

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD  
WEDNESDAY, JULY 24, 1996 AT 6:00 PM, BRINSON 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, Vice-Mayor Dorsett, Attorney Brinson, President and General Manager Welsh, and Recording Secretary O'Rourke.

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

**B. AWARDS AND PRESENTATIONS**

**1. 15-YEAR SERVICE AWARD - MARIO SEIJO**

Mr. Welsh stated that Mario began working at KUA in 1981 as an Assistant Power Plant Operator, was transferred to Mechanical Maintenance later that year and then promoted to Power Plant Mechanic. Mr. Welsh said Mario has contributed to the reliability of the Hansel Plant through the years with his mechanical ability, however, Mario's sheet metal fabricating skill is his distinction. Mario has organized and constructed a sheet metal shop at the Hansel Plant and his ability to custom build has saved KUA time and money. Mario is dependable and one of KUA's finest employees.

Chairman Gant presented Mario with a KUA pin and the other Board members joined him in congratulating Mario.

**2. 10-YEAR SERVICE AWARD - SCOTT YELVINGTON**

Mr. Welsh stated that Scott began working at KUA in 1986 as an Assistant Power Plant Operator Trainee, in 1987 was promoted to Assistant Power Plant Operator, in 1989 was transferred to Mechanical Maintenance and in 1991 was promoted to Power Plant Mechanic. Mr. Welsh said in 1995 Scott was elevated to the position of Lead Mechanic at Cane Island and that Scott has been very instrumental in making Cane Island run. Mr. Welsh stated Scott has organized the mechanic maintenance shop and has made numerous improvements to the plant site.

Chairman Gant presented Scott with a Portsmouth clock and the other Board members joined him in congratulating Scott.

**3. 10-YEAR SERVICE AWARD - JEFF LING**

Mr. Welsh stated that Jeff began working at KUA in 1986 as a Power Plant Superintendent and since then his title has been changed to Manager of Power Production. Mr. Welsh said before coming to KUA, Jeff worked for Westinghouse in Saudi Arabia for seven years. Mr. Welsh stated Jeff has been commended for his ability to run the plant and to lead his men. Mr. Welsh said Jeff was a vital force in turning around the ailing Hansel Combined Cycle in the mid-1980's into the unit with high reliability as we currently see it. Mr. Welsh said Jeff also has been instrumental

in the construction and operation of the Cane Island Power Plant. Mr. Welsh stated it has been a pleasure working with such a professional with high standards and what a tremendous help Jeff has been to the Board many times.

Chairman Gant presented Jeff with a mallard duck and the other Board members joined him in congratulating Jeff.

**4. 5-YEAR SERVICE AWARD - JEFF SIZEMORE**

Mr. Welsh stated that Jeff began working at KUA in 1991 as an Engineer and has been very instrumental in the finishing of the Carroll Street building. Mr. Welsh said over the past five years Jeff has been primarily involved in the areas of communication, particularly the development of the fiber optic systems. Jeff's expertise in this area will serve to be beneficial as KUA moves ahead in this new arena. Mr. Welsh stated how civic minded Jeff is and Jeff was recently appointed to the Planning Advisory Board.

Chairman Gant presented Jeff with a crystal vase and the other Board members joined him in congratulating Jeff.

**5. EMPLOYEE OF THE MONTH - LISA MURPHY**

Mr. Welsh stated that Lisa Murphy was here for a very special award tonight and that was the Employee of the Month award. Mr. Welsh said Lisa is an outstanding employee and she has helped everyone at KUA at one time or another. Mr. Welsh stated Lisa is a great asset to the Finance Department and she is an organizational genius making everything flow smoothly. Mr. Welsh said Lisa is very helpful, dependable and real pleasant to work with.

Chairman Gant congratulated Lisa and presented her with a plaque. Director Lowenstein presented Lisa with a check. Lisa 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)**

**1. SUBSTATION COMPUTERIZATION DEMONSTRATION**

Mr. Welsh stated the Board made a decision some time ago to go to the new style of integrated substation equipment, making the substations much more automated. Mr. Ken Davis, Director of Engineering, gave a brief demonstration on this stating that substation integration is allowing us to take away a lot of the manual controls that we had in the substation and put them on a computer. Mr. Davis stated a lot of these controls are already brought back to our SCADA system and can be done from the SCADA

system. Mr. Davis said this system is installed at the Richard L. Hord Substation and we are also installing it at the Clay Street and Hansel Plant Substations. Mr. Davis stated sometime in the future we would probably be converting our other substations to this system.

