

MINUTES
ORLANDO UTILITIES COMMISSION
August 29, 2017
2:00 P.M.

Present:

COMMISSIONERS:

Gregory D. Lee, President
Cesar E. Calvet, First Vice President
Dan Kirby, Second Vice President
Britta Gross, Commissioner
Buddy Dyer, Mayor

Kenneth P. Ksionek, General Manager & Chief Executive Officer
Jan Aspuru, Luz Aviles, Clint Bullock, Linda Ferrone, Roseann Harrington, Chip Merriam, Vice Presidents
Jerry Sullivan, Vice President & Chief Information Officer
Mindy Brenay, Vice President & Chief Financial Officer
W. Christopher Browder, Vice President & General Counsel
Nanci Schwartz, Recording Secretary

President Lee asked German Romero to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:06 P.M.

President Lee commented on the recent announcement of Ken Ksionek's upcoming retirement. He noted that the Board held a Special Meeting on July 20, 2017 to discuss the General Manager & CEO search process and designate a search committee.

* * *

On a motion by Mayor Dyer, seconded by Commissioner Kirby and unanimously carried, the reading of the minutes of the July 11, 2017 Budget Workshop Meeting was waived and the minutes were approved.

On a motion by Mayor Dyer, seconded by Commissioner Gross and unanimously carried, the reading of the minutes of the July 11, 2017 Commission Meeting was waived and the minutes were approved.

On a motion by Mayor Dyer, seconded by Commissioner Gross and unanimously carried, the reading of the minutes of the July 20, 2017 Special Commission Meeting was waived and the minutes were approved.

* * *

Jerry Sullivan presented a 30-year service award to Silas Brown, Senior GIS Technician, Information Technology.

Jan Aspuru presented a 30-year service award to Tim Turba, Senior Engineer Power Plant, Electric and Water Production.

* * *

Mr. Ksionek asked that Lemoyne Adams provide a presentation on Affirmative Item A-13 regarding the Eagle Creek Subdivision OUConvenient Lighting Project. Mr. Adams provided background information regarding the Eagle Creek subdivision. In 2003, an OUConvenient Lighting agreement was offered to Paramount Leasing, Inc. (Paramount), the developer of the Eagle Creek Subdivision. However, Paramount chose to self-perform this work. Paramount owns and operates the lighting system and leases it back to the Eagle Creek Homeowners Association (HOA). In 2016, OUC began discussions with the Eagle Creek HOA to purchase and maintain the current lighting system. OUC technicians evaluated the existing Eagle Creek lighting system to ensure that it was compliant with OUC standards and specifications. A small percentage of the system needs to be updated.

In early 2017, OUC submitted a proposal to Paramount and the Eagle Creek HOA. After negotiations, a contract was agreed upon by all parties, pending Commission approval. OUC will purchase the lighting system from Paramount for \$2,199,361. Eagle Creek HOA will then enter into the standard 20-year OUConvenient Lighting Agreement. The estimated completion date for upgrading the system is February 2018. The project will be engineered and managed by OUC, with necessary construction performed by Terry's Electric, Inc. The new LED fixtures will provide a savings of approximately \$8,000 per month to the Eagle Creek HOA versus the current leasing agreement with Paramount.

This is one of the largest OUConvenient Lighting Agreements to date. OUC is currently exploring additional lighting opportunities within the Eagle Creek subdivision as well as developers outside of the Eagle Creek subdivision, which supports Strategic Initiatives #1 and #4. Mr. Adams thanked Luz Aviles and her team, Dan Seabrook, Mindy Brenay and her team, Tom Gross, Carlos Galindez and Vernon Ford for their work on the project.

Commissioner Kirby asked for clarifications about the Lighting Construction Estimate cost. Mr. Adams stated the Lighting Construction Estimate of \$3,002,529 includes the costs for purchasing the lighting system, retrofitting the existing fixtures to LED and upgrading the current system to OUC standards. Commissioner Kirby inquired about the number of OUC customers in Eagle Creek in order to determine OUC's return over the 20-year period. Mr. Adams will provide that information at a later date. Commissioner Kirby asked how the purchase price was determined. Mr. Adams stated the cost was determined by the depreciated value of the system, and included the fixtures and poles. In addition, OUC received an approximate 30 percent discount as the conduit and cable were not included in the purchase price.

