

The City Council of the City of Elizabeth City held a meeting on the above date and time in the City Council Chambers of the Municipal Administration Building with Mayor S. S. Atkinson presiding. Those council members attending were: J. M. Baker, D. B. Evans, L. A. Hummer, R. E. King, B. S. Meggs, E. K. Rivers, J. A. Stimatz and V. C. Watts. Staff members attending were: City Manager R. C. Olson, City Clerk D. S. Pierce-Tamplen, Deputy City Clerk V. D. White, Electric Superintendent K. F. Clow and Finance Director S. E. Blanchard.

Mayor Atkinson opened the meeting by welcoming those attending. He called upon City Councilwoman B. S. Meggs for the invocation after which he led the Pledge of Allegiance to the Flag of the United States of America.

1} AGENDA APPROVAL:

Mayor Atkinson called for action regarding the prepared agenda.

A motion was made by Mayor Pro Tem J. M. Baker, seconded by Councilman R. E. King to approve the agenda as presented. Those voting in favor of the motion were: Baker, King, Evans, Hummer, Meggs, Rivers, Stimatz and Watts. Against: None. Motion carried.

2} APPROVAL OF THE MINUTES:

Mayor Atkinson called for action regarding the July 14, 2008 minutes.

A motion was made by Councilman J. A. Stimatz, seconded by Councilwoman L. A. Hummer to approve the minutes of the July 14, 2008 Regular Meeting minutes. Those voting in favor of the motion were: Stimatz, Hummer, Baker, Evans, King, Meggs, Rivers and Watts. Against: None. Motion carried.

3} PUBLIC HEARINGS:

- a) Application for a CDBG Grant.

Mayor Atkinson called upon City Manager R. C. Olson for comments.

Mr. Olson advised the DCA and HUD for any community wishing to apply for a Community Development Block Grant must have two public hearings. The first public hearing is one that just gathers citizens input concerning the services that are offered through HUD and the CDBG Program such as housing, community revitalization and economic development. The second public hearing is the project's specific public hearing which if Council remembers we had that public hearing for the Revitalization Strategies Grant for Sawyertown and Pennsylvania areas at the last council meeting. The state has reviewed our application for our CDBG request where \$1 million for the Aviation Park and they determined that our first public hearing was not broad enough to meet their requirements. They have asked us to re-advertise what would be considered the first public hearing before we apply for the CDBG grant. That is the purpose of tonight's hearing.

Mayor Atkinson declared the meeting into public hearing. He called upon the City Clerk for the number of speakers that we had this evening. Upon a reply of none, Mayor Atkinson declared the public hearing closed.

No action was needed on this item at this time.

b} Electric Rate Increase:

Mayor Atkinson called upon Mr. Olson for comments.

Mr. Olson stated that as everyone is well aware of and we have discussed this rate increase numerous times during the budget cycle and also at your July 14, 2008 City Council meeting. He asked to give Council the most recent action that has been taken. Last Friday the Board of Directors for ElectriCities did authorize a 14% rate increase effective with the August 2008 Billing. Today, he and Mayor Atkinson did just return from the Eastern Agency Board of Commissioners meeting at which time the Eastern Agency Board of Commissioners confer the action taken by ElectriCities Board of Directors. We are recommending that we have a 14% rate increase. You have attached an ordinance to implement this particular rate increase.

Mayor Atkinson declared the meeting into public hearing. He called upon City Clerk Pierce-Tamplen the number of persons signed up to speak. Ms. Pierce-Tamplen replied one and she called Ms. Sandra Geddie, 109 Coopers Lane, Elizabeth City to the podium.

Ms. Geddie spoke her opinion on the proposed rate increase. She said that she was speaking for a lot of other elderly people in saying that she is living off of Social Security and a fixed income. It is very hard to live on the income that she has. She is afraid some will do without their medications or lose their homes in order to pay their utility bill. She is also concerned that the rate will go up even

higher in the future months. You can only stretch your money so far. She asked that Council consider dropping it down to perhaps 12%.

There being no further comments, Mayor Atkinson declared the public hearing closed. He called for discussion from Council.

Councilwoman Hummer stated that she had a couple of questions. One thing Mr. Olson that you said in your memorandum you point out that last year Council absorbed the 10% rate increase that Electricities passed on to us and she believes that Council at that time instructed you to notify Council if the reserves dropped below \$7 million. We didn't really know about that until we got into our budget session this year. In your memo you say that although we absorbed 10% last year we had to pass along 4% so many months later. Did that 4% bring the reserves down to \$5.5 million?

