

**MINUTES  
ORLANDO UTILITIES COMMISSION  
December 11, 2012  
2:00 P.M.**

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**Present:**

**COMMISSIONERS:**

Maylen Dominguez, President  
Dan Kirby, First Vice President  
Craig McAllaster, Second Vice President  
Linda Ferrone, Commissioner  
Buddy Dyer, Mayor

Kenneth P. Ksionek, General Manager & Chief Executive Officer  
Jan Aspuru, Clint Bullock, Roseann Harrington, Byron Knibbs, Chip Merriam,  
Denise Stalls and Rob Teegarden, Vice Presidents  
Greg Rodeghier, Vice President & Chief Information Officer  
John H. Hearn, Vice President & Chief Financial Officer  
W. Christopher Browder, Vice President & General Counsel  
Nanci Schwartz, Recording Secretary

President Dominguez asked Ron Toporek to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:04 P.M.

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On a motion by Commissioner McAllaster, seconded by Mayor Dyer and unanimously carried, the reading of the minutes of the November 13, 2012 Commission Meeting was waived and the minutes were approved.

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Ken Ksionek asked Kevin Noonan to give a presentation on Affirmative Item A-6 regarding the Prepaid Metering Program. Mr. Noonan explained that Prepaid Metering is an optional program that provides customers with control over their energy and water costs and encourages conservation. No deposits are required to participate, and the program is a good option for apartment complexes with more mobile residents. Mr. Noonan stated that the Prepaid Metering Program provides an alternative for customers caught in the delinquency cycle.

OUC provided a prepaid metering pilot program from 2002-2004, using Motorola as a vendor. However, the program was discontinued when Motorola exited the market. Better technology and software is now available, allowing for

customizable alerts for customers, payment through any existing or future payment channel, and flexible system controls. Exceleron has become the clear market leader in prepaid metering. Mr. Noonan explained how Exceleron's Prepaid Account Management System manages day-to-day functionality of the prepaid system, integrates with OUC's systems and allows customers to access through myOUC.com or IVR.

Mr. Noonan described OUC's objectives for the Prepaid Metering Program. OUC expects to have 10 percent of residential customers enrolled in the program within five years. Other objectives include lowering the amount of OUC's aged receivables, lowering OUC's bad debt write-off, having fewer trips in the field for non-payment disconnection for non-payment, increasing customer satisfaction and reduced calls to Customer Service & Collections.

The customer benefits of the Prepaid Metering Program include no deposits or deposit bill-ups, no late fees, no disconnection or reconnection fees, the ability to pay down or pay off past due balances, increased customer satisfaction, budgeting control over their utility expenses, detailed information of daily energy and water use, ability to see current balance and a conservation effect of 5 to 10 percent. Benefits to OUC include greater customer satisfaction, improved cash flow, no financial risk on prepaid accounts, the ability to collect on old debt and past due balances, reduced mailing costs, fewer disconnect and reconnect trips, and long-term reduced staffing.

Mr. Noonan presented the budget and timeline for the project.

Commissioner McAllaster asked if there was a plan to shift delinquent customers into the Prepaid Metering Program, what taxes are included, and if the Motorola pilot program included a monthly fee. Mr. Noonan responded that while the program is optional, it may become a possible solution for customers who owe large debts on their accounts. Customers who are required to pay large deposits may also benefit from this program. Mr. Noonan stated that taxes and fees are pro-rated on a daily basis, and any outstanding balance will be reconciled at the end of the month. The previous pilot program included an eight dollar monthly fee.

Commissioner Kirby commended the program and asked why it will take eight months to deploy. Mr. Noonan responded that the Prepaid Metering Program requires all customer-facing projects to be completed, such as the website and Advanced Metering Infrastructure.

Commissioner Ferrone asked how many customers were involved in the pilot program and Mr. Noonan advised 600 customers. The program's budget assumes that ten percent of residential customers will sign up for the program by the fifth year. The Prepaid Metering Program is a natural fit for OUC's service territory, with a high turnover and large number of multi-family residences.

