

**MINUTES
ORLANDO UTILITIES COMMISSION
July 12, 2022
2:45 P.M.**

Present:

COMMISSIONERS:

- Britta Gross, President
- Larry Mills, First Vice President
- Gregory Lee, Second Vice President (via telephone)
- Cesar E. Calvet, Commissioner
- Buddy Dyer, Mayor (via telephone)

- Clint Bullock, General Manager & Chief Executive Officer
- Jan Aspuru, Chief Operating Officer
- Mindy Brenay, Chief Financial Officer
- W. Christopher Browder, Chief Legal Officer
- Latisha Thompson, Chief Employee Experience Officer
- LeMoyne Adams, Luz Aviles, Wade Gillingham, Jenise Osani, & Ken Zambito, Vice Presidents
- Frances Johnson, Recording Secretary

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The July 12, 2022 Commission Meeting was held in person.

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President Gross asked Kylisha Davis to provide the moment of reflection. President Gross asked Rafael Suazo, to lead the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:45 P.M.

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On a motion by Commissioner Mills seconded by Commissioner Calvet and unanimously carried, the reading of the minutes of the May 10, 2022 Commission Meeting was waived and the minutes were approved.

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Jenise Osani announced OUC’s Pre-Apprenticeship Training Program was awarded Best Community Program in the downtown corridor by the Golden Brick Awards, Downtown Orlando Partnership’s (DOP) exclusive annual award ceremony that celebrates the people, products, and initiatives that propel downtown forward. The 2021 Golden Brick Awards were held at the Dr. Philips Center for the Performing Arts on May 3, 2022. The Community Golden Brick Award is awarded to an individual, initiative, or organization who has made tremendous contributions to our shared community and has

had a substantial impact on Downtown Orlando. Ms. Osani thanked and congratulated Alandus Sims, Strategic Partnership & Projects Manager, and the entire OUC Empowerment Zone Taskforce for their contributions to this impactful program that creates pathways to jobs and careers at livable wages, building a pool of candidates to fill skilled labor needs while ensuring diversity, equity, and inclusion in underserved communities.

Ms. Osani stated that OUC was also recognized with a prestigious award from the Public Relations Society of America. She stated the Anvil Awards have been considered the icon of the profession and the benchmark of high performance in public relations for over 75 years. OUC received the Award of Excellence in the Crisis Communications - Covid-19 challenges - Best Organizational Pivot category. OUC was honored for its strategic public relations campaign during 2021's liquid oxygen shortage, which result in liquid oxygen being diverted from OUC to help hospitalized Covid-19 patients in Central Florida. This was a challenge, as OUC relies on liquid oxygen for the water purification process. As part of the Incident Command Public Information Branch, OUC's Communications Team worked in tandem with Water Production, Key Accounts, Conservation, Marketing, Creative Services, and others to ask customers to reduce water usage through all communications channels, including news media, social media, direct customer calls, and more. OUC partnered with the City of Orlando to help with communication and held two press events with Mayor Dyer to help with community support. After almost two months of reduced water usage, customers were able to return to normal water usage. Ms. Osani thanked the city of Orlando and its customers, who heeded the call and made sacrifices to support our healthcare community.

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Clint Bullock asked Sam Choi, Director of Strategy & Planning, to provide a presentation on Affirmative Item A-15 regarding the Floating Solar Technical Potential Study with the National Renewable Energy Laboratory (NREL.) NREL is the U.S. Department of Energy's preeminent national laboratory for renewable energy, sustainable transportation, and energy efficiency research. The NREL study aligns with the Decarbonization & Environmental Stewardship strategic portfolio. Mr. Choi emphasized that to meet OUC's Clean Energy goals of net zero CO₂ emissions by 2050, with interim goals of 50 percent CO₂ emissions reduction by 2030 and 75 percent by 2040, will require a diversity of energy resources, including solar energy. Significant growth in floating solar PV (FPV) is expected as land for solar becomes scarce. FPV currently only accounts for one percent of total solar capacity worldwide. He stated Florida has a high potential for utilizing ponds and non-recreational lakes for FPV and OUC has the potential to deploy FPV across many ponds and non-recreational lakes in its service territory. Mr. Choi described the NREL study framework, which includes a geospatial resource assessment, economic valuation and land-use analysis, and the framework for site selection. He also explained the strategic benefits provided by this study.

