

**MINUTES  
ORLANDO UTILITIES COMMISSION  
OCTOBER 21, 2008  
2:00 P.M.**

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**Present:**

**COMMISSIONERS:**

Katie Porta, President  
Tommy Boroughs, First Vice President  
Maylen Dominguez Arlen, Second Vice President  
Dan Kirby, Commissioner  
Mayor Buddy Dyer

Kenneth P. Ksionek, General Manager & Chief Executive Officer  
Jan Aspuru, Clint Bullock, Alvin Frazier, Roseann Harrington, Byron Knibbs,  
Doug Spencer, Denise Stalls, Thomas Tart, Robert Teegarden,  
Vice Presidents  
John Hearn, Vice President & Chief Financial Officer  
Gregory T. Rodeghier, Vice President & Chief Information Officer  
Wayne A. Morris, Deputy General Counsel  
Beth Mason, Recording Secretary

President Porta asked Thomas Tart 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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On motion by Commissioner Boroughs, seconded by Commissioner Dominguez Arlen, and unanimously carried, the reading of the minutes of the August 26, 2008 Commission Meeting was waived and the minutes were approved as written.

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Byron Knibbs presented a 25-year Service Award to Edward J. Seddon, Standards Compliance Coordinator, Energy Delivery Business Unit.

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Roseann Harrington announced that the OUC Charity Golf Tournament was held on October 18, 2008. The proceeds will benefit Shepherd's Hope, a Central Florida-based organization of volunteers that provides access to health care for the uninsured. Ms. Harrington presented a check for \$20,000 to Shepherd's Hope President Cindi Kopelman and Board Chair Claire Fournier. In addition, she recognized Doug Spencer for his assistance with the Golf Tournament over the past several years.

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Ken Ksionek commented that additional costs associated with Affirmative Item #A-3 were previously approved by the Board and asked Jan Aspuru to provide additional information regarding the item. Mr. Aspuru stated that a Clean Coal Technology Project was ratified by the Commission on April 13, 2004 as a coal gasification project. On December 11, 2007, the Commission ratified a change of scope to the project revising it from a coal gasification project to a gas fired combined cycle plant now known as the Stanton Energy Center (SEC) Unit B Combined Cycle Plant Project, reducing the total project cost to \$296,244,000. This included an estimated \$18,000,000 cost to convert (Cost Conversion) the plant to run on natural gas with fuel oil back-up instead of the coal synthesis gas that it was originally designed for. At the time of the change in scope, decisions had to be made during a very short timeframe and the \$18,000,000 estimate for the Conversion Cost was based on limited information available at the time, without completion of detailed engineering. The cost of conversion is now estimated at \$28,000,000, which still falls within the approved total project cost of \$296,244,000.

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Ken Ksionek commented on Affirmative Item #A-8 regarding the SEC Unit B Cooling Water Supply Agreement with Orange County. Mr. Ksionek asked Jan Aspuru for additional comments. Mr. Aspuru stated that OUC uses reclaimed water from the East Orange County Sub-regional Water Treatment Plant to provide cooling water to the Stanton Energy Center (SEC). With the SEC Unit B near completion, the agreement has been amended for Orange County to supply an additional 1.7 million gallons of reclaimed water per day to SEC B.

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Ken Ksionek asked Clint Bullock to provide additional information on Affirmative Item #A-29 regarding the net metering tariff for customer owned renewable generation. Mr. Bullock explained that the process will allow all customers to sell excess energy to OUC at the same rate as the customer pays OUC. Currently, this process is offered to customers who participate in solar programs.

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Commissioner Dan Kirby commented that Affirmative Item #A-28 regarding the Lake Highland Property was the culmination of a cooperative effort between OUC and the City of Orlando. He stated that his decision to support this was heavily dependent upon the commitment of the City of Orlando to take steps to increase the value of Tract A of the Lake Highland property.

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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 July and August 2008 in the aggregate amount of \$30,854,321.80 as follows:

