

**MINUTES
ORLANDO UTILITIES COMMISSION
March 9, 2021
2:00 P.M.**

Present:

COMMISSIONERS:

Britta Gross, President
Larry Mills, First Vice President
Gregory D. Lee, Second Vice President
Cesar E. Calvet, Immediate Past President
Buddy Dyer, Mayor

Clint Bullock, General Manager & Chief Executive Officer
Jan Aspuru, Chief Operating Officer
Mindy Brenay, Chief Financial Officer
W. Christopher Browder, Chief Legal Officer
Linda Ferrone, Chief Customer & Marketing Officer
Manju Palakkat, Chief Transformation & Technology Officer
Latisha Thompson, Chief Employee Experience Officer
LeMoyne Adams, Luz Aviles, Wade Gillingham, Jenise Osani, & Ken Zambito,
Vice Presidents
Nanci Schwartz, Recording Secretary

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The March 9, 2021 Commission Meeting was held in person and virtually via WebEx.

President Gross asked Pete Westlake to provide the moment of reflection.

President Gross asked Steven Alvarez Perez to lead the Pledge of Allegiance to the Flag.

The Commission Meeting was called to order at 2:06 P.M.

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On a motion by Mayor Dyer, seconded by Commissioner Lee and unanimously carried, the reading of the minutes of the January 26, 2021 Pricing Workshop was waived and the minutes were approved.

On a motion by Commissioner Mills, seconded by Commissioner Lee and unanimously carried, the reading of the minutes of the January 26, 2021 Commission Meeting was waived and the minutes were approved.

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Jenise Osani provided a presentation regarding the Tiny Green Home. Ms. Osani explained that the Tiny Green Home supports the customers' journey to be more sustainable at home by offering a hands-on experience through interactive displays, including a functioning rooftop solar array. Four color coded icons represent different categories around the home—energy, water, recycling, and livability—and quick response (QR) codes provide additional information through PDF documents. Located outside the Orlando Science Center (OSC) in Loch Haven Park, the Tiny Green Home is available during peak operating hours and staffed by OSC. Its mobility allows for easy transport to various OUC events. She presented a video about the Tiny Green Home and thanked Sustainability, Emerging Technology, Creative Services and Marketing for their work on the project.

Ms. Osani also discussed OUC's activities in celebration of Earth Month in April, supporting energy/water efficiency and conservation, solar and battery storage, and electric vehicles. OUC's new Green Your Routine website will launch April 1 and will encourage customer sustainability and promote OUC's programs.

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Latisha Thompson stated that OUC has an employee population that represents an array of backgrounds, colors, religious denominations, life experiences, and more. This is especially important since OUC serves such a diverse customer base in Central Florida. As part of OUC's Diversity, Equity & Inclusion initiative, the organization is committed to recognizing the months, weeks, and days that celebrate diversity. February marked Black History Month, a celebration of African American history and their contributions to the United States. Throughout the month, OUC shared blog stories and videos from African American employees, as well as recognized some of the great black innovators that opened the doors to the electric and water industry. A calendar of 20 virtual events were available for employees and their families to celebrate the month through education, history, and culture. OUC also held its own employee-led discussion titled "HERstory," which focused on the achievements of African American women in history. Ms. Thompson shared a short video to re-cap the celebratory month and thanked Emily Leon, Diversity Specialist and members of the Creative Services and Communications teams for leading this effort.

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Ms. Thompson also provided an update on the Large Public Power Council (LPPC) Essential Workers Campaign. She stated that the men and women of public utilities are on the front lines, delivering affordable, reliable electricity and water to millions of Americans. At OUC, safety is a way of life and the number one core value. In 2020, safety moved beyond operations to protecting employees from the COVID-19 pandemic. To keep employees safe, 60 percent of the workforce worked remotely from home. For the remaining 40 percent, OUC implemented CDC recommendations, staggered shifts for electric and water crews, and enforced new hygiene protocols and innovative mobile medical testing procedures. Vince Preston, Director of Logistics, was an integral part in ensuring facilities were ready to meet the challenges of COVID-19. Earlier this year, Vince was selected by OUC to be featured as part of the LPPC's Essential Workers Campaign. LPPC is comprised of 27 of the largest customer-owned utilities in the United States, and the campaign highlighted individual workers from a handful of LPPC members. Ms. Thompson presented a highlight from the video showing Vince, and thanked him for participating in the campaign and his efforts in keeping OUC's essential workers safe.

