

**CITY OF WINTER PARK
UTILITIES ADVISORY BOARD**

**Regular Meeting
Welcome Center**

**October 5, 2011
12:00 pm**

MINUTES

Present: Greg Seidel, David Smith, Linda Lindsey, Dan Swanson, John Reker, Donald Doyle, Ronald Ellman, Michael Smith, and Mike Whiting

Absent: Katherine Johnson

City of Winter Park Staff: Jerry Warren, Director, Electric Utility; David Zusi, Director, Water and Wastewater Utility, Terry Hotard, Asst Director, Electric Utility; Mark Brown, Electric Utility, Clarissa Howard, Communications Director; Wes Hamil, Finance Director; Debra Moore, Recording Secretary.

Guests: Kim Futch, Progress Energy

CALL TO ORDER. Chm. Seidel called the Utility Advisory Board meeting to order at 12:07 pm.

I. ADMINISTRATIVE ITEMS

Approval of Minutes:

The September minutes were approved with the following change as presented by Mr. Reker. He proposed to amend the last sentence on page 3 to say “mixed opinions were expressed about rebates.” Mr. Ellman moved to approve the September 7, 2011, minutes with the proposed change, seconded by Mr. Reker, motion carried unanimously by a vote of 9-0.

II. ACTION ITEMS

A. Electric Conservation Update

Mr. Warren reported as follows:

1. PEF Master Agreement to provide Energy Audit Services to Winter Park electric customers.

Periodically, our customers ask for audit services and we want to provide them. For now, residential audit services are provided upon request by Mark Brown who is a Certified Energy Auditor. A contractor is hired for commercial customers.

Various approaches were researched including hiring City staff or contracting with independent auditors. Mr. Warren prefers independent auditors because companies affiliated with construction firms or equipment companies usually try to sell to the customer. Mr. Warren reviewed the criteria for three utility services: KUA, OUC, & PEF.

Mr. Warren stated he would like to contract with Progress Energy to perform audits. Basically, the agreement states Progress Energy will provide audits on the behalf of Winter Park Electric. At this point, the City will pay for the audits. We want our customers to view this as our program, not Progress Energy’s program. Progress Energy has a good track record with the home wire and surge protection program.

Ms. Futch explained the audit process used by Progress Energy. The lead comes from the City of Winter Park, an audit is performed, an electronic form is filled out and information is relayed

back to the City for a potential follow up. It leaves the customer with an initial outcome explaining the issues going on in the home and it offers recommendations to the homeowner as to how they can proceed.

Motion. Mr. Warren asked for a recommendation to take the Agreement to City Commission for approval at the next meeting. Mr. Reker moved to approve that the PEF Master Agreement to provide Energy Audit Services to Winter Park electric customers be approved to send forth to the City Commission; seconded by Mr. Whiting, motion carried unanimously by a vote of 9-0.

2. Other Elements of WPE Conservation Program.

Rebates issue. Mr. Warren stated rebates are a helpful tool and most are cost effective. He asked for the board's input regarding how to spend \$350,000 from the Conservation Program, which starts January 1, 2012.

Does the Board want rebates and if so what kind? There are three categories of rebates:

1. low hanging fruit
2. a middle category that is equipment related
3. PV

Mr. Reker stated we should not be doing major capital funding of the PV installations but we need to provide some support for it.

Mr. Reker suggested the bulk of rebates need to be competitive. The City of WP wants to be known as supportive of environmental activities. He suggested we could adopt PDF rebates except for PV and modify that to be less intensive.

Several board members are not in favor of photovoltaic because it amounts to a fairly significant shifting of revenues from the customer base to a small number of customers for a very expensive program. The payback period is virtually non-existent.

Mr. Warren will organize a public noticed meeting and invite all Board members for the purpose of putting together a menu of rebate proposals. Mr. Reker and Mr. Smith volunteered to attend the meeting. The goal is to come to the November Board meeting with a specific menu of rebate proposals that fit with the budget and then adjust as needed.

