

**MINUTES
ORLANDO UTILITIES COMMISSION
APRIL 8, 2008
2:00 P.M.**

Present:

COMMISSIONERS:

Katie Porta, President

Tommy Boroughs, First Vice President

Maylen Dominguez Arlen, Second Vice President

Mayor Buddy Dyer

Kenneth P. Ksionek, General Manager & Chief Executive Officer

Clint Bullock, Alvin Frazier, Roseann Harrington, Byron Knibbs,

Doug Spencer, Denise Stalls, Thomas Tart, Robert Teegarden,
Vice Presidents

John Hearn, Vice President & Chief Financial Officer

Gregory T. Rodeghier, Chief Information Officer

W. Christopher Browder, Vice President & General Counsel

Beth Mason, Recording Secretary

President Porta asked Thomas Tart 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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President Porta announced the resignation of Lonnie C. Bell as an OUC Board member. Mr. Bell accepted an employment position with Orange County, which in accordance with the OUC Charter, prevents Mr. Bell from serving on the OUC Board.

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On motion by Commissioner Boroughs, seconded by Commissioner Dominguez Arlen, and unanimously carried, the reading of the minutes of the February 5, 2008 Commission Meeting was waived and the minutes were approved as written.

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Byron Knibbs presented a 35-year Service Award to David C. West, Construction Coordinator, Energy Delivery Business Unit.

Doug Spencer presented a 20-year Service Award to Steven C. Richards, Meter Technician II, Customer Connection.

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Roseann Harrington distributed invitations to the Water Color Project Awards to be held on April 22, 2008. This project is hosted in conjunction with Orange County Public Schools and Orange County Utilities and will honor the water color calendar and rain barrel contestants.

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Ken Ksionek asked Byron Knibbs to provide additional information regarding Affirmative Item #20. Mr. Knibbs provided a brief history of the Taft to Lakeland McIntosh Transmission Line Reconductor Project, including related items previously approved by the Commission. This project will be done in four segments at a total estimated cost of \$50.3 million, which is \$10 million more than originally projected. Additional costs are attributed to mitigation of wetlands areas and increased price of materials. Mr. Knibbs noted that Tampa Electric will pay 25 percent of the Lake Agnes to Osceola and Cane Island to Osceola segments and the Florida Municipal Power Agency will pay 50 percent of the Taft to Cane Island segment.

Ken Ksionek referred to Affirmative Items #40 and #41 and asked Greg Rodeghier to explain the Information Technology (IT) business model and distinguish when OUC self performs or outsources these services. Mr. Rodeghier distributed an outline of the IT budget describing two categories. Information Systems includes anything that can be seen and touched (hardware, servers, desktops, etc.). Applications Systems includes approximately 40 different software applications utilized Commission-wide. Mr. Rodeghier further explained how it is determined whether support for projects will be performed by internal staff or external staffing solutions. This allows OUC to utilize highly specialized resources on an as-needed basis.

Ken Ksionek requested that John Hearn address Affirmative Item #59 regarding the structure of the Other Post-Employment Benefits (OPEB) Trust Account. Mr. Hearn stated that this item addresses OPEBs other than the pension plans. The key benefit provided is medical coverage for employees hired prior to January 1, 1998. OUC previously recorded these costs and paid for them as costs were incurred annually. For the past two years, the costs have been based on an actuarial study, as required by a change in accounting standards. The actuarial study assumes the funds that OUC will contribute to will earn returns similar to pension investments that are substantially above that of normal operating funds. The action requested by this agenda item will allow OUC to place the money

into a trust fund with a new investment policy which will allow OUC to earn an average of 8 percent annually. The annual funding for these benefits is based on the actuarial study and was included in the 2007 and 2008 operating budgets and will be included in future annual operating budgets.

