

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD WEDNESDAY, APRIL 24, 1990, at 6:00 PM, BOARDROOM, ADMINISTRATION BUILDING, KISSIMMEE, FLORIDA

Present at the meeting were Vice-Chairman Gant, Assistant Secretary Lowenstein, Director Jones, Attorney Brinson, General Manager Welsh, Recording Secretary Fitzgerald. Chairman Hord, Secretary Bobroff and Mayor Pollet were absent.

A. **MEETING CALLED TO ORDER** at 6:00 PM by Vice-Chairman Gant.

B. **AWARDS AND PRESENTATIONS**

1. **5-YEAR SERVICE AWARD - RICHARD COPPEDGE**

General Manager Welsh outlined Richard's work history and stated that he is a very dependable and capable worker who rarely misses work and requires little supervision. He has been attacked on several occasions by bad dogs, which has diminished his speed somewhat. However, the accuracy still exists. Vice-Chairman Gant presented Richard with a Cross pen.

2. **MAY EMPLOYEE OF THE MONTH - MARTIN GARCIA**

Mr. Welsh introduced Martin and noted that he is a member of the power plant mechanical maintenance crew. Martin is energetic, eager and willing to go "above and beyond" as indicated by taking the initiative and responsibility for maintaining vehicles and equipment that need close attention.

Vice-Chairman Gant presented Martin with a plaque and Director Lowenstein gave him the \$100 Savings Bond. Martin will also be given a day off, with pay, and a reserved parking space for the month of May.

C. **HEAR THE AUDIENCE**

Jim Scott, BVL, stated that there was an outage in March in the BVL area and he inquired as to the cause. He could not recall the date but stated it was on Sunday and immediately following a storm. Mr. Welsh said that they would look into it and let him know.

D. **PUBLIC HEARING**

1. **COST OF POWER ADJUSTMENT**

Vice-Chairman Gant announced the Public Hearing.

Mr. Welsh noted that prior to seeking public input, Ben Sharma, Director/Power Supply, will outline the COPA and will also have a recommendation on a change in the calculation and procedure which staff would like to suggest to the Board. If the Board concurs, Mr. Welsh suggested a public hearing on the change at the next regular meeting.

The actual billed COPA during the month was \$6.68 per 1000 kWh, which helped in reducing the undercollected COPA account balance of \$772,885.04 at the end of February, 1991, to \$702,036.64 at the end of March, 1991. As per Board direction as of March 31, 1991, the account balance slate was wiped clean by infusing \$702,036.64 from the Rate Stabilization Fund into the COPA account.

Staff recommended a COPA rate of \$5.03 per 1000 kWh to be added to customers' bills during the month of May.

Director Jones moved to approve the May COPA rate of \$5.03 per 1000 kWh. Seconded by Director Lowenstein.

**Motion Carried 3 – O
Chairman Hord Absent
Director Bobroff Absent**

In order to keep the account balance at zero, or as near zero as possible, Mr. Sharma recommended a new adjustment factor. Mr. Welsh interjected that following actual calculation as we are doing now, another calculation would be done where the pot balance is divided by the kWh experienced for the month, having this as a factor for the COPA billing for the future month. Doing this would keep the pot balance closer to zero. Mr. Welsh further stated that the change in procedure would need to be made through a Resolution. This would include not requiring a public hearing every month, saving the cost of expensive advertising. A formal public hearing would only be necessary if the procedure was to change. Mr. Brinson advised that a public hearing would be required to adopt a new mechanism. There would still be hearing but not an advertised public hearing.

Discussion followed with the Board's questions being answered by Messrs. Sharma and Welsh. The Board agreed that this was a good and workable idea and authorized staff to hold a public hearing next month to implement the change in procedures.

E. INFORMATIONAL REPORTS (REQUIRING NO ACTION)

1. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS

Ken Davis, Director/Planning & Engineering, informed the Board that some problems with work being performed by R. W. Beck has caused delays in the AM/FM software package. A meeting was held with management of R. W. Beck, followed by phone calls and correspondence indicating that the problems were being resolved.

A meeting was held with Orlando Utilities Commission (OUC) and Florida Municipal Power Agency (FMPA) regarding the potential alternate routing of the transmission line from the Cane Island site. We are waiting for more feedback from FMPA as to what their interest is in Cane Island. It was determined that the route originally discussed would be needed and are proceeding with looking at acquiring substation property and starting on right-of-way work.

