

MINUTES FROM A REGULAR MEETING OF THE UTILITY BOARD OF THE CITY OF KEY WEST, FLORIDA, HELD AT 5:00 P.M. ON JANUARY 14, 2009 AT THE WILLIAM ARNOLD SERVICE BUILDING LOCATED AT 1001 JAMES STREET, KEY WEST, FLORIDA

The above referenced meeting of the Utility Board of the City of Key West, Florida, convened at 5:00 P.M., on the above date and location and was called to order by Chairman Hernandez. Present and answering to the roll call were Utility Board members: Charles Bradford, Mona Clark and Ty Symroski. Also present at the meeting: Lynne Tejada, General Manager & CEO; Nathan Eden, Attorney; Jack Wetzler, Assistant General Manager & CFO; Suzanne Greager, Director of Management Services; Dale Finigan, Director of Engineering/Control; Alex Tejada, Director of Customer Services, David Price, Director of T&D; Eddie Garcia, Director of Generation, and Stan Rzas, Compliance Administrator.

AGENDA ITEM #4 – RECOGNITION AND PRESENTATION
Frankie Webb – Completion of Engineering Field Representative
Apprenticeship Program

Chairman Hernandez stated that at this time the Board would like to recognize Frankie Webb for completing the Engineering Field Representative Apprenticeship Program.

The apprenticeship program contained multiple sections, totaling over 600 hours of training that ranged from learning numerous on-the-job safety procedures to learning the intricacies of electric power substations.

Frankie works within our Engineering department and has been with KEYS for a little over 4 years.

Ms. Webb thanked the Board for the recognition.

AGENDA ITEM #5 – INFORMATIONAL ITEMS

Item #4a – Power Supply Report

Mrs. Tejada informed the Board that the Power Supply Report is included in the Board packet and staff is available to answer any questions they may have.

Mrs. Tejeda proceeded to inform the Board on the outage that occurred on January 8th that affected every customer. The outage lasted 38 minutes. It will most likely be recorded as the outage with the worst timing ever. It occurred during the National Football Championship Game. Mrs. Tejeda stated that staff is not one hundred percent comfortable with the cause of the outage.

Reports from FKEC say that the fault occurred fourteen miles from the substation and that a rope was found on the line in the FPL territory. There are conflicting reports that the rope was on the line prior to the outage and that it is unlikely that it would have caused the fault. In absence of that, it is not known what caused the original fault. When an outage occurs on the 18-mile stretch the other line that runs along Card Sound Road typically should have stayed in service making the outage invisible to KEYS' customers. However, there were two breakers in the Tavernier substation which took the other line out. Florida Keys Electric Cooperative has reported that the breakers that should have reacted to the fault were slow to react which caused the second incoming line to trip.

Item #4b – Schedule of Unit Price Purchase Orders

Mrs. Tejeda informed the Board that the Unit Price Report is in their Board meeting packet and staff is prepared to answer any questions they may have. There were none.

Item #4c – Tentative Utility Board Schedule for 2009

Mrs. Tejeda stated that a schedule for this year's upcoming Board meetings is included in their packet. In previous years a schedule has not been set for the meetings. However, this year there are some dates that are unusual. She proceeded to review the schedule with the Board.

Mrs. Tejeda stated that if the Board is in agreement the Utility Board meetings will be planned according to the schedule presented. She stated that there will also be additional workshops, etc. that may come up during the year that will be scheduled in addition to the regular Utility Board meetings.

Mr. Symroski commented that there had been some discussion about having a small strategic planning workshop with the Board.

Mrs. Tejeda responded that staff is working on scheduling additional workshops and is formulating what the topics and subject matters will be. Staff is tentatively looking at scheduling strategic planning sometime in April.

Policy Makers Council

Mrs. Tejada informed the Board that Chairman Hernandez has been appointed to serve on the American Public Power Association Policy Makers Council for a one-year term.

FMPA Conservation Program

Mrs. Tejada stated that the first quarterly Conservation Program due to FMPA was in January. It was reported that KEYS spent \$24,418 of its \$95,000. The breakdown is:

\$1,792 on 960 bulbs
\$18,427 on a year's supply of energy savings kits
\$4,200 on rebates

The Green Committee will try to come up with some other programs to utilize the remainder of the money.