President Porta presented the Affirmative Items for approval. On motion by Commissioner Boroughs, and seconded by Mayor Dyer, the Affirmative Items were approved as follows:

1. Ratification of fuel procurements to the low bidders in December 2007 and January 2008 in the aggregate amount of \$18,193,298.03 as follows:

NATURAL GAS PURCHASES :

Dec. 2007	Adams Resources Marketing, Ltd.	\$ 231,068.50
Dec. 2007	Anadarko Energy Services	\$ 292,636.48
Dec. 2007	Chevron Natural Gas	\$1,364,469.67
Dec. 2007	City of Lakeland	\$ 152,500.00
Dec. 2007	Eagle Energy Partners	\$1,063,620.64
Dec. 2007	Florida Gas Utility	\$ 957,210.11
Dec. 2007	Infinite Energy	\$1,019,770.20
Dec. 2007	LouisDreyfus	\$1,540,229.58
Dec. 2007	Magnus Energy Marketing, Ltd.	\$ 528,986.82
Dec. 2007	National Fuel Marketing	\$ 668,923.09
Dec. 2007	Prior Energy Company	\$ 376,716.59
Dec. 2007	Sequent Energy Management	\$ 129,384.90
Dec. 2007	Southern Company	\$ 385,821.20
Dec. 2007	Virginia Power Energy Marketing, Inc.	\$ 924,982.90
Jan. 2008	Adams Resources Marketing, Ltd.	\$ 257,706.00
Jan. 2008	Chevron Natural Gas	\$ 501,701.22
Jan. 2008	City of Lakeland	\$ 313,715.26
Jan. 2008	Eagle Energy Partners	\$ 343,140.94
Jan. 2008	Florida Gas Utility	\$ 525,874.72
Jan. 2008	Infinite Energy	\$ 253,696.78
Jan. 2008	LouisDreyfus	\$2,457,710.80
Jan. 2008	Magnus Energy Marketing, Ltd.	\$ 358,091.55
Jan. 2008	Peoples Gas System	\$ 132,605.36
Jan. 2008	Prior Energy Company	\$ 246,147.07
Jan. 2008	Southern Company	\$ 644,425.00
Jan. 2008	The Energy Authority	\$ 110,375.00
Jan. 2008	Virginia Power Energy Marketing, Inc.	\$2,411,787.65

2. Ratification of Change Order No. 1 to Pullman Power LLC for material, equipment and labor required to make additional repairs to the Stanton Energy Center Unit 1 chimney in the amount of \$151,990, increasing the total Purchase Order amount to \$219,990;
3. Ratification of the Stanton Energy Center Unit 2 Condenser Tubesheet Coating Project in the amount of \$247,200, which includes a sole source Purchase Order to Plastocor, Inc. to apply its patented polymer coating to the Unit 2 condenser tubesheets and auxiliary heat exchangers in the amount of \$247,200;

4. Ratification of Bid #2470 – A contract award to the most responsive bidder, Babcock & Wilcox Company, to purchase replacement carbon steel tubing for the Stanton Energy Center Unit 1 Secondary Superheat Intermediate Tube Bank Repair in the amount of \$117,114.75;
5. Ratification of Bid #2272 – A contract award to the lowest evaluated bidder, Babcock & Wilcox Company, to provide material and equipment for internal modifications to three scrubber modules on Unit 1 required for the Stanton Energy Center Flue Gas Scrubber Upgrade Project, Phase 2, in the amount of \$4,208,473;
6. Approval of Bid #2453 – A contract award to the lowest evaluated bidder, The New Florida Industrial Electric Inc., d/b/a Florida Industrial Electric, to provide electrical construction services for the Stanton Energy Center Flue Gas Scrubber Upgrade Project, Phase 1, Forced Oxidation System in the amount of \$708,228;
7. Approval of Change Request No. 1 to the Capital Expenditure Estimate for the Stanton Energy Center Units 2 and 2 Carbon Monoxide Continuous Emissions Monitoring System Project in the amount of \$115,518, increasing the total project cost to \$160,000. This includes Change Order No. 1 to Teledyne Monitor Labs, Inc. to provide equipment, installation, system certification and training in the amount of \$102,480, increasing the total Purchase Order amount to \$146,962;
8. Ratification of the Lighting Construction Estimate for The Reserve at Wedgefield, Phase 2, located in the Orlando service territory in the amount of \$257,637.12; which includes \$113,347.04 for lighting equipment from OUC's stock inventory and \$144,290.08 for the removal of existing light poles and installation of the conduit, poles and fixtures by Terry's Electric, Inc., OUC's lighting contractor. The Reserve at Wedgefield Homeowners Association, Inc. has executed a 20-year service agreement with OUC for this lighting installation and will be responsible for the monthly billing;
9. Ratification of the Lighting Construction Estimate for the Prime Outlet Mall, located in the Orlando service territory, in the amount of \$941,009.64; which includes \$15,213.72 for lighting equipment from OUC's stock inventory; a check request in the amount of \$902,530.00 to Orlando Outlet Owners, LLC for the purchase of the lighting system; and \$23,265.92 for OUC engineering and projection management costs. Orlando Outlet Owners, LLC has executed a 20-year service agreement with OUC for this lighting system and will be responsible for the monthly billing;
10. Ratification of the Electric Distribution Construction Estimate for the installation of an underground electric distribution system to serve

