

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD
WEDNESDAY, OCTOBER 25, 1995, AT 6:00 PM, BOARD ROOM, ADMINISTRATION
BUILDING, 1701 W. CARROLL STREET, KISSIMMEE, FLORIDA

Present at the meeting were Chairman Gant, Vice-Chairman Walter, Assistant Secretary Lowenstein, Director Guthrie, Acting Mayor Maher, Attorney Brinson, President and General Manager Welsh, and Recording Secretary Scott. Director Hord was absent.

A. MEETING CALLED TO ORDER at 6:00 p.m. by Chairman Gant.

1. INSTALLATION OF NEW MEMBER

Installation postponed until all Board members are present. Planned for November 15, 1995 meeting.

2. ELECTION OF OFFICERS

Election of officers postponed until all Board members are present. Planned for November 15, 1995 meeting.

B. AWARDS AND PRESENTATIONS

1. 10-YEAR SERVICE AWARD - DON ANDERSON

Don Anderson, Assistant Power Plant Operator in the Power Supply Department, was unable to be present to accept his award. This will be presented to him at a later time by his Department Director.

2. 10-YEAR SERVICE AWARD - KATHLEEN CONDON

Mr. Welsh said that Kathleen started here on October 1, 1985 and was one of KUA's first employees. She has served as EOC Vice-Chairman and Secretary. She was selected by her fellow employees as Employee of the Month twice! She was promoted to Power Plant Administrative Assistant in 1992 and today she has the position as Administrative Coordinator. Mr. Welsh said it sure doesn't seem like ten years but that the ten years he has worked with her has always been a pleasure and that Kathleen has always been professional. He commended her on the good job she does in handling multiple projects and the supervision of the grounds crew.

Chairman Gant presented Kathleen with a beautiful carriage clock and the other Board members joined him in congratulating Kathleen.

3. 10-YEAR SERVICE AWARD - NEAL HUGHES

Mr. Welsh said that Neal started working for KUA on October 7, 1985 and was selected as Employee of the Month in March of 1988. He was promoted to Power Plant Mechanic Helper in 1989, promoted to Power Plant Mechanic last year and is presently working at Cane Island Power Park. He said looking at Neal's decade here, it does his heart good to see somebody come in and apply themselves and contribute so significantly the way Neal has. Mr. Welsh said that he has always enjoyed working with Neal and pointed out that Neal was one of our ambassadors in our new plant location as he is from Intercession City. He thanked Neal for his years of dedicated service and also for representing KUA as an ambassador.

Chairman Gant presented Neal with a beautiful carriage clock and, along with the other Board members, congratulated him on this achievement.

4. 10-YEAR SERVICE AWARD - ROBIN PHILLIPS

Robin Phillips, Billing Coordinator in the Customer Relations Department, was attending an FMEA function out of town and could not participate in the meeting. Her service award will be presented to her at a later date by her department director.

5. 5-YEAR SERVICE AWARD - LARRY OLSON

Larry Olson, Crew Leader of the grounds crew in the Power Supply Department, was unable to come to the meeting. His department director will present his award to him at a later date.

6. 5-YEAR SERVICE AWARD - CAM PYLE

Mr. Welsh said this award is for five years, but actually it is more than five. Cam said it was just about ten. Mr. Welsh stated this is example of somebody whom we thought a lot of and who thought a lot of us, because Cam worked here from September 1984 to March 1989 as an Apprentice Electrician. He returned on October 4, 1990 as an apprentice electrician, but shortly after he was rehired he was promoted from Apprentice to Electrician. Mr. Welsh said he was pleased that Cam is receiving his five year award officially and that he came back to work for KUA.

Chairman Gant presented Cam with a beverage set and thanked him for his service. The other Board members congratulated Cam on this achievement.

7. 5-YEAR SERVICE AWARD - JOANN WILLIS

JoAnn Willis, Clerical Assistant II in the Power Supply Department, was unable to make the meeting due to a prior engagement. Her service award will be presented to her by her department director at a later date.