President Dominguez also commended the program, and asked if payments could be made on another customer's behalf. Mr. Noonan stated that should be possible.

Commissioner Ferrone asked a question about Affirmative Item A-2 regarding the Orange County Landfill Gas to Energy Facility. She inquired if the SCS bid was comparable to their earlier bid. Jan Aspuru explained that, based on experience gained during the first three years running the facility, OUC increased the scope and technical qualifications required. A statement of qualifications (SOQ) was sent to several vendors, and SCS submitted the only response. The non-bidding vendors advised OUC that they preferred a bid package that would include the operation of the Landfill Collection Facility, which was not an option under the OUC scope of work because the Landfill Collection Facility is controlled by Orange County.

President Dominguez presented the Affirmative Items for approval. On a motion by Commissioner McAllaster and seconded by Commissioner Kirby, the Affirmative Items were approved as follows:

1. Ratification of the above fuel procurements to the low bidders in September 2012 in the aggregate amount \$9,215,753.20 as follows:

**NATURAL GAS PURCHASES:**

Sep. 2012	BP Energy Company	\$ 903,475.54
Sep. 2012	ConocoPhillips	\$1,555,730.74
Sep. 2012	EDF Trading (Formerly Eagle Energy)	\$ 347,619.84
Sep. 2012	Enbridge Marketing, LP	\$ 183,595.10
Sep. 2012	Infinite Energy	\$1,514,092.98
Sep. 2012	National Energy & Trade	\$ 289,161.19
Sep. 2012	NJR Energy Services	\$ 360,238.78
Sep. 2012	Rainbow Energy	\$ 380,520.00
Sep. 2012	Southwestern Energy	\$ 500,693.91
Sep. 2012	Texla Energy Management, Inc.	\$1,697,917.55

**COAL PURCHASES:**

Sep. 2012	JP Morgan	\$1,482,707.57
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2. Approval of RFP #3353 – Contract award to SCS Field Services, the sole responsive and responsible vendor, to provide Operations and Maintenance services for the Orange County Landfill Gas to Energy facility in an amount not to exceed \$1,376,977, subject to final contract negotiations and OUC legal review;
3. Approval of RFP #3308 – Contract award to Hill York in the amount of \$943,503 and Trane US, Inc. in the amount of \$1,301,815, the two most responsive and responsible vendors, to provide chilled water mechanical maintenance services at OUC's eight Chilled Water Plants for the period January 1, 2013 through December 31, 2015, in an aggregate amount not to exceed \$2,245,318;

4. Approval of a Capital Expenditure Estimate to replace the Downtown South Chilled Water Plant's original cooling towers, featuring noise attenuation components, in an amount not to exceed \$1,500,000. Approval of a Purchase Order to S. I. Goldman Company, Inc. to replace the cooling towers in an amount not to exceed \$995,090. Approval of a Purchase Order to EVAPCO, Inc. for the direct purchase of the replacement cooling towers in the amount of \$504,910;
5. Authorization for the General Manager & CEO to execute a Master Engineering Support Services Agreement with Power Engineers. Approval of Change Request No. 1 to the Transmission Capital Expenditure Estimate for engineering, procurement and construction necessary to complete the Pine Hills to Country Club Transmission Line Upgrade Project in the amount of \$7,375,525.78, increasing the total project cost to \$7,450,525.78. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Power Engineers to provide design engineering, surveying, soil boring, permitting and construction management services for the project in an amount not to exceed \$650,000, increasing the total Purchase Order amount to \$720,000.
6. Approval of a Capital Expenditure Estimate to implement the Prepaid Metering Program in the amount of \$919,870. Approval of a Purchase Order to Excleron Software, Inc. for software licensing fees and maintenance services through June 4, 2014, in the amount of \$120,600;
7. Approval of additional funding in the amount of \$200,000 with conforming Change Order No. 2 to Daniel R. Houser, Inc. to continue providing support for the migration of the SunGard Public Sector HTE system to the PeopleSoft Enterprise Revenue Maintenance system through December 31, 2013, increasing the total Purchase Order amount to \$295,000;
8. Approval of RFP #3268 – Contract award to Order to Next Level Commercial Cleaning, the lowest, most responsive and responsible vendor, to provide janitorial services for various OUC locations for a three-year period in the amount of \$1,507,219.52;
9. Approval of a Capital Expenditure Estimate for the Enterprise Resource Planning Upgrade Project in the amount of \$2,156,350. Approval of RFP #3327 – Contract award to CSS International, Inc., the lowest, most responsive and responsible vendor, for implementation services in an amount not to exceed \$897,347, pending OUC legal review and approval of the contract;

