

**MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY HELD  
WEDNESDAY, JULY 25, 1990, AT 6:00 P.M., ADMINISTRATION BUILDING, KISSIMMEE,  
FLORIDA**

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

**A. MEETING CALLED TO ORDER** at 6:00 P.M. by Chairman Hord. (Director Jones was absent; Mayor Van Meter arrived at 6:36 p.m.)

**B. AWARDS AND PRESENTATIONS**

**1. FMEA SAFETY AWARD**

General Manager James Welsh announced that KUA has been awarded an FMEA Safety Award in recognition of superior achievement in the safe operation of an FMEA Member Electric Utility for "No Lost Time Accidents in Group IV Category of Employees (Administration, Personnel, Directors, Board, Engineering, Planning, Public Information, Purchasing). Chairman Hord presented the Award to Ken Davis Director of Planning & Engineering.

**2. 5-YEAR SERVICE AWARD - NICK PASSAFUME**

Due to the absence of Nick Passafume, Crew Leader/Generation, this award will be presented to him at a later time.

**3. AUGUST EMPLOYEE OF THE MONTH - RAY MAYNARD**

Mr. Welsh introduced Ray Maynard, Electrician/Generation, to the Board members. Ray was depicted as a softspoken, capable and sincere worker who is well liked by his co-workers who were responsible for selecting him as their choice for August Employee of the Month. His positive attitude, willingness to work overtime and enhance his computer and electronic skills are a definite asset to KUA.

Chairman Hord congratulated Ray on behalf of the Board and presented Ray with an Employee of the Month plaque. Director Bobroff also handed him a \$50 U.S. Savings Bond. Mr. Maynard will receive one day off with pay and have a "reserved" parking space for August.

**C. HEAR THE AUDIENCE**

Attorney Edward Brinson introduced his associate, Attorney Frank Starr, and stated Mr. Starr may pinch-hit for Mr. Brinson occasionally at our Board Meetings.

**D. PUBLIC HEARING**

**1. FISCAL YEAR 1990-91 BUDGET RESOLUTION NO. R90-4**

Mr. Welsh indicated that the budget process began early in the year in terms of Goals and Objectives Workshops. As a result of the July 11th and 12th Budget Workshops, Joe Hostetler, Director/Finance, briefed the members on the changes made to the Proposed Budget for Fiscal Year 1991 in the form of a \$757,000 reduction to Capital Improvements and to total expenditures. Therefore, he said, the Revised Proposed Annual Budget for FY 91, as of July 25, 1990, is \$85,426,619 which the Board was asked to approve.

There was no audience response on this Public Hearing.

**Moved by Director Lowenstein to approve staff's recommendation to approve the FY 1990-91 Budget. Seconded by Director Gant.**

**Motion carried 4 - O  
Director Jones absent**

**Subsequent to proceeding with the Agenda, Mr. Welsh said some items would be taken out of context due to a storm and the possibility of some staff having to leave the meeting early.**

**D. 2. COST OF POWER ADJUSTMENT**

Ben Sharma, Director of Power Supply, explained the current status of the Cost of Power Adjustment, with the COPA billing being at \$0.00/kWh level. The account balance at June 30, 1990, stands at \$890,263.77 undercollected. He said the reason for KUA requesting a charge of \$5.00 per 1000 kWh be added to customers' bills, beginning August 1, 1990, is to bring the COPA account back close to the break-even point by March, 1991.

Lengthy discussion followed on the causes and needs for the increase. Several reasons were due to Stanton Unit 1 being out of commission and Crystal River 3 providing less energy. Also, because TECO experienced difficulties with their units, their Schedule "D" power was higher priced.

Director Gant stated he would vote for a \$3.00 increase, but that, as a member, he cannot justify raising the COPA by \$5.00 and our realizing that kind of profit.

