

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD WEDNESDAY, MARCH 27, 1996 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 Lowenstein, Assistant Secretary Guthrie, Vice-Mayor Dorsett, Attorney Brinson, President and General Manager Welsh, and Recording Secretary O'Rourke. Director Hord was absent.

A. MEETING CALLED TO ORDER at 6:00 p.m. by Chairman Gant.

B. AWARDS AND PRESENTATIONS

1. 10-YEAR SERVICE AWARD - TIM PHILLIPS

Tim Phillips, Apprentice Lineman in the Transmission & Distribution Department, was unable to attend the meeting. Tim's 10-year service award will be presented to him by his department director at a later date.

2. 10-YEAR SERVICE AWARD - MANNY RODRIGUEZ

Manny Rodriguez, Journeyman Lineman in the Transmission & Distribution Department, was unable to attend the meeting. Manny's 10-year service award will be presented to him by his department director at a later date.

3. 10-YEAR SERVICE AWARD - ALLEN STRAIGHT

Mr. Welsh stated that Allen Straight started as a Lineman in 1986 and was then promoted to Service Lineman. In 1988 Allen was promoted to Distribution Superintendent of Operations. Mr. Welsh said that Allen excels in customer relations as well as in communications with his employees. Allen has a thorough knowledge of his job and is always eager to learn. Mr. Welsh stated that Allen is a dedicated and loyal employee.

Chairman Gant presented Allen with a bronze mallard sculpture and the other Board members joined him in congratulating Allen.

4. 5-YEAR SERVICE AWARD - MIKE BLOUGH

Mike Blough, System Load Dispatcher in Power Supply, was unable to attend the meeting. Mike's 5-year service award will be presented to him by his department director at a later date.

5. 5-YEAR SERVICE AWARD - RAY BRENNICK

Mr. Welsh stated that Ray Brennick came to KUA from Texas. Mr. Welsh said Ray spent a lot of time in California to help set up the new SCADA system and that Ray has always contributed to the goals and operations of KUA.

Chairman Gant presented Ray with a pocket knife and the other Board members joined him in congratulating Ray.

6. 5-YEAR SERVICE AWARD - BOB STAGGS

Mr. Welsh stated that Bob started out as an Assistant Power Plant Operator in 1991 and was then promoted to Power Plant Operator in 1995. Mr. Welsh said Bob is very eager, well liked by his fellow employees and willing to do anything to contribute to the goals of KUA. Mr. Welsh also stated that Bob has a tremendous skill in carpentry.

Chairman Gant presented Bob with a 3-blade knife and the other Board members joined him in congratulating Bob.

7. 5-YEAR SERVICE AWARD - JOE WATSON

Mr. Welsh stated that Joe began working as a Groundman in 1991 and in 1993 he was promoted to Apprentice Lineman. Mr. Welsh said Joe is an outstanding lineman and is always willing to assist in any emergency. Mr. Welsh also stated that Joe is very dependable, has a winning personality and has made some major contributions to KUA.

Chairman Gant presented Joe with a beverage set and the other Board members joined him in congratulating Joe.

8. EMPLOYEE OF THE MONTH - MARCIAL DIAZ

Mr. Welsh stated that Marcial Diaz was here for a very special award tonight and that was the Employee of the Month award. Mr. Welsh said Marcial started working at KUA one year ago as a Computer Instrument Technician. Mr. Welsh stated what a fantastic job Marcial does and he has a wonderful attitude towards his job duties and his co-workers. Mr. Welsh said to be selected by your fellow employees for this award is a special honor and Marcial deserves it. Mr. Welsh stated that the most important thing Marcial has contributed is the time and attention he has spent on the plant control system.

Chairman Gant congratulated Marcial and presented him with a plaque. Director Lowenstein presented Marcial with a check. Marcial will receive a special parking space for the month and a day off with pay.

C. HEAR THE AUDIENCE - No comments.

D. PUBLIC HEARING - No comments.

E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

F. OLD BUSINESS - No comments.

G. NEW BUSINESS

1. ANNEXATION OF EMPLOYEES SUBSTATION PROPERTY

Mr. Welsh stated that Mr. Ken Davis, Director of Engineering, would present the details on this. Mr. Davis said when we first started dealing with the buyer for this property they mentioned that one of their plans was to try to annex the property into the City of Kissimmee. Mr. Davis stated the buyer has applied for annexation of some adjoining property in conjunction with annexation of the property under purchase contract with KUA. They have asked us to participate in annexing our entire piece of property as opposed to going in and doing a lot split. Mr. Davis thinks this is beneficial from the standpoint it is a little easier to permit for a substation within the city as opposed to the county.

Director Walter asked if this was an annexation of the remaining property or is it still one piece and the whole thing would be annexed. Mr. Davis stated it would be done as one piece.

Chairman Gant asked where the pieces of property are contiguous and Mr. Davis said it was at the intersection of Hilliard Isle Road and Boggy Creek Road. Mr. Davis said he did not think there was a problem with the contiguous part since the city staff had contacted him recommending approval through the Planning Board to have it annexed.

Director Lowenstein made a motion to authorize staff to proceed with the steps necessary to annex all of the Employees-Substation property into the City of Kissimmee; seconded by Director Walter.

