

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD
THURSDAY, MARCH 23, 1989, AT 6:00 PM, ADMINISTRATIVE BUILDING,
KISSIMMEE, FLORIDA

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

A. MEETING CALLED TO ORDER at 6:03 P.M. by Chairman Hord. He indicated Secretary Bobroff was not present.

B. AWARDS AND PRESENTATIONS

1. APRIL EMPLOYEE OF THE MONTH - GREG WOESSNER

General Manager Welsh introduced Greg Woessner, Relay Technician/Transmission, as having been selected March Employee of the Month by his fellow employees. He was a member of the Employees' Organization Committee (EOC) for three years, one of which he was Chairman. Greg has committed much of his personal time to genuinely helping others. He also assists in arranging spring picnics, Christmas parties, floats, outdoor activities and has been an active member of the basketball team. Greg is also part of the KUA "long after the whistle blows."

Chairman Hord congratulated and thanked Greg, on behalf of the Board members, on his fine performance and a job well done and presented him with an Employee of the Month Plaque. A \$50 Savings Bond was given to him by Director Lowenstein. Mr. Woessner will also be given one day off, with pay, and a "Reserved" parking space for the month of April.

2. SERVICE AWARDS

5-YEAR SERVICE AWARD - PHILIP SENTER

Mr. Welsh said that Phil Senter, Power Plant Operator, was unable to be present, but praised Phil's dedication, hard work and professional manner in carrying out his duties. Phil has extensive background in power generation, and he is conscientious and reliable. Oftentimes he spends enjoyable hours on the lake fishing, a favorite pastime. Jeff Ling, his Supervisor and Acting Manager, accepted his service award in his stead.

Chairman Hord asked that the Board's appreciation and thanks be relayed to Phil by Mr. Ling in presenting the award, and that he hoped Phil continues on for a lifetime.

5-YEAR SERVICE AWARD - KAREN SHELTON

General Manager Welsh introduced Karen Shelton, Assistant Supervisor/Customer Service, and highlighted the many functions for which Karen is responsible. She was instrumental in the successful conversion to the HTE system and in setting up a new phone bank and training classes. She also supervises billing functions, phone bank and Customer Service Reps. Karen works with her co-workers in the evaluation of work flow in Customer Service, Cashiering and Credit & Collections. Ms. Shelton has put in hundreds of extra hours to ensure success in the conversion. Her demeanor is most pleasant to all employees and customers. Karen is indeed a true professional!

Chairman Hord, on behalf of the Board of Directors and her fellow employees, presented Karen with a service award and hoped she would continue with KUA for many years.

3. PROCLAMATION - JAMES C. SCHUSTER

Chairman Hord surprised Jim Schuster, Manager/Finance & Administration, by presenting him with a framed Proclamation, which was read aloud by Mr. Welsh. This was to honor Jim for the great contributions he has made to the KUA during its transitional years from the City of Kissimmee to a separate independent authority. He significantly contributed to the development of the accounting, data processing and personnel functions, and assisted greatly in the changeover to the new billing system in Customer Service.

Mr. Welsh announced that Mr. Schuster is resigning his position with the KUA to pursue his career with Lake County.

The Board members thanked Jim Schuster for his contributions. Mr. Schuster expressed his thanks for the Board's cooperation and also to his qualified staff for their hard work.

C. HEAR THE AUDIENCE

Jim Scott, Buenaventura Lakes (BVL), stated that KUA has one of the highest utility rates in the state and questioned if our rates could be lowered somewhat.

Chairman Hord indicated the probability of a Cost of Power Adjustment (COPA) rebate. Mr. Welsh said a Public Hearing will be scheduled next month and, with the Board's approval, that it would be feasible and desirable to having a lowering of the rates effective May 1, 1989.

D. INFORMATIONAL REPORTS (REQUIRING NO ACTION)

1. PROGRESS REPORT ON ENGINEERING PROJECTS

Mr. Welsh indicated that Ken Davis, Manager/Planning and Engineering, was unable to be here; therefore, Mr. Welsh briefed the Board on the status of ongoing projects.

Mr. Welsh said some construction has begun on the Lake Cecile Substation.

The General Manager also indicated several workshops were scheduled in the next several weeks on Power Supply Studies.

Staff is finalizing the design work on the Michigan Avenue Line Relocation project and preparing for soliciting bids from construction contractors.

2. MONTHLY F&A DEPARTMENTAL REPORT

James C. Schuster, Manager/Finance & Administration, gave a recap on the February Financial Report. Mr. Schuster indicated we're ahead in our net income and right on sales budget; actually we're looking very good at this time of the year.

Chairman Hord asked the status of penalty charges on late utility payments. Mr. Welsh answered they will be in effect October 1, 1989.

Mayor Van Meter inquired about the investments inventory carried on the books and how much of such monies are available for our use but not yet committed. Mr. Schuster replied \$9 million has accumulated but has not been allocated for projects; another \$10 million was either allocated last year or will be rolled over.