8. 5-YEAR SERVICE AWARD - PAM COULTER

Mr. Welsh said Pam was hired October 16, 1990. She was a switchboard operator at 8 Broadway. One year later she transferred to Customer Relations as a Customer Service Representative. Pam handles a large number of phone customers and does an outstanding job. He said that Pam was one of the employees most wanting the move to take place, because they are probably the ones using the most cramped facility, the phone bank.

Chairman Gant presented Pam with a beautiful picture frame and the Board members thanked Pam for her five years of dedicated service.

9. 5-YEAR SERVICE AWARD - MICHELE ERNST

Michele Ernst, Customer Service Representative in the Customer Relations Department, was unable to attend the meeting. Her service award will be presented to her at a later date by her department director.

10. 5-YEAR SERVICE AWARD - RICHARD WOODS

Richard Woods, Meter Reader in the Customer Relations Department, was also unable to come to the meeting and will receive his award at a later time by his department director.

11. EMPLOYEE OF THE MONTH - RUSTY WHITE

Mr. Welsh said that Rusty was here for a very special award tonight and that was the Employee of the Month award. He said that his fellow employees were so impressed that they named and nominated Rusty as Employee of the Month. Mr. Welsh then read the highlights written by Rusty's fellow employee: he cares about getting all the reads even when they are not always convenient, he doesn't mind getting his hands dirty or wet, he gets out on his route on time or before--sometimes finding one or two extra, and comes back in and helps with the rereads without being prompted to do so. He cares about his responsibility and wants to be as good a meter reader as Tony Hey. Mr. Welsh said for those of you who do not know him, Tony has been our ICON Meter Reader of the Year for a few years running and is an outstanding meter reader.

Chairman Gant congratulated Rusty and presented him with a plaque. Director Lowenstein presented Rusty with a savings bond. Rusty will receive a special parking space for the month and a day off with pay.

12. 1995 ANNUAL REPORT AWARD

Mr. Welsh said we are proud that we have achieved the national award for our annual report. He said that you need to excel in a couple of areas, the guts and the presentation, to win an award like this. The contest is sponsored annually by APPA to recognize annual reports that are well written, creative, and provide clear and complete financial data. ~~A~~Taking Care~~@~~ was the theme of KUA's annual report.

Mr. Welsh said that Chris Gent was responsible for putting out the report, but could not be here to share in the honors, so the second half and equally important role of the data that goes into that report, Joe Hostetler, our Director of Finance, will accept the award. The Board and audience applauded him.

13. CORPORATE VOLUNTEER INVOLVEMENT (V.I.P.) AWARD

Mr. Welsh said KUA is also a recipient of 1995 Corporate Involvement Partnership Award. This award is presented annually by the Center of Community Involvement, this year recognizing the exemplary efforts of our 250 employees. Our entry was one of twenty-one nominations in a five-county area. He said he was proud that we are recognized for our community involvement and that this reflects and mirrors the award we received from APPA for community involvement. Neville Turner received this award on behalf of all of our employees.

The Board congratulated Neville and staff on this achievement. Director Guthrie commended staff on having merited this award and said it was good recognition for the work they are doing.

Mr. Welsh thanked Director Guthrie and said that he was also proud of each and every member of the staff.

- C. HEAR THE AUDIENCE - No comments
- D. PUBLIC HEARING - None
- E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)
- F. OLD BUSINESS - None
- G. NEW BUSINESS
 - 1. ENERGY BROKER NETWORK (EBN) AGREEMENT

Mr. Welsh said this agreement is necessitated by the change in structure of the Energy Broker System that in the past was under FCG and will now become a corporation.

Mr. Ben Sharma, Director of Power Supply, explained that FCG was started in 1979 by eighteen generating utilities in the state of Florida. At that time we were doing business amongst ourselves and, like an owner system, everybody trusted everybody. Then in 1992, the Energy Policy Act opened access of transmission systems, and in turn opened the door to electric utilities outside of Florida. The power marketing companies wanted to become part of the energy broker system which would give them more involvement than just selling and buying short and long term power. Mr. Sharma stated we resisted for sometime because of the fact that these marketing companies did not have a base or generating units on which to judge whether their price quotes were realistic. Finally, almost like a threat of anti-trust, we had to open up the broker system. The management of FCG did not want to be part of it, hence a new entity was created, the EBN. The EBN can have members from anywhere. The old members were grandfathered in and were given a grace period of 30 days, starting October 3, 1995.

