MINUTES
ORLANDO UTILITIES COMMISSION
August 25, 2009
2:00 P.M.

Present:

COMMISSIONERS:
Katie Porta, President
Maylen Dominguez Arlen, First Vice President (via telephone)
Dan Kirby, Second Vice President
Mayor Buddy Dyer
Kenneth P. Ksionek, General Manager & Chief Executive Officer
Jan Aspuru, Clint Bullock, Alvin Frazier, Roseann Harrington, Byron Knibbs,
   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 2:00 P.M.

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Clint Bullock presented a 20-year Service Award to Kevin Anthony, Director of
Meter Services, Customer Relations & Sustainability.

John Hearn presented a 20-year Service Award to Linda S. Howard, Director of
Treasury Services, Financial Services Department.

Byron Knibbs presented a 20-year Service Award to Charles Troy Turner,
Systems Operator, Energy Delivery Business Unit.

President Porta presented an award to Sharon L. Knudsen and stated that the
Orlando Utilities Commission recognizes Sharon L. Knudsen, Special Assistant
to the General Manager & CEO, with gratitude for 28 years of outstanding
service and accomplishments.

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On motion by Mayor Dyer, seconded by Commissioner Kirby, and unanimously carried, the reading of the minutes of the July 14, 2009 Commission Meeting was waived and the minutes were approved as amended.

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Roseann Harrington asked Kevin Anthony to present the awards for the 2008 Meter Reader of the Year. Diana Decker works in the St. Cloud service territory and read 114,846 meters with an average accuracy of 99.98% and an access rate of 99.97%. Efran Rodriguez works in the Orlando service territory and read 131,344 meters with an average accuracy of 99.989% and an access rate of 99.78%. Mr. Anthony stated that the meter readers walk an average of 10-12 miles per day and read a total of 4,154,223 meters in 2008 with an accuracy level of 99.959%

Commissioner Dominguez Arlen joined the meeting via telephone at 2:35 p.m.

Ken Ksionek asked Chris Browder discuss Affirmative Item A-25 regarding the TECO Coal litigation legal services. Mr. Browder reported that this item involves costs due to ongoing litigation with TECO Coal Corporation and Premier Elkhorn Coal Company, which continues to be contentious. Neither party has relented and the discovery phase of the case is almost over, which should be the most expensive part of the litigation process. Mr. Browder stated that OUC will file a motion for Summary Judgment soon and if the motion is granted, the case would be dismissed.

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

1. Ratification of fuel procurements to the low bidders in May, June and July 2009 in the aggregate amount of $12,538,968.29 as follows:

**NATURAL GAS PURCHASES:**

<table>
<thead>
<tr>
<th>Month</th>
<th>Company</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 2009</td>
<td>Anadarko Energy Services</td>
<td>$ 840,118.00</td>
</tr>
<tr>
<td>May 2009</td>
<td>BG Energy Merchants, LLC</td>
<td>$ 368,021.00</td>
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<tr>
<td>May 2009</td>
<td>BP Energy Company</td>
<td>$ 288,236.06</td>
</tr>
<tr>
<td>May 2009</td>
<td>Chevron Natural Gas</td>
<td>$ 153,697.28</td>
</tr>
<tr>
<td>May 2009</td>
<td>City of Lakeland</td>
<td>$ 241,560.20</td>
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<tr>
<td>May 2009</td>
<td>Florida Gas Utility</td>
<td>$ 178,261.80</td>
</tr>
<tr>
<td>May 2009</td>
<td>Infinite Energy</td>
<td>$ 537,800.57</td>
</tr>
<tr>
<td>May 2009</td>
<td>Louis Dreyfus Energy</td>
<td>$ 722,735.50</td>
</tr>
<tr>
<td>May 2009</td>
<td>National Energy &amp; Trade</td>
<td>$ 178,711.00</td>
</tr>
<tr>
<td>May 2009</td>
<td>National Fuel Marketing</td>
<td>$ 907,668.72</td>
</tr>
<tr>
<td>May 2009</td>
<td>Rainbow Energy</td>
<td>$ 600,059.46</td>
</tr>
<tr>
<td>May 2009</td>
<td>Shell Energy</td>
<td>$ 698,203.20</td>
</tr>
<tr>
<td>May 2009</td>
<td>Virginia Power Energy Marketing, Inc.</td>
<td>$ 389,166.15</td>
</tr>
<tr>
<td>June 2009</td>
<td>Anadarko Energy Services</td>
<td>$ 633,668.10</td>
</tr>
</tbody>
</table>
June 2009  BG Energy Merchants, LLC  $ 336,549.37
June 2009  BP Energy Company  $ 473,012.52
June 2009  Chevron Natural Gas  $ 327,648.54
June 2009  City of Lakeland  $ 345,323.76
June 2009  CrossTex Gulf Coast Marketing  $ 411,980.54
June 2009  Florida Gas Utility  $ 871,200.00
June 2009  Louis Dreyfus Energy  $ 888,297.77
June 2009  National Energy & Trade  $ 256,069.35
June 2009  National Fuel Marketing  $1,286,185.24
June 2009  Virginia Power Energy Marketing, Inc.  $ 380,104.49

