

**MINUTES
ORLANDO UTILITIES COMMISSION
November 14, 2017
2:00 P.M.**

Present:

COMMISSIONERS:

Gregory D. Lee, President
Cesar E. Calvet, First Vice President
Britta Gross, Commissioner

Kenneth P. Ksionek, General Manager & Chief Executive Officer
Jan Aspuru, Luz Aviles, Clint Bullock, Linda Ferrone, Roseann Harrington, Chip Merriam, Vice Presidents
Jerry Sullivan, Vice President & Chief Information Officer
Mindy Brenay, Vice President & Chief Financial Officer
W. Christopher Browder, Vice President & General Counsel
Nanci Schwartz, Recording Secretary

President Lee asked German Romero to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:05 P.M.

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On a motion by Commissioner Calvet, seconded by Commissioner Gross and unanimously carried, the reading of the minutes of the October 10, 2017 Commission Meeting was waived and the minutes were approved.

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Luz Aviles presented a 20-year service award to Paulette Baruch, Senior Call Center Representative, Customer Service.

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Roseann Harrington announced that 61 OUC employees and family members, including Commissioner Dan Kirby, participated in the Ride 4 Ronald event to benefit the Ronald McDonald House. OUC won second place as the Top Fundraising Team with more than \$15,000 raised. Ms. Harrington recognized Jenise Osani, who is also on the Ronald McDonald House board, and was named the Top OUC Individual Fundraiser with more than \$1,800 raised. She presented a video showing OUC's efforts at the event.

Ms. Harrington stated the OUC Charity Golf Tournament was held on November 4, 2017. The golf tournament has raised \$646,000 for 47 charities over the past 22 years. She presented two \$15,000 checks: one to Sarah Slagle, Development Coordinator for the Orlando Repertory Theatre; and the other to Kerry Avery, Executive Director and Kathy Ignewe, Director of Programs for the Education Foundation of Osceola County.

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Mr. Ksionek asked Jan Aspuru to provide a presentation on Affirmative Item A-3 regarding the Downtown Chilled Water District Pipeline Extension Project for the Tremont Plaza. Mr. Aspuru provided a history of OUCooling, which was launched in 1997 with the Lockheed Martin plant. Chilled water is generated at central plant locations and delivered to customers through underground piping. It is a sustainable approach to HVAC and offered as an alternative to other cooling options customers may be considering. OUCooling offers an alternative to customers that provides capital avoidance, reliable operation and maintenance services, as well as sustainability and environmental stewardship.

Mr. Aspuru provided background information for the Downtown Chilled Water District, which serves 32 buildings, 47 wholesale customers and 2,365 retail and residential customers. Lincoln Property Company has been developing the Tremont Plaza project for several years. Lincoln is a repeat chilled water customer, with other buildings on Orange Avenue and East Washington Street. Tremont Plaza will be a combination hotel and office space located on South Garland Avenue and West South Street. Cooling capacity would be approximately 590 to 735 tons. Production capacity is already available in the district with no need for additional chillers. The preliminary delivery schedule is Fall 2018, with a potential for Phase II.

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President Lee presented the Affirmative Items for approval. On a motion by Commissioner Gross and seconded by Commissioner Calvet, Affirmative Items A-1 through A-28 were approved as follows:

1. Ratification of the above fuel procurements in the aggregate amount of \$9,322,877.97:

NATURAL GAS PURCHASES:

August 2017	ConocoPhillips	\$ 1,265,602.87
August 2017	Infinite Energy	\$ 360,441.11
August 2017	Shell Energy	\$ 104,450.00
August 2017	Southwest Energy	\$ 1,453,481.87
August 2017	Tenaska Marketing Ventures	\$ 4,269,194.97
August 2017	Texla Energy Management, Inc.	\$ 1,869,707.15