One difference is that previously the broker system was a non-profit organization made up of the utilities under FCG and now it is a stand alone non-profit organization which will utilize FCG officials on a payment basis for their services. The new members will have to pay a big fee, \$100,000 to join. One of the major differences is that previously all transactions, whatever quoted, were visible to our dispatchers including at what price and with whom matched. This gave our dispatchers a good handle on what to expect for the next days transactions. EBN is a closed system and no one knows at any particular hour what price or with whom the transaction is matched. Mr. Sharma stated that we can audit or check the computer three times a year for accuracy. He added that to date we have not seen a big change, and have found the prices are being matched fairly.

Mr. Sharma stated that due to outsiders getting into the system, the terms and conditions have to be changed and that is the purpose of the document presented for approval tonight.

Director Lowenstein inquired as to whether Mr. Brinson's review of this document revealed that it met with his satisfaction legally. Mr. Brinson replied that he had reviewed the agreement several times and that it was satisfactory.

Mr. Bob Bobroff, resident of Kissimmee and past KUA Board member, asked if a new member could be accepted such as Martin Marietta. Mr. Sharma replied no, but that power marketers such as Enron or Louisville Gas and Electric, or any other entity qualified as an electric utility under the new federal law could join.

Director Lowenstein moved to approve the Energy Broker Network contract documents as presented and authorize the Chairman, the

Secretary, and the KUA Attorney to sign on the page indicating KUA's approval of the Operating Agreement.

Motion Carried 4 - 0

2. REVISED WHEELING RATE AGREEMENT WITH OUC

Mr. Welsh said this revised agreement is necessitated by changes in the industry.

Mr. Sharma said it was about a year and a half ago that staff brought this item to the Board. When OUC started supplying power to St. Cloud, we negotiated an agreement with OUC to wheel power to St. Cloud at a rate that would always be 90% of FPC's wheeling rate. Using this criteria, FPC could never beat us.

He stated it was well and good at that time because FPC's rates were fixed, but last year FERC under the new Energy Policy Act requested all IOUs to file comparable tariff sheets to the federal standards and accordingly FPC filed in February to become effective November 1, 1995. The result is that there will not be a constant wheeling rate for any particular time, it may vary time wise during the day, and days of the week. If we kept the 90% clause, our people would spend most of their time following FPC's rates and monthly invoices would take days to prepare. Mr. Sharma said in order to avoid all that trouble we decided to keep the rate constant, not in terms of a percentage but in a flat rate of \$1.40 per MWH. He further stated that a clause has been established that if the rates were to go higher, KUA can, giving three months notice, renegotiate the wheeling rate with OUC.

Members of the Board inquired as to how does the flat rate compare with the fluctuating rate. Mr. Sharma explained that financially we would be better off with the fluctuating rate, but that the time and work involved with that process was not justified at this time. He said that we would need to observe it for a while until we can determine. Mr. Welsh added the contract should be one of a financial wash. The basis of the original contract is unmanageable at this time so we need to change the terms in order to keep it a manageable contract.

Acting Mayor Ken Maher inquired as to how we arrived at the \$1.40. Mr. Sharma explained that at the time the contract was negotiated, FPC's wheeling rate was approximately \$1.56 and we offered it to OUC at 90% of this rate.

Moved by Director Walter to approve the revision to the Transmission Wheeling Agreement with OUC and authorize the Chairman and the Secretary to sign the revised document, to be reassessed by the Board in three months; motion seconded by Director Guthrie.

Motion Carried 4 - 0

H. STAFF REPORTS**1. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS**

Mr. Welsh said this is a written report for the Board's review and that there was no presentation planned. He further stated that Mr. Ken Davis was not here this evening, and that Mr. Jeff Sizemore was present to answer any questions the Board may have. There were no questions or comments.

