

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD  
WEDNESDAY, NOVEMBER 17, 1993 AT 6:00 PM, BOARDROOM, ADMINISTRATION  
BUILDING, 1701 W. CARROLL STREET, KISSIMMEE, FLORIDA

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Present at the meeting were Chairman Hord, Secretary Bobroff, Assistant Secretary Lowenstein, Director Schoolfield, Attorney Brinson and President & General Manager Welsh. Director Gant and Mayor Pollet were absent.

A. **MEETING CALLED TO ORDER** at 6:00 P.M. by Chairman Hord.

B. **AWARDS AND PRESENTATIONS**

1. **30-YEAR SERVICE AWARD - JOHNNY WILLIAMSON**

Mr. Welsh noted that Johnny Williamson did not know what a clock was. He was a very dedicated individual who worked long hours to keep the system up and running during his long 30 years of service.

Johnny was congratulated by the Board and the Chairman presented him with his 30-year service award.

2. **25-YEAR SERVICE AWARD - WESLEY CARNES**

Mr. Welsh indicated that Wes Carnes began service as a Groundman and worked his way up through the Lineman ranks to Foreman. Mr. Welsh thanked Wes for his 25 years of service.

Wes was presented with a service award by Chairman Hord and congratulated by all the Board members.

3. **15-YEAR SERVICE AWARD - VANCE LE CLERC**

Vance Le Clerc was unable to be in attendance for presentation of his award, which will be given to him by his Supervisor at an appropriate time later.

4. **10-YEAR SERVICE AWARD - MARTIN GARCIA**

Due to a previous commitment, Martin Garcia was also unable to be present for his award. He, too, will receive his award by his Supervisor at a later date.

5. **10-YEAR SERVICE AWARD - GREG WOESSNER**

Mr. Welsh indicated that Greg was the first person working in our Relay Division and had provided us with fine service for the last 10 years. He was congratulated for this service and was presented with an award by the Chairman and other members of the Board.

6. **10-YEAR SERVICE AWARD - ANGEL VALEZ**

Angel Valez was also unable to be present for this presentation but would receive his award at a later time.

7. **10-YEAR SERVICE AWARD - JOE KERN**

Mr. Welsh noted that Joe is the epitome of craftsmanship. He has been trained as a welder since working here at KUA and is a fine example for all to emulate the near-perfect work which Joe engages in. Best wishes were extended to Joe by the members and he was presented with a service award.

8. 5-YEAR SERVICE AWARD - MARTIN MELTON
9. 5-YEAR SERVICE AWARD - JAMES TILLMAN

Martin Melton and Jim Tillman were each congratulated by Mr. Welsh for their five years of service and were presented with service awards by the Chairman and congratulated by other members of the Board.

10. EMPLOYEE OF THE MONTH - WILLIAM JABAAY

Mr. Welsh stated that Bill Jabaay has a permanent smile on his face! He said that he had never talked with Bill but what his spirits were uplifted by Bill's extremely positive attitude. Mr. Welsh also stated that Bill had the "world by the tail"... he really knew how to live life. He is an excellent employee and was a superior choice by KUA employees as Employee of the Month.

Bill was presented a plaque by Chairman Hord and was given a \$50 check, awarded a special parking space and given a day off with pay. The entire Board congratulated Bill for having been selected Employee of the Month.

C. HEAR THE AUDIENCE - None

D. PUBLIC HEARING - None

E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

1. MONTHLY CONSTRUCTION PROGRESS REPORT OF CANE ISLAND PROJECT

Mr. Welsh introduced to the Board the "Cane Island Update". This is an audio recording which is available to anyone on the KUA phone system by dialing 2-K JA. This was played for the Board; the video is updated weekly.

Chairman Hord inquired further on the December 2nd Informational Meeting for Intercession City which was announced on the Cane Island Update. Mr. Welsh indicated that this would be held at the Civic Center adjacent to the Fire Station at Intercession City at 7:00 p.m. on December 2nd. He indicated that any members of the Board who wish to attend were more than welcome.

