

**MINUTES
ORLANDO UTILITIES COMMISSION
December 2, 2014
2:00 P.M.**

Present:

COMMISSIONERS:

Dan Kirby, President
Linda Ferrone, First Vice President
Maylen Dominguez, Second 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 John Hearn to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:07 P.M.

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On a motion by Commissioner Ferrone, seconded by Commissioner Lee and unanimously carried, the reading of the minutes of the November 11, 2014 Commission Meeting was waived and the minutes were approved.

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Byron Knibbs presented a 30-year service award to Ralph Creek, Service Order Specialist, Customer and Sustainable Services.

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Mr. Ksionek asked Jerry Sullivan to provide a presentation on Affirmative Item A-12 related to the Internet Protocol Telephony (IPT) Upgrade Project. The current IPT was installed in 2010. The upgrade is scheduled to be completed by June 2015 and will bring previous versions up to date and replace aged hardware. The IPT upgrade will benefit all departments, especially Customer Service,

Dispatch, the Energy Control Center, Power Generation, Power Marketing and Communications, in areas such as improved messaging, calendar, web conferencing and voice mail. Other benefits of the IPT upgrade include extending the useful life of the current IPT investment, leveraging new and enhanced features and functions, consolidating hardware, reducing the power footprint, providing software updates and ongoing vendor support. The total Operations & Maintenance (O&M) and Capital costs over five years is \$1,861,220.

Commissioner Ferrone asked if upgrades are included in the O&M part of the budget and Mr. Sullivan confirmed that the upgrade and ongoing maintenance costs are an O&M expense. She also inquired if other utilities are moving towards this sort of model and inquired about the stability of this type of system. Mr. Sullivan stated that Florida Power & Light recently upgraded to the Unified system and that it is a stable system.

Commissioner Dominguez asked why annual maintenance upgrades will be made going forward when they were declined in previous years. Mr. Sullivan responded that in the past hardware was the dominant cost item, but now software is the bulk of the proposed solution. Software is changing at a more rapid rate going forward, and the annual maintenance fees were analyzed and found to lower the total cost of ownership. She also inquired about the life cycle of the current desktop phones. Mr. Sullivan stated he anticipates the hardware can be used for another five years.

Commissioner Dominguez questioned about the deployment of the upgrade taking place during hurricane season versus during a more mild weather time frame. Mr. Sullivan stated that the deployment will take place via small-scale rollouts with various departments. This phased rollout lowers risks during implementation, and any issues will result in a reversion to the previous system until those issues are remedied.

President Kirby asked for clarification about mobile integration with the desktop phones. Mr. Sullivan explained that this integration is done through an application on the mobile phone, which interfaces with the proposed IPT solution.

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

1. Ratification of the fuel procurements to the low bidders in September 2014 in the aggregate amount \$22,588,913.78 as follows:

NATURAL GAS PURCHASES:

Sep 2014	BG Energy	\$1,627,338.09
Sep 2014	BP Energy	\$1,058,850.00

Sep 2014	City of Lakeland	\$ 115,873.20
Sep 2014	ConocoPhillips	\$1,192,390.41
Sep 2014	EDF Trading (Formerly Eagle Energy)	\$1,631,004.87
Sep 2014	Enbridge Marketing, LP	\$ 423,606.04
Sep 2014	Florida Power & Light	\$ 409,923.02
Sep 2014	Infinite Energy	\$1,256,733.64
Sep 2014	Macquarie Cook Energy, LLC	\$2,393,294.12
Sep 2014	Shell Energy	\$ 769,172.55
Sep 2014	Southwestern Energy	\$ 691,082.81
Sep 2014	Tenaska Marketing Ventures	\$ 596,343.74
Sep 2014	Texla Energy Management, Inc.	\$2,229,510.99

COAL PURCHASES:

Sep 2014	Crimson Coal Corporation	\$3,404,081.71
Sep 2014	Foresight Coal Sales, LLC	\$3,621,937.00
Sep 2014	MR Coal Marketing & Trading, LLC	\$1,167,771.59

