

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY HELD WEDNESDAY, FEBRUARY 27, 1991, AT 6:00 PM, BOARD ROOM, ADMINISTRATION BUILDING, KISSIMMEE, FLORIDA

Present at the meeting were Vice-Chairman Gant, Secretary Bobroff, Assistant Secretary Lowenstein, Director Jones, Attorney Brinson, Mayor Pollet, General Manager Welsh, and Recording Secretary Rundio. Chairman Hord was absent.

A. **MEETING CALLED TO ORDER** at 6:00 P.M. chaired by Vice-Chairman Gant.

B. **AWARDS AND PRESENTATIONS**

1. **10-YEAR SERVICE AWARD - NOEL CULLEN**

General Manager Welsh stated that Noel Cullen, Computer Instrument Tech/Generation, was not present but that he did receive his service award earlier today. He said that Noel is taking early retirement starting tomorrow. Mr. Welsh said that Noel has served us well during his tenure and that he was being honored at a retirement luncheon the following day. Mr. Welsh added that Noel and his wife are looking forward with great anticipation to taking trips to Canada, New Mexico and Alaska over the next two years.

2. **10-YEAR SERVICE AWARD - TERRY LUKE**

Terry Luke, Apprentice Lineman/Distribution, was unable to be present due to being on trouble duty. Department Director Ken Lackey accepted the service pin on his behalf to be awarded to Terry personally the next day. Mr. Welsh passed along his appreciation for Terry's contributions.

3. **10-YEAR SERVICE AWARD - VIRGIL MINSHEW**

Mr. Welsh introduced Virgil Minshew, Journeyman Lineman/Distribution, to the Board members. He said that Virgil began with KUA as Groundman and has reached the highest rank in his trade progression and has contributed much over these ten years. He congratulated and thanked Virgil for his dedication.

Vice-Chairman Gant expressed appreciation on behalf of the members and presented Virgil with a service pin.

4. **MARCH EMPLOYEE OF THE MONTH - OLLIE RUNDIO**

Mr. Welsh introduced Ollie Rundio, Administrative Secretary/Executive Office, who was being honored as Employee of the Month. He highlighted the selection process of the Employees' Organization Committee in choosing an employee each month. He thanked Ollie for her dedication and hard work.

Vice-Chairman Gant presented Ollie with a plaque and Director Bobroff handed her a \$100 Savings Bond. Ollie will also receive a day off with pay and a reserved parking space for March.

C. **HEAR THE AUDIENCE** - None

D. **PUBLIC HEARING**

1. **COST OF POWER ADJUSTMENT**

Following a brief update of the COPA for January, 1991, Ben Sharma, Director/Power Supply, stated that staff recommends that no change be made to the current level of COPA which is \$6.68 per 1000 kWh for March, 1991.

At the request of Vice-Chairman Gant and for the benefit of the Board members, Mr. Sharma elaborated on how the COPA calculations are derived under the purchase power schedules and for the various units. Discussion followed.

In response to an inquiry by Director Jones, Mr. Sharma said that we lose over three million kilowatt hours per month as it goes into the transmission lines and windings in the transformers. These are normal system losses to the heating of the wires and winding.

Director Bobroff clarified that the reason the diesel units are in the negative situation is because we can buy power cheaper than we can run the diesels.

Director Lowenstein said the Cost of Power Adjustment is in addition to the fuel costs, which are built in, and asked what percentage of the total cost that amounts to. Vice-Chairman Gant said the fuel cost is about one-third of the total cost.

Vice-Chairman Gant said that originally COPA was to deal strictly with the fuel cost, so we could keep up with the floating price, and did not include the operations and maintenance, discussed here. Staff said that C & M costs may not be included in Stanton costs. This would be confirmed and brought back to the Board.

Director Jones asked if we will ever catch up with our deficit on our COPA, or will we have a negative figure from now on. Mr. Sharma replied that if we continue to have the \$6.68, assuming that the fuel cost will increase approximately 5%, we will not recoup or get even. With countless uncertainties, he said, it is difficult to predict.