Commissioner Gross inquired about OUC's revenue from the project. Mr. Adams stated that OUC receives a 10.5 percent return on all OUConvenient Lighting contracts.

* * *

Mr. Ksionek asked that Chip Merriam provide a presentation on Affirmative Item A-23 regarding the Taylor Creek Reservoir/St. Johns River Water Supply Project. Mr. Merriam provided a brief history of OUC's Consumptive Use Permit (CUP) process. The current 20-year CUP is contingent on Project RENEW, as well as Orange and Lake County settlement agreements for 5 million gallon per day (MGD) alternative water supply (AWS) which has been identified as the Taylor Creek Reservoir. The 2010 Water Integrated Resource Plan and the 2015 Water Strategy Update continue to pursue the Taylor Creek Reservoir/St. Johns River AWS project as a key element of OUC's water planning strategy. However, implementation has slowed due to conservation efforts and the economic downturn.

The AWS is necessary because OUC's future water demands are expected to exceed its current CUP allocation; the Central Florida Water Initiative (CFWI) has determined that the regional supply of groundwater is limited; CFWI also has discussed reduction of current allocations within the CUP; and at least one water management district has said that permittees cannot count on more than six percent above the current use. Mr. Merriam displayed a graph showing potential water shortage in 2035, as well as options to meet the potential water resource

shortfall. The Taylor Creek Reservoir is in a good location with the ability to construct pipeline to the Southeast Water Treatment Plant.

Mr. Merriam discussed the recent history of the Taylor Creek Reservoir/St. Johns River AWS project, including the other entities involved. Because of the nature of water supply allocation, Mediation sessions began in 2012 to resolve competing CUP applications and develop agreements between all parties. OUC will receive five MGD from the Taylor Creek Reservoir. The project will consist of four phases leading beyond 2030 at an estimated capital cost of \$85.4 million. Mr. Merriam explained the agreements to be executed by OUC and the next steps for the project.

President Lee asked for clarification about the lawsuit by Farmland Reserve, Inc. (FRI). Mr. Merriam stated that the settlement agreement is part of what will be executed between FRI, East Central Florida Services and SJRWMD.

Commissioner Kirby asked if the City of Cocoa project management responsibility extends through the initial phase or further. Mr. Merriam stated that it can extend to phase four. Mr. Merriam explained that OUC will evaluate moving groundwater to lessen withdrawal impacts and improve efficiency. Commissioner Kirby asked for clarification regarding the relationship between cost-sharing and allocation. Mr. Merriam responded that with multiple parties involved, the cost will be shared relative to the withdrawal with one exception regarding F.R.I. land ownership.

Commissioner Calvet inquired whether the twelve year timeline of the project could be extended. Mr. Merriam stated the project could be extended for a number of reasons, including legal challenges and issues that arise during the routing studies.

Commissioner Gross inquired about the timeframe for available Taylor Creek Reservoir reserves. Mr. Merriam responded that, with conservation, this will extend to 2035. However, the SJRWMD may reduce allocations during CUP renewals.

* * *

President Lee presented the Affirmative Items for approval. On a motion by Commissioner Kirby and seconded by Commissioner Calvet, Affirmative Items A-1 through A-31 were approved as follows:

1. Ratification of the fuel procurements to the low bidders in May 2017 in the aggregate amount \$9,146,149.97 as follows:

NATURAL GAS PURCHASES:

May 2017	BP Energy	\$ 155,850.00
May 2017	ConocoPhillips	\$ 1,340,304.10
May 2017	Florida Power & Light	\$ 175,900.00
May 2017	Infinite Energy	\$ 392,721.56
May 2017	Shell Energy	\$ 809,250.00
May 2017	Tenaska Marketing Ventures	\$ 3,985,169.76
May 2017	Texla Energy Management, Inc.	\$ 1,237,421.69

COAL PURCHASES:

May 2017	Crimson Coal Corporation	\$ 1,049,532.86
----------	--------------------------	-----------------

