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THE OFFICIAL PUBLICATION OF THE FLORIDA MUNICIPAL ELECTRIC ASSOCIATION, INC.

December 1997/January 1998



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December 1997/January 1998



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OHM PAGE



Barry J. Moline
FMEA Executive Director

Get Ready to Fight

This issue of *Relay* updates you on the status of state and federal activities in electric utility restructuring. You'll need this information for two meetings you need to attend: APPA's Legislative Rally Jan. 26-28, 1998, in Washington, D.C., and FMEA's Legislative Conference March 24-26, 1998, in Tallahassee. Some bills address concerns of public power; others seek to destroy public power. Legislators want to know the impact of these various proposals on your electric utility. Make plans now to visit them.

Florida

There is a lot of talk about various electric bills that might be filed in the Florida Legislature. Subjects may include electric restructuring, orimulsion, merchant plants and municipal utility taxation. We'll update you as bills are filed. FMEA's Legislative Conference is a must for all members to attend and meet with their legislators in Tallahassee. On March 26, we are also scheduling on a day-long workshop on Public Speaking. This is valuable training if you regularly give presentations and would like to hone your speaking skills.

Federal

There are a dozen electric utility restructuring bills in the Congressional hopper, with more likely on the way. Here's a synopsis of bills currently filed by the U.S. House of Representatives:

H.R. 655, *Electric Consumers Power to Choose Act*, Rep. Dan Schaeffer (D-CO) — Mandates customer choice in all states by December 15, 2000. Requires each state to create its own restructuring plan. No market power provisions, no independent system operator (ISO) provisions.

H.R. 338, *Ratepayer Protection Act*, Rep. Cliff Stearns (R-FL) — Repeals the Public Utilities Regulatory Policies Act (PURPA).

H.R. 1230, *Consumers Electric Power Act*, Rep. Tom Delay (R-TX) — Mandates retail wheeling by Jan. 1, 1998.

H.R. 1359, *Nameless*, Rep. Peter DeFazio (D-OR) — Amends PURPA to support energy conservation programs, renewable energy and universal and affordable service.

H.R. 1960, *Electric Power Competition and Consumer Choice Act*, Rep. Ed Markey (D-MA) — Requires consider-

ation of retail wheeling by every state, but does not mandate it. Contains provisions for market power and reliability.

In the U.S. Senate, the following bills have been filed:

S. 237, *Electric Consumers Protection Act*, Sen. Dale Bumpers (D-AR) — Mandates retail wheeling by Dec. 15, 2003. This comprehensive bill directs FERC to establish ISOs, allows stranded cost recovery, and repeals PUHCA. Sen. Bumpers has introduced another bill, S. 1401 (see below).

S. 621, *The Public Utility Holding Company Act of 1997*, Sen. Alfonse D'Amato — Repeals the Public Utility Holding Company Act of 1935.

S. 687, *Electric System Public Benefits Protection Act*, Sen. James Jeffords (R-VT) — Establishes the National Electric Systems Benefits Board, renewable energy requirements, imposes new emission standards for power plants 15 MW and larger.

S. 722, *Electric Utility Restructuring Empowerment and Competitiveness Act*, Sen. Craig Thomas (R-WY) — Promotes retail wheeling but no mandate. Determines the level of stranded costs, repeals PUHCA and PURPA.

S. 1276, *Federal Power Act Amendments*, Sen. Jeff Bingaman (D-NM) — Allows states to implement retail wheeling without a mandate.

S. 1401, *Nameless*, Sen. Dale Bumpers (D-AR) and Sen. Slade Gorton (R-WA) — Comprehensive bill mandating retail wheeling by Jan. 1, 2002. Provides recovery of wholesale and retail stranded costs, universal service fund, renewable energy minimum (from 5 percent in 2003 to 12 percent in 2013), ISOs, market power.

S. 1483, *Nameless*, Sen. Ted Murkowski (D-AK) on tax exempt financing — Eliminates tax-exempt financing for public power participants in an open access system.

