

**MINUTES  
ORLANDO UTILITIES COMMISSION  
August 17, 2010  
2:00 P.M.**

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**Present:**

**COMMISSIONERS:**

Katie Porta, President  
Maylen Dominquez 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 Kirby, seconded by Mayor Dyer and unanimously carried, the reading of the minutes of the July 13, 2010 Commission Meeting was waived and the minutes were approved.

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Clint Bullock presented a 25-Year Service Award to Garry M. Gucwa, Cable Splicer, Energy Delivery Business Unit.

Clint Bullock presented a 25-Year Service Award to Keith Rizer, Manager, Energy Control Center, Energy Delivery Business Unit.

Al Frazier presented a 25-Year Service Award to Irvin L. Lane II, Manager, Metering, Customer Experience.

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Roseann Harrington announced that OUC was named one of the Top 100 Companies for Working Families by the Orlando Sentinel.

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Ken Ksionek asked Jan Aspuru to discuss Affirmative Item A-3 regarding the Power Resources Supplemental Labor contract. Mr. Aspuru explained that the Power Resources Business Unit (PRBU) uses skilled and unskilled contract labor to supplement OUC's workforce in a cost-effective manner, which allows PRBU flexibility to deal with cyclical workloads. This is a standard practice in the utility industry.

Commissioner McAllaster asked if contract workers are required to meet the same safety requirements as regular OUC employees, if unskilled workers are paid a living wage, and if contract workers are monitored to make sure they are best representing OUC when they are working in the community. Mr. Aspuru replied that all contract workers complete safety and contractor training before they begin working at OUC, and confirmed that unskilled contract workers are paid a living wage. Mr. Aspuru stated that the contract workers perform their duties on the Stanton Energy Center property and are not out in the service territory representing OUC and therefore, are not monitored from that standpoint. However, many are long-term contract employees and live in the community.

President Porta asked if OUC monitors the number of hours worked by contract employees. Mr. Aspuru stated that the supplemental labor contract provides flexibility for full- and part-time hours as needed. Mr. Ksionek added that the payroll for contract workers is a small part of OUC's payroll budget.

Mr. Ksionek asked Ms. Harrington to discuss Affirmative Item A-16 regarding the Utility-Exclusive Conservation and Customer Education Partnership Agreement with Orlando Magic, Ltd. Ms. Harrington explained that OUC's partnership with the Amway Center includes signage that will be present for 365 days a year, which is the reason why OUC is engaging in a multiple-year partnership. OUC will be the only utility to advertise in the Amway Center. OUC staff assisted the City of Orlando during the construction of the Amway Center to ensure that the facility received LEED certification, and OUC wants to continue this relationship after the opening of the Amway Center. OUC has ten customer education and outreach expense guidelines, and this partnership meets eight of those goals. Ms. Harrington stated that the value of the partnership is approximately \$105,000 each year, and that OUC is getting more than the face value for the partnership.

Commissioner Kirby asked if OUC has a priority on renewal for the partnership, and Ms. Harrington replied yes.

President Porta asked if there will be screens to provide messages to general attendees, in addition to screens in box seats. Ms. Harrington replied yes. OUC will be a partner during NBA Green Week, and the Orlando Magic website will display OUC messages on a daily basis.

Mayor Dyer stated that the Amway Center is the premiere facility for LEED certification, and this partnership is very cost effective.

Commissioner Dominguez Arlen asked if there is a possibility to work with NBA players to promote conservation. Ms. Harrington stated that OUC has most recently been focused on securing the sponsorship, but plans to expand the partnership in the future and hopes to work with NBA players.

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

1. Ratification of spot fuel procurements to the low bidders in May and June 2010 in the aggregate amount of \$11,093,357.57 as follows:

**NATURAL GAS PURCHASES:**

May 2010	Chevron Natural Gas	\$ 827,822.02
May 2010	ExxonMobil Gas & Power Marketing	\$ 205,228.64
May 2010	Louis Dreyfus Energy	\$ 642,329.11
May 2010	National Fuel Marketing	\$2,597,171.65
May 2010	NJR Energy Services	\$ 148,697.90
May 2010	Orlando Gas Producer	\$ 111,656.99
May 2010	Shell Energy	\$ 569,504.29
May 2010	Southwestern Energy	\$ 131,653.37
May 2010	Texla Energy Management, Inc.	\$ 251,375.11
May 2010	Total Gas & Power	\$1,076,486.51
May 2010	Virginia Power Energy Marketing, Inc.	\$1,507,628.67

