

**MINUTES**  
**ORLANDO UTILITIES COMMISSION**

**April 10, 2012**

**2:00 P.M.**

**Present:**

**COMMISSIONERS:**

Maylen Dominguez  
Dan Kirby, First Vice President  
Craig McAllaster, Second Vice President  
Linda Ferrone, Commissioner  
Buddy Dyer, Mayor

Kenneth P. Ksionek, General Manager & Chief Executive Officer  
Jan Aspuru, Clint Bullock, Al Frazier, Roseann Harrington, Byron Knibbs,  
Denise Stalls, Rob Teegarden, Vice Presidents  
John Hearn, Chief Financial Officer  
Chip Merriam, Chief Legislative & Regulatory Compliance Officer  
Greg Rodeghier, Chief Information Officer  
W. Christopher Browder, Vice President & General Counsel  
Nanci Schwartz, Recording Secretary

President Dominguez asked German Romero to give the invocation, followed by 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 Commissioner Kirby, seconded by Commissioner Ferrone and unanimously carried, the reading of the minutes of the March 13, 2012 Commission Meeting minutes was waived and the minutes were approved.

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Roseann Harrington introduced Rajah Augustinraj, Chair of Region III of the Florida Section of the American Water Works Association (AWWA). Mr. Augustinraj presented a trophy for Best Tasting Water to Brad Jewell, Director of Water Production. The March 22 contest included public water utilities from Brevard, Lake, Orange, Osceola, Seminole and Volusia counties. The winning sample was drawn from OUC's Southwest Water Treatment Plant in the Dr. Phillips area.

Clint Bullock recognized Line Technicians James Alexander, Richard Boley and Chris Hosier for winning First Place Overall in the 12th Annual Florida Lineman Competition in Gainesville on Saturday, March 30. Hosted by the Florida Municipal Electric Association (FMEA), the contest featured more than 100 linemen from 16 municipal utilities throughout the state. OUC sent two journeymen teams of three linemen each and also three apprentices, two of whom are set to become second generation OUC linemen. A video about the rodeo was shown.

Steve Langley stated that the FMEA also awarded OUC with a first-place Safety Award for continued commitment to safe work practices during 2011. He provided a presentation about OUC's safety and training program.

Commissioner Ferrone asked how continuous improvement is incorporated into safety programs. Mr. Langley stated that accident reports are disseminated to workers in the field. All recordable accidents are investigated to determine root cause and prevent further incidents.

Commissioner Kirby asked a question about Affirmative Item A-4 regarding the Vegetation Management Services. He inquired if the contract duration is consistent with previous contract durations. Mr. Ksionek replied that OUC typically enters into three-year contracts with two one year renewal options. Mr. Bullock stated that the previous Vegetation Management Services contract was four year agreement with one four-year renewal option that was not exercised. Mr. Bullock confirmed that the incumbent contractor was evaluated as the lowest, most responsive and responsible vendor. There was an increase in contract cost as well as an increase in scope.

Commissioner Ferrone asked for clarification regarding the services provided by Affirmative Items A-10 through A-12. Greg Rodeghier replied that OUC is satisfied with these software and wiring services.

President Dominguez presented the Affirmative Items for approval. On a motion by Commissioner McAllaster and seconded by Commissioner Ferrone, the Affirmative Items were approved as follows:

1. Ratification of the below spot fuel procurements to the low bidders in January 2012 in the aggregate amount of \$4,241,781.17 as follows:

**NATURAL GAS PURCHASES:**

Jan. 2012	BP Energy Company	\$ 660,008.94
Jan. 2012	Chevron Natural Gas	\$ 385,875.03
Jan. 2012	ConocoPhillips	\$ 970,026.46
Jan. 2012	Infinite Energy	\$ 279,191.69
Jan. 2012	Macquarie Cook Energy, LLC	\$1,118,985.67
Jan. 2012	National Energy & Trade	\$ 104,195.84
Jan. 2012	Texla Energy Management, Inc.	\$ 126,020.83

**NO. 2 AND NO. 6 FUEL OIL PURCHASES:**

Jan. 2012	Tex Par Energy, LLC	\$ 136,419.71
Jan. 2012	Automated Petroleum & Energy Co., Inc.	\$ 265,438.07
Jan. 2012	Automated Petroleum & Energy Co., Inc.	\$ 195,618.93