**Moved by Director Gant to approve a Cost of Power Adjustment (COPA) of \$3.00 per 1000 kWh to be added to customers' bills, effective August 1, 1990. Seconded by Director Lowenstein.**

Director Bobroff said he opposed the decrease and voted against the motion for the reason that when the COPA runs in the negative we should clean it up as quickly as possible to become firm. He stated that you can't run a negative COPA forever. That was the reason we went to the system we did, he said, to give a break to the high usage months.

There was no audience response to this Public Hearing.

Mr. Sharma addressed Director Bobroff's comments with the explanation that we have to rely on the higher priced purchase power (Schedule "D") controlled by what TECO has, but also on the State, as a whole. He gave a detailed account of other utilities' units being off-line and how this affects our purchasing costs in the near foreseeable future

Director Lowenstein stated that, from an economic standpoint if for the next three months we went with the higher rate, the customers would be adamant against it. He suggested we should keep it at \$3.00 for three months and perhaps effective October or November 1st, we could go to the \$5.00 to replenish the COPA fund. Discussion continued.

Mr. Welsh said that the COPA projections take into account that we perceive some units coming back on line, which includes the ultimate return of coal-fired units.

**Motion carried 3 – 1  
Director Bobroff opposed  
Director Jones absent**

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

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

Ken Davis, Director/Planning & Engineering, updated the Board members on the current status of his Department's ongoing projects. He said the Michigan Avenue Line Relocation - Phase II will be addressed as a separate agenda item. The bids for our System Regulators have been prepared and a recommendation for award of bid will be presented at the August meeting. The Transmission System Planning Study is scheduled for discussion during the August 6th Site Planning Meeting.

Mr. Davis said a new item for discussion at some future meeting may be a problem arising on the transmission line between the Power Plant and the Airport substation and Lake Bryan. The hardware on the line is fatigued and will require replacement. He brought in a sample of a rod from Ken Lackey showing the damaged condition. He said that a change of hardware will be necessary but that, due to our lack of personnel and time, a bid will be submitted to have a contractor come in and change the hardware where necessary. Discussion followed on types of poles used, credible contractors to be checked out, etc.

**4. SUMMARY OF PRESENTATIONS BY GAS TURBINE MANUFACTURERS**

Referring to a summary of presentations by Gas Turbine Manufacturers, Chairman Hord said that apparently the United Technologies gas turbine unit, considering its performance, efficiency and heat rate, seemed to be more efficient than the other three units listed. The four manufacturing companies which made earlier presentations to the Board were:

- a) United Technologies
- b) ASEA Brown Boveri (ARE)
- c) General Electric Company
- d) Westinghouse Corporation

Considerable discussion followed on the various advantageous features the units carried. The summary was only a preliminary analysis. When doing the bid specifications, Mr. Welsh said, we will require much more detailed performance data and records and will fine tune the evaluations based on our intended usage of the peaking unit versus the cost evaluation and reliability. Director Bobroff said he found the summary to be excellent. Mr. Welsh indicated that in making our decision, we must keep an open mind and go through a thorough evaluation of the **units**.

Jeff Ling, Manager of Power Plants, said that before making a decision, we should look at the various types of engines and examine their maintenance track record and costs. He stated that sometimes the maintenance costs are significantly higher than on industrial gas turbines.

Chairman Hord said it would be appropriate for our Plant personnel who work on these units to contact firms that have these gas turbines and obtain their assessment of their unit's performance, etc. Mayor Van Meter suggested this should be a team effort, having along Plant personnel who thoroughly understand the mechanics of the turbines, as well as individuals dealing with the financial part of the transactions.

**5. RETROSPECTIVE REVIEW OF RUA/OUC AGREEMENT FOR SALE OF TAFT SUBSTATION**

Mr. Sharma and Mr. Welsh summarized this very complicated arrangement between KUA, OUC and FPC (Kissimmee Utility Authority, Orlando Utilities Commission and Florida Power Corp., respectively) of the Taft Substation Sales Agreement. Following the Board's previous approval, the Agreement has been beneficial

for KUA in saving us money and having retaining rights to use the Taft Substation to the Lake Bryan interconnection with FPC.