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Mr. Bullock asked Wade Gillingham to provide a presentation on Affirmative Item A-3 regarding the Stanton Energy Center Unit 1 Forced Outage ratification. Mr. Gillingham explained that the Stanton Energy Center has an emergency response team (ERT) with employees on all five operating crews that are medically trained, incipient fire trained, and hazmat trained for the industrial processes on site. He stated that a fire started shortly after 8:00 P.M. on Saturday, February 13, 2021. The first alarms indicated a low hydraulic fluid reservoir. Upon further inspection and investigation, a fire was verified on the east governor valve assembly. Calls were made to both the ERT and 911. Ten of the fourteen qualified ERT members started responding to the fire location. Orange County Fire and Rescue responded with approximately 17 vehicles and 45 firefighters. The fire was contained within 1.5 hours.

The following day, Siemens, the original equipment manufacturer, was contacted regarding repairs. OUC estimated four weeks of repair before Unit 1 could be returned to service. Approximately 45 gallons of fluid leaked during the event, contributing to the fire. Unit inspections were performed along with numerous turbine checks by Siemens. OUC personnel performed many other inspections and a hydrostatic test. The cost for all repairs was approximately \$650,000, which includes internal and external pricing, as well as approximately \$250,000 to Siemens. The damage to the unit was repaired on March 3 and the unit was back on-line March 5. Additional measures of early detection will be utilized, including remote camera locations to view governor valve assemblies, and an early detection manifold for piping that may be difficult to observe. Mr. Gillingham stated that a lessons learned critique is ongoing with the Safety and Training Department.

Mr. Gillingham thanked the OUC ERT members for their quick and efficient response to the fire. He also thanked the SEC Maintenance, Engineering, and Operations team members for pulling together during this challenging event and rising to the occasion while returning the unit back into service in a very short period of time.

Commissioner Mills asked if Siemens would be consulted for lessons learned. Mr. Gillingham stated that Siemens would be consulted for technical lessons learned.

Commissioner Mills also asked for clarification regarding the lower-than-expected expenses and repair time. Mr. Gillingham confirmed this was due to availability of the parts.

Commissioner Calvet stated that he had visited SEC to observe the repairs and control center. He thanked everyone for a tremendous job.

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President Gross presented the Affirmative Items for approval. On a motion by Commissioner Lee and seconded by Mayor Dyer, Affirmative Items A-1 through A-20 were approved as follows:

1. Ratification of the fuel procurements to the most responsive and responsible bidders in November and December 2020 in the aggregate amount \$20,523,687.19 as follows:

NATURAL GAS PURCHASES:

November 2020	Clarke-Mobil Counties	\$ 409,500.00
November 2020	ConocoPhillips	\$ 324,750.70
November 2020	EDF Trading	\$1,145,321.37
November 2020	Infinite Energy	\$ 409,407.76
November 2020	Macquarie Energy	\$ 434,712.50
November 2020	Mansfield Power & Gas LLC	\$ 457,319.50
November 2020	Municipal Gas Authority of Georgia	\$ 865,440.00
November 2020	Tenaska Marketing Ventures	\$ 807,948.97
November 2020	Texla Energy Management, Inc.	\$2,449,801.95
December 2020	Clarke-Mobil Counties	\$ 409,200.00
December 2020	ConocoPhillips	\$ 233,463.00
December 2020	EDF Trading	\$ 712,580.66
December 2020	Macquarie Energy	\$ 113,135.11
December 2020	Mansfield Power & Gas LLC	\$ 116,200.00
December 2020	Municipal Gas Authority of Georgia	\$ 864,156.00
December 2020	Texla Energy Management, Inc.	\$ 812,547.61

