

**MINUTES  
ORLANDO UTILITIES COMMISSION  
JUNE 9, 2009  
2:05 P.M.**

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**Present:**

**COMMISSIONERS:**

Katie Porta, President  
Maylen Dominguez Arlen, First Vice President  
Dan Kirby, Second Vice President  
Craig McAllaster, Commissioner (via telephone)  
Mayor Buddy Dyer

Kenneth P. Ksionek, General Manager & Chief Executive Officer  
Jan Aspuru, Clint Bullock, Alvin Frazier, Roseann Harrington, Byron Knibbs,  
Denise Stalls, 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 Alandus Sims 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.

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Byron Knibbs presented a 30-Year Service Award to George M. Hayes, Transmission & Distribution Training Instructor, Energy Delivery Business Unit.

Byron Knibbs presented a 20-Year Service Award to Kenneth J. Zambito, Director of Finance & Lighting, Energy Delivery Business Unit.

Ken Ksionek presented a 20-Year Service Award to Clint P. Bullock, Vice President of Customer Relations & Sustainability.

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On motion by Commissioner Dominguez Arlen, seconded by Mayor Dyer, and unanimously carried, the reading of the minutes of the May 12, 2009 Commission Meeting was waived and the minutes were approved.

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Commissioner McAllaster joined the meeting by telephone at 3:00 p.m.

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Roseann Harrington reported on the American Cancer Society Relay for Life that was held May 15-16, 2009 in Orlando. This is a 24-hour event to raise money for cancer awareness. Ms. Harrington recognized Missy Stephenson, OUC Manager of Collections, who participated as chairperson for the event.

Alvin Frazier reported on the Juvenile Diabetes Research Foundation's (JDRF) Corporate Walk held on March 7. OUC was a corporate sponsor for the event this year and raised \$11,168. Mr. Frazier recognized several OUC volunteers who raised funds for the event: Gigi Anacleto, Jean Boozy, Brenda Boudreau, Rochell Hodge, Thomas Johnson, Walter Lopez, Mary Perez, Kate Tibbetts, Terri Underwood, Sasha Acevedo, Queen Massaline, Robert Sumpter, Julie Leininger, Zakiah Thorpe and Joanne Silva. Mr. Frazier presented a plaque to the Board recognizing OUC for its efforts to the JDRF.

Mr. Frazier also presented a plaque to the Board recognizing OUC for its efforts with the Orange County Public School's Compact Mentoring Program. This program allows employees to volunteer their time in programs dealing with academic support and social skills development of students. The volunteers provided assistance at Jones and Oak Ridge High Schools with activities such as homecoming, mentoring, and tutoring math and reading. Dr. Audrey Brown, Calvin Griffin, Rhea Henry, Linda Howard, LaTanya Woodson, Corey Johnson, Donna McCue, Karlene Ramirez and Norma Taylor were recognized for their participation in the program.

Ken Ksionek asked Rob Teegarden to discuss Affirmative Item A-12 regarding the additional funding for the reclaimed water main easements and Chris Browder to address Affirmative Item A-13, regarding the Resolution of Necessity for acquisition of property in Orange County.

Mr. Teegarden reported that Project RENEW is a regulatory requirement of OUC's Consumptive Use Permit (CUP) compliance. He stated the Project RENEW Reclaimed Water Agreement between OUC and the City of Apopka has been completed as well as the Wetlands Mitigation Agreement with the St. Johns River Water Management District (SJRWMD) and the South Florida Water Management District (SFWMD). The agreement with the City of Apopka stipulates reimbursement to OUC for half of the capital costs for the project after Project RENEW's construction is completed.

Other milestones to be completed include the five-year CUP compliance review with full 109 MGD water allocation, technical review of right-of-way facility design with Orange County to construct the thirteen mile pipeline from L.B. McLeod Road to the City of Apopka, agreement with the City of Orlando, land acquisition (easements) for pipeline route to Apopka, start construction of

pipeline to Apopka and start delivery of reclaimed water to Apopka in October 2011.