10. Approval is requested of an OUC initiated scope and conforming Change Order No. 1 to Presidio Networked Solutions, Inc. for microcomputer support outsourced services through April 30, 2013 in the amount of \$488,000, increasing the total Purchase Order amount to \$9,507,405;
11. Approval of an OUC initiated scope change and conforming Change Order No. 2 to IBM Corporation in the amount of \$136,605.26 for annual software maintenance and support fees for the period January 1, 2013 through December 31, 2013, increasing the total Purchase Order amount to \$417,481.89;
12. Approval of an OUC initiated scope change and conforming Change Order No.3 to Oracle America, Inc. in the amount of \$570,043.33 for annual software maintenance and support fees for JD Edwards, PeopleSoft Enterprise Revenue Manager and Universal Productivity Kit software for the period January 1, 2013 through December 31, 2013, increasing the total Purchase Order amount to \$1,740,376.52;
13. Approval of a Capital Expenditure Estimate to provide equipment and installation services required for the electronic security system in the amount of \$1,650,000. Approval of RFP #3331 – Contract award to Qualified Systems Contracting Inc., the most responsive and responsible vendor, to provide equipment, installation and maintenance services for a three-year period in an amount not to exceed \$2,050,000;
14. Authorization for the General Manager & CEO to execute the Release of Easements for Mills Park at 1101 Virginia Drive, for property located north of Virginia Drive and west of North Mills Avenue; and
15. Approval of the 2013 Commission Meeting dates at 2:00 p.m. on the following dates: January 15, March 12, April 9, May 14, June 11, July 9, August 20, October 8, November 12 and December 10. No meetings will be held in February and September.

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John Hearn reported that the year to date net income is \$1.9 million under budget. Weather-driven lower revenues were partially offset by lower expenses. Mr. Hearn also reported that the Series 2013A Refunding Bonds Resolution, approved at the November 12 meeting, was executed early with \$250 million in bonds being issued with final maturities in the 10-15 year range. The deal was oversubscribed several times, and there were several follow-up meetings with investors. Rates came in at 1.97 percent. Refunding the two series

resulted in a total of \$54 million in net present value savings and savings compared to budget.

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Chris Browder reported on a recent legal settlement. The Water Business Unit has replaced approximately 16,000 defective polybutylene service lines installed during the 1980s in the water system, and other water utilities have brought legal action against the manufacturers and distributors of polybutylene pipes. Polybutylene in the pipes reacted with chlorine in the water system, creating cracks and leaks. OUC hired a law firm with experience litigating against this manufacturer on the polybutylene problem. After an initial demand letter from OUC, the manufacturer agreed to pre-suit mediation, and a \$2 million settlement was negotiated. OUC netted approximately \$1.2 million from this settlement amount, which will be used to subsidize future repairs.

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Mr. Ksionek asked Chip Merriam to give a presentation on the Lame Duck Session and the 113<sup>th</sup> Congress. Mr. Merriam reported on the results of the November election. While Congress itself is changing, the Congressional leadership will not. Mr. Merriam explained the seniority process for each party, and stated to expect a partial deal for the fiscal cliff with a framework to complete the discussion in the 113<sup>th</sup> Congress. He also stated that the swearing-in date is at risk, so that discussions can be held with the current Congress if needed on January 3, 2013.