COAL PURCHASES:

November 2020	Crimson Coal Corporation	\$3,259,776.77
November 2020	Foresight Coal Sales, LLC	\$1,424,043.62
December 2020	Crimson Coal Corporation	\$2,705,219.61
December 2020	Foresight Coal Sales, LLC	\$2,569,162.06

2. Ratification of a Purchase Order to Tampa Armature Works, Inc. d/b/a TAW Tampa Service Center for labor and materials required to repair and upgrade the emergency diesel generator for Stanton Energy Center Units 1 & 2 in the amount of \$350,000;
3. Ratification of a sole source Purchase Order to Siemens Energy, Inc. to provide labor and equipment for the Stanton Energy Center Unit 1 Turbine inspection and repairs in the amount of \$256,518;
4. Approval of a Capital Expenditure Estimate for the Stanton Energy Center Unit 2 Chimney Elevator Replacement Project in the amount of \$1,031,460. Approval of a sole source Purchase Order to Alimak Group USA Inc. to provide labor and equipment for replacement and one-year maintenance of the Stanton Energy Center Unit 2 chimney elevator in the amount of \$997,460;
5. Approval of Change Request No. 3 to the Capital Expenditure Estimate for the Conway WTP Bulk Sodium Hypochlorite Conversion Project in the amount of \$903,924, increasing the total project cost to \$1,224,960. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Garney Companies, Inc. in the amount of \$727,713 to provide Construction Management at Risk construction services for the Conway WTP Bulk Sodium Hypochlorite Conversion Project, increasing the total Purchase Order amount to \$802,593;
6. Approval of Change Request No. 4 to the Capital Expenditure Estimate in the amount of \$591,281 for the Conway Water Treatment Plant Granular Activated Carbon Treatment System Project, increasing the total project cost to \$22,758,615. Approval of an OUC initiated scope change and conforming Change Order No. 2 to Garney Companies, Inc. in the amount of \$10,933,135 to provide Guaranteed Maximum Pricing-2 Construction Manager at Risk construction services for the Conway Water Treatment Plant Granulated Activated Carbon Treatment System Project, increasing the total Purchase Order amount to \$14,236,632. Approval of a Purchase Order to World Electric Supply for owner direct purchase of Granulated Activated Carbon electrical equipment and accessories in the amount of \$1,659,049;
7. Approval of Change Request No. 1 to the Water Distribution Construction Estimate for the South Orange Avenue Water Main Improvement Project in the amount of \$1,186,291.01, increasing the total project cost to \$1,382,531.12. Approval of a Purchase Order to SanPik Incorporated to provide construction services for the South Orange Avenue Water Main Installation Project in the amount of \$1,078,425.48;

8. Approval of a sole source Purchase Order to Subnet Solutions, Inc. for additional application drivers and five years of software maintenance & support services in the amount of \$197,159.58;
9. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Yash Solutions, LLC in the amount of \$271,760 to continue providing two resources for System and Server Administrator Services to support Operational Technology for six months pending the hiring of permanent resources, increasing the total Purchase Order amount to \$718,960;
10. Approval of a Capital Expenditure Estimate for Computer Equipment Purchases in the amount of \$900,000. Approval of a Purchase Order to Dell Marketing LP to provide computer equipment and accessories in the amount of \$1,108,400;
11. Approval of RFP #4936 – Contract award to NuEcho Inc., the lowest, most responsive, and responsible supplier, to provide speech tuning services in the amount of \$109,756;
12. Approval of an OUC initiated scope change and conforming Change Order No. 4 to DLT Solutions, LLC in the amount of \$125,616.64 for Autodesk software maintenance and support, increasing the total Purchase Order amount to \$220,666.65;
13. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Oracle America, Inc. in the amount of \$788,764 for annual database software maintenance and support, increasing the total Purchase Order amount to \$1,441,714.33;
14. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Software AG USA Inc. in the amount of \$118,065.77 for annual software maintenance and support, increasing the total Purchase Order amount to \$234,501.45;
15. Approval of RFP #4846 – Contract award to Barrot Services, LLC; HydraDry, Inc.; Ironrock Commercial Construction, LLC; Matcon Construction Services, Inc.; Ovation Construction Company; S.A. Casey Construction; and The Watauga Company, the most responsive and responsible suppliers, to provide general contracting services in the aggregate amount of \$1,000,000;
16. Approval of an OUC initiated scope change and conforming Change Order No. 2 to EOLA Power, LLC in the amount of \$44,468 for the replacement of 80 auxiliary batteries and to continue performing auxiliary battery maintenance services, increasing the total Purchase Order amount to \$121,438.