2. Approval of a Purchase Order to Siemens Industry, Inc. to provide heating, ventilation and air conditioning mechanical maintenance services for the Vistana, Lake Nona and Mall at Millenia Chilled Water Plants for the period of January 1, 2018 to December 31, 2020, in the amount of \$901,424.90. The contract term includes two one-year renewal options. Approval of a Purchase Order to Mechanical Services of Central Florida, Inc. to provide heating, ventilation and air conditioning mechanical maintenance services at the Orange County Convention Center North/South and Lockheed Martin Chilled Water Plants and Pump Station 1 and 2 for the period of January 1, 2018 through December 31, 2020, in the amount of \$1,419,633.86. The contract term includes two one-year renewal options;
3. Approval of a Capital Expenditure Estimate for the Downtown Chilled Water District Pipeline Extension Project in the amount of \$850,000 contingent upon the execution of a twenty-year Chilled Water Service Agreement. Approval of a Purchase Order to S. I. Goldman Company, Inc. to design and construct the Downtown Chilled Water District Piping Extension for the Tremont Plaza in the amount of \$800,000;
4. Approval of a sole source Purchase Order to Sulzer Pump Services (US) Inc. to provide engineering services and pump repairs for Stanton Energy Center Combined Cycle Unit B in the amount of \$191,000;
5. Approval of a sole source Purchase Order to United Conveyor Corporation to provide new sluice gates and adapters for Stanton Energy Center Unit 1 in the amount of \$196,544;
6. Approval of a sole source Purchase Order to Emerson Process Management Power & Water Solutions, Inc. to provide the cyber security maintenance agreement for Stanton Energy Center and Indian River Plant Combustion Ovation Security Center in the amount of \$1,400,000, pending final contract negotiations and OUC legal review. The contract term is five years;

7. Approval of a sole source Purchase Order to PANalytical, Inc. to provide service and maintenance to the Stanton Energy Center elemental coal analyzer in the amount of \$268,000, pending final contract negotiations and OUC legal review. The contract term is five years;
8. Approval of Purchase Orders to CSX Transportation, Inc., Evansville Western Railway, Inc., Indiana Rail Road Corporation and Paducah & Louisville Railway to provide mandatory railcar inspections and repairs for a three-year period in the amount of \$1,408,970;
9. Approval of the Electric Distribution Construction Estimates for the installation of electric distribution facilities along Heintzelman Boulevard to Downden Road in the amounts of \$1,110,682.35 and \$970,812.16 for a new 12kV distribution underground feeder and a manhole duct-line, in the total amount of \$2,081,494.51;
10. Approval of RFP #4393 - Contract award to Controllix Corp., the lowest, most responsive and responsible vendor, for one metal enclosed 12kV capacitor bank for the Southwood 12kV E Unit and Switchgear Addition Project in the amount of \$135,000;
11. Approval of a Purchase Order to Dis Tran Steel, LLC to supply tubular steel poles in the amount of \$9,900,000 and approval of RFP #4414 - Contract award to Cathcart Construction Company Florida, LLC, the lowest, most responsive and responsible vendor, for the construction of access pads, roads and compensating storage in the amount of \$3,300,000 for the Taft to Stanton 230kV Transmission Corridor Upgrade Project, Stanton to Magnolia Ranch Segment – Phase 2 of 3 and Magnolia Ranch to Lake Nona Segment – Phase 3 of 3;
12. Approval of Change Request No. 1 to the Substation Capital Expenditure Estimate in the amount of \$5,405,000 for engineering, procurement and construction support necessary to complete the Azalea 115/12kV A and B Transformers Replacement Project, increasing the total project cost to \$5,500,000. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Leidos Engineering, LLC in the amount of \$1,005,000 to provide design engineering and construction management services, increasing the total Purchase Order amount to \$1,100,000. Approval of Purchase Orders to GE Prolec Transformers, Inc. for one 115/12kV transformer in the amount of \$850,000 and SPX Transformer Solutions, Inc. for one 115/12kV transformer in the amount of \$890,000;

