

**MINUTES**  
**ORLANDO UTILITIES COMMISSION**  
**November 8, 2016**  
**2:02 P.M.**

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**Present:**

COMMISSIONERS:

Gregory D. Lee, President  
Cesar E. Calvet, 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, Linda Ferrone, Roseann Harrington,  
Vice Presidents  
Jerry Sullivan, Vice President & Chief Information Officer  
Mindy Willis, Vice President & Chief Financial Officer  
W. Christopher Browder, Vice President & General Counsel  
Nanci Schwartz, Recording Secretary

President Lee asked Ron Toporek to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:02 P.M.

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On a motion by Commissioner Calvet, seconded by Commissioner Kirby and unanimously carried, the reading of the minutes of the October 11, 2016 Commission Meeting was waived and the minutes were approved.

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Maggie Duque presented a 35-year service award to Jay Peacock, Technical Trainer, Customer Service.

Clint Bullock presented a 30-year service award to Jim Misner, Systems Operations Supervisor, Electric and Water Delivery.

Clint Bullock presented a 30-year service award to Steven Stough, Lead DCC Operator, Electric and Water Delivery.

Clint Bullock presented a 25-year service award to Julie Leininger, Contract Administrator, Electric and Water Delivery.

Mindy Willis presented a 20-year service award to Jan Jones, Buyer, Financial and Support Services.

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Roseann Harrington announced that OUC held its 21<sup>st</sup> Annual Charity Golf Tournament. Over the past 21 years, the tournament has raised over \$621,000 for 45 non-profit organizations. President Lee distributed OUC's donation checks in the amount of \$15,000 to Laura Cosgrove from the Foundation for Foster Children and to Kelly Pharo of Heavenly Hooves. Ms. Harrington thanked her staff and volunteers for their work on the tournament, including Queen Massaline, Lisa Curran, Harmony Wilson, Michelle Ward, Benita Williams, Carmen Rosario, Janet Pinder, Barbara LaBue, Greg Rodeghier and Claston Sunanon.

Ms. Harrington announced that the FMEA recently presented OUC with the Building Strong Communities award for 2016, in recognition of work enhancing customers' lives through community outreach.

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Mr. Ksionek asked Claston Sunanon and Brad Chase to provide a presentation on Affirmative Item A-7 regarding the Florida Municipal Power Pool (FMPP). Mr. Sunanon explained that Lakeland Electric, OUC and the Florida Municipal Power Agency (FMPPA) formed the FMPP in 1988 via an interlocal agreement. The FMPP improves economies of scale, provides greater efficiency and helps diversify generation assets by both fuel type and location. Mr. Sunanon discussed the cities served by the FMPP, generation resources and FMPP staffing. OUC calculates benefits from the FMPP via two scenarios. First, OUC determines the cost of providing energy for its customers within the power pool. This cost is compared to the stand-alone cost of providing energy. In 2014 and 2015, OUC received a net benefit of \$41,402,977.

Brad Chase discussed the operational aspects of the power pool. OUC is the registered agent for the FMPP and performs balancing authority duties. System Operators use the day-ahead forecast and adjust as necessary to meet the real-time demand and operational requirements of the FMPP. Mr. Chase explained the functions of the operational desks and the WebTrader product. Affirmative Item A-7 requests a five-year extension for the WebTrader software.

Commissioner Calvet inquired if OUC provides all of the power for FMPP cities served or just a portion of the power. Mr. Chase responded that OUC serves 100 percent of the loads for those areas as required by the FMPPA.

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Mr. Ksionek asked Chris Browder to provide a presentation on Affirmative Item A-13 regarding the Emergency Response Team On-site Training Services. Mr. Browder asked Steve Langley, Director of Risk, Safety and Training, to discuss OUC's Emergency Response Teams (ERT). Mr. Langley explained that this agenda item is requesting approval for Alpha-Omega Training & Compliance (Alpha-Omega) to provide training for OUC's ERT especially at Stanton Energy Center (SEC). The ERT program began at SEC due to its remote location in Orange County and the need to provide timely first response to emergencies. The training consists of both new member and refresher training courses in the areas of hazardous material handling and containment, medical, confined space rescue and fire. The quick response to emergencies is critical to minimize property damage and save lives.

Mr. Aspuru discussed a recent incident at SEC in which the ERT saved the life of a contract employee who had suffered a major heart attack while working during the recent Fall outage. Mr. Aspuru recognized the ERT members attending the meeting, including Rodney Dowdy, Luis Muniz, Alex Maldonado and Steven Tauscher.