**F. OLD BUSINESS**

**1. NEW GENERAL SERVICE LARGE DEMAND TIME-OF-USE (GSLDT)**

Mr. Welsh stated at the May Board meeting this was brought up for the Board's consideration and at that time the Board requested some additional information be brought back to them.

Mr. Joe Hostetler, Director of Finance, highlighted some of our neighboring utilities TOU (Time of Use) demand customers. Mr. Hostetler showed KUA's seasonal load shape curves and stated the peak period for the summer is between 12 noon and 9:00 p.m. and the peak period for the winter is also that same timeframe. Mr. Hostetler explained there are some peaks that occur outside of this, but they are very minor. Mr. Hostetler explained the hourly energy cost to serve the industrial customer for the summer and winter. Our current industrial rate is \$.0315 which represents an average rate for this class for an entire year. Mr. Hostetler stated during on-peak hours, it actually costs the utility more than the average rate to serve the customer. Mr. Hostetler showed a list of KUA's GSLD customers which included Osceola County, the City of Kissimmee, Publix, Winn-Dixie, hospitals, department stores, etc. Two of these customers we have had contact with are Florida Hospital and Home Depot. Mr. Hostetler also showed a list of GSD customers which are mostly churches, a few motels and some restaurants.

Director Hord questioned what savings would actually be passed on to the customer. Mr. Hostetler stated the actual savings on the fuel is passed along. Mr. Welsh said there are other savings that we would realize due to the fact that these customers would not be contributing to the peak at the price break given to them, such as the demand charge. When these customers are on the TOU rate, they will be billed the greater of the on-peak rate or 50% of the maximum off-peak peak, whichever is greater.

Mr. Welsh stated this is truly cost based, has been well thought out and well designed. If the customer can comply with this, they will save money and KUA will save money. Mr. Welsh said this is a program that is not going to be for everybody or every installation. There are really very few people that can apply this and use it, but there are some installations that can use it and this gives us an additional product to put in our inventory to offer existing or potential new customers.

Director Guthrie questioned if there was any financial negative impact to the utility. Mr. Welsh stated we will be getting less money, but we will be spending less.

Director Lowenstein questioned if a customer went to this rate structure, how many years before it becomes cost effective. Mr. Welsh stated the customer does not have to put anything in and there is no cost to them from our perspective. Mr. Welsh stated it would be cost effective if their operational characteristics are such that they are in the off-peak more than they are in the on-peak. If their characteristics are not like that, it will not be cost effective. Mr. Hostetler stated a customer would need to move 66% to break even and not a lot of customers would be able to do this.

**Director Lowenstein made a motion to approve design of new rate and authorize submittal to the Florida Public Service Commission for their review and authorize staff to advertise for a public hearing to be held on August 28, 1996; seconded by Director Guthrie.**

**Motion carried 5 - 0**

**G. NEW BUSINESS**

**1. KUA APPOINTMENTS**

Director Hord asked Attorney Brinson if he should be a part of or abstain from this item of discussion. Attorney Brinson stated if Director Hord is present and does not have a conflict, he needs to participate. If there is a conflict, you declare that immediately. Attorney Brinson stated that in his opinion and based on his conversation with the City Attorney, the legality of Director Hord's appointment is not being questioned. The issue is whether or not the Charter should be changed to avoid any third term. Attorney Brinson said Director Hord would be eligible to participate and being present, Director Hord should participate.

Mr. Welsh stated we received a letter from the City Attorney stating there was an interested party who approached the City Commission and asked that the City consider changing the KUA Charter to limit terms to two terms. The current Charter states a limit of two consecutive terms, meaning someone can serve two consecutive terms, come off the Board for a period of time and then come back on and serve another two terms. Mr. Welsh said one concern was never getting any fresh blood on the Board with new ideas and we would be perpetuating the existing members forever. Mr. Welsh stated as of October 1, 1996, there will be one member with zero months experience, one with one year of experience, one with two years of experience, one with ten years of experience and one with nine years of experience. Mr. Welsh said that profile says to him there is a diverse profile in terms of years of experience with members on the Board that do have some long tenure and continuity and other members that are brand new bringing in fresh ideas.

Mr. Welsh also stated he recollects discussing whether the Charter should state two consecutive terms or two terms and the decision was to make it two consecutive terms because there should be a break in service to insure that if a change is needed, there is an easy way to transition into that change. Mr. Welsh said the intent of the Charter was if we have a good, experienced person that is capable and willing to serve, that we will be able to allow them to serve this community and the utility in that capacity for more than two terms.

**Director Lowenstein made a motion to recommend to the City Commission that no Charter changes are necessary at this time; seconded by Director Guthrie.**

**Motion carried 5 - 0**

Vice-Mayor Dorsett clarified that only one individual has ever brought this issue up and there is no groundswell of public opinion in the community that anything is being done wrong. Vice-Mayor Dorsett said he feels the Charter is fine the way it is and there are plenty of checks and balances.

