

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD  
THURSDAY, AUGUST 27, 1987, AT 6:00 P.M., CITY COMMISSION CHAMBER,  
MUNICIPAL ADMINISTRATION BUILDING, KISSIMMEE, FLORIDA.

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Present at the meeting were Chairman Van Meter, Vice Chairman Hord, Secretary Bobroff, Assistant Secretary Jones, Director Price, Director Gant, Attorney Brinson, General Manager Welsh, Recording Secretary Reubelt.

**A. MEETING CALLED TO ORDER at 6:00 P.M. by Chairman Van Meter.**

With the consent of the Board, Chairman Van Meter placed the agenda item on the equivalency charge, (F-1.), first on the agenda to accommodate the large number of people from Buenaventura Lakes in attendance with respect to this topic.

Attorney Brinson read his written response to questions raised by Archie Gordon at the July 23 Board meeting regarding the validity of the equivalency charge, or surcharge. He also gave a brief explanation of what the public service tax and the equivalency charge are and how they work.

Chairman Van Meter recognized Archie Gordon, President of the Buenaventura Lakes Community Association, who reviewed previous efforts to have the surcharge discontinued and the reasons why he feels the charge should be dropped.

In response to a question from Director Jones, Mr. Welsh stated that elimination of the equivalency charge (Director Bobroff stated, "equalization charge") would amount to about \$18-million in annual revenues. Mr. Welsh commented that one of the reasons for the equalization charge is to make the bottom line total dollar bill that the customer spends for electricity the same whether they are in the city or outside the city. He also stated that if action was taken to change the existing policy, it should be targeted for future fiscal years since next year's budget is already in place.

**Director Bobroff moved to refer the equalization problem to staff and Black & Veatch and direct them to conduct a cost of service study as it relates to the out of city electric service area. Seconded by Director Jones.**

Discussion on the motion took place. Chairman Van Meter recognized several residents of Buenaventura Lakes to ask questions and express their views. In response to a question by Jim Scott, Mr. Welsh stated that the amount KUA gives to the city is an expense required by law that has to be borne by the Utility. Mr. Scott asked how long it might take to get the proposed cost of service study started and completed. Mr. Welsh said he would estimate that we would have the "scope of services" by the October Board meeting to get the study formally started and that he would estimate the engineers' study would entail a three to six month time frame.

In response to a question from Director Price, Attorney Brinson noted that the Charter provides that KUA will transfer a certain amount of money to the city and that amount is not optional.

Director Hord noted again that any possible changes in the equalization charge would not begin prior to October 1, 1988.

**Motion carried 5 - 0**

Mr. Gordon expressed thanks to the Board for their consideration and the action taken.

The meeting returned to the formal agenda order.

**B. AWARDS & PRESENTATIONS**

1. 10 YEAR SERVICE AWARD - SARAH TOMPKINS
2. 10 YEAR SERVICE AWARD - EARL SWEENOR
3. 10 YEAR SERVICE AWARD - CARL WALL

Mr. Welsh noted that it was a particular pleasure that KUA was tonight recognizing a total of thirty years of service, ten years each by three separate employees. He introduced the three employees to the members of the Board; Sarah Thompkins, Customer Service; Carl Wall, Customer Service Manager; Earl Sweenor, Transmission; and presented a brief history of the employees' tenure with Kissimmee Utility Authority, highlighting the particular contributions each has made. Chairman Van Meter extended the Board's congratulations and presented the Service Awards.

**C. HEAR THE AUDIENCE - None.**

**D. INFORMATIONAL REPORTS (REQUIRING NO ACTION)**

1. PROGRESS REPORT ON ENGINEERING PKOJECTS

Ken Davis, Manager of Planning & Engineering, highlighted the Progress Report which was included in the Board packets, noting that the Denn John Substation item would be discussed further under a separate agenda item.

Director Price asked about the status of the computer system. Mr. Welsh responded that the computer system, the data processing system and its associated software is installed, up and running and we should be doing parallel processing throughout the major portion of September, going live with the new billing, accounting and payroll systems as of October 1.

Director Hord commented that it looks like work on the Administrative Building is behind schedule and suggested that all involved parties meet and discuss where the project is and when it will realistically be done. Following discussion, Chairman Van Meter requested staff to follow up on Director Hord's suggestion.

2. MONTHLY CONDENSED FINANCIAL REPORT

Ken Killgore, Director of Finance, reviewed the Condensed Financial Report.