17. Approval of a single source Purchase Order to FIS AvantGard, LLC to upgrade the Integrity Treasury Management software and provide annual software maintenance in the amount of \$206,600;
18. Approval of additional funding in the amount of \$60,000 with conforming Change Order No. 1 to Orlando Health to continue providing COVID-19 health visits and testing, increasing the total Purchase Order amount to \$140,000;
19. Ratification of an OUC initiated scope change and conforming Change Order No. 3 to Relation Insurance Services of Florida, Inc. for the six-month contract extension to continue to provide third-party workers' compensation claims administration services through March 29, 2021 in the amount of \$9,333.50, increasing total Purchase Order amount of \$102,668.50; and
20. Approval of RFP #4938 – Contract award to Coastal Air Consulting Inc. and Grace Consulting Inc., the most responsive and responsible suppliers, to provide air emissions testing at Stanton Energy Center and Indian River Plant in the aggregate amount of \$581,325.

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On motion by Commissioner Calvet and seconded by Commissioner Lee, New Business Item 1 was adopted and accepted as follows:

- NB-1 Adoption of the proposed electric price and service fee changes, pending Florida Public Service Commission review, for implementation April 1, 2021. Adoption of the proposed water price and service fee changes effective April 1, 2021.

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Mr. Bullock asked Mindy Brenay to provide a presentation on PRES-1a regarding the Series 2021A and 2021B Utility System Revenue Bonds & Series 2021C Utility System Revenue Refunding Bonds Resolution. Ms. Brenay stated that the Resolution presented for approval is designed to support new and expanded system infrastructure assets planned for in the most recent 5-Year Capital Plan totaling \$1.2 billion. The financing plan, designed not to exceed \$330.0 million, will allow OUC to leverage current historic low interest rates for planned expansion and provide for the opportunity to deliver customer savings. The team also strategically delayed securing these bond funds for a year, resulting in a cost savings of \$7.8 million. The addition of this debt is not anticipated to impact OUC's strong financial metrics. Ms. Brenay thanked all of the staff for their work on this resolution.

Commissioner Mills reported that the Finance Committee (Committee) conducted its regular meeting on February 22, 2021 in person and via WebEx.

The Committee reviewed the 2021 Plan of Finance inclusive of the issuance of \$325 million of construction funding and the refunding of certain callable bonds. The Committee reviewed the transaction structure and the alignment of the funding with the five-year Capital Plan. The Committee recommends approval of the Series 2021A and Series 2021B Utility System Revenue Bonds, and Series 2021C Utility System Revenue Refunding Bonds Resolution.

The Committee also reviewed the quarterly Energy Risk Management and Treasury reports for the period ending December 31, 2020. An overview of fuel pricing was provided to the Committee in conjunction with the recent extreme cold weather events.

A brief overview of a pending land sale was provided to the Committee.