2. Authorization for the General Manager & CEO to execute a Long-Term Power Supply Agreement between the City of Bartow and OUC for a three-year term, beginning January 1, 2018, subject to final OUC legal review and approval;
3. Approval of Change Request No. 1 to the Capital Expenditure Estimate for the Stanton Energy Center Unit 2 Generation Building Heating, Ventilation and Air Condition Upgrade Project in the amount of \$445,500, increasing the total project cost to \$610,000. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Daikin Applied Americas, Inc. to provide HVAC equipment and services in the amount of \$185,300, increasing the total Purchase Order amount to \$210,300. Approval of a Purchase Order to Mechanical Services of Central FL, Inc. to provide HVAC construction services in the amount of \$206,270;
4. Approval of RFP #4370 - Contract award to AirTek Construction, Inc., the lowest, most responsive and responsible vendor, to provide labor and equipment to perform inspection and repair services for the Stanton Energy Center Units 1 & 2 precipitators for the 2017 Fall Outage in the amount of \$360,000, pending final contract negotiations and OUC legal review;
5. Approval of RFP #4379 - Contract Award to Thielsch Engineering, Inc., the lowest, most responsive and responsible vendor, to perform a high energy piping inspection for the Stanton Energy Center Combined Cycle Unit B heat recovery steam generator in the amount of \$129,000;
6. Approval of RFP #4343 - Contract award to AZZ SMS, LLC, the most responsive and responsible vendors, to perform Stanton Energy

Center Units 1 & 2 and Combined Cycle Unit B steam generator inspection and repair services for the 2017 Fall Outage in the amount of \$1,800,000, pending final contract negotiations and OUC legal review;

7. Approval of Change Request No. 5 to the Capital Expenditure Estimate for the Stanton Energy Center Zero Liquid Discharge Site Process & Water Management Project in the amount of \$2,111,313, increasing the total project cost to \$3,323,000. Approval of RFP #4385 - Contract award to Irwin Industries, Inc., the lowest, most responsive and responsible vendor, to provide equipment and labor for construction of the waste water reuse systems in the amount of \$1,487,225, pending final contract negotiations and OUC legal review;
8. Authorization for the General Manager & CEO to execute the Joint Participation Agreements with the City of Orlando for the Gore Street Utility Improvements Project. Approval of the Water Distribution Construction Estimate in the amount of \$5,915,612.92 for construction, administration and inspection costs necessary to complete the Gore Street Utility Improvements Project. Approval of a Purchase Order to the City of Orlando to provide engineering, construction management, and construction services for both phases of the project in the amount of \$4,888,994;
9. Approval of a Capital Expenditure Estimate for network switches, equipment and blade servers in the amount of \$652,144.33. Approval of an OUC initiated scope change and conforming Change Order No. 8 to CDW Government LLC, which includes Cisco network equipment, blade servers and one year of maintenance and support in the amount of \$989,589, increasing the total Purchase Order amount to \$1,465,983.62;
10. Approval of a Capital Expenditure Estimate for the Dell Computer Equipment Purchases in the amount of \$500,000. Approval of an OUC scope change and conforming Change Order No.1 to Dell Marketing LP in the amount of \$650,000 for the ongoing replacement of computer equipment through September 30, 2018, increasing the total Purchase Order amount to \$1,350,000;
11. Approval of an OUC scope change and conforming Change Order No. 1 to InsightSoftware.com, Inc. in the amount of \$118,339.50 for annual software maintenance and support of the Hubble software for the period of September 30, 2017 through September 29, 2018, increasing the total Purchase Order amount to \$236,679;

12. Approval of an OUC initiated scope change and conforming Change Order No. 2 to BMC Software, Inc. in the amount of \$38,197.88 for annual software maintenance and support for the period of July 15, 2017 through July 14, 2018, increasing the total Purchase Order amount to \$137,854.31;
13. Approval of RFP #4382 - Contract award to Oilmen's Truck Tank, Inc., the lowest, most responsive and responsible vendor, for the purchase of a 1,500 gallon PCB tank truck in the amount of \$152,500. Approval of RFP #4383 - Contract award to Nortrax Equipment Co., the lowest, most responsive and responsible vendor, for the purchase of a used 2015 John Deere 624k rubber tire loader in the amount of \$126,950;
14. Approval of additional funding in the amount of \$200,000 with conforming Change Order No. 1 to Duncan Weinberg Genzer Pembroke, PC to continue providing legal services related to transmission matters through Fiscal Year 2018, increasing the total Purchase Order amount to \$225,000;
15. Approval of an OUC initiated scope change and conforming Change Order No. 2 to SHI International Corp. in the amount of \$43,836 for annual software maintenance and support for the period of September 30, 2017 through September 29, 2018, increasing the total Purchase Order amount to \$135,089.11;
16. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Open Text, Inc. for AxsOne software maintenance, support and managed services for the period of October 1, 2017 through September 30, 2018 in the amount of \$73,410, increasing the total Purchase Order amount to \$154,161;
17. Approval of an OUC initiated scope change and conforming Change Order No. 1 to NTT Data, Inc. to provide Salesforce support and development services for the period of September 4, 2017 through September 30, 2018 in the amount of \$257,600, increasing the total Purchase Order amount to \$332,600;
18. Approval of a sole source Purchase Order to Telvent USA, LLC for project management and implementation services of the ArcGIS Release Rollback and ArcFM Upgrade Project in the amount of \$143,641.28;