NO. 6 FUEL OIL PURCHASES:
July 2009  TransMontalgin Product Services, Inc.  $ 224,689.67

2. Ratification of Change Order No. 1 to Sterns Conrad & Schmidt Engineers, Inc. for procurement and installation of the blower and flare equipment required for Phase II of the Orange County Landfill Gas to Energy Project in the amount of $1,792,218, increasing the total Purchase Order amount to $2,092,218;

3. Approval of a Capital Expenditure Estimate for the Stanton Energy Center Coal Conveyors Magnetic Separators Upgrade Project in the amount of $270,000, which includes a sole source Purchase Order to Dings Company Magnetic Group for procurement of materials to upgrade the electro-magnetic separators in the amount of $178,250;

4. Approval of a Capital Expenditure Estimate for the Stanton Energy Center Material Handling Distributed Controls System Project in the amount of $300,000, which includes a sole source Purchase Order to Invensys Process Systems to upgrade the Distributed Controls System in the amount of $220,257.01;

5. Approval of a Capital Expenditure Estimate for the Stanton Energy Center Unit 1 Hydrogen Cooler Chambers & Turbine Control Valves Upgrade Projects in the amount of $609,522. Commission approval is also requested of a sole source Purchase Order to Siemens Energy, Inc. to provide material and services required during both the Stanton Energy Center 2009 Unit 2 Fall Outage in the amount of $563,000 and the Stanton Energy Center 2010 Spring Outage for the Unit 1 turbine generator overhaul and upgrades in the amount of $3,685,000 for a total amount of $4,248,000, pending final contract negotiations;

6. Approval of a sole source Purchase Order to Siemens Energy, Inc. for the Indian River Combustion Turbine D warm air purge door removal and row 1 ring segment replacement in the amount of $918,207 and inspection of internal components including necessary repair and replacement work in the amount of $800,000, for a total Purchase Order amount of $1,718,207;
7. Approval of a sole source Purchase Order to CSX Transportation, Inc. for railcar repairs for a three-year period in the amount of $2,349,840;

8. Approval of the Electric Distribution Construction Estimate for the installation of an underground electric distribution system to serve St. Cloud High School in the amount of $157,706.19;

9. Approval of the Electric Distribution Construction Estimate for the installation of an underground electric distribution system to serve the Orlando International Airport Terminal A rental car service facility in the amount of $185,324.88;

10. Approval of the Electric Distribution Construction Estimates for the underground electric distribution system upgrade for the winter Run Subdivision, Loop 1, in the amounts of $144,061.64 and $147,454.25 for conduit and distribution systems, respectively, for a total amount of $291,515.89;

11. Approval of the Electric Distribution Construction Estimate for the upgrade of underground feeder cables for Circuit Nos. 4-12 and 4-32 in the amount of $243,912.11;