Waterside Vista Subdivision, located off Narcoossee Road in the St. Cloud service territory, in the amount of \$103,866.19;

11. Ratification of the Electric Distribution Construction Estimate for the installation of an underground electric distribution system to serve the Beachline Corporate Center, located in International Corporate Park in the Orlando service territory, in the amount of \$100,358,10;
12. Ratification of the Electric Distribution Construction Estimate for the installation of an underground electric distribution system to serve Memorial Middle School, located in the Orlando service territory, in the amount of \$115,321.64;
13. Ratification of the Electric Distribution Construction Estimate for the installation of underground feeder cables for Circuit Nos. 28-211 and 28-222, located in the St. Cloud service territory, in the amount of \$193,328.55;
14. Ratification of the Electric Distribution Construction Estimate for the installation of underground feeder cables and switchgear for Circuit Nos. 32-14 and 32-15, located in the Orlando service territory, in the amount of \$672,895.40;
15. Ratification of the Electric Distribution Construction Estimates for the extension of Feeder Circuit No. 17-11 along Alafaya Trail, located in the Orlando service territory, in the amounts of \$284,133.08 for the installation of the manhole and ductline system and \$295,739.61 for the installation of the underground feeder cables, for a total cost of \$579,872.69;
16. Ratification of the Electric Distribution Construction Estimate for an overhead to underground conversion along Alafaya Trail, located in the Orlando service territory, in the amount of 119,365.62;
17. Ratification of the Electric Distribution Construction Estimate for the installation of a manhole and ductline system along Princeton Street west of John Young Parkway, located in the Orlando service territory, in the amount of \$132,628.19;
18. Ratification of the Electric Distribution Construction Estimate for the installation of a manhole and ductline system along West Kaley Street west of Orange Avenue, located in the Orlando service territory, in the amount of \$184,513.87;
19. Ratification of the Electric Distribution Construction Estimate for the installation of a manhole and ductline system along Wetherbee Road east of Landstar Boulevard, located in the Orlando service territory, in the amount of \$1,122,368.09, including a sole source Purchase Order

to Cathcart Contracting Company to perform the installation work in the amount of \$984,495.02;

20. Ratification of Change Request No. 2 to the Transmission Capital Expenditure Estimate for all detailed engineering, procurement, construction and permitting necessary to complete the Taft to Cane Island Segment of the Taft to Lakeland McIntosh Transmission Line Reconductor Project at an estimated cost of \$17,000,000, increasing the total project cost to \$38,500,000. Ratification includes Change Order No. 2 to Black & Veatch to provide design engineering and construction management services for this phase of the project in the amount of \$2,217,800, increasing the total Purchase Order amount to \$5,177,800;
21. Ratification of Bid #2466 – A contract award to the lowest, most responsive and responsible bidder, Orlando Rock & Sealing Corp., for the construction of access pads and compensating storage ponds required for the Osceola to Lake Agnes Segment of the Taft to Lakeland McIntosh Transmission Line Reconductor Project in the amount of \$2,100,000;
22. Ratification of the Electric Distribution Construction Estimate for the upgrade of the underground distribution conduit system in Ventura County Club, Loop 2, located off Shadybranch Drive in the Orlando service territory, in the amount of \$137,689.62;
23. Approval of the Electric Distribution Construction Estimate for the upgrade of the underground distribution cable and equipment system in Ventura Country Club, Loop 2, located off Shadybranch Drive in the Orlando service territory, in the amount of \$131,511.83;
24. Approval of the Lighting Construction Estimate for the Hilton Lake Ruby, located in the Orlando service territory, in the amount of \$228,427.94; which includes \$140,007.27 for lighting equipment from OUC's stock inventory and \$88,420.67 for the installation of poles and fixtures by Terry's Electric, Inc.;
25. Approval of the Lighting Construction Estimate for Osceola Elementary School "J", located in the St. Cloud service territory, in the amount of \$189,979.02; which includes \$94,259.21 for lighting equipment from OUC's stock inventory and \$95,719.81 for the installation of the conduit, poles and fixtures by Terry's Electric, Inc.;
26. Approval of the Electric Distribution Construction Estimates for the underground distribution system upgrade for the Starlight Ranch Subdivision, Loop 2, in the amounts of \$196,231.95 for installation of conduit, junction boxes and new transformer pads and \$164,212.96 for