Vice-Chairman Gant announced the Public Hearing and inquired if anyone in the audience had questions on the COPA.

Jim Scott, Buenaventura Lakes (BVL) inquired whether the rate will go any higher. Mr. Welsh said our recommendation is to make no change, depending on overall fuel costs. He said that any savings achieved through reduced fuel contracts are passed directly on to the customers.

**Moved by Director Jones, seconded by Director Lowenstein, authorizing that the COPA remain the same at \$6.68 per 1000 kWh for the month of March 1991.**

Vice-Chairman Gant stated that, on checking the financial statement, it is obvious KUA has done exceedingly well for the first few months of this year, and he would have asked to maintain the COPA at its cost, but the motion is to maintain it at \$6.68.

**Motion carried 3 – 1  
Vice-Chairman Gant opposed  
Chairman Hord absent**

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

**1. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS**

Ken Davis, Director/Planning & Engineering, highlighted the ongoing projects.

Dealing with the subject of the Transmission System Expansion, Mr. Davis said evaluations are being made on proposed substation properties and we are contacting property owners/agents next week. A very good site is being evaluated for the Overoaks Substation, if transmission routing can be met through Campbell City.

Regarding the Power Plant to Lake Bryan circuit, we have prepared specifications for equipment purchases for maintenance. We are awaiting word from Florida Power Corp. for scheduling the upgrading of their section. Mr. Davis anticipates that St. Cloud will participate in this effort.

On the Bermuda Avenue site development, final approval was received by the County on the conceptual site plans and requests for zoning changes. The architect is preparing the construction drawings; the civil engineers are in the midst of discussions and preparations for the permitting process

## **2. CONDENSED FINANCIAL REPORT**

Joe Hostetler, Director/Finance, through overheads, gave a brief presentation to the Board on the Condensed Financial Report. As indicated in the Agenda Item, our financial condition is ahead of what we expect for this time of year due to lower than expected costs. Questions by the members were responded to by staff.

Director Bobroff had a question pertaining to last month's project report and Mayor Pollet's query. The Auditors had made a Management Letter comment that depreciation of expense was understated and the book value of our assets would be overstated in future years. Director Bobroff questioned whether it would be more accurate to say "more accurately stated" rather than the assets would be "overstated". Mr. Hostetler replied that our assets are overstated because the gross cost of our assets is reduced by accumulated depreciation which is lower than it really should be at this point in time, so our net asset figure is overstated. We are not overstating the assets but eliminating the overstatement. The net book value of assets would be overstated in future years if we did not take this action and ask for a higher depreciation figure and record actual depreciation based on new rates.

## **3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS**

A summary was given by Ben Sharma on a number of ongoing projects.

Regarding the Gas Turbine Project, Mr. Sharma highlighted the surveys and participation underway. We are awaiting responses from St. Cloud, FMPA (Florida Municipal Power Agency), and Reedy Creek for joint participation. New Smyrna Beach, FPC (Florida Power Corporation) and OUC (Orlando Utilities Commission) have declined. OUC does not need any more peaking capacity.

On the SCADA Project, two bids were received for the equipment. Visits were made to Advanced Control Systems of Atlanta, Georgia, and Landis & Gyr of San Jose, California. Mr. Welsh indicated that this item will be pulled (under a separate agenda item) as evaluations are taking place but that we do not have all the facts yet for a recommendation to the Board. Discussion followed. The evaluation will include a fairly equal comparison of the original bids, the recommendation we want to contract for, plus monetary considerations which will be weighed heavily, serviceability, upgrading ability, or lack of obsolescence. Vice-Chairman Gant expressed concern that we be as informed as possible and make the right judgment in selecting the best possible product, from a reputable company, which can be upgraded.

With respect to Stanton Energy Center Unit 2, Mr. Sharma stated that work is continuing on documents to justify Need for Power (NFP), with the filing deadline with the Public Service Commission (PSC) being March 15, 1991. The hearing date is scheduled for June 18, 1991. Mr. Sharma will testify on KUA's behalf.

