

**City of Fort Lauderdale  
Utility Advisory Committee  
Tuesday, July 24, 2007 – 6:30 p.m.  
100 North Andrews Ave., 8th Floor Conference Room  
Ft. Lauderdale, Florida 33301**

<b>Committee Member</b>	<b>Attendance</b>	<b>Jan. 2007 to Dec. 2007 Cumulative Attendance</b>	
		<b>Present</b>	<b>Absent</b>
Bunney Brenneman, Chair	P	8	0
Bernie Petreccia, Vice Chair	P	6	1
Terri Murru	A	5	3
Richard Barrett	P	8	0
Bob Caine	P	5	3
L. Thomas Chancey (arrived 6:45pm)	P	7	1
Bob Cole	P	7	1
Fred Stresau	P	8	0
Nathaniel Wilkerson	P	6	2
Dr. Magdalene Lewis (arrived 6:40pm)	P	7	1
Clare Vickery (arrived 7:05pm)	P	6	2
Dr. Geri Udell	A	4	4
Caldwell Cooper	A	4	4
Raymond Parker	P	2	1

**City Representatives**

Peter Partington, City Engineer  
Robert Dunckel, Asst. City Attorney  
Lisa Edmondson, Recording Clerk, Prototype, Inc.

**Guests**

Lynn Shatas, FPL  
Rod Macon, FPL  
Trevor Underwood  
Ron L. Vaden, Consultant

**I. Call to Order**

Chair Brenneman called the meeting to order at 6:30 p.m.

**II. Roll Call**

Roll was called and attendance noted. A quorum was present.

### **III. Self Introductions**

Committee members and guests introduced themselves.

### **IV. Minutes of April 26, 2007 Energy Roundtable III Meeting Minutes of May 22, 2007 Meeting Minutes of June 26, 2007 Meeting**

**Motion** made by Mr. Caine, seconded by Mr. Stresau, to approve the minutes of the April 26, 2007 Energy Roundtable III meeting. In a voice vote, the motion passed unanimously.

Ms. Shatas corrected titles of presenters as follows:

- Rod Macon, Regional Director, FPL
- William Brier, Vice President, Edison Electric Institute
- Bob Bellemare, President/CEO, Utilipoint International, Inc.

**Motion** made by Mr. Petreccia, seconded by Mr. Caine, to approve the minutes of the May 22, 2007 meeting. In a voice vote, the motion passed unanimously.

**Motion** made by Mr. Caine, seconded by Mr. Stresau, to approve the minutes of the June 26, 2007 meeting. In a voice vote, the motion passed unanimously.

### **V. Old Business**

#### **• Line Clearing Update**

Ms. Shatas reported there is no scheduled line clearance in the third quarter of this year. She advised she checks on a monthly basis and, in the event of any change, she will provide location maps and schedule information.

#### **• Status on RFP-Consulting Services-Electrical Infrastructure Needs Assessment & Strategy**

Mr. Stresau reported that the week prior, they met with the final remaining applicant, Power Services, a firm from Raleigh, North Carolina. The RFP Committee had been pleased with their presentation, agreeing to forward their name to the City Manager for his consideration. Mr. Stresau stated that this company appeared to be a conglomeration of firms, which had had experience with the Winter Park municipalization effort. Mr. Partington added that the RFP Committee is making a recommendation to the City Manager that negotiations begin with Power Services.

- **Update on Undergrounding**

Mr. Partington had nothing new to report, other than Commissioner Rodstrom once again raising the issue of undergrounding by assessment and asking whether the City Commission was interested in revisiting the subject. Mr. Partington has not received any further instructions or direction in that regard to date.

Mr. Dunckel added that FPL has revised its standard undergrounding right-of-way agreement to delete the indemnification provisions that the City Attorney's office had found problematical; this will help move undergrounding forward in a positive direction.

With regard to Coconut Isle, which is pursuing undergrounding in their community, the proposed location for the underground wiring is the median in the middle of the street, also the location in which drainage has been proposed; however the median is not large enough to accommodate both projects. Coconut Isle will be moving forward on undergrounding without a special assessment.

**Motion** made by Mr. Caine, seconded by Mr. Parker, to recommend to the City Manager that he recommend to the City Commission that the City move forward with undergrounding for all communities requesting undergrounding.

Discussion on the motion:

Mr. Dunckel stated it is unknown if the City will engage in a special assessment program for undergrounding; the cost of the project would have to be borne by the individuals within each neighborhood. He stated his last understanding was the City Commission had refused to finance undergrounding through a special assessment. Chair Brenneman concurred that the general feeling is "the neighborhoods are on their own" per the City Commission.

Mr. Parker felt there would be no conflict "if everyone was willing to pay," further asking if the City municipalizes and then buys the infrastructure back from FPL if residents will have paid twice. He recommended allowing any project where the neighborhood is willing to pay "the full freight" to allow it to go ahead, especially now that there is no indemnification issue.

Mr. Partington pointed out that the City Commission has expressed a desire to wait for the municipalization feasibility study before moving forward in any direction.