12. Approval of the Electric Distribution Construction Estimate for relocation of overhead electric distribution facilities along Narcoossee Road required for the Narcoossee Road Widening Project, Phase 1B, in the amount of $612,245.10;

13. Approval of Bid #2707 - Contract award to Valmont-Newmark, Inc., the most responsive and responsible bidder, for sixty steel transmission poles required for the Stanton to Bithlo 230kV Transmission Line Project in the amount of $2,050,000. Approval of RFP #2781 - Contract award to Orlando Rock, the most responsive bidder, for clearing, construction of access pads, roads and compensating storage areas in the amount of $2,038,000;

14. Authorization for the General Manager & CEO to execute the Compliance Agreement between OUC and the St. Johns River Water Management District, contingent upon final OUC legal review and approval of a Purchase Order to the South Florida Water Management District for the restoration payment to the South Florida Water Management District under the Compliance Agreement in the amount of $475,950. This Agreement is subject to the St. Johns River Water Management district's governing board's approval of the entire Agreement;

15. Approval of Change Request No. 3 to the Capital Expenditure Estimate for Phase 1 of Project RENEW in the amount of $418,090, increasing the total project cost to $8,018,090; which includes Change
Order No. 1 to the Purchase Order for HDR Engineering, Inc. in the amount of $369,992, increasing the total Purchase Order amount to $2,869,992;

16. Approval of a Capital Expenditure Estimate for the implementation of the Enterprise Content Management System Project in the total amount of $1,028,700, which includes software costs of $479,500, implementation services costs of $360,800 and internal OUC labor and hardware costs of $188,400. Approval of RFP #2686 – Contract award to EMC2 Corporation for software and maintenance in the amount of $498,440 and Trinity Technologies Corporation for software, maintenance and implementation services in the amount of $455,405, with permission to negotiate, finalize and execute the agreements with terms not to exceed the above amounts, subject to final OUC legal review.

17. Approval of RFP #2766 – Contract award to Origin, Inc., Blue Heron Consulting and EP2M, the most responsive and responsible bidders, to provide temporary IT business and technology staffing support to the Customer Information System for a three-year period in an aggregate amount not to exceed $1,200,000;

18. Approval of RFP #2652 – Contract award to Basetic Office Systems of Orlando II, Inc., the most responsive bidder based on performance and pricing, for the purchase of a Neopost SI 92 folder/inserter and the Newpost IJ 110 digital mailing system in the amount of $112,000;

19. Approval of RFP #2720 – Contract award to Select Staffing Group, the lowest, most responsive and responsible bidder, to provide mailroom operations, messenger and mail delivery services for a three-year period in the amount of $412,223.36;

20. Approval of Purchase Orders for the Downtown West Central Chilled Water Plant to the following vendors for the direct purchase of the items listed: Project One Systems, Inc. for chilled water pumps and air separator in the amount of $140,595; HD Supply Electrical for electric switchgear and panels in the amount of $197,400; Schuff Steel-Atlantic, Inc. for building steel in the amount of $222,967; Aqua Air Products for five cooling towers in the amount of $491,507; and Trane US, Inc. for three centrifugal chillers in the amount of $794,235;

21. Approval of Change Order No.5 to CH2M Hill southeast, Inc. in the amount of $90,000 to complete the revised monitoring plan, increasing the total Purchase Order amount to $189,340.12;

22. Approval of RFP #2694 – Contract award to Acucutest Laboratories Southeast, Inc. and Pace Analytical Services, the most responsive
and responsible bidders, to provide laboratory services for a three-
year period in the aggregate amount of $225,000;

23. Approval of Change Order No.3 to Security Forces, Inc. for security
officer and informational services for the fourth and final year of the
contract in the amount of $1,610,938, increasing the total Purchase
Order amount to $6,414,538;

24. Approval of Change Order No. 2 to the Purchase Order for Ford &
Harrison, LLP to provide continued legal services in the amount of
$70,000, increasing the total Purchase Order amount to $145,000;

25. Approval of Change Order No.3 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
$995,000;

26. Authorization for the General Manager & CEO to execute the Release
of Utility Easement for Northern Gateway Partnership, LLP for
property located west of North Mills Avenue and south of East
Princeton Street; and

27. Authorization for the General Manager & CEO to execute a Third
Amendment to the Right-of-Way Agreement for Alafaya Trail and
Innovation Way with Orange County, per final legal review and
recommendation to the City of Orlando to sign the amendment;

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Ken Ksioneck noted that there were no changes to the proposed 2010 Operating
Budget or the 2010-2014 Capital Plan. Mr. Ksioneck also pointed out that the
2010 Operating Budget was achieved without an increase to electric and water
rates.