**NO. 6 FUEL OIL PURCHASES:**

Jun. 2010	Automated Petroleum & Energy Co.	\$1,573,466.12
Jun. 2010	Automated Petroleum & Energy Co.	\$ 120,042.10

**COAL PURCHASES:**

Jun. 2010	Eastern Coal and Coke	\$1,330,295.09
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2. Authorization for the General Manager & CEO to execute the Coal Supply Agreements, subject to final OUC legal review and approval, between OUC and Peabody COALTRADE, LLC for coal deliveries from January 2011 through December 2012 in an amount not to exceed \$26,468,750, and Massey Coal Sales Company, Inc. for coal deliveries between January 2011 and December 2013 in amount not to exceed \$89,100,000;
3. Approval RFP #2873 – Contract award to Austin Maintenance & Construction, Inc., the lowest, most responsive and responsible vendor, to provide supplemental labor services for PRBU Operations and Maintenance requirements for a three-year period in an amount not to exceed \$16,366,047, subject to final contract negotiations and OUC legal review;
4. Approval of a Purchase Order to Progress Rail Services, WATCO Companies, Inc., Energy Related Activities, Inc., Reliable Rail Services, LLC and Appalachian Railcar Services for railcar repairs

through Fiscal Year 2012 for a total aggregate amount not to exceed \$2,600,000;

5. Approval of a sole source Purchase Order to Florida Fluid System Technologies, Inc. for the purchase of precision instrumentation valves and fittings for the Stanton Energy Center and Indian River Combustion Turbines for a three-year period in the amount of \$626,250, pending OUC legal review and approval of the contract;
6. Approval of an OUC initiated scope change and conforming Change Order No. 1 to General Physics Corporation to provide a web-based training program for Power Resources Business Unit Operations and Maintenance personnel through June 30, 2013 in the amount of \$197,000, increasing the total Purchase Order to \$260,200;
7. Approval of the Lighting Construction Estimate for Orlando Health, located on Lucerne Terrace in the Orlando service territory, in the amount of \$127,739.93, which includes \$79,395.90 for lighting equipment from OUC's stock inventory and \$48,344.03 for the installation of poles, fixtures and wires by Terry's Electric, Inc, OUC's lighting contractor. Orlando Health has executed a twenty-year service agreement with OUC for this lighting system and will be responsible for the monthly billing;
8. Approval of the Electric Distribution Construction Estimate for the installation of additional electric distribution capacity for the expansion of the OUC North Chilled Water Plant, located on State Lane in the Orlando service territory, in the amount of \$110,088.74;
9. Approval of the Electric Distribution Construction Estimate for the installation of an electric distribution system to serve the Church of All Nations building at the Holy Land Experience, located on Vineland Road, north of Conroy Road, in the Orlando service territory, in the amount of \$118,275.97;
10. Approval of the Electric Distribution Construction Estimates for an overhead to underground conversion for the City of Orlando's President Barack Obama Parkway Extension Project, Phase 1, located in the Orlando service territory along the Metrowest Boulevard extension and the first 1.1 miles of the President Barack Obama Parkway extension just north of Conroy Road, in the amounts of \$188,807.20 and \$532,409.50 for the installation of manhole ductline and cable systems respectively, for a total of \$721,216.70;
11. Approval of the Electric Distribution Construction Estimates for an overhead to underground conversion for the Narcoossee Road Widening Project, Phase 1B, located at the intersection of Ralph Miller

Road in the St. Cloud service territory, in the amounts of \$54,541.90 and \$69,343.42 for the installation of conduit and cable systems respectively, for a total of \$123,885.32;

