

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY HELD
WEDNESDAY, MARCH 22, 1995, AT 6:00 PM, BOARD ROOM, ADMINISTRATION
BUILDING, 1701 W. CARROLL STREET, KISSIMMEE, FLORIDA

Present at the meeting were Chairman Gant, Vice-Chairman Walter, Secretary Bobroff, Assistant Secretary Lowenstein, Director Guthrie, Mayor Pollet, Attorney Brinson, President & General Manager Welsh, and Recording Secretary Rundio. Directors Walter and Bobroff arrived at 6:05 and 6:10 p.m., respectively.

A. **MEETING CALLED TO ORDER** at 6:00 p.m. by Chairman Gant, who stated for the record that we had a quorum.

B. **AWARDS AND PRESENTATIONS**

1. **25-YEAR SERVICE AWARD - CHARLES SHARP**

Charles Sharp, Field Service Coordinator/Customer Relations, having reached a 25-year milestone, will later on be inducted into our KUA Quarter Century Club. Charles began with KUA as a Meter Reader and worked his way up to front line supervisor for all of our field service activities. Mr. Welsh acknowledged his hard work and dedication for getting the job done well. Charles was thanked for his many years of service and he was presented with a thermometer plaque by the Board.

2. **5-YEAR SERVICE AWARD - SCOTT ROMAINE**

Scott Romaine, System Load Dispatcher/Power Supply, was recognized for his term of service. Scott started with Dispatching in the St. Cloud system. Since joining KUA, he has completed undergraduate work in Engineering and is presently working on a graduate level degree in Engineering. Scott recently was a successful candidate for the Bulk Power Planning Engineer position with KUA and is looking forward to applying the theoretical knowledge he has gained in a practical sense. He also brings decades of experience in the power industry to this organization, for which the Board and Staff were appreciative and presented him with a pocket knife.

3. **5-YEAR SERVICE AWARD - CAROLE GLAD**

Mr. Welsh congratulated Carole Glad, Customer Service Rep II, for her five years of committed service to KUA. Carole had worked in a Phone Bank with an Airlines for about 20 years and now works in the KUA Phone Bank assisting our customers, so she is quite proficient in that line of work. The members thanked Carole for her dedication and hard work and Chairman Gant presented her with an oil lamp.

4. **5-YEAR SERVICE AWARD - PEGGY LUELLEN**

Peggy Luellen, Customer Service Rep II, was unable to be present to accept her service award; however, this will be presented to her at a later time by her Department Director, Chris Beck. Peggy originally started working in the Phone Bank but preferred working with customers personally and worked her way up to her present position.

5. **5-YEAR SERVICE AWARD MANUEL DOMINGUEZ**

Manuel Dominguez was a former NationsBank employee who joined KUA in March, 1990 as Cashier. He quickly established and maintained a reputation for extreme accuracy. Manuel became a Customer Service Rep II in October, 1994 and is working with customers with dedication and reliability. Mr. Welsh introduced Manuel to the Board members who extended congratulations and thanks and he accepted his award of a Cross pen from Chairman Gant.

6. EMPLOYEE OF THE MONTH - JOSE VECCHINI

Jose Vecchini, Assistant Power Plant Water Quality Tech, was unable to attend the presentation this evening due to a previous commitment. He was chosen from among many nominees for this honor and a presentation will be made at a later time by his Department Director. Jose will receive a plaque and check and be entitled to one day off with pay and a reserved parking space for the month of April.

C. HEAR THE AUDIENCE - There was no response from the audience.

D. PUBLIC MEETING

1. RICHARD L. HORD SUBSTATION TRANSMISSION LINE PROJECT

Mr. Welsh stated that this Public Meeting was advertised for the purpose of informing the public of our intentions for this transmission line, via a map in local newspapers, and encourage any comments from them.

