

MINUTES OF SPECIAL MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD WEDNESDAY, MAY 15, 1991, AT 5:00 PM, BOARD ROOM, ADMINISTRATIVE BUILDING, KISSIMMEE, FLORIDA

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

A. **MEETING CALLED TO ORDER** at 5:00 PM by Chairman Hord.

B. **BOARD APPLICANT REVIEW**

1. **DISCUSSION OF REVIEW PROCEDURES**

General Manager Welsh discussed with the Board members the procedure they preferred be used in interviewing the new applicant. It was the consensus that Mr. Welsh ask the standard questions of the prospective applicant, Mr. William J. Snyder, who applied for the upcoming seat to be filled on October 1, 1991, currently held by incumbent, George Gant.

2. **INTERVIEW WILLIAM J. SNYDER**

Mr. Snyder was introduced to the members and sat at the dais for the interview and responded to questions posed to him. Director Gant was excused from the meeting during this interview.

The reasons for wanting to serve, Mr. Snyder said, were to ensure the community had abundant and affordable electricity. He said he was an advocate of nuclear power and that he favored our "cafeteria plan" (our 125 Plan which Mr. Welsh explained); that he had a good understanding of our organization and operations and where we were headed during this intensive growth rate. He responded to questions from the Board. Upon conclusion Chairman Hord thanked Mr. Snyder for his interest and said he would be notified of our decision.

3. **INTERVIEW DR. GEORGE GANT**

Director Gant returned to the meeting and responded to several brief questions of the members. Director Gant again momentarily left the meeting. Following short deliberation, it was the consensus of the Board that as a member Director Gant contributed significantly to our organization. Director Bobroff added that Director Gant did considerable lobbying in legislation on behalf of KUA. Director Lowenstein suggested that Mr. Snyder's name be held in abeyance for a future position.

Director Lowenstein moved to nominate Director George Gant as a candidate to serve for another five-year term, effective October 1, 1991, and that his name be submitted to the City Commission for their approval. Seconded by Director Bobroff.

Motion carried 4 - 0

Mr. Welsh said Director Gant's nomination would be submitted to the City Manager to agenda it for Commission consideration and confirmation at their May 28, 1991 meeting, and that Mr. Snyder would be so notified.

Director Gant returned to the dais and was congratulated on his renomination.

C. **CAPACITY & TRANSMISSION PLANS RECAP**

1. **OVERVIEW - JIM WELSH, GENERAL MANAGER**

Mr. Welsh said that originally Director Gant requested a recap on the costs for the Cane Island gas turbine project with one or two units

and Chairman Hord had suggested a complete recap of our capacity and transmission plans and a map of what our system looks like. Mr. Welsh said that with the capacity update necessary each May 31st for our Stratified Partial Requirements contract with Florida Power Corporation we need to specify our needs five years out. He said our plans update us as to where we're going in terms of capacity purchases.

Mr. Welsh stated that a second unit (either combustion turbine or combined cycle) at Cane Island in 1995 would be in our best interests, lowering our overall costs rather than proceeding with more purchased power. He said our recommendation would be for a second gas turbine as opposed to a combined cycle because the licensing is proceeding with two gas turbines and, secondly, that the combined cycle would be more difficult to finance. Mr. Welsh stated that we are actively pursuing with FMPA (Florida Municipal Power Agency) possible participation in a joint venture for perhaps 25% (KUA's share) of 240 MW of combined cycle at Cane Island.

Director Bobroff questioned why we did not pursue the permitting, to which Mr. Welsh responded that permitting is easier under the assurance of approved gas turbines. Director Gant affirmed that the design is there and that a combined cycle could be added. Mr. Welsh said the layout is proceeding with possible conversion to an expanded combined cycle in mind.

Director Bobroff questioned if we are or should be involved in any future government meetings regarding the Dart Boulevard route to protect our interests. Mr. Welsh stated we are not actively involved in any Dart Boulevard discussions.

The meeting recessed at 6:15 pm and reconvened at 6:38 pm.

2. TRANSMISSION PLANS **KEN DAVIS, DIRECTOR/PLANNING & ENGINEERING**

Mr. Davis, using an impressive, enlarged Transmission System map, gave an in-depth presentation on the various current and proposed transmission routes as well as the substations planned at this time in our service territory. Considerable discussion followed, with staff answering the members' questions.

