

MINUTES OF A SPECIAL JOINT MEETING OF KISSIMMEE UTILITY AUTHORITY  
AND KISSIMMEE CITY COMMISSION, HELD MONDAY, OCTOBER 19, 1992, AT  
6:12 PM. KUA ADMINISTRATION BUILDING. KISSIMMEE. FLORIDA

Present at the meeting were Chairman Hord, Assistant Secretary Lowenstein, Director Jones, Mayor Pollet, Attorney Brinson, President & General Manager Welsh, City Manager Durbin, Assistant City Manager Holland, Commissioner Mahr, Commissioner Makinson, Commissioner Hart, Commissioner-elect Latta and Recording Secretary Klinge. Director Bobroff, Director Gant, and Commissioner Attkisson were not present.

**I. MEETING CALLED TO ORDER** at 6:12 PM by Chairman Hord.

**II. CANE ISLAND GENERATION PROJECT**

Mr. Welsh gave a presentation outlining the decision to build KUA's own unit in the Fall of 1989. The Cane Island Property was purchased October 1990. In September/October 1991 Unit 1, the LM6000, was selected. February of 1992 Florida Municipal Power Agency (FMPA) made the decision to join KUA and the KUA-FMPA deal closed August 25, 1992. The present value savings to KUA customers is \$13 million.

Actual savings to be realized with FMPA could be as much as \$24,000,000. The common cost will split in half now. Mr. Welsh said it was a big deal for us. It's also a big deal for FMPA. \$13 million is the present worth but can be increased even further with an agreement that's set up.

Reviewing the Cane Island Project outlook, Mr. Welsh said all permits and licenses are anticipated to be completed by March 1993. Construction of Unit 1 is scheduled to begin April 1993 and be on line by March 1994. Unit 2 is scheduled to be on line by January 1995. There will be a new gas line connection to Florida Gas Transmission (FGT). For cooling water purpose, the City's effluent will be used. We are in the process of working out details of effluent with the City of Kissimmee. Process seems to be going smooth right now. There will be two electric transmission ties, one 230 KV line tie in for Clay Street location to Power Plant and two 230 KV lines, one to Orlando Utilities - Lakeland (OUC-LAK line).

Commissioner Mahr asked how many Megawatts (MOO) on the LM 6000 gas turbine (GT). Mr. Welsh responded with 40 MW and the second unit would be 120 MW. The second unit has not been bid at this time. We will have 50% of that. It's a 50-50 deal with FMPA and KUA is the managing partner.

**III. LOAD MANAGEMENT PROJECT**

Mr. Welsh continued his presentation with KUA's Load Management (LM) to date. The LM program is part of KUA's Conservation Plan. The specific LM program was approved by the Board in the summer of 1991. Board approved LM rebate tariffs in December 1991. For new construction of residential homes the minimum level of LM was made a condition of service. In October of 1991 educational programs to the customers were started. As of October 13, 1992, 2,467 customers are KUA LM participants. Of these, 1,134 are condition of service customers and 1,333 are customers who voluntarily signed up.

Central Equipment and Radio Transmitters have been received and installation of the Central Equipment is to begin October 26, 1992. To date there have been approximately 25 test Load Control Receivers installed. Full implementation of the Load Management is anticipated beginning 1993.

KUA is requiring a condition of service for LM. Director Jones asked other than the one problem with a developer have we had any other problems. Mr. Welsh said a couple of developers were given a copy of the inserts that were mailed to the customers. City Manager Durbin said he told the developers when they wanted to know how can you enforce it without an ordinance, he handed them the brochures and told them because it was a condition of service. At this time Mr. Welsh handed out a brochure to each person in attendance. It is mandatory for new construction to have Load Management. With existing customers it is not mandatory.

Director Lowenstein said with 2,467 people we have more than expected. It was only anticipated we would get 2,000 people the first year so we are ahead.

Commissioner Hart said the customers are to participate at the minimum level. Mr. Welsh said the material used in new construction is the wiring, it is such a small amount you probably would not be able to see it and the labor factor most likely would not be noticed.

Mr. Welsh said with bill stuffers and newspaper articles and some good front page coverage, we have had a good response. We had 1,134 customers who came in as a condition of service.

#### **IV. FISCAL POLICY**

To finance projects KUA went to bonding. Earnings are used for principal and minor projects. Reserves are used for large capital projects only over \$100,000. Bonds are for those things that run regularly year after year. That way you levelize. You can have that line truck if you can earn the money to buy it this year. It's something that is set aside for future use. This comes into the present years earnings. Three months of Operation and Maintenance expense is required in working capital. Chairman Hord said present minimum debt service coverage is set at 1.5. Minimum reserves are \$5,000,000. The fiscal policy was adopted May 27, 1992.

Bond proceeds are spent on generation and transmission only. Reinvested earnings must cover principal payments and reoccurring minor capital projects generally less than \$100,000 not including distribution and line extension projects.

Reserve for Future Capital Outlay funds can be used for distribution, line extension projects and other projects generally over \$100,000 (excluding generation/transmission projects).

KUA's Fiscal Policy is to maintain unrestricted operating cash at a minimum of three months of O&M expenses (excluding depreciation) and maintain reserve for future Capital Outlay at a minimum of \$5,000,000.

Mr. Welsh presented a graph on Rate Change Comparison based on a 6% rate change in 1995. Rates were classified as RS (Residential Service), GS (General Service) and GSD (General Service Demand). The RS 1992 existing rates are \$77.1 and the 1995 proposed rates were shown as \$81.73. The GS 1992 existing rates are \$115.95 with the 1995 proposed rates being \$122.91. For the GSD 1992 existing rates are \$1,852.5 and the 1995 proposed rates at \$1,963.65.