Mr. Merriam discussed the main issues on the Congressional “to-do” list, including the fiscal cliff, Bush tax cuts and sequestration cuts. Mr. Merriam explained the tax provisions at risk because of the fiscal cliff. The top priorities for public power in 2013 include tax exempt financing, environmental regulation and cyber security. Mr. Merriam also discussed issues facing the State of Florida, including the Water Infrastructure Bill, 30-Year Permit Duration Bill and a municipal governance bill focusing on Public Service Commission oversight.

Commissioner McAllaster asked if there was anything OUC should be doing to prepare for the fiscal cliff. Mr. Hearn stated that there is nothing specific OUC can do to mitigate impacts. Mayor Dyer added that the City of Orlando has been asked the same question, as well as what is the indirect impact to the general economy.

Commissioner McAllaster commented that renewables are currently focused on wind and hydroelectric, which are not options for Florida. Mr. Merriam stated that such visions of renewable need to be regionalized. President Dominguez added that this demonstrates why it is important for OUC to bring businesses to the region.

Mayor Dyer asked how the swearing-in date for Congress is set. Mr. Merriam replied that it is not constitutional, but set by practice.

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Mr. Ksionek asked Roseann Harrington to give a presentation on OUC's volunteer activities. Ms. Harrington passed out the 2013 Watercolor Project calendar. She stated that OUC is finishing its 2012 OUC Cares Campaign for United Way and United Arts. OUC has a goal of \$157,000 and has currently raised \$147,000. OUC has also raised over \$200,000 through the Proud Volunteer program. Ms. Harrington recognized Gaby Ortigoni, Rebecca Sebor and Karlene Ramirez for their work in the Community Relations group. In 2012, OUC worked with over 115 nonprofit organizations in over 22 different categories. In addition, OUC coordinated and participated in over 80 events. She also presented a video showcasing OUC's recent volunteer efforts in the OUC Half Marathon and the Orlando Christmas Parade.

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Mr. Ksionek stated that the safety of OUC's employees is very important. He is proud to report that OUC recently passed the one million man-hour mark without a lost day to injury.

Mr. Ksionek reminded Commissioners of the meeting dates for 2013. The next Commission meeting is scheduled for January 15.

Mr. Ksionek invited everyone to a holiday reception immediately following the Commission Meeting.

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Commissioner Ferrone reflected on OUC's accomplishments for 2012, including the Strategic Plan, reorganization, sustainability programs and community outreach. She is proud to serve and be a part of OUC.

Commissioner Kirby also praised OUC's accomplishments during 2012. He was glad to see the passage of the Prepaid Metering Program and acknowledgement of the Community Relations staff activities and the OUC Cares program. He was glad to participate in the OUC Half Marathon and 5k run. He reiterated Mr. Ksionek's emphasis on safety.

Commissioner McAllaster wished everyone well for the end of the year. It is very gratifying to reach the one million man-hour mark without a lost day to injury, especially considering OUC employees traveled to the Northeast to help during Superstorm Sandy. He praised the results of the Series 2013A Refunding Bonds Resolution, which saved money for ratepayers. He acknowledged that this was the last meeting with Commissioner Dominguez serving as President, and thanked her for her years of service.

Mayor Dyer stated that he is glad to see management focused on both the health and safety of OUC employees. He is pleased that OUC was able to assist people during Superstorm Sandy. He wished everyone a safe and happy holiday and led a round of applause for President Dominguez.

President Dominguez thanked OUC staff, her fellow Commissioners, and Mr. Ksionek for the opportunity to serve as President. She is excited about the Prepaid Metering Program and stated that it will make a big difference for many customers.

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President Dominguez adjourned the meeting at 3:10 P.M.

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President

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Secretary