

**MINUTES
ORLANDO UTILITIES COMMISSION
APRIL 14, 2009
2:00 P.M.**

Present:

COMMISSIONERS:

Katie Porta, President
Maylen Dominguez Arlen, First Vice President
Dan Kirby, Second Vice President
Craig McAllaster, Commissioner

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

President Porta asked Thomas Tart to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:00 P.M.

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On motion by Commissioner McAllaster, seconded by Commissioner Dominguez Arlen, and unanimously carried, the reading of the minutes of the March 10, 2009 Commission Meeting was waived and the minutes were approved as written.

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Greg Rodeghier presented a 20-Year Service Award to Aldrenia D. Byrom, Senior Business Applications Analyst in Information Technology.

Ken Ksionek presented a 25-Year Service Award to Douglas M. Spencer, Vice President of Customer Connection.

President Porta presented an award to Douglas M. Spencer and stated that the Orlando Utilities Commission recognizes Douglas M. Spencer, Vice President, Customer Connection with gratitude for 25 years of outstanding service and

accomplishments. This Recognition of Appreciation shall be a part of the official Commission records of the April 14, 2009 Commission Meeting.

President Porta presented an award to Thomas B. Tart and stated that the Orlando Utilities Commission recognizes Thomas B. Tart, Vice President & General Counsel with gratitude for 28 years of outstanding service and accomplishments. This Recognition of Appreciation shall be a part of the official Commission records of the April 14, 2009 Commission Meeting.

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Ken Ksionek asked Greg Rodeghier to discuss Agenda Item A-2 regarding the Stanton Energy Center Unit B (SEC Unit B) 300 Mw Combined Cycle Plant Project Asset Management Consulting Services RMB USA, Inc.

Mr. Rodeghier reported that RMB USA, Inc. provides consulting services with expertise in the JD Edwards Enterprise Resource Planning (ERP) system, with particular knowledge in integrating the asset management system and processes with the JD Edwards systems. RMB USA, Inc. has developed relationships with SEC warehouse and asset management personnel as well as IT Business Analysts as part of the Phase I upgrade of EnterpriseOne implemented on December 1, 2008 and also worked with OUC on the Phase II upgrade, which will be implemented this summer. The SEC Unit B project schedule has been accelerated six months, resulting in the early turnover of packages for equipment and schematics that must be analyzed and properly entered into the JD Edwards asset management system.

In order to meet the requirements for supporting the earlier commercial operation of SEC Unit B, the asset management implementation must also be accelerated. The project requires 44 weeks of activity and RMB USA, Inc. represents the most prudent option that allows the consultant to engage on the project immediately by leveraging existing relationships with SEC and IT personnel.

Mr. Ksionek asked the Commissioners to review Affirmative Item A-5 regarding the Stanton Energy Center (SEC) Auxiliary Electric System Upgrade Project, Change Request No. 2 for the switchgear modifications. Mr. Ksionek pointed out that this is an exceptionally large increase to the Capital Estimate but assured the Board that the total capital costs of \$14,195,600 represents market price for all equipment and installation required under the scope of work. Mr. Ksionek asked Jan Aspuru to provide further information regarding this item.

Mr. Aspuru explained this project, which involved upgrading the main and reserve Auxiliary Electric System at SEC, was driven by the addition of SEC Unit B and the installation of systems associated with the need to comply with the Clean Air Interstate Rules, was a non-discretionary project and did not develop the way it was anticipated. The main driver is the escalation of costs. Due to

schedule constraints, the cost estimate was completed prior to beginning the detailed design and was based on preliminary evaluations regarding the location, connectivity methods and installation schedule of the transformers. As the detailed engineering was completed, it became evident the total scope of the project as well as the estimated cost of materials and construction, was not adequately covered in the initial estimate. Mr. Aspuru stated that he is confident that the additional funding is sufficient to complete the project.

Commissioner McAllaster commented that when there is a sole source project, it is essential that OUC is able to verify the price. It is important that estimates be as close and accurate as possible, knowing that there will be changes.

Mr. Aspuru agreed with Commissioner McAllaster and stated that both OUC and Black & Veatch should have examined the project estimates more closely, in spite of the pressure to start the project.

Commissioner McAllaster stated there were several other items on the current agenda that came in at one price and had to be adjusted upward. He stated that we have to be as precise as possible.