**E. OLD BUSINESS**

1. SALE OF PROPERTY TO SUZETTE VEAL

Mr. Welsh reviewed the background on this agenda item included in the Board packets. At the last Board meeting staff was directed to have the property appraised for the fee simple sale, retaining the right-of-way easements necessary for KUA's transmission line and to negotiate the sale of that property for 110% of appraised price. Staff has done that and brought a recommendation to the Board.

Director Jones asked why it is that thirty days ago this easement was worth \$1500 to the buyer and now it's worth \$3750 to the seller. Mr. Welsh explained that it is a different easement involved. Mr. Davis and Mr. Welsh further explained the actual land being sold as shown in the survey, a copy of which was included in the packets. Discussion on the cost continued.

Director Price moved that we sell this property located along Garden Street to Suzette Veal with the RUA retaining perpetual easement across said property for the lump sum price of \$4,125.00 and authorize the Chairman and Secretary to execute all documents required to close this transaction. Director Bobroff seconded the motion.

Motion carried 5 - 0

2. PURCHASE OF DENN JOHN SUBSTATION PROPERTY

Mr. Welsh reviewed the report included in the Board packets regarding negotiations for purchase of property from Osceola Memory Gardens for the Denn John Substation as discussed at the July 23, Board meeting.

Director Bobroff moved to authorize the staff and RUA attorney to proceed with drawing up the necessary documents to effect the purchase of the Denn John Substation property and right-of-way for the total price of \$65,000 and authorize the Chairman and Secretary to execute all necessary documents to close the transaction. To be funded from the established budget for the Denn John Substation project. Seconded by Director Hord.

Chairman Van Meter recognized Terry Roberts, Osceola Memory Gardens, who asked about time frames involved with the project since he wants to be able to harvest this year's crop of fruit which would be by the end of December. Mr. Welsh and Mr. Davis stated that this presented no problem.

Chairman Van Meter inquired about the drainage arrangements for that area. Mr. Welsh stated that the intention is that the easement and purchase documents will reflect the rights to the retention pond. Mr. Roberts concurred. Chairman Van Meter requested that obtaining necessary zoning also be included in the contract as a contingency.

Motion carried 5 - 0

F. NEW BUSINESS

1. EQUIVALENCY CHARGE - Addressed earlier in the meeting.
2. COMBUSTION TURBINE CAPACITY

Mr. Welsh highlighted the background on this item which was provided to the Board in their packets and the staff recommendation.

Director Bobroff moved that KUA enter into a Letter of Intent subject to successful negotiation of a Participation Agreement for participation in approximately 10 megawatts of Orlando Utilities Commission's proposed turbine additions. Seconded by Director Hord.

Director Hord asked what timetable was planned. Max Alderman, Manager of Generation and Transmission, reported that representatives of OUC, FMPA and KUA plan to develop a final draft of the Participation Agreement which will be brought back to the Board for approval as quickly as possible. It is his understanding at this time that it is hoped the order for the two 35 megawatt units will be placed by January 1. He would estimate that it will be a year to two before it's fully on line.

**Motion carried 5 - 0**

3. RESOLUTION R87-7, RATE CHANGES

Chairman Van Meter announced that this is a Public Hearing.

General Manager Welsh distributed copies of the proposed Resolution to the members of the Board.

James Schuster, Manager of Finance & Administration, highlighted the proposed Resolution and background material received by the Board.

Chairman Van Meter asked if there was anyone in the audience who wished to approach the Board on the proposed rate changes to ask questions or comment. There being none, the Public Hearing was closed.

**Director Bobroff moved approval of Resolution R87-7 amending KUA's Electric Service Rates in a direction consistent with our Cost of Service Study. Director Jones seconded.**

**Motion carried 5 - 0**

4. FLORIDA POWER CORP. RATE REDUCTION

Mr. Welsh reviewed the information provided to the Board members in the packets. He stated that it is necessary for Florida Power Corp. to reduce their rates due to tax law changes which gave them a break in their costs which they had to pass on to their customers. This rate that is now before the Board is for transmission services and has been discussed with Black and Veatch and FMPA.

**Director Jones moved the execution of the Florida Power Corporation Pre-Filing Settlement Agreement. Director Price seconded the motion.**

**Motion carried 5 - 0**

5. COST OF POWER ADJUSTMENT (ADVERTISED PUBLIC HEARING)

Chairman Van Meter announced that this is a Public Hearing.