Mayor Dyer commended the ERT members. He discussed the importance of the City's Take Heart Orlando Program, which endeavors to train everyone in the City, including OUC employees, in hands-only CPR.

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Commissioner Kirby asked for clarification on Affirmative Item A-17 regarding the Pension Plan Updates. Mr. Browder responded that there is no net financial impact. OUC's policies will be updated in accordance with IRS policies.

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President Lee presented the Affirmative Items for approval. On a motion by Mayor Dyer and seconded by Commissioner Kirby, the Affirmative Items were approved as follows:

1. Ratification of the fuel procurements to the low bidders in June and August 2016 in the aggregate amount \$9,495,075.93 as follows:

**NATURAL GAS PURCHASES:**

Aug 2016	BP Energy	\$ 839,809.33
Aug 2016	Infinite Energy	\$ 346,750.19
Aug 2016	NJR Energy Service Company	\$ 380,728.99
Aug 2016	Occidental Energy Marketing	\$1,145,483.79
Aug 2016	Sequent Energy Management	\$ 644,055.65
Aug 2016	Shell Energy	\$ 330,354.87
Aug 2016	Southwest Energy	\$ 190,151.80

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Aug 2016	Tenaska Marketing Ventures	\$3,808,702.15
Aug 2016	Texla Energy Management, Inc.	\$1,616,221.17

2. Approval of an OUC initiated scope change and conforming Change Order No. 1 to SCS Field Services in the amount of \$288,000 to continue providing operations and maintenance services for the Orange County Landfill Gas to Energy facility through December 31, 2017, increasing the total Purchase Order amount to \$1,664,977;
3. Approval of a Capital Expenditure Estimate for the Cyber Security Upgrade Project for Stanton Energy Center Unit 2, Common Control, Combined Cycle Unit B and Indian River Plant Combustion Turbines A and B in the amount of \$738,000. Approval of sole source Purchase Orders to Emerson Process Management Power & Water Solutions, Inc. to provide the services, equipment and materials for the Stanton Energy Center Unit 2, Common Control and Combined Cycle Unit B additions to the OSC in the amount of \$188,450; and to GE Energy Control Solutions, Inc. to provide the SecurityST Appliance System for the Stanton Energy Center Combined Cycle Unit B and Indian River Plant Combustion Turbines A and B turbine controls in the amount of \$765,151, pending final contract negotiations and OUC legal review;
4. Approval of RFP #4235 - Contract award to Brace Integrated Services, Inc., the most responsive and responsible vendor, to provide industrial coatings and linings, equipment insulation and scaffolding services for the Stanton Energy Center Units 1 & 2, Combined Cycle Unit B and Indian River Plant in the amount of \$14,229,853.35, pending final contract negotiations and OUC legal review. The contract term is five years with a one-year renewal option;
5. Approval of a Change Request No. 2 to the Stanton Energy Center Unit 2 Forced Draft Fans Variable Frequency Drive Retrofit Project Capital Expenditure Estimate for engineering services, estimated equipment costs and internal labor in the amount of \$1,095,000, increasing the total project cost to \$1,270,000. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Stantec Consulting Services, Inc. in the amount of \$210,000 to continue providing engineering support services required for the project, increasing the total Purchase Order amount to \$265,000;
6. Approval of a Capital Expenditure Estimate for the Indian River Plant Combustion Turbines C and D Distributed Controls System Upgrade Project in the amount of \$939,246. Approval of a sole source Purchase Order to Emerson Process Management Power & Water Solutions, Inc. to upgrade the hardware and human machine interfaces for the

Indian River Plant Combustion Turbines C and D in the amount of \$820,000, pending final contract negotiations and OUC legal review;