Mr. Welsh said this interconnection has now been made and we are realizing \$600,000 by not having to build it and also realizing the value of it by buying from FPC without having to pay the wheeling charges to OUC, considered to be a good clause in the Agreement for KUA.

No action was required from the Board.

**G. 1. STANTON UNIT 2 - ESTABLISHMENT OF PROJECT**

Mr. Welsh indicated that the only amount we have expended on the project to date, without having to set up the project fund, is that we agreed to participate in the IPP (Independent Power Producers) Agreement for \$5,000. Staff suggested that this be established as a formal project by setting up a fund of \$50,000 for any potential front-end work associated with it. Staff anticipates that the \$50,000 would carry us through the fiscal year 1991. It is not in the new Budget.

General Manager Welsh said that OUC would offer to anyone 25% of participation in Stanton Unit 2. The initial companies being offered this deal would be the participants in the existing Unit 1, which is FMPA and KUA (who would divide up that 25% share). If divided equitably, KUA would receive approximately 17 MW.

**Director Bobroff moved to approve the establishment of a project budget for Stanton Unit No. 2; and approve the transfer of \$50,000 from Reserve for Future Capital Projects into that project account. Seconded by Director Lowenstein.**

Discussion followed. Director Gant expressed concern that project monies not be rolled over from year-to-year in the budget.

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

**2. GAS TURBINE SPARE PARTS**

Mr. Welsh stated this was an opportunity for us to purchase some spare parts that can be obtained at a reasonable rate and can be kept on hand. This would be an inventory purchase (it will go in the budget when it is used) and will come out of working capital; it is an asset rather than an expense. Staff recommends approval of the purchase of one shaft driven liquid fuel pump priced at \$17,600 and two combustor transition pieces at \$10,900 each (totaling \$39,400) to be purchased for Power Plant inventory.

**Motion by Director Bobroff authorizing staff to purchase the spare parts for the Combined Cycle Plant as detailed in the Agenda item. Seconded by Director Lowenstein.**

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

**H. CONSENT AGENDA**

**Moved by Director Gant, seconded by Director Lowenstein, to approve the Consent Agenda, with the exception of item 5. pulled by Chairman Hord for discussion**

1. **APPROVAL OF MINUTES OF JUNE 20, 1990, MEETING**
2. **APPROVAL OF MINUTES OF JULY 11 & 12, 1990 SPECIAL MEETING**
3. **AWARD OF IFB 190-020, PADMOUNT TRANSFORMERS Approved:**  
Award to low bidder for \$35,494 to be purchased from Electrical Inventory funds.
4. **INTERCHANGE AGREEMENTS WITH CITY OF VERO BEACH**

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

Chairman Hord questioned the two bids. One company delivered unless it takes longer than three hours to unload it; the other does not say where it is. Ken Davis said that unloading is not part of the bid contract. They have an option to unload, at a specified hourly rate, or our contractor unloads them. Sherman Utility Structures, Inc., of Orlando, is a reputable company doing business in Florida, according to Mr. Davis.

5. **AWARD OF IFB #90-023, PRESTRESSED CONCRETE TRANSMISSION POLES**

Brief discussion followed on our being assured of receiving certified stress tested poles. Certified results of tests are available, Mr. Davis said.

**Moved by Director Bobroff, seconded by Director Lowenstein, to approve item 5. of the Consent Agenda.**

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

**E. 1. AUTOMATED TELEPHONE SYSTEM**

Mr. Welsh expressed thanks to representatives of IBN for their patience for our delaying their presentation.

Chris Beck said that at an earlier meeting, the Board requested additional information about automated telephone systems. She said that several companies have been approached to make presentations over the next several months. Ms. Beck introduced IBN (Integrated Business Networks) representatives Susan Rengert, Sales Manager, and Michael Morse, Account Executive. She said they would give an overview of our phone system requirements. We now have 14 additional phone lines to handle some 18,000 phone calls per month. Additional items on billings will increase incoming calls, she stated. Director Gant suggested having direct telephone numbers for departments listed in the telephone directory to alleviate all calls going through the switchboard.

