

**MINUTES
ORLANDO UTILITIES COMMISSION
NOVEMBER 11, 2008
2:15 P.M.**

Present:

COMMISSIONERS:

Katie Porta, President
Tommy Boroughs, First Vice President
Dan Kirby, Commissioner
Mayor Buddy Dyer

Kenneth P. Ksionek, General Manager & Chief Executive Officer
Jan Aspuru, Clint Bullock, Alvin Frazier, Roseann Harrington, Byron Knibbs,
Doug Spencer, Denise Stalls, Thomas Tart, Robert Teegarden,
Vice Presidents
John Hearn, Vice President & Chief Financial Officer
Gregory T. Rodeghier, Vice President & Chief Information Officer
W. Christopher Browder, Vice President & General Counsel
Beth Mason, Recording Secretary

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President Porta asked Thomas Tart to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:15 P.M.

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On motion by Commissioner Kirby, seconded by Mayor Dyer, and unanimously carried, the reading of the minutes of the October 21, 2008 Commission Meeting was waived and the minutes were approved as written.

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Chris Browder presented a 25-Year Service Award to Joseph T. Bowers, Right-of-Way Administrator, Legal Department.

Doug Spencer presented a 25-Year Service Award to Richard M. Thomas, Field Service Technician, Customer Connection.

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Roseann Harrington announced that OUC will donate the additional \$10,000 raised at its Charity Golf Tournament to Project Care. In addition, OUC's two-to-one Project Care matching contribution will increase the overall donation to \$30,000. Due to the current economic times, the budget for Project Care was increased by seventy percent over last year, the amount of assistance available was raised from \$300 to \$500 per case, the guidelines for customers to qualify for aid was restructured and OUC will provide funding for a new full-time case manager at 2-1-1 United Way. Ms. Harrington introduced Kevin Noonan, Director of Residential Customer Service, to provide additional information regarding Project Care.

Mr. Noonan stated since 1994, Project Care has raised over \$1.2 million, providing assistance to nearly 6,000 customers. Mr. Noonan provided additional statistics regarding the program. Mr. Hernando Otero was introduced as the new case manager at United Way. Mr. Otero's primary focus will be to provide utility assistance, but will also refer customers to the appropriate agencies for housing, food, clothing and transportation needs. Mr. Bob Brown, President, and Mr. Larry Olness, Vice President of 2-1-1 Community Resources, of United Way also provided an update on the current affairs of community stewardship and the innovative arrangement in place to assist OUC customers. Mr. Brown thanked OUC for its support of United Way. Community needs are enormous and sponsoring a case manager to assist with these needs appears to be the first of its kind in the country.

Commissioner Porta asked if customers requesting assistance are required to participate in an energy audit. Mr. Noonan replied that participant names are provided to the conservation division and contact is made with the customer, although participation is not mandatory. Many customers requesting assistance are renters.

Commissioner Boroughs commented on the fact that OUC has committed more funds and people to Project Care. These needs will increase in the coming months and years and OUC is also committed to finding ways to improve the program.

Commissioner Kirby stated he is pleased with the improvements in the Project Care program and that OUC has increased its efforts in this area. This type of program helps utility customers across Central Florida, not only OUC customers. As this information is disseminated all over the country, perhaps other utilities, both municipally owned and investor owned, will add these types of programs and contribute more towards community needs.

Kevin Noonan also recognized two Residential Customer Service representatives who received the Circle of Excellence Awards from the International Customer Service Association. Mr. Noonan introduced Sheila Ramos as the top performer in the Orlando office and Lisa Dusold as the top performer in the St. Cloud office.

Ken Ksionek requested that Affirmative Item A-2 be pulled from the agenda. This is a multi-faceted project and project costs are being reconciled in order to determine if there are enough funds presently approved.

Ken Ksionek discussed Affirmative Item A-8 in regard to the Downtown West Central Energy Plant that will provide cooling for the new Events Center. OUC and the City of Orlando have executed a chilled water service agreement for the new Orlando Events Center. Mr. Ksionek asked Doug Spencer to provide further details regarding the chilled water projects. Mr. Spencer provided photographs of the Lake Nona Energy Plant, which is a 5,300 ton plant that was just completed in order to serve the Burnham Institute and the UCF College of Medicine, as well as others. All of the cooling plants have been completed on schedule and under budget. The Lake Nona Energy plant has a build-out capacity of 15,900 tons, which will be OUC's largest plant at its ultimate build-out. The new Downtown West Central Plant will be located on Anderson and Division Streets and will be almost identical to the Lake Nona Energy Plant. Mr. Spencer recognized several City of Orlando individuals for their contribution in finalizing the contract for the new plant.

