

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD  
WEDNESDAY, JULY 28, 1993 AT 6:00 PM, BOARD ROOM, ADMINISTRATION  
BUILDING, 1701 W. CARROLL STREET, KISSIMMEE, FLORIDA

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

A. MEETING CALLED TO ORDER at 6:05 P.M. by Chairman Hord.

B. AWARDS AND PRESENTATIONS

1. 15-YEAR SERVICE AWARD - WILLIAM JABAAY
2. 10-YEAR SERVICE AWARD - HAROLD STALLWORTH

Bill Jabaay and Harold Stallworth were unable to be in attendance for the presentations and their service awards will be presented to them by their Supervisors at a later time.

3. 5-YEAR SERVICE AWARD - JANICE BOGGS

Following introductions to the Board members, Janice's working history was given by Mr. Welsh. She received a degree in Software Engineering and spent some time in the military. She started at KUA as a temporary Secretary; however, her talents took her into positions of Statistical Specialist, Budget Analyst and two years ago she went into End User Training/Support Specialist, her first avocation. Janice also writes a column, "Nibbles & Bits", in the Power Line. Employees greatly appreciate her assistance when computer problems arise within KUA. Mr. Welsh expressed his thanks for Janice's contributions and professional help.

A memo/pencil caddy was presented to Janice and congratulations were offered by the Board for her hard work.

4. EMPLOYEE OF THE MONTH - ALBERTO MERCADO

Alberto Mercado, Groundman for Transmission & Distribution, was honored by being spontaneously selected by his fellow employees as KUA's Employee of the Month, a most deserving distinction. He has five years of service and, as one fellow employee put it, "Alberto goes that extra mile above and beyond his Groundman duties. He is a hard working, dedicated employee who does not hesitate in the least when called upon to work later or occasionally fill in for night shift." He is quite versatile--at Homestead, he transformed goulash into "gourmet"! Alberto is dependable and willing to do whatever it takes to get the job done. He has a good sense of humor and a positive attitude, a hallmark of many of our employees!

Chairman Hord presented Alberto with an Employee of the month plaque for August, 1993. He was also given a \$100 Savings Bond Certificate, and will receive a day off with pay and a reserved parking space during August.

C. HEAR THE AUDIENCE

Mr. Jim Scott, BVL (Buenaventura Lakes), inquired whether the SAVE program is set up in garages rather than outside of homes. Mr. Welsh responded that generally they are outside the house but in some instances the equipment must be placed indoors (e.g., due to high ceilings and no space to draw the wires through) close to the air handling unit.

D. PUBLIC HEARING - None

E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

1. PROGRESS REPORT ON CANE ISLAND PROJECT

Director of Power Supply Ben Sharma stated this was a two-part presentation--from our Owner's Rep and Black & Veatch.

Greg Harrington, Owner's Rep for ER3, gave an update presentation on the construction progress at the Cane Island site. After 28 months into the project, the mitigation pond, entrance road, the site grade, retention pond are about 90% completed; the utility work by others at the site entrance is completed. He highlighted work still to be completed and showed a brief video on work in progress at the site. Next week the well water construction contract should be mobilized. In late August they anticipate the General Construction Contractor to mobilize. A KUA doublewide trailer will be moved there and utilized by the crews.

Don Shultz, Partner-in-Charge, Black & Veatch, gave a comprehensive Quarterly Project Report on all phases of activities--including environmental, engineering, design and equipment procurement, etc.) concerning Units 1 and 2.

In response to Director Bobroff, Mr. Shultz stated that on the air permit they used general data from the GE combustion turbine and on receipt of some calculations they signed off on this. They expect the amended air permit sometime in the near future. The wastewater permit is in hand.

Mr. Welsh stated that the General Construction contract will be submitted for the Board's approval at the August 12th Special Meeting.

The milestones are being met. May 15, 1994 is set as the commercial operating date on Unit 1; however, Unit 2 could be a little further ahead. The latter should be in operation in January 1995, and is considered to be a tight operation, with 15% completed to date. Discussion followed.

