

**MINUTES
ORLANDO UTILITIES COMMISSION
May 14, 2019
2:00 P.M.**

Present:

COMMISSIONERS:

Cesar E. Calvet, President
Britta Gross, First Vice President
Larry Mills, Second Vice President
Gregory D. Lee, Immediate Past President
Mayor Buddy Dyer

Clint Bullock, General Manager & Chief Executive Officer
Jan Aspuru, Chief Operating Officer
Mindy Brenay, Chief Financial Officer
W. Christopher Browder, Chief Legal Officer
Linda Ferrone, Chief Customer Officer
Latisha Thompson, Chief Employee Experience Officer
Greg Rodeghier, Interim Managing Director, Information Technology
LeMoyne Adams, Luz Aviles, Wade Gillingham, Chip Merriam, & Ken Zambito,
Vice Presidents
Nanci Schwartz, Recording Secretary

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President Calvet asked Jill Rainford to give the invocation. President Calvet invited Thomas Holt and Mary Langford to lead the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:05 P.M.

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On a motion by Commissioner Mills, seconded by Commissioner Lee and unanimously carried, the reading of the minutes of the April 9, 2019 Commission Meeting was waived and the minutes were approved.

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Jenise Osani stated that approximately 200 OUC employees participated in the IOA Corporate 5k. She presented an award to Alex Rosario, who created OUC's award-winning t-shirt design.

Latisha Thompson discussed OUC's WellBeing program, Power to Thrive, and announced that it recently received the Best Wellness Employer Gold Certification from Wellness Workdays for the second consecutive year. She recognized Jill Rainford, Allison Roy, Brandy Graham, Naz Somji, and Kate Powers for their work on the program as well as the WellBeing champions in the audience.

Ms. Thompson stated that OUC also received the Best Workplace for Commuters award. It is presented to only 300 companies in the nation each year. To date, OUC has subsidized more than \$12,000 in employee transportation costs. She recognized Brandy Graham and Kate Powers for their work with the program.

Lisa Curran discussed OUC's annual Earth Month Community Volunteer Project to beautify the Quest training facility. She thanked Orlando City Soccer, Massey Services, Davey Tree Company, and Ferran Services for their sustainability contributions to the project. She also recognized Erin Givens, Chris Knothe, and Melissa Dukes for their special contributions, and thanked President Calvet, Clint Bullock, Linda Ferrone, and Jenise Osani for their support. She presented a video showing staff volunteering at the event.

President Calvet noted his previous work with Quest and commented about participating in the IOA Corporate 5k. He congratulated Melissa Dukes for her achievement in the 5k event.

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Mr. Bullock asked Linda Ferrone to provide a presentation on Affirmative Item A-12 regarding the LYNX eBus Pilot Program. She acknowledged Jim Harrison, CEO of LYNX, and John Slot, Chief Innovation and Sustainability Officer of LYNX, who were in the audience. Ms. Ferrone explained that this Program is Step 2 of the mass transit electric conversion projects. Step 3 is OUC's support of LYNX's application to the Department of Energy Low-No Emissions grant. The program promotes the use of clean transportation and new electric load growth in OUC's service territory; creates a pilot to highlight OUC's current EV Own it / Charge it program; enables LYNX to deploy capital more efficiently by allowing them to invest in more eBuses to jumpstart fleet conversion; and provides LYNX with a platform for obtaining real-world operating experience. In addition to increased electricity sales, OUC will also receive important battery performance data that will be useful in determining future applications of the batteries. The Program cost will be \$1.2 million over 12 years, with an estimated \$792,000 spent in Fiscal Year 2019 and 2020. There will also be an estimated \$408,000 battery replacement when needed, approximately in Fiscal Year 2026. The vendor will be determined based on LYNX's selection. LYNX will repay OUC for the batteries and charging infrastructure via a service agreement, based on their

savings from avoided fuel and maintenance costs. Future agenda items will be brought to the Commission for approval once the vendor is selected.

Ms. Gross noted that 10 percent of all transit bus purchases in 2018 were electric.

Commissioner Mills asked for clarification regarding the current capital approval and the vendor selection. Ms. Ferrone stated that future agenda items will be for the Purchase Order to the vendor, who will be selected by LYNX.

