

MINUTES FROM THE PUBLIC UTILITY REGULATORY POLICIES ACT (PURPA) HEARING OF THE UTILITY BOARD OF THE CITY OF KEY WEST, FLORIDA, HELD AT 3:30 P.M. ON JUNE 16, 2010 AT THE WILLIAM ARNOLD SERVICE BUILDING LOCATED AT 1001 JAMES STREET, KEY WEST, FLORIDA

The above referenced hearing of the Utility Board of the City of Key West, Florida, convened at 3:30 P.M., on the above date and location and was called to order by Chairman Hernandez.

Utility Board Members Present

Chairman Hernandez
Charlie Bradford
Mona Clark
Ty Symroski

Staff Present

Lynne Tejeda
Jack Wetzler
Suzanne Greager
Alex Tejeda
David Price
Eddie Garcia
Stan Rząd
Julio J. Barroso
Edee Delph

Intervener or Participants

There were no Interveners or Participants present.

AGENDA ITEM #4 – SET AGENDA

There were no changes to the agenda and the agenda was set.

ITEM #5 – DISCUSS PUBLIC UTILITY REGULATORY POLICIES ACT (PURPA)

Mrs. Tejada provided the Board with historical background on PURPA. She informed the Board of the following:

- PURPA was established in 1978
- PURPA originally included six federal standards
- The Energy Policy Act of 1992 amended PURPA section 111(d) and added four additional federal standards
- The Energy Policy Act of 2005 added five new federal standards to PURPA section 111(d) - (11) net metering, (12) fuel diversity, (13) fossil fuel generation, (14) time-based metering and communications, and (15) interconnection.

After Mrs. Tejada reviewed historical background with the Board she proceeded with a power point presentation and reviewed the following items:

- Newest Considerations of PURPA
- Non PURPA Standard
- PURPA Procedural Requirements
- Integrated Resource Planning
- Rate Design Modification to Promote Energy Efficiency Investments
- Consideration of Smart Grid Investments
- Smart Grid Information
- KEYS Timeline

Mrs. Tejada provided the Board with staff recommendations regarding PURPA Standards.

Integrated Resource Planning- It is the recommendation of staff that there be no further action on this standard. Because of KEYS' participation in ARP and its integrated resource planning process, KEYS is limited in its ability to adopt and fully implement the PURPA Integrated Resource Planning standard outside of the ARP. Staff recommends continued participation in the ARP Integrated Resource Plan process.

There were no Interveners present, therefore there was no input.

Rate Design Modification to Promote Energy Efficiency Investments- It is the recommendation of staff that there be no further action on this standard. KEYS plans a full rate study in 2012 to consider appropriate rate designs to encourage conservation and KEYS already offers various energy efficiency programs and conservation education is a strong focus for KEYS.

There were no Interveners present, therefore there was no input.

Consideration of Smart Grid Investments- It is the recommendation of staff that there be no further action on this standard. As written, the language of this standard is setting requirement for the State not the utility so it is out of jurisdiction of the Utility Board. Subsections B&C are not relevant to KEYS as KEYS rates are set by policy by the Board and do not require state consideration of recovery. Formal analysis of Smart Grid options and cost of deployment of such a system is complicated by rapidly changing costs and technologies.

There were no Interveners present, therefore there was no input.

Smart Grid Information- It is the recommendation of staff that there be no further action on this standard. KEYS purchases its wholesale power from FMPA and FMPA currently offers flat rates. FMPA is considering time of use rates that will have to be approved by the majority of the ARP members. KEYS will undertake a full rate study in Fiscal Year 2012 that considers various rate structures. FMPA, at the request of the member utilities, commissioned a study by Ashpaugh and Sculco, CPA, relating to Smart Metering. The Study indicated the cost to implement some of the demand response programs and extensive AMI seems prohibitive for most small utilities.

There were no Interveners present, therefore there was no input.

Non PURPA Standard- It is the recommendation of staff that there be no further action on this standard. A utility is not required to consider this standard unless and until it is requested by a customer. KEYS will coordinate any response to such a request with FMPA to ensure compliance with ARP contractual obligations.

There were no Interveners present, therefore there was no input.

Mrs. Tejada reviewed the following timeline with the Board:

- May 26, 2010 - The position statement shall be made available to the general public.
- June 2, 2010– Intervener and participants in the Hearing must file a Notice of Intent to Participant in Problem Solving Public Hearing by this date.
- June 9, 2010 – Public participants must file written testimony or any other information in support of or in opposition to the adoption of PURPA Standards or the Non PURPA Standards with the General Manager's office by this date.
- June 16, 2010 – A public hearing shall be held
- July 9, 2010 - Recommended Decision for the Utility Board's consideration will be issued
- July 14, 2010– The Utility Board shall issue their final determination
- December 20, 2010 – If any of the four standards has not been considered by this date, it must be considered in the utility's next rate case.

Mrs. Tejada stated that staff will bring staff recommendations back before the Board at the next Utility Board meeting for approval.

A copy of the power point presentation is available upon request.

AGENDA ITEM # 6 – OTHER BUSINESS

There was no other business to come before the Board.

ADJOURNMENT

Motion was made by Ms. Clark to adjourn the Public Utility Regulatory Policies Act Hearing of June 16, 2010 at 4:03 p.m.

APPROVE:

Lou Hernandez, Chairman

ATTEST:

Lynne E. Tejada, General Manager/CEO & Secretary

/ed