

MINUTES
ORLANDO UTILITIES COMMISSION
October 12, 2010
2:00 P.M.

Present:

COMMISSIONERS:

Katie Porta, President
Maylen Dominguez Arlen, First Vice President
Dan Kirby, Second Vice President
Craig McAllaster, Commissioner
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 H. Hearn, Vice President & Chief Financial Officer
Gregory T. Rodeghier, Vice President & Chief Information Officer
W. Christopher Browder, Vice President & General Counsel
Nanci Werline, Recording Secretary

President Porta asked German Romero 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 a motion by Commissioner Dominguez Arlen, seconded by Commissioner McAllaster and unanimously carried, the reading of the minutes of the August 17, 2010 Commission Meeting was waived and the minutes were approved.

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Greg Rodeghier presented a 20-Year Service Award to Jesse L. Jordan, Senior GIS Technician, Information Technology.

Byron Knibbs presented a 20-Year Service Award to Gregory J. Sampson, Conservation Specialist, Sustainable Services.

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Roseann Harrington asked Janie Wallace to discuss OUC's Know Your Numbers Wellness Program. Ms. Wallace provided an overview of the Heath Wellness Program seminars and monthly physical challenges. The department that wins each physical challenge will receive the Know Your Numbers Champions trophy. The first physical challenge which took place in September was the American Heart Association's Heartwalk. For this event, she presented

the Know Your Numbers trophy to Jon Janis from the Power Resources Business Unit. Jan Aspuru congratulated his staff on receiving the award.

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Ken Ksionek asked Clint Bullock to discuss Affirmative Item A-16 regarding the Lockheed Martin Substation Decommissioning Project. Mr. Bullock stated that the Lockheed Martin 115kV Substation was built in 1957 and its major equipment is now beyond its useful life and is fully depreciated. The substation needs to be rebuilt, or decommissioned and its load transferred to another substation. It is recommended that the substation be decommissioned and the electric load be transferred at a total project cost of \$5,080,521.72. The Lockheed Martin Substation load will be transferred to the Convention Center Substation that was built in 2002. Mr. Bullock also discussed the electric distribution impact of the substation load transfer, including proposed circuit relocation.

Commissioner Kirby asked if the substation property lies within the transmission easement. Mr. Bullock replied that OUC has an existing easement with Lockheed Martin. OUC has already discussed the easement and route for the distribution facilities and there are no issues with the location.

Commissioner McAllaster asked if the Convention Center Substation will need to add additional capacity in the future. Mr. Bullock replied that the substation has three transformers with a capacity for 100 megawatts. The facility has capacity for five additional substation transformers, and OUC will expand as the load requires.

Commissioner Dominguez Arlen asked about the average life expectancy of a substation, and if newer substations have a longer life expectancy. Mr. Bullock replied that the average life is 40-45 years for both older and newer substations.

Commissioner Kirby stated that he has a conflict of interest with Affirmative Item A-14 regarding the Lake Nona Middle School construction estimate due to his wife being employed by Orange County Public Schools.

President Porta presented the remaining Affirmative Items for approval. On a motion by Commissioner Kirby, and seconded by Mayor Dyer, the Affirmative Items, with the exception of Affirmative Item A-14, were approved as follows:

1. Ratification of spot fuel procurements to the low bidders in June and July 2010 in the aggregate amount of \$30,937,732.47 as follows:

NATURAL GAS PURCHASES:

Jun. 2010	Chevron Natural Gas	\$ 963,833.62
Jun. 2010	ConocoPhillips	\$ 195,170.48
Jun. 2010	EDF Trading (Formerly Eagle Energy)	\$ 123,057.34
Jun. 2010	ExxonMobil Gas & Power Marketing	\$ 557,777.41
Jun. 2010	Florida Gas Utility	\$ 107,872.00
Jun. 2010	Gavilon, LLC	\$ 822,980.24
Jun. 2010	Louis Dreyfus Energy	\$2,839,048.10

