

**MINUTES
ORLANDO UTILITIES COMMISSION
July 14, 2015
2:00 P.M.**

Present:

COMMISSIONERS:

Linda Ferrone, President
Gregory D. Lee, First Vice President
Dan Kirby, Immediate Past President
Buddy Dyer, Mayor

Kenneth P. Ksionek, General Manager & Chief Executive Officer
Jan Aspuru, Clint Bullock, Maggie Duque, Roseann Harrington, Byron Knibbs,
Chip Merriam and Rob Teegarden, Vice Presidents
Jerry Sullivan, Vice President & Chief Information Officer
John H. Hearn, Vice President & Chief Financial Officer
W. Christopher Browder, Vice President & General Counsel
Nanci Schwartz, Recording Secretary

President Ferrone asked John Hearn to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:39 P.M.

* * *

On a motion by Mayor Dyer, seconded by Commissioner Kirby and unanimously carried, the reading of the minutes of the June 9, 2015 Commission Meeting was waived and the minutes were approved.

* * *

Jan Aspuru presented a 30-year service award to Todd Stallings, Watch Engineer, Energy and Water Production.

* * *

Roseann Harrington announced that OUC received the American Public Power Association's Energy Innovator Award in recognition for efforts to build the Gardenia Community Solar Farm.

* * *

Mr. Ksionek asked Jan Aspuru to provide a presentation on Affirmative Item A-2 regarding the Natural Gas Supply Agreement. Mr. Aspuru reminded the Board of a previous agenda item from March 10, 2015, in which the Commission approved additional sculpted FTS-2 capacity on the Florida Gas Transmission (FGT) System. LNG Holdings (Florida) LLC (LNGH), a subsidiary of Fortress Energy Partners, plans to build a Liquefied Natural Gas (LNG) facility on property adjacent to OUC's Indian River Plant (IRP). The LNG facility will eventually be connected to the FGT system. OUC is uniquely positioned to provide natural gas to the facility. LNGH and OUC have reached an agreement for a five-year term beginning April 1, 2016, which includes 20,000 MMBTUs per day, or approximately \$5 million annual reduction in fuel costs and the potential for LNG storage rights for use at IRP.

* * *

Mr. Ksionek asked Luz Aviles to provide a presentation on Affirmative Item A-10 regarding the Home Energy and Water Reporting Program. Ms. Aviles reported OUC began providing behavioral reports to customers in 2011, resulting in 37.8 GWh of energy reductions to over 86,000 residential electric customers. The new Home Energy and Water Reporting Program offered by Schneider Electric will expand the scope to 150,000 residential and small commercial customers, including water customers. The program will be integrated into myOUC.com and will be available across smart devices. Ms. Aviles explained how customers will receive targeted messages and a personalized Home Utility Report. She also discussed future program capabilities, such as gamification.

President Ferrone asked if the program can handle more than 150,000 customers. Ms. Aviles replied that 150,000 customers is the maximum that can be served by this program, both due to the control group and the maximum number of customers in OUC's service territory that fall into the same type of classification. A control group will be utilized to validate the savings obtained by the program.

President Ferrone also inquired as to whether recommendations evolve over time based on customer information and behavior. Ms. Aviles responded that the messages get customized to customer specific information.

Mayor Dyer asked if it would ever be possible to remove the control group in order to have 100 percent of customers signed up for this type of program. Ms. Aviles responded that she will inquire with the vendor about increasing the potential number of customers.

* * *

Mr. Ksionek asked Roseann Harrington to provide a presentation on Affirmative Item A-12 regarding the Utility-Exclusive Sustainability Partnership Agreement with the United States Tennis Association (USTA). Ms. Harrington provided background information about the USTA facility, which will be built on 63 acres in

Lake Nona and be Leadership in Energy and Environmental Design (LEED) certified. It will attract over 100,000 unique visitors per year, create 154 high-paying jobs and be the catalyst for the development and attraction of future businesses to the 300 acre Lake Nona Sports Innovation and Performance District. OUC proactively participates in the recruitment of high load and high impact projects, and the project qualified for an economic development rate rider. OUC will partner with the USTA to design, implement and showcase sustainable building practices on the campus. In exchange for consideration of infrastructure fees, OUC will enter an eight-year Partnership Agreement that will begin on January 1, 2017, and will provide OUC promotional rights, branding on sustainability assets and additional opportunities to educate the public about conservation-related products and programs.

