

MINUTES
ORLANDO UTILITIES COMMISSION
April 10, 2007
2:00 P.M.

Present:

COMMISSIONERS:

Lonnie C. Bell, President
Katie Porta, First Vice President
Tommy Boroughs, Second Vice President
Maylen Dominguez Arlen, Commissioner
Mayor Buddy Dyer

Kenneth P. Ksionek, General Manager & Chief Executive Officer
Jan Aspuru, Doug Spencer, Roseann Harrington, Byron Knibbs,
Clint Bullock, Denise Stalls, Robert Teegarden, Al Frazier
Vice Presidents
John Hearn, Vice President & Chief Financial Officer
Gregory T. Rodeghier, Chief Information Officer
Thomas B. Tart, Vice President & General Counsel
Beth Mason, Recording Secretary

President Bell asked Thomas Tart to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:10 P.M.

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On motion by Mayor Dyer, seconded by Commissioner Porta, and unanimously carried, the reading of the minutes of the March 13, 2007 Commission Meeting was waived and the minutes were approved as written.

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Byron Knibbs presented a 30-Year Service Award to James J. Hughes, Electrician I, Electric Distribution Business Unit.

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Roseann Harrington introduced Adonis Willis, Vince Montgomery, Irvin Lane, Brenda White, Marsha McBride, James Seymour and Jerry Farina as volunteers

for the Seniors First Meals on Wheels program. These employees were recognized for dedicating 12 years to the Meals on Wheels program.

Ms. Harrington announced that OUC will be participating in several Earth Day celebrations during the month of April.

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Ken Ksionek discussed Affirmative Item A-2 relating to the ratification of the Clean Coal Technology Project change order. Mr. Ksionek thanked the Board for permission to execute an emergency approval of this item on March 23, 2007 in order for the project to move forward. The Southern Power Generation (Southern) Board unanimously approved proceeding with the project on March 29, 2007. Once OUC and Southern provide the required documents to the Department of Energy (DOE), the DOE will commit an additional \$58 million to the project. Further, the Florida Public Service Commission (PSC) has been informed of the increased costs and the PSC staff attorney acknowledged that OUC has received the final Need for Power order and no further regulatory action is required.

President Bell presented the Affirmative Items for approval. On motion by Commissioner Porta, and seconded by Commissioner Dominguez Arlen, the Affirmative Items were approved as follows:

1. Ratification of fuel procurements to the low bidders in January and March, 2007 in the aggregate amount of \$8,113,182.93 as follows:

NATURAL GAS PURCHASES:

Jan. 2007	Adams Resources Marketing, Ltd.	\$ 230,697.45
Jan. 2007	BP Energy Company	\$ 107,539.95
Jan. 2007	Chevron Natural Gas	\$ 370,162.45
Jan. 2007	City of Lakeland	\$ 230,722.90
Jan. 2007	Constellation Energy	\$1,434,576.90
Jan. 2007	Eagle Energy Partners	\$ 216,418.92
Jan. 2007	Florida Gas Utility	\$ 830,655.07
Jan. 2007	Infinite Energy	\$ 341,139.82
Jan. 2007	LouisDreyfus	\$ 409,692.63
Jan. 2007	Magnus Energy Marketing, Ltd.	\$ 141,018.08
Jan. 2007	Oneok Energy Services Company, L.P.	\$ 120,157.83
Jan. 2007	Peoples Gas System	\$ 119,000.00
Jan. 2007	Virginia Power Energy Marketing, Inc.	\$1,813,957.35
Jan. 2007	Western Gas Resources	\$1,562,041.58

NO. 6 FUEL OIL PURCHASES:

Mar. 2007	TransMontaigne Product Services, Inc.	\$ 185,402.00
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2. Ratification of the General Manager & CEO's execution of the appropriate contracts and agreements necessary to modify the terms and conditions of the Clean Coal Technology Project, subject to final legal review and receipt of \$58 million in additional Department of Energy funds. Commission ratification of Change Request No. 3 to the

Capital Expenditure Estimate for the Clean Coal Technology Project in the amount of \$84.2 million for a total project cost of \$390.1 million, which includes ratification of Change Order No. 4 to Southern Company in the amount of \$49.5 million, increasing the total Purchase Order amount to \$289,913,100;