Jun. 2010	Macquarie Cook Energy, LLC	\$ 409,978.38
Jun. 2010	National Energy & Trade	\$ 806,458.63
Jun. 2010	National Fuel Marketing	\$1,755,805.51
Jun. 2010	NJR Energy Services	\$1,051,033.60
Jun. 2010	Sequent Energy Management	\$ 375,234.67
Jun. 2010	Shell Energy	\$ 369,695.63
Jun. 2010	Texla Energy Management, Inc.	\$1,339,083.15
Jun. 2010	Total Gas & Power	\$1,314,339.30
Jun. 2010	Virginia Power Energy Marketing, Inc.	\$1,536,980.25
Jul. 2010	BP Energy Company	\$ 187,950.00
Jul. 2010	Chevron Natural Gas	\$1,276,873.61
Jul. 2010	ConocoPhillips	\$ 810,875.27
Jul. 2010	ExxonMobil Gas & Power Marketing	\$ 236,650.00
Jul. 2010	Florida Gas Utility	\$ 244,614.00
Jul. 2010	Gavilon, LLC	\$ 917,793.78
Jul. 2010	Louis Dreyfus Energy	\$1,028,743.04
Jul. 2010	Macquarie Cook Energy, LLC	\$1,542,122.12
Jul. 2010	National Energy & Trade	\$ 929,964.81
Jul. 2010	National Fuel Marketing	\$1,272,751.56
Jul. 2010	NJR Energy Services	\$1,664,660.29
Jul. 2010	Sequent Energy Management	\$ 304,896.00
Jul. 2010	Shell Energy	\$ 251,308.45
Jul. 2010	Texla Energy Management, Inc.	\$2,583,148.94
Jul. 2010	Total Gas & Power	\$1,215,169.26
Jul. 2010	Virginia Power Energy Marketing, Inc.	\$1,901,863.03

2. Ratification of the General Manager & CEO's execution of the Long-Term Power Supply Agreement with the City of Bartow. Commission approval for the General Manager & CEO or his designee to execute the Supporting Services Agreements, subject to final legal review;
3. Approval of Phase IV of the Orange County Landfill Gas to Energy Project with conforming Change Order No. 4 to Stearns, Conrad & Schmidt Consulting Engineers, Inc. for the procurement and installation of landfill gas boiler utilization piping and equipment in an amount not to exceed \$941,516, increasing the total Purchase Order amount to \$11,290,929;
4. Approval of RFP #2933 – Contract award to Southeastern Construction and Maintenance, Inc., the lowest, most responsive and responsible vendor, to perform the Stanton Energy Center Bottom Ash Dewatering Bins and Brine Plant Structural Repairs in an amount not to exceed \$600,000, subject to final contract negotiations and OUC legal review;
5. Approval of Change Request No. 1 to the Capital Expenditure Estimate for the Stanton Energy Center Elemental Coal Analyzer Project in the amount of \$277,966, increasing the total project cost to \$1,577,966. Approval of RFP #2878 – Contract award to The Saxon Group, Inc., the lowest, most responsive and responsible vendor, for the installation of the elemental coal analyzer in an amount not to exceed \$602,746;

