

FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION, INC.

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION, INC.,  
HELD IN THE BOARD ROOM AT FKEC TAVERNIER HEADQUARTERS  
TAVERNIER, FLORIDA, ON MONDAY, JUNE 29, 2009 PURSUANT TO NOTICE

President Ritz called the meeting to order at 1:00 p.m.

The following directors were present:

H. B. Barrett  
Craig Belcher  
James J. Boilini  
Frank N. Hawkins, Jr., Treasurer  
Gretchen Holland, Vice President  
George Hertel  
Michael H. Puto, Secretary  
David C. Ritz, President  
Karl Wagner

Also present:

Scott Newberry, Chief Executive Officer  
John H. Haswell, Esq., Counsel to the Board  
John Stuart, Chief Operating Officer  
Cris Beaty, Chief Financial Officer  
Susan Kohlhofer, Recording Secretary

Members and Guest:

Joseph Ziomek

1 President Ritz announced that a quorum was present and that the business of the Cooperative  
2 could be conducted.

3 The Pledge of Allegiance was recited.

4 These minutes are provided as a general account of the meeting and are not intended as a  
5 verbatim record; only motions and pertinent discussions are recorded herein. Due notice of the time,  
6 date, and location of this meeting has been provided by publication of such notice in four papers of  
7 general circulation in the service area of FKEC.

1 **ACTION ON MINUTES**

2 President Ritz asked if there were any corrections to the minutes of the Regular Board Meeting,  
3 held on May 22, 2009, which were previously provided to each Director, and hearing none, the minutes  
4 were approved.

5  
6 **INTRODUCTION AND COMMENTS BY MEMBERS AND GUESTS**

7 President Ritz welcomed and introduced Joseph Ziomek and invited his comments at this time.  
8 Joseph Ziomek shared comments with the Board on further demonstrating FKEC's green initiatives by  
9 having the night lights and signage lit by solar panels.

10 President Ritz thanked Joseph Ziomek for his input and for attending today's meeting.

11  
12 **TARGETED GOALS OF CHIEF EXECUTIVE OFFICER**

13 S. Newberry reported on his eleven targeted goals. A question and answer session followed.

14 ***The purpose of this report was for discussion of the issues only; no action was taken or***  
15 ***recommended.***

16  
17 **COMMITTEE MEETINGS**

18 **Relations and Member Services Committee**

19 Chairman H. B. Barrett reported that a Relations and Member Service Committee Meeting was  
20 conducted on Monday, June 29, 2009. The Committee members, directors and staff met to discuss  
21 various topics. ***The purpose of this meeting was for discussion of the issues only; no action was***  
22 ***taken or recommended.***

23  
24 **FECA / Statewide**

25 S. Newberry presented a brief Statewide update: (1) Reported that there was a lot of activity in  
26 Congress on climate change and renewable energy legislation. The House Energy and Commerce  
27 Committee passed a comprehensive climate change bill that includes cap-and-trade and a renewable  
28 energy standard. There has been considerable progress since the original draft of the bill was published,

1 but it is still very expensive legislation. At this point, NRECA does not support the bill, but they do not  
2 oppose it either, and they are working with the Chairman to minimize the impact of the bill on  
3 cooperatives. S. Newberry noted that NRECA is more successful on the Senate side; (2) Next G. Holland  
4 reported that the Finance and Administrative Committee met to review and discuss the presented CPA's  
5 Audit Report, the Form 990, the unaudited financial statements for March and the General Manager's  
6 expense reports for January through April, of which all were approved; (3) Next C. Belcher reported that  
7 Rich Midulla presented the strengths, weaknesses, opportunities and threats, previously identified in a  
8 strategic planning session, and explained the proposed changes to FECA's strategic plan that will be  
9 considered by the board at a later date; (4) Reported that due to a scaling back in their use of contractors,  
10 utilities may likely see a shortage of qualified line workers to call on, in the event of a hurricane; and (5)  
11 Reported that the next FECA / Statewide meeting will be held on Friday, August 7, 2009 at the  
12 Ocean Reef Club in Key Largo.

