

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD
WEDNESDAY, SEPTEMBER 23, 1992, AT 6:00 PM, ADMINISTRATION BUILDING,
KISSIMMEE, FLORIDA

Present at the meeting were Chairman Hord, Secretary Bobroff, Assistant Secretary Lowenstein, Director Jones, Mayor Pollet, Attorney Brinson, President & General Manager Welsh and Recording Secretary Rundio. Director Gant was not present.

A. MEETING CALLED TO ORDER at 6:00 PM by Chairman Hord.

B. AWARDS AND PRESENTATIONS

1. 35-YEAR SERVICE AWARD - FRANK HERSEY

A deserving honor went to Frank Hersey, Chief Power Plant Administrator, with 35 years of dedicated service to this organization! Mr. Welsh related his work history, that Frank started out in the Maintenance Department as Mechanic Helper, became Assistant Operator, then Power Plant Superintendent for several years, and is currently Chief of Administration. He is planning to retire in the near future. Thanks and congratulations were extended for his many valuable contributions to this Utility.

Chairman Hord also expressed best wishes on behalf of all members and presented Frank with a mantle clock of his choosing as his service award.

2. 20-YEAR SERVICE AWARD - RICHARD BUTLER

Mr. Welsh introduced Dick Butler, System Load Dispatcher. Dick started as Mechanic Helper, then went to the Control Center at Marydia in 1978. Dick will move with the Energy Control Center to the new Administrative facility in December, 1992. He has worked around the clock, seven days a week and reports in at all hours, handling the dispatching of buying and selling power on a minute-to-minute, hour-to-hour basis. Mr. Welsh expressed his pleasure in having such a hard working, capable, professional on board.

The Board expressed thanks to Dick for his significant contributions and he accepted a thermometer/barometer plaque as his award.

3. OCTOBER EMPLOYEE OF THE MONTH - DYANA BURKE

Dyana Burke was honored as KUA's October Employee of the Month, a special award given for outstanding contributions to those spontaneously chosen by fellow employees. Dyana is KUA's Communications Specialist and compiles our Energy Informer, a bill stuffer sent monthly to our customers. She is also Editor of the Power Line, our in-house newsletter. Dyana gleans information and is currently helping assemble KUA's second Annual Report, a feat to be proud of. Press releases are issued by her to the media and her contributions in representing KUA have been very favorable.

Congratulations were extended to Dyana on a job well done and Chairman Hord presented her with an Employee of the Month plaque, with Director Bobroff handing her a \$100 Savings Bond Certificate. She will also receive a day off with pay and a reserved parking space during October.

C. HEAR THE AUDIENCE

Jim Scott, Beunaventure Lakes (BVL) asked how the surcharge funds received by the City and County from KUA are distributed and for what purposes.

Mr. Welsh said the monies are for the purpose of parks and recreation facilities services benefiting KUA customers, to be effective October 1, 1992. Chairman Hord added that there is a well-defined agreement between KUA, the City of Kissimmee and Osceola County and Mayor Pollet added that audited reports will be received verifying how the monies were spent.

D. PUBLIC HEARING - None

E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

1. NATURAL GAS ISSUES

Ben Sharma, Director of Power Supply, made a comprehensive presentation on the first of a two-part agenda to clarify this very important issue. He presented details about the recent Federal Energy Regulatory Commission (FERC) Order No. 636 (also known as the pipeline restructuring order) and its anticipated effects on electric generating utilities. His presentation consisted of detailing numerous overheads (copies in the Agenda packet) and how this new order came into being.

All these complexities came about as a result of Florida Gas Transmission's opening up their pipeline for open access and offering transportation service.

An excerpt of the objectives of Order 636 reads as follows:

"The Commission believes that this rule, when fully implemented, will finalize the structural changes in the Commission's regulation of the natural gas industry. This rule will therefore reflect and finally complete the evolution to competition in the natural gas industry initiated by those changes so that all natural gas suppliers, including the pipeline as merchant, will compete for gas purchasers on an equal footing. As discussed below, this promotion of competition among gas suppliers will benefit all gas consumers and the nation by "ensur[ing] an adequate and reliable supply of [clean and abundant] natural gas at the lowest reasonable price."

