

**MINUTES OF A REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY,
WEDNESDAY, JULY 11, 2007 at 3:30 P.M., BRINSON BOARD ROOM,
ADMINISTRATION BUILDING, 1701 W CARROLL STREET, KISSIMMEE, FLORIDA.**

Present were Chairman Nancy Gemskie, Vice Chairman Domingo Toro, Director William Hart, Director Fred Cumbie, Director Jim Kasper, General Manager James Welsh, Vice President and General Counsel Grant Lacerte, and Recording Secretary Leticia Rivera. Mayor Jim Swan 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. **AWARDS AND PRESENTATIONS**

1. **APPA RP3 AWARD**

Ken Davis, Vice president of Operations presented the APPA award that recognizes utilities for their commitment to four areas: reliability, safety, training and system improvement. In April 2007, KUA received a Platinum level ranking. The plaque was presented to the Board.

2. **5-YEAR SERVICE AWARD – GARY HUNTER, LINE LOCATOR,
ENGINEERING & OPERATIONS**

3. **5-YEAR SERVICE AWARD – LARRY MASSEY, APPRECTICE LINEMAN,
ENGINEERING & OPERATIONS**

4. **5-YEAR SERVICE AWARD – MELISSA ROGERS, T& D OPERATIONS
ASSISTANT, ENGINEERING & OPERATIONS**

5. **EMPLOYEE OF THE MONTH FOR JULY – NEERANJAN DASS, POWER
PLANT OPERATOR/MECHANIC, POWER SUPPLY**

Neeranjan was recognized by a fellow employee for his exceptional levels of work performance and loyalty towards KUA, KUA staff and his daily job responsibilities. The Board congratulated Neeranjan and presented him with a plaque; a day off with pay; a certificate for a good parking space; dinner for two at Sonny's and two tickets to the Osceola Center for the Arts.

D. **HEAR THE AUDIENCE** - None

E. **CONSENT AGENDA**

General Manager James Welsh asked that item # 3 be removed for the Consent Agenda until additional information is supplied.

**ACTION: Director Hart made a motion seconded by Director Cumbie to
approve items #1 and #2 on the Consent Agenda as written.
MOTION CARRIED 5-0**

1. **APPROVAL OF MINUTES FROM REGULAR MEETING OF JUNE 6, 2007**

2. **AWARD OF BID IFB# 025-07 TRANSFORMERS**

Recommendation: Staff recommends award of bid IFB-025-07 as indicated on the bid award summary.

3. **PROPERTY INSURANCE RENEWAL**

General Manger Welsh stated that there are additional charges totaling approximately \$14,000 that are Florida surcharges bringing the total to \$821,106.

Director Cumbie asked if other insurance companies were looked into. Joe Hostetler, Vice President of Finance & Risk Management stated that last year KUA went out for bid on property insurance renewal

ACTION: Director Cumbie made a motion, seconded by Director Hart to approve item #3 on the consent agenda as revised.
MOTION CARRIED 5-0

Recommendation: Staff recommends award the renewal of property insurance with FM Global in the amount of \$806,497.

F. PUBLIC HEARING –

Joe Hostetler, Vice president of Finance & Risk Management distributed a condensed 2008 budget packet and presented a brief overview.

Mr. Hostetler gave a breakdown of the costs included in the energy conservation fund. Director Hart asked if revenues received from tampering charges are used to pay for the employees who maintain the program. Mr. Welsh stated that these revenues go back into the general fund.

Chairman Nancy Gemskie asked the audience if there was anyone who wanted to address the Board on this issue. There was no response

ACTION: Director Domingo Toro made a motion, seconded by Director Hart to approve Resolution No. 07-04 and authorize Chairman and Secretary to execute the Resolution.
MOTION CARRIED 5-0

G. INFORMATIONAL PRESENTATION (REQUIRING NO ACTION) - None

H. OLD BUSINESS –

1. PENSION COST OF LIVING ADJUSTMENT, RESOLUTION NO. 07-02

Joe Hostetler, Chairman of the Pension Board gave an overview of the resolution to the Board. Mr. Hostetler clarified this is a 2% increase per full year up to a maximum of 6%, assuming the employee has been retired at least one year. This would raise total payroll from 11.1% to 11.4%.

Director Cumbie asked if monies from the pension board are being used to pay any additional cost of living expenses, or is it all coming from KUA. Mr. Hostetler responded that the pension fund is a trust so this increase would be funded by KUA.