Mayor Dyer stated that the chiller project plans were unveiled at a community meeting recently held in the Parramore area.

Mr. Ksionek asked Clint Bullock to provide additional information regarding the electric and water conservation programs addressed in Affirmative Item A-10. Mr. Bullock provided an overview of the proposed conservation programs, which will be launched in January 2009. This is an interim plan with incentives to assist residential and commercial customers with future rate impacts. In addition, current programs are being modified and three new water programs are also being offered. OUC will submit its goals to the Florida Public Service Commission (FPSC) in May 2009 in order to fully develop and finalize the Demand Side Management (DSM) portfolio to meet the DSM requirements for 2010.

Commissioner Kirby commented that the commercial indoor lighting program is a stellar program that provides a great opportunity to reach conservation goals. He asked for confirmation that the interim conservation programs will be in effect from January 2009 until the time of the effective date of the FPSC Rule in 2010. Mr. Bullock replied affirmatively. Commissioner Kirby also inquired whether funds would end when the \$1,000,000 amount mentioned in the agenda item is met. Mr. Bullock responded that although the program is currently budgeted at \$1,000,000 per year, an increase for additional program funds can be brought back to the Board in the future. Commissioner Kirby stated that there are a number of other conservation programs that may be desirable to our customers. Mr. Bullock explained that the PSC study currently being conducted includes the evaluation of 300 measures. A lot of other measures and demographics will continue to be evaluated.

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

1. Ratification of fuel procurements to the low bidders in September 2008 in the aggregate amount of \$10,874,434.53 as follows:

NATURAL GAS PURCHASES:

Sept. 2008	BP Energy Company	\$ 1,439,639.08
Sept. 2008	Chevron Natural Gas	\$ 871,384.05
Sept. 2008	City of Lakeland	\$ 160,077.30
Sept. 2008	Conoco Phillips	\$ 601,213.56
Sept. 2008	Eagle Energy	\$ 5,407,237.50
Sept. 2008	Infinite Energy	\$ 695,117.90
Sept. 2008	National Energy & Trade	\$ 141,822.02
Sept. 2008	National Fuel Marketing	\$ 327,901.19
Sept. 2008	Orlando Gas Producer	\$ 164,388.40
Sept. 2008	Virginia Power Energy Marketing, Inc.	\$ 1,065,653.53

2. Item deleted;
3. Approval of Bid #2574 – Contract award to Electric Power Products, Inc., the lowest, most responsive and responsible bidder, to provide protective relay panels for the Stanton Energy Center Auxiliary Electric System Upgrade Project in an amount not to exceed \$112,000;
4. Approval of the Lighting Construction Estimate for Windover Condominiums in the amount of \$403,096.96; which includes \$169,633.67 for lighting equipment from OUC's stock inventory and \$233,463.29 for installation of conduit, poles and fixtures by Terry's Electric, Inc., OUC's lighting contractor. Windhover Association, Inc. has executed a 20-year service agreement with OUC for the operation and maintenance of this lighting system and will be responsible for the monthly billing;
5. Approval of the Electric Distribution Construction Estimate for the installation of an underground electric distribution system to serve Millenia Crossings, located at the intersection of Conroy Road and Eastgate Drive in the Orlando service territory, in the amount of \$103,217.49;
6. Approval of Bid # 2491 – Contract award to Osmose Utilities Services, Inc., the sole bidder, to provide wood pole inspection and treatment services for a four-year period from January 1, 2009 through January 1, 2013 in an amount not to exceed \$880,000;
7. Approval of Change Order No. 2 to Air Liquide Industrial U.S. LP to provide liquid oxygen to OUC's water treatment plants for the period of November 1, 2008 through October 31, 2009 in the estimated amount

of \$1,216,787, increasing the total Purchase Order amount to \$3,627,873;

8. Ratification for the Downtown West Energy Plant capital project in the amount of \$13, 000,000;
9. Approval of Change Order No. 1 to Orange County Public Schools for the 2008 annual payment in the amount of \$290,810, increasing the total Purchase Order amount to \$536, 282;
10. Adoption to deploy the enhancement of existing electric conservation programs and new electric and water conservation programs and approval to fund the programs in an amount not to exceed \$1,000,000 annually;
11. Approval of Change Order No. 4 to W2 Technologies, Inc. to exercise the first one-year renewal option to provide safety prescription eyeglasses in the amount of \$45,000, increasing the total Purchase Order amount to \$116,000;
12. Approval of Bid #2553 – Contract award to Weston Solutions, Inc., the most responsive and responsible bidder, to provide security system design and consultation services and provide a security vulnerability assessment at Stanton Energy Center for a three-year period with two, one-year renewal options, in the estimated amount of \$155,000;
13. Approval of Bid #2576 – Contract award to O.C. Tanner Recognition Company, the most responsive and responsible bidder, to provide service award gifts for the Employee Service Awards and Recognition Program in the amount of \$150,000;
14. Ratification of the General Manager & CEO's execution of the Subordination of Encumbrances to Property Rights and Partial Release of Easement along Narcoossee Road, located west of Narcoossee Road and north of Tindall Road, to Orange County; and
15. Authorization for the General Manager & CEO to execute the Release of Utility Easement, located east of Lake Baldwin Lane and south of Baldwin Park Street, for MGI Baldwin Park Limited Partnership.