Preparation of documents is underway for filing with the PSC the Standard Offer Contract to qualifying facilities by the fourth week of March. This will be brought back to the Board.

A copy of Lakeland's mandatory Load Management program has been obtained. Director Bobroff inquired if we should put such a program together before new construction begins along Dart Boulevard and elsewhere before pursuing conservation.

Mr. Welsh said that it is our intent to wait for the Need for Power results and then go into a more detailed feasibility which will include various rate scenarios. A consideration might be having a condition of service, as opposed to a voluntary type situation. Director Bobroff suggested that the Board members be sent a copy of Lakeland's Load Management plan to acquaint themselves with the program. Mr. Sharma said this will be done. Director Bobroff felt that if we don't move on this, either the state or federal agents will move for us, which would be less desirable.

Mr. Sharma said no problems have been encountered on the natural gas issues to date. He explained the nominations for Florida Gas Transmission's (FGT) Phase III generation expansion, as shown in the handout. Generation expansion includes: 1st GT in 1993, 2nd GT in 1995, Stanton 2 Participation, and the remainder - purchased power. Questions by the Board were responded to by staff.

**4. ACID RAIN VIDEO**

At Director Bobroff's suggestion, a "60 Minutes" video on acid rain, a topic which has been under much discussion lately nationwide, was shown to the Board. The video provided some very interesting controversial data.

**F. OLD BUSINESS - None**

**G. NEW BUSINESS**

**1. WORKERS' COMPENSATION**

Neville Turner, Director/Personnel & Risk Management gave a brief presentation on KUA's need for a Workers' Compensation program with the Florida League of Cities which would change our current no deductible to a deductible of \$2,500 per occurrence. He said that through this new program we would realize substantial savings each year. Staff recommended this change.

**Moved by Director Bobroff, seconded by Director Lowenstein, authorizing the change in Workers' Compensation to a \$2,500.00 deductible per occurrence.**

**Motion carried 4 - 0  
Chairman Hord absent**

**2. TRANSMISSION & DISTRIBUTION LINE INSURANCE**

Mr. Turner stated that currently our transmission and distribution lines are not covered by any insurance and that it would behoove us, prior to suffering a large loss due to weather or other damage, to investigate obtaining separate coverage rather than depend on using the self-insurance fund. Staff requests authorization for a Request for Proposal (RFP) for such insurance be prepared and submitted to the Board for approval at a later date. Considerable discussion followed on deductibles, etc. Mr. Turner referred to a survey showing deductibles and annual premiums of other utilities.

**Moved by Director Jones, seconded by Director Lowenstein, authorizing staff to investigate the feasibility of providing insurance coverage for transmission and distribution line damages.**

Director Jones suggested we look at this RFP and also look at a \$1 million deductible clause. Mr. Turner said it would be lower than \$1 million. He expects minimum responses to the RFP's. A report will be brought back to the Board.

**Motion carried 4 - 0  
Chairman Hord absent**

**3. FUNDING FOR BERMUDA AVENUE BUILDING PROJECT**

Originally the land and the building construction for the Bermuda Avenue Building Project was to have been purchased in two phases, in FY's 1991 and 1992. At the January 23, 1991 meeting, the Board approved staff allocating the funds into FY 1991. Staff is now recommending that the additional funding of \$1,500,000 for the actual site development and building construction also be accelerated into the current fiscal year. Since we will be awarding the contract, these projects need to be established.

Ken Davis recapped the proposed funding for this and the SCADA project (following).

**Moved by Director Bobroff authorizing the transfer of funds from the Reserve for Future Capital Outlay in the amount of \$1,500,000 for the Bermuda Avenue Building Project. Seconded by Director Lowenstein.**

**Motion carried 4 - 0  
Chairman Hord absent**

Mr. Davis said the total dollars proposed for the Bermuda Avenue Project is approximately \$5.8 million and currently we are just under that. Discussion followed on impact fees and other costs involved with this project.