**NATURAL GAS PURCHASES:**

July 2008	BG Energy Merchants, LLC	\$ 590,062.28
July 2008	BP Energy Company	\$ 2,403,062.33
July 2008	Chevron Natural Gas	\$ 2,546,975.81
July 2008	City of Lakeland	\$ 1,031,427.63
July 2008	Conoco Phillips	\$ 882,045.21
July 2008	Crosstex Gulf Coast Marketing	\$ 181,480.71
July 2008	Florida Gas Utility	\$ 436,361.71
July 2008	Infinite Energy	\$ 289,519.53
July 2008	LouisDreyfus Energy	\$ 1,648,848.05
July 2008	Magnus Energy Marketing, Ltd.	\$ 511,940.00
July 2008	National Energy & Trade	\$ 559,453.32
July 2008	National Fuel Marketing	\$ 1,955,321.14
July 2008	Sequent Energy Marketing	\$ 130,490.86
July 2008	Southwest Energy	\$ 243,728.14
July 2008	Total Gas & Power	\$ 748,592.45
July 2008	Virginia Power Energy Marketing, Inc.	\$ 2,010,886.46
Aug. 2008	BG Energy Merchants, LLC	\$ 572,601.29
Aug. 2008	BP Energy Company	\$ 2,061,740.73
Aug. 2008	Chevron Natural Gas	\$ 1,738,968.35
Aug. 2008	City of Lakeland	\$ 129,882.51
Aug. 2008	Conoco Phillips	\$ 807,788.66
Aug. 2008	Crosstex Gulf Coast Marketing	\$ 588,979.81
Aug. 2008	Eagle Energy	\$ 633,944.33
Aug. 2008	Infinite Energy	\$ 703,323.61
Aug. 2008	LouisDreyfus Energy	\$ 2,043,865.39
Aug. 2008	Magnus Energy Marketing, Ltd.	\$ 107,196.19
Aug. 2008	National Energy & Trade	\$ 806,592.87
Aug. 2008	National Fuel Marketing	\$ 1,495,335.77
Aug. 2008	Total Gas & Power	\$ 1,420,554.31
Aug. 2008	Virginia Power Energy Marketing, Inc.	\$ 1,417,164.35

**No. 6 FUEL OIL PURCHASES:**

Aug. 2008	Automated Petroleum & Energy Company	\$ 156,188.00
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2. Ratification of Bid #2557 – Contract award to McJunkin Redman Corporation, the most responsive and responsible bidder, to provide

miscellaneous valves required for the Stanton Energy Center Unit B 300 Mw Plant Project Cooling Tower Blowdown Treatment plant upgrades in an amount not to exceed \$200,000;

3. Approval of Change Order No. 8 to Southern Company Generation and Energy Marketing Company of Florida for the remaining conversion costs for the Stanton Energy Center Unit B 300 Mw Combined Cycle Plant Project in the amount of \$10,000,000, increasing the total Purchase Order amount to \$240,495,657;
4. Approval of Bid #2575 – Contract award to The Saxon Group, Inc., the most responsive and responsible bidder, to provide electrical construction services for the Stanton Energy Center 300 Mw Combined Cycle Plant Project Balance of Plant Interconnecting Facilities in an amount not to exceed \$512,000, subject to final contract negotiations and final OUC legal review;
5. Approval of sole source Purchase Order to General Electric Company to provide parts and technical field service for the switchgear modifications for the Stanton Energy Center Unit B 300 Mw Combined Cycle Plant Project Balance of Plant Interconnecting Facilities in an amount not to exceed \$110,000;
6. Approval of Bid #2487 – Contract award to The Calvert Company, the most responsive and responsible bidder, to provide isolated phase bus ducts for the Stanton Energy Center Auxiliary Electric System Upgrade Project in an amount not to exceed \$300,000;
7. Approval of Purchase Orders to Progress Rail Services, WATCO Companies, Inc., Energy Related Activities, Inc. and Reliable Rail Services, LLC for railcar repairs through Fiscal Year 2010 for a total aggregate amount not to exceed \$2,400,000;
8. Authorization for the General Manager & CEO to execute the Second Amendment to and Restatement of the Substitute Agreement between Orange County and OUC relating to Cooling Water Supply for the Stanton Energy Center, subject to final OUC legal review and approval;
9. Ratification of a sole source Purchase Order to GEXPRO Parts Super Center for transformer repair parts and equipment required for the Airport Substation Transformer in the amount of \$188,902;
10. Ratification of the Electric Distribution Construction Estimate for the underground electric distribution system along Lake Nona Boulevard and Road “L”, located in the Lake Nona South development, south of

State Road 417 in the Orlando service territory, in the amount of \$256,965.14;