Commissioner Dominguez Arlen stated she appreciates Mr. Aspuru coming forward and taking responsibility and admitting that OUC could have done better. It is important for the Board to hear these comments and asked if Black & Veatch has assumed any responsibility. Mr. Aspuru stated that OUC has had several serious conversations with Black & Veatch. Since the project grew in size, Black & Veatch is not charging additional fees for the additional engineering services. Mr. Aspuru indicated that he and Mr. Ksionek will be meeting with Black & Veatch in the near future regarding this issue.

Mr. Ksionek stated the consultant's execution of this project did not meet OUC's expectation level and the message being conveyed to Black & Veatch is that this is unacceptable. If Black & Veatch wants to continue to provide services to OUC under their long-term service agreement, this must not happen again. Black & Veatch is one of the largest engineering firms in the world and OUC has been the recipient of high quality engineering services. However, there is no acceptable reason for grossly underestimating the project or not trueing up the estimate in a more timely manner.

President Porta stated that when a project is long term such as this one, more care should be taken in the beginning to estimate the costs. Commissioner Kirby commented that the variance from the initial cost estimate is outside an acceptable range.

Mr. Ksionek asked Greg Rodeghier to address Affirmative Item A-14 regarding the Enterprise Application Integration Platform Project. Mr. Rodeghier commented that the Enterprise Application Integration Platform, known by the technical name of Enterprise Service Bus, is a software program and platform

that allows for the exchange of application data across disparate software systems. An integration platform provides for a means to standardize the interface processes and allows OUC to leverage these standard interfaces in the future in order to become more efficient in the delivery of new product solutions.

Currently, OUC has 54 interfaces associated with JD Edwards and 31 interfaces with CIS. All interfaces are proprietary and non-standard. Implementation of the integration platform will allow IT to become more efficient in the creation of new interfaces, leverage existing interfaces and shorten the cycle of delivery of new market solutions. Essentially, this allows IT to raise the bar on performance as well.

The integration platform is a foundational component of IT infrastructure that will be needed to build a Smart Grid for OUC, support products like pre-paid metering, meter data management, in-home displays and other data intensive systems. The approval of this agenda item includes capital costs for the purchase of the integration platform, as well as software and maintenance costs for six years.

Commissioner McAllaster asked what the total costs are for the Conway Road widening project. Mr. Knibbs responded although he does not have the total cost at this time, each phase within the project could cost OUC about \$800,000. The average cost for a conversion or relocation project is approximately \$1,000,000 plus per mile. Additionally, Mr. Knibbs stated that when a road conversion project is presented to the Commission, the surrounding area is analyzed to determine if there will be additional load growth in the area. If this is the case, additional conduit or duct line system is installed so that OUC will not have to disturb the road in the future.

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

1. Ratification of fuel procurements to the low bidders in January and March 2009 in the aggregate amount of \$3,721,578.75 as follows:

NATURAL GAS PURCHASES:

Jan. 2009	Chevron Natural Gas	\$ 104,610.00
Jan. 2009	City of Lakeland	\$ 284,389.07
Jan. 2009	ConocoPhillips	\$ 194,252.18
Jan. 2009	Eagle Energy	\$ 136,389.09
Jan. 2009	Florida Gas Utility	\$ 149,575.60
Jan. 2009	Louis Dreyfus Energy	\$1,056,792.33
Jan. 2009	National Energy & Trade	\$ 185,857.03
Jan. 2009	National Fuel Marketing	\$ 145,808.04
Jan. 2009	Peoples Gas	\$ 506,799.15
Jan. 2009	Total Gas & Power	\$ 111,284.76

Jan. 2009 Virginia Power Energy Marketing, Inc. \$ 674,405.40

NO. 6 FUEL OIL PURCHASES:

March 2009 TransMontaigne Product Services Inc. \$ 171,416.10

2. Ratification of a sole source Purchase Order to RMB USA, Inc. to provide asset management consulting services required for the Stanton Energy Center Unit B 300 Mw Combined Cycle Plant in the amount of \$313,280;
3. Approval of Bid #2587 – Contract award to Merit Electrical, Inc., the most responsive and responsible bidder, to provide electrical construction services required for the Stanton Energy Center Cooling Tower Blowdown Treatment plant upgrades in an amount not to exceed \$1,500,000;
4. Authorization for the General Manager & CEO to execute five-year design-build agreements with Sterns Conrad & Schmidt, Inc. (SCS) and Tetra Tech NUS, Inc (Tetra). Approval of Bid #2612 – Contract awards to SCS and Tetra, the highest ranked bidders, to provide design-build services for Landfill Gas to Energy projects. Approval of a Purchase Order to SCS for the initial design-build services required for the Orange County Landfill Gas to Energy Project in an amount not to exceed \$300,000, subject to final contract negotiations and legal review;
5. Approval of Change Request No. 2 to the Capital Expenditure Estimate for the Stanton Energy Center Auxiliary Electric System Upgrade Project in the amount of \$6,400,000, increasing the total project cost to \$14,195,600. Approval of a sole source Purchase Order to General Electric Company to provide the switchgear modifications in an amount not to exceed \$956,610. Approval of Bid #2671 – Contract award to Beyel Brothers, Inc., the most responsive and responsible bidder, to provide heavy haul transportation services in an amount not to exceed \$251,914;
6. Approval of a Lighting Construction Estimate for Lake Nona Boulevard South, Phase 3, in the amount of \$238,884.65; which includes \$133,388.50 for lighting equipment from OUC's stock inventory and \$105,496.15 for the installation of poles and fixtures by Terry's Electric, Inc., OUC's lighting contractor. Boggy Creek Improvement District has executed a 20-year service agreement with OUC for this lighting system and will pay a monthly differential cost of \$1,489.76 for the maintenance and investment related to the decorative lighting facilities. The City of Orlando will only be responsible for monthly payments equivalent to that of a standard roadway lighting installation;

7. Approval of the Electric Distribution Construction Estimate for the relocation of underground electric distribution facilities at the intersection of Narcoossee Road and State Road 528 in the Orlando service territory, required for the City of Orlando's Narcoossee Road Widening Project in the amount of \$130,370.45;
8. Approval of the Electric Distribution Construction Estimate for the relocation of overhead electric distribution facilities along Narcoossee Road, from Thompkins Drive to Cyrils Drive in the St. Cloud service territory, required for Osceola County's Narcoossee Road Widening Project, Phase 3, in the amount of \$561,367.17;
9. Approval of the Electric Distribution Construction Estimate for the relocation of overhead electric distribution facilities along Conway Road, from State Road 528 to Hoffner Avenue in the Orlando service territory, required for the City of Orlando's Conway Road Widening Project, in the amount of \$132,542.15;
10. Approval of the Electric Distribution Construction Estimate for the conversion of overhead electric distribution facilities to underground along North Frontage Road, located north of the airport inside the Orlando Gateway Project in the Orlando service territory, required for the Orlando Gateway Project in the amount of \$214,665.51, with a payment of \$154,889 from the Orlando Gateway Partners, LLC;
11. Ratification of Change Order No. 1 to TechUSA, Inc. for additional consulting services in the amount of \$181,681, increasing the total Purchase Order amount to \$440,081; and Change Order No. 2 to Open Access Technology International, Inc. for additional software in the amount of \$195,000, increasing the total Purchase Order amount to \$911,428, required for the Florida Municipal Power Pool (FMPP) Centralized Database Project. OUC will be reimbursed project costs allocated to other FMPP members consistent with prior partnership agreements;
12. Approval of Change Order No. 1 to Sprint/Nextel Corp. for push-to-talk radio services, cellular services and equipment charges for the period of May 1, 2009 through April 30, 2010 in the amount of \$240,000; increasing the total Purchase Order amount to \$420,000;
13. Approval of Change Order No. 2 to Embarq for local telephone service at St. Cloud for the period of May 1, 2009 through April 30, 2010 in the amount of \$38,000, increasing the total Purchase Order amount to \$114,000;
14. Approval of a Capital Expenditure Estimate for the Enterprise Application Integration Platform Project in the amount of \$908,770.

- Approval of Bid #2600 – Contract award to Software AG USA, Inc., the most responsive and qualified bidder, to provide software, maintenance for a six-year period, implementation and post-implementation services in the amount of \$874,768;
15. Approval of Change Order No. 3 to GP Rhino Gates & Doors, Inc. to exercise the first one-year renewal option to provide preventative maintenance and repairs for overhead doors and dock levelers in the amount of \$39,080, increasing the total Purchase Order amount to \$132,080;
 16. Approval of Bid #2621 – Contract award to Electric Power Systems, Inc., the most responsive and responsible bidder, to provide switchgear maintenance and thermographic survey services for a three-year period in the amount of \$154,192;
 17. Authorization for the General Manager & CEO to execute the Purchase Agreement between OUC, the City of Orlando and the Florida Department of Transportation and all related documents for the sale of a portion of an OUC utility corridor located in Brevard County, Parcel 101, in conjunction with the Interstate 95 Road Project; and
 18. Authorization for the General Manager & CEO to execute the Release of Utility Easement for Narcoossee Investors, LLC for property located west of South Narcoossee Road and north of Rummel Road in St. Cloud.