**4. FUNDING FOR THE SCADA SYSTEM PROJECT**

This project goes hand-in-hand with the above Bermuda Avenue Building Project. Originally the SCADA System Project proposed funding of \$543,000 was scheduled for FY 1992. However, Mr. Davis said that because the contract for the SCADA system equipment and installation will be awarded in FY 1991, this is also being recommended for acceleration into the 1991 fiscal year.

**Moved by Director Bobroff authorizing the transfer from Reserve for Future Capital Outlay in the amount of \$543,000 for the SCADA System Project. Seconded by Director Lowenstein.**

**Motion carried 4 - 0  
Chairman Hord absent**

**5. AWARD OF CONTRACT FOR THE SUPPLY OF SUPERVISORY CONTROL & DATA ACQUISITION (SCADA) EQUIPMENT**

Mr. Welsh asked that this agenda item be pulled (discussed earlier under E.1). Due to insufficient information at this time, a recommendation and fully negotiated contract will be brought back at a later date.

**H. CONSENT AGENDA**

**Moved by Director Lowenstein to approve the Consent Agenda. Seconded by Director Jones.**

- 1. APPROVAL OF MINUTES OF JANUARY 23, 1991**
- 2. COOLING TOWER REPAIRS, IFB 191-002**
- 3. POLICY DIRECTIVE NO. D91-2**

**Motion carried 4 – 0  
Chairman Hord absent**

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

**GENERAL MANAGER**

Mr. Welsh distributed copies of the Board Member Nomination Selection Calendar and the Draft of Public Notice Ad for "Board Member Applications Sought" being placed during April. This nomination is for the position of Vice-Chairman. Meetings are scheduled for May 15 and 16.

Mr. Welsh stated that the closing with Kelley Properties on the Bermuda Avenue site will be held at 10:00 A.M. on February 28th at Attorney Brinson's office. Attorney Brinson said a pre-closing meeting was held. One hitch encountered was of a couple of drainage easements on the property being purchased. It is planned that the County will abandon those easements and take another 60' easement on the west side of our property. Kelley is negotiating this and has given Mr. Brinson a written proposal. The closing will precede the finalization of that drainage easement which covers part of our property and a portion of Kelley's property on the north. KUA will have to execute a document for this exchange of easements. Mr. Brinson will update the Board in three to four weeks on the status of this transaction. Any Board member wishing to attend the closing was invited.

General Manager Welsh said that we are in the process of an audit by the Department of Revenue (DOR) and we are appealing the majority of their findings. Mr. Brinson is working with OUC and other Florida municipalities as they are issues which may affect electric utilities statewide. Mr. Brinson further stated that meetings will be held with OUC and FMEA. Mr. Welsh said the findings refer to back taxes and interest penalties of approximately \$500,000 by KUA. KUA is disputing all but about \$40,000 of that which is conceded as actual account classification errors. Mr. Brinson brought an issue to light, that a sales tax cannot be put on residential apartment complexes. Apartments frequently request power on a short-term basis, e.g., for cleaning purposes. DOR contends a utility should pay a sales tax for the time (perhaps a month) that the apartment is not being used for residential purposes. A second problem is short-term usage of electricity used in time-shares and imposing a tax on time-shares all year. Short-term rentals also require short-term power and the DOR states these should be considered commercial accounts and collect sales tax on them. Mr. Brinson said that in the future, with the exception of apartments, customers should indicate whether the building is commercial or residential. Ms. Beck, Director/Customer Relations, said this procedure has already been initiated. Mr. Brinson added that a precedent ruled that you cannot be taxed for prior years, only for the year a utility is audited.

At the March meeting, staff would like to schedule a public meeting, as opposed to a public hearing, on the Carroll Street Substation.


Also, Mr. Welsh stated that in the future we will be referring to the Bermuda Avenue project as the "Carroll Street project", which is more appropriate.


Copies of the KUA Goals & Objectives for FY 1992 were distributed to the Board members for their perusal. These will be used during the Goals & Objectives meetings scheduled for March 6th and 7th.

**ATTORNEY** - None

**DIRECTORS** - None

J. **ADJOURNMENT**: Meeting adjourned at 8:20 p.m.

  
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CHAIRMAN

ATTEST:   
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SECRETARY