Ms. Rengert and Mr. Morse gave a detailed presentation of their integrated PBx options, how they would benefit KUA in handling a large volume of calls and Customer Service applications. They recommended KUA use a Call Processing solution which is designed to assist companies in streamlining communications process through the implementation of Automated Attendants, Voice Mail, Interactive Voice Response, etc. Mr. Morse said their system complements the telephone company's equipment and front-ends the incoming calls via a four-port system. Mr. Morse indicated their system may cost between \$20-35,000, depending | what features are necessary and the number of ports used.

In response to Director Bobroff's question, Ms. Rengert said that because of limited access to screen fields, security regarding individual accounts would not be a problem when calls go into the mainframe of the system. She said there is a pass code associated with the system.

Director Gant said most people do not have an inclination to talk to a recording and that because we are a PR company we need to respond to customers' inquiries personally.

Chairman Hord thanked Ms. Rengert and Mr. Morse for their presentation and patience for waiting.

The meeting recessed at 8:07 p.m. and reconvened at 8:27 p.m.

**E. 3. CONDENSED FINANCIAL REPORT**

Joe Hostetler, Director/Finance, made a brief presentation on the Condensed Financial Report. He showed and explained overheads on sales, revenues, favorable and unfavorable variances, operating expenses, and others.

Following discussion on the Line Extension Fund, Mr. Welsh stated that we will be showing less detailed transfers in the future, per previous discussions with the Board on this.

**F. 1. MANAGEMENT LETTER COMMENT RESPONSES**

Since the Board members had no questions on this report, staff recommended that the Board accept the report and staff recommended actions as stated in the report.

**Moved by Director Lowenstein, seconded by Director Bobroff, to accept the Comment Responses to the actions of the Management Letter.**

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

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

**GENERAL MANAGER**

Mr. Welsh stated staff would like to proceed in having a Public Hearing at the next Regular Meeting in August for a rate change, that being a 1.5% reduction. The reason for this is that we will now have to remove the gross receipts tax from the rate and show it explicitly on the bill.

During this process we are also recommending a change to our criteria for Demand type customers which would be an enhancement giving them an option, whereas now if they are over 5,000 kWh per month, they must be on a Demand type rate. This would give them the option (if over 5,000 kWh but under 50 kW demand) of not being on a Demand rate, but on the regular GS (General Service) rate. The primary reason for this is in line with industry practices and will alleviate some burden on load factor customers. The PSC (Public Service Commission) suggested we go this route. Mr. Welsh stated that if the Board had no objections to this, we would advertise next month. There were no objections.

Director Bobroff inquired of staff whether we are using microfiche and microfilm and whether two different readers were required. Joe Hostetler replied that the fiche program is not as valuable as originally anticipated. Using film makes one person responsible for retrieving a document, if needed. We have budgeted for fiche readers, if required, but not for film readers since we already have one available.

Mr. Welsh said that Monday, August 6th, at 6:00 P.M., was slated for the **Site Selection Study and the Transmission Study**. He handed the members the following three Black & Veatch Studies for their perusal:

- Executive Summary - July 24, 1990  
Transmission System Planning Study  
Combustion Turbine Site Feasibility
- Transmission System Planning Study  
Black & Veatch Project 16813 - July 24, 1990
- Combustion Turbine Site Feasibility Study  
Black & Veatch Project 16839 - July 24, 1990

**ATTORNEY** - None

**DIRECTORS**

Director Gant indicated that the Board was not aware whether staff has made any contact for potential contracts for future purchase of gas on an open-end basis from companies in Texas. He thought perhaps a personal contact with people there might check out direct purchases to pipe into Florida, that we might pre-purchase on a contract basis over a long period of time as much natural gas as we expect we might utilize over a period of years. Some things for our consideration might be what the pipeline can pass through; what the state requirements are; how we might be able to sell off excess gas, etc. His concern was the pollution factor of fuel as opposed to how clean natural gas is. He suggested it might be worth considering.