* * *

Commissioner Kirby announced a conflict of interest with Affirmative Item A-2. Commissioner Lee announced a conflict of interest with Affirmative Item A-12. President Ferrone presented the remaining Affirmative Items for approval. On a motion by Mayor Dyer and seconded by Commissioner Kirby, the remaining Affirmative Items were approved as follows:

1. Ratification of the fuel procurements to the low bidders in April 2015 in the aggregate amount \$8,695,723.50 as follows:

NATURAL GAS PURCHASES:

Apr. 2015	BG Energy	\$ 161,700.00
Apr. 2015	BP Energy	\$ 493,675.00
Apr. 2015	EDF Trading (Formerly Eagle Energy)	\$1,285,933.94
Apr. 2015	Enbridge Marketing, LP	\$ 447,865.83
Apr. 2015	Energy America (Direct Energy)	\$ 182,350.00
Apr. 2015	ENI USA Gas Marketing	\$ 162,111.00
Apr. 2015	Infinite Energy	\$ 152,663.09
Apr. 2015	Macquarie Cook Energy, LLC	\$1,245,406.30
Apr. 2015	Shell Energy	\$ 565,668.19
Apr. 2015	Tenaska Marketing Ventures	\$2,553,095.04
Apr. 2015	Texla Energy Management, Inc.	\$ 934,007.27

COAL PURCHASES:

Apr. 2015	Mercuria Coal Marketing/ECC	\$ 511,247.84
-----------	-----------------------------	---------------

2. Pulled for separate vote;
3. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Florida Fluid System Technologies, Inc. in the amount of \$120,000 to continue providing precision instrumentation valves and fittings for Stanton Energy Center Units 1 & 2, Combined Cycle Unit B and Indian River Plant through July 31, 2016, increasing the total Purchase Order amount to \$746,250;

4. Approval of RFP #3945 - Contract award to Storm Technologies, Inc.; Fossil Energy Research Corporation; Amec Foster Wheeler North America Corporation; TJR Technical Services, Inc.; and Babcock & Wilcox Power Generation Group, Inc., the responsive and responsible vendors, to provide boiler optimization and performance testing services for the Stanton Energy Center Units 1 and 2 steam generators in the aggregate amount of \$1,400,000, pending final contract negotiations and OUC legal review. The contract term is three years with two one-year renewal options;
5. Approval of RFP #3921 - Contract award to Tomlinson Aviation, Inc. to provide aviation helicopter services in the amount of \$171,800. The contract term is three years with two one-year renewal options;
6. Approval of the Electric Distribution Construction Estimate for the relocation of an overhead electric distribution system along Hoffner Avenue, between South Conway Road and Manatee Street in the Orlando service territory, in the amount of \$534,028.67;
7. Approval of two Lighting Construction Estimates for Irlo Bronson Memorial Highway from Eastern Avenue to Nova Road and Aeronautical Drive to Budinger Avenue in the aggregate amount of \$2,620,302.17. This includes \$1,062,097.48 for lighting equipment from OUC's stock inventory, \$89,564.50 to Comprehensive Engineering Services, Inc. for the photometric designs and \$1,468,640.19 to Terry's Electric, Inc. for the installation of poles, fixtures, concrete bases, conduit and wires, with customer contributions in the amount of \$2,620,302.17;
8. Approval of the Lighting Construction Estimate for John Young Parkway from Interstate 4 to Oak Ridge Road in the amount of \$677,065.06, which includes \$266,192.33 for lighting equipment from OUC's stock inventory and \$410,872.73 to Terry's Electric, Inc. for the installation of the poles, fixtures, conduit and wires, with customer contributions in the amount of \$677,065.06;
9. Approval of RFP #3926 - Contract award to Experian, Inc., the sole responsive and responsible vendor, to provide credit scoring services in the amount of \$190,000. The contract term is three years with two one-year renewal options;
10. Approval is requested of a Capital Expenditure Estimate for the Home Energy and Water Reporting Program in the amount of \$547,500. Approval of RFP #3846 - Contract award to Schneider Electric USA, Inc., the most responsive and responsible vendor, to provide a customer based Home Energy and Water Reporting in the amount of \$1,326,900, pending final negotiations and OUC legal review. The contract term is three years with two one-year renewals;

