

MINUTES OF SPECIAL MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD  
WEDNESDAY, MAY 15, 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, Director Hord, Attorney Starr (sitting in for Attorney Brinson), President and General Manager Welsh, and Recording Secretary O'Rourke. Vice-Mayor Dorsett was absent.

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

**B. INTEGRATED RESOURCE PLAN PRESENTATION BY STAFF AND CONSULTANT**

Mr. Welsh stated that this was the final presentation on the Integrated Resource Plan which the staff worked on in conjunction with Stone & Webster for a number of months. Mr. Welsh indicated that Mr. Ben Sharma, Director of Power Supply, would give a brief introduction and presentation and then Mr. Wah Sing Ng, Vice President of Stone & Webster, would give a more detailed report.

Mr. Sharma stated that on September 27, 1995 the Board authorized Stone & Webster to develop KUA's first Integrated Resource Plan (IRP). Mr. Sharma said that an IRP is basically a Conventional Generation (Resource) Expansion Plan which, simultaneously with the evaluation of supply side alternatives, emphasizes the consideration of Demand Side Management (DSM) and further takes into consideration the risk and robustness of the plan.

Mr. Sharma said that during the process of developing the IRP, the Power Supply Department worked very closely with Stone & Webster in every phase of the study.

Mr. Sharma gave a brief overview on Stone & Webster's recommended short-term and long-term action plans. Mr. Sharma stated that one of the recommendations is to finalize the purchase power agreement with OUC and negotiate the contract to extend through the year 2000, instead of the currently proposed date of 1999.

Mr. Sharma also stated we need to initiate an engineering study to verify the economic feasibility of the project and then to refine the cost estimates of repowering the Hansel combined cycle unit including the estimated engineering fees, permitting and balance of plant costs and also a schedule of the project to meet the 1999 on-line date. Mr. Sharma said that repowering means to replace the gas turbine and the attached generator to it. After 25,000-30,000 hours, the gas turbine starts to deteriorate because of high heat and a lot of stress.

Another one of the recommendations is to enter into discussions with Florida Municipal Power Agency (FMPPA) or another party to build a 250 MW combined cycle at Cane Island Unit 3 for installation in early 2001. Mr. Sharma stated certain preliminary activities would need to be conducted for the Unit 3 project and the Board would need to approve a transfer of \$200,000 from the left-over bond proceeds for Cane Island Unit 1 and 2 to accomplish these activities. These activities include conducting negotiations with all potential joint participants, including FMPPA, initiating

a solicitation process for competitive Power Supply bids in lieu of constructing Unit 3 at Cane Island and initiating the process of obtaining the necessary Prevention of Significant Deterioration permit, which is one of the long lead time items.

Director Hord questioned if we could do the feasibility survey on our own and do we have other participants for this 250 MW CC unit. Mr. Welsh stated we would only go further with the engineering study if we have a positive response that there are other participants. Mr. Welsh also stated that FMPA or a potential partner do not have to commit to doing the 250 MW CC, they have to commit to as much as we are willing to commit to do the feasibility and share in the feasibility cost. Mr. Welsh clarified that it doesn't make sense for us to do a feasibility study for \$200,000 unless it makes sense for our partner to at least do the feasibility study for \$200,000.

Mr. Claude L-Engle, General Manager of FMPA, stated FMPA is willing to participate in the majority of the costs of the \$200,000. Mr. L-Engle said there might be a need for more than two parties to put this together and we may have to talk to a third party.

Mr. Welsh stated that any partnership would be a full partnership and we want somebody that thinks the project is good enough to share in the \$200,000 with us.

Mr. Sharma said if we fail to get a partner in the 250 MW CC project and if we have to scale down the project or pursue some other alternatives, staff will bring the issue back to the Board for approval.

Mr. Sharma stated other recommendations from Stone & Webster include direct load control, energy conservation, customer survey and acquisition of certain computer models. Mr. Sharma said these would be pursued in a realistic manner and pointed out that although Stone & Webster's study projects a demand reduction of 41 MW in summer and 78 MW in winter by 2015 through direct load control, staff feels that because of certain policies already adopted by the Board such reductions may not be achievable. Mr. Sharma also explained that sometime back we had signed a Consent Agreement with the Florida Department of Community Affairs (DCA) whereby any new energy conservation program for KUA will have to be implemented in concert with the DCA.

Mr. Sharma stated Mr. Wah Sing Ng would give a presentation on the process Stone & Webster followed to come up with the IRP study. Mr. Ng reviewed the objectives of the study which included to identify and meet corporate goals, study load forecast implications, incorporate DSM and supply options, incorporate environmental impacts, remain competitive, maintain financial health and address conflicting objectives.

Mr. Ng stated Stone & Webster went through nine individual tasks in the IRP study. They included:

1. Situation Analysis
2. Load Forecast Review
3. Fuel Forecast Development
4. DSM Alternatives - Review & Screening
5. Supply Resource Alternatives
6. Updated Environmental Characteristics in the Sensitivity Analysis
7. Developed the Assumptions Document to include Multi-area Information
8. Integration and Sensitivity Analysis
9. Offered 2 Plans (out of 25) as Preferred

Mr. Ng said the whole study is based on assumptions and data that Stone & Webster thinks is reasonable, but yet these assumptions are subject to uncertainty. Stone & Webster does not know what the future looks like and tries to figure out the best plan or design that can withstand all these uncertainties as time goes by.

A brief discussion continued with respect to the IRP study.

Director Hord moved to authorize staff to proceed with the finalization of a firm power purchase agreement with OUC for the amounts shown: CY 1997 - 10 MW, CY 1998 - 30 MW, CY 1999 - 30 MW, CY 2000 - 40 MW. Seconded by Director Walter.

Motion carried 5 - 0

Director Walter moved to authorize staff to request a proposal from Black & Veatch to do an engineering study first to verify (as a second opinion) the economic feasibility of the project and then to refine the cost estimates of repowering the Hansel combined cycle unit including the estimated engineering fees, permitting and balance of plant costs and also a schedule of the project to meet 1999 on-line date. Seconded by Director Guthrie.

Motion carried 5 - 0

Director Walter moved to approve the concept of constructing Cane Island Unit 3 (tentatively a 250 MW CC unit with 80 MW of KUA share) and approve transfer of \$200,000 from the left-over bond proceeds for Cane Island Unit 1 and 2 project to conduct certain preliminary activities required for the Unit 3 project. Seconded by Director Lowenstein.

Motion carried 5 - 0

Director Lowenstein moved to authorize staff to pursue, in a realistic manner, Stone and Webster's other recommendations which deals with direct load control (i.e. LM), energy conservation, customer survey and acquisition of certain computer models. Seconded by Director Walter.

Motion carried 5 - 0

C. OTHER - No comments.

D. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh invited the Board and their families to the Annual Picnic on June 8th, 9:30 a.m.-8:00 p.m. at Water Mania with lunch served from 12:30-2:00 p.m.

ATTORNEY - No comments.

DIRECTORS

Chairman Gant thanked Stone & Webster for the presentation

  
CHAIRMAN

ATTEST:

  
SECRETARY

they gave this evening.

E. ADJOURNMENT: Meeting adjourned at 7:30 p.m.