Regarding the Administration, the U.S. Department of Energy Secretary Federico Pena announced administration-supported electric utility industry restructuring principles: promote competition; improve reliability; respect the technical, legal, and institutional complexities of the industry; ensure universal service; protect the environment; and maintain flexibility for the states. A formal legislative proposal may be offered in the future. **R**

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NEWS LINES



Fort Pierce Joins FMPA All-Requirements; Project Now Ranks Third in Peak Demand

In recent months, the Florida Municipal Power Agency has been growing by leaps and bounds. Most recently, the Fort Pierce Utilities Authority (FPUA) Board voted unanimously on November 18 to join FMPA's All-Requirements Project.

FPUA is the fourth municipal to join All-Requirements in recent months. With the addition of Vero Beach in June, Starke in October, Key West scheduled for April 1998, and Fort Pierce effective January 1998, the project's coincident summer peak demand is expected to increase by 340 MW, or 64 percent.



Together, the 10 municipalities are projected to have a summer peak demand of 875 MW, which makes the project nearly equal in demand size to the Orlando Utilities Commission, the second largest municipal in Florida.

Integration of FPUA with the existing nine

members of FMPA's project will save the 10 utilities millions of dollars in fuel and purchased power costs, plus enhance other economies of scale in the growing project. An economic analysis performed for FPUA estimated that the utility and its 24,000 customers could save 9 percent on its power supply costs from 1998 through 2004, which would equal millions of dollars.

Before deciding to join FMPA's project, FPUA evaluated other alternatives. Elie "Bud" Boudreaux, FPUA's director of utilities, said, "Florida Power & Light (FPL) made us an offer, as well as several third-party marketers who were eager to serve our needs. For more reasons than I can list here, [FPUA] staff chose to recommend the All-Requirements Project. We will fly with our own kind."

According to Boudreaux, the actual process to join All-Requirements began back in 1989, when FPUA's board signed a preliminary agreement to join.

"It took almost ten years of litigation to obtain the right to access the Florida Power and Light transmis-

sion system, which was necessary for this to become a reality," explained Boudreaux. The Federal Energy Regulatory Commission's ruling to open transmission access finally forced FPL to allow others to access its transmission system, which paved the way for FPUA to join the Agency's All-Requirements Project.



When FPUA begins integrated operations with the other municipals, it will assign generating resources it owns to All-Requirements and purchase its total power needs from the project.

FPUA will continue to operate and maintain its units; however, FMPA will be responsible for scheduling how units are used to maximize efficiency. Utilities that bring generation to the project, like FPUA, receive credits that offset the cost of operating the units and the cost of

purchasing power from FMPA.

Unlike many other power suppliers, FMPA's project participants have significant influence in how FMPA operates, which is one of the many reasons FPUA choose the Agency over other power suppliers. Major project decisions, such as approving long-term capacity commitments and setting annual rates to the project participants, are approved by a committee of the All-Requirements members as well as FMPA's governing bodies, which consist of fellow municipal systems.

Claude L'Engle, FMPA's general manager, said, "FMPA is proud that after a thorough analysis of many long-term power supply options, Fort Pierce chose to join the project. As our industry grows more competitive, I sincerely believe that uniting the resources of municipals serves the best interests of our members and, ultimately, their retail customers."

Reprinted in part from *FMPA Dispatch*, December 1997 issue.

Tallahassee Works to Increase Citizen Awareness on Electric Competition

In early January, the city of Tallahassee announced several new developments in its ongoing effort to communicate with citizens and customers about electric competition. Electric competition is an issue of vital importance in Tallahassee because 33 percent of city services such as police, fire, and parks and recreation are paid for with electric profits.

On Jan. 8, the city awarded 30 city electric customers \$100 in free electricity. The 30 winners were recipients of specially marked refrigerator magnets that were distributed at the Winter Festival to spark awareness of electric competition issues in Tallahassee. A total of 5,030 light bulb shaped magnets were handed out during the Festival of Lights celebration, with 30 of the magnets

designated as winners of the free electricity.