Mr. Welsh said that, coincidentally, an agenda item on a similar topic is set for next month's meeting, that being direct purchase of interruptible gas. The idea is to group together several cities in terms of that capability for economic reasons.

Mr. Sharma stated that we will be buying interruptible gas from suppliers beginning August 1st. He said this has already been approved. Director Gant said we need to **tie down some** prices, if possible.

Mr. Welsh said that Prudential-Bache, with interest in the financial prospects, has offered basically to arrange for the purchase of a percentage ownership in a gas well. Staff will be considering this route. They have the financial capabilities of bringing the buyer and seller together. He stated that the gas coming from the well would be our gas. If we could not use it, we would have to sell it on the spot market at spot market prices. Discussion continued.

J. **ADJOURNMENT**: Meeting adjourned at 9:00 P.M.

ATTEST:

  
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SECRETARY

  
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CHAIRMAN

RESOLUTION NO. R90-4

A RESOLUTION ADOPTING THE ANNUAL BUDGET OF THE KISSIMMEE UTILITY AUTHORITY FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 1990, AND ENDING SEPTEMBER 30, 1991.

WHEREAS, the Charter of the Kissimmee Utility Authority requires the Authority to annually prepare and adopt a budget for the ensuing fiscal year, and

WHEREAS, the Charter of the Kissimmee Utility Authority vests the power to fix the salaries and wages of all officers and employees in the Board of Directors; and

WHEREAS, pursuant to these requirements an annual Budget Document for the Fiscal Year ending September 30, 1991 has been prepared and properly presented; and

WHEREAS, an advertisement in the local newspapers notified and invited the public to discuss and make comment on the subject budget at a public meeting to be held on July 25, 1990.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE KISSIMMEE UTILITY AUTHORITY, IN LAWFUL SESSION ASSEMBLED;

SECTION 1. The budget for Fiscal Year ending September 30, 1991, shall be \$85,426,619, as presented in the Budget Document;

SECTION 2. For purposes of this Resolution, budget transfers and amendments are defined as follows:

Budget Transfer -- A decrease or increase in a departmental total planned expenditure or revenue which does not alter the total budget.

Budget Amendment -- An increase or decrease in any revenue or in any expenditure the effect of which is to alter the total budget.

SECTION 3. The following levels of approval are required for Budget Transfers and Amendments:

Budget Amendments must have prior approval by motion of the Kissimmee Utility Authority Board.

Budget Transfers may be approved by the General Manager and shall be reported to the Board along with the monthly Condensed Financial Reports. However, transfers to or from Designated or Restricted Funds (as shown in Designations (92), Debt Retirement (90) and Reserve Requirements (91) but not Capital Improvements (95) nor Line Extension Funds (96)) must have prior approval by motion of the Kissimmee Utility Authority Board.

SECTION 4. The General Manager shall automatically adjust the appropriate accounts of the Fiscal Year 1991 budget by a maximum of the amount of unexpended funds for approved and appropriated projects remaining active at September 30, 1990. The above adjustments are to be reported to the Kissimmee Utility Authority Board along with the monthly Condensed Financial Reports.

SECTION 5. Any Fiscal Year 1990 funds appropriated but not expended or reestablished by Section 4, automatically lapse at September 30, 1990.

SECTION 6. The authorized number of employees is set forth in this budget. Increases in the authorized number of employees shall be approved only by the Kissimmee Utility Authority Board.


SECTION 7. The proposed budget for the Fiscal Year ending September 30, 1991 as presented in the Budget Document are hereby adopted.

SECTION 8. This Resolution shall take effect immediately upon its adoption.

Dated this 25th day of July, 1990.

ATTEST:

  
Chairman, Richard Hord

  
Secretary