

MINUTES
ORLANDO UTILITIES COMMISSION
October 9, 2018
2:00 P.M.

Present:

COMMISSIONERS:

Cesar E. Calvet, First Vice President
 Britta Gross, Second Vice President
 Larry Mills, Commissioner
 Buddy Dyer, Mayor

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
 Jerry Sullivan, Chief Information Officer
 LeMoyne Adams, Luz Aviles, Wade Gillingham, Roseann Harrington, Chip
 Merriam, & Ken Zambito, Vice Presidents
 Nanci Schwartz, Recording Secretary

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Commissioner Calvet asked Pete Westlake to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:04 P.M.

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On a motion by Mayor Dyer, seconded by Commissioner Gross and unanimously carried, the reading of the minutes of the August 21, 2018 Commission Meeting was waived and the minutes were approved.

On a motion by Commissioner Mills, seconded by Mayor Dyer and unanimously carried, the reading of the minutes of the September 11, 2018 Water Workshop Meeting was waived and the minutes were approved.

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Ken Zambito presented a 25-year service award to Adonis Willis, Senior Engineer - Substation/Transmission Project Management, Transmission.

Mindy Brenay presented a 20-year service award to Mike Hollingsed, Director of Treasury Services, Financial and Support Services.

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Roseann Harrington announced that OUC held two Fall Into Savings Neighborhood Meetings in September. Approximately 150 people attended and 56 people signed up for energy audits. She thanked Commissioner Mills for participating and Queen Massaline for organizing the events. She presented a short video about the two meetings.

Ms. Harrington announced that the OUCares Campaign annual kickoff breakfast was held at the Second Harvest Food Bank. Employees raised almost \$30,000 and more than 40 employees signed up to volunteer at the food bank. The highlight of the event was a testimonial from a young woman named Shanika who graduated from Second Harvest's culinary training program. Ms. Harrington thanked Marklyne Joachim, an OUC intern, for offering to mentor Shanika's children, as well as Melissa Dukes for organizing the campaign.

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Mr. Bullock asked Mindy Brenay to provide a presentation on Affirmative Item A-16 regarding the St. Cloud Land Purchase Agreement, for a new distribution center as well as future substation expansion. Ms. Brenay provided background information about the City of St. Cloud (CSC) Interlocal Agreement including the current status of support operations providing services from temporary facilities.

The St. Cloud service territory continues to have strong growth with additional growth forecasted in the future. OUC will acquire 21 acres at Old Hickory Tree Road and Highway 192 and construct a new facility for operations, fleet, and warehouse support, as well as an enhanced storm restoration staging location. The site is strategically located and is planned for a future substation, and also includes two points of ingress and egress. There is also potential to create a total of 34 acre campus with 2 adjacent parcels. These two parcels are currently being evaluated. OUC will competitively bid the design-build of the facility.

Commissioner Calvet asked if there were any facilities previously located on the parcel of land. Ms. Brenay responded affirmatively and stated that the property has been evaluated for the past two months as a part of OUC's due diligence. There are some remedies required for the site, but she is confident those will be resolved within the established price.

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Mr. Bullock asked Kate Powers to provide a presentation on Affirmative Item A-23 regarding the Employee Engagement Software. Ms. Powers explained the Connected 2025 initiative, which is related to Strategic Initiative #3. Implementing

an employee engagement survey is one of the steps in the Fiscal Year 2018-2025 Action Plan. She discussed how OUC strives to engage a connected workforce. Employees play a major role in OUC's success, and employee feedback is critical to recruitment and retention strategies. After a request for quote process, Glint, Inc. was selected to provide a software solution specializing in employee surveys. Glint provides real-time visibility, predictive insights, and effective action. Ms. Powers explained Glint's interactive dashboard and provided screenshot examples for how the dashboard helps visualize the organization's story.

Commissioner Gross inquired if OUC is more focused on attracting or retaining talent. Ms. Powers responded that the employee engagement software is not necessarily attempting to fix a problem. OUC has not performed an engagement survey in ten years, and the turnover rate in 2017 was approximately 10 percent. With low unemployment, OUC also needs to focus on attracting talent. A recent communication survey revealed that employees wanted more information regarding benefits and career advancements. The employee engagement software will allow managers to see what engages each part of the workforce, as turnover and retention rates differ by area.