Greg Harrington (KUA's Owner's Representative) made a verbal update on the construction to date at Cane Island. He also showed on a site diagram the work completed and responded to questions of the Board.

Chairman Hord asked if there were any problems. Mr. Harrington indicated that they were under budget; however, that there were some six to sixteen days of delay in the project. There was a recovery plan in place. There may be some additional cost in implementing this recovery plan.

Chairman Hord asked if the cost for this recovery plan would be brought back to the Board. Mr. Welsh indicated that as of right now it is our position that any cost to recover time on this project should be borne by the Engineers or the Contractor.

Chairman Hord indicated that if there is a cost to KUA he would like to see the cost justification for expediting the project.

Mr. Harrington narrated a short video of the construction site which had been taken that afternoon.

Director Bobroff asked if the security personnel at the site were KUA employees. Mr. Harrington indicated that they are employed through Metric. Director Bobroff inquired how we were sure that the security people were doing their jobs. Mr. Harrington replied that to date we have relied primarily on Metric and on spot checks. They plan a meeting with security at 10:00 a.m. tomorrow morning to discuss security procedures. To date, they have had no problems.

Director Bobroff asked if there had been any poachers at the site. Mr. Harrington indicated that there had not been but that they did have some concerns about that situation. Mr. Welsh indicated that our contract with the Addison family provided for them helping us keep poachers off of the site.

Director Lowenstein asked how the Addisons access the site. Mr. Harrington stated that they came through the front gate but went around the site. Occasionally when there was not a construction problem they would go through the construction site.

F. OLD BUSINESS - None

G. NEW BUSINESS

1. NEW CURTAILABLE/INTERRUPTIBLE TARIFFS AND OUTDOOR LIGHTING TARIFF CHANGES

Mr. Welsh indicated that we were suggesting that two different rates be sent to the PSC (Public Service Commission). One, for curtailable/interruptible service and the other for consolidation of our lighting. He asked that Ms. Beck, Director of Customer Relations, outline for the Board in what type of industry curtailable and interruptible rates have been employed.

Ms. Beck stated that curtailable and interruptible rates have been employed in mining, citrus, paper industries and also in water treatment facilities. She also indicated that Martin Marietta had an interruptible rate but she did not know what type of facility at Martin Marietta was utilized in interruptible rates.

Director Bobroff asked if the users get notified prior to an interruption. Ms. Beck indicated that there would be a 15-minute notification period which would be done by the Power Supply Department for both curtailable and interruptible customers.

Director Lowenstein inquired which customers on our system would not qualify for this. Ms. Beck indicated that there are probably not very many who would be able to use these rates except possibly for some water treatment facilities.

Mr. Joe Hostetler, Director of Finance, displayed and discussed some overheads. One dealt with the design objectives for curtailable and interruptible rates. The second one showed an example of how these rates would be employed.

Director Bobroff asked if we did not have a similar program on our system. Mr. Welsh stated that we had not had something like this since 1982 when he came on board here. Director Bobroff said he was thinking of a situation which had occurred prior to 1982.

Chairman Hord asked if any adjustment was made to the Budget for this. Mr. Hostetler indicated that no direct adjustment had been made, that the immediate impact was not felt to be that substantial. Mr. Hostetler showed an overhead on how the credit was derived.

Chairman Hord asked if there was any expense associated with putting this in place. Mr. Welsh indicated that there was nothing except perhaps some filing expense with the Public Service Commission and maybe some existing customers utilizing the rate but that was thought to be minimal. The purpose of the rate was to have it in place for an industry that might be able to employ it and this may be a deciding factor on an industry locating in our service territory.

**Motion made by Director Bobroff, seconded by Director Lowenstein, that Staff be authorized to file tariff sheets on the new Curtailable/Interruptible Tariffs and Outdoor Lighting Tariff Changes with the Public Service Commission.**

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

**2. AWARD OF BID - IFB #075-93 TRANSMISSION LINE STRUCTURES FOR TAFT/CANE ISLAND/LAKELAND TRANSMISSION LINE**

Mr. Welsh indicated that this had been a complicated bid to analyze and he asked that Ken Davis, Director of Engineering, detail the analysis that had been presented to the Board in their packets.

