

**MINUTES OF A REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY,
WEDNESDAY, SEPTEMBER 6, 2006 at 3:30 P.M., BRINSON BOARD ROOM,
ADMINISTRATION BUILDING, 1701 W CARROLL STREET, KISSIMMEE, FLORIDA.**

Present were Chairman Gemskie, Vice Chairman Toro, Director Hart, Director Cumbie, Director Kasper, General Manager Welsh, Vice President and General Counsel Lacerte, and Recording Secretary Ambrosi. Mayor Goodwin-Nichols was absent.

A. **MEETING CALLED TO ORDER** at 3:30 p.m. by Chairman Gemskie.

B. **PLEDGE OF ALLEGIANCE**

The Board and staff recited the Pledge of Allegiance.

C. **INSTALLATION OF NEW BOARD MEMBER**

Mr. William Hart was sworn in by Judy Ambrosi, Recording Secretary.

D. **ELECTION OF NEW BOARD MEMBER**

ACTION: Director Toro made a motion, seconded by Director Kasper to nominate Nancy Gemskie for Chairman of the KUA Board of Directors.

Motion carried 5-0

ACTION: Director Hart made a motion, seconded by Director Cumbie to nominate Domingo Toro for Vice-chairman of the KUA Board of Directors.

Motion carried 5-0

ACTION: Director Cumbie made a motion, seconded by Director Toro to nominate Bill Hart for Secretary of the KUA Board of Directors.

Motion carried 5-0

ACTION: Director Toro made a motion, seconded by Director Hart to nominate Fred Cumbie for Assistant Secretary of the KUA Board of Directors.

Motion carried 5-0

E. **AWARDS AND PRESENTATIONS**

1. **5-YEAR SERVICE AWARD – ROSEMARIE CARFAGNA, SECRETARY II, ENGINEERING & OPERATIONS**
2. **5-YEAR SERVICE AWARD - JOSÉ SANTIAGO, FIELD SERVICE SPECIALIST, CUSTOMER SERVICE & MARKETING**
3. **10-YEAR SERVICE AWARD – STEVE VOIGHT, POWER PLANT OPERATOR/MECHANIC, POWER SUPPLY**
4. **15-YEAR SERVICE AWARD – JOE MITCHELL, LEAD METER TECHNICIAN, CUSTOMER SERVICE & MARKETING**
5. **15-YEAR SERVICE AWARD – MARY O'ROURKE, ADMINISTRATIVE ASSISTANT, HUMAN RESOURCES**
6. **15-YEAR SERVICE AWARD – JOSÉ VECCHINI, POWER PLANT OPERATOR/MECHANIC, POWER SUPPLY**
7. **EMPLOYEE OF THE MONTH FOR OCTOBER – VANESSA LUGO, SECRETARY II, CPS, ENGINEERING & OPERATIONS**

Vanessa was acknowledged for her great attitude and her assistance to other employees. Special recognition was given for her dedication to the Meals on Wheels program. The Board congratulated Vanessa and presented her with a plaque; a day off with pay; a certificate for a good parking space; a free tire rotation; dinner for two at Sonny's and two tickets to the Osceola Center for the Arts.

F. **HEAR THE AUDIENCE** - none

G. **CONSENT AGENDA**

**ACTION: Director Hart made a motion, seconded by Director Cumbie to approve items #1 through 4 on the consent agenda as written.
MOTION CARRIED 5-0**

1. APPROVAL OF MINUTES FROM REGULAR MEETING OF SEPTEMBER 6, 2006

2. AWARD OF BID #040-06, ANNUAL REQUIREMENT FOR CONDUIT INSTALLATION SERVICES

Recommendation: Award of IFB 040-06 to the following three firms: Fishel Company, Pinpoint Earth Construction Services and Young's Communication Company for the total estimated amount of \$500,000 annually between all three firms.

3. AWARD OF BID #042-06 JUNCTION BOXES

Recommendation: Award of bid #042-06 to WESCO Distribution in the total amount of \$115,136.

4. AWARD OF BID ITB-8/31/2006-23-CB, ALUMINUM LIGHTING POLES & LIGHTING FIXTURES

Recommendation: Award of bid ITB-8/31/2006-23-CB as follows: poles to John Carter & Associates for the total amount of \$166,650; and fixtures to Gresco Utility Supply for the amount of \$221,374.

F. PUBLIC HEARING - none

G. INFORMATIONAL PRESENTATION (REQUIRING NO ACTION) - none

H. OLD BUSINESS - none

I. NEW BUSINESS

1. UPDATE OF THE TRANSMISSION CONSTRAINT SITUATION IN CENTRAL FLORIDA

Ben Sharma, Vice president of Power Supply updated the Board on the status of discussions relating to upgrading transmission line sections between the Cane Island North Tap and Cane Island to meet new reliability standards which were discussed in detail at the September 6, 2006, Board meeting. Mr. Sharma stated that details were worked out at a September 7, 2006, workshop by the FRCC in which an estimated cost of \$3 million was negotiated for these upgrades.