Florida Gas Utility (FGU) not only provides us with service for interfacing with producers in the pipeline, but provide a pool for us to buy and sell amongst ourselves so we don't have to take the transportation when we are not utilizing it, or we can take extra transportation or gas when someone else is not utilizing it. This results in cost-effectiveness for KUA.

Ray Brennick, Manager of System Control Division, using overheads, highlighted the second portion which covered his division's functions and responsibilities of estimating, nominating, tracking, balancing and price watching of the gas supply to the power plant on a typical day. He explained the natural gas entitlements and allocations made to KUA of firm, direct and preferred gas sales and how this will work under the new Order.

Director Lowenstein asked whether, since we run the equipment more than in previous years, on an equal basis, the gas used has been lower priced than in previous years. Mr. Brennick replied in the affirmative and compared the pricing over several years. Currently it is healthier as we convert the direct sales gas to transportation gas. The savings get passed on directly to our customers in their bills.

Brief discussion followed and questions by the Board on both presentations were responded to by staff.

F. OLD BUSINESS

1. CONCEPTUAL PLAN FOR METER SHOP/RELAYING FUNCTIONS

Due to Chuck Parsons, Architect, being out of town the previous week, staff requested that this item be pulled to allow for their more complete evaluation of the project.

2. CANE ISLAND COMBINED CYCLE UNIT (UNIT 2) MINIMUM ENGINEERING ACTIVITIES

This item was a late addition to the agenda.

Moved by Director Lowenstein, seconded by Director Bobroff, to place this item on the agenda.

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

At the August 1992 meeting, the Board approved Black & Veatch's (B&V) Engineering Scope of Services for the CC Unit 2 at Cane Island but did not authorize spending any funds for this purpose at that time.

In order to hold to the January 1, 1995 commercial operation for this unit, our consultants have reviewed with staff what the immediate requirements are in the next three months to meet this deadline, which Mr. Sharma outlined. It will also give us an idea as to our permitting requirements. Black & Veatch estimated a total of 295 man days to complete the specified tasks for an estimated cost of \$185,000. Staff recommends that the Board select the type of gas turbine, in concept, and that the engineering activities be commenced promptly.

Moved by Director Bobroff, seconded by Director Lowenstein, to approve staff's recommendation authorizing Black & Veatch to proceed with the minimum engineering activities for Cane Island Unit 2 (outlined in B&V letter of 9/18/92) in an amount not to exceed \$185,000.

In response to Director Lowenstein, Mr. Sharma said that being an FMPA/KUA project, FMPA is responsible for one-half of the costs and we, as their agent, will bill them for it.

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

G. NEW BUSINESS

1. JOINT ECONOMIC COMPETITIVENESS STUDY

An in-depth presentation was given by Alan Starling, Co-Chairman of the Jobs 2000 Task Force representing the Chamber of Commerce, requesting formal support for a joint economic competitiveness study which would include the Chamber of Commerce, the City of Kissimmee, the City of St. Cloud, Osceola County, the School Board, and KUA.

Director Bobroff was concerned how the organization would get the leaders to react in support of this study since previous studies failed. Mr. Starling asked that the Board and KUA have faith and stand behind this proposed economic development study. Director Bobroff said KUA's initial input was by reducing our rates in early 1992 towards this end in hopes of attracting economic

development to our community. Director Bobroff's other concerns in holding back industrial development were lack of reduction by the community of impact fees, land prices, transportation and schools. Mr. Starling said these also need to be addressed by the community.

Mr. Starling said the study would cost \$75,000 and they have already received \$15,000 from the private sector, along with a commitment from the School Board to fund a share of the study. Tonight he officially asked for our support. Discussion continued.

Director Lowenstein said he was in favor of this although he did not think it looked too healthy and was concerned whether the funds were needed elsewhere.

Mayor Pollet commended the Chamber in taking the lead in this respect. He said the City and County have already voted in favor of this study. When this study is done, they will provide the means and methods needed to accomplish what the study says we need to do. On completion, it will not only tell us what the problems are but how to solve them. He is convinced that we will accomplish this. He added that the funds would come out of next year's budget.

Director Bobroff asked if any effort was made to get a City/County industrial park with the governmental agencies making the investment. Mr. Starling stated that as a result of this study, it will be done through the cooperation of leaders of many local Boards. A draft resolution was handed to the members.