F. OLD BUSINESS

1. CARROLL STREET TO BERMUDA AVENUE COMMUNICATIONS

Mr. Welsh stated that this item was considered last month and that the Chairman had brought out a fallacy in our thinking process causing a change in our recommendation. This new recommendation was sent out in the Board packets. Cost evaluation sheets were handed out showing that the answers did not change from that in the Board packets but some numbers did slightly.

Ken Davis, Director of Engineering, said that the potential had been discussed for installing a fiber optic circuit between this building and the Bermuda Avenue building. We looked at doing away with lease costs to United for the voice circuits and also the lease costs to them for the data circuits from the Downtown Broadway building and Bermuda Avenue. He highlighted the costs and savings over a period of time and what the payback period would be. What had not been looked at closely was the difference between what it would cost us to put the data portion in (basically putting in electronics for the fiber optic circuits). These were combined as one with the voice circuits and an analysis was done.

Now it is being approached more from a present value analysis. Through overheads, he highlighted various scenarios: cost evaluation (voice only), cost evaluation (additional for data) for purchase of data equipment, and lease of data equipment. For each he showed the present value savings over a ten-year period. He stated that putting in copper cable between the two buildings would include a fiber optic circuit at the same time, but not installed in the electronics for the fiber optics. This would allow us to run our voice circuits and still operate our data circuit off of lease lines from United. Maintenance costs and upkeep were discussed. He elaborated in more detail on the pros and cons and made Staff's recommendation to proceed with this project at an estimated cost of approximately \$26,000, with a 15% contingency.

**Director Jones moved to accept Staff's recommendation that we proceed with the project to install a composite cable between the two facilities and eliminate the leasing of voice circuits from United. The current estimated cost for this project is approximately \$26,000. A request for establishing a contingency of approximately 15% was included. Seconded by Director Lowenstein.**

**Motion carried 4 - 0  
Director Gant absent**

**G. NEW BUSINESS**

**1. ESTABLISHMENT OF A PROJECT AND FUNDING SOURCE FOR INVESTIGATIVE WORK RELATED TO CANE ISLAND UNIT 3**

Mr. Welsh stated that earlier the General Manager of FMPA (Florida Municipal Power Agency) approached him to say that some changes will be taking place in their generational needs in the future and it was apparent they need to seriously consider Cane Island 3 in the 1997-98 time frame. Some preliminary discussions have been held. The purpose of this project is to establish a funding mechanism to move further on this.

Mr. Sharma elaborated on this issue. Unit 3 was being looked at because of their need for an additional 50 MW. FMPA told us they will share the cost 50/50 whether or not we build Unit 3. A letter confirming this fact has been received by us. This could be a simple cycle or a combined cycle or it might be staged as simple cycle and then changed to combined cycle. At this time, Staff requires approval for establishment of a project to investigate the feasibility of Unit 3 and to establish a fund of \$50,000 to be transferred from the Reserve for Future Capital Projects.

**Director Lowenstein moved to approve the establishment of a project for Cane Island Unit 3; and to approve the sum of \$50,000 to fund the preliminary investigative works and approve the transfer of the above-mentioned \$50,000 from the Reserve for Future Capital Projects. Seconded by Director Jones.**

Director Jones asked whether, if FMPA was not a partner, we would have to do this. Mr. Sharma did say we would have to do an investigation but perhaps not until the 1997/98 time frame. Director Jones inquired why we have to pay 50% for this study. Mr. Welsh responded that we won't pay more than a percentage if we ultimately decide we want to participate in if we build it. Mr. Welsh said should there not be a Cane Island 3 we have agreed to take half the costs in terms of the investigative work. The most likely scenario is that with our participation at whatever percentage, there will be a true-up

of these costs. The advantage is that in future years we may need more megawatts; with this participation we have the ability to get the economies of scale of a 7EA in a combined cycle, 120 MW facility when we maybe only need 20 MW or more. He felt FMPA might need between 50-75% and 25-50% for us. We are also looking to possible participation with St. Cloud and Reedy Creek, and although they are looking at this no commitments have been made to date.

