

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD WEDNESDAY, MAY 28, 1997 AT 6:00 PM, BRINSON BOARD ROOM, ADMINISTRATION BUILDING, 1701 W. CARROLL STREET, KISSIMMEE, FLORIDA

Present at the meeting were Vice-Chairman Walter, Secretary Guthrie, Director Ralston, Mayor Attkisson, Attorney Brinson, President and General Manager Welsh, and Recording Secretary Fizer. Chairman Hord and Director Lowenstein were absent. Also present was Board Director-Elect Toro.

A. MEETING CALLED TO ORDER at 6:00 p.m. by Vice-Chairman Walter.

B. AWARDS AND PRESENTATIONS

1. 20-YEAR SERVICE AWARD - JIM FISHER

General Manager Welsh announced that Mr. Fisher could not attend the Board meeting to receive this award. Mr. Welsh recognized Jim for the 20 years of wonderful service he has given to KUA and noted that he is presently the Energy Conservation Diversion Specialist.

2. 10-YEAR SERVICE AWARD - JOE HOSTETLER

Mr. Welsh noted that Joe Hostetler, Director of Finance began with KUA 10 years ago and would be unable to attend the presentation due to a prior commitment. Mr. Welsh emphasized that Joe is a quality professional and has been a joy to work with over the past 10 years. According to Mr. Welsh, Joe will be receiving the actual award in another forum.

3. EMPLOYEE OF THE MONTH - TONY MORELLI

The Employee of the Month, Tony Morelli from Information Systems was given an award by General Manager Welsh. Mr. Welsh explained that this award is an extreme honor and every month KUA selects one employee who really stands out. It was noted that Tony has received many great comments from fellow employees in not only his own department but in other departments as well. A statement was read listing the various projects on which Tony has worked. Mr. Welsh also quoted Tony's department supervisor saying that Tony is a true asset to KUA. His technical skills are superb and combined with his balanced work ethic, he is a very productive employee. To add to his effectiveness within the department, he is always willing to take difficult requests and complete them effectively. Through his dedication to his job, he has delivered excellent service to our customers. Mr. Morelli was presented with an Employee of the Month plaque and a savings bond. He was informed by Mr. Welsh that he would receive one day off with pay and the use of the Employee of the Month parking space. Once again, he was congratulated by the General Manager and all Board members.

4. APPRECIATION AWARD FROM THE FOUNDATION FOR OSCEOLA EDUCATION, INC.

Ed Smallwood, Chair of the Academy Awards event for The Foundation for Osceola Education, Inc. presented KUA with an award to acknowledge KUA's sponsorship of the 1997 event. Mr. Smallwood

gave a brief overview of the non-profit corporation that was created through a county-wide strategic planning process in 1991. He reported that last year, the Foundation awarded approximately \$163,000 in scholarships to Osceola County students. He went on to say that this is, in part, due to a financial arrangement that allows them to access matching funds from the State of Florida and Valencia Community College Foundation. Mr. Smallwood said that his organization believes that they have increased the opportunity for young people to gain either vocational, technical or college education in the future and he said that KUA played a big part in that by helping to sponsor the Osceola County Academy Awards of Education.

5. GFOA DISTINGUISHED BUDGET PRESENTATION AWARD

General Manager Welsh reported that the Government Finance Officers Association of the United States and Canada has granted the KUA the award for Distinguished Budget Presentation for the development and publishing of the KUA Annual Budget for the Fiscal Year beginning October 1, 1996. He noted that this is the tenth consecutive year that KUA has been presented with this award. Mr. Welsh asked Susan Raines, Manager of Accounting to come forward and accept the award on behalf of KUA.

6. 1997 IMAGE AWARDS - FLORIDA PUBLIC RELATIONS ASSOCIATION

Mr. Welsh announced that KUA was proud to have received seven awards for its entries in the 1997 Image Awards, an annual contest sponsored by the Orlando Area Chapter of the Florida Public Relations Association. He noted that an Image Award was given to KUA for its development of the Shelby Cox Memorial Park in Intercession City. The entry also received a Judges Award for its unique implementation. Given awards were Greg Harrington, Ben Sharma and Chris Gent. Also, an Award of Distinction and a Judges Award were given to KUA for the photograph of the 10th Anniversary Convoy. These awards were presented to Skip Stowers, the photographer and to Chris Gent, Manager of Communications. All of these entries for which awards were given, will also be elevated to the state level of competition.

C. HEAR THE AUDIENCE

D. PUBLIC HEARING

E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

F. OLD BUSINESS

G. NEW BUSINESS

1. FIBER AS COMMUNITY SUPPORT

General Manager Welsh noted that Ken Davis, Director of Engineering would be giving a presentation on the Fiber Optic and Telecommunications Services. Mr. Davis reported that KUA is currently working on the strategic plan for the Fiber Optic and Telecommunications Systems. He said KUA is considering the concept of offering some of these services to the City, County and School

Board at little or no cost to them as community support. Mr. Davis requested that the Board direct staff as to whether to proceed with developing the concept of providing Fiber Optic and Telecommunications Services to other agencies as a community support project. He noted that it is the opinion of KUA that this would be a good public relations tool and it would also give KUA the ability to have additional control over how the systems are installed and integrated into the existing system.