Mr. Olson replied that what happen in January of 06 we received a 10% increase in our wholesale electric rates from the Eastern Agency. At that particular time the City's fund balance was roughly about \$11 million. During the approval of the 07-08 Budget the City Council passed along a 4.5 rate increase. At that particular time our fund balance had dropped roughly to \$7 million. That is why when we prepared for last year's budget we went and requested that we have a rate increase. What has happened since January 07 is we had a very mild winter and we do make a lot of our profit for our fund balance in the winter months. We just did not have as harsh winter as we predicted. He believes the fund balance right now is \$5 million.

Ms. Blanchard said that when we got to the \$5 million we adopted the 4.5% rate increase. We have not been able to recover from that point.

Mr. Olson said what the Council needs to realize is the electric utility is very seasonal in nature. You can have one or two good months in the winter and easily make a million dollars in net profit. When we started looking at this back in February or March his original budget message to the Council we were looking at a 5% increase. Then that went up higher and higher and that is why we pulled it out of this year's budget ordinance. City staff was not comfortable with the numbers that we were getting from Electricities and the Eastern Agency. That is why we decided to handle it as a separate action through a budget rate ordinance instead of part of the budget ordinance itself.

Ms. Hummer said that her point is when we start to get this low and she realizes that you have to wait until the winter was over to see the affects but when we start to get low she thinks that we need to know about it before the budget session.

She also has a concern and when we first started looking at this and everything that you heard was the price of coal is what is going to drive our cost for electricity. Then from watching C-Span and in some of the discussions on Energy they said that the price of coal should not drive the cost of energy. Now, it shows that the price of coal did cause part of the problem. Another part of the problem and she thinks that it is important for the public to know even though they might not have read this that the Eastern Municipal Power Agency made a bad decision when they changed or decided to convert the bond to a variable rate interest. Then the bottom fell out of the financial market and mortgages rates fell. That is the biggest reason as to why we have to go up. That has a trickle down effect in everything that we do. One interesting thing and she knows that she made a comment last week when Mr. Raber was here from Electricities. She questioned the \$458,000 that their CEO makes. He said that was so that we could get the best but he also said that they do not make any profit and they don't have any mark up. She finds that hard to believe because you have to have a profit to stay in businesses. She is not the only one that is concerned about his salary and just like the mortgage market and the financial institutions the salaries of the CEO's are contributing to part of the problem. She feels that the public needs to know those things. For these reasons we can't do anything but they do need to be pointed out. She wishes that we could change all of it but unfortunately we can't. We are in this contract until 2024 and can't do anything about it in the meantime. The rider that was put on and we thought it would come off is on your utility bill and now it won't come off.

Mr. Stimatz said that he would like to offer some relief to our elderly citizens out there. He had some calls from a couple of people and did some research. He wasn't aware of this and he doubts many people are. In the State of North Carolina there is a tax exemption of up to \$25,000 or 50% of your assessed value is exempt from City and County taxes. It applies to persons over the age of 62 who are making less than \$25,600. If you only have the \$25,000 that would be \$250.00 that is coming off. He understands right now where it is at it is already fixed for this tax year. He would ask at some point that we go to the County and talk with them and if necessary go to the Legislature and ask if we could get relief for our senior citizens on this. If it is an administrative issue then the County can change the rule. If it is a legislative issue can the State change the rule so a lot of people could start mid year instead of waiting rather than waiting until next calendar year to get into next fiscal year which is July. We have the potential to if you are in a \$100,000 home and you exempt half of that it is \$50,000. If you add the city and the county together it is \$500,000. That more than makes up the 14% in the electric. He would ask if Rich could look into this and you can talk with the County and if we have to our State reps. We also broadcast this and put this information out there. It also applies to people who are on disability. It is not just for people 62 and older. If you are 62 and over and if you are a couple and have a joint income of less than \$25,600 a year

you can apply for this and half of your assessed value of your property can be exempt from taxes. That will be pretty significant to some people. Here is a solution for some people to find other money. Most people are not even aware of this.

Mayor Pro Tem Baker said that there has been some conversation about Jessie Tilton's salary and how high it is. She had a management employee of Dominion come to her and say that their CEO salary is \$7 million a year.