2. Approval of a sole source Purchase Order to General Electric International, Inc. to provide assistance for onsite field engineering, repair services and replacement parts for the Stanton Energy Center Units 1 & 2 boiler feed pump turbines in an amount not to exceed \$500,000. Approval of a sole source Purchase Order to Flowserve Corporation to provide technical guidance, offsite repairs, material services and spare elements for the Stanton Energy Center Units 1 & 2 boiler feedwater pumps and boiler feedwater booster pumps in an amount not to exceed \$240,000, subject to final contract negotiations and OUC legal review;
3. Approval is requested of an OUC initiated scope change and conforming Change Order No. 1 to ElectroMechanical Engineering Associates, Inc. for design work, material, installation oversight and follow-up testing required for the Stanton Energy Center Unit 2 Generator Current Transformer & Lead Box Support System Project in an amount not to exceed \$65,495, increasing the total Purchase Order amount to \$115,445;
4. Approval of RFP #3238 – Contract award to Davey Tree Expert Company, the lowest, most responsive and responsible vendor, for a three-year contract to provide Vegetation Management Services in the amount of \$ \$9,438,174;
5. Approval of Change Request No. 1 to the Substation Capital Expenditure Estimate for Phase 4 of the Weber Switchgear Upgrade Project in the amount of \$3,480,500, increasing the project cost to \$3,555,000. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Black & Veatch in an amount not to exceed \$761,000 to provide engineering design and construction management services, increasing the total Purchase Order amount to \$831,000. Approval of two Electric Distribution Construction Estimates to upgrade the underground electric distribution system and to reconfigure the new Weber Substation switchgear lineups in the total amount of \$699,376.28;
6. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Power Engineers to provide engineering services, LIDAR mapping and surveying services to complete Phase 2 of the Transmission Line Mapping Project in an amount not to exceed \$721,308, increasing the total Purchase Order amount to \$1,369,049;
7. Approval of a Transmission Capital Expenditure Estimate for engineering, procurement and construction necessary to complete the Turkey Lake to Metrowest Transmission Line Upgrade Project in the amount of \$1,874,155. Approval of a Purchase Order to Black & Veatch to provide design engineering, surveying, soil borings, permitting and construction management services for the project in an amount not to exceed \$183,000;

8. Ratification of an OUC initiated scope change and conforming Change Order No. 1 to Wharton Smith, Inc. in the amount of \$159,438 to perform the gate isolation, tank leak repair and tank cleaning services at the Lake Highland Water Treatment Plant, increasing the total Purchase Order amount to \$172,538.;
9. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Siemens Building Technologies, Inc. in the amount of \$259,000 to continue providing chilled water plant controls service through April 30, 2013, increasing the total Purchase Order amount to \$1,139,533;
10. Approval of an OUC initiated scope change and conforming Change Order No. 4 to Diligent Board Member Services, Inc. in the amount of \$20,460 for annual software license fees through March 12, 2013, increasing the total Purchase Order amount to \$105,762;
11. Approval of an OUC initiated scope change and conforming Change Order No. 4 to Oracle Corporation in the amount of \$249,147.78 for renewal of the Oracle database software update license and maintenance support for the period of May 30, 2012 through May 29, 2013, increasing the total Purchase Order amount to \$968,442.96;
12. Approval of additional funding in the amount of \$160,000 with conforming Change Order No. 3 to Securetronix, Inc. to continue providing computer wiring installation services in support of the voice and data systems through April 2013, increasing the total Purchase Order amount to \$384,000;
13. Approval of an OUC initiated scope change and conforming Change Order No. 1 in the aggregate amount of \$100,000 to the Purchase Orders to DCI Consulting Group, Inc., First Advantage Background Services Corp., Employment Technologies Corp., and Ashvattha Consulting to continue providing employment testing services, increasing the aggregate Purchase Order amounts to \$175,000;
14. Approval of an OUC initiated scope change with conforming Change Order No. 1 to P&A Group in the amount of \$180,000 for health reimbursement account administration services through May 2013, increasing the total Purchase Order amount to \$230,000; and
15. Approval of the appointment of Greg Rodeghier, Vice President and Chief Information Officer; and Clint Bullock, Vice President, Energy Delivery Business Unit, to the Board of Trustees of the OUC Pension Plan, effective April 11, 2012 for terms ending on December 31, 2015 and December 31, 2017, respectively.

John Hearn stated that as of March 31, OUC is approximately \$1.3 million behind budgeted net income. Revenues are closer to budget than in the previous few months. Expenses continue to be under budget and offset the revenue shortage.

Commissioner McAllaster asked for clarification regarding the one-time fringe benefit savings. Mr. Hearn replied the savings was approximately \$600,000, due to an adjustment in medical related costs.

Commissioner McAllaster also remarked that budgeted cash flow currently has a discrepancy of approximately \$300,000. Mr. Hearn stated that this is normal, and the bigger revenue cycle will occur during the summer months.

Commissioner Kirby remarked that natural gas purchases have increased in comparison to the previous year. Mr. Aspuru stated that this is due to a significant volume increase.

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Mr. Ksionek asked Chip Merriam to provide an update on the proposed Coal Combustion Waste Storage Area Pond Project to upgrade the water management system at the Stanton Energy Center. Mr. Merriam stated that SEC's coal combustion waste storage area pond captures runoff from the on-site landfill. This, along with four other storage ponds, ensures that no water used in the generation process leaves the SEC site. The coal combustion waste storage area pond was completed prior to 1987 as part of the original SEC construction. The pond's liner, which can be described as similar to that of an above-ground pool, is in need of replacement.