Chairman Hord asked if it would be in KUA's best interests to hold off until we can justify a 240 MW as opposed to a 120. Mr. Welsh said we will need three more 120's and two 240's. The ultimate build-out is 1000 MW as far as available land and permitability. Right now FMPA and KUA each has half of the entitlement. Florida Power Corp is aware of this study and they are responsive. We are negotiating wholesale rate changes and flexibilities into the contract. Having alternatives allows us some leverage. We would watch where the true economics are on this.

Mr. Welsh stated that, in addition to having the advantages of economies of scale being able to utilize a larger unit, we are sharing more of the common facilities as we get participation like overhead, finance charges, personnel charges, etc. Being a host utility projects a lot of savings to KUA's customers.

**Motion carried 4 - 0**  
**Director Gant absent**

## **2. UPGRADE AS/400 STORAGE SUBSYSTEMS**

General Manager Welsh stated that sometime back we realized we would need to upgrade the AS/400 and had committed to holding off on this as long as possible. At this point it's somewhat critical. An option included in the Board packets was detailed in a brief video. An amended Agenda Item was distributed and discussed.

Dennis Wick, Director of Information Systems, gave an overview of what the total package entails. He recommended increasing our disk storage to 17 gigabytes as opposed to the 11 we currently have. We are running between 95-98% capacity on our disk storage. He summarized the technology and cost comparisons involved and the options available on the 9337. Protection from failures, mechanical or otherwise, within the operation system was an important requirement.

Chairman Hord asked what we gain, other than system reliability, by this proposal in the way of performance. Mr. Wick said we have reached the point where performance is unacceptable. Mr. Welsh stated we are talking about increased reliability and performance bought by the \$10,000 increment and not the \$150,000 increment. We need the capacity due to growth on the system. Our current AS/400 was purchased in 1989 and has a life expectancy of another five years. This system is being pushed to the limit. Leasing was discussed but there is not a good leasing program available and it was determined by Joe Hostetler, the Director of Finance, that purchasing is the right way to go. \$159,000 had been originally budgeted for this and the \$153,848 is a budgeted item for 1993/94. Installation is a 16-hour procedure and would be accomplished over a weekend to avoid business disruption. Discussion continued.

Director Bobroff moved to approve Staff's recommendation to purchase the 9337-120 high availability disk subsystem along with 9348-002 nine-track tape subsystem and 7208-012 8 ~ tape subsystem in the amount of \$153,848 to be purchased on State contract 1250-050-93-1, to be funded out of previously approved capital projects. Seconded by Director Lowenstein.

Motion carried 4 - 0  
Director Gant absent

**2. AUTHORIZATION FOR BLACK & VEATCH TO PROVIDE PROFESSIONAL SERVICES FOR COMPLIANCE OF CANE ISLAND PERMIT CONDITIONS**

Mr. Sharma highlighted the eight requirements that must be monitored and performed during the construction and operational phases of Units 1 and 2. These requirements are specialized in nature and beyond the capability of KUA's Staff. Questions by the Board were responded to by Staff on mitigation, etc. Although approval was sought from the Board, spending of the requested \$272,800 would be done on an as-required basis with the General Manager's approval. Services will be performed by Black & Veatch through the end of calendar year 1994 to be compensated on what is absolutely necessary and expended; hopefully some economies are anticipated and being negotiated with Mr. Shultz.

In response to Director Bobroff, the Avian Monitoring Program will be subcontracted to a local Florida firm. For the record, Chairman Hord asked if this was included in our original cost. Mr. Sharma said this was an unexpected cost originally but that we have a contingency for this type of situation. Mr. Shultz added that it was not included in any of Black & Veatch's cost estimates. Discussion continued on why not and that we have concern over these additional expenses. Chairman Hord asked Mr. Welsh if we are fighting this (7-acre monitoring program) through the offices of Boone Kuersteiner, our Environmental attorney. We are only using 15-18% of the total acreage at Cane Island. Mr. Welsh explained we do not have any rights to do anything with wetlands. When some acreage is destroyed we are required to mitigate this through wetlands creation. Mr. Welsh stated that by doing this we have fulfilled this obligation for having destroyed existing wetlands. Mr. Shultz said they are monitoring the whole site, not only the seven acres. Further discussion continued.