- the installation of underground cable and transformers, for a total cost of \$360,444,91;
27. Approval of the Electric Distribution Construction Estimate for the installation of a temporary overhead and permanent underground electric distribution system to serve the new University of Central Florida-Burnett College of Biomedical Sciences building, located in the Orlando service territory, in the amount of \$153,536.53;
 28. Approval of the Electric Distribution Construction Estimate for an overhead to underground conversion along Division Avenue, located in the Orlando service territory, in the amount of \$105,526.91, with City of Orlando contributions in the amount of \$105,526.91;
 29. Approval of Change Request No. 1 to the Transmission Capital Expenditure Estimate for the St. Cloud Central to St. Cloud North 69kV Transmission Line Relocation Project at an estimated amount of \$2,527,008, increasing the total project cost to \$2,600,008. Approval of Change Order No. 2 to Black & Veatch to provide permitting design and engineering construction management services in the amount of \$360,910, increasing the total Purchase Order amount to \$430,910;
 30. Approval of Bid #2492 – A three-year contract award to the sole bidder, Professional Service Industries, Inc., to provide testing and repair services on electric insulated protective equipment in the amount of \$380,000;
 31. Approval of Bid #2496 – A four-year contract award to the lowest, most responsive and responsible bidder, The Davey Tree Expert Company, to provide vegetation management services in the amount of \$12,831,583;
 32. Ratification of a Capital Work Order for water distribution improvements associated with the Wetherbee Road Realignment project in the amount of \$150,577.17;
 33. Ratification of a Capital Work Order for water distribution improvements associated with the Conway Road Widening Project in the amount of \$345,025.25;
 34. Ratification of Change Order No. 1 to CH2M HILL to provide additional consulting services for the development of the future water demand projection update in the amount of \$160,000, increasing the total Purchase Order amount to \$273,500;
 35. Approval of Change Request No. 2 to the Capital Work Order for the St. Johns River/Taylor Creek Reservoir Project in the amount of \$300,000, increasing the total project cost to \$475,000; which includes

- Change Order No. 2 to de la Parte & Gilbert, PA in the amount of \$300,000 to assist in developing the required governance structure and agreements for the St. Johns River/Taylor Creek Reservoir Alternative Water Supply projects, increasing the total Purchase Order amount to \$455,000;
36. Approval of a Capital Expenditure Estimate for the Laboratory Information Management System Replacement Project in the amount of \$143,026, which includes a sole source Purchase Order to PerkinElmer for LABWORKS software, licenses, installation, training and ongoing support in the amount of \$140,026;
 37. Approval of a Capital Expenditure Estimate for water distribution improvements in the Meadow Woods Subdivision in the amount of \$1,075,858;
 38. Ratification of Change Order No. 2 to AT&T, Inc. for cellular services, equipment charges and wireless communications through March 31, 2009 in the amount of \$100,000, increasing the total Purchase Order amount to \$240,000;
 39. Approval of Bid #2463 – A three-year contract award to the most responsive and responsible bidder, AT&T, to provide local and long distance telephone services and internet services for the period of April 1, 2008 through March 31, 2011 in the amount of \$1,021,680;
 40. Approval of Bid #2478 – Three-year contract awards to the most responsive and responsible bidders, Origin, Inc. and Blue Heron, to provide temporary Information Technology business and technology staffing support to the Customer Information System in the aggregate amount of \$750,000;
 41. Approval of Bid #2479 – A five-year contract award to the most responsive and responsible bidder, Coleman Technologies, Inc., to provide microcomputer support outsourced services for the period of May 1, 2008 through April 30, 2013 in the amount of \$9,019,405;
 42. Approval of a Capital Expenditure Estimate for the Integrated Telephony Solution Project in the amount of \$1,499,410;
 43. Ratification of a Purchase Order to EVAPCO, Inc. for the direct purchase of two cooling towers required for the Lake Nona Chilled Water Plant in the amount of \$510,949;
 44. Ratification of Change Request No. 1 to the Capital Expenditure Estimate for the Lake Nona Chilled Water Plant in the amount of \$243,666, increasing the total project cost to \$15,543,666. Ratification of Change Order No. 1 to S.I. Goldman Company, Inc. for additional

chilled water distribution pipeline services in the amount of \$243,666, increasing the total Purchase Order amount to \$13,593,666;

