

REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY HELD WEDNESDAY, FEBRUARY 1, 2023 AT 3:30 P.M., BRINSON BOARD ROOM, JAMES C. WELSH ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE, FLORIDA

Present were Director Manny Ortega, Director Ethel Urbina, Director Rae Hemphill, Director Raymond Sanchez, Mayor Olga Gonzalez, President & General Manager, Brian Horton, General Counsel, Grant Lacerte and Recording Secretary, Margie Boles. Director Jeannie Van Meter was not present.

A. MEETING CALLED TO ORDER

Director Ortega called the meeting to order at 3:30 p.m.

B. PLEDGE OF ALLEGIANCE TO THE FLAG

The Board members and staff recited the Pledge of Allegiance.

C. APPROVAL OF AGENDA

ACTION: Director Hemphill made a motion, seconded by Director Urbina to approve the agenda.

MOTION PASSED 4 – 0

D. AWARDS AND PRESENTATIONS

1. FMEA RESTORING COMMUNITIES AWARD

Adriana Seda, Communication Specialist, informed the Board that KUA was recognized by FMEA with the Restoring Community Award for the mutual aid assistance provided in 2022. Ms. Seda presented the plaque to the Board.

2. 5-YEAR SERVICE AWARD – JULISSA EMAMAN, CASHIER, CUSTOMER SERVICE

3. 10-YEAR SERVICE AWARD – DAWN ROWE, ADMINISTRATIVE ASSISTANT II, CAP, OPERATIONS

4. 15-YEAR SERVICE AWARD – DAISY GRAJALES, HR GENERALIST, HUMAN RESOURCES

5. EMPLOYEE OF THE MONTH FOR FEBRUARY 2023 – ROXANNA PASSINI, GIS TECHNICIAN, OPERATIONS

Mr. Horton congratulated Roxanna for being selected employee of the month for February 2023.

E. HEAR THE AUDIENCE

Director Ortega asked if anyone from the public would like to address the Board on an item that is not listed on the agenda. In hearing none, the Board moved forward to the agenda.

F. CONSENT AGENDA

ACTION: Director Sanchez made a motion, seconded by Director Hemphill, to approve the three items under consent agenda.

MOTION PASSED 4 - 0

1. APPROVAL OF MINUTES FOR JANUARY 11, 2023 BOARD MEETING

2. APPROVAL OF SUBORDINATION OF EASEMENT AGREEMENTS WITH OSCEOLA COUNTY TO ACCOMMODATE THE COUNTY'S ROAD PROJECTS FOR SIMPSON ROAD AND NEPTUNE ROAD

RECOMMENDATION: Approval of the Subordination of Easement Agreements for Parcels 1074, 7074, 113, 813, 123, 723, 133, 733, 134, 734, 119, 819, 125, 725,

128 and 728 with Osceola County and authorize the President and General Manager to execute these agreements.

3. APPROVAL OF OSCEOLA MEALS ON WHEELS SPONSORSHIP

RECOMMENDATION: Approve a \$10,000 sponsorship to support Osceola Meals on Wheels

G. PUBLIC HEARING - None

H. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

1. OSCEOLA ARTS

Ms. Seda introduced Commissioner Brandon Arrington, executive director of Osceola Arts, who thanked the Board and KUA for its continued support.

2. YEAR END AUDITED FINANCIAL REPORT FOR FY22

Dan Goetz, Manager of Accounting of Finance & Administration, shared with the Board the two significant changes since December's Unaudited Year End Financial Report. Mr. Goetz advised the two changes include GASB No. 68, which is related to the pension, and the other is GASB No. 87, which is on leases.

Mr. Goetz introduced Ron Whitesides from Purvis Gray & Company to present the audited financial report.

Mr. Whitesides introduced himself, as this is his first time presenting to the KUA Board. Mr. Whitesides reviewed the highlights within the report, which included Financial Audit, Report on Internal Controls and Compliance Affecting Financial Reporting and Examination of Compliance with Florida Statue on Investment of Public Funds.