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 2B, located in the St. Cloud service territory from Starline Drive to Jack Brack Road, in the amount of \$642,018.71;
13. Approval of a Communication Systems Capital Expenditure Estimate for fiber optic splicing in the amount of \$240,000. Approval of RFP #2912 – Contract award to Lone Optics, LLC and Universal Fiber Optics, Inc., the most responsive and responsible vendors, to provide fiber optic splicing services for a three-year period in the aggregate amount of \$240,000;
14. Ratification of a sole source Purchase Order to the Florida Department of Transportation for reimbursement of the EZ Street pavement removal and replacement associated with the East Robinson Street Pipeline Project in an amount not to exceed \$179,818.53;
15. Approval of a Capital Work Order for water distribution improvements for the Idaho Avenue and Lake Drive Pipeline Project, located in the City of Belle Isle within OUC's water service territory, in an amount not to exceed \$121,367.68;
16. Approval of a sole source Purchase Order to Orlando Magic, Ltd. for a Conservation and Customer Education Partnership Agreement for a four-year period in the amount of \$313,772.03;
17. Ratification for the General Manager & CEO to execute the Modified Solar Power Purchase Agreements and Site Licenses with Regenesys Power, LLC required for the Stanton and Jetport Solar Photovoltaic Projects, subject to final OUC legal review;
18. Approval of additional funding in the amount of \$30,000 with conforming Change Order No. 2 to Mid State Fire Equipment of Central Florida, Inc. for a one-year renewal option to provide fire extinguisher services through September 30, 2011, increasing the total Purchase Order amount to \$125,000;
19. Approval of additional funding for a one-year renewal option in the aggregate amount of \$1,225,000 with conforming Change Order No. 2 to the heavy equipment rental Purchase Order to vendors including, but not limited to, Bell Rental & Sales, Inc.; Hertz Equipment Rental Corp.; Linder Industrial Machinery; Neff Rental; Ring Power Corp.; RSC Equipment Rental; Sunbelt Rentals, Inc.; Easton Sales & Rentals, LLC; United Rentals; All Sunshine Crane Rental Corp.; Florida Rigging

& Crane; Maxim Crane Works; Sims Crane & Equipment; Sunbelt Cranes; Crane Rental; Newman Tractor, LLC; Flagler Construction Equipment; Nesco Sales & Rentals; and Volvo Rents, increasing the total Purchase Order amount to \$2,900,000;

20. Approval of additional funding in the amount of \$100,000 with conforming Change Order No. 5 to GP Rhino & Associates, Inc. for preventative maintenance and repairs for overhead doors and dock levelers through June 4, 2011, increasing the total Purchase Order amount to \$282,080;
21. Approval of RFP #2920 – Contract award to Experian Information Solutions, Inc., the lowest, most responsive and responsible vendor, to provide credit scoring services to determine utility deposits for a three-year period in the amount of \$200,000;
22. Approval of additional funding in the amount of \$120,000 with conforming Change Order No. 1 to Perma Fix of Florida, Inc. to exercise two one-year renewal options for the continuation of hazardous waste disposal and fluorescent tube recycling services through November 2013, increasing the total Purchase Order amount to \$193,000;
23. Approval RFI #2907 – Sole Source Contract award to Televox Software, the most responsive and responsible vendor, to provide Automated Voice Messaging for a three-year period in the amount of \$420,000;
24. Approval of RFP #2941 – Contract award to Bridge Energy Group, Inc., Miracle Software Systems, Inc. and ProSoft Technology Group, Inc., the most responsive and responsible vendors, to provide integration support services for the Enterprise Service Bus for a three-year period in the aggregate amount of \$750,000;
25. Approval of a sole source Purchase Order to Software House International in the total amount of \$1,176,992 for the purchase of new software licenses, the reconciliation of licenses and maintenance and three years of annual software maintenance for the Microsoft Enterprise License Agreement for the period of August 1, 2010 through July 31, 2013; and
26. Approval of an OUC initiated scope change and conforming Change Order No. 3 to RMB USA, Inc. for additional preventative maintenance, asset management and consulting services in the aggregate amount of \$248,000, increasing the total Purchase Order amount to \$765,510.

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Mr. Ksionek noted that there were no changes to the proposed 2011 Operating Budget or the 2011-2015 Capital Plan since the July 13, 2010 Budget

Workshop. Mr. Ksionek stated that the 2011 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 2011 Operating Budget as presented and acceptance of the 2011-2015 Capital Plan as presented.

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Commissioner McAllaster stated that the Audit Committee met on August 5, 2010 to review OUC's financial and operating performance. Internal Audit presented the results of recent published reports and the status of open items. The results of operations through June 30, 2010 with Income before contributions of \$50.8 million. This amount represents a favorable variance from budget in the amount of \$9.2 million. In addition, management reviewed the pro-forma Income before contributions for the year ending September 30, 2010.

The Audit Committee recommends regulatory action to defer \$3 million of electric retail energy revenue in association with unspent conservation costs, which is the result of delayed Florida Public Service Commission approval. This action proposes the deferral of the revenue requirements associated with these costs for future recognition. Amounts recognized in the future will be reported to the Audit Committee and recognized to properly match conservation initiative costs.

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

PRES-1a Approval of the deferral of electric retail revenue in the amount of \$3 million and the subsequent recognition of these revenues to match future conservation costs.

