

**MINUTES  
ORLANDO UTILITIES COMMISSION  
August 25, 2015  
2:00 P.M.**

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**Present:**

**COMMISSIONERS:**

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

Kenneth P. Ksionek, General Manager & Chief Executive Officer  
Jan Aspuru, Clint Bullock, Maggie Duque, 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 Ferrone asked Ron Toporek to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:11 P.M.

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President Ferrone announced that Commissioner Maylen Dominguez resigned from the Board effective August 11, 2015. She expressed appreciation for Commissioner Dominguez's years of service and stated that the Board will honor her at a future Commission Meeting.

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On a motion by Commissioner Lee, seconded by Mayor Dyer and unanimously carried, the reading of the minutes of the July 14, 2015 Budget Workshop Minutes was waived and the minutes were approved. On a motion by Commissioner Kirby, seconded by Commissioner Lee and unanimously carried, the reading of the minutes of the July 14, 2015 Commission Meeting was waived and the minutes were approved.

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Clint Bullock presented a 30-year service award to Garry Gucwa, Cable Splicer, Electric and Water Delivery.

Clint Bullock presented a 25-year service award to Brenda Howard, Sr. Business Analyst, Electric and Water Delivery.

John Hearn presented a 25-year service award to Don McEachern, Master Fleet Technician, Financial and Support Services.

Jan Aspuru presented a 25-year service award to Craig Morman, Watch Engineer, Electric and Water Production.

President Ferrone congratulated Ken Ksionek on his 30-year service award.

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Mr. Ksionek asked Maggie Duque to provide a presentation on Affirmative Item A-15 regarding the Commercial Indoor Lighting Program. Ms. Duque stated that the program was launched in 2002 and has been a significant contributor to OUC's conservation goals. As of August 2015, 130 projects have been completed and 140,000 lighting fixtures retrofitted, resulting in \$4 million in annual savings for commercial customers. Ms. Duque explained the retrofit process, beginning with a detailed lighting audit by an OUC contractor and ending with customer billing. Retrofits can reduce lighting energy consumption as much as 50 percent, with an average payback of approximately 4 years. The retrofits offer high benefits to customers, including no upfront costs and substantial energy cost savings, as well as high benefits to OUC, including a return on equity, high customer service and increased conservation. Ms. Duque discussed new retrofit project proposals with the Orlando Museum of Art and the Winnie Palmer and Arnold Palmer Hospitals.

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Mr. Ksionek asked Roseann Harrington to provide a presentation on Affirmative Item A-20 regarding the Educational Outreach Program with the Orlando Science Center. Ms. Harrington stated that the Alternative Water & Energy Supply, Observation, Methods & Education (AWESOME) Program began in 2009 to provide an educational outreach program to Orange and Osceola county fifth grade students in OUC's service territory. The design-based activities and curriculum align with state and national standards, and the program allows OUC to reach a new segment of the customer base while investing in future generations. Ms. Harrington presented a video summarizing Project AWESOME and showing students in action. She thanked Jerry Sullivan, who serves on the Orlando Science Center Executive Committee, and JoAnn Newman, president of the Orlando Science Center.

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Commissioner Ferrone asked a question regarding Affirmative Item A-16 regarding Quality Monitoring Services. She inquired how successful interactions are measured and what qualifications were included in the request for proposal. Ms. Duque replied that the Customer Experience Department establishes a list of criteria, including accuracy in the execution of policy, tone of voice, greeting and call completion, and agents are reviewed based on it. Failures are brought to the attention of supervisors and training staff to incorporate in training material and provide coaching as needed. Supervisors engage with the vendor in conference calls three times per month to calibrate the results obtained, and customer service agents participate in quarterly refresher training as needed.

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Commissioner Kirby announced a conflict of interest with Affirmative Item A-21. President Ferrone presented the remaining Affirmative Items for approval. On a motion by Mayor Dyer and seconded by Commissioner Kirby, the remaining Affirmative Items were approved as follows:

1. Ratification of the fuel procurements to the low bidders in May 2015 in the aggregate amount \$10,830,843.71 as follows:

**NATURAL GAS PURCHASES:**

May 2015	BG Energy	\$1,076,500.79
May 2015	BP Energy	\$ 236,562.08
May 2015	EDF Trading (Formerly Eagle Energy)	\$1,796,589.62
May 2015	Enbridge Marketing, LP	\$ 550,474.41
May 2015	Energy America (Direct Energy)	\$ 224,243.75
May 2015	ENI USA Gas Marketing	\$ 191,552.55
May 2015	Florida Gas Utility	\$ 101,950.00
May 2015	Infinite Energy	\$ 626,055.47
May 2015	Macquarie Cook Energy, LLC	\$1,939,268.11
May 2015	NJR Energy Service Company	\$ 595,387.84
May 2015	Tenaska Marketing Ventures	\$ 652,878.00
May 2015	Texla Energy Management, Inc.	\$1,391,308.72