11. Ratification of the Electric Distribution Construction Estimate for the relocation of overhead electric distribution facilities along 10<sup>th</sup> Street, located between Narcoossee Road and Pine Lane in the St. Cloud service territory, in the amount of \$142,520.26;
12. Ratification of the Electric Distribution Construction Estimate for the upgrade of the overhead electric distribution facilities along Rummell Road, located between Narcoossee Road and Hidden Heights Trail in the St. Cloud service territory, in the amount of \$127,838.37;
13. Ratification of the Electric Distribution Construction Estimates for the underground distribution system upgrade to serve the Starlight Ranch Subdivision, Loop 4, located in the Orlando service territory, in the amounts of \$287,552.06 and \$180,449.74, for conduit and distribution systems respectively, for a total of \$468,001.80;
14. Approval of Change Request No. 1 to the Electric Distribution Construction Estimate for the overhead electric distribution improvements to Feeder Circuit No. 12-311, located along Lake Breeze Drive in the Orlando service territory, in the amount of \$27,787.50, increasing the total project cost to \$112,431.66;
15. Approval of the Electric Distribution Construction Estimate for the installation of an underground electric distribution system to serve the Eagle Creek Subdivision, Village D, Phase 1 of 2, located off Narcoossee Road in the St. Cloud service territory, in the amount of \$100,638.64;
16. Approval of the Electric Distribution Construction Estimate for the installation of underground feeder cables for Circuit Nos. 1-35 and 1-41 in the amount of \$424,248.48;
17. Approval of the Electric Distribution Construction Estimate for the temporary underground electric distribution system to serve the Orlando Events Center, located on South Hughey Avenue and West South Street in the Orlando service territory, in the amount of \$116,054.10;
18. Approval of sole source Purchase Order to KEMCO Industries, LLC to provide batteries and switchboard panels for the Stanton Energy Center Substation Breaker Upgrade Project in an amount not to exceed \$210,000. Approval of Bid #2544 – Contract award to Energy

Erectors, Inc., the lowest, most responsive and responsible bidder, for substation construction work in an amount not to exceed \$2,416,587;

19. Approval of a Substation Capital Expenditure Estimate for the Underfrequency Relay Retrofit Project for relays and installation labor in the amount of \$179,814;
20. Approval of Bid #2593 – Contract award to Central Locating Services, LTD, the lowest, most responsive and responsible bidder, to provide locating services for underground electric, water, chilled water and fiber optic facilities for a three-year period in an amount not to exceed \$2,300,000;
21. Approval of Bid #2584 - Contract award to Ring Power Corporation, the most responsive and responsible bidder, to provide maintenance, inspection and repairs to emergency generators in the amount of \$177,558;
22. Approval of Change Order No. 2 to Layne-Atlantic to provide preventative maintenance for anticipated unforeseen work and emergency repairs for six wells at various OUC water treatment plants in the amount of \$300,000, increasing the total Purchase Order amount to \$645,130;
23. Ratification of Change Order No. 1 to CGI Technologies & Solutions, Inc. for the upgrade to Evergreen software support, the addition of Mobile Workforce Management Modules and for software support and maintenance for the period of October 1, 2008 through September 30, 2009 in the amount of \$147,848, increasing the total Purchase Order amount to \$1,334,861;
24. Authorization for the General Manager & CEO to approve OUC's property and casualty insurance purchases in an amount not to exceed \$1,761,337;
25. Approval of Change Order No.1 to Horizon Health Behavioral Services to exercise the first one-year renewal option to provide Employee Assistance Program services in the amount of \$36,000, increasing the total Purchase Order amount to \$113,000;
26. Approval of a one-year renewal with Aetna Life Insurance Company and Express Scripts, Inc., which includes Purchase Orders to Aetna Life Insurance Company in the amount of \$15,000,000 and Express Scripts, Inc. in the amount of \$5,000,000, for a total estimated medical program cost not to exceed \$20,000,000, effective January 1, 2009;

27. Ratification of a Purchase Order to Gray Robinson, P.A. to provide legal services related to the Century Coal, LLC litigation, as well as Commission-wide general legal services in the amount of \$200,000;
28. Adoption of the Second Joint Resolution between OUC and the City of Orlando and authorization for the General Manager & CEO to execute all documents necessary to effect the sale of the Lake Highland property consistent with this Second Joint Resolution and the Purchase Agreement, contingent upon OUC legal review; and
29. Approval of the Net Metering for Customer-Owned Renewable Generation tariff for implementation upon Florida Public Service Commission approval.

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Ken Ksionek asked Zoila Puig Easterling to provide information regarding New Business Item 1. Mrs. Easterling stated that under The Fair and Accurate Credit Transaction Act (FACT Act), the Federal Trade Commission requires utilities to develop and adopt a written Identity Theft Program to protect customers from the illegal use of their personal information. The FACT Act mandates agencies to develop regulations and guidelines regarding detection, theft and mitigation of identity theft. Pursuant to the FACT Act, OUC must approve an Identity Theft Detection and Prevention Program. Mrs. Easterling presented an outline of the program, which will be overseen by the Vice President of Customer Connection.