Director Bobroff moved to approve Staff's recommendation authorizing Black & Veatch to provide professional services for compliance of Cane Island permit conditions, as detailed in the Agenda Item, for a not-to-exceed sum of \$272,800. Further, that the funds be controlled by the President & General Manager and released on an as-required basis. Seconded by Director Lowenstein.

Chairman Hord stated, for the record, he would highly encourage that we have Boone Kuersteiner challenge this as strongly as possible to keep this expense to a minimum. This was the consensus of the Board.

Discussion was had as to whether we should bank some additional acreage for mitigation to offset future substations, etc. We are attempting to do just that in this process but that the ratio is not good. When asked whether Mr. Kuersteiner would be able to offer his professional opinion whether a piece of property is permitable and logical, etc., Mr. Welsh stated Mr. Kuersteiner could tell us about the makeup of property as to wetlands, permitability of it and we would ask his opinion on critical things. Attorney Brinson said it is better to anticipate than try to make up afterwards. He said he has known an instance where a substantial fine had to be paid and the party still had to comply.

Motion carried 4 - 0  
Director Gant absent

**H. STAFF REPORTS**

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

The report was accepted as written.

**2. CONDENSED FINANCIAL REPORT**

Joe Hostetler, Director of Finance, gave a presentation on this report and responded to members' questions. Since the budget was revised in April, he said we have come very close to our amended budget. We are one-half percent away from where we expected to be. Our revenues were decreased by \$1.5 million and our megawatt hour sales were within .4% this month. We are very close to the budgeted figures in sales and fuel. He disclosed the variances, largely in the Power Supply Department.

Chairman Hord questioned the \$616,000 in maintenance costs for the combined cycle which have not yet been incurred. Mr. Sharma said this amount had been set aside for a 5-6 year period and was in reserve for any unforeseen maintenance. If it isn't used it will be rolled over. Mr. Hostetler stated we do record expenses based on how much a unit is run on a \$3.00 rate as an accrued expense which is in the actual figure. The \$616,000, even though that rate is used, is over and above the \$3.00 per megawatt hour rate. It's a maintenance cost not yet incurred because we do not have the megawatt hours to go along with it. It is a budgeted item and any unspent monies are rolled over to the following year. We are swapping our raw materials in Hansel fuel for purchase power as well as our maintenance costs in Hansel for purchase power. Since Hansel is running almost continuously, since June only a minimal amount has been spent on maintenance.

The meeting recessed from 8:00 to 8:15 p.m.

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

According to Mr. Sharma three all-time records were reached. He announced that July 13th was the highest summer peak demand of 173 MW. Again, on July 19th our peak load reached 180 MW summer peak demand. That day another historic event occurred when in the 24-hour period we sold 3,180,000 kWh in one day.

Mr. Sharma introduced Mike Goering, Site Manager/Black & Veatch, who was present and would be here for a two-year period during the construction activities of Units 1 and 2. We welcome Mike aboard!

Chairman Hord inquired into the status of SCADA. Mr. Sharma stated that we now have all the equipment here, but some on-site things still require completion. A time schedule was shown. Mr. Welsh responded that we have retained some monies from Landis & Gyr for any additional expenses on this equipment due to the former delays.

When asked, Staff said it is cost effective to use Load Management when the only other alternative is to buy Schedule A mostly. We do have enough reserve in case we go high. Discussion followed.

The following agenda item was taken out of context and discussed at this time.