2. Approval of RFP #3778 - Contract award to FCStone, LLC, the most responsive and responsible vendor, to provide comprehensive consulting services for the Energy Risk Management Program in the amount of \$132,000, pending final contract negotiations and OUC legal review. The contract term is three years with two one-year renewal options;
3. Approval of a single source Purchase Order to Harcros Chemicals, Inc. to supply hydrofluosilicic acid to OUC's water treatment plants through February 28, 2016 in the amount of \$257,127, pending final contract negotiations and OUC legal review;
4. Approval of RFP #3805 - Contract award to HD Supply Utilities, Ltd., the lowest, most responsive and responsible vendor, to provide on-site support services for Conventional and Convenient Lighting projects in the amount of \$290,000. The contract term is three years with two one-year renewal options;
5. Approval of RFP #3791 - Contract award to Mitchell G. Hancock, Inc., the lowest, most responsive and responsible vendor, to perform substation construction services required for the Turkey Lake Substation A Unit Transformer Project in the amount \$650,000;
6. Approval of an OUC initiated scope change and conforming Change Order No. 1 in the amount of \$485,000 to Cubix, Inc. to continue providing carpet, flooring and upholstery services through March 18, 2016, increasing the total Purchase Order amount to \$1,438,500;
7. Approval of additional funding in the amount of \$198,000 with conforming Change Order No.1 to GP Strategies Corporation to continue providing computer based technical training services for

Electric Production employees through June 30, 2017, increasing the total Purchase Order amount to \$264,000;

8. Authorization for the General Manager & CEO to execute the sanitary sewer easement to Gonzalo Sepulveda over a portion of the Southwest Water Treatment Plant, located on the north side of Wallace Road and west of Turkey Lake Road, for a cost of \$10,000;
9. Approval of an OUC initiated scope change and conforming Change Order No. 4 to IBM in the amount of \$167,516.35 for Cognos software maintenance and support fees for the period of January 1, 2015 through December 31, 2015, increasing the total Purchase Order amount to \$734,046.93;
10. Approval of an OUC initiated scope change and conforming Change Order No. 5 to EMC2 in the amount of \$104,236.07 for Documentum software maintenance and support fees for the period of December 22, 2014 through December 21, 2015, increasing the total Purchase Order amount to \$986,180.82;
11. Approval of an OUC initiated scope change with conforming Change Order No. 1 to Gartner, Inc. in the amount of \$96,354 to continue providing utility industry CIO executive advisory services for the period of January 1, 2015 through December 31, 2015, increasing the total Purchase Order amount to \$190,193;
12. Approval of a Capital Expenditure Estimate for the Internet Protocol Telephony Upgrade Project in the amount of \$1,162,464. Approval of a sole source Purchase Order to Unify Inc. for hardware, software, professional services, and five years of maintenance and support associated with the project in the amount of \$1,203,299, pending final contract negotiations and OUC legal review; and
13. Approval of the 2015 Commission Meeting dates at 2:00 p.m. on the following dates: January 27, March 10, April 14, May 12, June 9, July 14, August 25, October 13, November 10 and December 8. No meetings will be held in February and September.

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President Kirby asked if there were any comments for New Business Item 1 regarding the Commissioner nomination. The City of Orlando's Nominating Board submitted three candidates for consideration of the position currently held by Commissioner Linda Ferrone, which expires December 31, 2014.

Commissioner Ferrone announced a conflict of interest, inasmuch as this matter considers her own appointment. She stated that she will refrain from the discussion and vote on this item, per Florida State Statute, in that no member of a municipal council should vote on a motion regarding their right as a member.

Mayor Dyer moved to enable Commissioner Linda Ferrone, an OUC customer and qualified elector, to succeed herself as a Commission member, as is allowed by the Charter of the Commission, and that her name be submitted for consideration as the Commission's nomination to the Orlando City Council for election to serve a term of four years, effective January 1, 2015. Commissioner Lee seconded the motion and it was approved on a vote of 4-0. Commissioner Ferrone abstained from the vote.

Mayor Dyer noted that the nomination will be brought to the Orlando City Council meeting during the week of December 8, 2014.

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Mr. Ksionek asked Chris Browder to provide a presentation regarding the Deposit Policy Exception for Government/Civil Facilities. Mr. Browder stated that this policy is included in the Service Policy Manual as well as part of a tariff provision. Mr. Browder's investigations as to how OUC creates policies with regard to deposits for governmental entities revealed that the current policy did not clearly state how deposits are collected for government and public facilities. OUC typically does not charge governmental entities for a deposit; therefore, it is recommended that OUC amend the Deposit Policy Exception section of the Service Deposit Policy Tariff to reflect these practices.