With regard to Mr. Parker's concern as to residents paying twice for the same facilities, Mr. Dunckel hoped, since he believed he would be given the responsibility to negotiate

right-of-way agreements with FPL, that they would be able to negotiate in such a fashion that there would be no double payment. Mr. Barrett stated, in that event, the assets would be those residents' "donation" to the City. It is anticipated payment for undergrounding would be expected prior to commencement of construction.

Mr. Parker added there is no reason to assume FPL would be the contractor installing the underground wires; other avenues are available, even though FPL would ultimately have to inspect and approve the plans.

Mr. Caine then withdrew his motion from further consideration.

**Motion** made by Mr. Caine, seconded by Mr. Parker, to recommend to the City Manager that he recommend to the City Commission that they re-evaluate their decision not to go forward with undergrounding via the assessment process; and a recommendation be made to go forward with undergrounding via the assessment process immediately.

Discussion on motion:

Mr. Barrett asked Mr. Partington, with neighborhoods which commence with undergrounding, if could there be a situation where parts of the system may be incompatible, and was advised by Mr. Partington that, although he is not an expert in that regard, he would not anticipate compatibility issues.

In addition to the assessed cost of the actual undergrounding, Mr. Partington mentioned the cost of the City undertaking the assessment itself from a staffing standpoint in development and design with that added expense included in the total cost of the project.

**Motion** made by Mr. Parker, seconded by Mr. Stresau, to amend the existing motion as follows: If there is a cost to be borne by the City, that staff administrative cost would be passed along through the assessment to the neighborhood receiving the service.

Discussion on amendment:

Mr. Partington noted that in a staff report, pros and cons had been set out with cons including the issue of indemnification (which had been resolved) and the cost of City staffing. Direction had been given for staff to determine whether the entire process could be handled in the private sector with the cost added onto the total for the project and therefore the individual property owners. Mr. Dunckel indicated that the way the motion was worded left a question in his mind as to inclusion of the staff cost into the

special assessment, as opposed to a “bill being sent to the neighborhood.” Mr. Caine clarified the cost would be included as part of the overall assessment.

In addition, Mr. Partington pointed out that 75% of the undergrounding cost would be paid by means of an assessment by the City. The City Commission would decide if they will impose an assessment on a given area, which in that case, the City would collect the necessary 75% plus whatever City costs are incurred. The risk would be in staff or the private sector developing a plan which does not then get through the assessment process.

Chair Brenneman stated she did not feel she could recommend to the City Manager that he tell the City Commission they should revisit an issue which the City Commission had decided by consensus to consider only when, if, and after they have made a decision on the RFP and related issues on municipalization. Mr. Petreccia concurred.

In a roll call vote, the motion to amend passed by a vote of 9-2.

In roll call vote as follows, the motion failed: Mr. Parker, yes; Ms. Vickery, no; Dr. Lewis, yes; Mr. Wilkerson, no; Mr. Stresau, no; Mr. Cole, no; Mr. Chancey, no; Mr. Caine, yes; Mr. Barrett, no; Mr. Petreccia, no; and Chair Brenneman, no.

- **Other Old Business**

None.

## **VI. New Business**

Chair Brenneman stated that Mr. Caine had requested a speaker regarding net metering. She introduced Ron Vaden, the retired General Manager of the City of New Smyrna Beach Utilities Commission.

- **Net Metering**

Mr. Vader started by providing an example of a customer using energy sources such as solar energy without batteries, explaining that the solar panels would produce electricity which is utilized by the home with excess energy going back through the meter to the power company, subtracting that wattage from the power used from the grid when the sun is not shining.

Aspects of net metering include: savings of electricity, flow back, reserve capacity, and subsidizing of other customers on the grid.

With battery use, electricity is stored during the daytime which is then used at night, with no excess flow back to the utility company.

Another aspect is if the customer produces more electricity than being used. In that situation, two meters are utilized, and if more power goes back to the utility than utilized by the customer, the customer will get either credit or payment from the utility for the power (at a wholesale rate).

Mr. Cole asked about safety when power is flowing back into the power grid. Mr. Vaden said that safety devices and protocols have to be built in.

Mr. Caine inquired regarding the process to obtain net metering in Fort Lauderdale and was advised by Mr. Vaden there are tariff concerns and PSC approvals which would have to be addressed.

- **Presentation on Wholesale Power Purchasing**

Mr. Vaden indicated when he had been the General Manager in New Smyrna Beach he had been in charge of purchasing the municipal power, negotiating contracts with FPL, Florida Power Corp., and Tampa Electric, as well as out of state utilities. They also partnered with Duke Energy to build a power plant out of which New Smyrna Beach would get 25 megawatts (MW) of power free, a discount on 25 MW, with the remainder of 500 MW to be sold in the open market in the State of Florida. Transmission issues were involved with FPL filing a lawsuit as New Smyrna Beach had been surrounded by the FPL grid. FPL contended, when power was purchased to be brought in, it could not reach New Smyrna Beach as FPL did not have the capacity available on their transmission lines.