45. Ratification of a Purchase Order to Spectra Contract Flooring, Inc. for the direct purchase of flooring materials for the new OUC Administration Building in the amount of \$177,226;
46. Ratification of a Purchase Order to P. Jackson Enterprises for the direct purchase of interior ceiling materials for the new OUC Administration Building in the amount of \$401,326;
47. Ratification of Change Order No. 1 to Keymark Corporation for the direct purchase of storefront and strip windows in the amount of \$110,000 and Change Order No. 2 for storefront windows in the amount of \$98,000 for the new OUC Administration Building, increasing the total Purchase Order amount to \$518,000;
48. Ratification of Change Order No. 3 to Ortega Supply for the direct purchase of the under floor electric wiring system for the new OUC Administration Building in the amount of \$124,150, increasing the total Purchase Order amount to \$1,241,595;
49. Ratification of a Purchase Order to Murray Equipment Sales for the direct purchase of fire protection system equipment for the new OUC Administration Building in the amount of \$100,222;
50. Ratification of Bid #2431 – A contract award to the lowest, most responsive and responsible bidder, Interior Contract Services, Inc., for the purchase of furniture required for the new OUC Administration Building in the amount of \$800,000. A contract award to the lowest, most responsive and responsible bidder, Commercial Design Services, Inc. for the purchase of demountable walls required for the new OUC Administration Building in the amount of \$700,000;
51. Ratification of a Purchase Order to FM Global to provide Builder's Risk Insurance required for the Stanton Energy Center Unit B 300 MW Combined Cycle Plant construction project for a projected 25-month period in the amount of \$415,708;
52. Approval of a Purchase Order to Mansfield Oil Company of Gainesville, Inc. for unleaded gasoline, low sulfur diesel and biodiesel fuel purchases for a three-year period in the amount of \$12,750,000;
53. Approval of Change Order No. 1 to Neth & Sons, Inc. to provide roof inspections, replacements and repairs for the remaining two-year contract period in the amount of \$800,000, increasing the total Purchase Order amount to \$1,200,000;

54. Approval of Change Order No. 2 to GP Rhino Gates & Doors, Inc. for the remainder of the contract for inspections, repairs, gate replacements and new gate installations in the amount of \$97,187,80, increasing the total Purchase Order amount to \$189,187.80;
55. Approval of Change Order No. 4 to The Trane Company for the fifth and final year of the five-year extension of the heating, ventilation and air conditioning maintenance service agreement in the amount of \$478,905,28, increasing the total Purchase Order amount to \$2,605,679.28;
56. Approval of Change Order No. 5 to Interior Contract Services, Inc. to provide additional funding for future office furniture purchases related to replacement furniture, space optimization, renovations and standardization in the amount of \$300,000, increasing the total Purchase Order amount to \$1,085,146.64;
57. Approval of Change Order No. 2 to The Gallup Organization for continued consulting services and approval to exercise the first of two one-year renewal options in the amount of \$116,500, increasing the total Purchase Order amount to \$241,500;
58. Approval of Change Order No. 2 to Ellison Services to provide additional funding for the Home Fix-Up Program in the amount of \$80,000, increasing the total Purchase Order amount to \$175,000;
59. Authorization for the Commission President and Defined Benefit Pension Committee Trustees to execute OUC's Other Post-Employment Benefits (OPEB) Fund Trust Agreement and associated documents, subject to final OUC legal review. Approval to deposit the annual required contributions into the OPEB Trust for Fiscal Years 2007 and 2008, as well as future years' contributions, as determined by the annual actuarial studies;
60. Approval of Bid #2428 – A contract award to the sole responsive and responsible bidder, Fuel Tank Maintenance Company LLC, to modify two petroleum fuel storage tanks at the Stanton Energy Center to meet regulatory requirements in the amount of \$515,000;
61. Authorization for the General Manager & CEO to execute the Release of Utility Easement for Grant Street Professionals for easements located west of Semoran Boulevard and south of East Grant Street;
62. Authorization for the General Manager & CEO to execute an Agreement for the use of the OUC Transmission Easement by the Kissimmee Utility Authority for property located east of State Road 535 and south of the Orange-Osceola County line in Osceola County; and

63. Authorization for the General Manager & CEO to execute a Long-Term Power Supply Agreement with the City of Vero Beach for a 20-year term beginning January 1, 2010, subject to final OUC legal review.