The Audit Committee also recommends regulatory action to defer \$5.5 million of electric retail energy revenue in association with unspent depreciation expenses for the Stanton B generation facility. In conjunction with the preparation of the 2010 Operating Budget, revenue requirements were budgeted based on a commercial operation date of November 1, 2009 and a depreciable life of 25 years. The actual commercial operation date was February 27, 2010 and the depreciable life was modified from 25 years to 30 years. As such, a portion of projected revenue requirements were not incurred. This action proposes the deferral of this revenue and the future recognition of this amount systematically over a 5 year period beginning in 2012.

On motion by Commissioner McAllaster, seconded by Commissioner Dominguez Arlen, Presentation Item-1b was approved as follows:

PRES-1b Approval of the deferral of electric retail revenue in the amount of \$5.5 million and the future recognition of this amount systematically over a five-year period beginning in 2012.

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Commissioner Dominguez Arlen stated that the Finance Committee held a Special Meeting on August 13, 2010 to discuss a potential refunding transaction and an amendment to a swap agreement.

Due to the recent drop in interest rates, OUC has about \$115 million in outstanding bonds that could be refunded for debt service savings prior to their first call date. The Finance Committee considered a Resolution authorizing the refunding of portions of the Series 2001, 2002C, 2003A or 2003B Bonds, if and when savings target and other parameters are achieved. Bonds issued are not to exceed \$125 million and the present value of debt service savings must be greater than 3 percent of the par amount of bonds refunded. J.P. Morgan and Ramirez & Co., Inc. would act as underwriters for the refunding bonds. The Finance Committee recommends that the Commission adopt the Series 2010E Refunding Bond Resolution.

On a motion by Commissioner Dominguez Arlen, and seconded by Commissioner McAllaster, Presentation Item-2a was adopted as follows:

PRES-2a: A Resolution of the Orlando Utilities Commission authorizing the issuance, in one or more series, of not exceeding \$125,000,000 utility system revenue refunding bonds, Series 2010E for the purpose of refunding certain outstanding utility system revenue bonds that satisfy the requirements described herein; setting forth the terms of said bonds; providing for the disbursement of funds; appointing a paying agent and registrar for said bonds; authorizing the negotiated sale of said bonds; delegating certain authority to the General Manager and other officers, including authorizing the execution and delivery of one or more bond purchase agreements; authorizing the execution and delivery of one or more escrow deposit agreements; appointing an escrow agent; approving the form of a preliminary official statement and delegating the authority to approve, execute, deliver and deem final on or more official statements; approving the form of and authorizing the execution and delivery of one or more continuing disclosure undertakings; creating and establishing a cost of issuance account; authorizing proper officials to do all other things deemed necessary or advisable in connection with the issuance, sale and delivery of said bonds; providing certain other matters in connection therewith; and providing an effective date.

OUC has a swap agreement with Morgan Stanley that, if amended, could provide significant interest cost savings over the remaining life of the swap without significantly increasing risk. The amendments include reducing the fixed amount paid from 4.442 percent to no greater than 3.85 percent, changing the variable amount received from SIFMA to 67 percent of LIBOR and potentially



decreasing the amount of collateral posting requirement. The Finance Committee reviewed a Resolution outlining these amendments and recommends that the Commission adopt the Swap Amendment Resolution.

On a motion by Commissioner Dominguez Arlen, and seconded by Commissioner McAllaster, Presentation Item-2b was adopted as follows:

PRES-2b: A resolution of the Orlando Utilities Commission authorizing the novation or amendment of the Morgan Stanley swap; authorizing proper officials to do all other things deemed necessary or advisable in connection with the amendment or novation of such swap; providing certain other matters in connection therewith; and providing an effective date.

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John Hearn reported Income before contributions for the nine months ended June 30, 2010 was \$50.8 million. Income before contributions through July 2010 was approximately \$55.3 million, which is \$3.8 million ahead of budget. Water revenues for July exceeded budget electric retail energy revenue was approximately \$2.7 million ahead of budget.

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Chris Browder reported that OUC and Orange County have filed a joint petition for an administrative hearing on a Consumptive Use Permit (CUP) that the St. Johns River Water Management District proposes to issue to East Central Florida Services (ECFS) for agricultural purposes associated with the Deseret Ranch. OUC feels that the District, in performing its evaluation of the CUP requested by ECFS, did not take into account the potential impact on the ability of OUC and several other municipal and governmental utilities to withdraw water from the Taylor Creek reservoir as an alternate water supply. OUC hopes that all parties can come up with a mutually acceptable approach on the ECFS CUP.

