

MINUTES
ORLANDO UTILITIES COMMISSION
April 8, 2014
2:00 P.M.

Present:

COMMISSIONERS:

Dan Kirby, President (via telephone)
Linda Ferrone, First Vice President
Maylen Dominguez, Second Vice President
Gregory D. Lee, Commissioner
Buddy Dyer, Mayor

Kenneth P. Ksionek, General Manager & Chief Executive Officer
Jan Aspuru, Clint Bullock, Roseann Harrington, Byron Knibbs, Chip Merriam and
Rob Teegarden, Vice Presidents
Jerry Sullivan, Vice President & Chief Information Officer
John H. Hearn, Vice President & Chief Financial Officer
W. Christopher Browder, Vice President & General Counsel
Nanci Schwartz, Recording Secretary

Commissioner Ferrone asked John Hearn to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:05 P.M.

* * *

On a motion by Mayor Dyer, seconded by Commissioner Lee and unanimously carried, the reading of the minutes of the March 11, 2014 Commission Meeting was waived and the minutes were approved.

* * *

Roseann Harrington discussed OUC's participation in Water Conservation Month and Earth Day celebrations. She explained the 2014 Watercolor Project and invited Commissioners to attend the awards ceremony on April 24. OUC will be participating in NBA Green Week, the Central Florida Home and Garden Show, the Hispanic Business and Consumer Expo, Earth Day Celebration at Lake Eola, and the Orlando Health Earth Day celebration. Tim Trudell recently participated in a half-hour interview with Radio Disney on the subject of water conservation. The *Orlando Sentinel* ran a story about OUC's ozone replacement project.

Greg Taylor, Chair of Region 3 of the Florida Section of the American Water Works Association (FSAWWA), presented OUC with the award for Best Tasting Drinking Water in Central Florida.

Commissioner Ferrone read aloud a Proclamation declaring April to be Water Conservation Month at OUC.

* * *

Mr. Ksionek asked Clint Bullock to provide a presentation on Affirmative Item A-8 regarding the St. Cloud Central to KUA Carl Wall Transmission Line Upgrade Project. Mr. Bullock stated that this is a transmission interconnection (tie line) between St. Cloud and Kissimmee Utility Authority (KUA) systems. Interconnections allow utilities to pool power plant resources and load centers in order to minimize total power generation capacity and maximize transmission reliability. Interconnections also facilitate economy transactions and emergency interchange, minimize the impact of the loss of any single generator and reduce overall transmission line construction cost. Without the tie line, additional and more expensive transmission lines would be required on both systems to meet capacity and reliability needs.

This tie line is 8.3 miles long with the St. Cloud portion being 2.7 miles. The original wood poles are approximately 43 years old. Presently the line capacity is 56 MW, and it will be upgraded to 212 MW.

Commissioner Lee asked if the poles being replaced are wood poles. Mr. Bullock replied affirmatively. They will be replaced with steel monopoles and new conductors, which will quadruple line capacity rating.

Commissioner Ferrone asked if there have been maintenance issues as the wooden poles have aged, and why KUA started the project not knowing if OUC would also participate. Mr. Bullock stated that some poles have been replaced. An analysis determined it would be more cost effective to replace all 65 poles instead of spot replacements. He explained that OUC and KUA have discussed this project several times and it was previously in the Capital Plan, but KUA was not ready to move forward. With the age of the poles and KUA deciding to move forward, OUC decided it was time to also move forward with the project.

* * *

Mr. Ksionek asked Jerry Sullivan to provide a presentation on Affirmative Item A-10 regarding the Outage Management System (OMS) and Computer Aided Dispatch (CAD) Upgrade Project. Mr. Sullivan stated that OUC currently uses the CGI system for OMS and CAD. The current system has limited functionality, lacks full integration with Smart Meters, and is outdated in security and technical aspects. The upgraded system will allow for two-way communication between the newly installed AMI meters and OMS. The project will take approximately 1.5 years. OUC negotiated pricing for hardware, software, and hardware licenses;

however, the implementation costs are primarily for integrating with all the current systems.

Commissioner Dominguez asked why internal labor was included in the budget for this project when it is not included in other projects. Mr. Sullivan explained that according to FERC code of accounts, the practice is to charge internal labor to implement a capital project. Mr. Hearn added that this project is more labor intensive than others.

Commissioner Dominguez asked how long this upgrade will last. Mr. Sullivan explained that the OMS technology will last approximately five years, while the upgrade from the related PSERM customer information system will last approximately seven to ten years.

Commissioner Ferrone asked if the cost of ownership for this project will rise over time. Mr. Sullivan replied that after the capital expenditure, the annual cost will be approximately \$600,000-\$700,000, with a possibility for negotiated pricing added modules. John Hearn stated that the current system is completely depreciated, and that the new capital costs will be depreciated over a five-year period. Capital costs associated with the AMI segment will be additional.