Director Toro asked if Reedy Creek would pay anything. Mr. Sharma stated that they would not because they could get their power from another section. Director Hart asked if the \$3 million estimate was a lump sum figure or could be paid over time. Mr. Sharma stated that this is a planning budget number presented by Black & Veatch.

Director Cumbie asked if the \$3 million was at today's prices or could possibly go up. Mike Simpson stated that this is in today's dollars, so it could be more. Mr. Simpson also stated that this \$3 million does not include internal KUA costs.

ACTION: Director Kasper made a motion, seconded by Director Hart to authorize staff to proceed on with the actions necessary to upgrade the transmission line sections between Cane Island North Tap and Cane Island for an estimated cost of \$3 million and as presented by FRCC and accepted by Florida Public Service Commission during a workshop on September 7, 2006.

MOTION CARRIED 5-0

Mr. Welsh asked the Board to add an item to new business that came in late.

2. STAFF RECOMMENDATION FOR BOARD TO APPROVE AGREEMENT TO TERMINATE MARKETING RELATIONSHIP WITH THE UTILITIES COMMISSION OF NEW SMYRNA BEACH, INCLUDING APPROPRIATE WAIVERS AND RELEASES

Grant Lacerte, Vice president & General Counsel advised the Board that the Utilities Commission of New Smyrna Beach terminated their marketing agreement with KUA earlier this year. The termination agreement being presented, which has already been signed by New Smyrna Beach offered an amicable termination to the agreement and would allow KUA to pursue other telecommunications offerings should they become available.

Director Cumbie asked if getting out of the telephone business jeopardizes KUA with State telecommunications regulations. Mr. Lacerte stated that he thinks that KUA would be grandfathered in should we enter into another agreement. Mr. Lacerte also reminded the Board that KUA is still in the wireless business.

ACTION: Director Cumbie made a motion, seconded by Director Kasper to approve the attached Agreement to Terminate Utilities Commission, City of New Smyrna Beach, Florida Independent Sales Representative Agreement and release and waiver and authorize Chairman and Secretary to execute same.

MOTION CARRIED 5-0

J. STAFF REPORTS

1. **MONTHLY PROGRESS REPORT ON ENGINEERING & OPERATIONS DEPARTMENT PROJECTS**
2. **MONTHLY PROGRESS REPORT ON POWER SUPPLY DEPARTMENT PROJECTS**
3. **A BRIEF REPORT ON CERTAIN RENEWABLE RESOURCE GENERATION TECHNOLOGIES AND NUCLEAR GENERATION TECHNOLOGIES**

Ben Sharma, Vice president of Power Supply presented a report which included information on biomass, wind, solar and nuclear generation. Mr. Sharma advised the Board of advantages and disadvantages of each of these generation technologies.

4. **MONTHLY PROGRESS REPORT ON INFORMATION TECHNOLOGY DEPARTMENT PROJECTS**
5. **ELECTRIC SALES REPORT – AUGUST, 2006**

Charles Lee, Manager of Financial Analysis Division presented the August, 2006 report.

K. HEAR ATTORNEY, GENERAL MANAGER, DIRECTORS

Grant Lacerte, Vice president & General Counsel updated the Board on current cases including a rise in personal injury cases, some of which appear to be unfounded.

Mr. Welsh advised the Board of the E&O demo, the City Commission debate and the Quarter Century dinner, all on October 17. Mr. Welsh welcomed Sue Utley from FMPA to today's meeting.

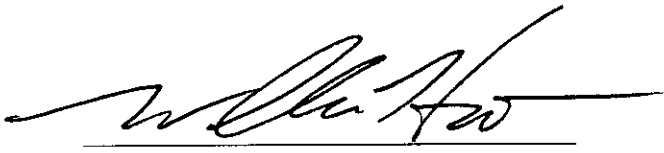
Director Cumbie asked about the rumor that Southern Company may be buying out Progress Energy and whether or not this would have an effect on KUA. Mr. Sharma has not heard anything other than a rumor, but stated that we have relationships with both companies.

Director Hart mentioned the new sales tax relief for energy efficient appliances and wondered if KUA is doing anything to promote energy efficient appliances. Chris Gent stated that a news release was sent out yesterday and information was posted on our web site. Director Hart thanked the Board for his reappointment to the Board.

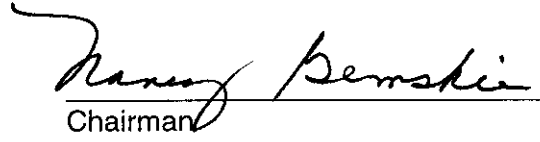
L. ADJOURNEMENT

Meeting adjourned at 4:35 p.m.

September 6, 2006
2319

A handwritten signature in black ink, appearing to be 'William Ho', written over a horizontal line.

Secretary

A handwritten signature in black ink, 'Nancy Bemskie', written over a horizontal line.

Chairman