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

PRES-1a A resolution of the Orlando Utilities Commission authorizing the issuance of not exceeding \$330,000,000 aggregate principal amount of utility system revenue bonds, Series 2021A and Series 2021B bonds for the purpose of financing capital projects for its utility system and terminating a forward starting interest rate swap; authorizing the issuance of not exceeding \$25,000,000 aggregate principal amount of utility system revenue refunding bonds, Series 2021C to finance the current refunding of portions of its outstanding utility system revenue bonds, Series 2011B and Series 2011C; providing for the terms of said bonds; providing for the application 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 bond purchase agreements; authorizing the execution and delivery of official statements and the preparation, deeming final and distribution of a preliminary official statements; creating and establishing an account in the construction fund and cost of issuance accounts; authorizing the execution and delivery of continuing disclosure agreements; authorizing the execution and delivery of an escrow deposit agreement and designating an escrow agent thereunder; authorizing the termination of the forward interest rate swap pertaining to the Series 2021A Bonds; authorizing the appointment of a verification agent and a bidding agent; authorizing proper officials to do all other things deemed necessary or advisable in connection with the issuance, sale and delivery of said bonds and the refunding of the Series 2011B and Series 2011C bonds; providing for the consent of the owners of said

bonds to an amendment to the general bond resolution; providing certain other matters in connection therewith; and providing an effective date.

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Ms. Brenay stated that OUC continues to be ahead of budgeted income before contributions as a result of electric residential sales. Offsetting the favorable impact of these sales are lower than anticipated water and chilled water revenues. While wholesale revenues are trailing slightly behind budget, the planned use of deferred revenues from the Vero Beach settlement are being evaluated to align with the pending financial assessment of the McIntosh 3 generation facility decommissioning. Ms. Brenay mentioned that extreme weather events in Texas did not impact OUC outside of some higher fuel prices than expected for a short period of time.

Ms. Brenay shared that staff continues to closely monitor aged receivables in conjunction with Customer Service and the administration of the COVID-19 Customer Relief Program. Aged receivables continue to decline for residential customers while aged receivables have risen slightly for commercial customers.

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Chris Browder stated that the Central Florida Water Initiative (CFWI) Rule is the product of a ten-year water supply planning and regulatory initiative intended to provide consistency in the process by which the water resources in Orange, Osceola, Polk, and Seminole counties, as well as southern Lake County, are regulated by three adjoining water management districts (WMDs) - St. Johns River, Southwest Florida, and South Florida. Although the CFWI rulemaking was authorized by the legislature in 2016 and initiated on December 30, 2016, the Florida Department of Environmental Protection (FDEP) did not release the current rule until June 2020 and it included requirements exceeding the statutory mandate. If the rule were to take effect as proposed, on average the public water supply utilities in the CFWI area would see about a 30 percent reduction in their current groundwater allocation without the need for any evidence on the part of the WMDs for causation relating to the water problem the agencies seek to remedy or the amounts of the across-the-board reductions. The proposed rule would cap OUC's groundwater supply in 2033 at 90.77 mgd, when its estimated water demand is estimated to be 104.03 mgd, and in 2043 at 86.77 mgd, when its water demand is estimated to be 113.23 mgd.

In January, the FDEP asked for legislative ratification of the proposed rule, but no bill has been drafted to date. On February 28, OUC filed its Petition to Determine Invalidity of the CFWI rule with the State Division of Administrative Hearings. Seminole County also filed a petition to challenge the CFWI rule. Discovery is currently underway. The cases will be consolidated by the Hearing Officer and

will be heard between March 29 and April 30. Other local government entities who have either filed or intervened in this docket are the City of Lakeland, City of Winter Haven, City of Bartow, Polk County, City of Mulberry, City of Eagle Lake, City of Ft. Meade, City of St. Cloud, City of Sanford. Developers and other entities include Alafia Preserve LLC, Eagle Ridge LLC, LDS Donaldson Knoll Investments, and Florida Cattlemen's Association.

Mayor Dyer asked for clarification about the lead petitioners. Mr. Browder stated that OUC and Seminole County are the two biggest participants and stand to lose the most based on the current Consumptive Use Permits. Orange County also has a high potential for loss, but did not intervene in the case.

Commissioner Lee asked for insight as to why Orange County did not join in the case. Mr. Browder stated that he is unsure.

Commissioner Calvet inquired about bottling companies and how they will be treated by this potential rule. Mr. Browder explained how the lawsuit also concerns how water suppliers are treated as opposed to industry. Another issue is that per capita use needs to be calculated in a way that takes into account all the different service types.