The city's interest and concern with informing citizens about electric competition and its possible impact on the city's residents and electric customers prompted the promotion.

Also in early January, City Manager Anita Favors formally announced the formation of a Citizens Advisory Committee.

The newly formed Citizens Advisory Committee will provide feedback and input to the city manager on issues related to future city utility operation decisions. Under development since early December, the committee will receive an in-depth orientation on deregulation issues, assist in the facilitation of public forums, serve on staffed subcommittees reviewing future alternatives and serve

in an advisory capacity to Favors.

"I have attempted to solicit involvement of people who have a demonstrated interest in the future of Tallahassee and our quality of life. These individuals will provide beneficial expertise as we strategically ponder a critical community decision," said Favors. She added that the citizens committee is one more way to keep citizens involved and informed.

Additionally, Favors has been involved in conversations with the 21st Century Council to discuss the possibility of that entity organizing community involvement forums once the alternatives for future operation of the electric and gas utilities are analyzed. The 21st Century Council has been involved in

conducting studies on public policy issues such as transportation and juvenile crime.

The city also announced that Cumulus Broadcasting, owners of four local FM radio stations, will donate over \$30,000 worth of free radio time to the city to help inform the public about the issues surrounding electric competition.

"This is an outstanding example of a local company making a commitment to help the city reach its citizens with vital information," said Michelle Bono, director of communications. Their donation of nearly 700 spots on four of Tallahassee's top stations will help us ensure that every citizen knows about electric competition and the alternatives we face as a community."

OUC Provides Emergency Help to New Smyrna Beach

The Orlando Utilities Commission recently provided emergency assistance to New Smyrna Beach Utilities Commission, after a tornado packing 160-mph winds left 5,000 New Smyrna Beach residents without power.

OUC and New Smyrna Beach utility officials quickly provided clean-up efforts by directing their attention to a six-block area between the beach and

the Intercoastal waterway. In three days they installed new transformers, primary, feeder and service cables and restored power to 40 of the most damaged homes.

Gene Kopp of New Smyrna Beach Utilities Commission praised the OUC team for their hard work and team spirit during the crisis situation.

"They were just a great bunch of great guys," he added.

California: Computer Problems Postpone Retail Competition

The Jan. 1 grand opening of California's electricity market to competition has been put on-hold for three months due to unresolved computer problems with the state's Independent System Operator (ISO) and centralized Power Exchange, and a need for further employee training. The postponement was announced in late December by California ISO officials.

One of the main problems encountered is due to software conflicts, with the Power Exchange taking too long to conduct its power auction each day and transmit information to the ISO, so it can dispatch power. The new March deadline allows the groups two months to identify and correct the software problems and another month to complete final testing.

Lee County Improves E-mail Efficiency

Lee County Electric Cooperative is piloting a new e-mail program to provide more efficient service to new homes and businesses. The new pilot program, known as the "Electronic Inspection Notification System," is being tested in Cape Coral, and is designed to provide faster service to homes and businesses by reducing paperwork and other tedious steps in the permitting process.

"We're talking about increasing our own efficiency and decreasing our costs," said Bill Hetherington, director of engineering and operations.

Electric permitting won't take the place of building inspectors; but, using the Internet in the construction process could reduce time spent delivering plans and forms to government agencies, receiving results of reviews and inspections, and making necessary revisions.

Before the pilot program,

city employees would fax notices to the utility, stating that a building had passed inspection, and was ready to be hooked up to a temporary or permanent utility pole. The notices would be re-typed into the utilities' computer systems and matched by hand with service orders. Electric service was usually available on the second day after an inspection. Now, with the new system, e-mailed inspection notices enter the cooperative's computer system directly, where the data is printed and the work-order processed immediately.

The effort is an offshoot of a more advanced electronic permitting project that Lee County Cooperative is testing with the Florida Department of Transportation (FDOT). Lee County programmers developed an advanced software program that allows the utility to exchange permits and other documents with FDOT over the Internet.