Mr. Whitesides pointed out to the Board that KUA had no compliance issues; the financial disclosures are neutral, consistent and clear; no significant audit adjustments detected; and no significant difficulties encountered in dealing with management or performing the audit.

Mr. Whitesides thanked all of staff for their cooperation.

Director Ortega congratulated staff for the excellent report and thanked Mr. Whitesides for the presentation.

I. OLD BUSINESS - None

J. NEW BUSINESS

1. SCHEDULE FOR BOARD MEMBER RECRUITMENT FOR TERM BEGINNING OCTOBER 1, 2023

Mr. Horton advised the Board that Director Ethel Urbina will complete her second consecutive five-year term in September and requested board approval for the recruitment schedule to have someone in place for October.

Mr. Horton advised per the request of one of our Board Members, the Board Member Duties and Responsibilities document has been edited and updated as follows:

- 5. Regularly attend monthly KUA board meetings in accordance with KUA By-Laws.
- 6. Actively participate in KUA community events and attend industry specific rallies and conferences to enhance knowledge and understanding of the electric utility industry.

Director Ortega asked if the schedule for the recruitment would also be available in our social media platforms. Mr. Horton advised it would be on social media, our web portal and inserts in the monthly bills.

After several board members commented on specifics for how many events to participate in yearly the board requested that the word "most" be included in #6 to read: "Actively participate in most KUA community events and attend industry specific rallies and conferences to enhance knowledge and understanding of the electric utility industry".

ACTION: Director Urbina made a motion, seconded by Director Hemphill to approve the recruitment schedule and the additional language as modified with the inclusion of the word most and the public notice for the recruitment process to fill the upcoming October 1, 2023 vacancy.

MOTION PASSED 4 - 0

2. AUTHORIZATION TO INITIATE UPDATES TO THE ELECTRIC SERVICE TARIFFS

Mr. Kevin Crawford, vice president of Finance & Administration, advised the Board that Staff has recommendations for several tariff changes to be sent to the Florida Public Service Commission to review and approve which include:

- Municipal Utility Tax and County Public Service Tax – Sheets 7.01, 8.1.1, 8.21, 9.01, 10.01, 13.1, 14.1
- Miscellaneous Sheets
 - o 5.0 Deposits
 - o 6.0 Same Day Reconnection, 6.0 Same Day Initiate and Forced Collection and 6.1 Returned Items
- Net Metering Sheets 18.1 and 18.1.2

Director Ortega asked if the changes in the deposit fees would mostly effect commercial customers. Mr. Crawford advised it would mostly effect residential customers. Director Urbina asked if the deposit fee changes are only applied to those customers in which a deposit is required. Mr. Crawford advised yes.

Director Urbina asked if the trip fee before 5 p.m. is only \$100.00. Mr. Crawford advised yes. The additional charge is for after hours. Director Hemphill asked if these fees are when customers request initiation. Mr. Crawford advised yes and Mr. Horton added that the fees also apply to those disconnected for non-payment.

Director Ortega commented that it is a great move by KUA eliminating some of our reconnection and forced collection fees. Director Hemphill asked Mr. Crawford to give an example when a customer might initiate an action that caused fees to be charged. Mr. Horton advised when a service is called after hours and a truck needs to go out to the location because KUA is unable to do it through AMI.

Mr. Crawford advised that KUA offers a demand credit to net metering customers, which recognizes their contribution towards lowering KUA's billed coincident peak. The demand credit is outside of the Tri-Party Agreement.

Director Urbina asked if the only reason KUA credits these customers is to reward them for reducing the coincident peak. Mr. Crawford advised KUA wanted to recognize the customers for the financial benefit they were providing to KUA.

Mr. Crawford explained at the time the original tariff was established we were estimating, as we did not know what the exact impact of what the net metering would be to reduce the coincident peak. Mr. Crawford advised KUA has been paying more for that than what the benefit has been providing.

Mr. Crawford shared a graph to explain the net metering contribution to the grid versus the ARP coincident peak. Director Urbina asked if it is three times the amount. Mr. Crawford advised approximately yes.

Mr. Crawford explained when the FMPA-ARP peak occurs; FMPA takes a three-year average of the summer months on peak days and it's what we are billed throughout the year.