7. Approval of a sole source Purchase Order to Open Access Technology International, Inc. to provide support and maintenance services required for Florida Municipal Power Pool's OATI webTrader Power Service Agreement through November 30, 2021 in the amount of \$782,126;
8. Approval of an OUC initiated scope change and conforming Change Order No. 1 to IBM Corporation in the amount of \$204,265.58 for Cognos software maintenance and support fees from January 1, 2017 through December 31, 2017, increasing the total Purchase Order amount to \$430,546.47;
9. Approval of an OUC initiated scope change and conforming Change Order No. 3 to Software AG USA, Inc. in the amount of \$113,166.40 for Enterprise Service Bus annual software maintenance and support through March 31, 2018, increasing the total Purchase Order amount to \$320,734.78;
10. Approval of an OUC initiated scope change and conforming Change Order No. 1 to IBM Corporation in the amount of \$68,680 to continue providing Tivoli software maintenance and support from January 1, 2017 through December 31, 2017, increasing the total Purchase Order amount to \$131,070. Approval of an OUC initiated scope change with conforming Change Order No. 5 to Persistent Systems, Inc. in the amount of \$213,240 to continue providing professional support services for Secure Account Management through December 2017, increasing the total Purchase Order amount to \$1,088,224;
11. Approval of an OUC initiated scope change and conforming Change Order No. 2 to Utility Partners of America, Inc. to continue providing meter sets and backflow prevention services in the amount of \$240,000, increasing the total Purchase Order amount to \$2,027,251;
12. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Mechanical Services of Central Florida, Inc. in the amount of \$1,080,988.45 to continue providing HVAC maintenance, repair and replacement services through January 27, 2018, increasing the total Purchase Order amount to \$2,414,872.15;
13. Approval of RFP #4252 - Contract award to Alpha-Omega Training & Compliance, the most responsive and responsible vendor, to provide emergency response team on-site training services in the amount of

\$263,600. The contract term is three years with two one-year renewal options;

14. Approval of an OUC initiated scope change and conforming Change Order No. 2 to MTM Recognition Corporation in the amount of \$110,000 to continue administering the Employee Service Award and Recognition Program through January 30, 2018, increasing the total Purchase Order amount to \$385,000;
15. Approval of an OUC initiated scope change and conforming Change Order No. 2 to Reliance in the amount of \$792,000 to provide life insurance for active and retired employees as well as AD&D and LTD insurance coverage for active employees through December 31, 2017, increasing the total Purchase Order amount to \$3,332,987;
16. Approval of an OUC initiated scope change and conforming Change Order No. 3 to Matrix Absence Management, Inc. in the amount of \$60,000 to continue providing administration services for the Short Term Disability and Family Medical Leave Act Programs through December 31, 2017, increasing the total Purchase Order amount to \$261,115;
17. Adoption of the Pension Plan updates and authorization for the General Manager & CEO to execute the revised and restated Orlando Utilities Commission Pension Plan document, new Bridge Plan and 415(m) Plan documents, and associated Pension Trust documents; and
18. Authorization for the General Manager & CEO to execute the Release of Easement for Dovi Goren, located on East Lake Shore Drive, south of Partin Settlement Road and north of Brown Chapel Road.

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Commissioner Kirby announced that the Audit Committee (Committee) held its regular meeting on October 24, 2016.

The Committee reviewed the preliminary 2016 annual financial statements. Income before contributions, inclusive of a recommended regulatory action, is anticipated to be \$99 million, or \$6.5 million favorable to budget. The Committee also approved the Internal Audit proposed work plan for Fiscal Year 2017.

The recommended regulatory action to defer up to \$13 million includes the establishment of a Disaster Recovery Fund up to \$7 million. The establishment of this fund will provide the financial resources to respond to major unplanned extraordinary events and mitigate rate and cost impacts to customers in the future. In addition, \$2.5 million is recommended for deferral to offset one-time

start-up costs associated with the implementation of the new Customer Care & Billing System in 2017 and 2018. Lastly, up to \$3.5 million is recommended for deferral to offset Clean Power Plan initiatives in response to regulatory changes expected over the next ten years. The recommended action is being presented to the Board for approval.

On a motion by Commissioner Kirby and seconded by Commissioner Calvet, PRES-1a was approved as follows:

PRES-1a Approval of a regulatory action to defer unplanned resale energy revenues in order to establish a Disaster Recovery Fund, offset one-time start-up costs associated with the new Customer Care and Billing system and offset Clean Power Plan initiatives

Commissioner Calvet requested the Audit Committee consider increasing the amount of the Disaster Recovery Fund in the future.

President Lee thanked Commissioner Kirby for volunteering to lead the Audit Committee due to the Board member vacancy.

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Mindy Willis stated that OUC is on target for income before contributions at \$99 million, and is projected to be approximately \$6.5 million ahead of budget.

Commissioner Kirby noted that OUC is outpacing the budget on natural gas prices on a unit cost basis, and inquired if Ms. Willis anticipates any further adjustments going forward in 2017. Ms. Willis stated that a portion of OUC's fuel costs are hedged, but there is no plan to make any changes at this time.