Ken Davis, Director of Engineering, gave a brief oral presentation using maps on the route to be taken for the 69 kV transmission lines from the Airport Substation to the Hord Substation, and from the Hord Substation to the Marydia Substation. He noted where this fits into our overall transmission system. For the most part we are not in any developed areas.

Chairman Gant stated this was a Public Meeting and solicited questions or comments from the audience. He felt it was important that the public has a chance to have input into a project of this magnitude. There was none.

The transmission line construction is expected to begin in August or September, with overall project completion anticipated in February, 1996. Negotiation of some easements must still be resolved. Discussion ensued and Mr. Davis responded to questions.

E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

1. MONTHLY CONSTRUCTION PROGRESS REPORT OF CANE ISLAND PROJECT

Mr. Greg Harrington, KUA's Owner's Rep, gave an update, via overheads and video, showing the latest aerial photos of the Cane Island Units 1 and 2. He stated that since March 8th we have been able to synch to the grid with the steam turbine generating power off and on. On March 18th the turbine (Unit 2) was brought to full load, 120 MW. Some repairs are in progress. Emissions and performance testing are scheduled in the next few weeks. Mr. Harrington noted where the new percolation pond was moved to. He also showed progress on the community playground project at Intercession City to be completed by July. This is a team effort by various entities.

F. OLD BUSINESS

1. APPROVAL OF ARCHITECTURAL SERVICES BY CHUCK PARSONS FOR THE WAREHOUSE/TRAINING FACILITY AT CANE ISLAND

The Board had approved at the last meeting the planning aspects of this project and the Architects have developed a complete plan for the building, the cost estimate, etc.

Mr. Ben Sharma, Director of Power Supply, updated the members on the expenditures, as shown in the Agenda Item, totaling \$662,000. Adequate funds are available in the Cane Island project budget, with half the cost to be reimbursed by FMPA. Completion date is expected in September, 1995.

Motion by Director Walter, seconded by Director Lowenstein, to approve Mr. Parsons' proposal to provide complete architectural and engineering services towards the construction of the Warehouse/Training Facility at Cane Island for a fee of \$37,000 or 6% of the construction cost, whichever is less, plus \$4,000 for the civil engineer. Also, to adopt an estimated project budget of \$703,000 for this purpose. The money is to come from the bond funds and be capitalized with the Cane Island Project.

Motion carried 5 - 0

**2. PROJECT FUNDING & ARCHITECTURAL ENGINEERING SERVICES
CARROLL STREET BUILDING MODIFICATIONS**

Mr. Welsh stated that this project was for architectural services for the refinishing of the Administration Building. The recommendation for the funding of this project is different from that shown in the Agenda Item.

Project Manager, Ken Davis, elaborated on this project and detailed the recommendation made to the Board. The architect's proposal of the project cost estimate for architectural and engineering services totals \$54,780. The overall estimate for the modifications of the interior of the building totals \$1,135,000. \$10,000 has previously been approved by the Board to start this project, leaving a balance of \$1,125,000.

Director Guthrie inquired what the final cost will be on this project. No absolute final cost was available since some equipment and other furnishings will still be required. This will be handled through the normal budgeting process as a capital item (moving cost, furnishings, and equipment).

Director Lowenstein stated our primary concern should be to first ready the building for occupancy and that the additional equipment and furnishings, etc., will come later.

Finance Director Joe Hostetler indicated that normally the money would be taken from the Reserve for Future Capital Outlay. However, we do have excess bond proceeds. He said that late last year Staff asked the Board to reallocate the line extension projects as a variation of the Fiscal Policy, to use up those bond proceeds rather than use internal money, where he is not restricted in this respect. Bond proceeds are yield restricted to the interest costs of the bond issue.

Mr. Welsh read the recommendation, as amended.

Motion by Director Bobroff, seconded by Director Walter, authorizing Chuck Parsons to proceed with the architectural and civil engineering services for a not-to-exceed amount of \$54,780 as detailed in his proposal dated March 15, 1995. Further to authorize additional project funding in the amount of \$1,135,000 to be funded from the bond proceeds.