6. Approval of a Purchase Order to Aquilex HydroChem and Thompson Industrial Services to perform chemical cleaning services at the Stanton Energy Center for a five-year period in the amount of \$1,900,000;
7. Approval of SOQ #2828 – Contract award to Power Engineers, Inc., Middough, Inc., Black & Veatch Corporation and Stantec Consulting Services, Inc. to provide engineering services required to support Power Resources Business Unit's Operations and Maintenance activities in the aggregate amount of \$750,000, pending final contract negotiations and OUC legal review. Firms will be awarded projects based on evaluations of Requests for Proposals for each project on an as-needed basis;
8. Approval of a RFP #2927 – Contract award to R.W. Summers Railroad Contractor, Inc., the lowest, most responsive and responsible vendor, to provide railroad spur inspection and maintenance services for a five-year period in an amount not to exceed \$5,772,707, pending final contract negotiations and OUC legal review;
9. Ratification of the Lighting Construction Estimate for Lockheed Martin Parking Lot Lighting, located on West Sand Lake Road in the Orlando service territory, in the amount of \$1,183,990.00; which includes \$537,083.24 for lighting equipment from OUC's stock inventory, \$427,488.00 for the installation of the conduit and junction boxes by Central Florida Underground, Inc., and \$219,418.76 for the installation of poles, fixtures and wires by Terry's Electric, Inc., OUC's lighting contractor, with customer contributions in the amount of \$427,488.00. Lockheed Martin has executed a ten-year service agreement with OUC for this lighting system and will be responsible for the monthly payments.
10. Approval of Change Request No. 2 to the Transmission Capital Expenditure Estimate for the Stanton to Bithlo 230kV Transmission Line Project, located in East Orange County, for final costs associated with the project in the amount of \$285,000, increasing the total project cost to \$10,135,000;
11. Approval of the Electric Distribution Construction Estimates for the electric distribution feeder extension of Circuit No. 19-12, located along Conway Road between McCoy Road and Winona Drive in the Orlando service territory, in the amounts of \$103,167.86, \$101,484.33, and \$17,933.35, for a total of \$222,585.54;
12. Approval of the Electric Distribution Construction Estimate for the installation of the electric distribution system to serve the new Dallas Boulevard Toll Plaza, located on the Beachline Expressway in the

Orlando service territory, in the amount of \$155,789.36, with customer contributions in the amount of \$45,850.00;

13. Approval of the Electric Distribution Construction Estimate for the relocation of overhead electric distribution facilities along Hudson Street, located east of Powers Drive in the Orlando service territory, required for Orange County's Hudson Street Drainage Improvements Project in the amount of \$133,489.17;
14. Pulled for separate vote;
15. Approval of the Electric Distribution Construction Estimates for the underground electric distribution system upgrade of the Bryn Mawr subdivision, Phase 6 of 14, located in the Orlando service territory, in the amounts of \$162,165.88 and \$179,560.86 for the installation of conduit and cable systems respectively, for a total of \$341,726.74;
16. Approval of a Substation Capital Expenditure Estimate for the Lockheed Martin Substation Decommissioning Project in the amount of \$2,000,000. Approval of the Electric Distribution Construction Estimates for the installation of an electric distribution system extending from the Convention Center Substation, located in the Orlando service territory, in the amounts of \$1,889,203.62 and \$1,191,318.10 for the installation of ductline and cable systems respectively, for a total of \$3,080,521.72, with customer contributions in the amount of \$170,000;
17. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Arcadis U.S., Inc. in the amount of \$110,000 to provide additional surface water modeling and technical analysis services in response to the new St. Johns River Water Management District requirements, increasing the total Purchase Order amount to \$180,000;
18. Approval of a Capital Work Order for the Orange County Maury Road Improvements Project, located along along Maury Road from Fairview Street to North Westmoreland Drive, in the amount of \$164,088.21;
19. Authorization for the General Manager & CEO to execute a Joint Participation Agreement with the City of Orlando for the Albert Shores and Lake Holden Terrace Project, generally located south of Michigan Avenue and west of Orange Avenue. Approval of a Capital Work Order in an amount not to exceed \$412,054.38 for the Albert Shores and Lake Holden Terrace Project. Approval of a Purchase Order to the City of Orlando for OUC's construction, administration and inspection costs in the amount of \$344,051.25;
20. Ratification of a Capital Expenditure Estimate for the EnterpriseOne Reporting Project in the amount of \$472,475. Ratification of RFP

