

**MINUTES
ORLANDO UTILITIES COMMISSION
January 15, 2013
2:00 P.M.**

Present:

COMMISSIONERS:

Dan Kirby, First Vice President
Craig McAllaster, Second Vice President
Linda Ferrone, Commissioner
Buddy Dyer, Mayor

Kenneth P. Ksionek, General Manager & Chief Executive Officer
Jan Aspuru, Clint Bullock, Roseann Harrington, Byron Knibbs, Chip Merriam,
Denise Stalls and Rob Teegarden, Vice Presidents
Greg Rodeghier, Vice President & Chief Information Officer
John H. Hearn, Vice President & Chief Financial Officer
W. Christopher Browder, Vice President & General Counsel
Nanci Schwartz, Recording Secretary

Commissioner Kirby asked Ruth Jayson-Polk to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:03 P.M.

* * *

On a motion by Commissioner McAllaster, seconded by Commissioner Ferrone and unanimously carried, the reading of the minutes of the December 11, 2012 Commission Meeting was waived and the minutes were approved.

* * *

Commissioner Kirby called for the election of officers to serve on the 2012 Commission. Mayor Dyer moved to nominate Dan Kirby as President, Craig McAllaster as First Vice President and Linda Ferrone as Second Vice President. The motions carried unanimously.

* * *

Commissioner McAllaster moved to reappoint Ken Ksionek as General Manager & CEO and Secretary of the Commission and the motion carried unanimously.

* * *

Mr. Ksionek also recommended that John Hearn, Chris Browder and Beth Mason be appointed as Assistant Secretaries to the Commission. Commissioner McAllaster moved that Mr. Ksionek's recommendations be approved and the motion carried unanimously.

Mr. Ksionek stated that, without objection, Commissioner Dominguez will serve as Chair of the Audit Committee with President Kirby as a member. No objection was offered.

Mr. Ksionek stated that without objection, Commissioner McAllaster will serve as Chair of the Finance Committee with Commissioner Ferrone as a member. No objection was offered.

Mr. Ksionek also provided proposed dates for the 2013 Audit and Finance Committee Meetings for review by the respective Commissioners.

* * *

Roseann Harrington announced that OUC's Top 3 PROUD Volunteers of the Year worked a total of 3,470 hours for 14 different groups during 2012. She presented awards to recipients Michael Weiner (1,461 hours), Nioker White (1,064 hours) and Thomas Johnson (945 hours).

Ms. Harrington congratulated Jan Aspuru, Vice President of Electric and Water Production, on being named one of Central Florida's 25 Most Influential Hispanics in the January issue of Vision Magazine. The magazine is published by the Hispanic Chamber of Commerce of Metro Orlando.

Ms. Harrington announced the completion of OUC's Annual Report, which focuses on embracing technology, and distributed copies to the Commissioners. She recognized Erika Hodges for writing the report, and Jenise Osani and Michael Cartolano for their work on the design.

* * *

Commissioner Ferrone asked a question about Affirmative Item A-7 regarding the Product Development Services for Customer Initiative Projects. She asked if the vendors are meeting the service level agreements and if OUC has been satisfied with their levels of service. Mr. Knibbs replied affirmatively.

Commissioner Ferrone also asked a question about Affirmative Item A-9 regarding the Configurable Network Computing Technical Support Services. She asked how OUC utilizes JD Edwards. John Hearn responded that all of OUC's financial programs utilize JD Edwards.

President Kirby presented the Affirmative Items for approval. Commissioner McAllaster announced a conflict of interest with Affirmative Item A-7 as his daughter works for SunGard. On a motion by Commissioner McAllaster and seconded by Mayor Dyer, the Affirmative Items, with the exception of Affirmative Item A-7, were approved as follows:

1. Ratification of the above fuel procurements to the low bidders in October 2012 in the aggregate amount \$10,241,698.81 as follows:

NATURAL GAS PURCHASES:

Oct. 2012	Central Crude	\$ 294,169.58
Oct. 2012	ConocoPhillips	\$1,248,443.98
Oct. 2012	EDF Trading (Formerly Eagle Energy)	\$ 451,881.75
Oct. 2012	Infinite Energy	\$2,599,954.85
Oct. 2012	National Energy & Trade	\$ 397,193.52
Oct. 2012	Rainbow Energy	\$1,454,232.74
Oct. 2012	Southwestern Energy	\$ 662,835.78
Oct. 2012	Texla Energy Management, Inc.	\$ 888,698.46

COAL PURCHASES:

Oct. 2012	Crimson Coal Corporation	\$1,462,737.77
Oct. 2012	Eastern Coal and Coke Co., Inc.	\$ 781,550.38