He stated the communication plan is to brief affected Orange County and City Commissioners and to host public information meetings for property owners along the pipeline route.

Mr. Teegarden reported the Commission approved \$6.8 million on August 26, 2008, which included \$6.4 million for design, engineering and permitting and \$400,000 for property acquisition. Expenditures to date include \$1.2 million for project design, engineering and permitting. There has been no money spent or committed for right-of-way and easement acquisition.

He explained that there are financial risks for non-recoverable funds for early spending for design, engineering and permitting and early acquisition of parcels to maintain project schedule.

Mr. Teegarden stated Affirmative item A-12 is a request for an additional \$800,000 to purchase the required easements for Project RENEW and Affirmative Item A-13 is a request for the approval of a Resolution of Necessity for the acquisition of approximately 50 parcels of land necessary for project RENEW.

In the near future, approval will be requested for a wetland mitigation compliance agreement between OUC, the SJRWMD and the SFWMD. Approval will be requested for construction contracts for the reclaimed water pipeline.

President Porta commented that she is pleased to see the CUP moving forward and recognized the effort required to negotiate contracts with several different governmental entities.

Commissioner Kirby asked Mr. Teegarden if this request is specific to the costs of the easements. Mr. Teegarden confirmed that \$800,000 is specific to acquisition of the easements. Commissioner Kirby asked for clarification that the easement acquisitions are outside the rights-of-way which were discovered after further engineering studies. Mr. Teegarden confirmed.

Commissioner Dominguez Arlen asked what risks are involved with this project. Mr. Teegarden replied that if a significant regulatory intervention were to occur by a water management district or third-party intervener, or unforeseen environmental damage, may pose risk which could influence regulatory decisions regarding OUC's five-year compliance. Another risk might occur if there is a dramatic change to the economy. Another potential risk is if lengthy construction delays occur due to legal or administrative challenges, OUC may have to reduce its permitted ground water allocation and permit duration.

Due to regulatory actions and uncertainty, there is a potential financial risk to OUC with costs associated with early land acquisition costs and engineering fees in the event that Project RENEW is not built.

Chris Browder stated that the Resolution of Necessity for Acquisition of Property, Affirmative Item A-13, addresses the potential need for OUC to

condemn certain parcels needed for the installation of the Project RENEW pipeline where OUC is unable to obtain the necessary rights through a voluntary sale by individual property owners.

Mr. Ksionek asked Mr. Teegarden when he anticipates bringing the construction contract for the pipeline to the Board for approval. Mr. Teegarden replied that construction will start in February 2010 and he anticipates two to three more construction contracts for the pipeline.

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

1. Ratification of fuel procurements to the low bidders in March 2009 in the aggregate amount of \$4,247,732.36 as follows:

**NATURAL GAS PURCHASES:**

Mar. 2009	BP Energy Company	\$ 112,064.54
Mar. 2009	Chevron Natural Gas	\$ 401,738.90
Mar. 2009	Crosstex Gulf Coast Marketing	\$ 214,491.81
Mar. 2009	Eagle Energy	\$ 181,198.55
Mar. 2009	Florida Gas Utility-Sport	\$ 106,040.00
Mar. 2009	Infinite Energy	\$ 506,178.13
Mar. 2009	Louis Dreyfus Energy	\$ 567,614.51
Mar. 2009	National Fuel Marketing	\$ 420,317.77
Mar. 2009	Rainbow Energy	\$ 353,992.49
Mar. 2009	Virginia Power Energy Marketing, Inc.	\$ 1,384,095.66

