

MINUTES OF THE REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, WEDNESDAY, JUNE 24, 1998, 6:00 P.M., BRINSON BOARDROOM, ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE, FLORIDA.

Present were Vice-Chairman Walter, Secretary Guthrie, Director Toro, Attorney Brinson, General Manager Welsh and Recording Secretary Fizer. Chairman Hord, Director Ralston and Mayor Attkisson were absent.

A. MEETING CALLED TO ORDER at 6:00 P.M. by Vice-Chairman Walter.

B. AWARDS AND PRESENTATIONS

1. 30-YEAR SERVICE AWARD - JAMES CANIWELL

General Manager Welsh recognized James Cantwell of Transmission & Distribution for his service. Mr. Cantwell could not be present and Mr. Welsh said the award would be presented later.

2. 1998 MEN'S SOFTBALL LEAGUE TROPHY

Mr. Welsh announced that through our community event sponsorships, KUA sponsors a team in the 1998 Men's Softball League in Kissimmee. The KUA team came home with the third place trophy and it was presented to the Board by Chris Gent, communications manager.

3. EMPLOYEE OF THE MONTH - BARBARA BURKE

Barbara Burke, customer service representative in the Marketing department, was honored as July Employee of the Month.

Mr. Welsh noted that being selected employee of the month by co-workers is a prestigious honor. He said that Ms. Burke has been with KUA eight years and is a valuable employee in the Customer Financial Services division. Vice-Chairman Walter awarded Ms. Burke a plaque and he noted that the employee of the month receives a special parking space and a day off with pay. Director Guthrie presented Ms. Burke a check.

C. HEAR THE AUDIENCE - None.

D. PUBLIC HEARING

1. RESOLUTION NO. 98-2 - FISCAL YEAR 1999 BUD&ET

Joe Hostetler, director of Finance, gave a brief overview of the 1999 Annual Budget. He reviewed the Fiscal Policy, Revenues and Others Sources of Funds, Summary of 1999 Budgeted Expenditures, Percentage of Customers to Proportion of Revenues and the proposed one percent rate increase schedule. Mr. Hostetler noted that it is the objective of the staff to eliminate the need for the rate increase.

Richard Herring, 514A Verona Street, Kissimmee, Florida addressed the Board and requested an explanation for the increase of the budget compared to the figures presented in the budget workshop. Mr. Hostetler explained that a large portion of the increase included initial spending on Cane Island 3 as reflected in the bond cash drawdown figures. Mr. Herring also suggested that staff revise their budget preparation schedule.

Mr. Hostetler and Mr. Welsh indicated that to change the schedule would not be beneficial to staff and it would not be as efficient.

**ACTION: Motion by Director Guthrie, seconded by Director Toro, to approve the 1999 Budget and Resolution R98-2, as recommended by staff.**

**Motion carried 3 - 0**

**E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)**

**1. PRESENTATION BY ROBERT T. DYER, PRESIDENT & CEO OF THE ENERGY AUTHORITY (TEA)**

Mr. Welsh introduced Mr. Robert Dyer from The Energy Authority, an independent municipal entity that includes Jacksonville Electric Authority, the Municipal Electric Authority of Georgia and the South Carolina Public Service Authority (Santee-Cooper). Mr. Dyer gave a presentation that included a review of the changes in the electric utility industry, an overview of The Energy Authority and its structure and objectives, an overview of what the current competitive market offers and other related issues.

Mr. Dyer noted the electric industry has changed and the municipal utilities are banding together to combat some of those changes. He said until a few years ago when talking about an electric power deal, it was one utility selling to another utility. He said the utilities would commit to a certain price, arrange transmission service and it was delivered. He said that today companies have commodities in various places and they have the ability to buy and sell contracts at various prices. Mr. Dyer said these products are being traded in the "over the counter" market.

**F. OLD BUSINESS - None.**

**G. NEW BUSINESS**

**1. TRANSFER OF FUNDS INTO CANE ISLAND UNIT 3 PROJECT ACCOUNT FROM LEFT OVER BOND FUNDS**

Ben Sharma, director of Power Supply, explained the need to transfer funds into the Cane Island Unit 3 project account because it is not in the 1997/98 budget since the project was nonexistent. Mr. Sharma said additional expenditures are anticipated over the next three months and some of those will be used for site certification application fee, reimbursement of staff time, travel expenses and attorney fees.

**2. APPROVAL OF FUNDS FOR THE CANE ISLAND UNIT 3 SITE CERTIFICATION APPLICATION FEE TO FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION (FDEP)**

Mr. Sharma noted that this item is mandatory and the funds would come from left over bond funds.

**ACTION: Motion by Director Toro, seconded by Director Guthrie, to authorize the transfer of \$200,000 from the left over bond funds for Cane Island Units 1 & 2 into Cane Island Unit project for expenses during the remaining three months of FY 97/98; and of \$75,000 to FDEP for the Site certification Application-filing fee.**

**Motion carried 3 - 0**

**H. STAFF REPORTS**

**1. MONTHLY PROGRESS REPORT ON T&D PROJECTS**

Ken Davis, director of T&D, gave an update on the damage to a transformer at the Lake Cecile Substation and the resulting Memorial Day weekend outage. There were no questions on the written report.