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President Porta reported that the Finance Committee held its regular meeting on April 8, 2009 to consider two financing transactions. A training session on municipal bonds was conducted prior to the meeting. John Hearn was asked to provide additional information regarding the two proposed transactions.

Mr. Hearn stated that the Series 2009A Bond Resolution provides for the issuance of up to \$150 million to fund a portion of the 2009 and 2010 capital plan. The Resolution allows the use of traditional long-term fixed-rate tax-exempt bonds. The Resolution also provides the ability to issue Build America Bonds (BABs), which is part of the recent American Recovery and Reinvestment Act (Stimulus Bill). Regulations related to the BABs have recently been released by the U.S. Treasury and staff is evaluating the benefit for OUC. Typically, OUC issues tax-exempt debt. BABs are taxable bonds which are non-callable and the federal government provides a 35 percent interest rate rebate. OUC would be required to file returns with the IRS twice a year requesting the rebate. A financial evaluation indicates an 80 to 100 basis point benefit from the typical tax-exempt rate. Staff will evaluate both options in order to determine which option will provide the best benefit to OUC.

Commissioner Kirby asked how the \$150 million bond amount was determined. Mr. Hearn replied that the financing plan indicated that \$75 million would be required to fund the 2009 capital plan and \$225 million would be required for 2010. OUC is borrowing one-half of the funds now while we continue to reduce the capital plan during the downturned economy and will be back in the market within six to twelve months to borrow the balance of the funds needed. Actual issuance at this time is expected to be closer to \$100 million. If it is determined that BABs are not the best option at this time, there will be other opportunities to utilize BABs. Mr. Hearn commented that OUC issued taxable bonds only once before - in 2003. President Porta clarified that this Resolution provides the flexibility necessary to issue BABs only if it is determined to be the best option.

Commissioner McAllaster moved to approve the Resolution authorizing the issuance of the Series 2009A Bonds as recommended by the Finance Committee. Commissioner Kirby seconded the motion and it was unanimously approved as follows:

PRES-1a Adoption of a Resolution of the Orlando Utilities Commission authorizing the issuance of not exceeding \$150,000,000 Utility System Revenue Bonds, Series 2009A in one or more series for the purpose of financing certain capital projects; setting forth the terms of said bonds; providing for the disbursement of funds; appointing a paying agent and registrar for said bonds; authorizing the negotiated sale of said bonds; delegating certain authority to the General Manager and other officers, including authorizing the execution and delivery of a Bond Purchase Agreement and the designation of all or a portion of said bonds as Build America Bonds; authorizing the execution and delivery of an official statement and the preparation, deeming final and distribution of a Preliminary Official Statement; creating and establishing a Series 2009 account in the construction fund and a cost of issuance account; authorizing the execution and delivery of a continuing disclosure undertaking; authorizing proper officials to do all other things deemed necessary or advisable in connection with the issuance, sale and delivery of said bonds; providing certain other matters in connection therewith; and providing an effective date.

Mr. Hearn reported that the second transaction is to refund of the Series 2004 Bonds prior to their maturity on July 1, 2009. The Finance Committee is requesting OUC issue up to \$225 million in bonds. It is anticipated that up to \$125 million will be issued as traditional long-term tax-exempt fixed-rate bonds and that the remaining \$100 million will be issued with a one-year maturity to match an existing interest rate hedge. Build America Bonds may not be used for refunding transactions. Typically, the \$100 million would have been done on a variable rate basis, but the traditional variable rate market is not performing at this time and there are no well tested and cost effective options available.

These bonds will need to be remarketed in one year, at which time better options should be available.