2. Ratification of a sole source Purchase Order to Siemens Energy, Inc. for the Stanton Energy Center Unit 2 Turbine-Generator Governor Valve No. 1 repairs in the amount of \$320,000;
3. Approval of a Capital Expenditure Estimate for the Indian River Combustion Turbines A and B and Excitation Controls Upgrade Project in the amount of \$3,350,600, which includes a sole source Purchase Order to GEIL Global Controls Services to furnish and install excitation control upgrades in an amount not to exceed \$3,153,360, subject to final contract negotiations and OUC legal review;
4. Approval of Bid # 2486 – Contract award to Shambaugh & Son, LP, the lowest, most responsive and responsible bidder, for installation of the new auxiliary transformer fire protection and detection system in an amount not to exceed \$400,000, which is required for the Stanton Energy Center Auxiliary Electric Upgrade Project;
5. Approval of the Electric Distribution Construction Estimate for the installation of an underground electric distribution system to serve Lee Vista Commerce Park, Phase 1, located on Lee Vista Boulevard east of Goldenrod Road in the Orlando service territory in the amount of \$316,344.62;

6. Approval of Change Order No. 3 to Google to provide spam and virus interception and protection services through May 2012 in the amount of \$65,000, increasing the total Purchase Order amount to \$159,490;
7. Approval of Change Order No. 5 to Embarcadero Technologies, Inc. for renewal of the Software License Maintenance Agreement for database development tools through June 23, 2010 in the amount of \$51,122.40, increasing the total Purchase Order amount to \$275,136.64;
8. Approval of Change Order No. 1 to CSS International, Inc. for final implementation and consulting services in support of the Enterprise Resource Planning Upgrade Project in the amount of \$327,140.20, increasing the total Purchase Order amount to \$2,337,740.20;
9. Approval of a Purchase Order to Altec Industries, Inc. to lease fourteen aerial tower trucks for an 84-month term, six aerial tower trucks for a 60-month term and three aerial tower trucks for a 48-month term for a total Purchase Order amount of \$4,159,000;
10. Approval of Change Order No. 2 to Allied Universal Corporation to provide caustic soda and liquid chlorine through May 31, 2010 in the amount of \$1,602,059, increasing the total Purchase Order amount to \$3,725,005;
11. Approval of a Capital Expenditure Estimate for the Ozonator Replacement Project in the amount of \$400,000, which includes a Purchase Order to Camp, Dresser & McKee, Inc. to provide engineering services in an amount not to exceed \$350,000;
12. Approval of Change Request No. 2 to the Capital Expenditure Estimate for Project RENEW in the amount of \$800,000, increasing the total project cost to \$7,600,000, which includes a Purchase Order for the acquisition of easements within the Project RENEW pipeline corridor in the amount of \$1,200,000;
13. Approval and authorization of the Resolution of Necessity for the acquisition of approximately 50 parcels of land required for Project RENEW and recommendation to the City of Orlando to adopt the Resolution of Necessity;
14. Ratification of the settlement in the Lamb vs. CSXT litigation and payment of \$150,000 to the law firm of Moseley, Prichard, Parrish, Knight & Jones Trust Account as full and final settlement of all claims;
15. Approval of Change Order No. 2 to Wyatt, Tarrant & Combs, LLP to provide additional legal services for the TECO Coal litigation in the

amount of \$300,000, increasing the total Purchase Order amount to \$695,000;

16. Authorization for the General Manager & CEO to execute the Release of Utility Easement for Bainbridge Orange Avenue Apartments, LLC for property located west of South Orange Avenue and south of West Gore Street in the Orlando service territory; and
17. Authorization for the General Manager & CEO to execute the Release of Utility Easement for ADC North LP for property located east of South Conway Road and south of Judge Road in the Orlando service territory.

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Commissioner Kirby reported that the Audit Committee met on May 21, 2009. The 2009 work plan and open items from previous audits were reviewed. Out of 54 open items being tracked, 50 items have been implemented on or prior to schedule. A commitment from staff was received that the remaining open items will be completed prior to the next Audit Committee Meeting scheduled for August 13. The Audit Committee Charter was also reviewed. It was determined that a section relating to Audit Committee communication with the external auditors will be developed and reviewed at the next Audit Committee Meeting.