Mr. Browder also provided an update on the sale of the old OUC Administration Building. The Purchase and Sale agreement is almost complete; however, both parties are still discussing covenants. Mr. Browder recommended that OUC extend the letter of agreement for two additional weeks. OUC will continue to advise Commissioners on the progress.

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Mr. Ksionek asked Chip Merriam to provide a legislative update for June and July. Mr. Merriam stated that the White House continues to hold an aggressive position on energy. It has warned that if a climate bill is not enacted by Congress, then the Environmental Protection Agency (EPA) will continue to engage in rulemaking. Mr. Merriam presented a possible timeline for EPA requirements for the utility industry. In Congress, the Senator Murkowski Disapproval Resolution was defeated; however many people who voted against it did speak against the EPA's attempts to implement federal policy via

rulemaking. Mr. Merriam provided expectations for fall legislative activities, including an EPA transport rule, a proposed delay bill by Senator Rockefeller and the proposed oil spill response bill. He also explained the Casey-Carper legislation, which would enact a one-year delay of EPA action but would not stop development of new regulations and may actually codify some existing rule interpretations. Mr. Merriam discussed legislative issues in Florida, including the special session, committee action for the fall and continued meetings with delegation members. He also discussed possible future renewable proposals in the state legislative session, the future of solar rebates and expectations for CUP renewals.

Commissioner McAllaster asked if OUC has a budget reserved to meet future EPA regulations. Mr. Ksionek replied that OUC has a budget set aside in the Capital Plan as well as reserve funds to meet future EPA rules, but that OUC may be forced in the future increase to its rate structure. He also discussed several capital projects that were enacted in anticipation of future EPA rules. Mr. Merriam added that the value of OUC's integrated resource plan for power and water can be built into programs that anticipate EPA rules. Mr. Hearn explained that OUC funds budgeted to meet future EPA rules can be redirected as needed. Discussion ensued regarding how potential rules could affect OUC financially, and the possibility of lawsuits as a result of future EPA rules.

Commissioner Kirby asked if the Casey-Carper legislation was legislative-driven or influenced by public power or other groups. Mr. Merriam explained that the Casey-Carper legislation was purely legislative-driven as a stop-gap for the Senator Murkowski disapproval resolution and the Senator Rockefeller bill.

Commissioner Kirby also asked if electric vehicle incentives and the Home Star program would be given directly to the manufacturer or directly to the customer. Mr. Merriam replied that a package is being constructed that has a stimulus-like look to help manufacturing along with customer-based incentives.

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Mayor Dyer extended an invitation to the State of the Downtown address at the new Amway Center on October 1, 2010. The building is almost complete and the screen on the outside of the building will be turned on in the next few weeks. Mayor Dyer stated that the Amway Center is one of the most high-tech buildings of its type.

Commissioner Kirby stated that he is pleased to see that OUC has found new ways to reinforce its brand, especially with new opportunities at the Amway Center. He stated that he hopes OUC continues to be aggressive in protecting potential future use of alternative water resources. He thanked the behind-the-scenes work by the Financial Services staff in keeping down electric and water rates. He congratulated OUC on its inclusion in the Top 100 Companies for Working Families. He also commented on Affirmative Item A-21 regarding the credit scoring services for utility deposits. He stated that it is important that OUC receives deposit amounts that are fair to customers and also protect OUC in

times of economic downturn. He is also pleased that the Budget and Capital Plan passed without any rate increase.

Commissioner Dominguez Arlen also thanked the Financial Services staff for its behind-the-scenes work. She stated that OUC should continue to work to protect and preserve its resources.

Commissioner McAllaster referred to Affirmative Item A-17 regarding the Stanton and Jetport Solar Photovoltaic Projects. He is pleased that the solar farm will finally come online, but is disappointed that it has taken several months to start the project. He remarked on the inconsistency in public policy in regards to sustainable energy.

President Porta stated that she attended the Green Neighborhoods meeting on August 16, 2010 and thanked OUC staff for their work during the meeting. She also congratulated Commissioner McAllaster on Rollins College being ranked Number 1 in the Southeast, and Mr. Ksionek on 25-years of service at OUC. She also encouraged everyone to vote in primary elections the following Tuesday.

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Commissioner McAllaster moved to adjourn the meeting and Commissioner Dominguez Arlen seconded. President Porta adjourned the meeting at 3:35 P.M.

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President

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Secretary