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President Porta stated that the City of Orlando Nominating Board submitted three candidates to OUC for consideration to replace Mr. Bell. Commissioner Boroughs moved that Dan Kirby be nominated for submittal to the Orlando City Council for election to the Orlando Utilities Commission to succeed Lonnie C. Bell. Commissioner Dominguez Arlen seconded the motion and it was unanimously approved.

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Commissioner Dominguez Arlen reported that the Audit Committee met on February 21, 2008 and packets were provided to all Commissioners. The Director of Internal Audit reviewed the status of the 2007 internal audit work plan and provided an overview of audit projects completed and in process. An ethics reporting phone line was discussed and implemented on March 1, 2008. The 2008 Audit Work Plan was reviewed and approved.

The financial and operating performance was reviewed, indicating Income before Contributions was \$24.5 million. Due to mild weather and slow customer growth it is projected that Income before Contributions will be \$2.5 million below budget through September 30, 2008. This will be mitigated by significant gains on investments caused by declining interest rates.

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President Porta reported that the Finance Committee held its regular meeting on February 28, 2008 and packets were provided to all Commissioners. President Porta chaired the meeting in former Commissioner Bell's absence.

President Porta requested John Hearn to provide information regarding current financial and market conditions. Mr. Hearn discussed market and investment difficulties encountered during the past year and its impact on municipal organizations. He specifically addressed issues related to OUC's swap transaction, fixed rate debt, variable rate debt and the bond transaction considered by the Finance Committee. All rating agencies have affirmed OUC's bond rating. OUC continues to review its debt and investment portfolios in order to mitigate any potential exposures.

President Porta reported that the Finance Committee also reviewed the energy risk management and treasury reports. Current market conditions have not allowed OUC to proceed with the execution of the previously approved gas purchase contract.

OUC will need to issue debt to cover a portion of the capital needs for fiscal years 2008 and 2009. On December 11, 2007, the Commission authorized a \$200 million fixed rate bond transaction to address this need, but market conditions have not been met in order to proceed with this transaction. The Finance Committee considered a new structure and recommends the issuance of variable rate bonds and leaving the swap hedging this transaction in place.

On motion by Mayor Dyer, seconded by Commissioner Dominguez Arlen, the Utility System Revenue Bonds, Series 2008 Resolution was unanimously adopted as follows:

PRES-2a A Resolution of the Orlando Utilities Commission repealing the Resolution of December 11, 2007, approving the issuance of fixed rate bonds not exceeding \$300,000,000 for Utility System Revenue Bonds, Series 2008; authorizing the issuance of not exceeding \$200,000,000 Utility System Revenue Bonds, Series 2008; authorizing the acquisition, construction and equipping of various improvements to its utility system, setting forth the terms of said bonds; providing for the disbursement of funds; appointing a paying agent, registrar and tender agent 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 a bond purchase agreement; authorizing the execution and delivery of an official statement, creating and establishing a cost of issuance account and an account in the construction fund; authorizing the execution and delivery of a standby bond purchase agreement with Banco Bilbao Vizcaya Argentaria, S.A., acting through its New York branch; authorizing the execution and delivery of a continuing disclosure undertaking; authorizing the execution and delivery of a remarketing agreement; 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.

On motion by Mayor Dyer, seconded by Commissioner Dominguez Arlen, adoption of the Amending Swap Resolution was unanimously adopted as follows:

PRES-2a A Resolution of the Orlando Utilities Commission amending a certain Resolution of the Orlando Utilities Commission adopted on December 12, 2006 relating to the execution of one or more interest rate exchange agreements and related schedules and confirmations; delegating authority to the General Manager and Chief Financial Officer to amend the amortization schedule of the interest rate exchange agreement with Goldman Sachs Capital Markets; providing for incidental action; and providing for an effective date.

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John Hearn reported that current projections indicate a \$3 million budget shortfall. Mild weather and a slow economy, as well as limited customer growth, have created revenue challenges. Conservation by customers is also increasing.

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Chris Browder provided an update on the TECO Coal litigation. OUC filed a Motion to Dismiss in February, which TECO opposed, and OUC filed its reply. OUC is currently awaiting the Court's ruling on the motion. If the motion is granted, the case will be dismissed. Otherwise, further responses will be required.

