

**MINUTES
ORLANDO UTILITIES COMMISSION
November 12, 2013
2:00 P.M.**

Present:

COMMISSIONERS:

Dan Kirby, President
Linda Ferrone, First Vice President
Gregory D. Lee, Commissioner
Buddy Dyer, Mayor

Kenneth P. Ksionek, General Manager & Chief Executive Officer
Jan Aspuru, Clint Bullock, Roseann Harrington, Byron Knibbs, Chip Merriam and
Rob Teegarden, Vice Presidents
Jerry Sullivan, 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 Kirby asked Debbie Bradshaw to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:12 P.M.

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President Kirby recognized former Commissioner Rick Fletcher in the audience.

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On a motion by Commissioner Lee, seconded by Commissioner Ferrone and unanimously carried, the reading of the minutes of the October 8, 2013 Commission Meeting was waived and the minutes were approved.

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Byron Knibbs presented a 30-year service award to Rich Thomas, Meter Technician Services, Customer and Sustainable Services.

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Roseann Harrington introduced the recipients of checks from the OUC Charity Golf Tournament: Connie Benca from the Osceola County of Aging, Lou Ann

DeVoogd and Clint Bullock from the Ronald McDonald House, and Rick Fletcher and Scarlett Steward from Grace Medical. Mr. Fletcher thanked OUC for allowing them to continue providing care to patients who otherwise could not afford it.

Ms. Harrington announced that President Kirby accepted the Public Power Utility of the Year Award given by the Solar Energy Power Association at its national conference in Chicago. President Kirby thanked OUC staff, especially Byron Knibbs and Jennifer Szaro, for their hard work toward receiving this recognition.

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Mr. Ksionek asked Jerry Sullivan to give a presentation on Affirmative Item A-4 regarding the Customer Information System Upgrade Project. Mr. Ksionek stated that every 7-10 years, OUC upgrades or changes its Customer Information System. Mr. Sullivan stated that the Customer Care and Billing (CC&B) product license is only part of the total CC&B implementation. He explained the history of the different customer information systems and acquisitions, culminating in Oracle's ownership of the PS-ERM product implemented by OUC in 2007. Oracle updated the PS-ERM to CC&B to take advantage of newer technologies. Approximately 90 percent of utilities have migrated to Oracle's new CC&B software. OUC chose to delay the implementation of CC&B in order to receive the benefits from its various Customer Experience projects. Mr. Sullivan also explained that with the implementation of Smart Grid and Digital Meter technology, Oracle's Data Raker software is also needed to combine and analyze all of the Meter Data Management technologies.

Mr. Sullivan stated that Oracle has quoted a price of \$495,105 for CC&B licenses and \$589,963 for five-year maintenance costs. OUC has also achieved an 18 percent reduction in the standard fees for the Data Raker software.

Commissioner Ferrone asked whether there were concerns regarding purchasing software prior to knowing the full requirements. Mr. Sullivan responded there were none, and stated that this will motivate OUC to move forward as fast as possible with the requirements. Additionally, the discounts offered heavily favored acting now on just the initial licenses, and moving ahead with requirements later.

Commissioner Ferrone also asked how often upgrades occur to the Data Raker cloud software. Mr. Sullivan stated that upgrades would be furnished by Oracle on their schedule, and it is anticipated OUC will be able to self-perform the integration on future upgrades.

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Mr. Ksionek asked Chris Browder to give a presentation on Affirmative Item A-9 regarding the Temporary Staffing Support and Management Services. Mr. Browder stated that the Human Resources Department is tasked with managing

temporary services needed for labor in the different business units. On December 13, 2011, the Commission approved a competitively bid contract to Agile1 to provide these services. Funding for the services provided by Agile1 are allocated from projects approved separately by the Commission, and the proposed agenda item allows Human Resources to allocate the appropriate funding under the Purchase Order.