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Mr. Bullock asked Jenise Osani to provide a presentation on Affirmative Item A-13 regarding the Central Florida Regional Housing Trust. Ms. Osani described OUC's Economic Development Fund, established in 2015 to support customer expansion and diversification, and the Empowerment Zone, established in 2017 to support revitalization efforts by creating broad-based economic opportunity and community support. The Parramore Asset Stabilization Fund (PASF) was created by the Central Florida Foundation, Inc. (CFF) to purchase 83 residential units and preserve their affordability for the next decade. The CFF is working with local nonprofit housing developers and general contractors to rehabilitate the units and improve living conditions through renovations. The PASF will also provide financial literacy programs that prepare residents for homeownership and transition the homes to the Central Florida Regional Housing Trust (CFRHT) to maintain affordable rents and homeownership. OUC will fund energy and water efficiency upgrades greater than code requirements to the 83 residential units; conduct residential audit and education after construction; measure and verify energy and water efficiency upgrades; develop additional cost-saving programs; and provide community education through neighborhood advisory councils. Partnership benefits include empowering low-income OUC customers; educating customers on best practices for energy and water savings; increasing enrollment in OUC programs, products, and services; developing OUC programs, products, and services with landlords; piloting innovative and cost-saving programs; and collaborating with PASF and CFRHT on future efforts.

Mayor Dyer stated that he is extremely excited and supportive of this Project. He stated that he was unaware of OUC's involvement until seeing the agenda item and expressed appreciation for OUC's commitment.

President Calvet noted how this Project addresses concerns from both the Sierra Club and the NAACP.

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Commissioner Lee announced a conflict of interest with Affirmative Item A-12. President Calvet presented the Affirmative Items for approval. A motion was

made and the Affirmative Items with the exception of A-12 were approved as follows:

1. Ratification of the fuel procurements to the most responsive and responsible bidders in February 2019 in the aggregate amount \$9,418,140.52 as follows:

NATURAL GAS PURCHASES:

February 2019	ConocoPhillips	\$ 149,979.00
February 2019	EDF Trading	\$ 282,315.81
February 2019	ENI Trading & Shipping	\$ 375,562.97
February 2019	Macquarie Cook Energy, LLC	\$ 986,815.90
February 2019	Tenaska Marketing Ventures	\$3,596,758.97

COAL PURCHASES:

February 2019	Crimson Coal Corporation	\$4,026,707.87
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2. Ratification of a Capital Expenditure Estimate for the Stanton Energy Center Unit 1 Exciter Overhaul Project in the amount of \$2,750,000. Ratification of a sole source Purchase Order to Siemens Energy, Inc. to provide a temporary mobile exciter and the estimated inspection and overhaul of the Stanton Energy Center Unit 1 exciter in an amount not to exceed \$4,305,000;
3. Approval of a Capital Expenditure Estimate for the Distributed Control Systems Upgrade and Simulators Project in the amount of \$7,500,000. Approval of a sole source Purchase Order to Emerson Process Management Power & Water Solutions, Inc. to provide labor and equipment for the distributed control systems upgrade at Stanton Energy Center Unit 2, Stanton Energy Center Common, Combined Cycle Unit B, and Indian River Plant Combustion Turbines C&D, as well as simulators for Stanton Energy Center Units 1 & 2 and Combined Cycle Unit B in the amount of \$5,600,000. Approval of a sole source Purchase Order to GE Energy Control Solutions, LLC to provide labor and equipment for a simulator for Stanton Energy Center Unit B Gas and Steam Turbines in the amount of \$251,060;
4. Approval of an OUC initiated scope change and conforming Change Order No. 1 to GAI Consultants, Inc. and T.M. Love & Associates, P.A. to continue providing Chilled Water Engineering and Support Services for OUCooling through July 2021 in the aggregate amount of \$450,000, increasing the total Purchase Order amount to \$1,150,000;
5. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Rubber Applications, Inc. and Maclan Corporation to continue providing rubber materials, repair and maintenance services for the Stanton Energy Center Limestone Slurry Additive Feed and

Coal Material Handling Systems through July 11, 2021 in the aggregate amount of \$250,000, increasing the total Purchase Order amount to \$1,035,000;