Motion carried 5 - 0

3. TRANSFER AGREEMENT BETWEEN HOMESTEAD AND KUA FOR CAPACITY FROM OUC'S STANTON I AND STANTON II UNITS

Staff felt this Transfer Agreement would be a great opportunity for KUA. Mr. Sharma recommended that this Transfer Agreement be approved this evening so that we won't have to wait for Homestead's decision indefinitely. He pointed out that 50% will be the City of Homestead's capacity entitlement on Stanton I plus 50% of Stanton II, giving KUA the diversity in two units. An alternative provision would be that if the first doesn't work, we can go for the entire capacity entitlement of Homestead's Stanton II. He elaborated on this situation and the pertinent terms and conditions in the Transfer Agreement, as stated in the Agenda Item. The actual transfer of capacity under either scenario becomes effective on the commercial operation date of Stanton Unit II. Nothing happens until Stanton II comes on line.

Attorney Edward Brinson has been involved in all negotiations and has approved the Transfer Agreement as to form.

Homestead has bought transmission from Stanton I. They would like to sell us half of Stanton I, keep half of Stanton II, and use the transmission purchased for Stanton I for Stanton II. Discussion followed on the intricacies regarding Homestead/ FMPPA's ability to amend certain terms in their Transmission Service Agreement with Florida Power & Light (FP&L).

Director Lowenstein said he was 100% in favor of the agreement, but asked what it would cost us in dollars and cents.

Mr. Welsh stated that what we will pay for the Stanton I and II capacity from Homestead will be what Stanton I costs us today and what that Stanton II is going to cost us (we've already bought into the latter one) per megawatt. We owe FMPPA, who owns the generation. Now they will own Stanton II, the portion that we've already bought into, but we have the obligation to pay for the cost of it and we have all the rights to all the benefits from it. Technically, they own it. There is no obligation by us to Homestead; it will be to FMPPA.

Motion by Director Lowenstein, seconded by Director Guthrie, to approve the Transfer of Capacity Agreement between Homestead and RUA; and authorize the Chairman and Secretary to execute the same. Further, approve the establishment of a project for the purpose and authorize the transfer of \$50,000 from Future Capital Fund into the project.

Motion carried 5 - 0

G. NEW BUSINESS

1. BOARD NOMINEE SELECTION CALENDAR

Mr. Welsh recommended that the Board approve the advertisement and the schedule for the selection process for a new Board member, as addressed in the Agenda Item. This seat is currently held by Director Bobroff, whose second term expires on September 30, 1995.

Motion by Director Walter, seconded by Director Lowenstein, to approve the advertisement and schedule for the Board Member selection process.

Motion carried 5 - 0

2. INTERCHANGE SERVICE CONTRACT BETWEEN KUA AND LG&E POWER MARKETING INC. (LPM)

Mr. Welsh stated we had a very successful contract in place with another broker such as this and this contract provides us with additional capability in this arena. Mr. Sharma added that this month we bought some power from Enron Power Marketing, Inc. and that having these contracts is beneficial to us.

Motion by Director Walter, seconded by Director Lowenstein, to approve the Interchange Service Contract between KUA and LG&E Power Marketing Inc., and authorize the Chairman and Secretary to execute the contract.

Motion carried 5 - 0

3. ENGINEERING SERVICES HANSEL PLANT SUBSTATION IMPROVEMENTS PROJECT

We are about to embark on Phase II and Phase III of the Hansel Substation improvement. Project Manager Ken Davis detailed the recommendation presented. Mr. Davis said that we have completed Phase I (construction of the new control house) and we are now starting on Phase II and Phase III involving upgrading and relocating of relays and communications equipment to the new control house. Authorization was being asked for Black & Veatch to proceed with the design work on this. The design cost is \$250,000 and the \$60,000 will cover the start-up assistance. Our own personnel will try to accomplish the majority of the labor for installation.