Commissioner Calvet asked for clarification on how recreational lakes can be utilized. Mr. Choi stated recreational lakes will be avoided to not interfere with the people using

them. He emphasized that the Orlando area has many non-recreational lakes that can be used and are OUC's target.

President Gross inquired about the costs for floating solar compared to utility scale solar. Mr. Choi stated capital costs on a megawatts scale are about 50 percent higher than utility scale solar and although FPV technology needs to mature, there are promising signs for it. President Gross mentioned how difficult it would be to find bodies of water that are not recreational and have enough land for solar. Mr. Choi stated one of the strategies is the possibility of aggregating a number of different ponds and lakes to deploy at scale. He emphasized that the technology for floating solar is really flexible and stated there are cases of floating solar being used offshore. President Gross also inquired about the potential impacts floating solar has on natural wildlife. Mr. Choi responded that the environmental aspect will be evaluated by the NREL study. OUC participated in a DOE grant along with NREL to study environmental impacts of the Gardenia floating solar project. He clarified that there are benefits in terms of mitigating algae growth and the evaporation of water. Mr. Bullock cited OUC's partnership with UCF to assist with the environmental impacts study at Gardenia. Mr. Choi agreed and added that OUC's partnership includes the City of Orlando as well.

Commissioner Calvet asked if there is additional space to install FPV at GOAA or the surrounding areas. Mr. Choi replied there has been an evaluation of the surrounding sites and there are other available water bodies in the area. However, OUC is presently focused on completing other existing projects with GOAA.

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President Gross presented the Affirmative Items for approval. Commissioner Lee declared a conflict of interest with Affirmative Items A-6 and A-19. On a motion by Commissioner Calvet and seconded by Commissioner Mills, the Affirmative Items with the exception of A-6 and A-19 were approved as follows:

1. Ratification of the fuel procurements to the most responsive and responsible bidders in February-March 2022 in the aggregate amount of \$50,022,472.49 as follows:

NATURAL GAS PURCHASES:

February 2022	Clarke-Mobil Counties	\$ 865,200.00
February 2022	EDF Trading	\$2,040,430.98
February 2022	Florida Gas Transmission	\$ 336,000.00
February 2022	Macquarie Energy	\$2,115,500.00
February 2022	Mansfield Power & Gas LLC	\$ 309,830.00
February 2022	Municipal Gas Authority of Georgia	\$1,857,576.00
February 2022	Southwest Energy	\$ 737,587.79
February 2022	Tenaska Marketing Ventures	\$7,590,845.14
February 2022	Texla Energy Management	\$1,802,825.00
March 2022	Clarke-Mobil Counties	\$ 680,450.00
March 2022	ConocoPhillips	\$ 353,420.85
March 2022	EDF Trading	\$2,427,242.34
March 2022	Florida Gas Transmission	\$ 372,000.00
March 2022	Florida Gas Utility	\$ 117,520.00
March 2022	Gas South	\$ 719,113.00

March 2022	Macquarie Energy	\$ 886,188.16
March 2022	Mansfield Power & Gas LLC	\$ 143,965.63
March 2022	Municipal Gas Authority of Georgia	\$1,457,310.00
March 2022	Radiate Energy	\$ 104,389.02
March 2022	Southwest Energy	\$1,224,909.20
March 2022	Tenaska Marketing Ventures	\$6,600,712.26
March 2022	Texla Energy Management	\$3,142,363.78

Coal Purchases:

February 2022	Armstrong Resources	\$1,135,795.20
February 2022	Crimson Coal Corporation	\$2,135,220.94
February 2022	Foresight Coal Sales, LLC	\$2,960,568.45
March 2022	Armstrong Resources	\$ 998,340.76
March 2022	Crimson Coal Corporation	\$3,425,194.67
March 2022	Foresight Coal Sales, LLC	\$2,405,553.36