**6. EXPLANATION OF CRYSTAL RIVER 3 (CR3) BUDGET INCREASE IN FY 1994**

Director Bobroff questioned the \$1 million plus under professional and contractual services and whether this amount was included with COPA. Mr. Sharma replied, no. He stated that adding it to COPA would make this a pretty high priced power. Director Bobroff was under the impression that there are no hidden costs in CR3. He contended that the figure the former Utility Director was presenting as cost of electricity to the City Commission in the early 80's is not a true figure. The question by Director Bobroff was, what's our true cost and at what point are we going to say, no more Crystal River power with all the add-one. Mr. Welsh replied there are a certain amount of fixed costs associated with this plant that we bought and built and own, with some variable costs. When you dispatch on variable cost, which is the economic thing to do as seen in COPA and in terms of dispatch, CR3 is the cheapest type of power we have as an alternative in terms of variable cost. Regarding fixed costs, he said Mr. Sharma does not concern himself in terms of dispatch. CR3 might not be run but the fixed costs remain.

Chairman Hord read the fixed cost to be \$1.4 million for proposed 1994. Part of this operating cost is variable cost, part of our fuel cost. Further discussion continued on whether it is economically worthwhile for us to run and use CR3. The reply was that it is. Decommissioning is included in that cost. It was figured out that the variable operating cost for the combined cycle is 36 mils, or 3.6 cents. Added to the 36 mils and not included in these numbers is debt service, refinanced numerous times now. This number was considered to be very low. CR3 was compared at 3.6 to 5.0 at Hansel. Further discussion continued.

**4. SYSTEM-WIDE FIBER OPTIC NETWORK**

Mr. Welsh stated that we have been thinking over time whether it would be worthwhile for us to be somewhat more involved in fiber optics throughout the system. Some concepts would be presented and Staff would ask for some general direction whether the Board wishes this to be explored further and brought back in September.

Mr. Davis reviewed the current state of fiber optics used in communications throughout various agencies, including utilities, and the potential for our getting involved in the market in providing these services. He showed slides of our existing system and where we're going in the future between all our substations. We may exchange fiber optic services with Orlando Utilities Commission (OUC) at Cane Island. Eventually we will have fiber optics connected throughout our service territory.

(Director Jones left the meeting at 8:45 p.m.)

Via overheads, Mr. Davis highlighted the advantages of fiber optics and said that some of the applications now being used are voice and data communications and SCADA communications. He also touched on future potential uses and potential users.

Some KUA policy decisions to consider are: Do we want to get into this fiber optics business, do we lease existing fiber circuits, do we lease fibers that are in place, do we sell fibers, do we install and maintain fibers, and how do we price these services. Mr. Davis suggested Staff come back to the Board in September with additional information and decide then if we would do it.

Discussion was had on the installation and wiring costs, labor, and other miscellaneous items. The technology is available now. Mr. Davis sees an integration of all our buildings and power plants into one network of voice and data which would be carried over the fiber optic circuit.

Director Bobroff commented that this is an exciting concept of which the electric utility can take advantage.

**Director Bobroff moved that Staff continue our study of this fiber optic issue and report back whenever the information and data is a sound business type operation. Seconded by Director Lowenstein.**

**Motion carried 3 - 0  
Directors Gant and Jones absent**

**5. SELECTED DEPARTMENT HIGHLIGHTS - INFORMATION SERVICES**

A brief presentation was made by Dennis Wick on the Business Resumption Plan.

Mr. Wick highlighted, via overheads, disaster recovery planning, contingency planning, and business resumption planning. KUA will be pursuing the business resumption planning which entails the ongoing process of creating, testing, and maintaining the policies and procedures should a disaster occur. The disasters can be fire, smoke damage, flood and water damage, sabotage, vandalism, natural disasters known to Florida, environmental problems, a major railroad accident, and others.

The objectives we plan to meet in this respect are foremost the protection of personnel, protection of the Utility Authority (its assets and records), continuity of management, to minimize losses and recovery time, and resumption of normal operations.

Coordinating everyone within KUA to make this work takes a lot of work and dedication. All backup tapes for our computer system were taken to and tested in Tampa on another AS/400, which turned out well. Communications were established with this building and other agencies (HTE, Sun Bank, etc.) and business was resumed in a normal manner.