3. Approval of the Stanton Energy Center Air-Cooled Chillers Upgrade Project in the amount of \$249,497, which includes a sole source Purchase Order to McQuay, International to perform the required upgrade in the amount of \$142,497;
4. Ratification of Bid #2246 – Contract award to the only responsive and responsible bidder, Progress Energy Florida, Inc., for the relocation of the 230/69kV Autotransformer from the Stanton Substation to the Magnolia Ranch North Substation at a total cost of \$245,000;
5. Ratification of Bid #2214 – Three-year unit price contract award to the second ranked bidder, Team Fishel, for the installation of underground conduit and manholes commencing immediately through April 30, 2010, with two one-year renewal options, in an amount not to exceed \$9,000,000;
6. Ratification of the Electric Distribution Construction Estimates for the installation of a temporary overhead electric distribution system to serve the construction site for the University of Central Florida Medical School at Lake Nona, located on Lake Nona Boulevard south of State Road 417, in the amounts of \$102,794.31 and \$100,964.29 for Phases 1 and 2, respectively, for a grand total of \$203,758.60;
7. Ratification of the Electric Distribution Construction Estimate for the replacement of a three phase, vault-type transformer bank at Florida Hospital, located at the intersection of Rollins Street and Orange Avenue in the Orlando service territory, in the amount of \$117,504.93;
8. Approval of the Lighting Construction Estimate for Lake Cay, Phase 2, in the amount of \$293,235.07; which includes \$176,494.89 for lighting equipment from OUC's stock inventory and \$116,740.18 for the installation of poles and fixtures by Terry's Electric, Inc., OUC's lighting contractor. Universal Boulevard Property Owners Association, Inc. has entered into a 20-year service agreement with OUC for this lighting installation and will be responsible for the monthly billing;
9. Approval of two Lighting Construction Estimates for Anthem Park, which encompasses Phase 3A in the amount of \$301,868.03, which includes \$195,387.96 for lighting equipment from OUC's stock inventory and \$106,480.07 for the installation of poles and fixtures by Terry's Electric, Inc.; and Phase 3B in the amount of \$258,495.78,

which includes \$165,766.19 for lighting equipment from OUC's stock inventory and \$92,729.59 for installation of poles and fixtures by Terry's Electric, Inc. Anthem Park CDD has entered into 20-year service agreements with OUC for these lighting installations and will be responsible for the monthly billings;

10. Approval of the Electric Distribution Construction Estimates for the installation of an underground electric distribution system to serve Anthem Park, located along Kissimmee Park Road in the St. Cloud service territory, in the amounts of \$295,593.85 and \$219,299.74 for Phases 3A and 3B, respectively, for a grand total of \$514,893.59;
11. Approval of the Electric Distribution Construction Estimate for the installation of an underground electric distribution system to serve Harmony Subdivision, Phases D2 and E, located along US 192 in the St. Cloud service territory, in the amount of \$210,976.01;
12. Approval of the Electric Distribution Construction Estimate for the installation of an underground electric distribution system to serve Bellanona Grand Estates, located along Kirby Smith Road in the St. Cloud service territory, in the amount of \$105,310.29;
13. Approval of the Electric Distribution Construction Estimate for the installation of an underground electric distribution system to serve the Pointe Orlando Resort, located at the intersection of Carrier Drive and Universal Boulevard in the Orlando service territory, in the amount of \$160,203.55;
14. Approval of the Electric Distribution Construction Estimate for the installation of underground feeder cable for Circuits 14-21 and 14-41, in the amount of \$110,982.32;
15. Approval of the Transmission Capital Expenditure Estimate for the Pershing to Indian River 115kV Transmission Line Upgrade Project in the total amount of \$8,000,000;
16. Approval of the Transmission Capital Expenditure Estimate for the Pershing to Stanton 230kV Transmission Line Project for the replacement of insulators and poles in the total amount of \$4,725,000;
17. Approval of Change Order No. 3 to Pike Electric, Inc. for a six month extension to the Electric Distribution Service Contract through December 16, 2007 in an amount not to exceed \$3,000,000, increasing the total Purchase Order amount to \$9,847,500;
18. Approval of Change Order No. 3 to the Non-Exclusive Services Agreement with Mr. Ronald Zell, P.E. for Transmission System

Planning Services in the amount of \$84,000, increasing the total Purchase Order amount to \$296,640;

19. Authorization for the General Manager & CEO to execute an Agreement with URS Corporation Southern to provide professional engineering services to design and permit water distribution improvements; and ratification of a Capital Work Order in the amount of \$162,938.78 for professional engineering services and administration costs for the water distribution improvements associated with the Florida Department of Transportation's Sand Lake Road Improvements Project between the Florida Turnpike and the Orange Blossom Trail, including a Purchase Order to URS Corporation Southern in the amount of \$144,190.51;
20. Approval of RFP #2278 – Contract award to fourteen suppliers selected as the most responsive and responsible bidders: 4 Corners Research, Asyst, Diane Meiller and Associates, Information System Consultants, Inc., iSP3-USA, Inc., KamTech Systems, Kforce Professional Staffing, MAK Solutions, Modis, The North Highland Company, Signature Consultants, Inc., Spherion Professional Services, Tech USA and Toria Tech, Inc. to provide temporary technical and recruiting services for a five-year period in the aggregate amount of \$1,000,000;
21. Approval of a Purchase Order to BKI Associates, Inc. in the amount of \$318,300, in accordance with the Letter of Agreement which provides incentives for BKI Associates, Inc. to construct the master planned Avalon Park community as an all electric development;
22. Approval of the recommended monthly Wastewater Bypass Metering Charge of \$4.75 per meter for OUC to read wastewater meters, bill net wastewater charges and provide customer service, effective April 10, 2007;
23. Approval of Bid #2292 – Contract award to Waste Services of Florida, Inc., the most responsive and responsible bidder, to provide solid waste disposal and recycling services for a three-year period in the amount of \$360,000, with two, one-year renewal options;
24. Approval of Bid #2262 – Contract award to The Gallup Organization, the most responsive and responsible bidder, to provide consulting services related to an Employee Survey, Analysis/Summary and Management Training Program for a one-year period in the amount of \$105,000, with two, one-year renewal options;