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In Commissioner Dominguez Arlen's absence, John Hearn reported that the Audit Committed met on October 30, 2008 and packages were provided to each Commissioner prior to the meeting. The external audit is under way and will be completed by the end of November. An additional audit related to several grants OUC received is also being conducted. A draft of the audit report will be

presented to the Audit Committee on December 11, 2008 and will be provided to the full Board at the January 2009 Commission Meeting. Internal Audit reviewed the status of its 2008 audit work plan. The preliminary year-end net income for fiscal year 2008 was \$80.9 million, approximately \$5.6 million lower than budget, after the use of \$18.8 of stabilization funds. Mild weather and the economy were the driving factors for the shortfall.

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John Hearn commented that as part of the budget process, the Board reviewed and approved a 7 percent rate increase that went into effect October 1, 2008. Many other utilities approved rate increases at the same time. Staff is continuing to review the capital plan, operating budget and fuel costs to finalize a rate recommendation for March 1, 2009. Other utilities are now presenting double digit rate recommendations to the Florida Public Service Commission (FPSC), including a 25 percent rate change by Progress Energy Florida (PEF) that is before the FPSC now, of which 12 percent has already been approved and another 13 percent is being considered. Florida Power & Light (FP&L) also requested a double digit rate change. The drivers for PEF and FP&L are fuel, nuclear, environmental and energy efficiency costs, which are the same issues faced by OUC. Staff's review of the operating budget, capital plan and fuel costs indicates a 20 percent rate change will be needed. A public rate workshop will be held in January 2009, with an implementation date of March 1, 2009. This is a substantial increase and staff will continue to investigate ways to mitigate the increase. Commercial customers are being notified of the potential rate change in order to budget accordingly.

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Chris Browder commented that there no legal issues to report on.

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Ken Ksionek commented that as the first Commission Meeting is held in the new Administration Building – the Reliable Plaza – he wanted to thank everyone for their efforts in getting this project completed on time and under budget. The dedication ceremony held this morning was incredible and thanked Doug Spencer for his work as project manager, and the Board for its support and approval of the funding and features of the building. Mr. Ksionek also recognized former Commissioner Lonnie Bell's involvement in the LEED process. OUC's primary purpose is to deliver reliable water and electricity around the clock every day. In the process, another critical facility was added to OUC's system, which was as complex in design and construction as a power plant project, considering the constraints of the new building footprint. Mr. Ksionek introduced Doug Spencer's father, Bud Spencer, who traveled from Kansas to attend today's dedication ceremony.

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Commissioner Kirby commented on the opening of the new building and stated that as an architect, project manager and LEED accredited professional, he understands that this type of project does not come together easily. He commended the OUC team, design and construction team, and asked all present to stand up and be applauded. In addition, Commissioner Kirby congratulated Edna Heath on her birthday and recognition at the dedication ceremony for her remarkable commitment to excellent customer service. The Highwaymen painting on the building is a fitting special signature. He also recognized the OUC veterans that participated in the flag-raising at the opening ceremony and all veterans for their service to the country.

Commissioner Boroughs commented that it is great that OUC is able to set an example for energy efficiency and conservation by creating such a green building. He also commended OUC's financial commitment to Project Care.

Mayor Dyer stated that OUC leads by example, as exhibited by the new LEED certified building, and commented on the attendance of so many previous OUC Board members, retirees and employees at the dedication ceremony. He continues to be impressed by the long tenure of so many OUC employees.

President Porta commented favorably on the new building and extended her thanks for being able to participate in such a great day. She also commented that Project Care is a great program, however, she would like to see a more financially stable community. Hopefully, as the new medical facilities and other types of industry coming to the community move towards being green, people will be able to make a living wage and not need to utilize programs like Project Care on a day-to-day basis.

Commissioner Boroughs moved to adjourn the meeting. Mayor Dyer seconded the motion and President Porta adjourned the meeting at 3:35 p.m.

President

Secretary