Issues and Answers

Beginning this month, this column asks *Relay* readers to share their views on important industry issues. This month's question is:

Should public power utilities and electric cooperatives use tax-exempt financing to build power plants?

Please fax or e-mail your response of 100 words or less, and include your name and telephone, to *Relay* Issues and Answers; Fax: (850) 224-2831; E-mail: SWatFMEA@aol.com. A representative sampling of responses will be published in an upcoming issue. Published responses may be edited and must include author's attribution.

Vero Beach Officials Study New Substation Locations

Vero Beach Utility Officials are considering several locations to build a \$5.1-million substation to meet the community's electricity needs.

The new substation will have two 20-Megavolt-Ampere (MVA), 69/13-Kilovolt (kV) transformers and will increase Vero Beach's system capacity by 20 percent.

Some of the sites being considered are city-owned properties, as well as sites northwest of town. "Of those sites, the best ones

might be those nearest to 58th Avenue, where one of the city's main power lines is located," said Vero Beach City Manager Rex Taylor.

The selection process for the new site is still in the preliminary stages, according to Vero Beach Transmission and Distribution Director Larry Raisor. Once a final site is selected, the city's T&D Department will meet with neighborhood residents and give them a chance to voice concerns about the substation's location.

TECO's Guzzle Turns Over Reins to Anderson

Timothy Guzzle, chief executive officer of TECO Energy for over a decade, recently turned over management of the Tampa-based utility to longtime TECO executive Girard Anderson. Guzzle, 61, will remain chairman of TECO's board of directors even as he continues to battle cancer,

which he has fought for five years.

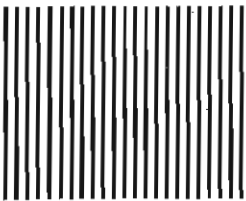
"While the cancer continues to progress slowly, this will give me more time to do some of the things I want to do, and it is a good time for TECO to move some of the very capable people we have in our organization forward,"

Guzzle said.

As chief officer of TECO, Guzzle is credited for guiding the organization through a successful diversification strategy. While other utilities took their lumps investing in insurance companies and dicey real estate ventures, TECO produced consistent returns for shareholders from

its diversified businesses, which includes electric, gas, coal and transportation operations.

As TECO's new CEO, Anderson said, "I would expect we'll have a seamless transition. Our goals are to continue to grow these (diversified) businesses."



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10 Things Not to Do in 1998

As 1998 begins, you may be considering resolutions for the New Year. Here are 10 things you should resolve to not do this year. By not doing them, you'll improve communication with your coworkers and employees and improve service to utility customers.

Here's a suggested list, with each item starting with "I promise that I will not":

◆ **Brush off** external and internal customers who have problems I can help solve. I won't use statements

such as: "It's not my department" or "Our policy doesn't allow that, so there's nothing I can do about it."

◆ **Send excess e-mail** messages. To make sure I don't, I'll test every message by first asking: "Does this offer information that the receiver must have?" "Will it prompt a needed action?"

◆ **Clog the communication pipeline** by following an e-mail or a fax with a phone call to make sure the e-mail or the fax got through.

◆ **Dismiss co-workers'**

ideas with scornful comments such as: "That'll never work" or "You can't be serious."

◆ **Talk too fast or slur words** when I record a voice mail message or when I leave a message on another's voice mail system.

◆ **Drown out others'** views on important issues by saying little of value, while being the loudest and talking the longest.

◆ **Take the easy way out** by refusing to offer opinions or actively participate in

meetings and other group activities.

◆ **Bore audiences** with a disorganized presentation that fails to meet their needs, lacks attention-keeping devices and lasts too long.

◆ **Focus on how my external and internal customers describe a complaint** rather than on the content of what they say.

From *Communication Briefings*, December 1997 issue.

Small Companies Use Intranets to Communicate like Big Companies

Think of an Intranet, and you're likely to envision a far-flung network that provides information to every employee in the company.

Not so, says the Winter, 1997 issue of *Ragan's Intranet Report*. According to Margery Huge, who works for a mid-size urban hospital, an Intranet works just as well with a more narrowly defined audience.