Commissioner Mills added that these types of software programs are focused more on retention, but positive word of mouth in turn attracts more employees.

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Commissioner Calvet presented the Affirmative Items for approval. On a motion by Commissioner Gross and seconded by Mayor Dyer, Affirmative Items A-1 through A-25 were approved as follows:

1. Ratification of the fuel procurements to the low bidders in June and July 2018 in the aggregate amount \$20,209,586.07 as follows:

NATURAL GAS PURCHASES:

June 2018	BP Energy	\$ 202,125.00
June 2018	Direct Energy Business Marketing, LLC	\$ 197,083.32
June 2018	EDF Trading	\$1,194,757.72
June 2018	Infinite Energy	\$ 490,747.23
June 2018	Shell Energy	\$3,063,544.84
June 2018	Tenaska Marketing Ventures	\$3,267,751.99
July 2018	Direct Energy Business Marketing, LLC	\$ 212,366.34
July 2018	EDF Trading	\$1,287,764.21
July 2018	Infinite Energy	\$ 314,164.40
July 2018	Shell Energy	\$2,782,063.73
July 2018	Tenaska Marketing Ventures	\$2,443,421.04

COAL PURCHASES:

June 2018	Crimson Coal Corporation	\$1,905,887.81
July 2018	Crimson Coal Corporation	\$2,847,908.44

2. Approval of a Capital Expenditure Estimate for the Sulfuric Acid Storage Tanks Replacement Project in the amount of \$1,382,000. Approval of RFP #4566 - Contract award to Dixie Tank Company, the lowest, most responsive and responsible vendor, to provide labor and equipment for the sulfuric acid storage tanks at Stanton Energy Center and Indian River Plant in the amount of \$370,000;
3. Approval of an OUC initiated scope change and conforming Change Order No. 2 to Airgas, Inc. in the amount of \$258,676 to continue providing cylinder gas supply and delivery services through November 30, 2020, increasing the total Purchase Order amount to \$577,473.66;
4. Approval of additional funding in the amount of \$393,471 with conforming Change Order No. 1 to National Signal Maintenance Corporation to continue providing railroad signal maintenance and repair services through May 31, 2019, increasing the total Purchase Order amount to \$1,373,471;
5. Approval of the Electric Distribution Construction Estimate for the underground electric distribution system to serve the Orlando International Airport South Terminal Expansion Project in the amount of \$572,941.29, with customer contributions in the amount of \$194,677.42;
6. Approval of Change Request No. 1 to the Transmission Capital Expenditure Estimate in the amount of \$3,150,000 for corridor design, permitting, easement support, and engineering services for the St. Cloud 230kV Transmission Line Project, increasing the total project cost to \$3,600,000. Approval of an OUC initiated scope change and conforming Change Order No. 2 to Burns & McDonnell, Inc. in the amount of \$1,300,000 for corridor design, permitting and easement support, and engineering services, increasing the total Purchase Order amount to \$1,690,000;
7. Approval of Change Request No. 1 to the Transmission Capital Expenditure Estimate in the amount of \$3,255,000 for engineering, procurement, easement acquisition, and construction necessary to complete the Texas Avenue Roadway Improvements Project - Phase 1 of 2, increasing the total project cost to \$3,350,000. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Power Engineers in the amount of \$570,000 to provide design engineering and construction management services, increasing the Purchase Order amount to \$665,000. Approval of a Purchase Order to Dis Tran Steel, LLC to provide tubular steel poles in the amount of \$840,000;