Director Urbina asked what caused FMPA to change their method of billing and who approved it. Mr. Horton advised the ARP approved it.

Mr. Crawford advised staff's recommendation is to grandfather existing customers for a 5-year period to receive the benefit at the existing rate versus the new tariff.

Director Urbina asked if there's a \$1M dollar difference in which KUA will not have to pay if we modify this. If approved it will be \$1M dollars that will be spent unnecessarily. Mr. Crawford advised that is correct from the current to the proposed 5-year grandfather tariff.

Director Ortega asked if we are paying or giving the customers less credit. Mr. Crawford advised it is giving the customers less credit. Director Urbina commented that it is an impact to KUA. Mr. Crawford agreed, reducing credits will cost KUA less.

Director Ortega asked if the reduction per customer is \$10-\$15. Mr. Crawford advised the challenge with answering is there is no typical solar roof customer and we wanted to try and get it as close as possible to a typical customer. However, that varies so significantly that it made it very difficult to pin down on what the average cost would be for an average customer.

Director Urbina asked if there is a range. Mr. Crawford advised it would be like a 70% difference in the demand credit portion only. Director Urbina asked if there is a \$20 reduction, the customer would lose \$14 of that amount. Mr. Crawford advised yes.

Mr. Crawford advised the Board that customers receiving service under this tariff prior to May 31, 2023, shall be grandfathered; now regardless, if the Board approves the 5-year grandfathering, October 21, 2028 is the last day customers will receive any benefit under the old tariff.

Director Urbina asked what the percentage is of the customers to be grandfathered in. Mr. Horton advised 3,300 customers out of 91,000 customers. Director Urbina commented that 87,000 customers will be penalized for 5 years to continue to give credit to those 3,300 customers.

Mr. Horton advised that we had a tariff in place in 2014 where we communicated a methodology to net metering customers, some of those customers may have went out and made the investment based on the information we provided them at that time. In recognition of that we want to grandfather them in. Other utilities that have gone down this road such as Jacksonville and the Keys have given up to 20 years and Lakeland did 10 years. Mr. Horton let Director Urbina know he understands her point on why we should not continue to have the 87,000 pay for that additional benefit. However, it is in recognition of operating in good faith as we communicated something to those customers, that might have made that investment based on what we gave them and now we have actual data.

Mr. Lacerte shared some legal considerations in terms of implementing a grandfather. In 2018, JEA made a successful attempt to do something similar of what we are suggesting to do tonight. In that attempt they provided a 20 year, grandfather and they were sued. The argument was that there were customers trying to establish a solar cooperative; a group of customers would get together with the help of the company and use the net metering tariff to generate and receive a larger credit from JEA. They sued JEA arguing this was going to destroy their investment. JEA won the lawsuit at the court of appeals on the technical argument the company did not actually form. There is some legal risk however; doing this reduces the argument that customers have been damaged unfairly. Grandfathering reduces any legal risks associated with taking this step.

Director Urbina asked what is the number of customers impacted at JEA and the Keys versus KUA; it seems the difference at KUA is so great.

Mr. Lacerte added last year an investor owned utility succeeded in having a legislator pass a bill, which stated the following: Each public utility customer who owns or leases renewable generation must pay the full cost of electric service and may not be subsidized by the public utility's general body of ratepayers. The Governor's position was to veto that bill, as contrary to the needs of the community and the State at the time to encourage more solar and not to raise the cost of solar during the time of inflation.

Mr. Horton asked what is the delta per year. Mr. Crawford advised the difference between grandfathering and not grandfathering is around \$500K a year. Mr. Horton stated theoretically we can chose anywhere between 0 and 5 years to grandfather.

Director Urbina advised she is a customer and if KUA explained to her that the numbers given to her when she started with net metering were based on estimates and now we have a new system that shows the actuals, she would understand that. Director Urbina asked why not allow the estimates for another year then go to actuals.

Director Sanchez asked if for those 3,300 families who listened to a presentation from a solar company and made a cognizant decision to make a capital purchase for their home should be penalized for their capital purchase. Director Urbina shared if they cannot afford it they should not buy it.