Huge is manager of International Affairs for the Washington Hospital Center in Washington, D.C. The Intranet with which she is involved is available only to about 40 percent of the hospital's management, and selected employees. Many of the hospitals Intranet applications could be adapted for a small municipal utility system.

"The Intranet was developed by our IS depart-

ment to help everyone who has a computer become networked everywhere throughout the Center," Huge says. "... it's a communication tool as much as it is a computer network. To make it really work, we needed each other's help." The hospital's IS department controls who has access, providing passwords to employees for

whom they have installed Netscape Navigator on their computer systems. Training is required before employees are given access.

Furthermore, not all employees need a computer to access the Intranet. Recently, a dozen machines were set up in the Center's library. For municipal utilities, computers could be setup in common areas, such

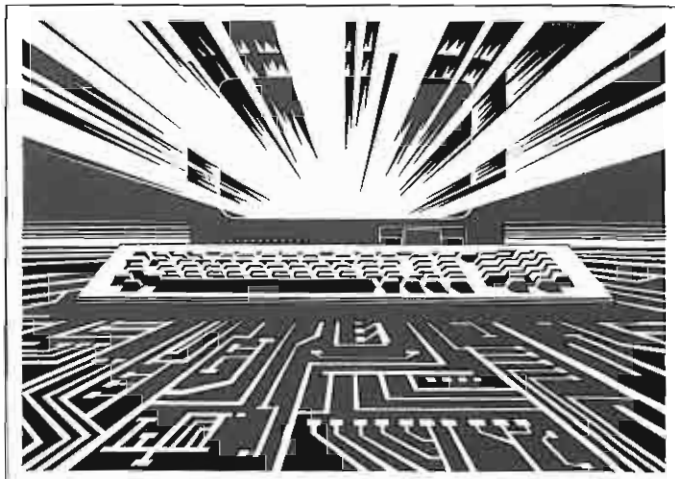
as employee lounges or meeting rooms, to allow field workers such as linemen and meter workers to access information.

Information on the hospital's system includes:

- ◆ Quality resources,
- ◆ Library materials,
- ◆ Practice protocols and standard operating procedures,
- ◆ Information on research projects,
- ◆ A weekly calendar of events, and
- ◆ Media clips about the hospital.

"We no longer have to photocopy clips and send them to 500 different places," Huges says.

The hospital's limited Intranet allows computer access by all employees, especially those who depend on it daily to improve efficiency.



Web Population to Reach 50 Million by Year's End

More than 53.2 million people were using the Internet at the end of September, according to the International Data Corp. (IDC), with 44.2 million also using the World Wide Web. The differences in those two figures primarily comes from businesses that use Internet e-mail but don't offer employees access to the Web.

The study predicted that by the end of 1997, Internet users will top 60 million, with the number of people on the Web still lagging behind at about 50 million. Those numbers represent a huge jump since the end of 1996, when IDC found that 26 million people used the Internet and 22.4 million were on the Web.

"We're especially impressed by the growth of usage outside the U.S.," said IDC Senior Vice President John Gantz at the firm's Internet '98 Conference. "We already know that a surprising number of non-U.S. users are both shopping and conducting business-to-business transactions on the Web."

Gantz said that 23 million Internet users are from outside the U.S., and that the total value of goods and services purchased over the web in 1997 would exceed \$10 billion. He expected two-thirds to be business-to-business transactions.

From *Web Content Report*, December 1997 issue.

FPL Plans Ice Cooling System For High-Rise Businesses

Florida Power and Light Company (FPL) plans to reintroduce an old cooling technique known as "district cooling" to some of Florida's most modern buildings. Beginning in September of 1998, FPL is expected to start construction on a large-scale system that will cool high-rise office buildings, hotels and condominiums.

The system works at night, when the ice plant makes millions of pounds of ice. By day, the ice is melted and the 34-degree fahrenheit water is piped into surrounding office buildings. Heat exchangers in the buildings

help the cold water absorb the heat from the structure, cooling the building. The heated water is then piped back into the ice plant to be refrozen that night.

