board member Robuck** said McLain is the one that is going to have the power and he has been there for a while. He has Ocala and a little bit of Lake County. **CM Minner** said so we continue to work those angles, but that big decrease this year is really kind of prepping in turn for is the world going to change for municipal Electric utilities. The legislation that has gotten passed is looking to protect those customers that are outside of your service district and that is where that 6% number, so even though it is not a 6% transfer, it equals 6% of the Incorporated. So, it is 6% of incorporate customers so really everybody is kicking in three versus six. **Board member Robuck** said purely hypothetical, but if some bill like that actually got passed, do you go to Duke for a territory Swap and say like take our stuff outside and give it to us inside. **CM Minner** does not think that is possible because we do not have the infrastructure. We do not have the flip flop infrastructure and grid wise to work. **Board member Robuck** asked including new growth. **CM Minner** replied that makes it worse. Consider the strain of cost. We spent 8 to 9 million bucks hooking up The Villages of St. Catherine in Sumter County. I do not know what Duke spent, which is outside our city limits, but we traded them that territory because on the maps The Villages wanted each Village to have the same provider. So, we gave them Villages of West Lake, which is inside city limits, so that they could serve that which is and we served the Sumter County section of Duke. We actually made out by 100 customers on that, but we had an extension cost, so we are feeding them out if the north sub. How are you going to re-hook up those customers that are in The Villages of St. Catherine to Duke and vice versa. **Chairperson Morris** asked when was your ROI on that? **ED Chase** replied that with The Villages the ROI for all the subdivisions of four years is the plan. Again, it is four years for the subdivision infrastructure, not for the lines getting it down there, but when you look at The Villages of St. Catherine, they built all those homes talking just under 1000 homes in about 18 months, so we will see our ROI on the subdivisions. We probably got the extensions covered in four years, but that is a one off, that is not what we see with everybody. Normally it takes about four years to build out and Lake Denim was four years even though they asked for an extension, they still met the original four years for all of that build.

Board member Robuck asked for future electric growth outside the city, do we need to change that calculation to cover the fact that we cannot have a transfer? **CM Minner** thinks that is probably something we should look at and, other than Fruitland Park, there is not a whole lot of areas either that are outside the City; think the electric box is actually kind of filling up. Even like, and remember too even our growth, we have three main growth areas; Northwest let's call that Silver Lake, we have South 27, and we have The Villages. So, The Villages is Duke, South 27 is Duke, and out Silver Lake way that is like a 50/50. Just north of Eagle Tail-ish that the line gets kind of goofy, but we have Liberty out there and another one that are actually Duke subdivisions. If you look on the Liberty, Treasure Trove that is down 44, where that line comes like top of Treasure Trove over to Radio Road and down, that is Leesburg. So, Treasure Trove, Eagle Tail, the golf course subdivision, whatever they are calling that, and Silver Lake Point those are Leesburg electric in the Box. **ED Chase** added that the next for Leesburg electric is that State Road 44 stuff where we are going to see some growth, where the new substation is planned and where The Villages is now. **CM Minner** said one of the biggest developments out there is Orange Bend, which not sure exactly how many, like 1,500 units, if that ever gets built, that is Duke. So, we have this kind of phenomena going on where aside from The Villages, most of the growth that is happening in Incorporated Leesburg, is not Leesburg electric. Their growth issues are more Fruitland Park than Leesburg. **ED Chase** said Sunnyside has some plans for development, we have plans on State Road 44 and Fruitland Park we are seeing now getting filled in. County Road 44, as well as Sengh Road, and Treasure Trove those are all approved subdivisions as well in that corridor for us feeding those is fairly straightforward. The infrastructure is already there, it is the stuff further on State Road 44 that arguably will fill in and cause us to build that fifth substation. **Board member Robuck** said a lot of that might be commercial. **CM Minner** said Brad jumped over the west side of 44, so some of the big projects over there are residential, commercial, and multi-use. The Palm something, we should know the names of these that are right in that area, that is probably, the biggest multi-use one. **Board member Schwartz** asked when you had fiber, he assumes you also did a transfer from fiber as well. **CM Minner** replied yes. **Board member Schwartz** asked what was the percentage for that just out of curiosity. **CM Minner** replied it was 10% and the transfer was about 100 grand. The fiber ran between 1 and 1.5 million, do not remember when we completed the sale, but that is a good question. **Board member Schwartz** asked why would you sell that asset? **CM Minner** replied for two reasons 1) it brought, he thinks we netted seven and a half million, so 100,000 divided by seven and a half million that is a whole lot of transfers and cash up front which helped us finance most of the improvements that you have seen around the city; Venetian Gardens, the Aquatic Facility, Ski Beach all that was financed really between the gas surplus and the sale of the fiber utility. **Board member Schwartz** said so when the Facebook Universe makes comments like they are jacking up our electric rates to pay for things like the pool and the blah blah blah, to some degree that is legitimate and that some of this money is going into those types of projects. **CM Minner** replied no, those comments are not legitimate whatsoever because there has not been one penny of electric money that has gone into any specialty projects. **Board member Schwartz** asked what does the transfer go into then? How are those funds being used once they transfer into the general fund? **CM Minner** responded general services, police, fire, and recreation, not Capital Improvements. **Board member Robuck** said at this point if we sold the electric, the general fund would get more money for that stuff, so are subsidizing the rates at this point? Actually, the general fund is now subsidizing the electric department in that way you did 6%, your transfer would be bigger. **CM Minner** said he is not sure if he agrees with that; he thinks we look more like a traditional Municipal corporation. **Board member Robuck** said you would get this amount of money because of the internal and then you would get a bunch of cash for all the external customers. Obviously, I do not want to sell. **CM Minner** said that is also an internal argument we have too. Why do you have an electric system if you are not going to have a transfer to control your rates, to control your system improvements, and to respond better. Even though you have those blasphemers on Facebook who do not know what they are talking about, you are controlling your own electric rate, you see it in our comparison charts, we are reducing transfers, and we are responding in times of crisis faster than anybody else. If we sold to Duke, we would not be back up in three days, and if we sold to Duke, you would not be paying 127, you would be paying 165.