6. Approval of RFP #4687 – Contract award to Interrail Signal Incorporated, the lowest, most responsive and responsible vendor, to provide inspection, maintenance, and repair services for the current and future signalization crossing system in the amount of \$1,048,334. The contract term is five years with two one-year renewal options;
7. Authorization for the General Manager & CEO to execute the Joint Participation Agreement with the City of Orlando for the Colony Cove Subdivision Water System Improvement Project. Approval of a Purchase Order to the City of Orlando to provide construction management and construction services for the project in the amount of \$243,694;
8. Approval of an OUC initiated scope change and conforming Change Order No. 2 to GuidePoint Security LLC in the amount of \$69,863.34 for annual software maintenance and support through June 16, 2020, increasing the total Purchase Order amount to \$499,627.72;
9. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Cintas Fire Protection in the amount of \$56,200 to continue providing fire extinguisher inspections, certifications, and replacements through June 8, 2020, increasing the total Purchase Order amount to \$151,200;
10. Approval of additional funding in the amount of \$62,378 with conforming Change Order No. 1 to ORR Protection Systems, Inc. to continue providing inert gas fire suppression and pre-action testing and maintenance services through March 31, 2021, increasing the total Purchase Order amount to \$128,000;
11. Approval of Capital Expenditure Estimates in the amount of \$3,516,000 for the Pershing Facility Roof Replacement Project and \$2,471,000 for the Stanton Energy Center Unit 1 Roof Replacement Project. Approval of RFP #4659 – Contract award to Baker Roofing Company, the lowest, most responsive, and responsible vendor, to remove, furnish, and install replacement roofs for seven buildings located at the Pershing Facility in the amount of \$3,471,000. Approval of RFP #4660 – Contract award to Atlas Apex Roofing, LLC, the lowest, most responsive, and responsible vendor, to remove, furnish, and install a replacement roof for one building located at Stanton Energy Center Unit 1 in the amount of \$2,316,000;

12. Pulled for separate vote;
13. Approval of a sole source Purchase Order to the Central Florida Foundation, Inc. for energy conservation, efficiency upgrades, and targeted pilot programs in the amount of \$300,000. The contract term is two years, subject to OUC legal review;
14. Approval of a single source Purchase Order to E Source to provide research and consulting services through June 1, 2021 in the amount of \$674,320;
15. Approval of RFP #4588 – Contract award to S&ME Inc., the most responsive and responsible vendor, to provide industrial hygiene and safety services in the amount of \$459,013.50. The contract term is three years with two one-year renewal options;
16. Authorization for the General Manager & CEO to execute the Partial Release of the Easement for Omega Land Development Corporation, for property located north of Hazeltine National Drive and east of Shadowridge Drive;
17. Authorization for the General Manager & CEO to execute the Partial Release of Easement for Omega Land Development Corporation, for property located south of Butler National Drive and west of South Semoran Boulevard;
18. Authorization for the General Manager & CEO to execute the Partial Release of Easement for the residential property located at 3271 S. Chickasaw Trail and any other documents necessary to effect such partial release of rights;
19. Authorization for the General Manager & CEO to execute the Release of Easement and the Partial Release of Easement for Guardian Care Inc., for the property located west of John Young Parkway and south of Church Street;
20. Authorization for the General Manager & CEO to sell easement rights and grant an easement to Virgin Trains USA Florida LLC, f/k/a Brightline Trains LLC, located south of the Beachline Expressway (State Road 528) and east of Monument Parkway, subject to final legal review; and
21. Approval of a Purchase Order to Tetra Tech, Inc. to provide environmental assessment and permitting required for Phase 1 of the St. Cloud Operations & Maintenance Facility Project in the amount of \$279,319.

A motion was made and Affirmative Item A-12 was approved as follows:

12. Approval of a Capital Expenditure Estimate for the LYNX eBus Pilot Program in the amount of \$1,200,000;

Commissioner Lee previous announced a conflict of interest and abstained from the vote.

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President Calvet reported that the Finance Committee conducted its regular meeting on April 9, 2019.