In response to Director Guthrie, Mr. Davis stated that these amounts were budgeted in a three-year plan, last year, this year and the upcoming year. We had budgeted \$500,000 in each of those years. We are around \$1.3 million for our overall project estimate, still under our budget estimate.

To answer Chairman Gant, Mr. Davis said that Staff has reviewed the engineering costs in detail and finds them appropriate.

Motion by Director Walter, seconded by Director Guthrie, authorizing Black & Veatch to proceed with design engineering and start-up assistance for the Hansel Plant Substation Improvements for a not-to-exceed amount of \$250,000 and \$60,000, respectively.

Motion carried 5 - 0

Motion by Director Lowenstein, seconded by Director Bobroff, to place the following item on the Agenda.

4. ENGINEERING SERVICES - HORD/CLAY STREET SUBSTATION PROJECTS

Motion carried 5 - 0

Staff found it necessary to bring up this agenda item at this meeting, rather than the April meeting as planned.

Mr. Davis stated this is for construction services by Black & Veatch for the Hord Substation and the Clay Street Substation. We are hoping to mobilize our contractor on substation work next month and this is the last phase of the engineering work by B&V on these.

Motion by Director Walter, seconded Director Lowenstein, approving authorization for Black & Veatch construction services for the Hord and Clay Street Substation Projects in the amounts of \$160,000 and \$60,000, respectively.

These are projects already funded in the budget.

Motion carried 5 - 0

H. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS

In response to Director Guthrie, Staff indicated that Cane Island Unit II is 98% completed and should be in commercial operation by April 17, 1995.

2. CONDENSED FINANCIAL REPORT - FEBRUARY, 1995

Finance Director Joe Hostetler gave a brief presentation on this report, stating that we beat our budget again this month by about 1.1%. We are real close to budget as at the end of February. He explained some of the variances for the month. Due to the Hansel Plant being shut down temporarily, we used more purchase power and more Stanton fuel than was budgeted. Cane Island has also been delayed causing us to use more purchase power. For the five months ending February 28th, we had \$2.9 million net reinvested earnings.

3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

Director Lowenstein inquired what the negatives are concerning our COPA. Mr. Sharma gave a brief explanation how the COPA system works and why the numbers are as shown for last month.

4. SELECTED DEPARTMENT HIGHLIGHTS - MATERIALS MANAGEMENT

Mr. Jim Tillman, Director of Materials Management, gave a very interesting presentation, via colorful overheads, on FY 94/95 Purchasing Reports, emergency purchases, inventory, annual requirements, and the savings achieved through using SICOP (Six-County Cooperative Purchasing Association). Mr. Tillman explained how the Petty Purchase Orders (PPO's) are controlled and reviewed by the Department Directors. PPO's are signed off on before Finance approves them. Then a final monthly report is compiled. Mr. Tillman exhibited several requisitions showing the significant savings achieved by our Buyers researching competitive prices. Discussion ensued and Mr. Tillman responded to questions.

I. CONSENT AGENDA

Motion by Director Walter, seconded by Director Guthrie, to approve items 1, 3 and 4 of the Consent Agenda. Items 2 and 5 were pulled by Director Guthrie and Director Lowenstein, respectively.

1. APPROVAL OF MINUTES OF FEBRUARY 20, 1995, SPECIAL MEETING

3. AWARD OF BID #017-95 SUBSTATION CONSTRUCTION RICHARD L. HORD & CLAY STREET SUBSTATION PROJECTS

4. AWARD OF BID #018-95 SUBSTATION INTEGRATION HORD/CLAY STREET/HANSEL PLANT SUBSTATION PROJECTS

Motion carried 5 - 0

2. APPROVAL OF MINUTES OF FEBRUARY 22, 1995, REGULAR MEETING

Director Guthrie asked that the word, "we" be deleted from the February 22, 1995 Minutes (page 1377, third paragraph of item 5.) and should read "...that all routing considerations...".