Mr. Davis indicated that the specification allow for the bid to be awarded to either one bidder or to be split between multiple bidders. He detailed via overhead projection the evaluation report that had been given to the Board. The evaluation indicated that the most cost effective way to award the bid was to split the bid, with one part to Meyer Industries and one part to Valmont Industries.

Director Bobroff asked how we would get the poles to where they belong from the staging area in that the line was to be constructed near a lot of wetlands. Mr. Davis indicated that it was built along a very accessible canal road and that they would be taken there in that fashion.

Director Bobroff asked why all the poles were not the same. He questioned why there were as many as nine different poles being ordered. Mr. Davis stated that the different poles were for different strength requirements. Some of the poles were used for 90° turns and some were used for dead ends. Other types of poles were needed because of different heights needed for clearance, etc.

**Director Lowenstein moved to authorize award of bid #075-93, Transmission Line Structures, to Meyer Industries for the lump sum amount of \$821,848; and to Valmont Industries for the lump sum amount of \$778,414, for a total bid award of \$1,600,262; both contingent on the negotiation of satisfactory contracts. Also, authorize the Chairman and Secretary to execute said contracts. Seconded by Director Schoolfield.**

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

H. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS

Mr. Davis highlighted the Engineering Report which had been included in the Board packets.

Attorney Ed Brinson gave an update on the condemnation process for the Cane Island to Clay Street line. Three formal notices of protest of the taking had been filed but as of 4:30 this afternoon most of these had been somewhat resolved. One other area of concern was the Rooney property. This was under the jurisdiction of a bankruptcy judge in Illinois. Attorney Brinson indicated that he had talked to the top condemnation lawyer in the state, who indicated that a bankruptcy court could not stop the condemnation.

Attorney Brinson indicated that there are three left that are undecided as to the price in this condemnation. Chairman Hord asked if these were the same ones who had argued against the taking. Mr. Brinson responded that one of them was and one wasn't; the third was contesting the taking also but he felt that this could be cleared up and was merely a communication problem.

Attorney Brinson stated that he felt most of the problems could be worked out and he was quite hopeful that the only issue in quick taking, scheduled for next Monday, would be the amount of money which had to be posted with the court for the property.

Mr. Davis finished highlighting the monthly report, responding to questions.

Chairman Hord inquired what the size was for the needed retention at the planned Carroll Street substation. Mike Simpson, Black & Veatch, indicated he did not have the exact size figures but it had to be large enough for the final substation. Chairman Hord asked if the rock surface of the substation required a retention area. Mr. Simpson stated that some additional retention was required for the rock surface because it was considered to be a semi-permeable surface. Mr. Simpson then indicated that the retention at a substation site was not that significant in terms of cost and that there was a certain amount of buffering around the site that was needed.

Director Schoolfield indicated that the retention pond size should not be significantly affected by the rock surface.

Mr. Davis showed a video of the transfer of a transformer from the railroad siting on Thacker Avenue to our Clay Street substation. This was quite a large logistical operation.

Director Bobroff inquired who built the transformer. Ken Davis indicated it was built by North American Transformer out of California.

Director Bobroff inquired as to the size of the transformer, to which Mr. Davis replied that it was about twice as large as the size of the transformer, in a capacity sense, as the one at Marydia.

Director Lowenstein asked if any work was being done on the Boggy Creek substation. Mr. Davis said that there was no work being done on the planned future substation at this time at Boggy Creek.

**2. CONDENSED FINANCIAL REPORT FOR OCTOBER, 1993**

Joe Hostetler highlighted the report which had been given to the Board. He indicated that October this year was much better than October, 1992. Last year we had shown negative reinvested earnings of approximately \$140,000 whereas this year we are showing a positive \$500,000 of reinvested earnings.