**2. AWARD OF CONTRACT TO GE TO SUPPLY MAJOR SPARE PARTS FOR  
CANE ISLAND UNIT 2**

Mr. Welsh stated the price for the spare parts was less than originally thought due to KUA's Contract Administrator, Barbara Layton, being very sharp and on the ball. She realized that when KUA bought the unit from GE we negotiated in the contract fixed prices for spare parts for the next five years. Therefore, the price of these spare parts is \$1,650,028 or a savings of \$314,000.

Mr. Welsh said how proud he is of Barbara Layton for picking up on this.

Mr. Ben Sharma, Director of Power Supply, stated unavailability of these spare parts on site may extend a four week outage up to as much as twelve to fifteen weeks. Mr. Sharma said these spare parts will be warehoused at Cane Island.

Director Hord questioned if these spare parts were coming out of a budget item. Mr. Welsh stated they are coming out of the buying cost of the plant and half of it is being paid for by FMFA.

Mr. Welsh said the spare parts cost was in the original estimate of the plant and we just have not bought them yet. This is one of the final purchases of that project.

Director Lowenstein questioned the carrying charge for the purchase of spares at 10%. Mr. Welsh stated the 10% carrying charge was only utilized as an analysis to understand if this is a good deal for us. Mr. Welsh said the carrying charge is basically lost interest and it is well made up for. This is more like an option to buy.

Vice-Mayor Dorsett questioned how often repairs of this magnitude will need to be done. Mr. Sharma said we follow the manufacturer's guidelines and an example would be the 8,000 hour overhaul or every two years. Vice-Mayor Dorsett asked how much longer can we buy these parts at this price. Mr. Sharma stated only until 1997 and then there will be a new price. Vice-Mayor Dorsett suggested we buy two sets of parts at this price and save \$400,000. Mr. Welsh stated we would take a real hard look at our inventory at the end of our option.

**Director Guthrie made a motion to approve the Award of Contract to GE for the supply of Cane Island Unit 2 major spare parts as described in the list for a price of \$1,650,028; seconded by Director Walter.**

**Motion carried 5 - 0**

### **3. APPROVAL OF FGU-S AMENDED AND RESTATED INTERLOCAL AGREEMENT**

Mr. Ben Sharma, Director of Power Supply, stated the first time KUA got into the Interlocal Agreement with five other members to create FGU was back in 1989. At that time the members got together to purchase gas and get a good price on it. The first amendment was in 1992 and it was to include the new flexibilities that FERC (Federal Energy Regulation Commission) allowed FGU to do.

Mr. Sharma said this amendment is giving FGU a little bigger authority, even to go ahead and do the financing on behalf of its members. For FGU to be able to pursue the project further, certain changes to the existing Interlocal Agreements between FGU and each of its members have been made necessary. These changes are primarily to more clearly state the authority and powers of FGU in financing affairs.

Mr. Sharma stated a resolution (Resolution No. R96-3) has been prepared authorizing the approval and execution of the Amended and Restated Interlocal Agreement.

**Director Lowenstein made a motion to approve Resolution R96-3 authorizing execution by the Chairman and the Secretary of FGU-s Amended and Restated Interlocal Agreement and other related documents; seconded by Director Hord.**

**Motion carried 5 - 0**

## **H. STAFF REPORTS**

### **1. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS**

Mr. Welsh said that no verbal presentation was planned, however, Mr. Ken Davis was available for any questions or comments you may have.

### **2. MONTHLY CONDENSED FINANCIAL REPORT - JUNE 30, 1996**

Mr. Joe Hostetler, Director of Finance, gave a brief presentation on the monthly financial report. He went over the

sales graph and explained that we are 6% above the budgeted sales for the month of June and year to date we are 5% above budget.

Director Hord questioned the budget transfers that were made during the month of June where money was transferred from five different projects to the Carroll Street building modification. Director Hord wanted to know if these five projects were completed and had excess money. Mr. Hostetler stated these projects were either completed or it has been determined that the money is not needed.

Mr. Hostetler stated the net reinvested earnings are \$656,312 for the month of June and the debt service ratio for the month is 2.24. The net reinvested earnings for the year is \$5.2 million and the debt service ratio for the year is 2.60.

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

Director Hord asked about the FMPP (Florida Municipal Power Pool) and the energy purchased from pool members where purchased power was budgeted at \$24.19/MWh for the first three months of 1996 and the adjusted billing was much higher. Mr. Ben Sharma, Director of Power Supply, stated the pool estimated the cost/MWh and they had poor judgement about the estimate.