Motion carried 4 - 0

H. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS

Mr. Welsh said Mr. Ken Davis would give a brief report on the fiber optics ordinance being considered by the city. Mr. Davis stated we are in the process of pulling the fiber from Simpson Road to the Carl Wall substation and also from Carl Wall to BVL and that will complete the loop. Mr. Davis said all the substations, with the exception of Lake Cecile, will be interconnected and that should be completed in about two weeks. Mr. Davis said we have reached an agreement with Sprint/United where we will be leasing the fibers at \$150.00 a month, per fiber, per mile. Mr. Davis stated the leasing cost comes to approximately \$6,000 a month. Mr. Davis said some of the other requests we have in right now are on hold because the city requested a connection from City Hall to Alaska Avenue and a connection to tie the South Bermuda Water Treatment Plant into the North Bermuda plant. A request from the county to connect the county building to the new building on Drury Avenue has been put on hold and Mr. Davis said there is also a request from the school board to connect the administration building to the various high schools, which has also been put on hold. Mr. Davis said this has been put on hold because we needed to get a resolution passed by the Commission to allow us to get into the fiber business. Mr. Davis stated the city thinks we should give them a share of the revenue as opposed to a franchise fee for installing fiber within the city.

Mr. Davis said right now we are contracting out the splicing of the fiber. Mr. Davis stated we have had discussions with Sprint/United about possibly having a partnership arrangement with them for either doing splicing services on a new installation or being able to call them in for emergency restoration. Mr. Davis said the estimated set up cost for a splicing unit, which would go into a van, would be \$50,000 - \$65,000.

2. CONDENSED FINANCIAL REPORT - FEBRUARY 1996

Mr. Joe Hostetler, Director of Finance, gave a brief presentation and stated February was a real good month and we are in good shape.

3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

Mr. Ben Sharma, Director of Power Supply, gave an updated report on the Integrated Resource Plan. Mr. Sharma stated that a presentation of the Integrated Resource Plan is scheduled to go before the Board at the May 15, 1996 meeting.

Mr. Sharma said we can satisfy our requirements through 1998 by purchased power and then needing a 80MW CT in 1999 and then another one in 2003. Mr. Sharma stated we have narrowed down the purchase power option and will be repowering the Hansel plant with a more efficient, slightly larger CT in 1999. Mr. Sharma also said we have made a decision not to initiate open solicitation of purchase power at this time.

Mr. Welsh stated through FMPA we have cleared up the transmission problems with Florida Power & Light so the IDO project can proceed ahead. Mr. Welsh said the IDO is a way to bring generating utilities into the all-requirements project. Mr. Welsh also stated that FMPA is redoing the economics on this brief to the systems that may potentially be involved in IDO and one of those systems is KUA. The FMPA is looking at what the economics would be for KUA to be involved in IDO. Mr. Welsh said we have also talked with FMPA about the possibility of a constructor operator contract where if we went into the IDO project we would lease our equipment to FMPA and then buy all capacity and energy through the jointly planned capacities through FMPA, and any constructed capacity that they would construct on their own, the constructor and operator of those would be KUA as opposed to them developing their own construction staff. Mr. Welsh said these are some concepts that are being explored at this time.

4. SELECTED DEPARTMENT HIGHLIGHTS - TRANSMISSION & DISTRIBUTION

Mr. Ken Lackey, Director of Transmission & Distribution, gave a brief presentation on the operational highlights of the department for the past six months.

I. CONSENT AGENDA

Chairman Gant asked if there were any questions or comments on either item from the Consent Agenda or if anything needed to be removed.

1. APPROVAL OF MINUTES OF FEBRUARY 21, 1996 SPECIAL MEETING
2. APPROVAL OF MINUTES OF FEBRUARY 28, 1996 REGULAR MEETING
3. AWARD OF CONTRACT TO WESTINGHOUSE FOR THE SUPPLY OF SPARE PARTS - CANE ISLAND UNITS 1 & 2 CONTROL SYSTEM
4. AWARD OF CONTRACT - MAJOR INSPECTION #23 STEAM TURBINE, IFB #010-96
5. SERVICE SCHEDULE AJ@ WITH UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH (NSB)
6. CONTRACT FOR INTERCHANGE SERVICE BETWEEN KUA AND WESTERN POWER SERVICES, INC.
7. CONTRACT FOR INTERCHANGE SERVICE BETWEEN KUA AND NORAM ENERGY SERVICES, INC.
8. SERVICE SCHEDULES AJ@ AND AOS@ WITH FLORIDA POWER CORPORATION (FPC)
9. SERVICE SCHEDULE AC@ WITH LG&E POWER MARKETING INC. (LPM)

Motion made by Director Guthrie, seconded by Director Walter, to approve Consent Agenda.

Motion carried 4 - 0

J. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER - No comments.

ATTORNEY

Attorney Brinson stated that our carrier, the Florida Municipal Trust Fund, is questioning whether or not they are obligated to meet certain obligations under their contract of insurance. Attorney Brinson said KUA is being sued in Federal Court by CSX, owner of the railroad tracks and also by Amtrak, owner of the train. They are suing KUA in two theories: one is on negligence and the other is on contract. The insurance carrier has no problem paying for the negligence theory, but on the contract theory the insurance carrier is asking the court to rule in their favor as a matter of law that the contract we have with them does not cover any contractual liability that KUA has to anyone. KUA is taking the position that they should be and we have counteracted that through affidavits. Attorney Brinson stated he is hoping to be able to have a full scale hearing on the merits of this. The insurance company is asking for a summary judgement on April 4, 1996. Attorney Brinson stated if we lose the summary judgement, he would like to take the case to Daytona and have it reviewed. Attorney Brinson also said there is a hearing on April 1, 1996 in county court.

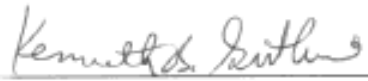
DIRECTORS - No comments.

K. ADJOURNMENT: Meeting adjourned at 6:55 p.m.

ATTEST:



CHAIRMAN



SECRETARY