**COAL PURCHASES:**

May 2015	Mercuria Coal Marketing/ECC	\$1,448,072.37
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2. Approval of a sole source Purchase Order to CSX Transportation, Inc. for mandatory railcar inspections and repairs from October 1, 2015 through December 31, 2017, in the amount of \$1,500,000;
3. Approval of Change Request No. 3 to the Capital Expenditure Estimate for preliminary engineering and cost analysis for the Stanton Energy Center Zero Liquid Discharge Site Process & Water Management Project in the amount of \$348,494, increasing the total project cost to \$968,187. Approval of an OUC initiated scope change and conforming Change Order No. 1 to URS Corporation to provide engineering services and analysis in the amount of \$318,494, increasing the total Purchase Order amount to \$404,307;

4. Approval of RFP #3974 - Contract award to AirTek Construction, Inc., the only responsive and responsible vendor, to provide inspection and repairs services for the Stanton Energy Center Unit 2 precipitator in the amount of \$483,406, pending final contract negotiations and OUC legal review;
5. Approval of RFP #3930 - Contract award to Arbor-Crowley, Inc. d/b/a AZZ SMS, LLC, the lowest, most responsive and responsible vendor, to provide construction services for the scrubber upgrades and oxidation air header modifications for Phase 2 of the Stanton Energy Center Flue Gas Scrubber Upgrade Project in the amount of \$1,255,570, pending final contract negotiations and OUC legal review;
6. Approval of RFP #3973 - Contract award to Shambaugh & Son, L.P., the sole responsive and responsible vendor, to provide system design, equipment and installation of the Stanton Energy Center Combined Cycle Unit B turbine under-floor fire protection system in the amount of \$162,000, pending final contract negotiations and OUC legal review;
7. Approval of a Capital Expenditure Estimate for the Stanton Energy Center Combined Cycle Unit B Gas Turbine and Steam Turbine Major Inspection Project in the amount of \$11,460,000. Approval of a Disbursement of Funds to General Electric International Inc. in the amount of \$10,550,000 for the inspections which is consistent with the terms set forth in the Contractual Service Agreement. Approval of a sole source Purchase Order to General Electric International Inc. in the amount of \$910,000 for owner responsible and emergent work;
8. Approval of Change Request No. 2 to the Capital Expenditure Estimate for the Stanton Energy Center Unit 2 Reheat Outlet Tube Replacement Project in the amount of \$543,458, increasing the total project cost to \$2,543,458. Approval of RFP #3977 - Contract award to TEi Construction Services, Inc., the lowest, most responsive vendor, and responsible to perform Stanton Energy Center Units 1 & 2 and Combined Cycle Unit B steam generator inspection and repair services in the amount of \$3,200,000, pending final contract negotiations and OUC legal review;
9. Approval of a sole source Purchase Order to Siemens Energy, Inc. to provide replacement parts for the Stanton Energy Center Unit 1 steam turbine generator in the amount of \$666,000;
10. Approval of RFP #3982 - Contract award to Mechanical Dynamics & Analysis, LTD, the lowest, most responsive and responsible vendor, to provide technical field assistance, inspection, testing and repair services for the Stanton Energy Center Unit 1 steam turbine generator and exciter in the amount of \$488,930, pending final contract negotiations and OUC legal review;

11. Approval of a Purchase Order to SI Goldman Company, Inc. to design and perform enhancements to the chilled water distribution system at The Mall at Millenia in the amount of \$109,075;
12. Approval of the Lighting Construction Estimate for the Lockheed Martin East parking lot in the amount of \$662,302.05, which includes \$290,989.57 for lighting equipment from OUC's stock inventory and \$371,312.48 to Terry's Electric, Inc. for the installation of conduit, junction boxes, poles, fixtures, and wires;
13. Approval of SOQ #3881 - Contract award to Leidos Engineering LLC, the most responsive and responsible vendor, for preliminary engineering services to determine full scope of the Pershing to Stanton 230kV Transmission Lines Upgrade Project in an amount not to exceed \$150,000;
14. Approval of Change Request No. 1 to the Substation Capital Expenditure Estimate in the amount of \$7,875,000 for engineering, procurement and construction support necessary to complete the Pine Hills E Unit Addition & Switchgear Replacement Project, increasing the total project cost to \$7,970,000. approval of an OUC initiated scope change and conforming Change Order No. 1 to Black & Veatch in the amount of \$895,000 to provide design engineering and construction management services, increasing the total Purchase Order amount to \$990,000. Approval of Purchase Orders to Central Electric Manufacturing Company for four metal-clad switchgear units and bus duct in the amount of \$2,750,000 and SPX Transformer Solutions, Inc. for one transformer in the amount of \$785,000;
15. Approval of an OUC initiated scope change and conforming Change Order No. 2 to Lightyear Technologies, Inc. in the amount of \$4,000,000 to continue providing Commercial Indoor Lighting Retrofit Services through June 13, 2016, increasing the total Purchase Order amount to \$12,000,000;
16. Approval of RFP #3955 - Contract award to BPA International, Inc., the most responsive and responsible vendor, to provide contact quality monitoring services in the amount of \$480,360. The contract term is three years with two one-year renewal options;
17. Approval of a Purchase Order to Altec Industries, Inc. for twenty-one aerial tower truck leases in the aggregate amount of \$5,180,880;
18. Approval of RFP #3970 - Contract award to Jeffrey Allen, Inc., the sole responsive and responsible vendor, for the purchase of ten utility carts in the amount of \$116,403.65;

19. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Intuition Systems, Inc. d/b/a Bill2Pay in the amount of \$210,000 to continue providing lockbox services through May 31, 2017, increasing the Purchase Order amount to \$572,000;
20. Approval of a sole source Purchase Order to the Orlando Science Center to provide an educational outreach program to Orange and Osceola County fifth grade students in OUC's service territory for a two-year period in the amount of \$622,750. The contract term is two years with two one-year renewal options;
21. Pulled for separate vote;
22. Approval of a Purchase Order for OUC's 2016 property and casualty insurance premiums in an amount not to exceed \$3,413,430;
23. Authorization for the General Manager & CEO to amend the Deferred Compensation Plan to incorporate the Roth Investment Option and administrative updates for Internal Revenue compliance. Authorization for the General Manager & CEO to execute the updated Plan Document and the Adoption Agreement as well as the sponsor agreements between OUC, Nationwide and VOYA as administrators of the program;
24. Approval of a sole source Purchase Order to Software AG USA Inc. for software licenses and one year of maintenance and support in the amount of \$119,766;
25. Approval of an OUC initiated scope change and conforming Change Order No. 1 to EMC2 Corporation in the amount of \$235,565 for backup and recovery capacity upgrades, which includes three years of maintenance and support through August 31, 2018, increasing the total Purchase Order amount to \$322,886;
26. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Software House International Corp. in the amount of \$275,500 for computer, server and database licenses and maintenance, increasing the total Purchase Order to \$1,451,645.74;
27. Approval of an OUC initiated scope change and conforming Change Order No. 2 to Meridian Integration, LLC to provide Meter Data Management product license, Meter Data Management & Customer Care and Billing implementation services and three years of maintenance and support through July 31, 2018 in the amount of \$258,750, increasing the total Purchase Order amount to \$444,070;
28. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Origin Consulting, LLC in the amount of \$3,640,240 for

product support and development services through September 30, 2016, increasing the total Purchase Order amount to \$6,440,240;

29. Approval of an OUC initiated scope change and conforming Change Order No. 1 to EMC2 Corporation in the amount of \$397,324 for the purchase of SAN storage capacity upgrades, which includes maintenance and support coterminous with the original five-year contract term, increasing the total Purchase Order amount to \$2,573,252;
30. Approval of RFP #3927 - Contract award to Verint Systems, Inc., the most responsive and responsible vendor, to provide software, implementation services and five years of maintenance and support in the amount of \$384,333, pending final contract negotiations and OUC legal review;
31. Approval of a Capital Expenditure Estimate for the Documentum/Enterprise Content Management System Upgrade Project in the amount of \$622,676. Approval of a single source Purchase Order to Flatirons Solutions, Inc. for software development and implementation services in the amount of \$289,000. Approval of a Purchase Order to Presidio Networked Solutions, Inc. for servers and implementation services in the amount of \$146,079;
32. Approval of a Purchase Order to Advizex Technologies LLC to provide network engineer consulting and implementation services for the Network Redesign Project in the amount of \$278,784; and
33. Approval of a sole source Purchase Order to Oracle America, Inc. to provide Weblogic Suite software required for the Infrastructure Growth Update Project and one year of maintenance and support in the amount of \$211,608.17.

On a motion by Commissioner Lee and seconded by Mayor Dyer, Affirmative Item A-21 was approved as follows:

21. Approval of a sole source Purchase Order to Florida Citrus Sports Events, Inc. for a Sustainability and Customer Education Partnership Agreement from August 25, 2015 through June 30, 2018 in the amount of \$154,545. The contract term is three years.

Commissioner Kirby previously announced a conflict of interest and abstained from the vote.

