

**MINUTES OF THE SPECIAL BOARD MEETING OF KISSIMMEE UTILITY  
AUTHORITY, WEDNESDAY, JUNE 11, 2003, 5:30 P.M., BRINSON BOARDROOM,  
ADMINISTRATION BUILDING, 1701 W. CARROLL STREET, KISSIMMEE, FLORIDA.**

Present were Vice-Chairman Don Shearer, Director Bill Hart, Director Nancy Gemske, Director Domingo Toro, Mayor Gant, Attorney Grant Lacerte, General Manager James Welsh, and Recording Secretary Judy Womack. Absent was Chairman Larry Walter.

A. **MEETING CALLED TO ORDER** at 5:30 p.m. by Vice-Chairman Shearer.

B. **PLEDGE OF ALLEGIANCE**

The Board and staff recited the Pledge of Allegiance.

C. **BUDGET REVIEW**

1. **INTRODUCTION – JAMES C. WELSH, PRESIDENT & GENERAL  
MANAGER**

Mr. Welsh gave a brief introduction of the budget. Mr. Welsh stated that Wilbur Hill, Vice President of Human Resources would talk about five new positions planned for next fiscal year. Mr. Welsh stated that Unit 4 was not in the budget at this time and may require an amendment later in the year, but revenues from this project would come in from FMPA. Mr. Welsh stated that Stanton A was in the budget for the first time. Mr. Welsh also pointed out that \$7 million is in the budget for the County Convention Center and \$5 million for the new substation planned for the Pleasant Hill Road area. Mr. Welsh then introduced Fred Cumbie, Board Member Designee.

Mr. Welsh stated that a late item related to the Budget came in regarding telecasting Board meetings through Access Osceola. This would be discussed in the Human Resources portion of the agenda.

2. **FINANCIAL OVERVIEW – JOE HOSTETLER, VICE PRESIDENT OF  
FINANCE & RISK MANAGEMENT**

Joe Hostetler, Vice President of Finance & Risk Management gave a power point presentation highlighting the 2004 Budget. Mr. Hostetler noted that staff will reclassify a \$2 million capital item to an inventory item relating to Row 2 Buckets for the Cane Island 3 plant. Dr. Gant questioned why they would be stocked so far in advance. Ben Sharma, Vice President of Power Supply replied that KUA would receive a \$400,000 discount if purchased by December 15, 2003 and that they would be in stock when needed.

Mr. Hostetler noted that FMPA reimbursement monies noted on page IV-6 were now put under a separate line item. Mr. Hostetler also explained the pros and cons of the ARP including an explanation of capacity credits.

Mr. Hostetler noted a decrease in investment income from 5.8% in 2000 to 2.2% projected for 2004. He noted that Larry Webb, Manager of the Treasury, does not feel that the market will return in 2004. Dr. Gant asked if KUA applies interest to operations or saves it as a capital item. Mr. Hostetler stated it is classified as a non-operating revenue and that interest revenues are a source of funds for all expenses. Mayor Gant suggested staff allocate interest revenues to expense categories other than operating expenses in case the market remains low. Staff agreed to look into this.

Mr. Hostetler stated that staff will make a recommendation later this year on the software analysis issue, and whether or not KUA will keep H.T.E. There is currently \$1.2 million projected set aside from prior year capital projects, but it is not known at this time whether this will cover the cost of new software.

Mr. Hostetler explained Rate Stabilization issues including the Junior Lien Resolution coming in July and putting aside money into a new Rate Stabilization account. Mayor Gant questioned the funding in Rate Stabilization reserves. Mr. Hostetler explained the funding is needed for the income statement to balance the budget.

Mr. Hostetler explained the CR3 (Cost Reduction/Revenue Raising) Program in place. He gave an overview of the company wide goals and where the savings would go from the program.

Mr. Hostetler then broke down Revenues and Other Sources, Revenues by Class, Expenses and Other Uses of Funds, Fixed vs. Variable Financing and Debt Service issues. Mayor Gant suggested that maybe staff should look into paying cash for the new sub-station since the margin is so tight right now, Mr. Hostetler said staff would look into this.

Director Hart questioned that if short term rentals are reclassified from small commercial to residential, how much of an effect would it have on revenues. Staff explained that even if the Department of Revenue reclassifies short term rentals, this would be for the purpose of taxes only, not utility rates as the D.O.R. has no regulatory authority over how we bill. Attorney Lacerte concurred.

Dr. Gant questioned Load Management Forecasting and the assumption that customers will use 2% more electric services next year. Robert Miller, Manager of Bulk Power Planning was called up to explain that weather and larger square foot homes help to determine this.

Dr. Gant questioned why Power Supply cost projections are greater this year. Mr. Hostetler stated that the bulk of this is due to the new Stanton A Plant but staff will monitor what we are getting paid back from ARP.

3. **HUMAN RESOURCES OVERVIEW – WILBUR HILL, VICE PRESIDENT OF HUMAN RESOURCES**

Wilbur Hill, Vice President of Human Resources, showed the company wide organizational chart. Mr. Hill recommended that the Board approve a 3% Market Level Adjustment to the current salary.

**ACTION: Director Toro made a motion, seconded by Director Gemskie to approve, for budget purposes, a 3% market level adjustment.**

**Motion carried 4-0**

Director Shearer adjourned the meeting for a five minute recess at 7:05 p.m.