Mr. Browder also reported that Century Coal contacted OUC stating that due to bad market conditions, it will not continue to provide coal under the current contract. Century Coal provides approximately one train per month, or five percent of OUC's requirements. OUC responded with a demand for assurances under Florida law in order to accelerate their default. A response is required within 30 days, which expires April 28. This is the same situation as TECO, in that they are under market in our contract and will not perform.

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Ken Ksionek distributed a fuel chart indicating natural gas, fuel oil and coal market prices. Mr. Ksionek asked Claston Sunanon to provide additional information regarding the drivers forcing the market into its current condition. Mr. Sunanon commented that the price for fuel oil, natural gas and coal have all trended upwards. Fuel oil is primarily used at OUC as a back-up fuel, natural gas is consumed at the combined cycle Stanton A unit and coal at the Stanton 1 and 2 units. The underlying fundamental is the typical supply and demand issue, as well as more globalization. Mr. Sunanon commented that key drivers include depletion of gas storage, reduction of liquefied natural gas (LNG) imports into the United States and increased speculative interest in energy products. He also commented that factors going into the summer period include LNG imports, Canadian imports, the summer weather and hurricane forecasts.

Regarding coal, OUC has secured a significant portion of its needs for the next three years at a sub \$50 per ton price. Over the last six months, coal prices have increased to \$90 to \$100 per ton. This is caused by economic growth in China and India, as well as increased consumption in Europe. In addition, massive floods in Australia, the world's largest exporter of coal, have caused producers to declare *force majeure* on export coal shipments. The current forecast indicates that prices will hold strong through 2010, at which time coal supply expansion will increase and there should be some moderation in prices.

OUC has 100 percent of its coal contracts under firm, fixed price contracts for 2008. However, one supplier has filed a lawsuit in court for price relief while another one has indicated it is not willing to deliver coal to OUC at the rate established in the fixed price contract. Approximately 92 percent of coal is under fixed price contract through 2009 and approximately 83 percent is under fixed price contract through 2010. These contracts are all significantly below market.

Mr. Ksionek asked Byron Knibbs to discuss the February 26, 2008 electric outage. Approximately 11,000 OUC customers were affected by the outage, which was not caused by OUC. Mr. Knibbs provided a presentation and explained that an electrical system disturbance was caused by a fault within a Dade County FP&L substation at 1:09 p.m. FP&L's local protection system malfunctioned, causing 35 Dade County major transmission lines to go off-line, as well as several large generating units, including two nuclear units. The regional protection system performed correctly and prevented the outage from cascading throughout the entire state. Once generation was put back on-line, the majority of the state was restored within two hours and all OUC customers were restored in 20 minutes. Mr. Knibbs provided a brief event timeline and impact summary and explained circuit under frequency relay issues experienced by OUC. OUC and the Florida Municipal Power Pool sold FP&L 2,413 Mwh over an eight-hour period. The Florida Reliability Coordinating Council (FRCC) established an FRCC Event Analysis Team (FEAT) to analyze the cause of the disturbance and the Federal Energy Regulatory Commission (FERC) established a non-public investigation. Although OUC does not expect any fines relating to compliance violations as a result of the FEAT analysis, OUC could receive some form of sanction relating to non-functional relays as a result of the FERC non-public investigation. In summary, the FRCC regional protection system functioned properly to prevent uncontrolled cascading outages.

Mr. Ksionek asked Doug Spencer to provide an update on the new OUC Administration Building, the offering of the current OUC Administration Building and information regarding the chilled water agreement for the Peabody Hotel. Mr. Spencer reported that the March 15 tornado in Atlanta hit the factory where the glass windows for OUC's new Administration Building were being assembled. All the glass in the factory was ruined, which will impact the project schedule somewhat. The dry-in of the building is approximately one month behind, but overall the project is on track.

Mr. Spencer also provided the Offering Memorandum prepared by Grubb & Ellis to solicit potential buyers for OUC's current Administration Building. The building is being offered "as is" or as "dirt" and OUC will demolish the building.

Mr. Spencer provided details pertaining to the potential chilled water contract with the Peabody Orlando Hotel located on International Drive. It will include 4,700 tons of capacity for the existing hotel, the new hotel expansion and convention space. It is anticipated that the final agreement will be presented for approval at the May 13, 2008 Commission meeting.