2. CONDENSED FINANCIAL REPORT - SEPTEMBER, 1995

Mr. Joe Hostetler, Director of Finance, gave an overhead presentation. He stated that we, for the year, ended up with a 4.3% favorable variance on the overall budget.

Mr. Hostetler said we ended up with \$10 million of net reinvested earnings, approximately \$8 million more than budgeted. He said this variance is due to the rise in interest earnings, the capitalization of Cane Island being delayed, and the redesignation of excess bond proceeds.

He explained that as part of his year-end presentation, he has included a project report, some of these projects are completed and others are not. We are reporting \$5.3 million less than expended or encumbered, and of this amount approximately \$985,000 will be released to capital outlay. The rest will be reserved to continue these projects in the new fiscal year. These are not bond funds, these are capital funds.

Director Lowenstein asked if this covered the full year. Mr. Hostetler said that it did, however, next month he would present year-end figures reflecting any changes after the audit process is complete.

3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

Mr. Welsh said this is a written report and that staff would respond to any comments or questions the Board might have. Director Guthrie asked if the outage was over. Mr. Sharma said the outage began Monday, October 23rd and will not be completed until Tuesday, November 5th. Director Guthrie asked if we had to purchase power during this outage. Mr. Welsh explained that we scheduled this outage at a time when the demand would be lower. Mr. Sharma said that, in addition, the Hansel unit was running. Director Guthrie commented on the COPCA being a negative figure and Mr. Welsh added that we were proud of that.

4. VIDEO PRESENTATION OF PRODUCTION DIVISION-S WELDING EQUIPMENT TRUCK

Mr. Welsh said we are going to have a video presentation on the new welding truck. He said that Joe Kern and Tom Maloney were in the audience and that they were the ones who brought about the project the video is on. They have done a fantastic job and due to their craftsmanship they have been able to not only produce a functional mobile unit with visual impact but at a savings to KUA.

Mr. Welsh said he hoped the Board members could get by the plant to see it.

The viewing of the video was moved to a later time in the meeting due to some equipment set up delays.

I. CONSENT AGENDA

Chairman Gant asked if there were questions or comments on, or if any items needed to be removed from the Consent Agenda. There were no questions.

1. APPROVAL OF MINUTES OF SEPTEMBER 27, 1995, REGULAR MEETING

2. INTERCHANGE SERVICE CONTRACT BETWEEN KUA AND ENGELHARD POWER MARKETING, INC.

3. AWARD OF BID #003-96 - BOARD ROOM AUDIO/VISUAL EQUIPMENT

Motion made by Director Guthrie, seconded by Director Lowenstein, to approve the Consent Agenda.

Motion Carried 4 - 0

J. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh reminded the Board members that the photo session was rescheduled for next month at 5:30 p.m., on November 15, 1995, in the Board room.

ATTORNEY - No comments.

DIRECTORS

Director Lowenstein asked how Stone & Webster was progressing.

Mr. Welsh said they are progressing very well and that we have had a series of meetings with them including involving them in our missioning. Mr. Sharma said we are on schedule working on the Load Forecast which will form the basis of the study. We have also started the process called supply-side screening which is weeding off all the supply-side resources that we know from the very beginning is not worthwhile to look at in detail. He added that a milestone meeting was scheduled for November 2nd.

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Chairman Gant welcomed Acting Mayor Maher and asked if he had any comments he would like to make. Acting Mayor Maher replied that he did not at this time.

There were no further comments.

The video presentation resumed. Mr. Jeff Ling, Manger of Power Production, gave a preview. He said that when Cane Island came on line, we realized that we were going to have a lot of special welding requirements at both plants and anything specialized usually involves fairly expensive equipment. Two stars of the video, Joe and Tommy, decided we should make a mobile welding unit. He said everything fell into place when a one ton truck became available that could be made into this specialized piece of equipment.

Everyone agreed that it was a great video, a great truck, and a great job!

K. ADJOURNMENT: Meeting adjourned at 7:00 p.m.

ATTEST:


SECRETARY


CHAIRMAN