

Utility Advisory Board MEETING
September 8, 2008
Mayor's Conference Room, City Hall
FINAL Minutes

Attendance: Mayor Ron Jones, Lowell Hyatt, Billy Thompson, Tony Torres, R Lee Alewine, Linda K Campbell, Gary Pickens, J Chris Luna

Staff: Mary Kayser, Ray Schwertner, Brad Neighbor, Mark Dempsey, Jeff Janke, Greg Vetrano, Fred Sherman, Aubrey Harris, David Grubbs, Carol Bentzlin

Visitor: Councilman Douglas Athas

Item 1: Meeting was called to order by Lowell Hyatt at 6:00 p.m.

Item 2: Opening Remarks:

Chairman Hyatt welcomed the attendees and noted the Mayor's presence was a special compliment and acknowledgement to the highly qualified, board members of the UAB.

Mayor Jones thanked the UAB for agreeing to serve and to assist the City Council with responsible decision making. The Mayor will act as liaison the UAB to City Council. Section E of the UAB Ordinance outlines the scope and the relationship of the UAB to City Council.

Item 3: Swearing in of the UAB Board:

Mary Kayser, City Secretary, swore in the seven UAB members as a group. The UAB members each signed a permit to public access form.

UAB Comments on their reasons for serving:

- Maintain Respect of UAB with accomplishments
- Get familiar with GP&L operations
- Ensure that Garland is ready for the future with adequate energy supply
- Interaction of industry with energy
- Focus on long term viability of GP&L and increase Texas recognition
- Secure financial future for GP&L
- Maintain comfortable rates for rate payers: best service at lowest possible rates.

Item 4: Election of UAB Officers:

Chairperson Hyatt recognized the great credentials of the new UAB.

Chairperson Hyatt asked to not follow the exact order of the Agenda.

Chairperson Hyatt asked if the group wanted to vote by ballot or by a show of hands for voting purposes. The group decided on “A show of hands” for voting purposes.

For 1st Vice Chair: Chris Luna was nominated by Linda Campbell and seconded by Lee Alewine. No other nominations. There was an unanimous show of hands. Motion carried.

The UAB agreed that a 2nd Vice Chair should be elected and added to the by-laws. Linda Campbell nominated Billy Thompson. There were no other nominations. Unanimous show of hands. Motion carried.

Item 5: GP&L Briefing:

Each GP&L Directors gave a bio of their past experience and their duties and responsibilities at GP&L.

Ray Schwertner, Managing Electric Director, 30 years of industry experience.

Jeff Janke, Customer Service & Administration Director: 25 years of experience.

Greg Vetrano, Finance Director:

Fred Sherman, System Operations Director: 25 years of experience

Aubrey Harris, Production Director: 37 years of power generation experience

David Grubbs, Regulatory & Compliance Director: 25 years of industry experience

Carol Bentzlin, Sr. Admin. Assistant: 12 years in Oil & Gas, 9+ years with GP&L

Mary Kayser, City Secretary: 17 years total experience

Art Martinez, Corporate Resource Planning Director, and Johnny Carlock, T&D Director were not able to attend.

Item 6: GP&L Mission:

Ray Schwertner commented that GP&L was committed to reliability and fair pricing for the customer. Rates have not changed since 2006. There are major issues concerning the costs of Texas Municipal Power Agency with the other member cities. And other critical issues must be addressed to keep the rates steady.

Item 7: Future Presentations:

UAB members would like to have written info as early as possible prior to the meeting.

Strategic Plan & Resource Plan

System Operations and electric grid

O&M and Capital Budgets

FERC Financial accounting

Rates (Consultants’ legislative work)

Item 8: Resource Planning

Ray Schwertner explained how GP&L has positioned itself with a hedging contract to buy power when it is cheaper than GP&L can generate it and then generate and sell our power when the price is high. This has brought in additional revenue for GP&L. The contract price expires in 3 years; GP&L is planning for the future with the new market design and looking at our generation units. 10% of our energy must be from renewable energy. ERCOT has spent \$350m so far. There are huge daily penalties for non compliance. So far GP&L has passed all of the audits for compliance.

Item 9: Legal Briefing on Open Meetings Act and Confidentiality

- Restructuring of the electric business has created regulatory litigation. Filings are watched daily by Legal and by our consultants. These cases impact GP&L business, property and customers.
- UAB meetings must stick to the Agenda.
- Don't contact other UAB members via email.
- Questions should be sent to Ray Schwertner or City Attorney or Carol Bentzlin.
- For site visits, UAB may not discuss or deliberate on these tours.
- All agreements and contracts and documents are confidential.
- City Council has ruled on what constitutes a Competitive Matter such as wholesale pricing, buying and selling of power, gas, etc, contracts, etc)
- Be aware of Open Records requests under the Public Information Act. These are handled by City Secretary and the Legal Departments.
- Competitive Matters items will be discussed during closed executive session. Return confidential documents to Ray Schwertner or Carol Bentzlin.
- Maintain confidentiality as under the UAB Ordinance.
- 1 hour Training on Open Meetings is available online or in video with certification (send this to City Secretary or Legal Departments)
- Two person task force can meet without posting the meeting.

Item 10: UAB Ordinance

There is much latitude and flexibility in this ordinance. Much work and thought were put into the ordinance with the help of TTPA and other utilities with a wide mix of UAB boards reviewed.

The new market creates challenges for GP&L in our industry. Education for each segment of the business will be given to the UAB.

Item 11: UAB Meetings

- Meet the 4th Tuesday of each month in the Council Work Session Room.
- Time will be 6 PM.
- Food will be available prior to the meeting at 5:15 PM
- Meeting length: 1.5 hours.
- Materials will be sent out to UAB members 1 week prior to the meeting

- Next meeting will be September 23rd, 6 pm.

Item 12: Future Agenda Items

- Approval of the Minutes
- Task Force to work on By-Laws
- Ad Hoc Committee: What is the official purpose of GP&L?
Evaluation of operations of GP&L?
Tools for City Council to evaluate GP&L?

- Recording of UAB members' attendance
- Strategic Plan and Resource Plan by Art Martinez and Ray Schwertner
- Proposed addition to Ordinance (2nd Vice Chair)
- Info on GP&L as homework
- Future Agenda Items
- Adjourn

Item 13: Adjourn

The meeting was adjourned by Lowell Hyatt at 8:23 pm.

Carol Bentzlin, Secretary
Date: 9/9/08

Lowell Hyatt, Chairperson