A motion was made by Mayor Pro Tem J. M. Baker to adopt the following ordinance approving the 14% rate increase in the City's electric rates. Councilman J. A. Stimatz seconded the motion.

**ORDINANCE #08-07-1
INCREASING THE CITY OF ELIZABETH CITY
ELECTRICAL RATE BY FOURTEEN (14) PERCENT
JULY 30, 2008**

WHEREAS, the City of Elizabeth City has received notice from the North Carolina Eastern Municipal Power Agency (NCEMPA) that they will be increasing the City's wholesale electrical rate by 14%; and

WHEREAS, the increase in the wholesale electrical rate is necessary due to several factors, most notably increased fuel costs for coal and nuclear fuel; and

WHEREAS, the NCEMPA Rate Committee met on June 27, 2008 to review NCEMPA staff recommendations for a rate increase; and

WHEREAS, the NCEMPA Rate Committee has determined that the rate increase should become effective for all power purchased after August 1, 2008; and

WHEREAS, in June 2005, the City of Elizabeth City instituted a temporary 5% Energy Adjustment Rider to offset the rising cost of coal; and

WHEREAS, due to the continued increase in coal costs, it has become apparent that the Energy Adjustment Rider needs to be rolled into the City's basic electrical rate;

NOW, THEREFORE, BE IT ORDAINED, that the City of Elizabeth City Council hereby adopts a 14% energy and basic charge increase in electrical rates and modifies the Energy Rider to be included in the basic electrical rate; and

BE IT FURTHER ORDAINED, that the 14% electrical rate increase and the Energy Rider modification shall become effective with the August 2008 utility billing.

ADOPTED, this the 30th day of July 2008.

Stephen S. Atkinson
Mayor

Dianne S. Pierce-Tamplen, MMC
City Clerk

Mayor Atkinson called for discussion of the motion.

Ms. Watts said that she has to say that you know we certainly are one of the most poverty stricken cities in the State. Some body correct her if she is wrong but I believe she read that from you Mayor. One of the most.

Mayor Atkinson said that we probably rank somewhere in that range, but let me tell you after attending the meeting in Wilson today and hearing mayors and council members and city managers speak we are not alone. Ms. Geddie's sentiments are throughout northeastern North Carolina.

Ms. Watts said absolutely and that is another point she is making and that is we are among them. Therefore, it is unfortunate that we have to imply this tax upon our people and she wants to make sure that we understand also Mr. Olson she believes it was ElectriCities that said that this was something that we could imply but however it was not mandatory. Is she correct or is she wrong?

Mr. Olson said that the 14% is the City's actual cost of our wholesale power increase. The City Council determines what your retail increase is going to be. Based on previous actions in January 06 when we absorbed part of the 10% increase that was effective at that particular time and based on comments that Councilwoman Hummer just said, we have no margin in our reserve account anymore to absorb any of the rate increase that has been passed along. We need to pass it along on a one to one basis and see whether or not we can get

our fund balance up to the target of \$7,000,000 that a previous Council had set for us.

Ms. Watts said so you are saying there is absolutely no more sponge for the City to bounce off of without this increase. Well ladies and gentlemen you have heard it and it is not her desire to vote yes for this because she knows that in the Fourth Ward we are poverty stricken. She was riding down the street today and she is not going to take a long time discussing the Fourth Ward but let her tell you she is coming from North 17 on Road Street heading down South Road Street. She crosses Ehringhaus Street and she takes the little bend around the grave site in front of her going toward Harrington Road and God knows it looks like she was going through a tropical forest. We have trees hanging from one side of the road to the other side of the road. She is looking up trying to find a monkey or two or some kind of tropical bird to fly across and the houses our homes we have revitalization grants and she is riding down the street and she is wondering which ones have been revitalized because they don't look it. We are the Harbor of Hospitality on Water Street and maybe Main Street but everywhere else what are we? Now we are talking about increasing the electric bill 14%, increasing her taxes and your taxes 5%. In a poverty stricken area what are we going to do? How are we going to help? She hopes that somebody is going to give her some florescent light bulbs or something. We should be talking about how are we going to help Ms. Geddie and those who are like her on disability with no other real income coming in. How are they going to save money? She is going to end by saying this one thing it is not her desire and she just doesn't want to vote yes for this because she knows how it hurts. It is hurting her right now thinking about you in the Fourth Ward and there are many other wards that also have the same problems and situations but be that as it may. Somebody has done something wrong with management. She is just going to come out and say it. The bottom line is that we are here to make money and if the business isn't making money something is wrong somewhere in management. Now she is not pointing her finger at Mr. Rich Olson as he came here with the problems already here. There is nothing that we can do and there is nothing that he can do but take what he has got and work with that and we must work together. We cannot point fingers at anybody. We have got to work together now and pull this off. The only way that we are going to do that is to have an increase in our payments. It is going to hurt but that is the only way that we can make up for the COLA's, the losses in other places that we spent money that perhaps we shouldn't of at the time because the going was good at the day. With God's help we can get through this and we are going to have to tighten up and she is calling on you, First, Second, Third and Fourth Wards to tighten up and do less spending and put it where it is supposed to be. Where you need it, your medications, your electricity, your home, your mortgages and last but not least she wants the City to help these people. Let us do something whether it be florescent light bulbs whether it be to put a solar panel on somebody's hot water

