

MINUTES OF FIVE YEAR PLAN SPECIAL MEETING OF KISSIMMEE UTILITY
AUTHORITY HELD WEDNESDAY, DECEMBER 5, 1990, AT 6:30 PM, BOARDROOM,
ADMINISTRATION BUILDING, KISSIMMEE, FLORIDA

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

MEETING CALLED TO ORDER at 6:30 P.M. by Chairman Hord to review the Five Year Plan.

I. FIVE YEAR PLAN

A. INTRODUCTION & OVERVIEW - GENERAL MANAGER

James C. Welsh, General Manager, gave an overview of the detailed Budget Activity Calendar used in preparing the Five Year Plan and Budget Plan for 1991-1995. He said it involved the coordination of the fuels and load forecasts, the number of customers anticipated to be served, along with many other factors. Figures are updated every six months. Meetings covering goals and objectives, rates and rate changes, internal budget review meetings, and others, are held throughout the year following the guidelines to meet our objectives. All Departments are involved in the planning and revisions are made frequently.

B. PLANNING PROCESS & ERRATA - BUDGET & AUDIT MANAGER

Pete Perrino, Manager/Budget & Audit, highlighted the budget process used in keeping the Five Year Plan on line. He said the majority of the forms, reports, budgets, etc., are put on computers for efficient use. Economic forecasts, inflation rates and other factors are used in this process.

In response to Director Bobroff's inquiry, Finance Director, Joe Hostetler, said that transfers of funds are made within a division or Department, but not between Departments except as a last resort.

C. PERSONNEL OVERVIEW - PERSONNEL DIRECTOR

Neville Turner, Director/Personnel & Risk Management, briefed the Board on the recommended personnel staffing needs for each Department, including proposed transfers, in the next five years.

D. FINANCIAL OVERVIEW - FINANCE DIRECTOR

Joe Hostetler went over the effects of major capital outlays necessary to meet our customers' needs in the next five years. He covered the Operating Statement, Sources & Uses, Revenues and Expenditures. Equipment depreciation is ongoing. The necessity of retaining a large sum in the Insurance Claims Fund was discussed and staff felt such monies should be held in reserve for their intended purposes and for emergency purposes for Generation, Transmission and Distribution. Mr. Welsh explained that, with respect to our transmission lines and our distribution lines, KUA is totally self-insured to cover catastrophic situations. Chairman Hord was concerned that the insurance fund was dormant (though drawing interest) in view of our possible borrowing need several years hence. Discussion followed.

The purpose of the Line Extension Fund and the Construction Loan Proceeds Fund were discussed in terms of possible needs for other planned capital expenditures, e.g., participation in a coal-fired unit with Florida Power Corporation, capacity purchases from Stanton 2, if available, etc. It is an indicator whether we need to go to the bond market, and helps us keep an eye on the cash

flow situation. In response to Director Lowenstein's query, Mr. Hostetler said our funds are quite liquid and would be available within a short period of time, if necessary.

Director Bobroff asked what our bond interest is presently and Mr. Hostetler said we pay various amounts in any one year, e.g., \$7 million, \$6.8, \$6.5.

E. OPERATING & CAPITAL EXPENSES - DEPARTMENT DIRECTORS

Mr. Welsh said each Department would go over their operation and maintenance and capital items.

1. Generation)
2. Transmission) combined

Mr. Sharma said these two divisions are interrelated and he would combine his presentation. The large projects and capital expenditures for Cane Island and Stanton 2 were detailed. Cane Island will total \$69 million, with two substations. The Gas Turbine will cost approximately \$15,620,800, already approved. The SCADA replacement project was begun in FY 90 and is scheduled for completion in September 1992. The necessity of purchasing various equipment and vehicles was discussed.