- #2759 – Contract award to InsightSoftware.com, Inc., the most responsive and responsible vendor, to provide software licenses, implementation services and three years of maintenance support through October 2013 in the amount of \$644,444, pending OUC legal review and approval of the contract;
21. Ratification of an OUC initiated scope change and conforming Change Order No. 2 to Intervoice, Inc. in the amount of \$98,242.40 to provide Interactive Voice Response system software maintenance support for the period of October 1, 2010 through September 30, 2011, increasing the total Purchase Order amount to \$364,674.68;
 22. Ratification of Bids #2959 and #2961 – Contract awards to Don Reid Ford, the most responsive and responsible bidder, for the purchase of eleven vehicles in the amount of \$327,318; Tropical Ford, Inc., the most responsive and responsible bidder, for the purchase of four vehicles in the amount of \$171,209; Orlando Freightliner, Inc., the lowest, most responsive and responsible bidder, for the purchase of seven vehicles in the amount of \$742,171, for a total purchase amount of \$1,240,698;
 23. Approval of an OUC initiated scope change and conforming Change Order No. 3 to SimplexGrinnell LP in the amount of \$70,000 for fire suppression system inspection and maintenance services through January 31, 2012, increasing the total Purchase Order amount to \$262,350;
 24. Approval of RFP # 2908 – Contract award for professional consulting services to the following vendors to perform future work as needed within the firm's area of expertise: RW Beck; Haddad Resource Management, LLC; Tetra Tech NUS, Inc.; PA Consulting; Eco2 Asset Solutions; Spencer Consulting Services; AKF; Black & Veatch and MWH in the aggregate amount of \$300,000, subject to final OUC legal review and approval;
 25. Approval of RFP #2926 – Contract award to Security Services, Inc., the most responsive and responsible vendor, to provide security officer services for a three-year period in an amount not to exceed \$4,928,065.25;
 26. Ratification of a Purchase Order to Austin Maintenance & Construction, Inc. to provide supplemental labor services to support Sustainable Services for a three-year period in the amount of \$495,000;
 27. Approval of SOQ #2692 – Contract award to MACTEC Inc. in the amount of \$200,000 and Tetra Tech NUS Inc. in the amount of \$200,000, the most responsible and responsible vendors, to provide environmental surveying services through October 31, 2013 for a total cost of \$400,000;

28. Approval of additional funding in the amount of \$139,000 with conforming Change Order No. 2 for the Safety Shoes Program through December 31, 2013, increasing the total Purchase Order amount to \$225,000;
29. Approval of additional funding in the amount of \$900,000 with conforming Change Order No. 3 to TM-Econ Mitigation Bank for the purchase of 15 mitigation credits, increasing the total Purchase Order amount to \$3,018,576;
30. Approval of a sole source Purchase Order to Handex Consulting and Remediation, LLC for petroleum remediation services at the Dr. Phillips Performing Arts Center for a five-year period in the amount of \$426,500;
31. Approval of a Purchase Order to Duncan, Weinberg, Genzer & Pembroke P.C. to provide continued legal services for Federal Energy Regulatory Commission and North American Electric Reliability Corporation matters throughout Fiscal Year 2011 in the amount of \$275,000;
32. Approval of a Purchase Order to de la Parte & Gilbert, P.A. to provide continued legal services related to OUC's five-year Consumptive Use Permit and future district water policy and regulation during Fiscal Year 2011 in the amount of \$225,000;
33. Authorization for the General Manager & CEO to execute the Release of Utility Easements for Lockheed Martin Corporation for easements located south of West Sand Lake Road and east of Universal Boulevard;
34. Approval for the General Manager & CEO to execute the Subordination of Utility Interests between the Florida Department of Transportation and OUC for Parcels 800.14 and 490.14, located west of Interstate 4 and north of Conroy Road; and
35. Approval for the General Manager & CEO to execute the Subordination of Utility Interests between the Florida Department of Transportation and OUC for Parcel 862.4, located east of McRae Avenue and south of East Rollins Street.

On a motion by Commissioner McAllaster, and seconded by Commissioner Dominguez Arlen, Affirmative Item A-14 was approved as follows:

14. Approval of the Electric Distribution Construction Estimate for the installation of the underground electric distribution system to serve the new Lake Nona Middle School located on Narcoossee Road, south of the Central Florida Greenway in the St. Cloud service territory, in the amount of \$100,751.42, with customer contributions in the amount of \$15,113.00.