heater to save them a couple hundred dollars a month, something and let us stop taxing people without some type of balance to help them. If we can do that then she is for it. If we can't do it then she can't vote for this.

Mr. Rivers asked the amount that we made off of the electric system for the last three years.

Mr. Olson replied by saying that we haven't made any money off our electric system we have dropped \$6 million over the last three years.

Mr. Rivers said is that due to the non rate increases?

Mr. Olson said not passing along the increases on the wholesale price.

Mr. Rivers asked what do we give to the General Fund each year.

Mr. Olson replied that this budget year we gave \$1,050,000.

Mr. Olson said that if we pass on the 14% to our customers then we give \$1.5 million so next year at this time we will probably have if you want to just say we will have made \$1.5 because we are giving \$1 million to the General Fund. Correct.

Mr. Olson said that he wouldn't exactly agree with that and he knows where you are going with it but it is \$1 million in lieu of taxes.

Mr. Rivers said then we are not in the red or under deficit \$1 million every year because we have to give the General Fund \$1 million to prop up the General Fund, correct.

Mr. Olson said that is correct but let him state this it all depends how you want to pay the bill. Do you want to pay it through your electric rate increases, water and sewer or your General Fund ad valorem tax increases? Those are the only three areas that this City Council can direct or indirectly influence. How do you want to pay the bill?

Mr. Rivers said that it comes to a point whereas you have senior citizens and persons who own property and the one thing that he has found out is that you get to write off your taxes. You can prepare for your taxes but you can't prepare for your electric bill and just like you stated a couple of minutes ago if we have a good November or December it is good for the City but it is bad for us the citizens. Yet we can then profit \$1 or \$2 million at the end of the year and build back the reserve to \$7-\$8 million but yet our citizens continue to struggle. With the advantages that have been given out by Councilman Stimatz where there is

relief for property tax if you are elderly, low income and you don't own a home, and then for those that have property it is a tax write off. The electric rate you don't know and you can't prepare so every month you are waiting to open up your bill. He knows some times it is a horror story and he knows for himself that he hates to open it up. As a matter of fact he tries not too until all of a sudden it is too late. He is not by himself so he is just real and just like every other person out there, but when you look at it like that he sits there and say that we just did a tax increase in order to put funds into a savings account for building projects. If you take away the tax increase could it be that we could give \$980,000 to the General Fund in lieu of taxes. Or can we absorb it and instead of next year transferring \$1 million to the General Fund we transfer \$500,000 to the General Fund and then let the tax increase go up. He has stated many times and that is what he has always said if we are raise but don't raise and that is why he voted against the budget because we passed a tax increase and now we are getting ready to give an electric rate increase. He would suggest to the Council that you need to weigh it out and decided which one. If it is going to help persons to not have to pay city/county taxes he had much rather put it on their tax bill than the electric bill because you know every year what your taxes are going to be. You don't know what your electric bill is going to be. To go up 14% is definitely going to be a trickle down because McDonalds and all businesses have to absorb that and they will have to increase their prices just like when their gas prices increased. The proposal that he would like to sit down and look at it and come back with a number whereas we see what it would be off setting in terms of a tax increase to drop the in lieu of payment to get that number down and then to hold our reserve at \$6 million and when it reaches \$6 million Council needs to know about it so that way we can at least give months of relief or if there is a cold winter then in December, November if we have two or three months where we count as good and we see that we are getting ready to profit \$3 million he is not one for profiting \$3 million off of the backs of citizens. We are losing homes and businesses if that would be the case. What would the projection of revenue be right now if we pass on the 14% increase? What are we projecting for revenue at the end of the fiscal year? What are we projecting to make off the electric customers?