19. Approval of a Purchase Order to Presidio Networked Solutions, Inc. for the transition and self-performance of fourteen computer support staff in the amount of \$178,440, pending final contract negotiations and OUC legal review;
20. Approval of an OUC initiated scope change and conforming Change Order No. 1 to All Sunshine Crane Rental Corporation; Crane Rental Corporation; Sims Crane & Equipment Company; Blue Line Rental, LLC; Bobcat of Orlando; Flagler Construction Equipment; Hertz Equipment Rental Corporation; Jeffrey Allen, Inc.; Linder Industrial Machinery Company; Neff Rental, Inc.; Ring Power Corporation; Sunbelt Rentals and United Rentals, Inc. to provide heavy equipment and crane rentals through February 17, 2019 in the aggregate amount of \$1,800,000, increasing the total Purchase Order amounts to \$4,300,000;
21. Approval of an OUC initiated scope change and conforming Change Order No. 1 to the OSC to continue the educational outreach program for an additional one-year period in the amount of \$ \$349,900, increasing the total Purchase Order amount to \$972,650;
22. Approval of a Purchase Order to Black & Veatch Corporation for the initial environmental site assessment and permitting of Phase 1 for the construction of the Downtown 230kV Transmission Line Project, Pershing to Weber, in the amount of \$196,932;
23. Authorization for the General Manager & CEO to execute the General Implementation Agreement, Wholesale Water Supply Contract, Permitting Agreement, Transmission Line Agreement and Project Land Trust Agreement required for the Taylor Creek Reservoir/St. Johns River Water Supply Project; and a letter to the Chair of the St. Johns River Water Management District. Approval of a Capital Expenditure Estimate for OUC's portion for Phase 1 of the Taylor Creek Reservoir/St. Johns River Water Supply Project work tasks in the amount of \$1,100,000. Approval of a Purchase Order to the City of Cocoa for OUC's portion for Phase 1 permitting costs in the amount of \$900,000;
24. Approval of RFP #4148 - Contract award to Automated Logic Contracting Services, Inc., the most responsive and responsible vendor, to provide the Building Automation System equipment and installation at the Gardenia facility in the amount of \$354,000, pending final contract negotiations and OUC legal review. The contract term is three years with two one-year renewal options;

25. Approval of a Capital Expenditure Estimate for the Micro-Grid Demonstration Project in the amount of \$9,383,103. Approval of an OUC initiated scope change and conforming Change Order No.1 to CHA Consulting, Inc. in the amount of \$750,000 for engineering and construction management services, increasing the total Purchase Order amount to \$1,154,250;
26. Approval of a Purchase Order for OUC's 2018 property and casualty insurance premiums in an amount not to exceed \$3,725,000;
27. Approval of a Purchase Order to Gray Robinson, P.A. for Commission-wide legal services during Fiscal Year 2018 in the amount of \$350,000;
28. Authorization for the General Manager & CEO to execute the Agreement Regarding Further Realignment of Moss Park Road and associated documents for property located south of Innovation Way and east of and including the old Moss Park Road crossing;
29. Authorization for the General Manager & CEO to execute the Release of Easement for property located south of Alafaya Trail and west of Innovation Way;
30. Authorization for the General Manager & CEO to execute the Release of Easement for property located north of Eagle Creek Center Boulevard and east of Narcoossee Road; and
31. Authorization for the General Manager & CEO to execute the Utility Easement and Utility Access Easement for property located north of Kings Highway and on both the east and west sides of US 1 in Titusville, located near the Indian River Plant.