Red Dyed Diesel Oil Purchases:

February 2022	Automated Petroleum	\$ 404,252.10
February 2022	Tropic Oil Company	\$ 162,999.97
March 2022	Tropic Oil Company	\$ 509,167.89

2. Ratification of an OUC initiated scope change and conforming Change Order No. 1 to Sargent & Lundy in the amount of \$3,600,000 to provide additional labor and material necessary for the Osceola Generating Station Unit 2 to return to service, and to Power System Mfg., LLC in the amount of \$500,000 to provide additional labor and material necessary for the turbine and generator repair services, increasing the total Purchase Orders to the aggregate amount of \$9,100,000;
3. Ratification of Change Request No. 2 to the Capital Expenditure Estimate in the amount of \$500,000 for the Stanton Energy Center Unit 2 Cooling Tower Repairs Project, increasing the total project cost to \$3,867,200. Ratification of an OUC initiated scope change and conforming Change Order No. 2 to Pullman Power LLC in the amount of \$500,000 for additional costs associated with increased scope, labor market constraints, and price increases for equipment and materials for the Stanton Energy Center Unit 2 Cooling Tower Repairs Project, increasing the total Purchase Order amount to \$3,733,200;
4. Approval of a sole source Purchase Order to Florida Valve & Equipment, LLC. to supply four new Val-Matic check valves for the Lake Highland Water Treatment Plant in the amount of \$159,200;
5. Approval of RFP #5012 – Contract award to DNV Energy USA Inc. for load, solar, weather forecasting services, and uncertainty management tools for the Florida Municipal Power Pool production cost modeling in the amount of \$276,480;
6. Pulled for separate vote;
7. Approval of the Capital Expenditure Estimates for the Texas Avenue Road Improvements Project for the conversion of overhead facilities to underground, and relocation of electric underground and overhead facilities along Texas Avenue in

the aggregate amount of \$3,935,818.25;

8. Approval of a Purchase Order to KEMCO Industries, LLC for substation switchboard panels in the amount of \$130,000;
9. Ratification of Purchase Orders to A.B. Closing Corporation dba Kavaliro; Advisex; MAD Security; Magellan Advisors; Presidio Networked Solutions; UDT; and V-Tech Solutions for immediate IT Professional Services in the aggregate amount of \$454,800. Approval of OUC initiated scope change and conforming Change Orders No. 1 to A.B. Closing Corporation dba Kavaliro; Advisex; MAD Security; Magellan Advisors; Presidio Networked Solutions; UDT; and V-Tech Solutions in the amount of \$527,250 for continued IT Professional Services, increasing the total Purchase Orders to the aggregate amount of \$982,050;
10. Approval of sole source Purchase Orders to Verint Americas, Inc. for professional services in the amount of \$367,845, as well as software maintenance and support in the amount of \$274,807.94, for an aggregate amount of \$642,652.94;
11. Approval of an OUC initiated scope change and conforming Change Order No. 2 to POWER Engineers, Inc. in the amount of \$89,751 for continued GIS managed and professional support services, increasing the total Purchase Order amount to \$506,228;
12. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Salesforce.com, Inc. in the amount of \$135,840 for Service Cloud Customer Relationship Management licenses and support, increasing the total Purchase Order amount to \$328,280.01;
13. Approval of RFP #5122 – Contract award to Duval Ford, LLC for the acquisition of two 2022 Ford Walk-In Step Vans in the amount of \$156,978;
14. Approval of an OUC initiated scope change and conforming Change Order No. 3 to Westbrook Service Corporation in the amount of \$40,000 to continue providing ice machine preventative maintenance and repair services, increasing the total Purchase Order amount to \$139,005;
15. Approval of a sole source Purchase Order to the Alliance for Sustainable Energy, LLC, Management and Operating Contractor for National Renewable Energy Laboratory, to provide a floating solar technical and financial feasibility study in the amount of \$115,000;
16. Approval of RFP #5119 – Contract award to SafePoint Occupational Health Services, Inc. to provide on-site mobile medical services in the amount of \$211,761;
17. Approval of OUC initiated scope change and conforming Change Orders No. 1 to Baker Tilly Virchow Krause LLP; Clifton Larson Allen LLP; Focal Point Data Risk, LLC; Protiviti Inc.; RSM US LLP; and Securance LLC in the amount of \$280,592.50 to continue providing co-sourcing services, increasing the total Purchase Orders to the aggregate amount of \$980,592.50;