13. Approval of Change Request No. 1 to the Substation Capital Expenditure Estimate in the amount of \$4,755,000 for engineering, procurement and construction support necessary to complete the Lake Nona 12kV D Transformer & Switchgear Addition Project, increasing the total project cost to \$4,850,000. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Leidos Engineering, LLC in the amount of \$945,000 to provide design engineering and construction management services, increasing the total Purchase Order amount to \$1,040,000. Approval of a Purchase Order to SPX Transformer Solutions, Inc. for one 230/12 kV transformer in the amount of \$1,065,000;
14. Approval of an OUC initiated scope change and conforming Change Order No. 2 to IBM Corporation in the amount of \$170,298.78 for Cognos software maintenance and support fees through December 31, 2018, increasing the total Purchase Order amount to \$600,845.25;
15. Approval of a Purchase Order to Persistent Systems, Inc. to continue providing professional support services for Secure Account Management through December 31, 2018 in the amount of \$234,000;
16. Approval of a sole source Purchase Order to Sovereign Systems LLC for the Storage Area Network storage capacity upgrade and maintenance and support through December 31, 2018 in the amount of \$171,716;
17. Approval of Capital Expenditure Estimates for Oracle America, Inc. software licenses true-up for the CC&B, MDM and SGG systems in the aggregate amount of \$764,690.00. Approval of a sole source Purchase Order to Oracle America, Inc. for software licenses true-up for the Customer Care & Billing, Meter Data Management and Smart Grid Gateway systems, annual software support and maintenance in the amount of \$1,101,745.23, pending final legal review of the contracts. The contract terms include four years of maintenance and support services for the SGG software and one year of maintenance and support services for the CC&B and MDM software. Approval of an OUC initiated scope change and conforming Change Order No. 4 to Oracle America, Inc. in the amount of \$487,085.31 for DataRaker AMI Smart Grid Analytics software and services through February 26, 2019, increasing the total Purchase Order amount to \$2,193,599.31. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Oracle America, Inc. in the amount of \$98,210.00 for Real Application Clusters database software, which includes maintenance and support through November 30, 2018, increasing the total Purchase Order amount to \$451,204.80;

18. Approval of an OUC initiated scope change and conforming Change Order No. 2 to National Crane Services, Inc. in the amount of \$25,000 to continue providing annual inspections and re-certification of overhead cranes and hoists through November 19, 2018, increasing the total Purchase Order to \$115,158;
19. Approval of a Capital Expenditure Estimate for the construction of a dedicated maintenance facility at Stanton Energy Center Combined Cycle Unit B in the amount of \$1,515,975. Approval of RFP #4361 - Contract award to McCree General Contractors, Inc., the lowest, most responsive and responsible vendor, to provide design-build services for the new maintenance building in the amount of \$1,360,075;
20. Approval of RFP #4428 - Contract award to Perma Fix of Florida, Inc., the lowest, most responsive and responsible vendor, to provide hazardous waste disposal and bulb recycling services in the amount of \$300,000. The contract term is three years with two one-year renewal options;
21. Approval of the reappointment of Clint Bullock to the Board of Trustees of the OUC Pension Plan, effective January 1, 2018, for a term ending on December 31, 2022;
22. Approval of an OUC initiated scope change and conforming Change Order No. 3 to Reliance Standard Life Insurance Company in the amount of \$1,573,324 to provide life insurance for active and retired employees as well as accidental death and dismemberment and long term disability insurance coverage for active employees through December 31, 2019, increasing the total Purchase Order amount to \$4,906,311;
23. Approval of an OUC initiated scope change and conforming Change Order No. 4 to Matrix Absence Management, Inc. in the amount of \$120,000 to administer the Short Term Disability and Family Medical Leave Act Programs through December 31, 2019, increasing the total Purchase Order amount to \$381,115;
24. Approval of a Purchase Order to de la Parte & Gilbert, P.A. to provide legal services related to the Taylor Creek Project and various water resource issues related to OUC's consumptive use permit during Fiscal Year 2018 in the amount of \$120,000;

25. Authorization for the General Manager & CEO to execute the documents necessary to allow the sale of the Curtis Canal Outfall easement to Orange County, to be located west of an extension of Curtis Street and south of Old Cheney Highway, subject to final OUC legal review;
26. Authorization for the General Manager & CEO to execute the Release of Easements for property located south of West Smith Street and north of West Princeton Street;
27. Authorization for the General Manager & CEO to execute the Release of Easement for properties located east of Alden Road and north of Virginia Drive; and
28. Authorization for the General Manager & CEO to execute the Subordination of Encumbrance to Property Rights to Orange County for easement property located east of South Texas Avenue from Honour Road to south of Americana Boulevard.

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Mr. Ksionek asked Mindy Brenay to provide a presentation for New Business Item NB-1 regarding the Community Solar Farm Rider Rate Schedules, the Closure of Renewable Energy Program Rider Schedule, and Revisions to the Pilot Solar Photovoltaic Credit Program Rider Rate Schedule. Ms. Brenay provided the statistics for the community solar farm, which will provide 12.58 MW. OUC has developed a new universal and simplified rate design for the community solar farm of 6 cents per kWh with a credit for the equivalent amount of unused fuel at the prevailing fuel rates. Residential and commercial customers can subscribe in increments of 10 percent, going up to 100 percent of a customer's energy usage. Customers subscribing to the existing Gardenia community solar farm can remain on the current rate or switch to the new rate. OUC will close the existing Renewable Energy Program Rider rate and revise the Pilot Solar Photovoltaic Credit Program rate. The Florida Public Service Commission will review and approve the new rates following Board adoption.