Chairman Hord asked why the positive variances in the departmental actuals versus the budget. Mr. Hostetler replied that he was not sure of the details. Mr. Welsh pointed out that this was not a monthly budget but an annual budget which had been allocated either by 1/12th or by kWh sales to that particular month. The precision of this allocation was not that significant for a one-month period.

Director Bobroff asked why our investments were being bought through Sun Bank. Mr. Hostetler indicated that the fees for acquiring this were fixed and the cost would be the same no matter where we bought it; however, utilizing Sun Bank which has our banking contract was the most efficient and that it was most convenient to do for his department.

Director Lowenstein suggested that we continue doing this in this fashion and that time is a big factor.

**3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS**

Ben Sharma, Director of Power Supply, indicated that prior to highlighting the report he would ask our Manager of Power Production, Jeff Ling, to demonstrate something to the Board.

Mr. Ling displayed a sample of fill material for a cooling tower. This was a film type fill material. The idea of this plastic construction is to give a large amount of water area for cooling within the tower.

Don Schultz, Partner-in-Charge of Black & Veatch, summarized the Cane Island project from an engineering standpoint. For Unit No. 1 we have to date let 23 contracts, with one remaining for Unit No. 1. Five contracts are scheduled to be awarded by the Board tonight, with 19 more to go on Unit No. 2. We are slightly behind on Unit No. 2 but Engineering has a plan to recover this time for Unit No. 2.

At Chairman Hord's request, Mr. Schultz elaborated on the details of this recovery plan, the primary element of which was to include the electrical work in a combined mechanical electrical contract as opposed to being under the General Site Developer's contract.

Mr. Schultz indicated that, as at this time, January 1, 1995 is still the commercial operation date for Unit No. 2.

Mr. Sharma stated that Florida Gas Transmission (FGT) indicated that they are still going full swing on construction of Phase III. This is in spite of the fact that there has been an objection made to FERC (Federal Energy Regulatory Commission) for not having given the objector full consideration in the original hearing for the expansion of Phase III. FGT still feels that December, 1994 is a viable date for completion of the Phase III expansion of the gas pipeline. This is necessary to supply fuel to the Cane Island project.

Director Lowenstein inquired as to a message which had been put on the Morning Minute stating that the SCADA System had been down. Mr. Sharma and Mr. Welsh indicated that this had been a misstatement in the Morning Minute. The SCADA System had not been down. There had been a misunderstanding by the person preparing the Morning Minute.

Mr. Sharma highlighted the rest of the Power Supply departmental report, including a detailed description of the COPA calculation.

Mr. Sharma indicated to the Board that they had extended Tampa Electric's contract a nominal 5MW amount past May, 1994 through December, 1994. This would give us the flexibility of going up another 25 or 30MW if it would be needed.

**4. SELECTED DEPARTMENT HIGHLIGHTS - CUSTOMER RELATIONS**

Chris Beck highlighted the write-off recovery program. This is administered in the Credit & Collections Division. Via overheads, she showed that the recovery of write-offs was up to \$149,527 in 1993. This is compared to \$90,255 in 1992 and \$69,777 in 1991.

Chairman Hord inquired how we are able to do this. Ms. Beck detailed the stepped up collection activities being undertaken in her department.

Chairman Hord pointed out that the cost for our net write-offs (which total \$219,901 in 1993) was somewhat offset by our late payment penalty.

Ms. Beck noted that our net write-offs were .37% which she feels is probably one of the lowest write-off rates in the State of Florida.

Via overhead projection, Ms. Beck detailed one month's sample of our write-off customers. This was detailed by length of service and for those customers with and without deposits.

In another overhead, Ms. Beck detailed social agencies with whom we have dealings to help customers who have difficulty paying. She also explained the Good Neighbor Fund.

Director Lowenstein indicated that Ms. Beck should keep up the good work which he observes in her department.

**I. CONSENT AGENDA**

Director Bobroff requested that items 1, 2, 3 and 4 be pulled from the Consent Agenda.