Chairman Hord said five government entities should be cognizant of this study. He said the Chamber is the catalyst to have these five bodies make things happen, each with their respective responsibilities and pull it all together. We need to recognize our shortcomings and what the potential is and just do it. He was in favor of this proposal.

Moved by Director Bobroff that we parallel the resolution used by the City (Resolution No. 46-92, dated September 15, 1992) and establish a resolution for KUA (Resolution No. R92-8) with any appropriate changes. Seconded by Director Jones.

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

Mr. Welsh asked for a clarification by Mr. Starling whether the reps of each entity would develop the Request For Proposal (RFP), etc. Les Haskew, President, Chamber of Commerce, stated that each body would have a representative to help compile an RFP and scope of services and the final reps will have input and a vote on the final study. The firm chosen to fulfill the services would then receive input from these organizations and share their processes in order to evaluate the whole system.

2. AMENDMENT NO 4 TO OUC/KUA STANTON ENERGY CENTER UNIT 1 AGREEMENT

Mr. Sharma briefly outlined the changes being recommended to the Board. The participants agreed to a new method of allocating insurance costs, to be effective October 1, 1992.

Moved by Director Jones to approve Amendment No. 4 to the OUC/KUA Stanton Energy Center Unit 1 agreement and authorize the Chairman and the Secretary to execute the amendment. Seconded by Director Bobroff.

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

The meeting was recessed from 8:05 to 8:15 p.m.

H. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS

Report accepted as written.

2. CONDENSED FINANCIAL REPORT

Joe Hostetler, Director/Finance, made a brief presentation on this, giving the reasons that have helped us attain favorable earnings .

The cost effectiveness, in part, was attained by merging several departments in this one facility. Our philosophy of cutting back in numerous areas (e.g., delaying purchases and Cane Island expenditures) have helped us achieve better earnings. Running our equipment continually, rather than going from a cold start, saves us money. Discussion followed.

3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

Report accepted as written.

I. CONSENT AGENDA

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

1. APPROVAL OF MINUTES OF AUGUST 26, 1992, MEETING

2. RENEWAL OF ANNUAL REQUIREMENT FOR METERS AND RELATED SUPPLIES, IFB #91-047

3. TWO MINI 5-PASSENGER VANS, IFB #039-92

4. REPLACEMENT PARTS FOR COLT DIESEL ENGINES, IFB #040-92

5. BID AWARD FOR RELAY TEST EQUIPMENT, IFB #026-92

Motion carried 4 - 0
Director Gant absent

J. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh stated that the annexation issue for this facility will be brought before the Board at the October 23rd meeting. It is anticipated that it will be as cost-effective to annex this building into the City as the Bermuda Avenue facilities. This would afford us City police and fire protection.

The General Manager informed the Board that Commissioner Thomas M. Beard, Chairman of the Florida Public Service Commission (FPSC), will be making a presentation in our Board Room on Thursday, September 24. Approximately 60 guests are expected and the Board was invited to attend.

A Board photo session is being arranged for October 28th, attendance permitting, for inclusion in the Annual Report.

The meeting scheduled for October 19th with the City Commission may need to be changed due to a member's schedule conflict.

ATTORNEY - None

DIRECTORS

Mayor Pollet said at last month's meeting, the Board approved in concept a \$6 million contract to Black & Veatch on the engineering work for Cane Island plus a \$1 million agreement to them for construction management. He personally was concerned with our having the same people oversee themselves and suggested that the Board agenda this for the next meeting to consider getting an independent engineering firm to oversee the construction management for Cane Island.

Mr. Welsh will agenda this for the October 23rd meeting for final resolution of the Board.

Director Lowenstein commented on the swift action staff took to send several crews and equipment to the City of Homestead during the recent hurricane disaster. A brief update was given by Ken Lackey, Director/Transmission & Distribution. Crews will be rotated every 15-21 days until approximately November. A mutual arrangement is in place for emergencies such as this and KUA will be reimbursed for man hours and material and equipment costs.

K. **ADJOURNMENT**: Meeting adjourned at 9:00 p.m.


VICE-CHAIRMAN

ATTEST:


SECRETARY