Commissioner Lee inquired about the process for FPSC approval. Mr. Browder stated that OUC submits tariff sheets for the FPSC staff to review the rate structures. It is a quick process with only 30 days advance notice. Usually, only a few minor clarifications are required. Ms. Brenay added that the new rate design is similar to a design utilized by JEA.

On motion by Commissioner Gross and seconded by Commissioner Calvet, New Business Item 1 was adopted and accepted as follows:

NB-1 Adoption of the new Community Solar Farm Rider Rate Schedule; revisions to the current Community Solar Farm Rider and Pilot Solar Photovoltaic Credit Program Rider Rate Schedules and associated solar service agreements; and closure of the Renewable Energy Program Rider Rate Schedule; effective January 1, 2018, pending Florida Public Service Commission review.

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Commissioner Calvet stated that the Audit Committee conducted its regular meeting on October 30, 2017.

The Committee reviewed the impacts of implementing new pension accounting guidance. Costs associated with the regulatory action are projected to be recognized systematically over the next eight years through the rate-making process. The Committee recommends approval of a regulatory action to defer \$1.1 million of costs for the implementation of this new guidance.

The Committee also reviewed the Pension Plan Program Update including recommended plan modifications, which will be presented for approval at the December 12, 2017 Commission Meeting.

Water revenues in 2017 exceeded budget in excess of \$1.5 million. To offset revenue requirements in the upcoming year, the Committee recommends approval of a regulatory action to defer \$1.5 million of Fiscal Year 2017 water revenues beyond budget to offset the planned use of reserves in Fiscal Year 2018.

The Committee reviewed the 2017 preliminary financial results. As a result of unplanned hurricane costs, Operating Income Before Contributions is projected to be \$89.8 million, or \$6.3 million lower than budgeted. To offset the impacts of these unplanned costs, the Committee recommends approval of a regulatory action to utilize up to \$7 million from the Disaster Recovery Fund to offset storm restoration costs for Hurricanes Matthew and Irma to meet Fiscal Year 2017 revenue requirements.

The Committee also reviewed the proposed water rate change included in the adopted 2018 Operating Budget, which will be presented for approval at the December 12, 2017 Commission Meeting.

The Committee reviewed the 2018 Internal Audit Risk Assessment and approved the 2018 audit and advisory projects.

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

PRES-1a Approval to recognize a regulatory asset of \$1.1 million related to implementation of new pension accounting guidance for the planned recovery of these costs through the targeted date of September 2025.

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

PRES-1b Approval to defer \$1.5 million of Fiscal Year 2017 water revenues beyond budget to offset the planned use of reserves in Fiscal Year 2018; Approval to utilize up to \$7.0 from the Disaster Recovery Fund to offset storm restoration costs for Hurricanes Matthew and Irma to meet Fiscal Year 2017 revenue requirements.

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Mindy Brenay stated that staff is actively working on the year-end report for Fiscal Year 2017, as well as meeting with FEMA regarding the recovery from Hurricane Irma. Staff is also preparing the financial report for the month of October 2017. Preliminary numbers indicate that water revenues for the month of October 2017 are slightly behind budget.

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Pete Dunkelberg, an OUC customer, spoke about OUC's renewable energy efforts and the appointment of a new Commissioner to replace Commissioner Kirby.

Michael Cohen, an OUC customer, spoke about OUC's solar initiatives and the appointment of a new Commissioner to replace Commissioner Kirby.

Dierdre Macnab spoke about OUC's solar farms and renewable energy strategies.

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Mr. Ksionek requested that Chip Merriam provide a Legislative Update. Mr. Merriam discussed Florida's 2017 voter registration demographics and noted that there is no significant statistical change from prior years. He noted that tax reform is the most pressing issue in the federal government, and discussed potential outcomes for the bill as well as impacts to OUC. It is the goal of Congressional Leadership to pass the bill by December 18. Other federal issues

of note include possible repeal and replacement of various EPA regulations including the Clean Power Plan.