Mr. Olson said that he is not sure that he understands the question but he believes 14% will break us even.

Mr. Rivers said we need to know when it is going up to \$6-\$7 million because when we see it getting to a certain point he is not for making money off the backs of our citizens when we are having people losing their homes and not being able to pay their electric bill. We need to look at a tax increase now if it is going to lower the electric rate increase. We need to be looking at it instead of just a million dollar in lien of taxes so what way everything starts to carry itself.

Ms. Meggs said that when the gas was going up so high it began to come down because people were not traveling and going as much as they were. Hopefully that when you see that bill and knowing it is going up that you will look at areas in which you can conserve. Most all of us some way or another can figure out a way in which we can conserve. Hopefully we will put a hint in our utility bill of letting you know when you use the oven how many kilowatts does that burn. Put that out in dollars and cents as to how much it cost you to cut the oven on long enough to bake a pan of biscuits or whatever. She hopes that we can do that every month when the utility bill goes out and put it on there so that you can read it saying this is the hint for the month. That way maybe we can conserve and not use as much as what we use too. It may be that we might have to sweat a little bit in the summer and in the winter months we may have to put on another sweater to sit around or put a blanket over us. There are ways that we can conserve.

Ms. Hummer said that she doesn't think that we have to ask people to tighten their belts. It is no longer a matter of choice as they have been doing that for a year. By the way Council didn't tighten its belts when we got the hefty raise. She is criticized for voting against tax increases and electric increases but she still has some concerns that she would like to voice. Five or six years ago we had a fund in place. We were putting \$275,000 a year in it and then the administration that came on after that discontinued it. We have not made an effort to try to head off any of this over the past five or six years by continuing that rate stabilization fund. \$275,000 might not have been much but maybe it would have led to a percentage point being stove off. She guesses it is too late now to start a fund as we have adopted the budget. But, she just thinks that Mr. Rivers not only do we have to know when our fund balance is going up but more importantly we need to know when it is coming down. We really didn't know that it was slipping so quickly to \$5.5 million. As she said we should have made an effort to continue a rate stabilization fund as that is the prudent thing to do. She brings it up almost every year but it doesn't get looked at and for that reason she cannot vote for this because she is still not happy with the things that she heard from the Power Board. She does not like some of the things that she has read and some of the things that are told to us. They are making a profit.

Mr. Stimatz seems to remember a councilman last year who brought the same issue up transferring the electric rate increase over to property tax owners. It was looked at and brought back to Council and last year he thinks it would have been a \$.10 increase in taxes. Looking at the numbers if it is a million dollars for the transfer that is about \$.083 increase. The answer then should be the same as now. Part of the problem is Mr. Olson told us then very clearly when you transfer the electric usage to the property tax owners 37% of the customer base is not taxed by the City. They are in our ETJ and would be county residents.

What you would be doing is you would be shifting more of the burden for other people's electric use to tax payers who can't afford any more taxes. To answer your question again, Mr. Rivers, it was not a good idea then because it just compounds the problem. He thinks that if we want to move the minimum fund balance in the electric fund we can do that. We have already done it once. We can put it anywhere we want. There is a question of how low is too low. When it goes down we can't control that. That is based on users using electricity. If they don't use it we don't get the money in the pot we can't control that. Knowing when it is going down is not as important to him as knowing when it is going up. If we want to set a number lower than \$7 million and say that is the number we want to keep in there and any time we get more than that we will just automatically rebate it to the electric bills. The means are here if you want to sit down and look at it coherently and you want to come up with a real plan and not just talk about things are not good and people ought to do things. There is a real solution if we want to set the base at \$5 million and every time it goes up to \$250,000 which is about 1% of the increase based on his math. We could rebate that somehow that is fair. He has no problem with doing that but at this point in time those are not the issues. The issue for us is it is like people wanting us to tell the gasoline station guys hey don't raise the price of gasoline. He doesn't have any choice. When BP raises his rate he has to cover that. He may or may not be making more profit. That is his decision. In our case we choose not to make a profit. If he is correct ElectriCities, as a public municipal electric group, is a non-profit and it doesn't declare a profit. If you look at the operating margin it is pretty low. They can not make a profit as it is against the law for a non-profit to make a profit. They are covering their costs. He didn't ask the coal company to raise the cost of coal or he didn't ask the nuclear fuel companies to raise the cost of nuclear fuel. They are like the gas station guy who has been handed the bill. You have got to buy it. Now, do you raise the rate higher than what you got it for? No, that is what we choose to do. We are being told it is 14%. We could pass 15-16-18-20% but we are not doing that. We are going to make nothing. It is a break even proposition. We are not making money, ElectriCities is not making money but some for profit is. The decision here tonight is how much of this can we absorb. We have already said that \$5 million is too low. Ms. Hummer wants it to go up. If \$5 million is too low and we are there now we don't have a choice but to pass this. We have no choice unless you have some other alternative, Ms. Hummer, Mr. Rivers or Ms. Watts. Can you find the magic money in the pot? Can you identify it? He would love to see it just like in the budget when people talked about cuts and not raising taxes but nobody offered real solutions. If you have got one he will listen to it.