An informational update on the Procurement Continuous Improvement Program was presented including proposed Procurement Policy changes. The proposed Procurement Policy changes were reviewed by the Audit Committee and shared with the Finance Committee, not requiring approval, and will be presented to the Board for approval at a later date.

Cash reserve targets were also presented to the Finance Committee with targets designed to maintain OUC's "AAA" rating agency credit score for days of cash on hand. The proposed cash reserve target levels were approved by the Finance Committee.

The Finance Committee also reviewed the listing of broker/dealers and approved the addition of two investment broker/dealer resources, Stephens Inc. and Bank of New York Capital Markets.

In addition, the Finance Committee was updated on the Audit Committee's recommendation to defer the \$20 million gain on Vero Beach settlement for a period up to five years; a period consistent with the original Vero Beach wholesale agreement. In conjunction with this recommendation, the Finance Committee approved the designation of these funds to the rate stabilization cash reserve account.

Management reports for the quarter ending December 31, 2018 for Energy Risk Management Oversight Committee and Treasury were also reviewed along with the annual Energy Risk Management Summary report.

On a motion by Mayor Dyer and seconded by Commissioner Lee, PRES-1a was approved as follows:

- PRES-1a Approval to defer and recognize the \$20 million gain due to the City of Vero Beach settlement, consistent with the rate-making model and operating budget recommendation for a period up to five years through 2024.

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Mindy Brenay provided the preliminary results of the May 2019 financial activity. She noted that there was favorable movement on decreasing the budget shortfall for retail energy line with OUC and St. Cloud from \$2.4 million to less than \$2 million. The wholesale revenue and water lines were consistent with budget while chilled water and lighting were slightly ahead of budget. She noted that the recalibration of the number of multi-family homes to single-family homes in the revenue forecast is the primary driver for the shortfall for retail energy.

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Mr. Bullock asked Chip Merriam to provide a Legislative Update. Mr. Merriam provided an update from the Florida State Legislative Session from March 5-May 4. Staff monitored over 100 bills with potential impacts to OUC. Key bills passed included HB 327 related to Public Meetings/Public Records/Local Government Utilities; HB 591 related to Public Records/Public Utility Held Customer Data; HB 107 related to Wireless Communication While Driving; SB 1000 related to Communication Services; SB 796 related to Public Utility Storm Protection Plans; HB 5 related to Discretionary Sales Surtaxes; HB 1159 related to Tree Trimming/Private Property Rights; HB 207 related to Impact Fees; and HB 7014 related to Government Accountability.

Mr. Merriam discussed Mr. Bullock's visit to Tallahassee. He met with staff in the Governor's office to discuss electric vehicles, the Stanton Energy Center, and solar energy. He also recorded a segment for the Florida Chamber of Commerce.

Mr. Merriam provided an update on the Electric Utility Deregulation petition drive. The Attorney General has formally sent the measure to the Florida Supreme Court and contends it should block the measure from the ballot. Eighteen briefs have also been filed in opposition with the Supreme Court. If included on the ballot, the proposal would need a 60 percent vote for passage, and would take effect on June 1, 2025.

Mr. Merriam discussed several federal issues, including repealing the Corporate Average Fuel Economy; Clean Corridors Act; the Federal Highway user fee; and extending tax credit for electric vehicles. Mr. Merriam also discussed the new Energy and Commerce Committee Chairman.

Commissioner Gross asked for clarification regarding the state legislation that exempts municipal electric company power poles from accepting hardware such as antennas. Mr. Merriam confirmed this exemption is true for the time being, and noted that staff are working to develop power poles that will accept more than one antenna.

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Mr. Bullock asked Jan Aspuru to provide an update on McIntosh Unit 3 and OUC's Electric Integrated Resource Plan (EIRP). Mr. Aspuru stated that OUC has a 40 percent ownership share of McIntosh Unit 3 (Mc3), which is a 340 MW net generating unit operated by Lakeland Electric (LE). Mc3 provides approximately 133 MW capacity, which is approximately 7 percent of OUC's generation portfolio. LE announced it will place the unit into cold standby by Fall of 2024. With current generation capacity and the addition of several solar farms, OUC will not be required to add any significant generation capacity at that time.