Max Alderman, Director of Generation & Transmission, reviewed the regular monthly COPA report and then proceeded with detailing the background on the events leading to the staff recommendation under consideration at this Public Hearing. Staff has reviewed future COPA requirements based on a revised energy projection through September 1988 and recommends increasing the COPA from negative \$0.00397/kWh to positive \$0.00033/kWh. Barring any unforeseen projection deviations, this COPA level should produce a COPA account balance near zero on October 1, 1988. He noted that the projections would change because there are so many variables involved (especially in fuel availability and cost) which must be watched all the time and action taken to make changes when necessary. Considerable discussion on the recommendation took place.

Chairman Van Meter asked for questions and comments from the public. There being none, the Public Hearing was closed.

Director Jones moved to accept the staff recommendation to change the Cost of Power Adjustment from negative \$0.00397/kWh to a positive C0.00033/kWh beginning with September 1, 1987 billing. Director Hord seconded the motion.

Chairman Van Meter noted that this action would cost the average home owner .28¢ per month.

Motion carried 5 - 0

**G. CONSENT AGENDA**

Mr. Welsh requested that item 2 be removed from the Consent Agenda.

Director Jones moved approval of the Consent Agenda items 1, 3 and 4. Director Price seconded.

Motion carried 5 - 0

1. APPROVAL OF MINUTES OF JULY 23, 1987, MEETING
3. LINE EXTENSION CONTRACT, VILLAS ON HERON LAKES FOR HERON LAKE APARTMENTS JOINT VENTURE
4. LINE EXTENSION CONTRACT, BUENAVENTURA LAKES UNIT 9 (2nd ADDITION)

Item 2 (BID # KUA 19-87, FURNISHINGS) was pulled for reconsideration at a special meeting. Mr. Welsh will have a recommendation by next week.

**H. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS**

GENERAL MANAGER

Mr. Welsh asked the Board to consider holding a special meeting sometime near October 1 to provide for continuity in terms of swearing in and election of officers. It was the consensus of the Board that a special meeting be held on October 8 at 6:00 P.M.

Jim Welsh noted that we received a letter from Lynch Oil which was copied to members of the Board along with a draft response. The letter expressed concern about our commercial rates and was written just prior to the Workshop where lowering of commercial rates was discussed. Discussion took place with respect to attracting/encouraging industrial growth. There was no consensus of opinion on this subject at this time.

Mr. Welsh informed the Board of a tour of St. Lucie to be conducted September 16-17. Those wishing to participate in this opportunity must notify Shirley Reubelt no later than August 31 as this is the deadline for making necessary reservations with FMPA.

The Stanton Plant will have its official dedication and VIP tour on the morning of October 9.

DIRECTORS

Director Price asked the Board to think about borrowing rather than using cash and to address this topic in the future. He suggested that staff look into the matter and see what they think about this possibility. Mr. Welsh stated that the topic will be placed on the agenda in the next few months.

Chairman Van Meter noted that the Board had postponed until tonight, if possible, the review of the Manager's compensation and general evaluation.

Director Hord presented information for consideration by the Board on disability insurance for the General Manager in lieu of cash.

Director Bobroff moved to place the General Manager's Review on the Agenda. Seconded by Director Price.

Motion carried 5 - 0

Director Bobroff moved that the 1987-88 compensation for James Welsh, General Manager, include a disability insurance policy of the General Manager's choosing at an approximate cost of \$2450 per year with a face value of \$3500 per month to continue during the course of Mr. Welsh's employment with KUA; a \$3,000 bonus; and a 5% salary increase on his present base salary. Director Hord seconded the motion.

Discussion on the motion took place. Director Gant stated that he didn't like to look at only one price (regarding insurance premium). Director Hord clarified that he had not suggested looking at one price and had tried to leave that as open as he could state it. He stated that the monthly amount as designated of \$3500 a month was, he believed, adequate to the General Manager's desires and that what he was suggesting is an instrument to put in place with the General Manager's approval, but at the same time, the annual premium shouldn't exceed \$2500 a year.

Chairman Van Meter expressed concern that the Board, by approving this motion tying together a bonus, a 5% increase and disability insurance, would drive the wage package for this utility out of sight. He stated that the proposal was a lot more than he was prepared to render. Director Price stated he had anticipated offering a disability insurance policy and a 6% increase.

It was noted by the Board that Mr. Welsh is doing a excellent job as General Manager.

Motion carried 3 - 2

Directors Price and Van Meter voting in the negative.

I. ADJOURNMENT

Meeting adjourned at 9:50 P.M.

ATTEST:

  
Chairman

  
Secretary