Mr. Rivers said he would like to answer the question. When we started off the budget he came in with the discussion. He doesn't talk about "I" because it takes five people to pass anything going up here. Let's not talk about we are not

presenting a plan. The plan that he just presented was to basically let's go in and let's look at the tax before we sit here and pass 14%. We raised taxes \$.04. That \$.04 is equivalent to what extra in one year?

Mr. Olson replied \$470,000 – \$500,000.

Mr. Rivers said that is \$500,000. If we had done a break even budget and when we started off and set down two or three weeks into the budget meeting we had a zero tax increased and then all of a sudden we want to put some things back into the budget so we have \$500,000. If it is a cold winter the City will not in June of next year end up with \$5 million? We make money off of the customers. Don't sit there and try to make people think that this is a break even. 14% is what is being passed on to us but if it is a cold winter the more we sell the more we make. If it is a hot summer we will make more money. Let's not try to paint a picture that this is going to be a zero to zero budget. If we are going to do the tax increase where then that way for the senior citizens the ones that are at the market level of \$25-\$30,000 that you brought to the table, their property exempt. Pass that on instead of passing on an electric rate where we will make a million dollars at the end of the year. He is not for making money right now when everything is high. An electric increase is going to hurt. I had much rather sit here and take it on taxes where he can sit there like he normally does, you read about it in the paper, he is not ashamed but he sets it up on a payment plan. He can't set electric bills on a payment plan. You mess around and be 30-days late you are in the dark. You can go down to the tax office and structure out an extra 12 months or pay a certain amount per month. We need to do a tax increase and know what the amount will be each year

Ms. Watts said that based on what Mr. Rivers just said and she thinks it is important for Ms. Hummer to hear this is that she wants to ask that question. Can we get prorated bills here? What is the average of a payment on an average?

Mr. Olson said that what we do is take your bills for a twelve month period and look at your annual costs and divide that by twelve and that is the monthly payment.

Ms. Watts said that she can have her payments added up divide them by twelve and have a monthly payment. Her payment would be \$300 a month regardless of her credit or her payment history. Is that correct or not.

Mr. Olson said that is correct.

Ms. Watts said she can generally do it that way; you all might want to do this. That way she can pay the \$300 a month and she would know that is what she is

required to pay and then at the end of the year let's say she paid a couple of months or maybe six months were \$400 so what would happen then. What happens at that point?

Mr. Olson said what happens with the levelized payment plan certain months will be above the plan and others will be lower so when it is below \$300 we have a little bit of funds to transfer to payback. There is a true up period at the end of the twelve months. If you are above or below it you may get a bill from the City or a credit from the City saying that based on your levelized payment plan you are off \$150 and you will need to pay the \$150 more to basically pay for all the utilities you used in that particular period.

Ms. Watts said so that would basically come in January or what is our fiscal year?

Mr. Olson said that it would start when you sign up for it and end twelve months later. It is a running year.

Ms. Watts said in one year she could actually maybe have to pay, how is that extra \$150. You all explain it to her because God knows she is going down to do this. \$150 extra let's say she is going to owe, does she have to pay that the next bill that she gets.

Ms. Blanchard stated that if you needed an extra month you would be given an extra month.