The system is an environmentally friendly form of air conditioning, which uses no Freon or other chlorofluorocarbon-based refrigerants.

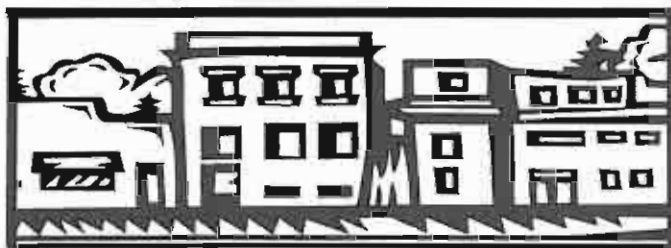
In addition to being environmentally safe, the system should also be customer-friendly by reducing electric bills. The system would draw most of its power during off-peak hours, reducing customers' peak demand.

APPA Accepting Nominations for 1998 Century Award

The American Public Power Association (APPA) is currently accepting nominations for their 1998 Century Awards.

The Century Award recognizes outstanding service provided by municipal-owned utilities to their communities for 100 years or longer.

Any APPA-member utility that began providing community-owned electric service in 1889, or earlier, is eligible to receive the award. For more information about the Century Award call Andrew Riestler, APPA Communications Specialist, at (202) 467-2927, e-mail ariester@appanet.org.



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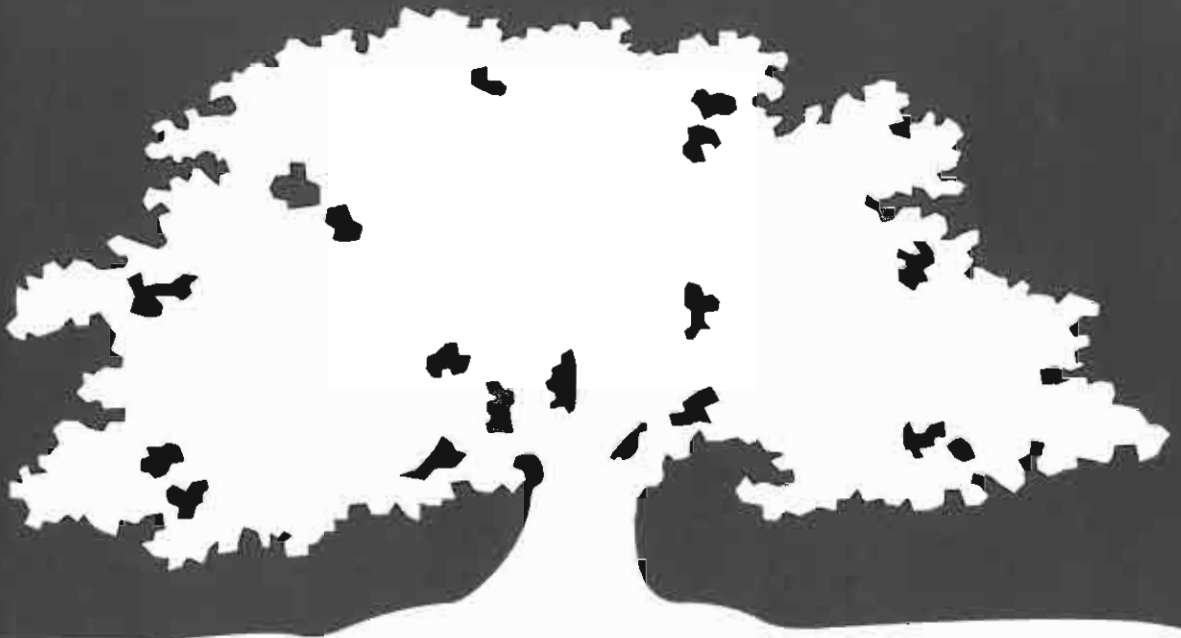
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Time to Get Serious

by Robert Varela
Editor, APPA Public Power Weekly

The debate in Congress over deregulating the electric utility industry is getting serious. Although nothing much may happen this year or next, now is the time for all public power systems to let members of Congress know your concerns.