Mr. Aspuru provided an updated on OUC's EIRP. The project kick-off meeting was held on January 23 with Siemens Industry, Inc., Essense Partners, Inc., and National Renewable Energy Laboratory (NREL). The technical data for base case key assumptions were provided to Siemens. Objective definitions of affordability, reliability, resiliency, and sustainability were finalized. The NREL baseline for distributed solar adoption is under development. The next steps include the development of greenhouse gas methodology and targets as well as the development of scenarios and sensitivity cases.

OUC launched an educational microsite, OUCRoadmap.com, on May 1. It provides an educational video and frequently asked questions. It allows customers to share feedback online and provides a status on the EIRP progress. Customers have been made aware of this new site through OUC's communication channels. OUC is still in the process of developing an advisory council of approximately 10-12 members. Mr. Aspuru presented the video that was created for the website.

Mr. Bullock noted that each Commissioner will have a meeting with Essense to provide feedback.

Commissioner Mills commented that he took the survey on the website and enjoyed answering the questions.

Commissioner Gross commented on the importance of the surveys in order to strategically define the future. She also stressed the importance and difficulty of prioritizing affordability, reliability, resiliency, and sustainability. She inquired if this survey asks customers to discuss trade-offs.

Mr. Aspuru responded that this survey is too early in the EIRP process to get to that point. Commissioner Mills confirmed that this is too early in a production standpoint to get to that specificity, but that point will come further down the road.

Mr. Bullock stated that the Electric Pricing Platform is one way OUC is looking to give customers pricing options without forcing them to change habits. Mr. Aspuru noted that customers do not like mandatory restrictions on usage but prefer to decide to reduce their own usage. Ms. Ferrone added that the stakeholder

engagement program with Essense will re-engage customers at the end of the process.

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Mr. Bullock stated that safety remains OUC's number one core value and we are committed to educating both customers and employees about its importance. Customer communications tools are utilized to reiterate these messages throughout the year. Because May is National Electric Safety Month, there has been an increased focus on safety throughout the Commission. OUC has re-launched the successful Make Safety Stick campaign. These ads will run all month on social media channels, print ads, billboards, and various community websites. This campaign focuses on calling 8-1-1 before you dig, safe tree trimming practices, and overhead power line safety.

OUC is also making strides with employee safety. The Employee Town Hall Meetings held earlier this year kicked off the Focus on the Road Safe Driving Campaign. The safety and legal teams are developing new driving policies that will impact all employees and contractors driving on OUC property both in company vehicles and in their personal vehicles. This campaign will launch in the coming months.

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Mr. Bullock commented on a personnel matter at the SEC machine shop that was recently reported on in the Orlando Sentinel. He assured the Commissioners and employees that this issue is being taken very seriously and is being addressed by the leadership team. He noted the importance of listening to employees and creating a work plan to address any issues.

Mr. Bullock reminded Commissioners that they approved an agenda item October 2018 to conduct employee engagement surveys. These surveys were conducted at the end of April. Mr. Bullock will provide an update on the results of the surveys as soon as they are available.

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Commissioner Lee stated that he appreciated the high level of staff engagement at the Commission meeting. He congratulated the recipients of all the awards. He enjoyed the various presentations from Ms. Ferrone, Ms. Osani, Mr. Merriam, and Mr. Aspuru. He thanked Mr. Bullock for his open communication regarding to current issues at OUC.

Commissioner Gross acknowledged the importance of learning and growing every single day. She stressed the importance of community involvement and participation.

Mayor Dyer noted the importance of collaboration between OUC and the City of Orlando, specifically with the LYNX eBus Pilot Program, Central Florida Regional Housing Trust, and Colony Cove Improvements Project. He thanked management for the appropriate response to employee issues.

Commissioner Mills noted the importance of community involvement. He emphasized the strategic focus with LYNX, the EIRP, and the partnerships with the City of Orlando. He expressed confidence in staff response to employee issues.

President Calvet thanked Thomas Holt and Mary Langford for their service. He praised the partnerships with LYNX and the Central Florida Regional Housing Trust. He stressed confidence in management regarding the employee issue and that the matter will be taken care of.

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President Calvet adjourned the meeting at 3:23 P.M.

President

Secretary