

Community Partnership for Energy Planning

Leadership Team & Community Working Group – C (Lake, Marion and Sumter Counties)

Meeting Summary

Wildwood Community Center – Wildwood, FL
May 5, 2009

Time: 12:30 PM to 2:30 PM

Facilitated By: STAR Group, LLC
www.stargroupconsulting.com



Attendees

LT & CWG Members Present:	Guests:
Albert Peek – Ocala Development	Gail Simpson – Progress Energy Florida
Dwayne Carlton – Ellison Property Management	Tonya Elliott – Progress Energy Florida
Kathy Judkins - SECO	Cyndi McRee – Progress Energy Florida
Paul Kalv – City of Leesburg	George Puckett – Progress Energy Florida
Chris McKendree – Florida Department of Environmental Protection	
Sean Parks – Community Representative	
Aimee Webb – Sumter County Board of County Commissioners	
Martha Barnwell – Progress Energy Florida	
Carla Groleau – Progress Energy Florida	
Larry Watson – Progress Energy Florida	

Bill Moye and Chris Kenny of STAR Group welcomed the Leadership Team and Community Working Group members and reviewed the ground rules and agenda for the meeting.

Gail Simpson provided members with an update on activities related to the Baseload Transmission Project. The group discussed the recently completed Site Certification Application (SCA) hearings. Gail noted that the hearings were sparsely attended with the most attendees coming to the hearing in Inglis in Levy County. Comments on the project ranged from environmental and safety concerns to the potentially beneficial economic impacts. Several participants from the Community Partnership for Energy Planning and other community leaders spoke in support of the project at one or more of the hearings.

Gail noted that the Administrative Law Judge is expected to issue his recommendation to the Siting Board (which consists of Governor Crist and the cabinet) regarding the SCA by June 2009. The Siting Board likely will make its decision in August and that decision would become final approximately 30 -45 days later.



Martha Barnwell observed that participants in the Community Partnership for Energy Planning, and particularly members of the Leadership Team and the Community Working Group, had been instrumental in helping PEF reach out to potentially affected stakeholders and to develop a process that enabled PEF to obtain meaningful input. On behalf of PEF, Martha extended her thanks to everyone on the LT and CWG for their important contributions to the process.

Gail discussed a recent PEF press release in which PEF announced that it was withdrawing its Limited Work Authorization application in response to a decision by the federal Nuclear Energy Regulatory Commission limiting the amount of work that PEF may conduct prior to receiving a Combined Operating License for the Levy plant. That license is not expected to be issued before 2011, resulting in approximate minimum 20-month schedule shift to the project timetable.

Gail noted that PEF remains committed to the Levy plant and the Baseload Transmission project, but the company must now re-evaluate many of the activities it had planned to undertake between now and 2011. She added that the company still anticipates completing its route study for the Baseload Transmission project by the end of 2009. Potentially some field activities associated with surveying and engineering may take place, but all plans are on hold until a new schedule reflecting the schedule shift is created.

Members of the group asked several questions about the shift and its potential impacts on the project. In response, Gail advised the group that:

1. PEF will continue with some of its planning efforts regarding the Levy plant and related transmission, but the extent of that work will not be determined until a new schedule has been created.
2. The NRC's decision limiting the amount of pre-certification work PEF is authorized to conduct was based on the NRC determination that the work filed in the Limited Work Authorization applications was significant and needed to be approved along with the Combined Operating License. This decision doesn't imply there are issues with PEF's application for the Levy plant and related transmission. The

NRC is not treating PEF's application differently from any of the other applications now being evaluated. However, each application will be evaluated based on the applicants' specific project.

3. PEF will be revising its timetable for the Levy plant and the Baseload Transmission project. As more information becomes available, Gail will be sure to share this information with members of the LT and CWG. PEF expects to have a revised schedule by later this year.

Gail then discussed PEF's recent announcement regarding electric rates. She reviewed the different rate components and when the various components are reviewed by the PSC for change. She explained that the recent rate filing made by PEF is to pay for investments in infrastructure including the repowering of the Bartow plant and transmission upgrades to PE's system. She pointed out that rates are impacted by several factors, the most volatile of which are fuel costs. PEF ratepayers have seen fuel charges fluctuate on their bills, with an increase in the fuel charge in January followed by a decrease in April. This is because PEF simply passes its actual fuel costs on to consumers. Since a large percentage of PEF's fuel comes from natural gas, the volatility in prices for those fuels has been reflected on customers' bills in recent years. Gail also noted that one reason PEF wants to build the Levy plant is to reduce that kind of fuel price volatility, which can have a significant impact on customers who live on a fixed income.

In contrast to fuel costs, base rates are used to support PEF's infrastructure improvements and operating costs. PEF's base rates have not increased in more than 1% in the last 25 years. Public service hearings will be held by the Public Service Commission from July through September 2009. The Public Service Commission will make its ruling on the proposed base rate increase in September, with an effective date of January 1, 2010 for the new rates (if approved).