Ms. Watts said my, my, my. Ladies and gentlemen she really highly recommends that you go down to the City Hall right here in Elizabeth City and get your bill prorated so you know exactly what you have got to pay every month for your electric bill. That is going to be about the only thing that we can do to truly help you and she wants to also ask Mr. Olson just one more question. If by some chance some miracle that she waves that wand but she doesn't believe in magic, Mr. Stimatz but she does believe in an all powerful God. She does believe he is helping us out here right now and she believes he is giving you a message that you can get your bill prorated so you will know exactly what you are going to have to pay every month. Now, is there any way that at the end of that year and she has to ask for a few months and she believes that Ms. Sarah said that she can have another month and she can work that out. Is there any way also in addition to this prorated monthly payment that the City is going to help somebody with these fluorescent light bulbs? She keeps hearing about them but she doesn't see any because she needs some.

Mr. Olson said that included in the electric budget this year was a number of items concerning load management and also the weatherization program, the home energy audits and we do have a fluorescent bulb give away. We do have

a monthly energy fair that is going on that is being handled by Dennis Gordon who does our energy audits. We do have and this Council has been very aggressive over the last three to four years in that area and we are allocating roughly \$100-\$150,000 a year to help our consumers with low management issues. We are very proud of our weatherization program, the rebate programs, etc. We do have a mechanism and we are the most aggressive City in the State of North Carolina with those programs.

Ms. Watts said at the end of this horror if by chance if Electricities goes down or decreases their rate to the City you are going to let us know so that we can in turn give that to the public. Is that right?

Mr. Olson answered that is correct. We have given decreases in electric rates several times over the last decade if he is not mistaken.

Ms. Watts said ok there we have it. Now Council she hopes that we have a little bit clearer understanding and maybe we have a little bit clearer ray of hope that we can make this. Alright she wants you to go down to Elizabeth City right here in this building downstairs and get you bill prorated so that you know what you have to pay every month. She is going to do that and she will probably be the first in line tomorrow morning. What time do you open, she thinks that it is eight o'clock. You will know what you are going to have to pay. You know what you are going to have to pay for your taxes because she has already gotten her bill. Now we have got two things straighten out now. Hopefully now we as a city can make some money here and get back on our feet and the City Manager as she understands it is going to let us know when we reach a certain point, what was that \$7 million or he is going to let us know if Electricities lowers the bill so that he can lower our bill. She is ready now for it.

Mr. King said that he has been listening to everybody speak but Councilman Stimatz came up with something that is very important and he thinks it is interesting. What about the rebate? Is it possible for us once we go over \$5 million and start a rebate to give the customers back money? Can we set that up in this year?

Mr. Olson said that we will have to first of all he thinks that the Council is overly optimistic to be honest with you. He does not think that we are going to have any additional earnings to rebate anyone. There are communities in this country that basically as a way of rebating the amount of money they profit they wave everyone's utility bill for the month of December. He knows that there are several communities in Kansas that do that because they made enough interest income and enough profit off of the utilities that they do that quite frequently every year. That is not our case. What we are trying to do is we are trying to run a very cost effective utility at the lowest operating expenses and that is the

direction that this Council has historically given staff and we try to do the best job that we can in that area.

Mr. King said that he understands this year that we are going to break even. But what he wants to know is if we could put something in place so when things get better we could go ahead and have this in place so we can give it to the customer. He understood you were saying that it would take time to put something like that together. If not this time around but we are looking to the future.

Mr. Olson said that we can do that. We will just have to get with our computer programmer and see exactly how we would implement such a policy.

Mr. King said that we shouldn't get another increase until when.

Mr. Olson said what was decided at the Eastern Agency meeting today is that they passed along the 14% increase and they will look at it again in January to see whether or not the projections that we based the 14% on is still a true indication of the market place. He is not saying that there won't be another adjustment in January. We don't know that. One thing that Electricities constantly does is reevaluate every month what our working capital is. This is what we are dealing with now, our working capital. We have a \$700,000 million budget and we have \$30 million worth of working capital.

Mayor Atkinson said that we have had lots of discussion on this and we had two or three months of discussions knowing this was coming. He called for the vote on the motion.

Those voting in favor of the motion were: Baker, Stimatz, Evan, King, Meggs and Watts. Against: Hummer and Rivers. Motion carried.

4} ADJOURNMENT:

There being no further business to come before the Council at this time, Mayor Atkinson adjourned the meeting at 6:30 p.m.

Dianne S. Pierce-Tamplen, MMC
City Clerk

Stephen S. Atkinson
Mayor