18. Approval of additional funding in the amount of \$250,000 with conforming Change Order No. 1 to Baker Botts, LLP for legal services, increasing the Purchase Order amount to \$345,000. Approval of additional funding in the amount of \$150,000 with conforming Change Order No. 1 to Greenberg Traurig, PA for legal services, increasing the Purchase Order amount to \$225,000. Approval of additional funding in the amount of \$150,000 with conforming Change Order No. 1 to O'Connor & O'Connor, PA for legal services, increasing the Purchase Order amount to \$245,000. Approval of additional funding in the amount of \$300,000 with conforming Change Order No. 2 to Shutts & Bowen, LLP for legal services, increasing the Purchase Order amount to \$647,000; and
19. Pulled for separate vote.

On a motion by Commissioner Mills and seconded by Commissioner Calvet, Affirmative Items A-6 and A-19 were approved as follows:

6. Approval of the Capital Expenditure Estimates for the Narcoossee Road and State Road 417 Road Widening Improvements Project required for the relocation of underground electric distribution facilities and a new underground manhole duct-line system along Narcoossee Road in the aggregate amount of \$886,776.85; and
19. Authorization for the General Manager & CEO to execute a Partial Release of Easement for Lockheed Martin Corporation and Universal Orlando, for property located south of West Sand Lake Road within the proposed future South Kirkman Road extension.

Commissioner Lee previously announced a conflict of interest and abstained from the vote.

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Commissioner Mills stated that the Audit–Finance Committee (Committee) meeting was held on June 29, 2022 in person.

The Committee was provided with the following informational updates:

- Fuel and purchased power expenses given the unique nature of these pass-through costs including the risk mitigation strategies employed to insulate customers from commodity price volatility.
- Ancillary pricing programs including the evaluation of expanded OUC Community Solar Farm pricing program and clarification of the Net Metering Policy.
- 2023 Operating Budget and 2023 – 2027 Capital Plan including projected reserve balances and liquidity considerations.

- Moody's assessment of OUC's Environmental, Social and Governance risks including the neutral rating with no impact to OUC's credit score.

The Committee was also provided with an update of the Defined Benefit and Other Post-Employment Benefit Plan audit and actuarial results. In conjunction with the audit and the stronger than actuarially assumed investment returns, the Committee recommends the Commission approve the recognition of pension expenses up to the annual active service member costs and the consolidation of the Pension and OPEB regulatory assets with a combined amortization through 2032. An update was also provided from Ernst & Young on the Defined Benefit and Other Post-Employment Benefit Plan audit results.

Quarterly financial and compliance reports were provided by management including Internal Audit, Energy Risk Management, Treasury Services and Accounting and Budgeting Services.

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

- PRES-1a Approval to recognize pension expenses up to the annual active service member costs and consolidate the pension and other post-employment benefit regulatory assets with a combined amortization period through 2032.

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Ms. Brenay presented the draft June Financial Report, indicating that electric retail and wholesale revenues are ahead of budget as a result of warmer than normal weather excluding the impact of \$11.5 million of unplanned wholesale revenues. Water revenues are also slightly ahead of budget offset by trailing chilled water and other revenues. Offsetting favorable revenues are higher than budgeted operating expenses, excluding fuel and purchased power, as a result of continued labor and supply chain constraints coupled with accelerated depreciation and generation decommissioning costs in alignment with the Clean Energy Plan.

On follow-up from Commissioner Calvet, Ms. Brenay shared that a portion of the chilled water revenue variance was due to the delayed "go-live" of the partnership with the Greater Orlando Aviation Authority (GOAA), in which OUC will own and operate the chilled water and back-up generation facilities at new South Terminal facilities. The South Terminal was originally planned to open in May 2022, but is now planned for September 2022.