Commissioner Dominguez Arlen moved to approve the Resolution authorizing the issuance of the Series 2009B Bonds as recommended by the Finance Committee. Commissioner McAllaster seconded the motion and it was unanimously approved as follows:

PRES-1b Adoption of a Resolution of the Orlando Utilities Commission authorizing the issuance of not exceeding \$225,000,000 Utility System Revenue Refunding Bonds, Series 2009B in one or more series for the purpose of refunding the outstanding Utility System Revenue Refunds Bonds, Series 2004, setting forth the terms of said bonds; providing for the disbursement of funds; appointing a paying agent and registrar for said bonds; authorizing the negotiated sale of said bonds; delegating certain authority to the General Manager and other officers, including authorizing the execution and delivery of a Bond Purchase Agreement; authorizing the execution and delivery of an Official Statement and the preparation, deeming final and distribution of a Preliminary Official Statement; authorizing the execution and delivery of an Escrow Deposit Agreement; appointing an escrow agent; creating and establishing a cost of issuance account; authorizing the execution and delivery of a continuing disclosure undertaking; authorizing the proper officials to do all other things deemed necessary or advisable in connection with the issuance, sale and delivery of said bonds; providing certain other matters in connection therewith; and providing an effective date.

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John Hearn reported that the February and March financials were positive to the budget. Operating revenues have been on target for three consecutive months. Electric retail sales are slightly ahead of budget and water sales continue to trail budget. Operating expenses continue to be less than the budget. Commissioner McAllaster recognized the management team for controlling expenses.

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Chris Browder reported that there are no new legal issues to discuss.

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Ken Ksionek requested that Tom Tart provide a Florida Legislative update. Mr. Tart reported that the Senate passed the Senate Bill 1154 Clean Portfolio Standard sponsored by Senator King. This bill applies to investor owned utilities

only and requires that 20 percent of electric sales by 2020 must be renewable energy from wind, solar, or clean energy from nuclear or IGCC with carbon capture or storage. This bill now includes nuclear energy and can account up to 25 percent of the goal each year. Mr. Tart explained how this affects ratepayers. There is a 2 percent rate cap allowing for up to 1 percent for wind and solar and 1 percent for biomass or landfill gas that can be charged to the customer. There are no specific goals or funding requirements for municipals or coops at this time.

Mr. Tart thanked the Board for allowing him to serve OUC for the past 28 years.

Mr. Ksionek provided an update on the Levy Nuclear Project. He stated that he has not executed a Joint Ownership Agreement (JOA), nor made an option payment for an ownership share of Progress Energy's Levy Nuclear Project as authorized at the December 9, 2008 Board meeting.

As Chris Browder provided in his status report at the March 10, 2009 Commission Meeting, the three major agreements, including the Joint Ownership, the Operation and Maintenance and Interconnection were all nearing completion. The negotiations continue. These are extremely complex contracts that all parties must comply with for the next 60 years. We need to make sure the agreements are negotiated vigilantly on the front end so they work to all parties' benefit in the long term. All joint owners are being extremely cautious and methodical in finalizing all agreements. The OUC team has done an incredible job in this endeavor.

We have requested and are waiting for Progress Energy to provide evidence of its ability to finance the project as demonstrated by rating agency reviews, Progress Energy's financial investors and its internal financial reviews.

Mr. Jeff Lyash, Progress Energy's CEO, has assured Mr. Ksionek that he will not ask OUC to sign a JOA until he fully addresses all of OUC's concerns and gains our total confidence. Based on the contractual and permitting complexities, as well as the extreme risk in the capital market, OUC may not reach its objective of entering into these agreements by this summer.

Mr. Ksionek requested that Rich Kinas provide information regarding a Compliance Audit that was recently conducted at OUC by the Florida Reliability Coordinating Council (FRCC). Mr. Ksionek reminded the Board of the Northeast Blackout experienced on August 14, 2003 at 4:15 p.m. The widespread outage affected an estimated 10 million people in Ontario, Canada and 45 million people in eight northeastern states.

This massive outage was investigated at length and a committee identified four major inadequacies. Utilities failed to analyze system stability issues in their long-term planning. There was inadequate situational awareness where the energy management systems of all the affected utilities did not realize their

systems were locking out and going down. There was inadequate tree trimming along some of the major transmission corridors that caused some of the transmission lines to burn down, which then caused generation units to cascade off-line one after another; and there was inadequate reliability coordination to do any real-time corrective action during this blackout process. Basically, utilities did not have the tools to do the job. It was clear that standards of mandatory compliance were necessary to avert this type of blackout occurring again, which resulted in the Energy Policy Act of 2005.