* * *

Mr. Ksionek presented the 2018 Operating Budget and 2018-2022 Capital Plan for consideration. The budget was presented to Commissioners at the July 11, 2017 Budget Workshop and approval is requested at this time.

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

NB-1a/1b Adoption of the proposed 2018 Operating Budget as presented and acceptance of the 2018-2022 Capital Plan as presented.

* * *

Mindy Brenay stated that the June and July financial statements are consistent with the budget. Electric revenue is slightly behind budget, while water revenue is ahead of budget. OUC has fully integrated Customer Care & Billing and revenue is being recorded as anticipated. Small procedural tweaks with CC&B and budgetary timing issues should be resolved by the end of the year.

* * *

Mr. Ksionek asked Sam Choi to provide an update on OUC's community solar programs. He discussed the new solar farm at the Stanton Energy Center (SEC) which generates 12.58 MW. It is the first in Florida atop a by-product landfill. This solar farm almost doubles OUC's current solar generating capacity on the grid. He emphasized the diverse generation capabilities at the SEC, including coal, natural gas, solar, landfill gas, and algae bio-fuel. OUC is looking to significantly expand its solar generation capacity both internally and externally.

Mr. Choi provided highlights of the new community solar farm. It is structured around a 20-year power purchase agreement with the developer and owner of the solar farm. The contract allows OUC to purchase power at a specific price from that owner, starting at six cents per kilowatt hour. It is a universal and simplified rate design and will apply to any new community solar project. It was created for residential and commercial customer participation. There are no customer fees and participants can opt in or out monthly. The rates are consumption based and available to both Orlando and St. Cloud customers. Approximately 2 MW has been designated to residential customers and 10 MW to commercial customers. Mr. Choi provided an example of the residential community solar farm bill, based on a 1,000 kWh and 20 percent solar subscription. The customer would receive a solar fuel cost refund and pay a solar energy cost fee. There is an approximate 4.9 percent premium for participating in the community solar farm, which is comparable to other utilities.

The new community solar program will be marketed to residential and commercial customers. Staff has already emailed 142 waitlisted customers with expressed interest of 1.1 MW. A ribbon cutting ceremony will take place in the Fall. A new tariff will be filed with the Florida Public Service Commission, with the new rate effective January 2018.

Commissioner Kirby expressed concern about the design of the bill. Mr. Choi clarified that the design would be finalized in the coming months.

Commissioner Calvet asked if there was any specific reason the bill comparison example used a solar subscription of 20 percent. Mr. Choi stated that 20 percent seemed like a round number to utilize for the example, as customers would not want to utilize 100 percent due to the premium cost. Subscription figures might need to be adjusted based on customer interest. Commissioner Gross commented that staff will need to monitor development of the program as the interest level becomes more pragmatic.

* * *

Mayor Dyer left the meeting at 3:10 P.M. He thanked Mr. Choi for the presentation and noted that he had already viewed the presentation at an earlier date.

* * *

Commissioner Kirby thanked Mr. Choi for his community solar presentation. He noted that, while adding 12.58 megawatts to OUC's renewable portfolio is a good thing, it does not remove the demand for a customer solar program. He praised the work done on the Taylor Creek Reservoir and the OUConvenient Lighting projects. He thanked President Lee for his thoughtfulness in setting up the selection process for the next General Manager & CEO.

Commissioner Gross thanked Mr. Romero for his invocation. In honor of National Safety Month, she advised everyone to be safe, especially while driving. She advised OUC to consider water issues after 2035, and should consider sustainable solutions farther ahead of that planning date, including desalinization of ocean water.

Commissioner Calvet congratulated the Service Award recipients. He thanked Mr. Merriam for his presentation. He congratulated Luz Aviles on her new role as Vice President of Customer Service and noted the importance of promoting talent from within a company.

President Lee congratulated Silas Brown and Tim Turba on their Service Awards. He thanked Mr. Adams, Mr. Merriam, and Mr. Choi for their presentations. OUC has encouraged sustainability efforts throughout the years and it is a delight to see those efforts come to life. He thanked Mr. Ksionek for his years of service and announced that the position had been posted. There should be a more salient update in October and November.

* * *

President Lee adjourned the meeting at 3:20 P.M.

President

Secretary