Chairman Hernandez asked if any of the money can be used for such things as the tree giveaway.

Mrs. Tejada responded that the money can only be used for new programs and not existing ones.

Agenda Item #4d – Florida Keys Electric Cooperative Solar Facility Tour

Mrs. Tejada reminded the Board that the tour of the FKEC Solar Farm located in Marathon is scheduled on Friday, January 23rd. Following the tour a lunch is scheduled with the FKEC Board of Directors.

Mrs. Tejada stated that Mr. Symroski has suggested a list with talking points regarding KEYS' and FMPA's solar efforts and any other FKEC issues that the Board might want to discuss during the visit. Mrs. Tejada stated that she is working on that and will circulate it by the end of the week.

Land Use

Mrs. Tejada informed the Board that Fishbusterz has not paid the interest it owes to KEYS. Discussion has taken place with their representatives and they have presented KEYS with an alternate proposal to modify the purchase agreement. Staff will be reviewing it and will arrive at some alternatives to bring back to the Board.

Mrs. Tejada told the Board that similarly the Key West Steam Plant Condominiums has missed its deadline paying the deposit. They have paid all monies due KEYS and the

only thing that has not been paid is the deposit. Staff has been in contact with Mr. Swift and will be coming back to the Board on this issue as well. Mr. Swift may want to address the Board at that time.

Finance/Audit Committee Meeting

Mrs. Tejeda informed the Board that Finance and Audit Committee meeting is being scheduled for the end of the month. The tentative date is January 29th at 3:00 p.m. This is a meeting that will be attended by Chairman Hernandez and Mr. Bradford. The purpose of the meeting is to compare the actual vs. budgeted financial position. Potential cost cutting measures will also be looked at. If the committee feels it is appropriate a workshop will be scheduled in February with a full Board as a follow up to the committee meeting. Mrs. Tejeda stated that if there are specific items that the Board would like for the committee to discuss to please e-mail them to her this week.

Florida Public Service Commission

Mrs. Tejeda informed the Board that last week the FPSC approved its Renewable Portfolio Standard structure for Independently Owned Utilities (IOU's) and that municipalities will have a reporting requirement. The Florida Legislature had asked the FPSC to come up with rule making that the FPSC could impose. For whatever reason the FPSC stopped short of adopting a rule and instead adopted a general concept to report back to the Legislature recommending that the Legislature enact the requirements for the Renewable Portfolio Standards.

The ultimate goal is for 20% of all energy for Florida customers to come from renewable energy sources by 2020. They have a schedule where in 2012 it ramps up to 7%; 12% by 2016; 18% by 2019 and then 20% by 2020. Fortunately they have the foresight to recognize that cost can be very prohibitive and have included a 2% rate cap. It is mandatory for the IOU's to achieve these levels with the only exception being if the cost to achieve the goals exceeds the 2% of revenues or if the Renewable Energy Credits (RECs) aren't available.

Chairman Hernandez asked what the implications will be for KEYS.

Mrs. Tejeda stated that it is very similar to the pole storm hardening situation. The FPSC imposes the rule on the IOU's and tells municipals that they have to report. If the Renewable Portfolio Standards passes and municipals have to get to the 20% each utility will be responsible for having renewables. Since KEYS receives its entire power supply from the All Requirements Project, it will be required to have the 20% renewables in its portfolio. The FPSC has also included in their, report a Clean Energy Option for consideration, which would allow nuclear power to be considered in calculating the percentage goals.

AGENDA ITEM #6 – CONSENT AGENDA

- a) Approve Minutes - Regular Meeting - December 10, 2008
- b) Approve Disbursements Report
- c) Declare Non PCB Transformers as "Surplus"
- d) Approve Contract for Lease/Purchase of Telescopic Boom Lift
Bid #09-09 and Approve Budget Amendment #09-08

Motion was made by Mr. Bradford and seconded by Ms. Clark. There being no discussion the motion passed unanimously.

OTHER BUSINESS

There was none.

ADJOURNMENT

There being no further business to come before the Board motion was made by Mr. Symroski to adjourn the Regular Utility Board meeting of January 14, 2008 at 5:20 p.m.

APPROVED:



Lou Hernandez, Chairman

ATTEST:



Lynne E. Tejada, General Manager & CEO/Secretary

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