Mr. Kinas reported that the Energy Policy Act of 2005 was enacted as a result of this outage. This Act gave the Federal Energy Regulatory Commission (FERC) responsibility for enforcing electric reliability standards. In turn, FERC delegated enforcement to the North American Reliability Corporation (NERC), who delegated responsibility to each regional entity. In OUC's case, this is the Florida Reliability Coordinating Council (FRCC).

The standards are created by utility industry participants and enforcement is limited to bulk power facilities (large generation, high voltage transmission). Enforcement is focused on maintaining reliable electric power transmission operations through financial penalties and possible sanctions for non-compliance to standards. Mr. Kinas outlined the enforcement process and audit procedures. OUC is registered with NERC as providing 10 of the 15 NERC registered functions. In addition, OUC acts as an agent for the Florida Municipal Power Pool (FMPP), providing an additional three functions

OUC and FMPP are audited simultaneously since OUC is an agent for all FMPP registered functions. The most recent audit was completed in February 2009. The FMPP was audited against all of its registered functions and 22 reliability standards and was found to be compliant with all applicable requirements. OUC was audited against all of its registered functions and 31 reliability standards and was found to be compliant with all but three applicable requirements. Mr. Kinas provided an overview of the three non-compliant issues and stated that OUC has identified and begun implementation of corrective actions to address the identified deficiencies.

Mr. Kinas further explained the scope of the Compliance Audit, noting that OUC was audited against 23 percent of the NERC Reliability Standard Requirements. OUC will be audited against the remaining 77 percent of standard requirements in the future. The FRCC has the ability to impose financial penalties on standard requirement violations and OUC was able to negotiate the financial penalty associated with the three requirements down to \$60,500.

Mr. Kinas commented on recent news reports and articles regarding cyber spies and the U.S. power grid. This is also an area that NERC is concerned with and has instituted the Critical Infrastructure Protection (CIP) standards, which has become auditable beginning July 1, 2009. Initially, only 13 standard requirements are auditable, with the balance of 28 standard requirements

becoming auditable on July 1, 2010. The standards address protecting critical electronic assets associated with critical assets and cover the implementation, monitoring, response and governance of equipment to limit potential cyber attacks. Critical assets are identified as those assets which are required for us to provide bulk power transmission over the power grid.

The CIP standards are only one method NERC utilizes to reduce the risk of cyber security threats against the bulk power system. Information sharing is another key tool. The Electricity Sector Steering Group (ESSG) provides strategic and policy guidance to the Electricity Sector Coordinating Council and NERC in its role as the operator of ESSG, which is comprised of industry chief executives, including Mr. Ksionek.

President Porta questioned what NERC does with the funds generated from imposed penalties. Mr. Kinas responded that the money is used to offset budgetary impacts. Commissioner McAllaster asked how the FRCC is funded. The FRCC is funded through annual dues paid by its membership, as well as partial funds allocated from violation penalties. Initially, NERC receives the penalty fines paid and it then allocates funds to the FRCC and other entities in order to offset budget considerations necessary to increase reliability. Commissioner Kirby asked if information regarding violations is available in order for OUC to research or track violations, processes and corrective actions by other utilities. Mr. Kinas responded this is possible, although not readily accessible on all region websites. Many fines are not just financial, but also include costly mitigation efforts as part of the sanctioned resolution

Commissioner McAllaster inquired when the remaining 77 percent of the standard requirements audit will be done and what OUC is doing to mitigate possible violations and/or fines in those areas. Mr. Kinas replied that even though OUC is audited every three years, the remainder of the requirements are scheduled to be completed by December 1, 2009. As part of OUC's mitigation plan, the Performance and Evidence Verification Program has been developed in order to provide quality assurance on everything that OUC does related to performance of tasks or gathering of evidence to support a task in order to supply sufficient information regarding any questions that may arise during an audit. This information is gathered prior to the audit to ensure that sufficient time is given to address any concerns that may be identified in order to correct the issue before a violation or fine can occur.

Commissioner Porta asked if other large utilities like JEA had been audited and whether they were found to be compliant with the standards. Mr. Kinas responded that JEA had been audited and was found to be compliant. However, the JEA audit took approximately three months rather than five business days. He further stated that the compliant audit process started in June 2007 and is evolving as all regions try to standardize their audit procedures and timeframes.