Any public power officials who think they can leave everything to APPA, that their help isn't needed, that what happens in Washington won't have that much effect on their operations, should take a hard look at what Senator Frank Murkowski, chairman of the Energy and Natural Resources Committee, is saying. In what passes for irony only in Washington, Murkowski represents a state whose citizens are almost entirely served by public power and rural electric cooperatives. Investor-owned utilities serve less than 10 percent of the population. Yet his views on restructuring seem quite hostile to the interests of publicly and cooperatively owned utilities and the millions of consumers served by them.

Murkowski seems to have taken on the issue of tax-exempt financing as a personal crusade, arguing that it would provide an unfair cost advantage in a deregulated market. He has written three letters to Treasury Secretary Robert Rubin urging the Internal Revenue Service to withhold issuing regulations on application of the tax code's private use restrictions on public power facilities financed with tax-exempt bonds.

In an Oct. 20 letter, Murkowski seized on a report by the congressional Joint Committee on Taxation, which said that if public power utilities "were permitted to retain their ability to receive tax-exempt financing, they might have a considerable cost advantage over other generators in a deregulated market for generated power." He told Rubin that the IRS should "withhold issuing regulations that might allow publicly owned utilities to use tax-exempt financed facilities to compete against privately owned utilities." Leave the issue to Congress, he told Rubin, for the third time.

But Murkowski's position on public power and tax-exempt financing isn't entirely clear. Public power utilities "and certain investor-owned utilities" that have used tax-exempt financing to build power plants should not be

allowed to sell electricity from these plants outside their current service areas, said the Alaska Republican in a 10-page memo to members of the energy committee. He is silent on whether competitors should be allowed to sell power within the service territories of public power systems. His silence on that point suggests that perhaps he would recommend a one-way street.

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The question is, who are those "certain investor-owned utilities." One possibility is the handful of IOUs who qualify for tax-exempt financing under the "two-county" rule. But a second possibility is the more than 100 private utilities that have taken advantage of tax-code provisions allowing them to issue at least \$30 billion in tax-exempt bonds to finance pollution control equipment for generating plants. Duke Power Company, for example, has issued more than \$3.4 billion in tax-free pollution control bonds.

That clearly would qualify as using tax-exempt financing to build power plants.

If Murkowski's stance on tax-exempt financing is based on principle, then most existing electric utilities would be walled into their current service territories. If his true concern is cost advantages that are not available to others, low-cost loans from the Rural Utilities Service would also seem to meet his criteria. That would rule out retail competition.

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CALENDAR

- 1998
- February**
- 11 FMEA Energy, Communications & Customer Service Committee Meeting, Leesburg Community Center
- 17 FMEA Enhancing Your Public Image Workshop, Tallahassee
- 19 Florida Association of Electric Utility Trainers (FAEUT), Seminole Electric Cooperative, Tampa
- 24 FMEA Improving Customer Service Skills Workshop, Ocala
- 25-26 FMEA Credit and Collections Workshop, Orlando
- 27 FMEA Improving Customer Service Skills Workshop, Kissimmee
- March**
- 24-25 FMEA Legislative and Regulatory Meetings and Rally, Ramada Inn-North, Tallahassee
- 25 FMEA Legislative Reception, Governors Club, Tallahassee
- 26 Effective Public Speaking Workshop, Ramada Inn-North, Tallahassee
- 31-April 1 Theft of Services Investigator Training, Orlando
- April**
- 22 FMEA Enhancing Your Public Image Workshop, Gainesville
- May**
- 12 FMEA Safety Committee Meeting, OUC Gardenia C.S. Center
- 13 FMEA Safety Workshop and Exhibit, Hilton Central Park, Orlando
- 13 FMEA E&O Mid-Year Workshop, Holiday Inn Central Park
- June**
- 4-5 Florida Association of Electric Utility Trainers 10th Annual Conference, Holiday Inn-Gulf Side, Key West

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