8. Approval of Change Request No. 2 to the Transmission Capital Expenditure Estimate in the amount of \$3,850,000 for revised design engineering and construction support to complete the Southwood to Convention Center 230kV Upgrade Project, increasing the total project cost to \$5,250,000. Approval of an OUC Initiated scope change and conforming Change Order No. 2 to Black & Veatch in the amount of \$3,050,000 to provide revised design engineering and construction support, increasing the total Purchase Order amount to \$4,050,000;
9. Approval of an OUC initiated scope change and conforming Change Order No. 1 to AZZ in the amount of \$59,000 to complete the fabrication of the metal-clad bus ducts required for the Azalea 115/12kV A & B Transformers Replacement Project, increasing the total Purchase Order amount to \$134,000. Approval of an OUC initiated scope change and conforming Change Order No. 1 to AZZ in the amount of \$790,000 for one metal-clad switchgear and bus duct for the Holden substation required for the Holden, Grant & Pershing Switchgear Replacement Project, increasing the total Purchase Order amount to \$3,160,000;
10. Approval of a Purchase Order to Controllix Corp. for one metal enclosed 12kV capacitor bank required for the Lake Nona 12kV D Transformer & Switchgear Addition Project in the amount of \$115,000;
11. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Open Text Inc. in the amount of \$75,830 for annual software maintenance and support for the period of December 22, 2018 through December 21, 2019, increasing the total Purchase Order amount to \$148,672.79;
12. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Hewlett Packard Enterprise in the amount of \$129,218.40 for HP-UNIX annual maintenance and support for the period of November 1, 2018 through October 31, 2019, increasing the total Purchase Order amount to \$239,175.92;
13. Approval of an OUC initiated scope change and conforming Change Order No. 2 to SME Solutions in the amount of \$23,465.14 for Qlik Sense annual software maintenance and support for the period of January 1, 2019 through December 31, 2019, increasing the total Purchase Order amount to \$120,645.42;
14. Approval of an OUC initiated scope change and conforming Change Order No. 2 to Verint Americas Inc in the amount of \$44,705.07 for annual software maintenance and support for the period of November

- 12, 2018 through November 11, 2019, increasing the total Purchase Order amount to \$119,474.47;
15. Approval of an OUC initiated scope change and conforming Change Order No. 1 to AT&T Business Systems, Inc. in the amount of \$280,510.56 for an internet bandwidth upgrade at Stanton Energy Center and to continue providing Distributed Denial of Service protection for the period of October 15, 2018 through October 14, 2021, increasing the total Purchase Order amount to \$573,221.16;
 16. Authorization for the General Manager and CEO to execute the St. Cloud Land Purchase Agreement for a 21-acre parcel, located at Old Hickory Tree Road and Highway 192, for an amount not to exceed \$4,100,000. The land contract closing is subject to final negotiation and legal review;
 17. Approval of a Purchase Order to Altec Industries, Inc. for five aerial tower truck leases in the amount of \$874,440;
 18. Approval of an OUC initiated scope change and conforming Change Order No. 4 to Sustainable Synergy, Inc. d/b/a Seed2Source Corporation in the amount of \$143,025 to provide three years of maintenance and support services for the Gardenia Living Wall and Rain Harvest Garden through October 31, 2021, increasing the total Purchase Order amount to \$234,554;
 19. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Petrotech Southeast Inc. and Progressive Environmental Services, Inc. d/b/a SWS Environmental Services to continue providing emergency and routine environmental services through November 2, 2019 in the aggregate amount of \$420,000, increasing the total Purchase Order amounts to \$1,620,000;
 20. Approval of RFQ #4606 - Contract award to McCartney & Company, Inc., the most responsive and responsible vendor, for construction of a concrete curve between the existing haul roads necessary for Phase 2 of the Landfill Horizontal Expansion Haul Road Project in the amount of \$215,042;
 21. Approval of RFP #4521 - Contract awards to Baker Tilly Virchow Krause LLP; Clifton Larson Allen; Focal Point Data Risk, LLC; Protiviti, Inc.; RSM US LLP; and Securance LLC, the most responsive and responsible vendors, to provide internal audit services in the aggregate amount of \$700,000. The contract terms are three years with two one-year renewal options;

22. Approval of a Purchase Order to Aetna Life Insurance Company for a total estimated medical program cost of \$31,503,878, effective January 1, 2019;
23. Approval of RFQ #4577 - Contract award to Glint, Inc., the most responsive and responsible vendor, to provide employee engagement software in the amount of \$264,501. The contract term is three years with two one-year renewal options;
24. Approval of a Purchase Order to de la Parte & Gilbert, P.A. to provide legal services related to the Taylor Creek Project and various water resource issues related to OUC's Consumptive Use Permit during Fiscal Year 2019 in the amount of \$120,000; and
25. Approval of a Purchase Order to Gray Robinson, P.A. for Commission-wide legal services during Fiscal Year 2019 in the amount of \$500,000.