2. Approval of RFP #3409 – Contract award to TAW Orlando Service Center, Inc., the lowest, most responsive and responsible vendor, to provide electric motor reconditioning services for a three-year period in the amount of \$190,000, subject to final contract negotiations and OUC legal review;
3. Approval of RFP #3381 – Contract award to Aquilex SMS, LLC, the lowest, most responsive and responsible vendor, to provide construction services for the Stanton Energy Center Unit 1 internal scrubber module modifications for the Unit 1 Flue Gas Scrubber Upgrade Project and air heater upgrades for the Nitrogen Oxide Reduction Project in an aggregate amount not to exceed \$3,433,298, subject to final contract negotiations and OUC legal review;
4. Approval of RFP #3385 – Contract award to Pike Electric, LLC, the most responsive and responsible vendor, to provide electric distribution construction services for a three-year period in the aggregate amount of \$500,000, subject to final contract negotiations and OUC legal review;
5. Approval of a Water Distribution Construction Estimate for the State Road 528 Toll Plaza Widening/Water Distribution Facilities Relocation Project in an amount not to exceed \$848,734.28. Approval of a Purchase Order to Orlando-Orange County Expressway Authority for construction costs in the amount of \$788,037.50;

6. Approval of a Purchase Order to Orlando Health, Inc. for reimbursement of construction costs related to the Underwood Street Water Main Replacement Project in an amount not to exceed \$149,865.12;
7. Pulled for separate vote;
8. Approval of a Capital Expenditure Estimate for the St. Cloud Electric Customer Information System Migration Project in the amount of \$1,600,000;
9. Approval is requested of an OUC initiated scope change and conforming Change Order No. 1 to TITAN Technology Partners in the amount of \$459,850 to continue providing Configurable Network Computing technical support services through July 31, 2014, increasing the total Purchase Order amount to \$1,017,850;
10. Approval is requested of an OUC initiated scope change and conforming Change Order No. 1 to AMEC Environment & Infrastructure, Inc. in the amount of \$300,000 and to Tetra Tech, Inc. in the amount of \$100,000 to provide additional surveying services through October 31, 2014, increasing the aggregate Purchase Order amounts to \$800,000;
11. Approval of an OUC-initiated scope change and conforming Change Order No. 1 to Organizational Dynamics Consulting in the amount of \$96,760 to continue providing organizational realignment and leadership development initiatives through September 30, 2014, increasing the total Purchase Order amount to \$186,760; and
12. Authorization for the General Manager & CEO to execute the Partial Release of Utility Easements for Florida Mall Associates, for property located east of South Orange Blossom Trail and south of Sand Lake Road.

On a motion by Mayor Dyer, and seconded by Commissioner Ferrone, Affirmative Item A-7 was approved as follows:

7. Approval of an OUC initiated scope change and conforming Change Order No. 2 in the amount of \$3,000,000 to the IT Business & Technology Support Services Purchase Order for Origin, Inc. and SunGard Public Sector, Inc. to provide product development and support services for customer initiative projects, increasing the total Purchase Order amount to \$7,500,000.

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

* * *

Mr. Ksionek asked Byron Knibbs to explain the changes presented in NB-1 regarding the Electric Nonpay Disconnect/Reconnect Charge and Water Nonpay Cut-on Charge. Mr. Knibbs explained this agenda item will allow OUC to adjust the current electric and water reconnect service fee from \$35 to \$45, due to increased operational costs. Currently, the normal electric and water reconnect service period ends at 4:00 p.m. Under the new terms, this service will be extended to 6:00 p.m. A new fee of \$65 for reconnect service from 6:00 p.m to 10:00 p.m. will be implemented. OUC is also proposing a new service fee of \$275 for reconnects at the pole after 6:00 p.m.

President Kirby asked how many customers were affected by the disconnect process in 2012. Mr. Knibbs replied approximately 60,000 customers. President Kirby stated that he would like OUC to consider a new policy once the Advanced Metering Infrastructure meters have been deployed. Mr. Knibbs confirmed that the policy will be revisited in the future.

On a motion by Commissioner Ferrone and seconded by Commissioner McAllaster, NB-1 was approved as follows:

NB-1 Adoption of the proposed electric nonpay disconnect/reconnect charges, pending Florida Public Service Commission review, for implementation effective February 1, 2013. Adoption of the proposed water nonpay cut-on charges, effective February 1, 2013.

* * *

Commissioner Ferrone reported that the Audit Committee conducted its regular meeting on December 12, 2012. Internal Audit activities were presented to the Committee including an overview of the recently issued Internal Audit report. The annual review of OUC's Diversity Program was presented, including a summary of current year performance metrics.