B. Water Rate Study Update - David Zusi

Mr. Zusi updated the Board on the status of the Rate Study stating that the Board will have an opportunity to review the final report in November and December prior to presentation to the City Commission.

We recently refinanced the last of our fixed rate debt at a very low fixed rate and it has saved approximately \$175,000 in present value costs. We are rolling that lower value in so we are not calculating a rate that includes old, higher numbers.

Mr. Zusi is looking at something that has been evaluated internally regarding the transfer. There is a charter clause that says we cannot transfer from the wastewater fund and all of those

revenues from that fund have to be spent in the wastewater system. At this point, all of the transfers have come out of water profits. We believe the wastewater revenues generated outside of the city limits would not be governed by that charter restriction. We propose to take a percentage of the wastewater revenues generated outside the city limits and transfer some of that revenue to the general fund.

Mr. Zusi will have either a Power Point presentation or a boiled down version of the water rate study to the Board at least a week before the November UAB meeting. It will include an introductory paragraph, executive summary, and goal.

At the November UAB meeting, the consultant will make a formal presentation on the rates. We will have the rate study submitted to the City Commission in November or December.

Mr. Zusi stated we are proposing to change our rate block structure and simplify it. We will probably end up with a small increase across the board.

III. REPORTS

Financials

Mr. Hamil reported on the Monthly Financial Utilities Summary YTD August 2011 (92% of fiscal year lapsed).

Mr. Hamil reported we are refunding the portion of the Water and Sewer Revenue Bonds, Series 2002 maturing after 12/01/2012 through a \$14,155,000 bond issue that will close on October 20, 2011. The net present value debt service savings from the refunding is \$1,569,149, or 10.5% of the refunded par amount. This equals annual debt service savings of approximately \$175,000.

Moody's Investor Services has rated our water sewer bonds as Aa2 and Standard & Poors gave us a rating of AA-.

The City received eight bids for these bonds and awarded the 2001 bonds to PNC Capital Markets based on the lowest true interest cost of 2.31%.

Water and Sewer Fund

- Revenue is up \$1,186,895 in comparison to the prior year. Sales in terms of gallons are trending upward.
- Expenditures are well within budgetary constraints.
- Bottom line shows YTD net income of \$2,761,716. After subtracting capital contributions (impact fees), net income is still \$1,659,646 for the eleven months ended August 31, 2011.
- Revenues will be short of projections because we anticipated a rate increase being implemented in FY 2011. Current timeline for the water and sewer rate study indicates rates will be adjusted in the first quarter of fiscal year 2012.
- Although revenues will be approximately \$550K short of budget, there is contingency built into the budget as well as anticipated savings in wastewater treatment and debt service that will offset this shortfall.

Mr. Zusi stated we received confirmed ratings for water and sewer, which are very strong.

Electric Services Fund

- Revenues are down \$4,929,288 comparison to the prior year.
- Sales of kWh are running about 3.2% behind the prior year.
- Bulk power costs are below budget as of August 2011. The new arrangement with Seminole Electric and Progress Energy should result in these costs being significantly below budget for the year with the exception of fuel costs, which will be recovered from the customer through quarterly adjustments. Although sales of kWh are running about 3.2% behind the prior year our cost of purchasing power is 18.0% below the total through August 2010.
- Bottom line is net income of \$5,822.967 through August 31. Overall, FY 2011 is looking like another strong year for the electric fund and we will stay on track with our goals of repaying monies borrowed from other funds by the end of FY 2013.

Mr. Hamil reported we are making very good progress in getting the general fund paid back. Mr. Warren stated once that is paid off money is freed up to do undergrounding and things we have been holding back on.

Mr. Warren suggested separating out the fuel revenues for reporting purposes for 2012. He will meet with Mr. Hamil and revise the spreadsheet. From that point on, the change will be reflected in the Winter Park Electric Utility Metrics Spreadsheet.