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Mr. Bullock stated that during the August 21, 2018 Commission Meeting, the Board adopted the Fiscal Year 2019 Operating Budget, which included price changes for Electric, Streetlight, Stand-by, and Water rate prices. Subsequent to the Commission Meeting, the Florida Public Service Commission reviewed and approved the revised Electric, Streetlight, and Standby tariff sheets. Before incorporating the revised tariff sheets into OUC's Administrative Policy Manual, the Board must approve the revisions, which are consistent with the adopted Fiscal Year 2019 Operating Budget. The Electric price changes became effective on October 1, 2018 and the remaining changes are effective January 1, 2019.

On motion by Mayor Dyer and seconded by Commissioner Gross, New Business Item 1 was adopted and accepted as follows:

NB-1 Adoption of the electric, streetlight, stand-by, and water tariffs.

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Commissioner Gross stated that the Audit Committee conducted its regular meeting on September 11, 2018. Internal Audit activities were presented, including an overview of two recently completed Internal Audit reports. The Committee reviewed and approved the 2019 Internal Audit Plan and project selection.

An annual review of the Audit Committee Charter was presented. The changes to the charter were focused on organizational values and ethics, risk management, and fraud assurances. The proposed provisions are substantially aligned with the current charter. The Audit Committee recommends adoption of the revised charter.

Projected annual financial results for 2018 were reviewed. Income before contributions, including the recommended use of reserves through proposed regulatory actions are expected to be in line with the 2018 approved budget of \$96,800,000.

The Audit Committee reviewed several regulatory action items and recommends of approval of PRES-1b through PRES-1e (below).

The Committee also reviewed the 2018 External Audit Plan presented by Ernst & Young, OUC's external auditors.

A legal update was presented to the Committee.

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

PRES-1a Adoption of the revised Audit Committee Charter as recommended by the Audit Committee.

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

PRES-1b Approval to recognize up to \$3,100,000 of Electric Rate Stabilization funds to offset costs associated with the issuance of the Series 2018A Bonds.

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

PRES-1c Approval to recognize up to \$800,000 of Electric Rate Stabilization funds to offset uncollectible reserves associated with the mutual aid costs to the Puerto Rico Electric Power Authority.

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

PRES-1d Approval to defer unrealized investment valuations beginning in Fiscal Year 2018.

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

PRES-1e Approval to defer the gain on sale amounts of \$800,000 from the West Copeland property and \$2,000,000 from the Morgran property, along with the designation of these amounts to the Renewal and Replacement Fund.

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Mindy Brenay provided the Preliminary Financial Report as of September 30, 2018. Preliminary results indicate that retail energy revenues continue to be below budget largely due to forecasting and change in the growth rate. Favorable wholesale energy revenues helped to mitigate a portion of the energy revenue shortfall. Water and chilled water revenues were also favorable. Overall, revenues were favorable by approximately \$2,500,000. Higher than projected operating and non-operating expenses are anticipated to offset this favorable variance.

Commissioner Mills inquired if the shortfall for energy revenues were for the Orlando or St. Cloud service territories. Ms. Brenay clarified the shortfall is in the Orlando service territory.