Mr. Ksionek commented that the cyber security exposure is very serious and there needs to be a national communication process for the President, Homeland Security, Department of Energy, or the Federal Energy Regulatory Commission and military to alert utilities about classified threats. There needs to be a common language among these entities so that when there is an emergency, it can be effectively communicated. There is a lot of work being done to protect the critical infrastructure and the Electricity Sector Steering Group is engaged.

Mr. Ksionek distributed a flyer regarding the grand opening reception and celebration of the new Climate Change Education Center at the Orange County Convention Center on May 19, 2009. President Porta will represent OUC at the "Flipping the Switch" ceremony at 9:00 a.m. on May 20, 2009, for the 1 Mw solar electric system atop the Orange County Convention Center. This project was completed on schedule and under budget.

Mr. Ksionek stated that in response to the Board's comments at the March 10, 2009 Commissioner Meeting, the consensus direction given by the Board was to continue the prudent implementation of the Electric Integrated Resource Plan, which was workshopped on July 15, 2008. Recognizing that state and federal regulations are moving toward a greener outcome, OUC's renewable generation portfolio goals have been expanded. The 10-year expansion plan includes 150 Mw of nuclear power generation, 20 Mw of landfill gas, 50 Mw of solar and 50 Mw biomass. This expansion of the renewable portfolio is a balanced approach to maintain reliability and affordability for a diverse customer base.

Mr. Ksionek distributed an aerial photograph of OUC's 160 acre Jetport Site that was acquired from Southern Power Corporation in a settlement agreement in 2007 when OUC discontinued the gasification island on the IGCC project. The site includes an existing infrastructure of rail, natural gas pipeline and electric substation for combustion turbines, combined cycle generation, or renewable generation. Approximately 120 acres are high and dry land and a 40 acre area near the railroad spur that is visible from Orange Avenue/State Road 527 can be used for the construction of OUC's first solar power plant.

OUC is preparing a Request for Proposal (RFP), as well as a Purchase Power Agreement (PPA) for solicitation of a five to ten megawatt solar project to be located on the OUC property. OUC will purchase the energy from the solar developer and will receive the renewable energy credits through a 20-30 year agreement. OUC has evaluated the PPA versus a self-build and has determined that developers can take advantage of a 30 percent tax credit and accelerated depreciation and is a model that is being used in the industry. OUC's plan for 50 Mw of solar in its energy includes a combination of purchase power and ownership.

Jennifer Szaro is working with Chris Browder to develop the RFP for the solar purchase power agreement. The RFP and site due diligence will be completed

by May 1, 2009. It is anticipated that the proposals would be presented to the Board for approval by December 2009, with the solar facility being operational by the Spring of 2010. The rest of the Jetport Site can be used to expand solar or deploy biomass technology. Ms. Szaro reported that the solar project has the potential to power 500 to 1,000 homes and will require between 20 and 40 acres of land depending on the technology selected. The system will potentially produce up to 14,000 MWH annually.

Commissioner Dominguez Arlen asked if there is a potential for people to purchase a portion of their energy needs from the installation. Ms. Szaro responded that while this installation will not be structured to that purpose, staff is working on a separate community solar program that would meet that need.

Commissioner McAllaster asked how large the Tampa site is and how many megawatts it generates? Mr. Ksionek replied it is approximately 200 acres, with 25 Mw of proposed solar generation.

Mr. Ksionek reported that Jan Aspuru and his staff have been negotiating with Gainesville Regional Utilities (GRU) regarding its 100 Mw biomass plant at the Deerhaven power plant, which would be owned and operated by a third party. Completion and operation should begin in 2014. It will be fueled primarily by wood products. Mr. Aspuru has been negotiating the purchase of 15 to 25 Mw over a 20 to 25 year period, since GRU does not have the need for the entire 100 Mw. Any purchase power agreement or ownership arrangement will be brought back to the Board for approval. Mr. Aspuru commented that it is expected to be a purchase power agreement since the project would be the first of its kind.

Mr. Ksionek asked Linda Howard to provide an update on OUC's economic stimulus opportunities. Ms. Howard reported OUC is working on two projects which include the hybrid plug-in vehicles and charging stations. OUC is leading the charge with several partners in writing the grants for these projects. In addition, OUC will utilize a Clean Renewable Energy Bond (CREB) for a landfill gas project. In addition, the Build America Bonds (BABs) are being investigated to determine if they will provide a viable option for issuing new money bonds. The financial and operational impacts of BABs are also being evaluated. Other partnerships include working with FMEA about how to partner with other cities on how to utilize the stimulus money, and working with the County on weatherization programs. Stimulus funds will go to the cities, counties, or HUD and OUC will need to partner with those organizations.