Ms. Lindsey stated the Board can take a lot of satisfaction in the accomplishment of being a part of the strategic planning process and how it helped make paying off the loan from the City a priority.

Communications

Ms. Howard will prepare a press release to share the news Mr. Hamil reported about the high ratings the city received by Moody's and Standard & Poors for our water and sewer revenue bonds. He reported we are refunding the portion of the water and sewer revenue bonds. By doing so it will equal an annual debt service savings of approximately \$175,000.

Ms. Howard will also work on a press release regarding the electric charging stations for the electric cars once they begin installation of the actual pedestal.

Utility Billing

Mr. Zusi reported that there is good news on the meter report. We have been working daily with the Sensus folks on the automatic reading particularly on the electric meters, which have been resetting themselves. Initially we had tower interference with Apopka who has the same system, installation and Sensus problems, software and hardware problems. However, we have been able to work through them. We did find a switch we can do remotely in large batches. The meters have been saving data. Mr. Zusi is optimistic that we are making very good progress.

Water and Wastewater

Mr. Zusi reported on the Fairbanks project. We are working on a revised lift station and have a new site plan. We are making good progress.

Electric Utility Reports

Mr. Warren reviewed the Utilities Advisory monthly reliability summary through August 2011.

- kWh Update. Mr. Reker reported on the Monthly % Change in kWh Consumption from Prior

Year's Month, Moving Total 12 Months kWh Sales, and the History of kWh.

- Fuel Adjustment. Mr. Warren reported in the next few months, he will bring in a suggested revised fuel adjustment policy that allows rate stabilization.

Winter Park Electric Capital Project Update – report by Mr. Warren. There are 4 categories. From this point forward, he will give status reports on active projects and changes that are pertinent as they occur.

A. *Capital projects funded by bond proceeds approved by City Commission.*

This is where our major work effort is right now. Alabama undergrounding, Temple undergrounding, Canton T-2 replacement, Canton breakers, Williams – Ibis PLUG-IN.

B. *Capital projects to be funded by system revenues, approved by City Commission.*

The Electric Systems Operations Center will be located at the Public Works Compound. A new office building will be built. Moving the center will improve response to outages, avoid annual costs in excess of \$160,000 for rent, and save on fuel costs. Mr. Warren and ENCO employees will be relocated to this facility.

The board members voiced their concerns that they were not notified for their input about this project.

C. *Near-term Non-discretionary projects to be funded by revenues and/or customers.*

Underground to BHN off Palmer east of Lakemont, funded by BHN, relocation of underground facilities at Rollins, auto-transfer switch 50-50% split with Rollins, Rollins Alford Inn undergrounding and electric service, undergrounding and electric service Ravaudage--priority is new restaurants to be located at corner of Lee Rd and US 17-92.

D. *Longer term capital projects not in planning or design funding to be identified.*

Underground Green Dr. to improve reliability to WPHS area, replace aging underground cable on: Golfside, Sevilla, Quail Hollow, Whispering Waters, Knowles Av. Apt., N. Park Subdivision.

Other WPE Priorities include: NERC (North American Electric Reliability Council) compliance audit. We are undergoing an audit; Working to create a GIS (geographic information system) to provide record keeping system and up to date electric system maps; Conservation program; New fuel adjustment policy to allow rate stabilization.

Mr. Warren stated we are going to have a long-term five to ten year capital plan come to you within the next year. We want an undergrounding plan laid on the table.

Ms. Lindsey stated it seems like we might have some work session topics coming up such as update strategic plan, rate stabilization fuel adjustment policy and capital plan. Mr. Warren stated we might do committee meetings.

ADJOURNMENT

Chm. Seidel adjourned the meeting at 2:30 p.m. Next meeting date November 2, 2011.

Respectfully submitted,

Debra Moore

Debra Moore, Recording Secretary