Approximately \$2 million has been allocated this year but not expended. Some discussion followed.

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3. COST OF POWER ADJUSTMENT

John Harper, Chief Dispatcher/Transmission, highlighted the status of the Cost of Power Adjustment (COPA). He said the actual COPA rate for February, 1989, is a negative \$0.00570/ kWh. The primary reason for the decrease was lower replacement power costs due to a rescheduling of the St. Lucie annual outage.

The recommendation to the Board was to continue the cost of power adjustment of a negative \$0.00150/kWh.

Mr. Welsh indicated there may be a COPA rate reduction next month anywhere from \$1.50 to \$5.00.

E. OLD BUSINESS - None

F. NEW BUSINESS

1. LAKE CECILE SUBSTATION PROPERTY OFFER OF JUDGMENT

Attorney Ed Brinson discussed with the Board the condemnation of the Lake Cecile Substation property and his making an "offer of judgment" to the two property owners. Attorney Brinson said the last appraisal, dated September 1, 1988, was reviewed by Mr. Bill Morse.

The current amounts, per Mr. Morse's appraisal, are as follows:

Parcel B - Easement 18' in width -	\$ 44,350.00
Parcel A - 22' easement -	\$ 39,951.00
Parcel C - Fee title to substation property -	\$139,075.00

Attorney Brinson explained the status of having posted the money and receiving an order of taking, the right to proceed with it. What's left to be done is to settle the case or present it to the jury to obtain the fair market value of the parcels. There is a difference of \$106,000 in the appraisal of Parcels A and C. He suggested our making an offer of judgment of 10% more than the appraisal of each parcel, above. He said its a matter of persuasion on the jury.

Moved by Director Gant to authorize Attorney Brinson to provide an offer of judgment to the property owners for the Lake Cecile Substation and easements in the amount of 10% above the current appraised value of Parcels A, B and C, and such funds to come from the Reserve for Future Capital Outlay. Seconded by Director Lowenstein.

Motion Carried 4 - 0
Director Bobroff was absent

2. ANNUAL TURBINE OVERHAUL

Jeff Ling, Acting Manager/Generation & Transmission, briefed the Board on the annual turbine overhaul. Mr. Ling said a radial seal needed replacement, as well as a number of combustor transition pieces required removal for repairs. Mr. Ling indicated a leak of hot gas burned some of the components of the turbine. It was necessary to employ external help from Summit Contracting Company to disassemble, repair and reassemble the turbine. The cost to date is \$14,000 and requires an additional \$14,000 for repairs.

Mr. Ling made a very thorough, easily understood presentation by showing the Board one of the damaged vane segments and explaining the need for replacing 11 such vane segments with new ones. Meanwhile, the old damaged segments would be rebuilt by the

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factory, with full warranty, and returned to inventory as spares. Mr. Ling used overheads, as well as a video cassette, indicating the corroded and damaged parts of the turbine. The reasons for replacing unserviceable segments are cracks in weld areas in the core of the segment which are out of manufacturer's tolerance. These segments are exposed to temperatures of 2,000 degrees Fahrenheit.

Moved by Director Gant authorizing the approval of an additional amount not to exceed \$14,000 for renovation and improvements to the combined cycle unit to Summit Construction (Purchase Order R4044) from the Professional Services Account #041-1161-562-03-10. Secondly, authorizing staff to purchase eleven (11) Row 1 vane segments for the gas turbine for a cost of approximately \$10,000 each, not to exceed \$110,000, to be taken from Future Capital Outlay. Westinghouse is the sole source supplier. Seconded by Director Lowenstein.

Motion carried 4 - 0
Director Bobroff was absent

The Board members expressed their thanks and appreciation to Mr. Ling for a very enlightening demonstration.

3. POLICY DIRECTIVE NO. D89-1

Motion by Director Jones, seconded by Director Lowenstein, to add this item to the Agenda under New Business.

Motion carried 4 - 0
Director Bobroff was absent

Chairman Hord introduced this new item, Policy Directive No. D89-1, Director-Employee Interactions, referred to in Article 1, Section 8, of the Bylaws, a system, he said, to which we should adhere. (A copy is attached to the Minutes.) Discussion followed.

This Directive was proposed by Chairman Hord as a formal statement of the policy agreed to by the entire Board at the meeting held on the previous night. Briefly, it states any Board member desiring information, data and/or discussion concerning the KUA operations shall seek it through the General Manager rather than through KUA employees directly. An additional sentence was included in paragraph two to read, "This does not apply in situations where a Director is conducting business as a customer of the KUA."

The directive states the General Manager is subject to the control and direction of the entire Board of Directors acting as a body, in keeping with the Bylaws.

Motion by Director Jones, seconded by Director Lowenstein, to adopt the above Policy Directive No. D89-1, as amended.