ACTION: Director Hart made a motion seconded by Director Kasper to approve staff's recommendation to approve Resolution 07-02 and authorize Chairman and Secretary to execute the Resolution.
MOTION CARRIED 5-0

2. PENSION HEALTH SUPPLEMENT INCREASE, RESOLUTION NO. 07-03

Joe Hostetler, Chairman of the Pension Board detailed the proposal which would increase the \$100 health supplement to \$300 for those employees who elect to take early retirement once the proposed resolution is approved. The amount would decrease to \$25 once the retiree reached the age of 65.

Director Cumbie stated that he opposed a resolution which, in his mind may encourage early retirement at the customer's expense.

ACTION: Director Kasper made a motion, seconded by Director Hart to approved Staff's recommendation to approve Resolution 07-03 and authorize Chairman and Secretary to execute the Resolution.
MOTION PASSED 4-1
Director Cumbie opposed

I. NEW BUSINESS

1. APPROVAL TO ISSUE A NOTICE OF HEARING TO CONSIDER STANDARD 11 OF THE PUBLIC UTILITIES REGULATORY POLICY ACT (PURPA) OF 1978.

Larry Mattern, Vice president of Power Supply stated that staff does not have a recommendation or stance at this time for Standard 11. Staff would like to recommend putting a form of notice for a public hearing for March 2008 to give the public time to consider Standard 11 of PURPA. Grant Lacerte, Vice president & General Counsel added it is almost the identical process to Standard 15 and recommended waiting to see if anyone from the general public files a notice to participate in January 08.

ACTION: Director Cumbie made a motion, seconded by Director Hart to approve staff's recommendation to approve Form of Notice to be published in the local media for a Public Hearing to be held in March 2008 to consider Standard 11 or PURPA.

MOTION PASSED 5-0

2. RESOLUTION AFFIRMING KUA'S COMPLIANCE WITH STANDARD 12 OF THE PUBLIC UTILITY REGULATORY COMPLIANCE ACT OF 1978

Larry Mattern, Vice president of Power Supply stated that staff is meeting PURPA Standard 12 through our activities with FMPA and we are active on committees with FMPA going forward with APPA and others to look at diversifying fuel sources, including renewable sources of fuel.

ACTION: Director Cumbie made a motion, seconded by Director Hart to approve Staff's recommendation to approve the Resolution affirming KUA's compliance with Standard 12 of PURPA as codified by the EP Act.

MOTION PASSED 5-0

Mr. Lacerte advised Board that Standard 13 to will be reviewed at the September Board meeting.

3. COST OF POWER ADJUSTMENT

Joe Hostetler, Vice president of Finance & Risk Management apprised the Board on the Cost of Power Adjustment. During FY 2003 the Board of Directors authorized the establishment of a Rate Stabilization fund to be used in future years to help stabilize rates. The Board set a minimum of \$5M and a maximum of \$30M. Staff projects reaching the maximum level during FY 08 and are recommending the usage of \$1M to help stabilize the customer rates.

Director Hart asked about the balance of the rate stabilization fund. Mr. Hostetler stated that it is currently \$24M. The fund also earns and accrues interest.

ACTION: Director Kasper made a motion, seconded by Director Hart to approve Staff's recommendation to authorize staff to utilize the \$1million of Rate Stabilization funds for the July, 2007 bills. Also, authorize staff to utilize Rate Stabilization funds to stabilize rates in the future and report the Cost of Power Adjustment as we have in the past under Statistical Reports and Other informational Items.

MOTION PASSED 5-0

J. STAFF REPORTS

1. QUATERLY REPORT ON ENGINERRING & OPERATIONS DEPARTMENT PROJECTS

Ken Davis, Vice president of Engineering & Operations reported on the status of projects including the Neptune Road Transmission Line Upgrade/Relocation project, the Osceola Parkway substation and the Pleasant Hill transmission line upgrade. Mr. Davis advised the Board that the Pleasant Hill night work is progressing well and the inconvenience to residents is minimal.

2. PARKING LOT UPDATE

Carolyn Scott, acting Vice president of Customer Service and Marketing gave an update to the Board of the Carroll Street parking lot project. Mrs. Scott stated that the target date for completion is January of 2008.

K. HEAR ATTORNEY, GENERAL MANAGER, DIRECTORS


Grant Lacerte, Vice president & General Counsel briefed the Board on current cases. Mr. Lacerte also stated that KUA and KUA.net's trademarks were registered with the U.S. Patent and Trademark Office

General Manager Welsh reminded the Board of the FMPA annual conference next week. He also informed the Board about the change-over to the new CIS system billing system. There have been a few delays of bills going out, but by next week we should be on track. General Manager James Welsh distributed copies of the community sponsorship slides as requested from the last meeting.

Director Hart presented the Board with issues that he would like to have discussed at future meetings.

L. ADJOURNMENT

Meeting adjourned at 5:40 p.m.


Secretary


Chairman