Mr. Davis highlighted, via overheads, the transmission system plan, study objectives, chronology of events, load forecast, growth rate, costs involved, etc., as shown in the Board packets. An analysis was made on bringing in the proposed 230 kV and 69 kV tie-in routes. Mr. Davis stated that the first part of the engineering to be approved by Black & Veatch was the conceptual design phase encompassing the various alternatives, developing costs associated with them, before any right-of-way acquisitions are made. Discussions continued in many areas.

Attorney Brinson stated that we should acquire property at fair market value up front to avoid the costly condemnation aspect (showing need) for right-of-way as experienced by other utilities.

Mr. Davis concluded his presentation by briefly highlighting the current status of the following projects:

- **Cane Island to Overoaks Transmission**
- **Carroll Street Substation and Transmission**
- **Boggy Creek Substation**
- **Lake Bryan Tie Line Upgrade**
- **Carl Wall Capacitors**
- **St. Cloud Tie Line Upgrade**

Director Jones left the meeting at 7:45 pm.

3. **CAPACITY AND ENERGY REQUIREMENTS**
BEN SHARMA, DIRECTOR/POWER SUPPLY

Mr. Sharma said that a portion of his presentation had already been covered during earlier discussions however, he detailed our projected and anticipated load forecast and peak demands for the next five years, as well as for the 5-10 year period.

Mr. Sharma also highlighted KUA's future power supply planning: both short-term and long-term strategies. The long-term strategy looks into the possibilities of joint participation in generating units to be constructed by others and the feasibility of KUA constructing new generating units of its own. The short-term strategy evaluates the best available purchased power options for KUA to bridge the gap between load and available resources during the next one to five years. Reserve margins and downtime were discussed, also. In-depth discussions followed as Mr. Sharma highlighted various Tables depicting KUA's existing and future unit capacity needs, nominations of firm gas from other sources, and a cost summary of the Cane Island gas turbine project.

4. **FINANCIAL ANALYSIS OF ALTERNATIVE PLANS**
JOE HOSTETLER, DIRECTOR/FINANCE

Mr. Hostetler highlighted various options, costs and financing for the Cane Island project under the Five Year Plan, and noted several items on the Balance Sheets, Operating Statement and Sources and Uses via overheads. He said the base case and both options would require some form of long-term financing:

Base case - One gas turbine	\$ 30,000,000
Option 1 - Two gas turbines	45,000,000
Option 2 - One gas turbine and one combined cycle unit	90,000,000

Chairman Hord asked what are we doing with the money that is put on the P&L (Profit & Loss) Statements for depreciation. Mr. Welsh said the money is put back in as a source of funds (Reserve for Future Capital Outlay). Chairman Hord asked if, in spite of that, we still have to bond \$30 million plus. Staff responded that that is correct. Discussion and explanations continued on requirements for bonding, sources and uses of funds, fuel and operating costs.

Mr. Welsh stated that the second gas turbine for 1995 is being recommended. Discussions are taking place for active participation with FMPA on our Cane Island facilities, he said, and all we need is a partner. Mr. Welsh said he is recommending to the Board the base philosophy that anything we do with our municipal partners be in a full partnership arrangement. Chairman Hord stated that as long as you can go to a bank for the money, you don't need partners with whom you may not want to be associated at some later time.

5. **1995 SECOND GAS TURBINE AT CANE ISLAND**

Mr. Welsh recommended at this time that the second gas turbine unit at Cane Island be included conceptually by the Board in order that staff can continue with our engineering and fiscal planning, assuming the second unit in the 1995 time frame.

Moved by Director Bobroff that we direct staff to conceptually include a second gas turbine at the Cane Island Site in the year 1995. Seconded by Director Lowenstein.

Director Gant stated that he has the fear that the engineers would design the thing (unit) to make it so complicated that you would have to get up and physically move it at a cost of a million dollars of new engineering fees to get them to configure them for combined cycle. Mr. Sharma confirmed that the site is being laid out for possible future expansion to combined cycle.

Motion carried 5 - 0

Director Gant stated that he now has a better concept and appreciates staff's enlightening the members through this recap. The other members concurred.

D. **HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS** - None

E. **ADJOURNMENT**: Meeting adjourned at 8:50 p.m.



CHAIRMAN

ATTEST:



SECRETARY