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Mr. Ksionek asked Clint Bullock to provide a presentation on OUC's Smart Grid Roadmap. Mr. Bullock explained that Smart Grid is an electrical grid which includes smart meters, smart appliances, renewable energy resources and energy efficiency resources. Electronic power conditioning and control of the production and distribution of electricity are important aspects of the smart grid. OUC's key drivers for smart grid technology include efficiency, customer service, information, technology, operational excellence and cost savings.

OUC worked with a variety of different Business Units to choose 27 specific use cases that were most relevant and valuable to current operations. Mr. Bullock discussed several use cases, including voltage management and AML integration to the Outage Management System. The initial evaluation included the first four of six phases of a structured Smart Grid analytics roadmap approach.

Currently OUC is in the integration stage of the Smart Grid evolution path, where the primary focus is on the expanded leverage of data (AMI and sensors) through targeted use cases. As a result, OUC has developed a five-year strategic Smart Grid Roadmap that guides investment and deployment of use case capabilities, which should maximize the return from AMI investments.

Mr. Bullock recognized Keith Mutters for his leadership on the program, as well as the collaboration with Maggie Duque and Jerry Sullivan.

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Mr. Ksionek asked Chris Browder to provide a summary on OUC's Cyber Security Drill. The drill was organized by C3 Pathways and Texas A&M Engineering Extension Service, which is a leader in emergency training for the Department of Homeland Security. Mr. Browder explained that this drill was the first exercise of its kind for OUC and is a step ahead of many other utilities. The objectives included improving the decision-making process, evaluating existing incident command structure, improving communication, identifying planning and training needs and determining the next steps to improve.

The drill consisted of three parts: group discussion and training, a mock cyber attack with incident command, and recap and discussion. Mr. Browder recapped the drill scenario and summarized the takeaways from the drill. It was determined that OUC's incident command structure needs to be flexible enough to address hacks that impact back-office functions, customer-facing functions and plant operational issues, with different teams for each. Also, a cyber attack will potentially bring into play both state and federal agencies, including law enforcement and consumer protection issues. Mr. Browder discussed the next steps, including presenting recommendations to Senior Staff, hosting FEMA training and evaluating policies to deal with unique aspects of cyber security.

Mr. Ksionek commended Mr. Browder's work as Incident Commander during the drill.

President Lee praised OUC's forward-thinking efforts and progress with the cyber security drill.

Mayor Dyer inquired if OUC has experienced a cyber attack. Mr. Sullivan explained that OUC is continuously probed by hackers but have been blocked by security systems and firewalls. Greg Rodeghier discussed OUC's response to the hacking attempts by the group known as "Anonymous" several years ago. Currently, OUC receives Distributed Denial of Service protection from AT&T.

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Mr. Ksionek asked Sam Choi to update the Board on the Florida Solar Energy Industries Association's (FlaSEIA) recognition of OUC's solar programs. FlaSEIA



is a trade organization representing solar photovoltaic developers and installers across the state of Florida. The inaugural report rated Florida utilities on support and leadership in the solar industry, and OUC was rated in the top tier of utilities. OUC was the only utility to earn an A in the category of solar friendliness, and is one of three utilities in Florida that received A and B rankings in all six categories.

Commissioner Calvet commented on the low scores of other utilities in the category of solar friendliness in comparison to OUC's A score. Mr. Choi responded that OUC is on the leading edge of solar incentives provided to customers, and grows its solar programs by 20 percent on an annual basis.

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Commissioner Calvet congratulated the Service Award recipients and praised the ERT program and the members recognized during the meetings. He apologized for missing the Golf Tournament but looks forward to participating next year.

Mayor Dyer commended OUC for its solar sustainability rating and the ERT members. He encouraged everyone to vote.

Commissioner Kirby encouraged everyone to vote and praised those who had already done so. He was proud to see the accomplishments of the ERT and commended OUC's high rating from the FlaSEIA. He also commended the Smart Grid Program and leveraging that technology for customer benefit.

President Lee praised the accomplishments of the ERT, Smart Grid Program and receiving the FlaSEIA A rating. He congratulated the Service Award recipients and commended OUC for the longevity of its employees. He enjoyed participating in the Golf Tournament for the first time.

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President Lee adjourned the meeting at 3:35 P.M.

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President

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Secretary