

MINUTES OF THE REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY,
WEDNESDAY, JULY 22, 1998, 6:00 P.M., BRINSON BOARDROOM,
ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE,
FLORIDA.

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

A. MEETING CALLED TO ORDER at 6:00 P.M. by Chairman Hord.

B. AWARDS AND PRESENTATIONS

1. 5-YEAR SERVICE AWARD - TONY SILVER

General Manager Welsh recognized Tony Silver who has been
with KUA since July 6, 1993. Mr. Silver is stationed at Cane
Island and is in charge of water quality at both the Cane Island
and Hansel power plants. He was congratulated by the Board and
presented an award by Chairman Hord.

2. GRAND AWARD FOR PUBLICATION EXCELLENCE

General Manager Welsh noted that KUA's 1998 Calendar of
Energy Conservation won a grand award in the Apex 98 Awards for
Publication Excellence. The APEX Awards are sponsored by
Communications Concepts, Inc., a company that helps publishing,
public relations and marketing professionals improve publications
and communications programs through a series of focused services
included monthly newsletters, a publication evaluations program,
and monthly business writing tips. He said the award is based on
graphics design, editorial comment and the success of the entry in
achieving the overall communication effectiveness. Mr. Welsh said
there were 4,600 entries and only 52 received the grand award.
Chairman Hord presented the award to Chris Gent, communications
manager.

3. 1998 FLORIDA COMMUNITY SERVICE AWARD

Mr. Welsh noted that this award is to all KUA employees for
the outstanding programs and services that KUA provides to the
community it serves. Neville Turner, director of Personnel and
Risk Management, accepted the award from Chairman Hord on behalf
of the employees.

4. FLORIDA MUNICIPAL ELECTRIC ASSOCIATION (FMEA) SAFETY
AWARD

A safety award was presented to Ben Sharma, director of Power
Supply, for no lost time accidents from January 1, 1997 to
December 31, 1997 in power production.

5. EMPLOYEE OF THE MONTH - ALAN BURKHARDT

Alan Burkhardt, a lineman in Transmission & Distribution was
honored as the August Employee of the Month. Ken Davis, the
department director, accepted Mr. Burkhardt's award in his
absence.

C. HEAR THE AUDIENCE - None.

D. PUBLIC HEARING - None.

E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION) - None.

F. OLD BUSINESS - None.

G. NEW BUSINESS

1. RESOLUTION 98-4 - KUA PENSION PLAN

This item was removed from the agenda until more information can be provided.

2. BUY OUT OF PHOENIX APPLIED TECHNOLOGY, INC. DIAL-UP CUSTOMER BASE

Mr. Welsh noted that Dennis Wick, director of Information Systems, and Joe Hostetler, director of Finance, have negotiated a contract for the purchase of approximately 1,200 dial-up customers from Phoenix Applied Technology, Inc. If implemented, this would provide KUA a substantial base of customers with which to start its Internet business.

Mr. Wick presented details of the purchase through a computer-aided presentation. He reviewed the customer base involved, the payment methodology, the assumption of infrastructure, transition services and competitive or partnership issues. Mr. Wick also gave the Board members a corrected copy of the contract proposed and reviewed those changes.

Chairman Hord asked if KUA would continue to pay Phoenix for a customer that decides to leave during the two-year purchase period. Mr. Wick confirmed that KUA would continue to pay until the end of the contract period for the guaranteed customers only.

Vince Barnes, general manager of Phoenix Applied Technology addressed the Board and noted that the \$35 sign-up fee is no longer in effect. He also answered questions about the range of rates being charged to his customers.

Discussion was held on the total cost to KUA per month per customer. Chairman Hord questioned the payment methodology.

Mr. Hostetler gave a financial summary on the cost of the customer base and the total monthly cost to KUA to acquire Phoenix's dial-up customers. Mr. Hostetler also analyzed the effects of purchasing or not purchasing under various successful or unsuccessful marketing campaigns and various growth/no growth scenarios during a 5-year period. He said that from the analysis in all cases reviewed, purchasing is more valuable to KUA versus starting with no established customer base.

Director Guthrie noted that KUA began the Internet service not necessarily to make money, but to provide additional services to KUA customers.

Mayor Attkisson questioned the contract and Mr. Brinson, attorney for KUA, said he had reviewed it for content. It was noted that Vince Barnes, his wife and the corporation have signed the contract to not compete with KUA for 5 years.

ACTION: Motion by Director Ralston, seconded by Director Guthrie, to approve the purchase of the dial-up customer base from Phoenix Applied Technology, Inc. and authorized the Chairman and the Secretary to execute a contract, as amended by the corrections provided.

Motion carried 3 - 1
Chairman Hord voted no

H. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON T&D PROJECTS

There were no questions about the written report.

2. CONDENSED FINANCIAL REPORT - MAY 1998

Mr. Hostetler reviewed the condensed financial report for June 1998. His presentation detailed fuel and purchased power, budgeted and actual revenues and year-to-date figures for expenditures and revenues. He noted that the hot weather has attributed to a 4% rise in metered sales above the original forecast for the month of June.

3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

There were no questions about the written report. Ben Sharma, director of Power Supply, commented on the megawatt sales to other utilities and power brokers. Mr. Sharma said the revenues from these sales were passed on to the KUA customers by reducing the COPA (Cost of Power Adjustment).

4. DEPARTMENT HIGHLIGHTS - INFORMATION SYSTEMS

This report was removed by staff and will be given at the August meeting.

5. INTERNET SERVICES PROVIDER UPDATE

Mr. Wick reviewed the Internet Services Provider (ISP) project and the July activities. The Grand Opening for the KUA Internet will be October 1, 1998.

Mr. Welsh introduced V.J. Sochocki, the ISP manager, and Robert Bernys, the Marketing Manager.

Mr. Bernys gave a presentation on the marketing plan. WebTv was discussed briefly with the director of Information Systems.

I. CONSENT AGENDA

ACTION: Motion by Director Guthrie, seconded by Director Ralston to approve the consent agenda as submitted.

Motion carried 4 - 0

1. APPROVAL OF MINUTES OF JUNE 24, 1998 REGULAR MEETING
2. INTERCHANGE SERVICE AGREEMENT BETWEEN KUA AND OGLETHORPE CORPORATION
3. INTERCHANGE SERVICE SCHEDULES JH, CH AND XH BETWEEN KUA AND TAMPA ELECTRIC COMPANY
4. CHAMBER OF COMMERCE 1998 GALA OSCEOLA SPONSORSHIP

J. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

General Manager Welsh gave an order brochure to each board member for the KUA toy trucks. He explained that \$5.00 out of the sale of each truck would go to United Way.

Mr. Welsh also noted that the Public Service Commission will be holding a needs assessment hearing on September 17 and 18 for the Cane Island 3 power plant. He asked if the Board wanted to approve travel funds for this trip for both he and the board members interested in attending the hearing. **It was the consensus of the Board to place this item on the agenda at the August board meeting.**

Mr. Welsh said his annual review by the board would be on the agenda in September. He also distributed copies of the 1997 Annual Report to board members.

ATTORNEY

Mr. Brinson said if the Board wanted, there would be an informational presentation on the recent developments in the Amtrak vs. KUA case at the next board meeting. It was determined that this presentation would be given at the August board meeting.

MAYOR

Mayor Attkisson reviewed the situation between the County, the City and the World Expo Center. He wanted to know if there was a way that KUA and the local government entities could keep this company within their service area.

K. ADJOURNMENT - Meeting was adjourned at 8:19 p.m.


 CHAIRMAN

ATTEST:


 SECRETARY