Chairman Hord expressed concern in our not fully utilizing the Distribution building through vertical stacking in lieu of building an additional 3500 sq. ft. building as an electrical maintenance shop with overhead crane for \$262,500. Staff said current plans call for a facility designed for electrical maintenance, security, traffic load, a painting room, etc., but that we will look at our options. Director Jones said that although this is merely a plan for review at this point, it would have to be approved as a budgeted item. Mr. Welsh asked for direction from the Board to analyze the cost-effectiveness and pros and cons of Chairman Hord's suggestion. Chairman Hord polled the members. Director Bobroff agreed with his concern, but stated he was unsure on this particular item until he saw the details. He was not sure he wanted to go for the separate building concept. It was felt that the facilities would be fragmented. Chairman Hord reiterated whether we want to go back and reevaluate this particular issue now before it goes any further. Director Lowenstein stated we need to go into it further to justify it, that we must have enough merchandise in the square footage to support it as empty space is wasted space.

Mr. Sharma covered the staffing needs, operations and maintenance expenses, capital expenditures for Transmission, Generation, the Hansel Plant, Cane Island Combustion Turbine Facility, other purchased power through various short and long-term contracts with other utilities as well as through a broker system to supplement KUA's energy needs.

The meeting recessed at 8:30 p.m. and reconvened at 8:45 p.m.

The purpose of the Five Year Plan, Mr. Welsh said, is to project what we can reasonably expect for financial planning.

Considerable discussion was devoted to having a remote control operation at Cane Island. Mr. Welsh responded that technically that was correct, but that we planned to have an operator on duty around the clock. Considering the cost of the equipment and for safety reasons, staff said it would be prudent to have someone present at all times to quickly restore any malfunctioning equipment, etc. Following discussion, the Board agreed that, because of these reasons, an operator should be on duty at all times.

Director Bobroff was interested in obtaining figures on how the remote, or manned, operations work.

Mr. Welsh said that we will meet with Florida Power Corporation Gas Turbine Department head to discuss how he operates it, mans it and staffs it. Also, a brief visit will be made to their Intercession City substation in January to see their operation. The Board was invited to accompany them.

Mr. Sharma highlighted the personnel requirements. He proposed that an Electrician and two Technicians be transferred in 1992 to the Planning & Engineering Department to coincide with P&E engineering work.

3. Distribution

Ken Lackey, Director/Distribution, highlighted his Department's personnel needs and the Operations and Maintenance (O&M) expenses, as proposed in the Plan. He enumerated the O&M goals of the Department and recapped the Capital Improvement Fund for the next five years. Mr. Lackey briefly touched on the Capital Improvement Fund under Capital Expenditures, and justification for the proposed services, supplies and equipment.

4. Planning & Engineering

Ken Davis, Director/Planning & Engineering, briefed the members on the responsibilities of the three Technicians to be transferred from Transmission in 1992 and one Meter Technician in 1994. One Engineer is being recruited and one Drafting Technician will come on board in January. He summarized his Operations and Maintenance expenses reflecting an 8% increase to cover inflation.

Director Lowenstein inquired whether, considering all the projects and modifications, interest has been shown in fiber optics. Mr. Davis said plans had been amended, but what we're addressing here is fiber optics between substations and not that used for telephone or data communications. We are looking at this strictly from a standpoint of our system protection, relaying and SCADA systems. We have not looked at fiber optics regarding communications between buildings. We perceive a natural outgrowth as we start to link Marydia with the N. Bermuda Avenue site and we would have fiber optics communications between them eventually. Channels might be available between various buildings which could be used for computer communications. No money has been programmed for these fiber optics projects between buildings.

Director Bobroff asked, that looking 20 years into the future, whether consideration has been given to linking Distribution vehicles and Transmission vehicles by computers, allowing drivers to pull up maps on the screen before them. Mr. Davis replied micro-readers have not been considered as yet; he felt that lap-top computers might not hold up that well.

Major projects regarding transmission expansions, and substation and transmission improvements were highlighted. Mr. Davis pointed out starting and projected completion dates on the new substations. The Thacker Avenue substation is to be located on our Bermuda Avenue property.

5. Customer Relations

Chris Beck, Director/Customer Relations, made a presentation of that Department's projections under the Five Year Plan, covering the additional personnel requirements and their job functions. Plans call for dropping the lease on Waterfront Square and canceling the janitorial contract in 1993, and hiring a full time janitor for the Administrative Building.