Mr. Merriam explained specific details of the Project, which includes installing a double liner for added protection, while making significant improvements to the drainage systems to support the planned expansion of the landfill. The double liner will meet the Florida Department of Environmental Protection's (FDEP) December 31, 2012 deadline for compliance.

President Dominguez asked if it was known going into the project that scope and design adjustments would need to be made. Mr. Merriam replied that, initially, the horizontal landfill expansion and the pond liner replacement would be two separate projects. It was decided to combine the two projects when OUC received the December 31, 2012 FDEP compliance deadline.

Mr. Merriam described in detail how the Project would be completed while keeping the current pond in service. SEC Units 1 and 2 would remain operational throughout the project.

Mr. Merriam stated that the project would be an amendment to the landfill expansion contract held by the current vendor, Tetra Tech. The estimated cost for the landfill expansion is \$14,175,000. The pond modification and liner replacement would add \$5,675,000 and the bentonite clay wall would add \$1,930,000 to the overall cost. Mr. Merriam added that a third-party engineering

firm would review Tetra Tech's proposal to ensure the costs are in line with the market value.

President Dominguez asked why it is more cost effective to evaluate the sole source change order rather than solicit multiple proposals. Mr. Merriam stated that the \$100,000 cost of putting the Project out to bid, combined with the estimated \$500,000 mobilization cost savings and the accelerated FDEP compliance deadline, are what compelled the decision to sole source the project. President Dominguez expressed concern that the third party vendor might determine the sole source bid is over market value and then more time would be wasted. Mr. Merriam responded that the Project would be brought before the Commission for approval within the next 30 to 60 days and the third-party evaluation would cost much less than the price of an RFP process. President Dominguez also asked if the cost of the landfill expansion project was based on 90 acres or 30 acres. Mr. Ksionek replied that the \$14.2 million approval was for the initial 30 acre phase only.

Commissioner Ferrone asked about the next phase of the project and if the locations of the other ponds are optimal. Mr. Merriam replied that the next phase is replacement of the other pond liners and would occur in Fiscal Year 2013. Mr. Merriam stated that while the placement of the ponds has been evaluated, it would be inefficient to move the current locations. He stated that OUC would gain experience during the first phase of the project which would help in later stages of construction.

Commissioner Kirby also expressed concern about the scope of the project and possibly discouraging other vendors in future projects by not undergoing an RFP process, and asked if that is worth the mobilization cost savings. He also stated his belief that OUC should not sole source projects because it is easier, rather than going through an RFP process. President Dominguez asked if there is any chance for an extension on the project, which would allow for more efficiency and an RFP process. Mr. Merriam responded that another the pond project was sent out to bid several months ago and only TetraTech responded.

Commissioner Kirby asked for clarification regarding the design/build scope of the project, and asked if TetraTech employs a unique method of completing the project. Mr. Merriam confirmed that the total price is based on a design/build scope and TetraTech has performed similar projects at other sites.

Commissioner Ferrone asked about the required timetable utilizing an RFP process for this Project. Mr. Merriam stated that the bidding process would take approximately five months, followed by mobilization and construction.

Mayor Dyer asked about the anticipated duration of the project work, and if the FDEP regulations specified how to construct the pond liner. Mr. Merriam responded that TetraTech has committed to a completion date prior to December 31. Current regulations require a double liner.

Mr. Ksionek stated that a recommendation will not be brought before the Board if it is not deemed reasonable and a fair market price.

Mr. Merriam stated that he will be meeting with the FDEP on April 12 to discuss the project. The Board directed him to request an extension on the Project to allow for OUC to review all design and construction options.

Commissioner Kirby commended Mr. Merriam on the thoroughness and detail of the presentation. Commissioner Ferrone requested that timelines for the Project be presented at the May 8 Commission Meeting.

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Commissioner Ferrone congratulated Mayor Dyer on his reelection, and commended OUC on its Best Tasting Water, Lineman’s Rodeo First Place Overall and the FMEA first place in safety awards.

Commissioner Kirby also congratulated Mayor Dyer and OUC staff on its awards. He expressed desire for the OUC Linemen to participate in other competitions.

Commissioner McAllaster reiterated the previous congratulations.

Mayor Dyer thanked the Commissioners for their congratulations on his reelection and expressed excitement to continue serving as Mayor of Orlando for the next four years.

President Dominguez congratulated Mayor Dyer, the linemen, and the water team for the Best Tasting Water award. She thanked OUC staff for the update on the customer comment from the March 13 Commission Meeting.

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President Dominguez adjourned the meeting at 3:19 P.M.

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President

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Secretary