**I. CONSENT AGENDA**

**Director Lowenstein moved to approve the Consent Agenda, as submitted. Seconded by Director Bobroff.**

- 1. APPROVAL OF MINUTES OF JUNE 9, 1993, SPECIAL MEETING**
- 2. APPROVAL OF MINUTES OF JUNE 14, 1993, REGULAR MEETING**
- 3. APPROVAL OF MINUTES OF JUNE 17, 1993, SPECIAL MEETING**
- 4. APPROVAL OF MINUTES OF JULY 14, 1993, SPECIAL MEETING**



5. FMPA INTERLOCAL AGREEMENT
6. AGREEMENT WITH OUC FOR CONSTRUCTION, OPERATION AND MAINTENANCE OF THE TAFT-MCINTOSH 230 kV LOOP-IN
7. AGREEMENT WITH CSX TRANSPORTATION ALLOWING RUA TO CONSTRUCT EFFLUENT PIPELINES UNDER THE R/R TRACKS
8. FLORIDA MUNICIPAL ELECTRIC ASSOCIATION (FMEA) (AMENDED) MUTUAL AID AGREEMENT
9. MUTUAL AID AGREEMENT WITH OSCEOLA COUNTY AND OSCEOLA COUNTY SHERIFF'S DEPARTMENT
10. POLICY DIRECTIVE NO. D93-1 ON BUSINESS EXPENSE
11. AWARD OF BID - LOAD CONTROL RECEIVERS & RELATED EQUIPMENT - IFB #034-93
12. OSCEOLA PARKWAY/RR OVERPASS LINE RELOCATION BID AWARD TRANSMISSION LINE CONSTRUCTION - IFB #036-93

Motion carried 3 - 0  
Directors Gant and Jones absent

J. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh said the partnering and team building for the Cane Island project is targeted for 3:00 p.m. through dinner on September 16th and will resume at 8:00 am (with a Continental breakfast) on September 17th with everyone involved for the remainder of the day. The necessary Staff and any Board members interested in attending were invited for the purpose of observation. The various contractors, our engineers, Black & Veatch, our Owner's Representatives, and others will attend. Procedures will be developed for conflict resolutions, conducting the process and more or less getting acquainted in order to have a cohesive, smooth working relationship amongst the team. This team effort would continue throughout the two-year construction period. The members will be contacted when the meeting and hotel are confirmed.

A Special Meeting will be held on August 12, at 6:00 p.m., for the purpose of approving the General Construction Contractor for Cane Island. Also, the reimbursement agreement with FGT (Florida Gas Transmission) will be addressed for the establishment of a metering station, as well as the two agreements with CSX Railroad (for the gas pipeline of the Railroad). The packets will go out on Monday, August 9th, for this Thursday evening, August 12th meeting.

The Regular Meeting is also set for 6:00 p.m. on August 25th. However, prior to the meeting, a brief field trip to the Hansel Plant will take place to check out our new coalescing installation (oil removal system for drainage) and also to look at our existing old substation control house, which will be addressed and is already budgeted. Everyone will meet at the Hansel Plant at 5:00 p.m. and then return for the 6:00 p.m. Board meeting.

Mr. Welsh distributed reminder cards of the "1-KUA" Morning Minute, a promotional item for daily communicating news and information, etc., to our customers and employees.

Mr. Welsh informed the Board that when SCADA is in operation, a security system will be put in place in this building as well as a camera video system here and at the pole yard site. If intrusion alarms are not found to be legitimately caused by dispatching staff, local authorities will be called immediately.

**ATTORNEY** - No comments

**DIRECTORS**

Director Pollet said the City of Kissimmee wrote several letters to various Boards asking if anyone was interested in attending a course on Parliamentary Procedures. This is a four to five-hour course. Our Board did not receive this notice.

**K. ADJOURNMENT:** Meeting adjourned at 9:15 p.m.

  
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ACTING-CHAIRMAN

ATTEST:  
  
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ASSISTANT SECRETARY