Director Sanchez asked if the 3,300 customer all decided to get rid of the solar what would that do to the ARP. Mr. Crawford advised it would be \$238K that all customers would have to pay. Director Sanchez commented that solar customers are contributing and they made cognizant decisions purchase solar. Other companies are giving 20 years and he thinks 5 years is more than reasonable to help 3,300 families who made this purchase.

Director Ortega advised this has some political implications and does not want customers to think KUA is against solar.

Director Urbina shared she does not think customers purchased solar based on KUA giving them the idea to purchase it. Director Urbina believes it is the sales people from the solar companies that convince the customers to purchase solar.

Director Ortega shared that he agrees with Director Urbina but in good faith, it would be only fair to grandfather them in and give them 5 years.

Director Urbina asked what is the number that KUA provided the solar customers with. Mr. Horton advised the wording in the presentation in black is what was shared with the customers. Director Urbina read: the demand credit is determined using an average class load factor applied towards the kWh returned to the grid to estimate the associated demand. This demand returned is credited to the customer at KUA's invoiced demand rate and is credited on the customer's subsequent bill. She stated there is no number on there.

Director Ortega asked to call for a motion and then further discuss.

ACTION: Director Sanchez made a motion, seconded by Director Ortega to Authorize staff to approve the St. Cloud Tariff modification to correspond with KUA practice; the miscellaneous fees and deposits; the demand credit modification tariff.

**MOTION PASSED 4 - 1
Director Sanchez voted yes
Director Hemphill voted yes
Director Ortega voted yes
Director Urbina voted nay**

K. STAFF REPORTS

1. CUSTOMER SERVICE DEPARTMENTAL SEMI ANNUAL REPORT

Ms. Susan Postans, vice president of Customer Service, presented an update on the strategic goals that included the Customer Satisfaction Survey; implement a minimum of one new product or service offering for KUA customers; final review of providing surge protection services to our customers.

Ms. Postans provided an update on AMI in action, EV Chargers, EVSE charger installs, Channel poles, LED Banners, billing & collections, abandoned property, customer contacts, scams, customer assistance, the application for Smart Energy Provider Recognition.

Director Ortega asked if the solar installations process includes notifying KUA. Ms. Postans advised, customers are supposed to notify us but it does not always happen.

Director Ortega asked if KUA receives revenue for the EV Chargers. Ms. Postans advised its new load. Our pricing covers all cost and maintenance. KUA is not losing any money.

Director Sanchez asked The Loop is looking at fast chargers, level 2 or a mixture. Ms. Postans advised they would like to go with fast chargers but they may end up with level 2 or a new one that is between the fast charger and the level 2.

Director Urbina asked what is the status for community solar. Mr. Horton advised it may be until late 2023 to early 2024.

L. HEAR ATTORNEY, GENERAL MANAGER, DIRECTORS

Mr. Lacerte briefed the Board on the upcoming APPA Legislative Rally in Washington D.C. and provided an update and some highlights of the bills and issues that may be addressed.

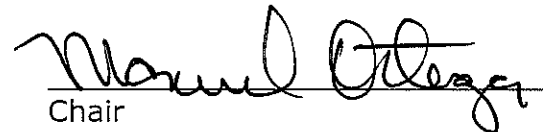
Mr. Horton shared the dates of the upcoming events.

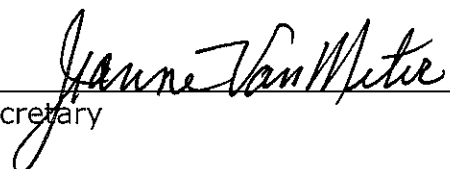
Director Hemphill wished the lineman that will be participating in the Lineman Rodeo the best.

Director Urbina stated for the record she is very concerned over the 87K customers that do not have solar in comparison to the 3K customers that do have it; most of the 87K customers are low income and any dollar amount would make a difference to them.

M. ADJOURNMENT

Director Ortega adjourned the meeting at 5:50 p.m.


Chair


Secretary