For the Power Plant to Lake Bryan Circuit, bids have been received for the purchase of concrete poles as replacements for the deteriorated poles. Recommendation of award of bid for the construction contract for this project will be brought before the Board at the May meeting.

Plans and specifications for the Carroll Street site development have been completed and released for bid on April 15, 1991. It is planned to present recommendation for award of bid at the May Board meeting. The architect estimates near 15 bids.

The 25% payment on the Eastern Beltway line relocation project has been received from the Orlando/Orange County Expressway Authority. This represents, in essence, a down payment of 25% and we will be billing them monthly. Specifications are being prepared and will be brought back to the Board.

2. CONDENSED FINANCIAL REPORT

Joe Hostetler, Director/Finance, highlighted the Budget and Actual Recap based on two illustrated methodologies. Total Operating Revenues are running behind (13.7%) budgetary estimates on a straight six-twelfths basis, and slightly behind (3.71) on a kWh basis. In answer to questions from the Board, Joe explained the procedure for reducing the COPA pot

to a zero balance by using the Rate Stabilization Fund. The necessary portion for the COPA was used, with the remainder being placed in Reserve For Future Capital Outlay. Next month there will not be a Rate Stabilization Fund item in the report Discussion followed with heading changes in the report being clarified for the Board.

3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

Ben Sharma, Director/Power Supply, verbally outlined the projects within his department. The Gas Turbine Project is proceeding with plans being developed to accomplish the remainder of the permitting tasks. Specifications are being prepared for bidding by the end of April. FMPA is interested in participating in a combined cycle project at Cane Island. Vice-Chairman Gant inquired as to the necessity of holding public hearings in relation to the Cane Island project. Mr. Welsh indicated he did not feel public hearings are required, however, public information sessions could be held as was done for the Carroll Street project.

The first meeting on the SCADA Project was held in Kansas City with Black & Veatch and Landis & Gyr. Only a couple items remain to be resolved. The installation drawings for the remote terminal units (RTU) at the various substations are ready for drafting. Work on the wiring diagrams will begin once the shop drawings of the equipment are received.

The Stanton Energy Center Unit 2 Need for Power and Site Certification submittals have been accepted "as completed". We are preparing our direct testimonies for Public Service Commission (PSC) staff and intervenor's interrogatories.

Several staff members, General Manager and Director Bobroff visited Lakeland to observe their Load Management in progress. The information gathered will be reviewed and plans to proceed will be formulated.

The power plant yard clean-up project is still on hold as the OK from the Department of Environmental Regulation (DER) has not been received.

Orders have been placed with Westinghouse for replaceable items for the combined cycle unit. It may be May before everything is received. The unit will probably be on-line by the end of June.

F. OLD BUSINESS - None

G. NEW BUSINESS

1. PARTICIPATION AGREEMENT BETWEEN OUC AND KUA FOR THE JOINT OWNERSHIP OF SEC UNIT NO. 2

Mr. Welsh stated that this item is the result of lengthy negotiations and at this time staff recommends that the Board approve the Participation Agreement with Orlando Utilities Commission (OUC) for joint ownership of the Stanton Energy Center (SEC) Unit 2, related transmission services, and authorize the Chairman and Secretary to execute the agreements.

Mr. Sharma highlighted the Participation Agreement, including the financial aspects. KUA's ownership share is 3.8314% of the output (approximately 16.9 MOO). He further outlined the payment requirements as follows: the participation fee is \$2,758,608, which is the sum KUA owes OUC as the underpayment in user fee for certain common facilities for the period of 1987 through July, 1992; \$5.8 million estimated as KUA's share

of the depreciated book value at closing of the common facilities for SEC Unit 1 and 2; 3.8314% of the construction costs paid through the closing for the project, plus an interest allowance for funds used by OUC on the foregoing costs; also an additional \$10.00 representing the price of the easement to be conveyed to KUA for ingress and egress to the site, common facilities and external facilities for inspection purpose. The total capital cost for SEC 2 project is estimated at \$522 million.

Discussion followed with response made by Mr. Sharma to the Board's queries concerning costs and anticipated MW which KUA will receive.

Director Jones inquired as to the necessity of signing the agreement at this time. He expressed concern that all members were not present and something of this magnitude should be considered by a full Board, perhaps at the scheduled May 1 meeting. Mr. Welsh said staff was recommending that the topic of the scheduled May 1 meeting be moved to May 16; however, a special meeting could be held May 1 for the SEC 2 agreement.