Motion by Director Walter, seconded by Director Guthrie, to approve the February 22, 1995 Minutes, as amended.

Motion carried 5 - 0

5. AWARD OF CONTRACT - COMPUTER HARDWARE/SOFTWARE IFB #019-95

Director Lowenstein inquired what's being purchased and how regarding this item.

Dennis Wick, Director of Information Systems, elaborated on the purchasing procedures, to whom it's being awarded and why. Mr. Wick stated that in the past PC's (Personal Computers) were purchased piecemeal, but that after coming up with the Master Plan we are consolidating our purchases by no more than once a quarter. That's why such a large quantity is listed. He said that Dell beat out the competition and all PC's are Dell except for the IBM's. This went out under sealed bid and was handled under Mr. Tillman's policy. Mr. Wick stated that we did go through the bid process although it could have been purchased on State contract. He added that we are pleased with the quality and we are satisfied with the bids. He also said we have one other purchase which may go through this quarter or next quarter to try out another brand as an experiment to evaluate what other people in the company are doing. That brand is Gateway 2000.

Motion by Director Lowenstein, seconded by Director Walter, to approve item 5 of the Consent Agenda.

Motion carried 5 - 0

J. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh stated that two years ago Florida Power & Light (FP&L) put the entire State on notice that they were changing the terms and conditions under which they would do transmission services for us. We have been fighting them in the courts and through FERC (Federal Energy Regulatory Commission) since that time. However, the two-year notification period is up and in order to continue business we are having to enter into certain agreements but we are doing so under protest and subject to the resolution that is pending at FERC. We are required to enter into these transmission arrangements with FP&L in order to continue doing business with such cities as Ft. Pierce and Homestead who are on the FP&L system. The final resolution will take place on this in the FERC arena.

Mr. Welsh said he was pleased that this month our rate comparison shows KUA as being very competitive, below Florida Power Corporation, TECO, and others.

ATTORNEY: No comments

DIRECTORS

Director Lowenstein commented that some lights are urgently required at the corner of Hwy. 17-92 and Pleasant Hill Road. He stated it was very dark at that corner.

Mr. Welsh stated we are trying to convince the County to buy some lights from us for that corner. They may want to postpone that since a new business, Eckerds, is being planned to for that area. Mr. Welsh added that it may be somewhat self-serving for us to try to have them buy lights from us.

Director Bobroff commented that he will be leaving shortly and stated that the future of KUA will always be on his mind. He wanted to suggest that over a period of months or even years the KUA Board consider auxiliary sources of income so that we do not have to depend on our ratepayers alone for our business costs. He said that perhaps a suggestion would be developing an industrial park. Industry uses considerable electricity. He would like the Board members to be thinking about how KUA might be able to add sources of revenue other than that of ratepayers.

Director Guthrie made two inquiries. He asked what the difference was in the two Customer Service reports in the packet. Mr. Welsh said one was for a 12-month average ending in the month of February, the other was for the month of February. Director Guthrie's second question was whether the Board might have a graph or chart prepared on COPA and also on the Rate Comparisons perhaps on a 12 or 18-month basis for tracking and ranking purposes. Staff stated that such a tracking record can be incorporated for both figures on the same graph.

Chairman Gant commented that with all the road construction going on it may not be practical to put in underground power utilities because of the high water table, but asked if it would be practical for us to put in conduits under roads and highways which we might use at some future time, such as Orlando is doing on Orange Blossom Trail. Mr. Davis stated that we have already started doing it where possible at crossings, such as along Bermuda Avenue. We are trying to do this and the County is working with us on that.

K. ADJOURNMENT: Meeting adjourned at 8:00 p.m.


CHAIRMAN

ATTEST: 
SECRETARY