Motion carried 4 - 0
Director Bobroff was absent

G. CONSENT AGENDA

Motion by Director Lowenstein, seconded by Director Jones, that we approve the Consent Agenda, as stated.

Motion carried 4 - 0
Director Bobroff was absent

1. APPROVAL OF MINUTES OF FEBRUARY 16, 1989, WORKSHOP MEETING
2. APPROVAL OF MINUTES OF FEBRUARY 22, 1989, BUDGET GOALS & OBJECTIVES WORKSHOP MEETING
3. APPROVAL OF MINUTES OF FEBRUARY 23, 1989, REGULAR MEETING
4. APPROVAL OF MINUTES OF FEBRUARY 28, 1989, SPECIAL MEETING

H. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh suggested a tour by the Board at 10:00 A.M., Friday, March 24th, for the purpose of inspecting the Turbine at the Power Plant.

Mr. Welsh announced there will be a groundbreaking ceremony at 8:00 A.M., Thursday, April 6th, at the Distribution Center on North Bermuda Avenue. He invited the Board members and said other members of the community will be invited to participate.

Also, a tour will be held of the Florida Power Corporation (FPC) Control Center in Tampa, leaving Kissimmee by an FPC helicopter at 9:00 A.M., Tuesday, March 28th. Board members were invited to attend. Directors Bobroff and Lowenstein and Mr. Welsh plan to attend.

General Manager Welsh updated the Board on the ongoing negotiations with FPC. He stated that this was somewhat of a preview for a presentation to be made by FPC at the April 5th Workshop Meeting. He qualitatively described the differences between the current FPC Schedule D contract, the proposed 10-year Partial Requirement (PR) Contract from FPC, and a new deal which was characterized as "segmented, embedded, cost-based, dispatchable capacity and energy." It entailed varying capacity and energy prices for segmented portions of the FPC system. FPC system prices would be segmented for base, intermediate and peaking types capacity and energy. This was compared with the currently offered PR contract which is based on embedded, average cost for the entire FPC system for both capacity and energy.

The term of the FPC contract is 10 years, with 5-year notification thereafter. The IDO contract would run 35 years, initially staying in for 10 years and with three years' notification. Discussion continued.

Director Lowenstein questioned how does what we know so far on OUC and other sources compare to IDO in percentages. Mr. Welsh said we'll be getting numbers at the next few Workshop Meetings on FPC, IDO and OUC. Mr. Welsh said the IDO project can't be evaluated on a numbers basis; it will be done on a philosophical and organization basis. He said it was more of a policy decision of the Board and does not lend itself well to engineering analysis.

ATTORNEY

Attorney Ed Brinson brought up the problem of our getting out to Dickerson Island due to the interference by Mr. Jerry Wise with our crews. He updated the Board on recent developments in Mr. Wise denying us access to the Harbor Oaks area.

Mr. Brinson said he sent a letter to the attorneys of Mr. Wise and Mr. Dickerson outlining our problem. Mr. **Wise's attorney** indicated to Mr. Brinson his desire to possibly go before the Board at next month's Regular Meeting.

Mr. Brinson and Johnny Williamson, Distribution Superintendent, found loose, guy wires on the ground and said it was a dangerous situation. These problems cause outages and prohibit our being able to restore power there.

DIRECTORS

Director Gant inquired as to recent progress in dealing with any properties surrounding the North Bermuda property development. Mr. Welsh answered not yet, but that there may be some progress next month.

I. **ADJOURNMENT**: Meeting adjourned at 8:00 P.M.


CHAIRMAN

ATTEST:


SECRETARY

POLICY DIRECTIVE NO. D89-1

DIRECTOR-EMPLOYEE INTERACTIONS

Any member of the Board of Directors who desires information, data and/or discussion concerning the KUA operations shall seek it only through the General Manager. No Director shall approach any KUA employee, other than the General Manager, directly to seek such information, data and/or discussion. The General Manager, at his discretion, may direct an employee or employees to provide information, data and/or discussion directly to a Director. No employee shall provide information, data and/or have discussion concerning KUA matters with a member of the Board of Directors without having been directed to do so by the General Manager. Any employee who provides information, data and/or has discussion concerning KUA matters to or with a member of the Board of Directors shall immediately inform the General manager of what transpired.

This Policy is to ensure that no individual member of the Board of Directors interferes with the day-to-day operations of the utility which is the responsibility of the General Manager. This does not apply in situations where a Director is conducting business as a customer at the KUA. The General Manager is subject to the control and direction of the entire Board of Directors acting as a body. This is in keeping with the Bylaws.

Article I, Section 8

"... The General Manager shall be subject to the control of the Board of Directors of the Authority in meeting assembled, but no Director shall otherwise attempt to dictate or to interfere with the General Manager or give orders to any officials or employees, or undertake in any manner to direct the Utility's affairs, ..."


CHAIRMAN

ATTEST:


ASST. SECRETARY

Date: 3-23-89