Commissioner Dominguez Arlen asked if OUC had contractors it felt comfortable with referring to customers to perform weatherization maintenance and upgrade work based on energy audits. Ms. Howard responded that energy auditors do not directly provide contractor referrals to customers. However, customers may refer to the Preferred Contractor Network on OUC's website for a list of pre-qualified contractors that are capable of performing the various repairs

necessary for energy efficiency improvements. President Porta commented that previous OUC Board member, Lonnie Bell, now works with Orange County, which has discussed having funds available that could help customers pay electric bills and pay for weatherization.

Mr. Ksionek provided a photograph which provided a layout of the various Stanton Energy Center (SEC) facilities, including the SEC B project and discussed the configuration of the new combined cycle plant. The SEC B project construction began in September 2007 with a commercial operation date of June 2010. The gasification island portion of the project was cancelled in December 2007; however, the rest of the project has been proceeding ahead of schedule. The original 33 month construction schedule has been reduced to 27 months and it is anticipated that the unit may be available as early as October 2009. Turnover packages are being received and plant personnel are currently training to take over the plant.

Mr. Ksionek reminded the Commission that the Vero Beach contract begins January 1, 2010. SEC B, as well as the rest of OUC's generation mix, will be utilized to provide the 100 Mw needed to serve Vero Beach. Staff continues to pursue other opportunities to sell generation to interested parties, such as Winter Park and Reedy Creek. SEC B will satisfy OUC's future generation capacity needs, coupled with small increments of renewables such as solar and biomass. This will give OUC a good balanced portfolio for the future.

Mr. Ksionek recognized Mike Pesho, Shirin Premji, Jeff Macre, Beth Mason and Kathleen Plajstek for their efforts in instituting the new electronic Commission Boardbooks utilized at today's meeting. President Porta commented favorably regarding the training provided for the electronic Boardbooks and is confident that it will save many trees in the future.

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Commissioner Kirby thanked Ken Ksionek for listening to the Board's comments at previous meetings and taking steps to increase OUC's solar portfolio. He paid tribute to Aldrenia Byrom for her knowledge on JD Edwards, as well as her longevity and dedication. He also thanked Doug Spencer and Tom Tart for their years of dedicated service to OUC and commented that has known Mr. Spencer since a 1993 Leadership Orlando class and he met Mr. Tart in Tallahassee in 1995.

Commissioner McAllaster commented on SunRail and urged citizens to contact their legislators in support of this important issue. He also challenged OUC to take compact fluorescent light bulbs to all of its customers. If every customer utilized one or more compact fluorescents, it would make a big difference in our carbon footprint. He commented on a program in another state, where packages of compact fluorescent light bulbs can be purchased for a minimal cost at warehouse type stores and the utility company pays the cost difference.

He would like OUC to be a leader and develop similar creative ideas to encourage customers to conserve.

Commissioner Porta commented that customers do receive a compact fluorescent light bulb when they have an energy audit performed. She also stated that proper weatherization of homes can save as much electricity as utilizing solar. Providing energy efficiency standards for rental properties as well as homeowners is also an important issue. She believes that energy saved through conservation should be recognized as a renewable credit.

Commissioner Dominguez Arlen commented that she represented OUC on a "Greening Your Business" panel with Ivette Sanchez for a Latino Style Magazine event on April 9, 2009. She thanked Doug Spencer for his leadership and tenure at OUC and commented that Tom Tart provided valuable insight at events and thanked him for his inspirational invocations at the Board Meetings. She stated that the bond training session provided prior to the Finance Committee was very informative and commented that OUC's wise, conservative, forward thinking ensures OUC's financial future.

President Porta commented that the Board and staff work together towards achieving OUC's vision and thanked everyone for their hard work and efforts on behalf of the ratepayers.

Ken Ksionek stated that a farewell reception will be held for Tom Tart on April 30, 2009 at 2:00 p.m.

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Commissioner McAllaster moved to adjourn the meeting and President Porta adjourned the meeting at 4:20 P.M.

President

Secretary