Director Lowenstein questioned how this cost compares to the same month one year ago. Mr. Sharma stated the gas price this year is higher than last year. Mr. Ray Brennick, Engineer, stated the gas prices are up about \$.40 to comparable periods of one year ago. This really accounts for the estimate being off. KUA went into the pool last January and had to take a guess as to what the gas prices would be for January/February/March. Basically the analysts at the pool were low on their estimates for gas and as a result the pool power was higher priced by this factor.

### **4. SELECTED DEPARTMENT HIGHLIGHTS - INFORMATION SYSTEMS**

Mr. Dennis Wick, Director of Information Systems, gave a brief presentation showing what the new agenda packet program is going to look like. Mr. Wick stated the package we will be using is called Envoy. Mr. Wick reviewed some of the features of this package.

Mr. Welsh stated we plan on going live with this program in August.

Director Guthrie stated he has seen this package for the last three months and it is getting better each time. The main thing for all departments is to get some standards so all agenda items are in the same form.

Director Walter suggested the budget and the ten year plan be loaded on the system so they can access them.

### **I. CONSENT AGENDA**

Chairman Gant asked if there were any questions or comments on any item from the Consent Agenda or if anything needed to be removed. Director Hord requested item #2 AShort Term Lease - 8 Broadway@ be removed.



Director Lowenstein made motion to approve items 1, 3, 4, 5; seconded by Director Walter.

1. APPROVAL OF MINUTES OF JUNE 26, 1996 REGULAR MEETING
3. FIRST AMENDMENT TO THE INTERCHANGE SERVICE AGREEMENT BETWEEN KUA AND TAMPA ELECTRIC COMPANY (TECO)
4. AWARD OF CONTRACT-ANNUAL REQUIREMENT FOR PADMOUNTED SWITCHES - IFB #013-96
5. AWARD OF BID #019-96 - TRANSMISSION LINE CONSTRUCTION FOR THE NEPTUNE/TOHO ROAD LINE RELOCATION PROJECT

Motion carried 5-0

On item #2, Director Hord questioned if the lessee has adequate general liability insurance, etc. and has proven that to us. Attorney Brinson stated this was being worked on.

Director Hord made a motion to approve item #2; seconded by Director Walter.

Motion carried 5 - 0

J. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh commended Jim Tillman, Director of Materials Management, for his staff, the training he has given his staff, and how professional they are. Barbara Layton did such a fine job for us and it certainly points out the need for having highly skilled and trained professionals on the job.

Mr. Welsh stated that Joe Hostetler, Ben Sharma, Ken Davis and himself were at FMPA and went over the preliminary presentation on the results of the Integrated Dispatch & Operation (IDO) study, which we asked FMPA to do for us. Mr. Welsh said this would be the expansion of the all requirements project whereby instead of us unilaterally planning and expanding our capacity needs in the future, we would join with six to twelve other cities and jointly plan and expand our capacity needs. We are looking at this from a cost standpoint and also from a strategic standpoint as we enter into the age of deregulation and competition. What organizational structure will we be better off in strategically is a question we need to address. Mr. Welsh said FMPA and their engineers, R.W. Beck will be ready in September or October to come to the Board and present the final results of the IDO study. Mr. Welsh scheduled a workshop meeting with the Board for Thursday, October 24, 1996 at 6 p.m. to have the study results presented.

Mr. Welsh stated the move from 8 Broadway to Carroll Street is on August 9, 1996.

Mr. Welsh reminded the Board there is an impasse resolution meeting with the bargaining unit on July 25, 1996 at 6 p.m.

Mr. Welsh stated the Richard L. Hord Substation dedication will be at 5 p.m. on September 18, 1996. This is in conjunction with our Open House from 5:30 p.m. to 7:30 p.m.

Mr. Welsh said he was honored, pleased and proud to be able to represent KUA, Osceola County and Kissimmee in carrying the Olympic Torch. Mr. Welsh brought the torch in for anyone who wanted to see it.

**ATTORNEY** - No comments.

**DIRECTORS**

Director Guthrie reminded the Board that Mr. Welsh just ended his term as President of the FMEA and it was a most significant year for that organization.

Director Walter stated he had an unavoidable conflict for the meeting on July 25, 1996 and will not be able to attend.

Chairman Gant said he has gone to a lot of FMEA meetings with

  
CHAIRMAN

ATTEST:

  
SECRETARY

Mr. Welsh and that the FMEA has a lot of respect for Mr. Welsh.

**ADJOURNMENT:** Meeting adjourned at 7:50 p.m.