13

#### 14 **EXECUTIVE SESSION REPORT**

15 President Ritz reported that there had been an Executive Session held earlier in the day to  
16 discuss various topics. ***He noted that the purpose of this meeting was for discussion of the issues***  
17 ***only; no action was taken or recommended.***

18

#### 19 **MONTHLY REPORTS**

20 S. Newberry's report covered the routine monthly topics and also included the following:

21

22 1. Reported that there were no transmission outages in the month of May, however the  
23 Islamorada Substation experienced three separate complete outages in May and remains  
24 bypassed pending ground grid testing and complete inspection by the engineer that  
25 designed the equipment.

26

27 2. The year-to-date average outage out number for May is 1.40 hours or 84.5 minutes minutes.  
28 The rolling 12 month number is 1.86 hours.

29

30 3. The new Tavernier Operations Center is essentially complete. FKEC's Grand Opening /  
31 Open House was conducted on Friday, June 19, 2009 from noon until 7:00 p.m. It included  
32 free public tours of the facility including administrative offices, operations, the reinforced  
33 warehouse facility and the new fleet maintenance facility. FKEC also provided free  
34 hamburgers and hot dogs to visitors. FKEC welcomed approximately 400 guests.

35

36 4. Osmose has completed inspection of 3091 poles. FKEC intends to do all pole change-outs  
37 in house this year. The installation of re-closers is presently underway.

- 1 5. On the safety side of things, there were no lost time accidents reported during the month of  
2 May. FKEC will soon start the accreditation process.  
3
- 4 6. Reported on the Marathon Solar Array Production as well as the Crawl Key Solar Array  
5 Production for the month of May.  
6
- 7 7. The new net metering plans have been filed with the Florida Public Service Commission  
8 (FPSC). FKEC now has two plans in place, one for members with less than 10 kW  
9 alternative generators and one for members with alternative energy generators over 10 kW  
10 to 100 kW.  
11
- 12 8. C. Beaty presented the monthly financial and statistical reports (through May). The Operating  
13 Statement Critique was presented and discussed along with the monthly Form 7  
14 Comparative and the Actual to Budget Comparison by Activity Code. A question and  
15 answer session followed. Next, a financial forecast assumptions sheet was presented to the  
16 Board for their review and reference. The financial forecast which depicts sales, revenues  
17 and expenses, will be discussed in length at next month's scheduled Finance Committee  
18 Meeting.  
19
- 20 9. The FPL bill and billing summary for last month has been included for the director's  
21 information. There was a negative \$422,567 fuel adjustment true up for the month.  
22
- 23 10. In the monthly Rate Comparison, FKEC is in the number eighth position; FKEC came in  
24 sixteenth in the 12 month rolling average with a cost of \$134.92.  
25
- 26 11. On the SCADA bar graph, FKEC shows a peak on May 23<sup>rd</sup> at 5:00 p.m. at 130.91 MW.  
27
- 28 12. The Energy Report was provided to the directors for their information. A question and answer  
29 session followed.  
30
- 31 13. On the Unsolicited Breaker Operation Report, FKEC had a total of 40 operations for the  
32 month of May.  
33
- 34 14. On the Service Order Report, FKEC completed 1421 service orders for the month of May  
35 with 166 account transfers.  
36
- 37 15. Safety meetings were held this month on June 10<sup>th</sup>, 11<sup>th</sup>, and 12<sup>th</sup> in Tavernier and Marathon,  
38 respectively. Employees viewed a 17 minute American Red Cross safety training video  
39 entitled Hurricane Information Guide for Coastal Residents. This video covered pertinent  
40 information on how to prepare your home and family for a hurricane before it strikes. Also  
41 discussed was the new Florida law going into effect June 30<sup>th</sup> which allows law enforcement  
42 officers to ticket occupants of moving vehicles strictly for not wearing a seat belt.  
43
- 44 16. The Workers' Compensation report indicates one strain / sprain injury for the month of May.  
45
- 46 17. The June Staff Meeting agenda was provided to the directors for their information.  
47
- 48 18. A copy of a Human Resources conference report, submitted by Randy Chaney, was  
49 provided to the Board for their information. Randy attended the annual NRECA Human  
50 Resources Conference in Las Vegas. The conference was surprisingly well attended. There  
51 were several excellent breakout sessions including updates on forthcoming ADA changes,  
52 card check and various other Obama initiatives with sweeping changes. Randy noted while  
53 at the conference, he also attended the Workplace Law update where he was able to discuss  
54 various important and timely issues with the attorney instructor and the group as a whole.  
55