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

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Commissioner Dominguez Arlen stated that the Finance Committee held its regular meeting on September 23, 2010 to discuss the management reports, review the most recent debt transactions and review the bond underwriting and swap provider proposals.

On August 18, OUC successfully amended the Morgan Stanley swap. The amendment has an effective date of October 1, 2010. OUC was able to reduce the fixed leg of the swap from 4.442% to 3.79% at an estimated annual savings of \$652,000.

The Commission approved the refunding bonds on August 17, 2010 in the amount of about \$115 million. All documents have been prepared but refunding targets have not been met. We are monitoring the market daily. Credit ratings from all three rating agencies were affirmed as of September 10, 2010.

The Finance Committee recommended bond underwriting and swap provider teams. On a motion by Commissioner McAllaster and seconded by Mayor Dyer, Presentation Item-1a was approved as follows:

PRES-1a Approval of the Finance Committee's recommendation for the bond underwriting team to include six national firms: Barclays Capital, Citigroup Global Markets Inc., Goldman Sachs & Co., Jeffries & Company, Inc., JP Morgan, Loop Capital Markets, LLC, Morgan Stanley & Co. and Siebert Brandford Shank. Approval of the swap team to include: Barclays Capital, BMO Capital Markets, Jeffries & Company, Inc., RBC Capital Markets and Wells Fargo Securities.

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John Hearn reported Income before contributions for the eleven months ended August 31, 2010 was \$72.3 million, which is approximately \$5.6 million ahead of budgeted net income. The Financial Services staff will report on the final Fiscal Year 2010 numbers at the November 4 Audit Committee meeting.

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Mr. Ksionek asked Chris Browder to provide an update on the TECO coal litigation proceedings. Mr. Browder discussed some background information to the TECO case, which began in 2007. On September 17, 2010, the United States District Court in London, Kentucky entered an Opinion and Order granting OUC's motion for summary judgment on the complaint of TECO Coal and Premier Elkhorn. This ruling in effect rejected TECO's only remaining claim. The Court rejected OUC's motion for partial summary judgment on its counterclaim. There is no final judgment on any claims, and no directive from the Court on where the case moves from here.

Mr. Browder explained that this ruling does not finally dispose the case and explained the potential paths forward. TECO may ask the Court to make the judgment final and it is within the discretion of the Court to do so.

Commissioner McAllaster asked about the probability for mediation. Mr. Browder replied that he believes OUC will be mandated to participate in some mediation, but that OUC is currently in the good position on this case.

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Mr. Ksionek stated that he was pleased that OUC made and exceeded its annual budget, as well as skirted any major tropical storm activity during the 2010 Hurricane Season. He also thanked Ms. Wallace for her work on OUC's health and wellness program.

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Commissioner Kirby thanked the Finance Committee for its work.

Commissioner McAllaster attended a Green Neighborhoods kickoff meeting on October 11 at the James Smith Center with Mayor Dyer. He stated that he was pleased with the large turnout and active participants.

Commissioner Dominguez Arlen stated that she and the other Commissioners visited a local senior center to discuss energy efficiency programs, and is pleased that OUC can offer such programs. She also praised OUC's Health and Wellness Programs.

Mayor Dyer commended the Green Neighborhoods Program, which has improved approximately 600 homes to date. Mayor Dyer also commented on the successful opening of the new Amway Center.

President Porta thanked the Mayor for the exciting opening of the Amway Center. She stated that she hopes that the Green Neighborhoods Program will be able to procure additional funds and be able to continue upgrading more homes. She also spoke about OUC's involvement in the upcoming half-marathon and thanked OUC for a great fiscal year.

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Commissioner Dominguez Arlen moved to adjourn the meeting and Commissioner McAllaster seconded. President Porta adjourned the meeting at 2:55 P.M.

President

Secretary