**Moved by Director Lowenstein, seconded by Director Schoolfield, to approve items 5, 6, 7 and 8.**

5. **AWARD OF CONTRACT - CONTINUOUS EMISSION MONITORING SYSTEM FOR CANE ISLAND UNITS 1 AND 2 - IFB #049-93**
6. **AWARD OF CONTRACT - SUPPLY OF LARGE BUTTERFLY VALVES FOR CANE ISLAND UNIT 2 - IFB #053-93**
7. **AWARD OF CONTRACT - PREFABRICATED METAL BUILDINGS FOR CANE ISLAND UNIT 2 - IFB #074-93**

8. AWARD OF CONTRACT - SUPPLY OF SWITCHGEAR - 4160V AND 480V FOR  
CANE ISLAND UNIT 2 - IFB #076 - 93

Motion carried 4 - 0  
Director Gant absent

Director Bobroff indicated that in the Minutes for the Meeting that began on September 29 and was continued on October 6, page 1117, he had inquired of Black & Veatch how much experience they had had in awarding equipment of this specific type. He had not been asking for the total amount of equipment awards that Black & Veatch had been involved in.

Motion made by Director Bobroff, seconded by Director Lowenstein, that the Minutes (items 1, 2, 3 and 4 of the Consent Agenda) be accepted with the correction as noted above.

Director Bobroff noted that he thought the Minutes in total were a very fine set of reporting. He complimented the Staff on their production.

1. APPROVAL OF MINUTES OF SEPT. 14, 1993 SPECIAL MEETING
2. APPROVAL OF MINUTES OF SEPT. 22, 1993 REGULAR MEETING
3. APPROVAL OF MINUTES OF SEPT. 29 & OCT. 6, 1993 SPECIAL MEETING
4. APPROVAL OF MINUTES OF OCT. 27, 1993 REGULAR MEETING

Motion carried 4 - 0  
Director Gant absent

J. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

HEAR GENERAL MANAGER

Mr. Welsh handed out a publication entitled, "The Cane Island Power Plant" that provided information on the Cane Island project. This was being handed out to the Intercession City residents and to other interested individuals. He noted that, in addition to the Informational Meeting scheduled for December 2, 1993 at 7:00 p.m. in Intercession City, there was also an Open House scheduled at the Cane Island Project Site for Sunday, December 12th, at 2:00 p.m.

Mr. Welsh noted that he and the Chairman have met with the St. Cloud City Manager and Mayor on several occasions discussing the possibilities of merging the St. Cloud Utility and the KUA Utility. These possibilities would be brought up to the St. Cloud City Council by their Mayor at next Thursday night's meeting. If they are interested in pursuing this, a joint meeting between St. Cloud and KUA would be suggested. The purpose of this meeting would be to see if the two Boards wished to pursue these ideas if this were to take place. Detailed analyses of the financial, legal and operational feasibility of such a merger would then be investigated.

Mr. Welsh noted that last Tuesday night at the City Commission meeting they had withdrawn their architect from planning a City Hall addition. In lieu of this they put out an RFP (Request for Proposal) for a long-term space planning project. They specified that the KUA 8 Broadway facility should be included as one of the options to be analyzed for this space planning for the City. They had done this since earlier KUA had suggested that that space may be made available to them through a sale.

**ATTORNEY** - No comments

**DIRECTORS**

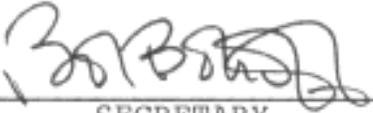
Director Lowenstein indicated that we had hoped to do a Management Review sometime when it was convenient. Tonight would not be appropriate since two Board members were not present.

Chairman Hord indicated that he would prefer that all the Board members be present for the Management Review. He asked Mr. Welsh to inquire of the two non-present Board members whether either December 1st or 8th would be available for this meeting for them. All other Board members present indicated that either day would be acceptable to them.

K. **ADJOURNMENT**: Meeting adjourned at 8:05 p.m.

  
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CHAIRMAN

ATTEST:

  
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SECRETARY