Mr. Merriam discussed issues affecting the Florida state legislature. Bills of note to OUC include Public Utility Power Restoration, 2.5 MW Renewable Energy Exemption, Electric Vehicles, Linear Facilities, Tree Trimming, Disaster Preparedness Tax Exemption, Public Utility Rates, and Open Government Sunshine review Committee. He noted that several issues have been emphasized by the Senate President and House Speaker in anticipation of the 2018 election. Mr. Merriam testified before the Senate Appropriations Subcommittee on General Government detailing OUC's storm hardening efforts. He noted that Florida is the only state to allow revisions to its constitution through the Constitution Revision Committee (CRC), which meets every 20 years. The third CRC was selected in February 2017. Approved proposals will go directly on the November 2018 general election ballot without being ratified by the Legislature. A 60 percent voter approval is required to become law. CRC proposals of interest include Proposal 23 which would grant every person having the right to a clean and healthful environment; Proposal 51 which would grant every electricity customer having the right to choose the provider of its electricity service in a competitive electricity market; Proposal 24 which would create a Commissioner of Environmental Protection; Proposal 91 which would prevent offshore drilling in Florida territorial waters; and Proposal 7 which would restore voting rights to felons upon completion of service.

Commissioner Lee thanked Mr. Merriam for his presentation and noted the complications regarding tree trimming. Mr. Merriam responded that one of the Senate Appropriations Subcommittee's goal was to have utilities set a time limit or goal regarding restoration efforts which could then be graded by the set a Florida Public Service Commission.

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Mr. Ksionek requested that Clint Bullock provide a presentation on the Puerto Rico mutual aid efforts. Mr. Bullock explained the timeline for the restoration efforts. On October 21, OUC signed an agreement to provide aid and trucks and equipment were prepared for transport. Four OUC employees travelled to Puerto Rico on November 3 and the remaining ten employees traveled on November 8. In total, OUC shipped 16 pieces of equipment to the island. Mr. Bullock noted that the contract with Whitefish Energy is being terminated but OUC is working to continue to provide aid.

Commissioner Lee asked about the structure of future contracts after the termination of the Whitefish Contract. Mr. Bullock responded with two possible

scenarios: direct coordination with the Puerto Rico Electric Power Authority or working as a subcontractor to another organization.

Commissioner Gross inquired about the goals for the OUC team working on the island. Mr. Bullock stated that the situation in Puerto Rico is very chaotic, but OUC is working to send additional resources.

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Mr. Ksionek introduced OUC's 2017 Year in Review video, which was created by Ms. Harrington's staff and presented to the board rating agencies at recent meetings.

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Commissioner Gross thanked Mr. Romero for the invocation. She thanked Mr. Dunkelberg, Michael Cohen, and Ms. Macnab for their general appearances. She thanked Mr. Merriam for his legislative update. She thanked Mr. Bullock for his update on the Puerto Rico restoration efforts and the rest of the staff for all their hard work.

Commissioner Calvet congratulated Ms. Baruch on her Service Award. He praised staff on the Tremont Plaza project. He commented about family members living in Puerto Rico and thanked OUC staff for assisting in the restoration efforts.

Commissioner Lee echoed comments of the previous Commissioners and recognized Mr. Ksionek for his years of service with the organization. He presented a video from Commissioner Kirby, who praised Mr. Ksionek for his leadership and helping the organization become reliable and sustainable. Commissioner Kirby also recommended that the new 12 MW solar farm at Stanton Energy Center be named the *Kenneth P. Ksionek Community Solar Farm*.

On a motion by Commissioner Lee and seconded by Commissioner Calvet, it was approved to name the new 12.58 MW solar array located at the Stanton Energy Center in east Orange County, the *Kenneth P. Ksionek Community Solar Farm* in order to recognize the significant accomplishments of Mr. Ksionek during his 32 year career at OUC and 13 years as the utility's General Manager and CEO.

Commissioner Lee presented Mr. Ksionek with a plaque in recognition of the new solar farm.

Mr. Ksionek thanked the Board for the honor and recognition. He noted the importance of diversity in OUC's energy portfolio and increasing sustainability efforts. He recognized the efforts of the staff in securing green and renewable energy sources. He thanked everyone for their support during his years at OUC.

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Commissioner Lee adjourned the meeting at 3:46 P.M.

President

Secretary