Mr. Ksionek asked Clint Bullock to provide information regarding a Solar Cities Grant. Mr. Bullock reported that OUC applied for a grant with the U.S. Department of Energy (DOE), which is called the Solar America Initiative. This initiative focuses on targeting cities to further develop sustainability, specifically on solar. The City of Orlando, Orange County and OUC signed the Green Future Alliance agreement at the Renewable Energy Expo last year. Twenty-five cities have been selected over the past two years and Orlando was selected as a 2008 awardee. The Metro Orlando's Green Future Alliance will receive a \$200,000 award, plus \$300,000 in free technical assistance from the DOE. Mr. Bullock provided an overview of the highlights, objectives and projected tasks of the program.

Mr. Ksionek reported that he sent a letter to the St. John's River Water Management District (SJRWMD) recommending that the SJRWMD reject the verified petition by the St. John's River Keeper and other downstream entities. The letter supports Seminole County's request for issuing a 5.5 mgd Consumptive Use Permit (CUP) to Seminole County to use surface water from the St. John's River. Mr. Teegarden provided additional information and explained that two out of three petitions by downstream entities were recently dismissed by an administrative law judge from Tallahassee. This petition and legal challenge directly opposes OUC's interests and obligations to the Taylor Creek Reservoir project and conflicts with OUC's CUP requirements. Mayor Dyer requested additional information on how Orange County's CUP is impacted by this decision. Mr. Teegarden responded that the petition was directed at Seminole County's CUP, specifically Seminole's Yankee Lake project.

Mr. Ksionek reported that the Florida Public Service Commission (FPSC) issued the Need to FP&L for Turkey Point Nuclear Units 6 and 7. Under this order, they have the obligation to talk to municipals going forward and for those discussions to be presented to the FPSC to indicate the status of the good faith discussions. OUC's load ratio share for Florida Progress Energy's (PEF) Levy Nuclear Units 1 and 2 has increased because Lakeland Electric dropped out of the discussions and their megawatts (MW) were redistributed. PEF's current non-binding overnight project cost estimate has increased from \$14 billion to \$17.2 billion. PEF filed their Petition of Need on March 11, 2008 and expect to have the petition approved by August 2008. Mr. Ksionek noted that PEF may bypass the development agreement phase and go directly into negotiations for the Joint Ownership Agreement.

Mr. Ksionek asked Roseann Harrington to provide information regarding OUC's public information campaign and focus group meetings. Ms. Harrington distributed *The Power to Save is in Your Hands* public information campaign material outlining the Spring/Summer 2008 campaign. She also outlined the results of the focus groups held at the end of 2007. The advertising campaign will focus on immediate steps customers can take to save energy and money, directions for specific topics such as reading an electric meter, information on OUC bills, conservation and programs like Project CARE.

Mr. Ksionek requested Thomas Tart provide an update on legislative matters. Mr. Tart provided an outline of several House and Senate Bills relating to copper theft, limit of sovereign immunity and public construction works. Mr. Tart also summarized several issues included in the House and Senate Energy Bills.

Mr. Ksionek stated that with the resignation of Lonnie Bell as a Board member, revised Committee appointments will include Commissioner Boroughs serving as Chair of the Finance Committee, with President Porta serving as a member.

Commissioner Dominguez Arlen is Chair of the Audit Committee, and the new Commissioner, subject to City Council approval, will serve as a member. No objections were offered to the Committee appointments.

Mr. Ksionek announced that Lonnie Bell will attend the June 17, 2008 Commission meeting and will be recognized for his years of service.

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Commissioner Boroughs stated that Mr. Bell will be missed, however, he believes that Dan Kirby will be a great addition to the Board. He also commented on the Solar America Initiative project and stated that this is an important alliance between the City, Orange County and OUC and will provide great incentives.

Commissioner Dominguez Arlen commented on the volatility of fuel prices and believes the solar incentives are important to customers and the community. She stated that the three applicants for the vacant Board position are great assets to the community and she is looking forward to working with Dan Kirby.

Mayor Dyer announced that there are several potential solar projects being contemplated within the City of Orlando, which are not City projects, that will be the largest of their kind in the entire country. Mayor Dyer also commented that commuter rail is extremely important for Central Florida.

President Porta commented that she would like to see a solar energy manufacturing company move to the Orlando area, which would make solar much more affordable. She also thanked the Commissioners for taking the time to interview the three candidates for the Board position.

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Commissioner Boroughs moved to adjourn the meeting. Commissioner Dominguez Arlen seconded the motion and President Porta adjourned the meeting at 4:25 P.M.

President

Secretary