Ms. Beck explained the job functions of the Quality Control Specialist to be hired in 1992. At Director Bobroff's inquiry why an Internal Auditor could not do this job, Ms. Beck said that the duties

of this position would be an ongoing quality control auditing on a daily basis, evaluating our processes and selecting work to be tested from the read to the billing, along with other important functions. The Quality Control Specialist must have knowledge of banking and the workings of a utility, and might be hired from within.

In 1992, Customer Service proposes to include a Walk-Up Customer Service window, with limited services, on Ruby Street to accommodate our customers. Also, KUA does have a credit card payment plan for the customers at no additional cost to KUA for handling services; the customer pays the fee. In addition, bank drafting (direct deposit) has been put in place where payments are made automatically by withdrawing money from customers' accounts.

Director Jones questioned the need for the additional proposed repair and maintenance services for this Administration Building, i.e., partial roofing, carpeting, repaving the parking lot, a new air conditioner, partial exterior painting of building, etc., at an anticipated cost of \$90,000 on a three-year old building. Discussion followed. Staff said problems will arise over time and we are projecting these replacements, etc., over the five years, as required.

Chairman Hord asked if it would be helpful to everyone, that when these capital expenditures less than \$25,000 did arise, that staff bring them back for Board approval. This was discussed at length but no decision was reached, nor direction given. Director Jones said he felt that overall the repairs for \$90,000 are exorbitantly high and that we should not project so high on replacement items.

6. Finance

Joe Hostetler stated that all his personnel positions were filled, except for a User Training & Support Specialist for FY 92. He covered the requirements of his divisions projected over the next five years. Cost of Service Study reviews are due in 1992 and 1994. Our bond covenants require a biannual review of our system to determine whether or not our \$1.5 million reserve is adequate. He said that the biggest Capital items were upgrades to the AS-400 computer system due to customer growth. Director Bobroff objected to our purchasing large computer systems without getting competitive bids and that as long as a computer is functioning and doing what it is supposed to do, it should not be replaced. Mr. Hostetler said that on a main frame, the manufacturer upgrades new models, but then the maintenance on the old models becomes exorbitant. Replacing the AS-400 System is not projected until 1995.

7. Office of General Manager

Mr. Welsh said no additional expenditures are anticipated.

8. Personnel & Risk Management

Neville Turner, Director of Personnel & Risk Management, said there were no rollovers or turnovers. He did recommend hiring a Clerical Assistant in 1992. He said that in September this year, the Personnel Department processed 674 applications for nine positions. Currently, we are hiring four Groundmen and have received 145 Groundman applications.

Mr. Turner said that maintenance for the Bermuda Administrative facility would require hiring a Utility Worker.

9. Materials Management

Jim Tillman, Director/Materials Management, gave his projections on materials and services. A Bar Coding System and cardboard compactor are proposed, along with other warehouse services,

equipment, etc. Director Lowenstein suggested that Mr. Tillman contact Pack and Ship, who will cut down the boxes and haul them away at no cost. This could be accomplished now. Director Bobroff said bar coding should be put in place before 1993. Staff said other priorities have taken precedence over integrating bar coding into the system at this time, but it will be looked at. Director Lowenstein suggested that Mr. Tillman contact NCR, Pitney-Bowes and Dennison on bar coding equipment. Mr. Tillman would check this out. Personnel-wise, no additional personnel are projected.

Chairman Hord pursued the idea of planning the entire Warehouse for space efficiency, including vertical stacking. He suggested Mr. Tillman contact a consultant for space conservation and utilizing a tight floor plan.

II. HEAR GENERAL MANAGER, ATTORNEY, BOARD MEMBERS

GENERAL MANAGER

The Board changed the December 12th (Facility Planning) meeting to be incorporated with the Regular Meeting, December 19th.

ATTORNEY - None

DIRECTORS - None

III. ADJOURNMENT: Meeting adjourned at 10:45 P.M.

ATTEST:


CHAIRMAN


SECRETARY