Director Shearer reconvened the meeting at 7:10 p.m.

4. **DEPARTMENTAL O&M AND CAPITAL BUDGETS**

a. **POWER SUPPLY – BEN SHARMA**

Mr. Sharma gave an overview of his budget. He had no recommendations for new positions and reduced one full time and one part time position. Mr. Sharma reviewed his CR3 goals and major capital budget items.

There was a brief discussion on Load Management issues. Mr. Sharma stated that staff will probably recommend stopping the Load Management program as there really has not been a substantial benefit to the program since joining the ARP and very few customers even inquire about the program. Mr. Sharma will report back to the Board in August on this issue.

b. **INFORMATION TECHNOLOGY – JEF GRAY**

Cheryl Mears, Manager of I.T. Operations gave a presentation on Information Technology which included an overview of their organizational chart. The only additional employee requested is an Internet Technician. These positions will only be filled if demand requires.

Ms. Mears also reviewed CR3 goals and Capital Requirements.

c. **ENGINEERING & OPERATIONS – KEN DAVIS**

Ken Davis, Vice President of Engineering & Operations presented his organizational chart. Mr. Davis stated that two new positions for an Engineer and Meter

Tech are proposed. There is also an increase due to an increase in tree trimming and line extensions.

Mr. Davis noted that the only change from the 10 Year Plan is a vehicle for the new engineer which was not included in the plan. Mr. Davis then reviewed his CR3 goals

Director Hart stated that reliability is now a big issue and wondered what strides are being made to improve reliability. Mr. Davis stated that strides are being made to reduce the duration of outages, but this can cause an increase in blinks because they help to clear faults.

**d. CUSTOMER SERVICE & MARKETING, MIKE GERAGHTY**

Mike Geraghty, Vice President of Customer Service and Marketing highlighted his organizational chart. Mr. Geraghty proposed a change in two full time positions to part time positions and one additional part time Customer Service Representative for the phone bank. Mr. Geraghty reviewed his department's CR3 goals.

Director Hart asked if many customers were taking advantage of the electronic checking system. Mr. Geraghty stated he is very pleased with the system and approximately 3,000 customers are using it each month.

**f. FINANCE & GENERAL MANAGEMENT – JOE HOSTETLER**

Joe Hostetler, Vice President of Finance & Risk Management reviewed his department's organizational chart. He noted that the Contract Administrator position has been eliminated and two existing positions were reclassified as a result of this. Mr. Hostetler noted that the EDI Project was eliminated from capital projects.

Mr. Hostetler then reviewed the Executive Office and Board budgets. Attorney Lacerte commented that in addition to his CR3 goals, he has developed a tracking system for legal matters and is trying to convert 35 to 40% of his files to the paperless system. Mr. Lacerte also stated that he has worked on over 100 matters since October.

**g. HUMAN RESOURCES – WILBUR HILL**

Wilbur Hill, Vice President of Human Resources stated that the only minor change in personnel services is the addition of a part-time television production intern. Mr. Hill reviewed CR3 goals.

There was a brief discussion on why total expenses increased. Chris Gent, Manager of Corporate Communications noted that the increase is mainly due to overtime coverage for special events, such as 4<sup>th</sup> of July.

Chris Gent, Manager of Corporate Communications gave an overview of televising Board meetings on Access Osceola based on a suggestion by Director Hart. Mr. Gent presented five options. There was a discussion on the matter.

**ACTION: Director Hart made a motion to experiment with two meetings using Option 1 and a third meeting at the City of Kissimmee Chambers and edit these for review.**  
**Motion died for lack of a second.**

The Board then agreed that more exploration should be done on televising meetings through Access Osceola and the issue may be brought back at another time.

**D. OTHER**

General Manager Welsh stated that he had an informational agenda item that he would like to submit.

**ACTION: Director Hart made a motion, seconded by Director Gemskie to add an additional item to the agenda.**

**Motion carried 4-0.**

**1. UPDATE ON THE STATUS OF INSPECTION AND REPAIR WORK AT THE HANSEL CC UNIT**

Ben Sharma, Vice President of Power Supply gave a brief report on the work at the Hansel Combined Cycle Unit. He stated that the scope of the work has changed, but the price will not exceed the \$561,096 that the Board approved.

E. **HEAR ATTORNEY, INTERNAL AUDIT, GENERAL MANAGER, DIRECTORS**

Attorney Lacerte and Algertha Diggs, Manager of Internal Audit had no items to report on.

General Manger Welsh gave the Board information on a speaking engagement by Tom Tart on June 19.

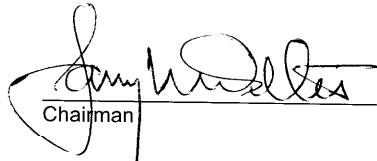
Mr. Welsh then asked the Board if they would like to change the start times of special board meetings for the 10 Year Plan and Budget Meetings. The Board agreed to start the Special Board meetings at 5 pm, instead of 5:30 pm in the future.

Each of the members of the Board thanked staff for a job well done.

F. **ADJOURNMENT**

Meeting adjourned at 9:15 p.m.

  
Secretary

  
Chairman