11. Approval of RFP #3866 - Contract award to DEX Imaging, Inc., the most responsive and responsible vendor, to provide digital press services in the amount of \$341,730. The contract term is three years with two one-year renewal options;
12. Pulled for separate vote;
13. Approval of additional funding in the amount of \$50,000 with conforming Change Order No. 1 to Ford & Harrison LLP to provide Commission-wide employment and labor law services through September 2015, increasing the total Purchase Order amount to \$145,000;
14. Approval of additional funding in the amount of \$150,000 with conforming Change Order No. 1 to Gray Robinson, P.A. to provide Commission-wide legal services through September 2015, increasing the total Purchase Order amount to \$240,000; and
15. Approval of additional funding in the amount of \$100,000 with conforming Change Order No. 1 to O'Connor & O'Connor LLC to provide Commission-wide legal services for personal injury claims against OUC through September 2015, increasing the total Purchase Order amount to \$195,000.

On a motion by Mayor Dyer and seconded by Commissioner Lee, Affirmative Item A-2 was approved as follows:

2. Authorization for the General Manager & CEO to execute the Natural Gas Supply Agreement for a Natural Gas Supply Arrangement with LNG Holdings (Florida) LLC, contingent upon final legal review and approval.

Commissioner Kirby previously announced a conflict of interest and abstained from the vote.

On a motion by Mayor Dyer and seconded by Commissioner Kirby, Affirmative Item A-12 was approved as follows:

12. Authorization for the General Manager & CEO to execute a Utility-Exclusive Sustainability Partnership Agreement with the United States Tennis Association, including OUC contributions for sustainable features in an amount not to exceed \$216,000. The contract period is eight years, commencing January 1, 2017 through December 31, 2024.

Commissioner Lee previously announced a conflict of interest and abstained from the vote.

* * *

John Hearn stated that OUC is \$1.3 million ahead of budgeted net income for electric retail energy through the month of June, or approximately \$7 million ahead of electric retail revenue for Fiscal Year 2015. Expenditures are under budget, and resale revenue was ahead of budget during the month. Water revenue was on target for the month.

Mayor Dyer asked about the percentage growth for new customers and how it relates to other utilities in the state. Mr. Hearn replied that the customer growth for 2016 is 3.1 percent for electric and 1.5 percent for water. He did not have specific comparative numbers at that time but commented that 3 percent electric growth is substantial.

* * *

Jonathan Sebastian Blount, an OUC customer, commented on the importance of municipal utilities on disenfranchisement within the African American community.

* * *

Mr. Ksionek introduced the new Vice President of Customer Service, Maggie Duque and welcomed her to the Commission.

Ms. Duque thanked Mr. Ksionek for the opportunity.

Mr. Ksionek announced that OUC recently set several new power use records of 1200 MW and counting.

Mr. Ksionek stated that the next Commission Meeting will be held on August 25. There will be a Sustainability Update starting at noon on the same day prior to the regular scheduled meeting.

Mr. Ksionek advised that an Electric Rate Design Workshop is planned for the month of September.

* * *

Commissioner Kirby congratulated OUC on receiving the APPA award and welcomed Ms. Duque. He thanked everyone who participated in the remembrance of Katie Porta.

Commissioner Lee apologized for being unable to attend the meeting in person and thanked the team for their hard work on the Budget and Capital Plan. He congratulated Mr. Stallings on his Service Award. He is very excited about the agreement with USTA. He is looking forward to increased dialogue on sustainability initiatives.

Mayor Dyer also expressed excitement for the Sustainability Workshop and congratulated Ms. Harrington and her team on the USTA agreement. He welcomed Ms. Duque to OUC.

President Ferrone commented on OUC's sound financial position and how it allows staff to do great things on behalf of rate payers and the community. She was very impressed with the Budget Workshop and how it tied into the Strategic Initiatives. She also praised OUC continuously working towards process improvements.

* * *

President Ferrone adjourned the meeting at 3:37 P.M.

President

Secretary