The results of the September 30, 2012, financial statement audit were presented including the annual audited financial statements, the unqualified audit opinion and the ten-year financial and statistical report. Income before contributions for the year ended September 30, 2012, was \$70.2 million and total assets were \$3.3 billion. An overview of the financial statements was presented including key highlights for the period of 2008 through 2012. A brief overview of the notes to the financial statements was also presented.

In addition to the unqualified opinion, Ernst & Young presented an Internal Control letter report and a Management letter report, each with no findings. Ernst & Young also presented a summary of their audit procedures including the

manner in which risks, identified at the commencement of the audit, were addressed.

* * *

John Hearn reported that income for the first quarter of Fiscal Year 2013 is approximately \$8 million, which is approximately \$3.9 million below budget. Electric retail, electric wholesale, and water revenues are approximately \$6 million short. Lower than estimated expenditures have countered the low revenues. Mayor Dyer commented on the hotter than normal temperatures.

* * *

Mr. Ksionek announced that Phase I of the Meter Data Management (MDM) Meter Project went live on January 6. He introduced Chip Merriam and congratulated him and his team for their hard work on the project.

Mr. Merriam recognized and introduced Project Manager Hedi Ago. Ms. Ago began her presentation by thanking Mr. Merriam for his leadership on the project. Ms. Ago stated that during the July 10, 2012, Commission Meeting, the Board approved the MDM implementation by utilizing the remaining funds of the project's original approved budget. OUC entered into a fix priced contract for \$1.6 million with Red Clay Consulting, Inc.

The project kick-off was July 16, 2012, and entailed 174 days (4,176 hours) of collaborative effort between OUC, Red Clay, Origin and Titan GS; syncing 79,688 meters, 83,065 customers and 95,998 service agreements; and pulling a 36-hour Go Live migration amidst holidays and vacations. Thanks to these efforts, the project was delivered in less than six months and within budget. OUC is now a proud MDM owner and one of the seven utilities in the nation to have gone live with an Oracle MDM Utilities solution.

Ms. Ago explained the benefits for OUC and its customers, including access to daily usage information for customers; support during high bill complaint timeframes; access to daily reads and interval data to validate availability; enhanced reliability and integrity of the data; reduction in billing exceptions; foundation groundwork for the automation of remote connects and disconnects to support pre-paid metering; and the ability to streamline other business processes.

Commissioner Ferrone asked what type of reporting and decision-making capabilities will be utilized during the first step into the Smart Grid Program. Ms Ago stated that MDM comes with its own set of reports, but OUC can also use Cognos, its own enterprise reporting system, to harness the data for revenue management and load forecasting.

President Kirby recognized all those who worked on the MDM Project.

* * *

Mr. Ksionek asked Ms. Harrington to provide the communication plan for the digital meter upgrade project. Ms. Harrington reported that the upgrade to digital electric and water meters began during the week of January 14, 2013. Approximately 150,000 electric meters and 147,000 water meters will be upgraded. OUC will communicate with customers throughout this process. Elected officials were notified before the holidays and customers will be notified via Connections newsletters, OUC.com, the *Orlando Sentinel* and social media. There will also be targeted notices to customers scheduled for a meter exchange, including postcards and door hangers in English and Spanish. As the upgrade process continues, OUC will promote the digital meter upgrade in customer newsletters, on social media and via news media. After the installation of digital meters, customers will receive follow-up communication describing the benefits of digital meters as well as instructions on how to use the energy/water consumption dashboard once the system is implemented and available.

* * *

Mr. Ksionek stated that the City of Winter Park has requested that OUC submit a proposal for a partial power requirement of 40 megawatts. Mr. Aspuru and his team will be submitting a proposal this month.

* * *

Commissioner Ferrone stated that she is very impressed by the services OUC provides to the community through volunteering and the PROUD Program. She stated that she is very excited about the MDM Program and the digital meters upgrade and congratulated the teams on their hard work. She appreciates the transparency with which OUC interacts with customers and the community.

Mayor Dyer announced that the next City of Orlando Senior Management meeting will take place at the Stanton Energy Center.

Commissioner McAllaster congratulated President Kirby for his appointment as Board President. He stated that 2012 was a good year for OUC, emphasizing the on-schedule completion of the MDM Project, OUC's safety record, two rate reductions and a company-wide reorganization. He challenged OUC staff to start 2013 by looking for new opportunities for innovation and to be a model of efficiency and effectiveness as an organization.

President Kirby thanked the Board for the opportunity to serve as President and stated that it is a privilege to be a part of the OUC team. He stated that customer commitment is OUC's most important focus. OUC is a community resource, and he takes pride in being a steward of that resource as part of the Commission. He also recognized his wife, Allison Kirby, and thanked her for attending the Commission Meeting.

* * *

President Kirby adjourned the meeting at 2:55 P.M.

President

Secretary