25. Ratification of Change Order No. 5 to Deloitte & Touche LLP to provide additional audit services in the amount of \$55,750, increasing the total Purchase Order amount to \$485,615;
26. Approval of Change Order No. 1 to Ford & Harrison, LLP in the amount of \$75,000 to provide continued employment related legal services through September 30, 2007, increasing the total Purchase Order amount to \$150,000;
27. Ratification of Change Order No. 4 to Thomas P. Callan, P.A. to provide continued legal services through the completion of the Schreiber litigation appeal process in the amount of \$97,000, increasing the total Purchase Order amount to \$407,000;
28. Ratification of Change Order No. 2 to Thomas P. Callan, P.A. to provide continued property and eminent domain legal services through September 30, 2007 in the amount of \$211,000, increasing the total Purchase Order amount to \$304,000;
29. Approval of Subordination of Utility Interests to the Florida Department of Transportation Parcels 102.2, 102.3, 802.2, 803.2 and 805.2 located at the intersection of New Goldenrod Road and Hoffner Avenue; and
30. Authorization for the General Manager & CEO to execute the Release of Utility Easements for Prime Retail for property located north of Oak Ridge Road, east of Interstate 4 and west of the Florida Turnpike.

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John Hearn reported that expenses related to the Stanton Unit 2 outage and the new Customer Information System are beginning to appear. Net income is even with budget through March.

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Thomas Tart reported that the Schreiber lawsuit regarding OUC's transmission line fiber optic cable has been settled at a cost to OUC of \$20,000. Mr. Tart outlined other settlements regarding this matter and stated that the settlement amount that OUC is paying is very reasonable.

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Ken Ksionek reported that the new PeopleSoft Enterprise Revenue Management (PS-ERM) Customer Information System was successfully implemented on Monday, April 2, 2007. He thanked the PS-ERM team for their work and effort in making this a smooth transition. The new system will be

tested and monitored for the next 60 days to ensure completion of all cycle billing and collections.

Mr. Ksionek outlined the Stanton Unit 2 outage scheduled for February 23, 2007. The unit was taken down four days early due to a tube leak. On March 13, 2007, the Commission approved an additional \$2.3 million, increasing the total outage cost to \$3.7 million. The project was completed \$800,000 under budget and the unit was brought back ahead of schedule. However, a tube leak caused a failure, which required the unit to be taken off-line again. Further repairs were made over the April 8, 2007 weekend, however, the main cause of the original failure has not been determined and the unit has not been able to successfully return to service. Although, the actual operations and maintenance costs are \$800,000 less, incremental replacement power costs have risen to approximately \$3.9 million. The Fuel Stabilization Fund will cover the replacement power costs.

Jan Aspuru commended the employees and contractors, who have been working around the clock, for their dedication and effort to get Stanton Unit 2 back on-line.

Commissioner Boroughs inquired about the availability history of Stanton Units 1 and 2 over the years, especially in relation to industry standards. Mr. Aspuru responded that prior to the outage, the Stanton units' availability has been in the proximity of 95 percentile, which is well above the national average. President Bell commented that the responsibility of outside contractors on the project should also be considered and questioned whether the fuel stabilization fund would be rebuilt in time for the summer months. John Hearn responded that due to the mild weather and lower than anticipated fuel costs, he does not expect a budget overage, even with these unanticipated costs.

Commissioner Dominquez Arlen questioned whether the alloy mix of the new tubes is different from the original tubes. Mr. Aspuru responded that it is the same alloy mix, however, at some time in the future, it will be necessary to consider using stainless steel tubes, which are now used in Stanton Unit 1. Mr. Aspuru stressed that the main cause of the failure has not yet been identified.

Mr. Ksionek thanked the Board for their participation in the groundbreaking photo shoot for the new OUC Administration Building which was held prior to the Commission meeting. Mr. Ksionek distributed a photograph taken 41 years ago at the groundbreaking ceremony of the current OUC Administration Building.

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Commissioner Dominguez Arlen thanked Vince Gallucci and his staff for providing the recent tour of the Stanton Energy Center. She also commented on her participation in the recent Tallahassee Fly-In. Ms. Dominguez Arlen stated

that she believes OUC is in an extraordinary place and time to have the opportunity to provide the clean coal technology to the community.

Commissioner Porta also expressed her appreciation for her recent tour of the Stanton Energy Center during the outage.

President Bell congratulated OUC on the progress and success of the PS-ERM project.

Commissioner Boroughs commented on the additional costs for the Clean Coal Technology Project and congratulated the Meals on Wheels volunteers for their impressive dedication to the program.

Mayor Dyer stated that he is pleased to be moving ahead with the Clean Coal Technology Project even though it is more costly than originally anticipated. It is important that OUC be a leader in this area.

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Commissioner Porta moved to adjourn the meeting. Mayor Dyer seconded the motion and President Bell adjourned the meeting at 3:00 P.M.

President

Secretary