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Chris Browder stated that OUC has chosen to intervene in a docket currently pending before the Federal Energy Regulatory Commission (FERC). On September 17, 2018, the Jacksonville Electric Authority (JEA) filed a petition seeking a declaratory order that its wholesale contract for energy with the Municipal Electric Authority of Georgia (MEAG) was subject to FERC's jurisdiction. If successful, this would establish a rule that certain wholesale energy sales agreements between government utilities should be subject to FERC authority. Most, if not all, public power members oppose this request, as the law currently exempts governmental utilities from regulation of this type under FERC rules. If JEA's request is granted, it could effectively diminish or take away the authority of local government utilities to independently negotiate and enter into certain wholesale Power Purchase Agreements (PPAs) if deemed to be "interstate" sales of power. It would also make the terms of the interstate wholesale deals subject to final approval by the FERC.

Commissioner Mills inquired about Mr. Bullock's conversation with the CEO of JEA. Mr. Bullock responded that JEA was appreciative that he reached out prior to OUC's intervention. Several other CEOs have also been in contact with JEA.

Commissioner Gross asked for clarification regarding the implications of the potential ruling in favor of JEA. Mr. Browder stated that an affirmative ruling could result in JEA's PPA being held invalid and non-binding for failure of the partners to submit the PPA to FERC for approval.

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Mr. Bullock stated that on October 10, OUC will join utilities, communities, and action groups around the nation in recognition of "Imagine a Day Without Water." This day is meant to educate Americans about the value of water and the importance of building and maintaining quality infrastructure. Social media

channels, led by Ms. Ferrone and Ms. Harrington, will spread the word to customers about OUC's water supply and its focus on conservation.

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Mr. Bullock announced that OUC will participate in the 9th Annual Ride-For-Ronald McDonald House Charities of Central Florida on October 14 in Lake Nona. Currently, a record number of 89 employees and family members are registered for the event. The event benefits 2,500 families that will utilize Ronald McDonald Houses at three pediatric hospital campuses in Orlando. OUC's goal is to surpass last year's fundraising in order to continue supporting the great work this community resource is doing to keep families close to various campuses while their children are hospitalized.

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Mr. Bullock stated that on September 17, OUC hosted an EV Forum on Electrification of Transportation in Florida. OUC spearheaded this event with Drive Electric FL to reinvigorate the electric vehicle discussion specifically among Florida utilities. There were 77 attendees representing 28 organizations. Discussions focused on the current state of Florida's readiness for EVs. Over 50 ideas were identified and the group prioritized EV corridor planning, State level policy, and joint initiatives. The group agreed to convene for two additional meetings. Mr. Bullock thanked Commissioner Gross for participating in the event as well as Ms. Ferrone, Ms. Aviles, and their teams for planning the event.

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Mr. Bullock congratulated Mayor Dyer on the 2018 Greenworks Sustainability Action Plan. He distributed a copy of the plan to the Commissioners and noted that Ms. Ferrone is a co-chair of the team.

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Mr. Bullock announced that a crew of 21 employees recently departed for the City of Tallahassee to assist in Hurricane Michael with electric restoration efforts.

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Mr. Bullock invited Commissioners to participate in the OUC Charity Golf Tournament, which is being held on November 3 to benefit the Second Harvest Food Bank.

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Commissioner Mills commended staff for the quality of the agenda items that facilitates the ease of the approval process. He applauded OUC's community involvement and partnerships with the City of Orlando.

Commissioner Gross congratulated staff for the community engagement. She thanked Pete Westlake and the entire team for the EV forum. She also thanked Mr. Browder and Mr. Merriam for their involvement in the JEA legal action.

Mayor Dyer extended thoughts and prayers to citizens in the path of Hurricane Michael. He is grateful to be able to help those who previously assisted the City of Orlando during prior storms. He thanked Ms. Ferrone and the team for their assistance in the Greenworks Program. He announced that the City of Orlando attained a score of 100 in the Municipal Equality Index for the fifth year in a row, and invited everyone to the upcoming Come Out With Pride events.

Commissioner Calvet echoed Mayor Dyer's comments regarding safety for citizens in the path of Hurricane Michael as well as for OUC electric crews. He congratulated the Service Award recipients. He noted that he will be attending the upcoming Neighborhood Meeting for District Two. He praised the new Employee Engagement Software.

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Commissioner Calvet adjourned the meeting at 3:07 P.M.

President

Secretary