* * *

Commissioner Ferrone asked for clarification on Affirmative Item A-2 regarding the Nitrogen Oxide Reduction Project. She asked if OUC would be paid back damages over time by W.G. Yates and Sons (Yates). Jan Aspuru clarified that the performance deficiencies were not from Yates but rather, Clyde Bergemann Delta Ducon, Inc. (Clyde Bergmann). Yates is the installer and Clyde Bergemann is the fabricator of the equipment. The recommended Change Order is to cover added scope for Yates to supplement some of the fabrication work in the field. Mr. Aspuru stated that the contract with Clyde Bergemann is very strong and OUC should be able to recover funds to cover the cost for the added scope for Yates.

Commissioner Lee inquired if OUC has rights of offset in the contract. Chris Browder replied affirmatively.

* * *

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

1. Ratification of the above fuel procurements to the low bidders in January 2014 in the aggregate amount \$19,286,350.55 as follows:

NATURAL GAS PURCHASES:

Jan. 2014	BP Energy	\$ 131,550.00
-----------	-----------	---------------

Jan. 2014	EDF Trading (Formerly Eagle Energy)	\$ 783,850.19
Jan. 2014	Enbridge Marketing, LP	\$ 596,230.97
Jan. 2014	ENI USA Gas Marketing	\$ 333,820.94
Jan. 2014	Florida Power & Light	\$ 136,490.86
Jan. 2014	Infinite Energy	\$ 432,884.68
Jan. 2014	Macquarie Cook Energy, LLC	\$2,666,450.15
Jan. 2014	NJR Energy Service Company	\$ 267,715.59
Jan. 2014	Sequent Energy Management	\$ 124,639.83
Jan. 2014	Shell Energy	\$1,142,317.70
Jan. 2014	Tenaska Marketing Ventures	\$2,588,528.92
Jan. 2014	Texla Energy Management, Inc.	\$ 641,817.97

COAL PURCHASES:

Jan. 2014	Crimson Coal Corporation	\$4,772,384.86
Jan. 2014	JP Morgan	\$ 737,609.25
Jan. 2014	James River Coal, Inc.	\$1,339,630.76
Jan. 2014	MR Coal Marketing & Trading, LLC	\$2,590,427.88

2. Ratification of an OUC initiated scope change and conforming Change Order No. 1 to W. G. Yates & Sons Construction Company to complete construction of the Stanton Energy Center dry sorbent injection delivery systems for acid gas mitigation in the amount of \$681,843.13, increasing the total Purchase Order amount to \$3,219,843.13;
3. Ratification of Change Request No. 1 to the Capital Expenditure Estimate for the Stanton Energy Center Combined Cycle Unit B Compressor Stator and Exhaust Seal Repairs Project in the amount of \$859,506.19, increasing the total project cost to \$1,127,167.36. Ratification of an OUC initiated scope change and conforming Change Order No. 1 to General Electric International, Inc. to replace the Stanton Energy Center Combined Cycle Unit B compressor stator in the amount of \$859,506.19, increasing the total Purchase Order amount to \$1,127,167.36;
4. Approval of an OUC initiated scope change and conforming Change Order No. 2 to Allied Universal Corporation in the amount of \$270,874 to provide liquid chlorine for OUC's Water Treatment Plants through May 31, 2015, increasing the total Purchase Order amount to \$791,254. Approval of an OUC initiated scope and conforming Change Order No. 2 to Key Chemical, Inc. in the amount of \$559,784 to provide caustic soda for OUC's Water Treatment Plants through May 31, 2015, increasing the total Purchase Order amount to \$1,710,669;
5. Approval of a sole source Purchase Order to Emerson Process Management Power & Water Solutions, Inc. to provide the SureService maintenance and support contract for Stanton Energy Center Units 1 and 2 and Combined Cycle Unit B, and Indian River Plant Combustion

Turbines C & D in the amount of \$608,172.80. The contract term is five years;

6. Approval of RFP #3656 - Contract award to Terry's Electric, Inc., the most responsive and responsible vendor, to perform substation construction services for the Airport Term-Site Upgrade & Pumping Plant Project in the amount of \$554,000;
7. Approval of Change Request No. 1 to the Transmission Capital Expenditure Estimate in the amount of \$3,613,000 for engineering, procurement and construction support necessary to complete the Southwood to Metrowest Transmission Line Upgrade Project, increasing the total project cost to \$3,710,000. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Leidos Engineering, LLC in the amount of \$805,000 to provide design engineering, surveying, soil boring, permitting and construction management services for the project, increasing the total Purchase Order amount to \$900,000;
8. Approval of Change Request No. 1 to the Transmission Capital Expenditure Estimate in the amount of \$6,730,000 for engineering, procurement and construction support necessary to complete the St. Cloud Central to KUA Carl Wall Transmission Line Upgrade Project, increasing the total project cost to \$6,825,000. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Black & Veatch in the amount of \$755,500 to provide design engineering, surveying, soil boring, permitting and construction management services for the project, increasing the total Purchase Order amount to \$850,500;
9. Approval of a sole source Purchase Order to Checkpoint Technologies for the software, licenses, implementation services and three years of maintenance and support in the amount of \$121,455.29;
10. Approval of a Capital Expenditure Estimate for the Outage Management System and Computer Aided Dispatch Upgrade Project in the amount of \$5,700,000. Approval of a sole source Purchase Order to CGI Technologies & Solutions, Inc. for hardware, software, licenses, professional services, and three years of support and maintenance associated with the project in the amount of \$2,049,849, pending final contract negotiations and OUC legal review;
11. Approval of a sole source Purchase Order to Oracle Corporation for renewal of all Oracle database license maintenance and support for

the period of April 30, 2014 through April 29, 2015 in the amount of \$296,906.26;