On motion by Mayor Dyer, seconded by commissioner Kirby, New Business
Item 1a/1b was approved as follows:

NB-1a/1b Adoption of the 2010 Operating Budget as presented and acceptance
of the 2010-2014 Capital Plan as presented.

* * *

Commissioner Kirby reported that the Audit Committee met on August 13, 2009
and packets were presented to each Commissioner prior to the meeting. The
external auditors have completed interim procedures and a status report of open
items was presented. Financial and operating performance was reviewed through June 30, 2009 with Income Before Contributions of $41.8 million.

Proposed Audit Committee Charter changes were also reviewed. A provision was incorporated to provide for independent review and Commissioner requested follow-up with external auditors or outside legal counsel.

On motion by Commissioner Kirby, seconded by Mayor Dyer, Presentation Item 1a and 1b was approved as follows:

PRES-1a Approval of the proposed Audit Committee Charter changes to incorporate a provision regarding the independent review and Commissioner requested follow-up with the external auditors or outside legal counsel, as recommended by the Audit Committee.

In addition, the Audit Committee reviewed regulatory actions for the deferral of revenues and gains from unanticipated significant accounting actions and recommends approval of the regulatory actions as outlined in PRES-1b.

Upon motion by Commissioner Kirby, seconded by Mayor Dyer, Presentation Item 1-B was approved as follows:

PRES-1b Approval of regulatory actions as recommended by the Audit Committee to defer: Revenues and gains from unanticipated financial activity in the amount of $2.175 million as a result of project delays for the construction of a new nuclear generation facility, $2.5 million from interest-rate swap termination gains and $7.9 million from settlement gains on the termination of the long-term prepaid gas agreement.

* * *

John Hearn reported that electric sales continue to track along with the budget, while water sales trail the budget slightly. Both indicators are consistent with current trends. Expenses continue to be under budget. Mr. Hearn estimates that we will be $8 to $10 million ahead of the budget for the year.

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OUC customer Samantha Simpson addressed the Board regarding OUC's rates and her opposition to OUC's involvement in Progress Energy's proposed nuclear power plant in Levy County. Staff will respond to Ms. Simpson and address her concerns.

* * *
Ken Ksionek commented on the recent electric reliability comparison between the Florida investor owned utilities (IOUs) and OUC. The reliability indices indicate that OUC’s level of electric services remains superior to the IOUs when compared against average restoration time and average minutes of interruption per year. These outstanding results have been consistent for the last five years.

* * *

Commissioner Kirby commented on the excellent results of the SAIDI Index, as well as the outstanding performance of OUC’s employees. Commissioner Kirby also acknowledged comments made by Samantha Simpson and assured her that the Commission is both accountable and attentive to ratepayer comments and questions. Commissioner Kirby stated that as plans are made for future power generation, the Commission considers every feasible type of power generation available in the market.

Commissioner Dominguez Arlen agreed with Commissioner Kirby’s statements regarding accountability for future power generation. She also expressed gratitude to Sharon Knudson for her hard work and dedication.

Mayor Dyer commented on the fact that OUC is not raising rates and also recognized Sharon Knudsen for her work ethic and service to OUC.

President Porta reiterated the fact that there will not be a rate increase and thanked OUC employees who work so diligently to ensure that OUC remains The Reliable One.

Mayor Dyer moved to adjourn the meeting. Commissioner Kirby seconded the motion and President Porta adjourned the meeting at 2:50 P.M.

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President

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Secretary