Board member Robuck responded oh absolutely, and he can tell you Duke's liability is not great around here because he is on it and he has been out three times this summer for over 12 hours. **CM Minner** said there is a lot of other reasons where Public Power beats being an investor-owned utility not just because of the electric transfer. All our debt notes, there is about 40 million in bond principle in those years, then we kind of just break down into all the overall General Services, power supply, distribution blah blah blah. **Chairperson Morris** asked what is our debt service on the electric and what percentage of our budget goes for debt? **CM Minner** replied he did not have the payments in here. **Chairperson Morris** said that is a good argument when somebody starts asking about the rates and Bond issues. Doing a quick search, **Board member Robuck** said the number he got was 3.8 million. **CM Minner** replied yeah, 3.8 out of the 72 a year is our debt payment with the 3% so, that is relatively low. So, that is your budget this year. For Capital it is 3.2 million versus the other bigger numbers, kind of trying to live in a world of 3 to 5 million depending on where a bunch of other things go. **Board member Flinn** asked on the power cost adjustment, how will that affect for commercial or small business or large business as far as numbers. **CM Minner** responded it is the same rate, so whatever your kilowatt usage is times this one cent or the two cents now. **Board member Schwartz** asked is it prohibitive or not the norm to have a residential rate and a commercial rate for the power cost adjustment? Is there any model in which there are two different rates; one for commercial and one for residential? **CM Minner** replied we have different rates. It is pretty standard that the BPCA is a per kilowatt charge. **ED Chase** added because that is how it is passed to us, transportation related, it is a per megawatt cost for us to transport energy across FPL now, wherever it is coming from, so it is a per kilowatt charge. Does not matter if it is going to commercial or residential. **Board member Schwartz** said he does have a curiosity question. A couple weeks ago a car hit a pole, power goes out, and he assumes that is an unaccounted cost? **CM Minner** said they get a bill. **ED Chase** mentioned that we work very hard to bill for those sorts of things and we are pretty successful. **Board member Schwartz** asked are you billing the driver's insurance company? **ED Chase** answered that it does go to the insurance company. When PD gets out there, we gather all that information, we start the work order, everything gets charged to work order, and we make our pictures and documentation. Then that goes to risk management and Lisa reaches out to the insurance companies to get everything we can from them. Sometimes there are limits. If it is a developer in a subdivision where the developer tore up all the brand-new cable that was in there for a week, we collect that from the developer. They are responsible for everything on the site until we take it over, so those sorts of things we look to get reimbursement for. **Board member Robuck** said he remembers while on the commission, they would have the bad debt right offs and they would have people on payment plans for paying off electric poles. **Board member Schwartz** asked, just curious, what did that accident cost? **ED Chase** said nothing is cheap. We lost one pole for Cutrale, and that one hit pole was $17,000 just to replace the pole, plus the labor associated with it; so, it is expensive. Everything is minimum $10,000 if you hit and damage a pole minimum. The time and equipment, all that labor too, but if you are just looking for a ballpark number it is ten grand easy. Concrete poles, that doubles the numbers.

CM Minner said that concluded his presentation.

Chairperson Morris asked if anyone had anything further. **Board member Schwartz** asked how the surge program was going. He received the pamphlet in his envelope. **Electric Deputy Director (EDD) Chris Adkins** replied we had about 45 in the Month of July. **CM Minner** added that is 45 out of 27,000.