Mr. Browder explained that Agile1 identifies qualified candidates, provides market rate analysis for labor costs, provides online reporting of budget status and manages the hiring process from onboarding to offboarding for the workers used in the business units. It also provides the OUC required drug screening and background checks, as well as centralized timekeeping and payroll for all agencies providing the workers. Agile1 manages resources from over 24 temporary employment agencies designated by OUC and receives a three percent administrative fee. The remainder of fees goes to the specific staffing agency providing the employees. Twenty-five percent of current vendors are Minority and Women Business Enterprises (MWBE) and those vendors account for approximately 39 percent of OUC expenditures with Agile1. Agencies can be added or dropped from OUC's list at any time. Mr. Browder explained the funds for this agenda item are for temporary employees through 2014.

Commissioner Ferrone asked whether Agile1 ensures that OUC receives the most competitive rates possible from the different vendors. Mr. Browder stated that is part of their role, and German Romero added that Agile1 provides market data that assures that OUC receives a competitive rate from all participating agencies and conduct negotiations if necessary. OUC submits requirements for professional services online, and Agile1 returns with recommended candidates for the department to select. Mr. Romero stated that OUC ensures that Agile1 utilizes a fair selection process. Mr. Browder stated that temporary staffing services are utilized when there is an immediate staffing need for a special project that does not support the hiring of full time employees and are only needed for a period of time less than two years.

President Kirby inquired what provisions OUC has to ensure similar MWBE performance over the term of the contract. Mr. Romero stated that there is no specific requirement, however OUC can add or drop companies from the vendor list at will. This is reviewed on an annual basis, and the MWBE that provide workers through Agile1 is also reported annually in the total minority spending report provided to the Commission by Dr. Bridget Lee. President Kirby requested that Agile1 provide minority spending and participation reports to OUC on a monthly or quarterly basis.

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

1. Ratification of the above fuel procurements to the low bidders in August 2013 in the aggregate amount \$13,111,499.93 as follows:

NATURAL GAS PURCHASES:

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|-----------|-------------------------------------|----------------|
| Aug. 2013 | BG Energy | \$ 309,408.09 |
| Aug. 2013 | BP Energy | \$ 683,225.00 |
| Aug. 2013 | EDF Trading (Formerly Eagle Energy) | \$ 288,272.67 |
| Aug. 2013 | Enbridge Marketing, LP | \$ 191,426.81 |
| Aug. 2013 | ETC Marketing, Ltd. | \$ 668,331.57 |
| Aug. 2013 | Gavilon LLC | \$ 255,560.06 |
| Aug. 2013 | Infinite Energy | \$3,726,784.70 |
| Aug. 2013 | Macquarie Cook Energy, LLC | \$1,564,042.80 |
| Aug. 2013 | National Energy & Trade | \$ 991,731.72 |
| Aug. 2013 | NJR Energy Services | \$ 910,357.10 |
| Aug. 2013 | Shell Energy | \$ 663,144.32 |
| Aug. 2013 | Southwestern Energy | \$ 350,720.20 |
| Aug. 2013 | Texla Energy Management, Inc | \$1,223,160.50 |

COAL PURCHASES:

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|-----------|---------------------------|---------------|
| Aug. 2013 | Crimson Coal Corporation | \$ 790,982.01 |
| Aug. 2013 | Foresight Coal Sales, LLC | \$ 494,352.38 |