**Moved by Director Jones to table this item until such time as all members were present.
Second by Director Lowenstein.**

**Motion Carried 3 - 0
Chairman Hord Absent
Director Bobroff Absent**

2. RUA'S COGENERATION RATE TARIFFS AND STANDARD OFFER CONTRACTS TO QUALIFYING FACILITIES

Mr. Welsh explained that cc generation is something looked on very favorably by the Public Service Commission (PSC) having a standard offering. Basically, we try to have a standard offering for which there is no way we could be hurt financially by it. The PSC is requiring this. With us going in for the need for power and applying for the new plant, it will be necessary.

Vice-Chairman Gant asked if the purpose of the cogeneration means that if someone in our system decided to produce power, we would have to work out a way of purchasing it. The response was in the affirmative. Attorney Brinson interjected that there are a lot of escape clauses in order to eliminate harm to our system.

Moved by Director Jones to approve the documents and authorize staff to file same with the Florida Public Service Commission. Second by Director Lowenstein.

**Motion Carried 3 – 0
Chairman Hord Absent
Director Bobroff Absent**

3. NATURAL GAS ISSUES

Mr. Welsh introduced the natural gas issue by announcing that the \$194,000 bill we thought we might be facing is down to about \$10,000. Mr. Sharma explained the lengthy process we have been going through with Florida Gas Transmission (FGT) for gas requirements. He highlighted a letter received stating that instead of the \$194,969 deposit previously stated by FGT, that figure has now been reduced to \$10,000.

Moved by Director Jones to authorize the General Manager to execute the letter agreement and to forward the required deposit check of \$10,000 if it is judged necessary to preserve KUA's rights in the Phase III expansion of the FGT pipeline. Second by Director Lowenstein.

**Motion Carried 3 – 0
Chairman Hord Absent
Director Bobroff Absent**

H. CONSENT AGENDA

Moved by Director Lowenstein to approve the Consent Agenda as presented. Second by Director Jones.

**Motion Carried 3 - O
Chairman Hord Absent
Director Bobroff Absent**

1. **APPROVAL OF MINUTES OF MARCH 20, 1991, SPECIAL MEETING**
2. **APPROVAL OF MINUTES OF MARCH 25, 1991, MEETING**
3. **APPROVAL OF MINUTES OF MARCH 28, 1991, SPECIAL MEETING**
4. **ANNUAL REQUIREMENT PRECAST CONCRETE MOUNTING PADS, IFB #91-030**
5. **PRESTRESSED CONCRETE TRANSMISSION POLES, IFB #92-031**

I. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh noted that the Board Calendar indicates a May 1 meeting, scheduled for Current & Future Transmission Recap, which staff is recommending be moved to May 16. This item will be replacing the second night of Board Applicant Review which, based on number of applications received, probably will not be necessary. May 1 be will set aside for the SEC Unit 2 item. The Board agreed to these changes. Vice-Chairman said that in the event the time became critical, the SEC meeting should be scheduled regardless if a full Board was present or not.

We are looking into expanding the 125 Plan. Our employees are currently paying for some benefits on a pre-tax basis and we are considering expanding the program. Currently the plan includes dependent health insurance and some miscellaneous coverages (intensive care, accident, etc.). We are looking at expanding it to include such things as child care, dental/eye, and long term disability. This will be a benefit to our employees.

Flyers relative to the Spring Picnic were handed out to the Board by Mr. Welsh. He extended an invitation to the Board and their families to attend.

ATTORNEY - No Comments

DIRECTORS

Director Lowenstein asked about two purchase orders. One for audiovisual equipment. His concern was whether this could have been purchased locally. Jim Tillman, Director/Materials Management explained that part of this was through State Contract at a considerable savings. The second item was for AM/FM cassette radio and undercoating. Mr. Welsh explained that this was for the automobile of the Director of Power Supply. Director Lowenstein further inquired about the rereads of meters in Customer Service. Mr. Welsh explained this was possibly due to the introduction of the ITRON system being installed. He also stated that there has been a steady increase due to tampering checks.

Vice-Chairman Gant told staff they should take a serious look, as a long-term goal, concerning oak trees being planted under power lines. People are planting oak trees every day and this is going to create a tremendous trimming project in a few years. This was discussed at length as to what could be done to eliminate this problem. Director Gant

suggested the possibility of negotiating with the City to regulate where trees are planted. Mr. Welsh said we will look into the matter and see what can be done through the City and/or County in the tree ordinance.

J. **ADJOURNMENT** - Meeting adjourned at 7:35 PM.



Richard L. Hord
CHAIRMAN

ATTEST:



SECRETARY