Board member Flinn asked when we would be announcing or deciding on the April increase, because she feels like people are panicking because of the October increase. So, if they hear that there is a second one, or there may not be a second one, when does that call get made? **CM Minner** replied probably closer to February, it just depends on whether we have a couple good months in there or not. **Board member Robuck** added that hurricanes could be good because people do not use much power. **Board member Schwartz** asked member Flinn, as a small business, how far do you project the impact is going to have like on the cost that you set. **Board member Flinn** said when they do their budget for the year, especially going back to when we had the spike, we went up 15% on our power for the budget, but we go six months out because it changes so much because we are seasonal. Our kitchen runs like dogs from October to May and then we are slow in June, July, and August, so it really kind of impacts a lot of our budget, so we only go six months out. **Board member Schwartz** said but you presumably use less power June, July, and August. **Board member Flinn** answered you would think that, but we have a double building and it is hot as Hades, even when we are in a kitchen. **Chairperson Morris** asked if she had refrigeration. **Board member Flinn** replied yes, eight refrigerators and freezers that are still running whether or not it is hot or not. In December, it goes like October to December we go absolutely crazy, so I know our bill is going to be three times as much as what we would do in July, but we try and project for that six-month bump. **Chairperson Morris** asked member Schwartz how they do it. **Board member Schwartz** replied it is not fair to ask them because their electric is bundled into their lease, so he does not really see much of a fluctuation one way or the other. There might be months where we would lose on that proposition, or other months where we come out ahead on the proposition. **Board member Flinn** said she did not even want to ask about Romac. **Board member Robuck** said they are fortunate in the sense that while the electric is a lot, other than for the trust and door plants, it is not a huge percentage. He is not using a ton of power to do a lot of power intensive things other than like two very specific places and those we pay more attention to the budget kind of like what you are doing. **Board member Schwartz** mentioned to that point though, what he will say is even though our cost is fixed, we still make a very conscious effort to turn off the air every night when we leave the building, we turn off the lights when we leave, and we power down the equipment because we consume during the day. Yet I look at our neighbors in the same strip who do not necessarily follow that same approach, so sometimes it is frustrating to me when you hear people talk about how expensive things are getting but they have not adjusted their consumption, especially what I would call unnecessary consumption to counter what the increase is. Whether you are at home and you say okay my electric bill went up 15% this month, if I bump my air down one degree at night to sleep, what impact might that have over the course of a month or several months. When gas goes up, we might give a second thought about going out to dinner down in Clermont versus going to downtown Leesburg, we make those adjustments in our lifestyle. For some reason there is something about electric where there seems to be a general mindset, I am painting with a really broad brush here, but there is this general mindset about we need our electric so you are just gouging us because you know we need our electric. **Chairperson Morris** understands and knows that we probably do not want to sell out to Duke or anybody, because he can tell you what Bushnell did when they sold out, he can show you the bills all the way through. **Board member Robuck** said absolutely, that is why he asks hypothetical questions, it is an interesting thought, but no, he worked really hard to get a charter Amendment passed to make it impossible to do that, so he definitely does not want to do that. **Board member Schwartz** said but in hindsight, I would think you scored on the fiber sale. **CM Minner** said yes, that was a big score. **Board member Robuck** added it probably sold at about the peak of the market. **Board member Schwartz** said it has since been sold two or three times since the city sold it. **CM Minner** said the city sold it to Summit and then Summit sold it, but he is not sure to whom.

Chairperson Morris asked if there was any further discussion. **ED Chase** said the school did come through and said they want to pay; the big elementary school project is underway. **Chairperson Morris** asked if that was Fruitland Park. **ED Chase** replied yes, it is underway and is actually close; they want to be live in December. We are doing a couple things; they have the Make Ready costs that we talk about when a new project goes in, some turn lanes into the school and we have existing facilities that we have to relocate. Those existing facilities become a cost to relocate and they did not have all that in their budget. We went back to the drawing board, made some slight modifications, left a little bit of the overhead up on Urick, but we moved it back on their private property within an easement so if they widen the road in the future, we are not going to have to move it on our dime. We did do some underground work on Olive, about $313,000 for that work that they will pay us for. To set the Transformer and do all of the work to bring them power, their revenue paid for that, about $95,000. Arbor Park is getting signed, we may bring that to the commission in the next few weeks. If you remember we talked about that months ago, about how the CIAC process has changed. They are bringing a check for 850,000 to 900,000 bucks too for their side of that project. Still a $1.5 million dollar project, but at least we have again the expense, the exposure the city has for that project is their revenue requirements. They have to build out in four years and if they build out in four years then our risk goes away, that is the CIAC process.

Board member Schwarz asked when our next meeting date is. **CM Minner** replied we were meeting the first Monday of the month, and we kind of got thrown off that. October 7th would get us back on schedule. Everyone was in agreement on that date. **CM Minner** said at that meeting, we will talk about metering and will try to get an update on the GE contract. There might be some savings there.

4. ROLL CALL:

The Board members had nothing further to discuss this evening.

5. ADJOURN:

PERSONS WITH DISABILITIES NEEDING ASSISTANCE TO PARTICIPATE IN ANY OF THESE PROCEEDINGS SHOULD CONTACT THE HUMAN RESOURCES DEPARTMENT, ADA COORDINATOR, AT 728-9740, 48 HOURS IN ADVANCE OF THE MEETING.

F.S.S. 286.0105 "If a person decides to appeal any decision made by the Commission with respect to any matter considered at this meeting, they will need a record of the proceedings, and that for such purpose they may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based." The City of Leesburg does not provide this verbatim record.

The meeting adjourned at 6:33 p.m.