On motion by Commissioner Kirby, seconded by Commissioner Dominguez Arlen, New Business Item 1 was approved as follows:

NB-1 Approval of the Identity Theft Detection and Prevention Program and authority for the Vice President of Customer Connection to provide general oversight of the program and to make appropriate changes as necessary to identify theft risks.

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Commissioner Boroughs reported that the Finance Committee held a meeting on October 16, 2008 and packets were provided to each Commissioner prior to the meeting. The Finance Committee reviewed the impact of recent interest rate volatility on OUC's debt portfolio and recommends adoption of three Resolutions. The first Resolution authorizes the General Manager and Chief Financial Officer (CFO) to amend or terminate several swap agreements. The second Resolution provides the General Manager and CFO with the ability to terminate the remarketing agreement with CitiGroup and appoint a new remarketing agent, providing that the annual fee shall not exceed 20 basis

points. The third Resolution provides the General Manager and CFO the ability to purchase tendered bonds in an amount not to exceed \$200 million.

On motion by Commissioner Dominguez Arlen, seconded by Commissioner Kirby, the three Resolutions were adopted as follows:

PRES-1a A Resolution of the Orlando Utilities Commission (“OUC”) authorizing the amendment of one or more of OUC’s fixed receiver interest rate swap agreements; authorizing the termination or suspension of one or more of OUC’s fixed payer interest rate swap agreements; delegating authority to the General Manager and Chief Financial Officer to terminate or suspend such agreements and negotiate, execute and deliver such amendments relating thereto; providing for incidental action; and providing for an effective date and sunset.

AND

A Resolution of the Orlando Utilities Commission (“OUC”) authorizing the termination of the Remarketing Agreement with Citigroup Global Markets Inc. related to the remarketing of OUC’s outstanding Water and Electric Revenue Bonds, Series 2002B; delegating to the General Manager and the Chief Financial Officer authority to appoint a new remarketing agent for such bonds and negotiate, execute and deliver a new Remarketing Agreement; providing for incidental action; providing for an effective date.

AND

A Resolution of the Orlando Utilities Commission (“OUC”) authorizing the purchase of OUC’s outstanding Water and Electric Variable Rate Bonds, Series 2002A, Water and Electric Revenue Bonds, Series 2002B and its Utility System Revenue Bonds, Series 2008 in an amount not to exceed \$200 million; providing for incidental action; and providing for an effective date and sunset.

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John Hearn reported that projected year-end net income is \$61 million, which is approximately \$25 million under budget.

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In Chris Browder’s absence, Wayne Morris reported that OUC received a judgment against Century Coal for \$24.7 million. Negotiations continue with Century Coal to deliver coal and perform under the terms of its contract. In addition, two of three counts in the TECO litigation matter have been dismissed



in OUC's favor. The Transamerica Power Products breach of contract litigation was also settled in the amount of \$90,000.

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Ken Ksionek reported that this is the last Commission Meeting to be held in the old Administration Building. The November 11, 2008 Commission Meeting will be held in the new Administration Building located at the Reliable Plaza.

Roseann Harrington reported Customer Service will open at the Reliable Plaza on November 3, 2008. Approximately 12,000 customers a month utilize the customer service options. Special advertising will be published in the Orlando Sentinel and other publications to direct customers accordingly. The dedication ceremony for the new Administration Building will be held on November 11, 2008.

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Commissioner Kirby commented that October has been proclaimed by local governments throughout Central Florida as Architecture Month. Among the events taking place this month is a tour of OUC's new building. He commended OUC's commitment as a leader in sustainability as demonstrated by OUC's new building, which will open as the greenest building in downtown Orlando. He commented that considerations of sustainability are no longer an optional matter but a requirement for architects.

Commissioner Boroughs congratulated everyone involved with the new building project and stated that although green buildings may be more costly, the long-term savings mitigate such costs. He also commented favorably on the Highwaymen painting displayed on the exterior of the building.

Commissioner Dominguez Arlen also commented on net metering, the new building and the Highwaymen artwork.

Mayor Dyer also complimented the building's exterior artwork.

President Porta commented on the Highwaymen art and also congratulated Doug Spencer for all his efforts as OUC's project manager for the new Administration Building and winning the OUC Charity Golf Tournament. She also stated that she would like to see OUC continue its green efforts by providing paperless Commission packets.

Mayor Dyer moved to adjourn the meeting. Commissioner Dominguez Arlen seconded the motion and President Porta adjourned the meeting at 3:10 p.m.

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President

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Secretary