12. Approval of a sole source Purchase Order to Oracle Corporation for renewal of all Oracle Meter Data Management application license and maintenance support for the period of April 30, 2014 through April 29, 2015 in the amount of \$298,016.34;
13. Approval of an OUC initiated scope change and conforming Change Order No. 1 to CDW-Government, Inc. in the amount of \$100,553.48 for VMware software annual maintenance and support for the period of May 4, 2014 through May 3, 2015, increasing the total Purchase Order amount to \$160,684.68;
14. Approval of an OUC initiated scope change and conforming Change Order No. 1 in the amount of \$150,000 to SimplexGrinnell LP to continue providing inspection and maintenance services of sprinkler and spray fire suppression systems through March 31, 2015, increasing the total Purchase Order amount to \$336,465;
15. Approval of RFP #3658 - Contract award to Allied Door & Hardware Company, Inc. d/b/a Overhead Door Company of Central Florida, the most responsive and responsible vendor, to provide maintenance services for dock levelers and overhead doors in the amount of \$250,000. The contract term is three years with two one-year renewal options. Approval of RFP #3664 - Contract award to Florida Door Control of Orlando, Inc., the most responsive and responsible vendor, to provide maintenance services for barrier gates and arms in the amount of \$250,000. The contract term is three years with two one-year renewal options;
16. Approval of RFP #3631 - Contract award McCartney & Company, Inc., the lowest, most responsive and responsible vendor, to install a concrete expansion adjacent to and under the fly ash handling silos at the Stanton Energy Center in the amount of \$172,232;
17. Authorization for the General Manager & CEO to execute the Release of Easement for Orange Ri Hotel Venture, LLC, located west of North Orange Avenue and south of Colonial Drive; and
18. Authorization for the General Manager & CEO to execute the Subordination of Encumbrance to Property Rights to Orange County for Destination Parkway, located east of International Drive and north of the Beachline (State Road 528).

* * *

John Hearn stated that the March financials have been finalized and Income before contributions is \$6.6 million ahead of budget. Operating expenses are slightly below budget, retail energy and water are on target, and wholesale transactions are \$5.8 million above budget.

* * *

Mr. Ksionek asked John Hearn and Roseann Harrington to speak about Economic Development in the Orlando area. Mr. Hearn stated that bond rating agency updates were recently completed. Maintaining a high bond rating is important because it saves the Commission significant dollars in debt service. The key focus of the presentation was growth. The Marketing, Communications & Community Relations (MCCR) department, led by Jenise Osani and Dennis Warner, produced a 13-minute video chronicling some of Orlando's biggest growth areas including Lake Nona Medical City, Amcor, Publix Distribution Center, Orlando Health, Florida Hospital and Downtown Orlando. Ms. Harrington presented the video to the Commissioners.

* * *

Commissioner Lee congratulated the MCCR team on their presentation. He stated that he was glad to hear that April is Water Conservation Month and that he is a fan of the painted rain barrels. He commented on the importance of green initiatives and sustainable energy and is looking forward to the presentation at an upcoming Commission Meeting.

Commissioner Dominguez commented on the importance of good-tasting drinking water and congratulated the OUC team on their award. She also praised OUC on the high bond ratings and the Economic Development presentation.

Mayor Dyer stated that the City of Orlando also experienced recent visits from rating agencies and they were similarly impressed with economic development in the area. He echoed Commissioner Lee's comments on sustainability and stressed the importance of being the most sustainable green city in the southeastern United States. He commented that Orlando's electric vehicle infrastructure is the best in the southeastern United States. He congratulated OUC on the Best Tasting Drinking Water award. He invited everyone to attend the State of the City address on Thursday, April 10.

President Kirby thanked Commissioner Ferrone for presiding over the meeting. He stated that it was National Architecture Week and stressed the importance of the role of architects in dealing with climate change and in confronting the challenge by building better in order to deal with environmental issues. He stated that he was attending the Advancing Renewables conference at the University of Missouri along with Luz Aviles and Jennifer Szaro, and delivered the keynote

address. OUC has been well-received which is a testament to the high esteem the industry holds for the company.

Commissioner Ferrone thanked President Kirby for representing OUC at the conference. She praised OUC for the Best Tasting Drinking Water award, the high bond ratings and the Economic Development presentation. She also commended staff on the wise investments in infrastructure and upgrades.

* * *

Commissioner Ferrone adjourned the meeting at 3:09 P.M.

President

Secretary