**2. CONDENSED FINANCIAL REPORT - MAY 1998**

Joe Hostetler, director of Finance, reviewed the condensed financial report for May 1998. His presentation detailed fuel and purchased power, budgeted and actual revenues and year-to-date figures for expenditures and revenues. Mr. Hostetler said that in January the forecast was adjusted for budgeted sales. He also noted that if sales do not come in near the forecasted budget, funds would be frozen and not spent. He reported that thus far in June, megawatt sales are 17% over the projected budget.

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

There were no questions on the written report.

**4. DEPARTMENT HIGHLIGHTS - PERSONNEL & RISK MANAGEMENT**

Neville Turner, director of Personnel & Risk Management, gave an informational report highlighting all the insurance activity for KUA. Mr. Turner noted that the loss ratio for Worker's compensation is 0.093. He also reviewed the dental and health insurance premiums and payments. Director Guthrie and Director Toro both complimented the employees on their outstanding safety record.

Ed Brinson, Attorney for KUA, reported that a closed meeting would not be necessary in conjunction with the July board meeting. He said the Board would be briefed during the regular August meeting on the June 16 hearing concerning the Amtrak train accident.

Mr. Welsh asked Claude L'Engle, general manager of Florida Municipal Power Agency (FMPA), to give his thoughts on the Energy Authority concept. Mr. L'Engle noted that FMPA has looked at the concept of the utilities joining to get the best price for their purchased power. He said The Energy Authority has a serious proposal and he suggested the Board consider this concept.

Director Toro asked if TEA is a power broker and Mr. L'Engle said they were. Mr. L'Engle said KUA would do the dispatching to meet native load. He said if there is power that is not needed or if additional power were needed, TEA could contract to buy or sell for the utilities.

5. INTERNET SERVICES PROVIDER UPDATE

Dennis Wick, director of Information Systems, reviewed the status of the Internet Services Provider (ISP) project and the June activities. Mr. Wick and Mr. Welsh physically signed on KUA to the Internet provider as the first customer. Mr. Wick also noted that negotiations are still ongoing with Phoenix regarding future business opportunities. He said more details would be given during the July board meeting. The Grand Opening for the KUA Internet will be October 1, 1998.

6. LOCAL MITIGATION STRATEGY TEAM

Ken Davis reported to the Board that KUA has been asked to participate in a Local Mitigation Strategy Team. Along with KUA, the team will consist of representatives from Osceola County, City of Kissimmee, City of St. Cloud and the Osceola School Board. The purpose of the team is to coordinate efforts in obtaining grant monies available for mitigation programs that could minimize the financial effects of storms and other disaster type events. Mr. Davis will serve as KUA's representative on this team.

I. CONSENT AGENDA

At the request of Mr. Richard Herring, Vice-Chairman Walter asked that item 4 be removed from the consent agenda.

**ACTION: Motion by Director Guthrie, seconded by Director Toro, to approve items 1, 2, 3, and 5 of the consent agenda.**

Motion carried 3 - 0

1. APPROVAL OF MINUTES OF MAY 20, 1998 SPECIAL MEETING
2. APPROVAL OF MINUTES OF MAY 27, 1998 REGULAR MEETING
3. ANNUAL REQUIREMENT FOR CONDUIT INSTALLATION AND RELATED SERVICES INVITATION FOR BID #010-98
5. CHAMBER OF COMMERCE 1998 OSCEOLA HOB NOB SPONSORSHIP

Mr. Herring voiced concern about KUA sponsoring Community Vision, Inc. as listed under item 4 of the consent agenda. Mr. Herring said the organization has not reported any benefit to the County, City or KUA.

General Manager Welsh said he would ask Community Vision to come to the next board meeting and give a progress report on their organization.

**ACTION: Motion by Director Toro to defer item 4 until the next board meeting.**

Motion died for lack of second

Vice-Chairman Walter said he was familiar with Community Vision and thought it would be a good idea to have them come to the board and give a report. He noted they are a "work in progress."

**ACTION: Motion by Director Guthrie, seconded by Director Toro to deny the request to support Community vision.**

**Director Guthrie and Director Toro voted yes.  
Vice Chairman Walter voted no and the motion failed  
because three prevailing votes are required by the charter.**

Attorney Brinson said item 4 could be placed on the agenda for the next board meeting under old business.

**J. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS**

General Manager Welsh noted that the Cane Island Generation Plant would set a record for remaining online for 50 straight days He also noted that KUA is helping sponsor the Osceola Hurricane Guide that will be included in the local newspaper.

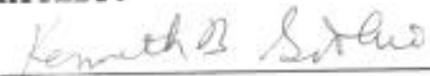
Mr. Welsh reported that in the first "head to head" competition between KUA and Florida Power Corporation, KUA has "won" in a membership drive for the Chamber of Commerce. Also, Mr. Welsh displayed a model toy KUA truck to be used in raising funds for the United Way campaign.

Vice-Chairman Walter asked that the Board consider changing the regular board meeting time. Director Toro noted a personal conflict with any time earlier than 6:00 PM.

**K. ADJOURNMENT - Meeting was adjourned at 7:50 p.m.**

  
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**CHAIRMAN**

**ATTEST:**

  
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**SECRETARY**