Director Ralston noted that this has been discussed previously and he would be very much in favor of the concept. Director Ralston also noted that at one time he thought this was to be viewed as another income source for KUA. Secretary Guthrie asked staff to provide more details on the concept and the cost associated with this program. Vice-Chairman Walter said he also thought it was a great idea, but he too would like to see more cost figures. Mayor Attkisson said that this need is evident in the community from the City or County's standpoint. The Mayor's only concern was the lack of cost to the City or County. He said he did not think the public relations tool should be a factor when dealing with the City or County but KUA should use it more as a strategic objective in preparing for the upcoming deregulation. Mr. Welsh added that KUA views this more as a community support program rather than a money-making scheme. He further stated that this does not mean a blank check for anyone who wants fiber optics; but that each case would be looked at on an individual basis.

It was the consensus of the Board that they are interested in the concept of Fiber as Community Support but would like to hear more details on the cost effectiveness of the program at a future Board date.

2. APPROVAL OF GAS TOLLING AGREEMENT BETWEEN KUA AND CNG POWER SERVICES CORPORATION

Ben Sharma, Director of Power Supply explained the concept of gas tolling and how it affects KUA. He pointed out that the term Gas Tolling is used when an amount of natural gas belonging to a first party is delivered to the generating unit(s) owned by a second party. This gas is converted or tolled into electricity and transmitted to a designated delivery point where the first party takes title to the tolled electricity. Mr. Sharma reported that since KUA joined the FMPP, the Hansel CC unit has not been running as often and there are occasional times during the year where gas tolling could increase utilization of this unit. Mr. Sharma requested that the Board approve the Gas Tolling Agreement between KUA and CNG (Columbia Natural Gas) Power Services Corporation and authorize the Chairman and Secretary to execute the agreement.

Vice-Chairman Walter verified that this would give KUA a chance to use units that are currently not in use and make some money. Mr. Sharma said that was correct. Mayor Attkisson asked if there were any figures on what type of income was expected. Mr. Sharma advised him that the concept is still fairly new and figures are not available at this time.

Motion made by Director Ralston, seconded by Secretary Guthrie to approve the Gas Tolling Agreement between KUA and CNG.

Motion Carried. 3-0

H. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS

Mr. Welsh said no verbal presentation was planned. Mr. Ken Davis, Director of Engineering, was available for any questions or comments. There were no questions.

2. MONTHLY FINANCIAL REPORT - APRIL 30, 1997

Susan Raines, Manager of Accounting, gave a brief presentation on the monthly financial report. Ms. Raines noted that for the month of April, KUA made the megawatt hour sales budget and in fact was over by 1%, however figures are under for the year by 7%. Operating revenues for April were stated as being close to what was budgeted. Year to date revenues were reported to be under budget by 6%, however, Mr. Welsh indicated that once customers begin to use more power in the hot months of July, August and September this will increase. Ms. Raines also noted that operating expenses are lower than budgeted due to the operating cutbacks in various departments. She stated that April's actual interest revenue is below budget primarily because of capitalizing more than what was budgeted. Year to date interest revenue is below budget according to Ms. Raines. She also noted the budget for April's reinvested earnings is a negative number and she indicated that this was because of April being a low kilowatt hours sales month. Discussion was held on the megawatt sales decrease.

Secretary Guthrie wanted to make sure that the lower than budgeted O & M expenses are not a reflection of items that need to be done eventually. Mr. Welsh responded that the Board is seeing good efficient management in the reduction of these costs.

3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

Mr. Welsh announced that a written report has been prepared and Mr. Ben Sharma, Director of Power Supply, was present if there were any questions. Secretary Guthrie asked if Cane Island 2 is back in working order and Mr. Sharma informed him that it was put back in order two days ahead of schedule. No other comments were received.

4. SELECTED DEPARTMENT HIGHLIGHTS - CUSTOMER RELATIONS

General Manager Welsh introduced Chris Beck, Director of Customer Relations, soon to be the Marketing Department. Ms. Beck gave operational highlights for her department as the focus shifts from Customer Service to include Marketing. One highlight included in the presentation was the Trouble and Outage Reporting Program. At this point Mr. Welsh asked Ms. Beck to report on the Power Quality Monitoring program and how that operates.

Director Ralston asked for an explanation on the very brief outages and Mr. Welsh explained that it is called a temporary fault and is a direct short circuit. The General Manager continued by saying that the reclosers on the feeder lines usually take care of about 90% of the outage problems.