Options for sources of power would be:

- Incumbent utility, investor-owned
- Municipal owned
- FMPA (Florida Municipal Power Authority)

To build a plant, load projections have to be made into the future to determine best/least cost source of energy to fulfill power needs; load and a percentage of reserves (15-20%) must be covered, as well as spending reserves (prorated on total amount of MW usage). The PSC will allow building over the reserves and capacity allowing for excess power which can be sold on the wholesale market; however, growth reduces excess load availability. Merchant plants, built on spec and owned by shareholders, are another option, although to sell the excess electricity, sources have to be found. The

Florida Municipal Power Agency also is a consideration, as well as contracting for a “partial requirements contract.”

Mr. Vaden gave a brief review of the power structure in New Smyrna Beach, with the caveat that Fort Lauderdale is a much larger city and the issues will be more complex, making a comparison difficult. He stated in their case, 10-15 companies may bid to provide power; New Smyrna would then look at their qualifications, options are negotiated, and the contract is awarded.

Ms. Vickery inquired regarding stranded costs, asking if any cities when making future purchases of power, were able to avoid the payment of those costs as they were ultimately using the equivalency of the power originally anticipated. Mr. Vaden did not know if there were actual examples of that situation, but he would find out.

Mr. Parker asked regarding the current cost of power for the residents of New Smyrna Beach. Mr. Vaden stated it is approximately 35% higher than State average, although that number can fluctuate down to 10% depending on the cost of electricity purchased. There is currently no undergrounding program, although all new development is required to place conduit underground.

In response to Mr. Barrett’s question, Mr. Vaden stated they would not be able to “buy short” with power supply contracts, and if the City is moving toward municipalization, it is not too soon to start exploring the options discussed, i.e., FMPA. Mr. Barrett also confirmed with Mr. Partington that this is also the goal of the RFP – to determine energy purchase alternatives.

Mr. Petreccia asked if New Smyrna Beach had a separate entity administering their power and was advised by Mr. Vaden that they have a utility authority which is an independent appointed board with the authority to run power, as well as water and sewer.

Mr. Vaden stated that there were several years when their power costs were within 10-15% of FPL; however, fuel costs have determined increases. There have been offers to purchase the New Smyrna facilities; Mr. Vaden stated that they have not considered selling in order to retain control over the utility, as well as the advantage of increased local employment, and faster response time.

Ms. Vickery asked who actually makes the daily decisions about which resources to buy. Mr. Vaden indicated that computer programs are used to make those determinations. He explained that each hour there is a different load on the system which information is monitored and decisions made by personnel of where power will be purchased determined upon factors such as must-run resources, contract energy costs, or

placement of the local generator on line. The computer determines hourly, weekly, and monthly loads which information is analyzed by a staff of 8-12 people.

Chair Brenneman inquired regarding the term "willing cost." Mr. Vaden responded that term means "paying the owner of the transmission line to bring your energy across that line; it's paying a toll." As an example, Mr. Vaden explained that if the City purchases power from Tampa, they would have to pay a willing cost through the Florida Power Corp. and FPL.

Mr. Chancy questioned if the size of the town has anything to do with the cost of the electricity. Mr. Vaden stated it is the cost of the contracts negotiated which determines cost. The size of the utility would make it easier to have lower rates due to economies of scale.

It was explained that there are preset contracts at certain levels of cost, using the lowest cost first, and then "juggling" to determine the next cheapest purchasing area; an ongoing decision process. Their goal, as pointed out by Mr. Vaden is to "use these contracts to buy the least power you can each hour, each day, and each month," although there are a considerable number of variables which will determine unit price.

Mr. Vaden stated they normally had four to five contracts, with various amounts of megawatts purchased from approximately twelve different resources. Statistics are kept on hourly loads on the system for every hour of the year. These records are kept for approximately five years and are then used to develop models for input into the computer. Contract information is also input, with negotiations commencing when a contract is anticipated to expire. Proposals are plugged into the model to determine the best contract. It is then up to monitoring staff to execute on the contracts as needed, checking on available transmission, etc. Mr. Vaden indicated there are "thousands of pieces to it, but it's a very doable thing."

- **Other New Business**

## **VII. Good of the Committee**

**Motion** made by Mr. Caine, seconded by Mr. Parker to put on the agenda, with a 15-minute time limitation, a discussion regarding the "Good Meetings Seminar" previously held by the City. In a voice vote, the motion passed unanimously.

In response to Mr. Parker's inquiry, Chair Brenneman stated that presentation topics are generally recommended and/or requested by various persons on the Committee and presenters are found, based upon the topic to be discussed, either by referral or recommendation, through PSC staff, on the internet, etc.

**VIII. Next Meeting**

UAC Regular Meeting: Tuesday, August 28, 2007 @ 6:30 pm  
Energy Workshop – November 17, 2007 at 10:00 am

**IX. Adjourn**

With no further business to discuss, the meeting adjourned at 8:35 p.m.