Commissioner Calvet asked if there is still hope that OUC's revenue will not go into the negatives. Ms. Brenay replied yes and clarified the situation OUC is facing is temporary and OUC is meeting with representatives at GOAA weekly and working with them to deliver. To help OUC's revenue, OUC is anticipating GOAA going live by the end of this fiscal year, so next year OUC will not see a revenue gap such as the one it is facing now.

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Jan Aspuru gave an overview of the Storey Bend and Harmony II Solar projects, and the Storey Bend Battery Storage project as a follow up to being discussed in May 2022. He reminded the Commissioners there are two primary drivers impacting both the cost and schedule of the projects, inflation and supply chain disruptions, along with the Department of Commerce (DOC) investigation on possible circumvention of tariffs on Chinese-made solar panels. The investigation almost caused a complete shutdown of large scale solar installations due to concerns that tariffs could be as high as 250 percent and imposed retroactively. The investigation is anticipated to close by late August 2022. Inflation and supply chain disruption impacts will continue and we expect possible impacts on pricing under the Storey Bend and Harmony II Solar agreements. Specific pricing has yet to be determined and the Commissioners will be updated once clarified. A schedule delay of 12 months is expected.

Mr. Aspuru stated on June 6, 2022, the Biden Administration declared a 24-month tariff moratorium on solar panels assembled in Cambodia, Malaysia, Thailand, and Vietnam by way of executive action. The moratorium was in response to serious concerns from the U.S. solar industry about the impacts of the DOC's investigation into whether solar panels imported from these nations actually originated in China would be subject to the retroactive tariffs. The moratorium will remain in place regardless of the conclusion of the DOC investigation. As a result, the solar industry is back on track related to the tariff issue. However, he reiterated the impacts of inflation and supply chain disruption to cost and schedules on Storey Bend and Harmony II remain, and the Storey Bend Battery Storage project remains on hold.

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Mr. Bullock acknowledged OUC's management and their teams for their hard work and support to complete the 2023 budget and capital plan. He recognized it is a collective effort to get through the entire process and acknowledged there will need to be some flexibility as there will be issues OUC will not be able to anticipate. Mr. Bullock affirmed Ms. Brenay and her team will continue to monitor and manage the OUC budget. He also commended Ms. Brenay for her efforts to present a plan to the board without any changes to the non-fuel base rate.

Commissioner Lee stated this was a good meeting and he regrets not attending in person. He applauded the great work on the budget workshop and presentations.

Mayor Dyer echoed Commissioner Lee's comments.

Commissioner Calvet inquired if new subdivisions require reclaimed water. Mr. Bullock responded it depends on the geography of the subdivision and where the supply of reclaimed water will come from, whether from the City of Orlando or Orange County waste water facilities. He stated OUC will continue to work with the City and County and emphasized that the consumptive use permit is an important initiative for OUC. Commissioner Calvet inquired about the Sunbridge development. Mr. Bullock confirmed the Sunbridge development is not in OUC's water service territory. Commissioner Calvet also asked about the easement on size of A-19 located at Kirkman and Lockheed. Chris

Browder replied that he would follow up on a response. Commissioner Calvet stated it was a good meeting and floating solar has a tremendous potential.

Commissioner Mills echoed the other commissioners' comments. He thanked everyone for the clarity on the Budget Workshop. He congratulated OUC on receiving the Golden Brick Award and the Award of Excellence in Crisis Communications at the Anvil Awards impacting the community and visibility. He stated the floating solar presentation was very informative.

President Gross thanked Orlando Alancastro and Eva Reyes for their participation at the recent EPRI Electrification Conference which focused on the EV sector. She remembered the liquid oxygen situation and thanked Mayor Dyer for his support during that time, along with the commercial and residential customers. She concluded by recognizing the Pre-apprenticeship Program's potential to bring people into the utility industry and how that could pay off in the long run.

President Gross adjourned the meeting at 3:35 P.M.

(Signature on File)

President

(Signature on File)

Secretary