- 1 19. A copy of a memorandum from Tom Kirby and Bill Lee who attended the FECA Operations  
2 and Safety Conference in Orlando, was provided to the Board for their review and  
3 information. Of primary interest to all in attendance was detailed information on the  
4 hazardous waste disposal changes. Tom noted that FKEC also received the back-up camera  
5 system that FECA purchased (for each cooperative) for us to evaluate for possible use with  
6 our fleet.  
7
- 8 20. A copy of May's Consumer Price Index (CPI) was provided to the Board for their information.  
9
- 10 21. A copy of Keys Energy Services Utility Board Meeting Minutes (May 13, 2009) were provided  
11 to the directors for their information.  
12
- 13 22. The approved May minutes from the FKEC Members Charitable Trust (Operation Round-  
14 Up®) were provided to the directors along with a copy of the accompanying financial reports.  
15
- 16 23. A copy of the Construction Work in Progress summary was provided to the Board for their  
17 information.  
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19

#### 20 ITEMS FOR ACTION

##### 21 1. Uncollectible Accounts:

22 The Board members and staff met to review the Uncollectible Accounts as per S. Newberry's  
23 memorandum dated June 19, 2009 and concurred with his recommendation. ***H. B. Barrett made the***  
24 ***motion, and duly seconded, that the Board approve that the gross amount of \$83,779.20 in***  
25 ***uncollectible delinquent energy accounts for the period of January 2009 to mid-June 2009 be***  
26 ***written off against the accumulated provision for uncollectible accounts.*** S. Newberry noted that of  
27 this amount, \$34,666.99 would be recovered from capital credits as they are retired and that collection  
28 efforts will continue. ***Vote taken; motion carried without objection.***

##### 29 2. 2009 Preliminary Capital Credit Retirement:

30 The 2009 Preliminary Capital Credit Retirement Information was reviewed and discussed by  
31 the directors and staff. As time was of the essence, it was determined to defer this action item until next  
32 month's regularly scheduled board meeting.  
33

#### 34 REPORT OF BOARD COUNSEL

35 J. Haswell prefaced his remarks with the caveat that he would not discuss matters of legal advice  
36 with the Board that would be privileged and confidential.

37 J. Haswell's update included: (1) Review of Agreement on use of FKEC Proprietary Data  
38 (Member List) and corrections; (2) Reported on the Four New PURPA Standards and the notices

1 associated. Notices will be posted on FKEC's website and will also be included in the Florida Monthly  
2 Magazine; (3) Discussions with John Stuart pertaining to the Interconnection Agreement(s) for Member-  
3 Owner Renewable Generation; (4) Discussed Chapter 366 of the bankruptcy code and reviewing most  
4 recent cases pertaining to these codes; (5) Update on the FPL and Progress Energy clean energy and  
5 renewable energy issues; (6) Reported on new Legislative Bills that are currently being monitored by  
6 FECA/Statewide; (7) Update on the D'Asign Source mutual release agreement; (8) Discussions  
7 pertaining to capital credit issues; and (9) Discussions with FKEC's Member Service Representatives on  
8 various issues.

9 J. Haswell reported on his routine work, including capital credit matters, on behalf of FKEC.

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11 **UNFINISHED BUSINESS**

12 None

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14 **NEW BUSINESS**

15 None

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18 **OTHER BUSINESS**

19 None

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21 **ANNOUNCEMENTS**

22 The July Regular Board Meeting will be held on Monday, July 27, 2009 at 1:00 p.m.

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24 **ADJOURNMENT**

25 The meeting was adjourned at 3:18 p.m.

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David C. Ritz, President

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Michael H. Puto, Secretary

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