Chairman Hord said General Service is non-demand commercial. And General Service Demand is for large users, i.e., hospitals, plastic plants and any other high demand user. The 6% rates shown are average monthly payments.

Commissioner Mahr asked does this take everything into consideration? Mr. Welsh said, "Yes". With the two new systems coming on how does this enter into it? What do you estimate the peak load in 1995 to be? During the summer months now the peak is 169 and from 4 to 6% a year growth rate on the peak load is expected.

A question arose as to the location of our service territory. Mr. Welsh said stop just beyond 545, over to Poinciana Boulevard up to Highway 192 just out to Indian Wells. Includes the Olive Garden on the way to the Orange County line. At this point Chairman Hord asked if there were any questions on the Fiscal Policy and Rate Change in the future. There were no further questions.

#### **V. NEW CUSTOMER SERVICE PROGRAMS**

A "Good Neighbor Program" and "Bank Drafting" were both implemented in October 1991. In April 1992 "Customer Surveys" were initiated and are being done monthly. "Levelized Billing" went into effect in May 1992. Hours for Customer Service were increased in October 1992. The new hours are 7:30 a.m. to 5:00 p.m.

With the Good Neighbor Program by adding a dollar or more to your bill you will help someone. This is coordinated through the United Way, that is who the money goes to. The program is generally for a one month period to get someone over a temporary crisis in their life.

Bank drafting automatically withdraws the amount of your utility bill from either your checking or savings account right before the due date.

Customer Surveys are being done monthly. We survey a portion of our customers every month. We ask them what they think about KUA. Do they have any problems. A work order is made out in the event they have something to report. The customer service reps do the calling. It has helped us get information. This has also kept Customer Service reps busy in slow times. Director Lowenstein asked what are the customers saying? Mr. Welsh said it is a very positive impression we are leaving them, the customers.

Commissioner Makinson asked what are the two biggest complaints. Mr. Welsh said they want to see rates kept low and a high level of reliability.

Chairman Hord asked did we mention to these gentlemen about how we are right sizing the company. Whenever there is a vacancy, can it be reclassified, or can it be eliminated. We just don't automatically fill the vacancy. Mr. Welsh approves all vacant positions now. Chairman Hord stated the old assumes if you needed them yesterday do you still need them today. Mr. Welsh said we have eliminated six positions in this budget year. Eliminated the Cost Analyst. When we were back with the City, we needed somebody right on site. Now that function is moving from the Marydia location at Garden Street to here. We will cover some of the functions done by using the Dispatcher and the rest of it done in our own Accounting Department. Chairman Hord asked how many positions are under our budgeted number. We have knocked them down about six. One is being eliminated, one is being downgraded to a lower position and some employees are retiring.

Levelized billing, referred to as budget billing, takes the spikes and valleys out of the billings. Mr. Welsh said it floats up and down. At the end you will always be paying what you would have been paying otherwise.

With the automated phone system a typical question is "What do I have to do to get my electricity turned off or on?" The customers are always getting the same information because it is a recording and the information is consistently the same. We receive calls in the amount of about 10,000 a month but it has taken the labor out of it. People can now call after hours and get the same information. Mr. Welsh said the system also has job information as to what jobs are available.

A future Customer Service program will be a new service with the City, "Reclaimed Water". We will try to work closely with City Manager Durbin to make sure it can be efficiently done.

Customers on fixed income would like to have flexible billing dates for their utility bill to coincide with their monthly Social Security checks, Pension income, etc. If your bill is on the first it could be pushed out to the fifteenth. But it becomes a problem if it is pushed out any further with it running into the next billing cycle.

Attorney Brinson, during a discussion on power diversion said we have had good cooperation with the State Attorney in prosecuting any violations. Power tampering is not only dangerous but illegal.

Director Jones left the meeting at 7:25 p.m.

#### **VI. NEW ENERGY CONTROL CENTER**

The KUA new Energy Control Center will be located at the second floor of the new Administration Building. It will house the new SCADA System and the Load Management central equipment. The decision to purchase was made in Spring of 1991. The hardware is almost ready and the first Factory Acceptance Test (FAT) began September 28, 1992. Remote Terminal Units (RTU's) are installed at 4 substations. The mapboard is installed and consoles are ready to accept the Central Equipment.

SCADA's hardware and software need debugging. The final Factory Acceptance Test is scheduled for January 11, 1993. The new Energy Control Center is anticipated to be in operation around March or April 1993.

#### **VII. OTHER**

Director Lowenstein requested that everyone be brought up to date on Homestead. Mr. Welsh said with a Mutual Aid Agreement we were joined by a dozen other utilities around the state, Lakeland, FPC, etc. The system was completely knocked to the ground. They now have approximately 40% of load restored. Probably some of it will never be brought all the way back. All the crews will leave there next Thursday. Lakeland is doing some specialized jobs there. Men were working 14-hour days, 7 days a week. They slept in trailers and tents, some slept on the ground.

Commissioner Mahr asked how much more would it cost to go underground than above. Mr. Welsh replied 50 to 80% more depending on what you are dealing with in a new subdivision development. It would be spread out over the life of the facility. Overhead does get hit more often, but is very simple to restore. Underground doesn't get hit often, but takes a lot longer to repair. He wouldn't recommend larger feeders go underground. They should be overhead. Everything underground would double your electric bill and would result in twice the cost.

VIII. ADJOURNMENT Meeting adjourned at 7:42 p.m.

  
Chairman

ATTEST:

  
Secretary