2. Approval of a Purchase Order to KEMCO Industries, LLC for substation switchboard panels required for the Airport Term-Site Upgrade & Pumping Plant Project in the amount of \$197,000;
3. Approval of Change Request No. 1 to the Transmission Capital Expenditure Estimate for engineering, procurement and construction necessary to complete the Pershing to Stanton 115kV Transmission Lines Upgrade Project in the amount of \$19,431,286, increasing the total project cost to \$19,505,286. Approval of a Master Engineering Support Services Agreement and an OUC initiated scope change and conforming Change Order No. 1 to SAIC Energy, Environment & Infrastructure, LLC in the amount of \$3,508,620 to provide design engineering, surveying, soil boring, permitting and construction management services for the project, increasing the total Purchase Order amount to \$3,582,620;
4. Approval of a Capital Expenditure Estimate for the Customer Information System Upgrade Project for the purchase of the Customer Care & Billing software and AMI Smart Grid Analytics software required for the project in the amount of \$753,105. Approval of sole source Purchase Orders to Oracle Corporation for the CC&B software, maintenance and support services and Smart Grid Analytics software and web services in the aggregate amount of \$1,929,888, pending final legal review of the contracts. The contract terms include five years of maintenance and support services for the Customer Care and Billing software and two years of AMI Smart Grid Analytics web services;

5. Ratification of a Purchase Order to BPC Group, Inc. to provide labor, materials and equipment for the construction of a surface water management system at The Pines of Windermere in the amount of \$186,400;
6. Approval of RFP #3566 - Contract award to Oracle Elevator Company and McDonough Elevator Sales & Rentals, the most responsive and responsible vendors, for elevator maintenance, testing and repair services in the amounts of \$210,888 and \$172,000 respectively, for an aggregate amount of \$382,888. The contract terms include three years with two one-year renewal options;
7. Approval of Bid #3589 - Contract award to Don Reid Ford, the lowest, most responsive and responsible bidder, for the purchase of fifteen vehicles in the amount of \$452,996. Approval of Bid #3580 - Contract award to Flagler Construction Equipment, LLC, the most responsive and responsible bidder, for the purchase of a used 5,000 gallon articulating water truck in the amount of \$143,580. Approval of Bid #3577 - Contract award to Nesco, LLC, the sole responsive and responsible bidder, for the purchase of a Hogg & Davis Hydra 985 wire pulling trailer in the amount of \$117,000;
8. Approval of an OUC initiated scope change and conforming Change Order No. 2 to KMG Fence, LLC in the amount of \$120,000 to continue providing fencing installation and repair services through July 23, 2015, increasing the total Purchase Order amount to \$210,000; and
9. Approval of an OUC initiated scope change and conforming Change Order No. 2 to Agile1 in the amount of \$4,200,000 to continue providing temporary staffing support and management services through December 2014, increasing the total Purchase Order amount to \$10,295,000.

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John Hearn reported that unaudited financial numbers for September 2013 are \$3.2 million under budgeted net income for the year. Audited numbers will be presented at the next Commission Meeting. OUC completed the first month of Fiscal Year 2014 \$1.6 million ahead of budgeted net income. President Kirby commended Mr. Ksionek and the rest of Senior Management on lowering unit department expenses by approximately 6 percent.

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Jonathan Sebastian Blount, an OUC customer, advised the Board on the Caribbean American Passport publication and the recent formation of Caribbean American Heritage Association. He thanked OUC for its continued partnership.

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Mr. Ksionek asked Clint Bullock to provide an update on the City of Orlando's Insurance Services Office, Inc. (ISO) Class 1 rating. Mr. Bullock discussed OUC's contribution to achieving the rating and introduced John Perrin to provide the presentation. Mr. Perrin explained that ISO is an advisory organization to the property and casualty insurance risk industry, and it assesses a community's fire suppression capabilities. Class 1 is the highest possible rating, and a favorable rating may lower a community's property insurance costs. Only 1 percent of communities in Florida and 0.1 percent of communities nationwide receive a Class 1 rating. The City of Orlando's Fire Department and emergency communications system contributed to 60 percent of the score, while the water supply contributed to 40 percent of the score. OUC's contribution was comprised of efforts from Water Distribution, Water Engineering, Water Production and the Geographic Information System (GIS) group. Mr. Perrin thanked the Board for the opportunity to speak and congratulated OUC staff on the accomplishment.

Mayor Dyer thanked Mr. Perrin for the presentation. He commended the City of Orlando for providing the best municipal services of any large city in the State of Florida. He thanked OUC for its partnership in achieving the Class 1 rating.