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Mr. Ksionek presented the 2016 Operating Budget and 2016-2020 Capital Plan for consideration. The budget was presented to Commissioners at the July 14, 2015 Budget Workshop and approval is requested at this time.

On motion by Commissioner Lee, seconded by Mayor Dyer, New Business Item 1a/1b was adopted and accepted as follows:

NB-1a/1b Adoption of the proposed 2016 Operating Budget as presented and acceptance of the 2016-2020 Capital Plan as presented.

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On motion by Mayor Dyer, seconded by Commissioner Lee, New Business Item 2 was adopted and accepted as follows:

NB-2 Adoption of the reduced electric transfer connection charge of \$40, effective October 1, 2015, pending Florida Public Service Commission review. Adoption of the reduced water initial/transfer connection charge of \$25, effective October 1, 2015.

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Commissioner Kirby reported the Finance Committee held its regular meeting on August 18, 2015. The Committee reviewed the quarterly Treasury and Energy Risk Management Reports.

The Committee also reviewed revisions to the Treasury Policy which addressed regulatory changes for money market mutual funds, added flexibility in methods for choosing the financing team as well minor language clarifications and clean up. The Finance Committee recommends that the Commission approve all revisions of the Treasury Policy.

The Committee also directed staff to move forward on a synthetic fixed rate advanced refunding of the \$100 million Series 2009A bonds. Current estimated present value savings is in excess of 20 percent.

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

PRES-1a Adoption of the revisions to the Treasury Policy as recommended by the Finance Committee.

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John Hearn stated that OUC is \$17 million ahead of budget through the month of July. In response to last month's inquiry, he stated that OUC had the second highest growth rate among Florida utilities in regards to sales.

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Jonathan Sebastian Blount, an OUC customer, commented on OUC's community outreach efforts and the importance of reinvesting in the community.

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Mr. Ksionek asked Chip Merriam to provide an update on the Clean Power Plan. Mr. Merriam discussed the timelines for various environmental regulatory requirements for the utility industry. He stated that some of the compliance for the new rule begins in 2022 as opposed to 2020, and explained the different compliance periods and how OUC will be impacted. The final plan is due September 6, 2018. Mr. Merriam discussed the various Existing Source Performance Standards (ESPS) building blocks and how they attempt to avoid the rush to build natural gas power plants. Mr. Merriam summarized the New Source Performance Standards and compared them to the ESPS. He also discussed the regulatory and litigation uncertainties and stressed that the regulations on CO2 emissions could affect OUC's sustainability efforts.

Commissioner Kirby inquired about the responses at the state level to the Clean Power Plan. Mr. Merriam replied that OUC has had good contact with those engaged in the process at the state level. Opinions have been requested and the state has been forthcoming about uncertainty related to the plan.

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Mr. Ksionek asked Chip Merriam to provide an update on OUC's recent Critical Infrastructure Protection (CIP) Program audit. Mr. Merriam explained that OUC must meet over 1,600 standards to protect security and operations. The first half of the audit covers the operations and planning side, while the second half of the process involves security measures. OUC received no violations during the recent audit. Mr. Merriam recognized and thanked everyone at OUC who contributed to the success of the audit.

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Commissioner Lee apologized for being unable to attend the full Sustainability Workshop. He thanked OUC staff for the hard work and commitment to sustainability, and looks forward to continuing to work on sustainability initiatives. He applauded OUC's partnership with the Orlando Science Center. He congratulated OUC staff on the budget being so far ahead. He also thanked Mr. Merriam for his work analyzing and summarizing new environmental regulations. He also congratulated OUC staff on the positive audit.

Mayor Dyer congratulated Ken Ksionek on his 30 years of service with OUC.

Commissioner Kirby congratulated OUC staff on the critical infrastructure audit. He thanked Ms. Harrington for the update on Project AWESOME. He commented on the Sustainability Workshop and urged OUC to stay close to customers, establish lasting relationships and empower customers by helping

them navigate all their energy and water issues. He also stressed the importance of protecting and leveraging the power of OUC's brand. He congratulated Mr. Ksionek on 30 years of service and thanked Commissioner Dominguez for her years of service on the Board.

President Ferrone stressed the importance of OUC as both the Reliable One and the Sustainable One. She thanked OUC staff for their passion and commitment to sustainability, and urged them to transfer that enthusiasm to every OUC customer. She commented on the importance of teaching adults and children about conservation and praised Project AWESOME. She congratulated OUC staff on continuing to push the envelope in regards to new research and development in sustainability. She thanked Mr. Merriam for his updates and continuing to keep the board informed on regulations. She also thanked Mr. Hearn for his update and congratulated OUC staff on the budget.

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President Ferrone adjourned the meeting at 3:32 P.M.

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President

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Secretary