Mr. Hearn stated that the April financial statement is included in the agenda packet. Although the May financial statement is not yet completed, it appears that May electric sales are very close to budget. Water sales were below budget due to the large amount of rain in the service territory. Expenditures are continuing to track below budget. Budget preparations for Fiscal Year 2010 continue in order to mitigate approximately \$36 million.

Chris Browder commented that there are no legal items to report.

Mr. Ksionek requested that the Commissioners approve an increase in contributions for Project Care. OUC contributed approximately \$72,000 in 2008 and \$200,000 in 2009. The \$200,000 funded for 2009 has been depleted during the first eight months of the Fiscal Year. Mr. Ksionek asked the Board to approve an additional \$250,000 to fund Project Care through the end of the Fiscal Year 2009. Mr. Ksionek also stated that \$400,000 will be budgeted for the Fiscal Year 2010.

Mr. Ksionek also reported he met with former OUC Commissioner Lonnie Bell, Director of Orange County's Department of Human Services, regarding Orange County's Low Income Home Energy Assistance Program (LIHEAP) and the distribution of funds. The funding of this program has increased since last year from \$20,000 to \$200,000 per month.

Mr. Ksionek asked Clint Bullock to discuss OUC's efforts to obtain stimulus money. Clint Bullock reported on the Energy Efficiency Weatherization Grant Block, which is a combined effort with the City of Orlando, Orange County and OUC. Mr. Bullock stated that the City of Orlando recently approved an agenda item to submit for the grant application for energy efficiency for residential consumers in the amount of \$500,000. The County will submit a similar application and may commit a similar dollar amount. The three agencies will continue to work together to infuse these funds into the community.

Commissioner Kirby moved to approve additional funding in the amount of \$250,000 in Fiscal Year 2009 for Project Care. Commissioner Dominguez Arlen seconded the motion and it was unanimously approved.

Commissioner Dominguez Arlen asked if the Energy Efficiency Weatherization Grant Block was in addition to Project Care. Mr. Bullock confirmed.

President Porta expressed the need to continue with energy efficiency because many residences are not properly insulated and electric bills continue to rise due to air conditioning escaping through doors and windows.

Commissioner Kirby questioned the historical trend of the voluntary contributions from OUC customers and whether there was an upward trend this year in comparison to previous years. Ms. Harrington reported that contributions total approximately \$22,000 per year and that the annual trend is inconsistent. Commissioner Kirby stated that it is important to make it easy for OUC customers to sign up to contribute to Project Care.

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Commissioner McAllaster disconnected from the meeting at approximately 3:00 p.m.

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Commissioner Dominguez Arlen commented that it is very important for OUC to remain flexible with customers during these tough economic times. Additionally, OUC needs to continue services like Project Care and the energy efficiency programs.

Commissioner Kirby stated he is very pleased to see the volunteer efforts by OUC employees. Commissioner Kirby commented on the three c's - community service, customer focus and Project Care and stated that OUC provides a tremendous commitment and is an amazing community resource in terms of the three c's. Commissioner Kirby recognized George Hayes and Ken Zambito for the work they perform at OUC. Commissioner Kirby also recognized Clint Bullock for his responsibilities in moving OUC forward in terms of sustainability and conservation efforts and commented on the solar array at the Orange County Convention Center, as well as the proposed solar farm.

Mayor Dyer stated that OUC has the greenest building in downtown Orlando. In honor of the Orlando Magic basketball team, the building will be blue this evening.

President Porta commented on her attendance at St. Cloud High School's Awards Ceremony where she presented OUC scholarships to three high school seniors.

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OUC customers Samantha Simpson and Thomas Hellinger addressed the Board in opposition to OUC's involvement in Progress Energy's proposed nuclear power plant in Levy County. Letters will be sent to Ms. Simpson and Mr. Hellinger addressing their concerns about nuclear energy and clarifying OUC's potential participation in the project.

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Commissioner Dominguez Arlen moved to adjourn the meeting. Commissioner Kirby seconded the motion and President Porta adjourned the meeting at 3:35 P.M.

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President

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Secretary