President Kirby presented New Business Item 2 for approval. Mayor Dyer moved to approve the item and Commissioner Ferrone seconded.

President Kirby moved to amend the text of the agenda item and Commissioner Dominguez seconded.

President Kirby expressed concern over recourse in regards to public-private partnerships (P3), and asked that the agenda item clearly states this deposit policy is within OUC's discretion. He asked that the second paragraph be amended to state, "Therefore, it is recommended that the Deposit Policy Exception section of the Service Deposit Policy Tariff be formalized to clarify the discretionary deposit exemption and waiver of deposits for government entities and government/civic facilities operated under P3 contracts by qualifying private operating entities."

Commissioner Dominguez inquired who at OUC determines which entities would qualify for the exemption. Mr. Browder stated there is a clear process and criteria used when starting service.

Mayor Dyer asked for clarification as to OUC's current practice regarding policy exemptions. Mr. Browder confirmed that this agenda item would merely codify OUC's current practice.

There were no objections to the amended language.

On a motion by Commissioner Ferrone and seconded by Mayor Dyer, NB-2 was approved as amended:

NB-2 Adoption of the Deposit Policy Exceptions under the Service Deposit Policy Tariff to exempt government entities and public-private partnership operated government/civic facilities, effective December 2, 2014, pending Florida Public Service Commission review.

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Commissioner Dominguez reported that the Audit Committee conducted a special meeting on November 20, 2014. During the meeting, the Audit Committee reviewed and approved an accounting regulatory action to defer resale revenue of \$8 million for subsequent recognition over a five-year period. This action will enable OUC to mitigate anticipated cost increases expected in conjunction with the Environmental Protection Agency's proposed Clean Power Plan.

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

PRES-1a Approval of the Audit Committee recommendation that \$8 million of resale energy revenue be deferred for use during the next five years and be placed in the Electric Rate Stabilization Fund for this purpose.

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John Hearn stated that October revenues and expenses were slightly under budget, with the budgeted net income approximately \$200,000 under budget. A full November financial report is not available at this time but revenue numbers for November were on budget.

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Jonathan Sebastian Blount, an OUC customer, thanked OUC staff and community outreach programs for having a positive working relationship throughout 2014 with the Caribbean American Passport, the Caribbean Heritage association and the Chambers of Commerce.

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Mr. Ksionek informed Commissioners of his intentions to hold a Commissioner Water Sustainability Strategy Workshop during the month of February 2015.

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Mr. Ksionek invited Commissioners and meeting attendees to the holiday reception immediately following the Commission meeting, and wished everyone a Merry Christmas and Happy New Year.

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Commissioner Lee wished everyone a happy holiday season. He appreciated the service award and the IP telephony presentations.

Commissioner Ferrone thanked OUC staff and fellow Commissioners for the myriad of accomplishments and hard work they've achieved throughout 2014. She also congratulated Mayor Dyer on the City of Orlando's achievements.

Mayor Dyer also wished everyone a happy holiday season. He expressed gratitude for getting through the 2014 hurricane season with no hurricanes making landfall in the state of Florida. He will be giving the State of the Downtown address on December 3, 2014. He also announced that demolition and site preparation for the new Orlando Police Department headquarters will be happening soon. The Lake Eola Christmas tree lighting will occur on December 5.

Commissioner Dominguez commented on a power outage she experienced the day before Thanksgiving and reiterated how easy it is to take electricity for granted. She expressed gratitude for living in Orlando and having OUC as a utility, and for all the hard work and efficiency during 2014.

President Kirby thanked staff and fellow Commissioners for the opportunity to serve during the previous year. He stressed the importance of doing right by OUC's ratepayers and serving as community stewards. He pointed to Mr. Creek as OUC's legacy of longtime service. He is looking forward to the Water Strategy Workshop in February. He invited everyone to Mayor Dyer's State of the Downtown address and to the OUC Half-Marathon and 5k on December 6. He wished everyone a happy holiday season.

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President Kirby adjourned the meeting at 2:58 P.M.

President

Secretary