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Mr. Ksionek asked Chris Browder to provide a presentation on OUC's hands-only CPR training. Mr. Browder introduced Steve Langley to update the Commissioners. Mr. Langley stated that earlier this year, the City of Orlando Fire Department requested that OUC participate in the initiative called Take Heart Orlando, in which OUC would train employees to perform hands-only CPR, as well as utilizing the automated external defibrillator (AED). After training from the City's Fire Department, OUC trainers completed over 40 classes with 751 employees in the months of July and August. When combined with the number of employees who already regularly receive CPR training, this equaled a 99 percent participation rate in CPR training. In addition, OUC purchased 76 additional AEDs to place in the field in the case of an emergency.

Mayor Dyer thanked Mr. Ksionek for participating in the initiative. He stated that as a result of fast response times and training of emergency medical technicians, Orlando's cardiac save rate is approximately three times higher than the national average. As part of the initiative, the City engaged in training with neighborhoods and large employers, with the goal to have every citizen trained in hands-only CPR over the next five years.

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Mr. Ksionek asked Roseann Harrington to provide a presentation on the JD Power Customer Satisfaction Survey. Ms. Harrington stated that these results are from the first wave of residential surveying, which occurred July and August. JD Power interviewed 128 residential customers, and measured results in six categories, including power quality and reliability, price, customer service, billing and payment, communications and corporate citizenship. OUC received the highest residential customer satisfaction score amongst its peers in Florida and was above the South Midsize average. OUC improved its ratings in five categories over 2012 scores, which the communications category experiencing the strongest gain due to a new strategic communication strategy developed over the summer.

The commercial survey results are from the April to June wave of surveying and involved 59 commercial customers. OUC received the highest commercial customer satisfaction rating amongst its peers in Florida and was above the South Midsize average. OUC improved its rating in all six categories over the 2012 scores. Ms. Harrington stated that the corporate citizenship rating includes initiatives such as the solar farms, which are resonating with customers.

Ms. Harrington presented analytics showing increases in myOUC accounts, autopay transactions, paperless adoptions, mobile visits, and usage of IVR since the new customer service programs went live. She also presented a breakdown of third-party payment center usage since the closing of the service centers.

Ms. Harrington presented a thirty-second commercial spot explaining the new ways to pay OUC bills, and a YouTube video explaining the changes to Customer Service in St. Cloud.

Commissioner Ferrone asked if the trend line as compared to South Midsize utilities should continue to climb in the upcoming months. Ms. Harrington replied affirmatively.

Mr. Ksionek thanked the staff for producing the videos. Ms. Harrington credited Gaby Ortigoni for helping to create the videos.

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Commissioner Lee thanked OUC for a great meeting and looks forward to serving on the Board.

Commissioner Ferrone stated that there is much to celebrate today and commended OUC staff for its hard work on the various achievements. She stated it is important to celebrate the accomplishments in light of financial difficulties over the past year.

Mayor Dyer congratulated OUC staff on the ISO Class 1 rating as well as the Take Heart Orlando participation. He stated that it is great to have measurable positive outcome from the JD Power surveys. He invited Commissioners and

OUC staff to several upcoming events. On November 12, the City of Orlando will light the Tower of Light for the first time in approximately 20 years after a restoration paid for by the Commercial Real Estate Executive Women. On November 18, the City will also unveil eight new iconic pieces of sculpted art as part of the See Art Orlando program. He thanked OUC for its partnership in this program. On November 19, there will be an announcement related to Major League Soccer.

President Kirby thanked the Mayor for his announcements and stated it is an exciting time to be a citizen of Orlando. He saluted the continued customer focus, especially relating to the work on CC&B, receiving the SEPA Utility of the Year Award and the opening of the solar farm.

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President Kirby adjourned the meeting at 3:29 P.M.

President

Secretary