Other highlights in the Customer Relations Department that Ms. Beck presented included the Trouble Call System, Two-Way Communications, Switchboard Operations, Front Desk Operation, Phone Bank Operations, GroupWise Utilization, Optimizing Use of Staff, Dispatcher Cross Training, and KUA's Cut-Off for Non-Payment

Program. Lee Ann Dorsey was given credit and commended for the development and implementation of the Cut-Off Program. This cut-off program has resulted in a 50% reduction of customer cut-offs.

Ms. Beck noted that KUA customers will be better served by some of the upcoming changes in the Customer Relations Department.

She noted this will be realized when the dispatchers can be cross-trained to perform customer services after normal KUA working hours.

5. AUTOMATED TROUBLE CALL SYSTEM

Ken Davis, Director of Engineering and Ken Beville from that same department gave a presentation on the Automated Trouble Call System which would facilitate the taking of calls from customers during outages. Mr. Davis indicated that KUA is working toward the implementation of a package called Trouble Call Analysis (TCA), which would also greatly facilitate the dispatching of crews to trouble spots. He also noted that in addition, this system would provide valuable statistical and historical data which would be helpful in the areas of discussing problems with customers and identifying areas of the system which need modifications to correct problems. Ken Beville gave details on how the system works.

I. CONSENT AGENDA

Vice Chairman Walter asked if there were any questions or comments on any item from the Consent Agenda or if anything needed to be removed. Secretary Guthrie asked that items 1 and 2 be removed from the consent agenda.

Director Ralston made a motion to approve Item 3 on the consent agenda; seconded by Secretary Guthrie.

3. AWARD OF CONTRACT FOR THE POWER PLAN SUBSTATION SITE AND NEPTUNE ROAD - TRANSMISSION LINE POLE CHANGE OUT, IFB #017-97

Motion Carried. 3-0

Secretary Guthrie requested that the April 23, 1997 Board minutes be revised for clarification. Mr. Welsh noted that these changes would be made and returned for approval at the June 25, 1997 Board meeting. Mr. Welsh also noted that suggested changes were received earlier from Secretary Guthrie on the May 7, 1997 Board minutes and those changes were reviewed and made.

Motion by Secretary Guthrie, seconded by Director Ralston to approve the May 7, 1997 Board minutes subject to changes as noted.

Motion Carried. 3-0

J. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

General Manager Welsh reported that he and Chairman Hord had been asked to participate in an economic development group that would consider what governmental agencies within the county wanted to do in regards to economic development. Since Chairman Hord had missed the first meeting, Mr. Welsh briefed the Board members on the discussions at that meeting. Highlights, he noted, were discussions on what types of businesses did the agencies want to attract to the county and were the various agencies willing to work

together to contribute to a pool of funds that would give incentives for particular types of businesses. He noted the pool could be used for hiring a person to represent and function with all the agencies to bring together and respond quickly to economic development opportunities. If that is the case, Mr. Welsh said formulas would need to be developed for funding the pool, the types of businesses that would be provided incentives, and definition of the type of person they would select and to whom they would report. General Manager Welsh said he would be giving reports from time to time on this group.

ATTORNEY - No comments.

DIRECTOR RALSTON - No comments.

SECRETARY GUTHRIE

Secretary Guthrie requested that the General Manager obtain proposal and plan costs to develop the history of KUA. It was the consensus of the Board that Mr. Welsh initiate this research.

Secretary Guthrie noted that he had received information on the hiring of the Attorney for the Board. He proposed that there be a more formalized, written policy on Attorney Brinson's duties and it should include who would contact the Attorney and when they would contact him. General Manager Welsh responded that he would draft a policy directive and give it to the Board for approval at an upcoming Board meeting.

Mayor Attkisson noted that the City Attorney reports directly to the Mayor and the City Board of Commissioners. He expressed that the contract between KUA and Attorney Brinson should be more defined. Mr. Welsh said that the KUA employees understood that Attorney Brinson works for the Board and any direction comes from the General Manager or the Board.

MAYOR ATTKISSON

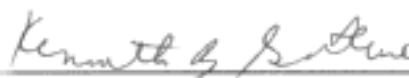
Mayor Attkisson reported that the City is close to obtaining control of property near the airport. He noted that in response to the economic development group's needs, possibly this property could be used as an industrial park. The Mayor emphasized that this may be a good sales program for businesses wanted in Osceola County.

VICE-CHAIRMAN WALTER

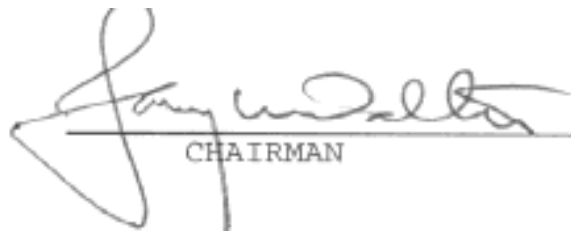
Vice-Chairman Walter thanked Domingo Toro for attending the Board meeting.

K. **ADJOURNMENT:** Meeting adjourned at 7:45 p.m.

ATTEST:



SECRETARY



CHAIRMAN