PEF has also filed to increase its early cost recovery for the Levy plant by 2%. The proposed increase reflects under-recovery on the Levy plant in 2009. The company also announced that because of the project shift that resulted from the NERC decision concerning the Limited Work Authorization, PEF has proposed spreading out the early cost recovery for

the Levy plant by an additional 5 years. If passed, this will reduce the monthly amount collected for the Levy plant. It was noted that the early cost recovery, while impacting customer bills in now and up to operation of the plant, will save PEF ratepayers over \$13 billion on the Levy plant. It was also noted this is not easy for people to accept, particularly in difficult economic times.

In response to questions raised by the members, Gail and Martha reported that PEF continues to examine and invest in Smart Grid technologies as part of its ongoing planning process. The company also is committed to safety and to protecting its power generation and transmission line facilities.

Cyndi McRee and George Puckett from PEF made a presentation on some of the residential and commercial energy efficiency programs that PEF has available. These range from free energy audits to financial incentive programs for residential and business customers who make cost-saving changes to their properties. Cyndi and George reported that since 1981, customers have saved nearly \$911 million through PEF's energy-efficiency programs -- or more than 12.11 billion kilowatt-hours -- enough to power the city of Orlando for more than two years. These programs have helped eliminate almost 7.6 million tons of CO₂ (equal to removing more than 2 million cars off the road every year). More information on energy efficiency tips can be found at www.savethewatts.com.

The group discussed some of the achievements to date as well as issues that continue to warrant the group's attention. The accomplishments identified were:

- a. PEF provided many opportunities for the community to provide input into its decisions regarding the transmission lines. Most importantly, PEF listened to the community and followed many of the community's recommendations.
- b. PEF has continued to present valuable information at these CWG meetings (such as having PEF representatives attend to make presentation on the Speaker's Bureau, transmission corridor uses for habitats and environmental partnerships, and energy efficiency programs) and at the Open House meetings.

Members identified the following as issues on which they felt they could continue to make a contribution as well as additional communications opportunities for PEF to explore:

- a. Affordability/cost of nuclear power vs. other fuel sources for electricity.
- b. Be sure people know that PEF is shifting the schedule, not abandoning, the Levy plant and Baseload Transmission project.
- c. Be sure to emphasize the economic development opportunities associated with the project.
- d. Talk about project need in terms of future electricity demands based on behavioral changes and technology changes in the next 7 years.
- e. Relationship of project need to declining availability and rising costs of fossil fuels.
- f. Climate change vs. cost of energy as a conversation with the customers and the people of Florida.
- g. Use the plant schedule shift as an opportunity to discuss the plant rates.
- h. Communicate with customers in terms of fuel cost and sustainable energy rates for the long term and new uses of electricity.
- i. Develop a revised timetable for the project.
- j. Use contractor licensing process to inform contractors/builders about energy efficiency programs available to them through PEF.
- k. Consider using Twitter as a communications tool for project update information.

Due to time constraints, the group did not participate in a Plus/Delta exercise at this meeting. The next meeting date, time and place will be communicated to the group via email.

Community Working Group Roster (Marion, Lake & Sumter Counties)

Category	County	First	Last	Organization	City
(C) Alternative Energy & Energy Providers	Lake	Kathy	Judkins	SECO Energy	Sumterville
(C) Business	Marion	Pete	Tesch	Ocala/Marion County EDC	Ocala
(C) Business	Polk	Tracy	Bryant	Rinker Materials	Davenport
(C) Business	Marion	Albert	Peek	Ocala Development, Inc.	Ocala
(C) Civic Groups	Marion	Monica	Bryant	Children's Alliance	Ocala
(C) Education	Marion	Wally	Wagoner	Marion County Public School	Ocala
(C) Environmental Advocates	Lake	Chris	Gray	Power Technology Southeast, Inc.	Leesburg
(C) Environmental Advocates	Lake	Sean	Parks		Oakland
(C) Environmental Advocates	Marion	Mary Ann	Hilton	CRA Advisory Board Member	Dunnellon
(C) Environmental Advocates	Marion	William "Bill"	Ray	Ray and Associates	Ocala
(C) Environmental Advocates	Marion	Paul	Marraffino	Rainbow River Conservation, Inc.	Dunnellon
(C) Environmental Advocates	Levy	Chris	McKendree	Florida Department of Environmental Protection	Inglis
(C) Government Staff - City/County	Sumter	Aimee	Webb	Sumter County Board of County Commissioners	Bushnell
(C) Government Staff - City/County	Lake	Paul	Kalv	City of Leesburg	Leesburg
(C) Government Staff - City/County	Sumter	Robert	Smith	City of Wildwood	Wildwood
(C) Landowners/Developers	Sumter	Martin	Dzuro	The Villages	The Villages
(C) Landowners/Developers	Marion	Dwayne	Carlton	Ellison Property Management Inc.	Ocala
(C) Landowners/Developers	Levy	Todd	Martin	Florida Farm Bureau Federation	Newberry
(C) Landowners/Developers	Lake	Greg	Beliveau	Urban & Regional Planners, Inc.	Mt. Dora
(C) Utility	Citrus	Carla	Groleau	Progress Energy Florida	Crystal River
(C) Utility	Polk	Jerry	Miller	Progress Energy Florida	Lake Wales