Commissioner Gross and Commissioner Mills inquired if Central Florida is unique in regards to the Lower Lower Floridan Aquifer, and if this is the first region to go through this rulemaking process. Mr. Browder responded that Central Florida is unique in that it has multiple jurisdictional boundaries that rely on the same water body. OUC has been discussing how to unify the approach to allocating this water. Mr. Browder noted that the WMDs have been pushing toward alternate water sources, but this would not make up for the potential 30-40 percent reduction in supply.

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Michael Cohen, an OUC customer, provided comments regarding OUC's solar programs and the recent Gardenia 100kW Bifacial Rooftop Solar Photovoltaic System Project.

Laura Flores requested Commissioners consider changing the time of Commission meetings to allow for increased public participation.

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Mr. Bullock reported on a recent cold weather event in Texas from February 14 through February 18, during which temperatures plunged into single digits and impacted all sources of generation. The Electric Reliability Council of Texas (ERCOT) was affected the most. ERCOT covers most of Texas and is a deregulated, energy-only market, unlike Florida which is regulated and plans for adequate capacity. Cold weather caused a dramatic increase in demand as

Texas heavily utilizes electric heat. Due to the weather, the system came very close to collapsing and suffering long term damage, and there was no choice but to implement rolling blackouts which ultimately resulted in sustained blackouts for many residents and businesses. Questions remain as to why transmission operators were not able to rotate outages. There was ineffective coordinated public communication from ERCOT, transmission providers, and generators.

During the brunt of the storm, 185 generating units were tripped off-line. Wind turbines froze. Coal and gas units are not weatherized for these kinds of temperatures. One nuclear unit was forced to shut down because the cooling water source froze. The cold weather also caused natural gas supplies to be cut due to pipeline and wellhead issues.

The Texas market structure incentivizes fossil generators to focus on summer reliability because that's the season when they generate most revenues. During this event electric market prices hit the \$9,000/MWh cap (equivalent to \$9/kWh as compared to the OUC rate of \$0.10/kWh). Retail customers will be facing massive bills that many will not be able to pay. Natural gas market prices went above \$1,000/mmbtu in some areas and hit \$30/mmbtu in the Florida market. This compares to average natural gas prices of \$2-3/mmbtu. Texas's largest electric co-op has already declared bankruptcy.

Mr. Bullock noted the importance of resiliency. As more renewables are added to generating fleets, the traditional measure of resource adequacy, the calculation of reserve margin, will no longer be an effective measure. Like Texas, Florida has very limited import capabilities, so it's very important to prepare for such events.

Mr. Bullock stated that this weather event's impact to OUC was minimal partly due to diversity of generation and ability to withdraw from gas storage positions.

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Commissioner Mills praised the Tiny Green Home project and the educational awareness it will bring to the community. He congratulated the ERT for the response to the fire at SEC, as well as the collaborative efforts between Orange County and OUC for stopping the fire and between Siemens and OUC for repairing the unit. He commended OUC's current financial position and thanked Mr. Browder for his legal update.

Commissioner Lee thanked everyone for their presentations. He thanked Mr. Browder for his legal update and requested frequent updates to the case. He thanked Mr. Bullock for his update on the Texas weather events and praised OUC for identifying ways to ensure weather events do not impact OUC in similar ways. He commended the ERT for their reactions to the SEC fire.

Commissioner Calvet praised the financial team on the bond resolution and the current financial status. He commended the SEC team for their reaction to the fire and getting the unit running again quickly. He also commented on the seriousness of the water lawsuit.

Mayor Dyer congratulated the ERT and Orange County for containing the SEC fire and the team for getting Unit 1 running again. He praised the finance team for their work on the bond resolution. He noted the water issues facing the state.

President Gross commended the Tiny Green Home Project and the Green Your Routine Program. She also noted how efficiency programs can affect apartment homes and rental property owners. She commented on the frequency of severe weather events and preparing for more frequent events.

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President Gross adjourned the meeting at 3:33 P.M.

President

Secretary