

MINUTES
ORLANDO UTILITIES COMMISSION
June 13, 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, Clint Bullock, Maggie Duque, 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. Mr. Romero asked for 49 seconds of silence in honor of the victims of the Pulse shooting on June 12, 2016.

President Lee called for the Pledge of Allegiance to the Flag.

President Lee directed opening remarks to Mayor Dyer, stating that the Commission Meeting is being dedicated to the memory of the 49 Pulse shooting victims. OUC is proud to serve a city that has rallied after such an unspeakable tragedy. Mayor Dyer stressed the importance of responding with love, compassion and unity. OUC stands beside Mayor Dyer, Orange County and Pulse to support this mission and participated in the One Orlando Alliance's "Act, Love, Give" campaign. On behalf of the Commission and OUC, President Lee thanked Mayor Dyer for his continued leadership.

Mayor Dyer thanked the OUC family for their support and commented on the community response and memorials. He expressed pride in the community for its resilience and unity in the face of tragedy.

The Commission Meeting was called to order at 2:09 P.M.

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On a motion by Commissioner Kirby, seconded by Commissioner Gross and unanimously carried, the reading of the minutes of the May 9, 2017 Commission Meeting was waived and the minutes were approved.

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Ms. Harrington stated that OUC recently joined the Chairman's Circle as a result of raising over \$200,000 in the United Way campaign. Ms. Harrington recognized Melissa Dukes for receiving the Exceptional Employee Campaign Manager award. Mayor Dyer congratulated Ms. Dukes for her award.

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Mr. Ksionek requested that Clint Bullock provide a presentation on Affirmative Item A-9 regarding the TripSaver II Smart Grid Demonstration Project. Mr. Bullock explained that 80 percent of overhead outages are temporary, caused by lightning, trees and animals getting into infrastructure. Although these outages are temporary, they result in down-time for customers due to time needed to reboot systems, potential loss of data and loss of productivity. OUC is seeking to improve its Momentary Average Interruption Frequency Index (MAIFI) rating with this project.

The TripSaver II cutout-mounted recloser is a self-powered electronically controlled vacuum interrupter. OUC will install 75 units on a feeder in the St. Cloud service territory for this demonstration project. Mr. Bullock explained OUC's philosophy of fuse saving in order to reduce a sustained outage. He introduced a demonstration video for the product.

The benefits of the project will reduce the number of momentary outages for customers, analyzing the System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI) indexes and reducing the number of truck rolls, thereby improving operational efficiency and saving money. The goals of the demonstration project include educating and training operating personnel, verifying technical and operational capabilities on the OUC system, verifying improvements in reliability statistics and verifying the cost/benefit analysis.

Mayor Dyer asked for clarification regarding the cost/benefit statistics regarding truck rolls mentioned in the video. Mr. Bullock stated that the savings with truck rolls is estimated to be less with OUC's fuse saving philosophy.

Commissioner Kirby inquired about the timeline for demonstration project and for clarification regarding the St. Cloud MAIFI. Mr. Bullock responded that OUC anticipates an August to September installation timeframe. The entire demonstration project is scheduled to take 12 months but can be shorter. Mr. Bullock explained that St. Cloud contains more overhead lines, which results in a higher MAIFI.

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Commissioner Kirby requested clarification about the funding for the third segment of the Boggy Creek Road North Water Main Installation Project as described in Affirmative Item A-10. Mr. Bullock confirmed that the Capital Expenditure Estimate does include funding for the third segment.

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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-19 were approved as follows:

1. Ratification of the fuel procurements to the low bidders in March 2017 in the aggregate amount \$4,727,037.92 as follows:

NATURAL GAS PURCHASES:

Mar 2017	BP Energy	\$ 163,375.00
Mar 2017	EDF Trading (Formerly Eagle Energy)	\$ 325,285.47
Mar 2017	Macquarie Cook Energy, LLC	\$ 644,810.00
Mar 2017	Shell Energy	\$ 215,192.86
Mar 2017	Southwest Energy	\$ 571,728.83
Mar 2017	Tenaska Marketing Ventures	\$ 2,599,193.82
Mar 2017	Texla Energy Management, Inc.	\$ 207,451.94

2. Approval of a Purchase Order to SG Resources Mississippi, LLC to provide natural gas storage capacity for Stanton Energy Center in the amount of \$1,700,000, pending final contract negotiations and OUC legal review. The contract term is five years, beginning October 1, 2017;

3. Approval of Purchase Orders to Progress Rail Services, Inc.; WATCO Companies, LLC; Reliable Rail Services, LLC; Appalachian Railcar Services, LLC; and Appalachian Tank Car Services, LLC to provide railcar maintenance and repairs for a two-year period beginning July 1, 2017 in the aggregate amount of \$1,643,414;
4. Approval of a Capital Expenditure Estimate for the Aviation Obstruction Lighting Upgrades Project in the amount of \$616,750. Approval of a sole source Purchase Order to Fuellgraf Chimney & Tower, Inc. to provide materials, equipment and labor for the Stanton Energy Center and Indian River Plant aviation obstruction lighting upgrades in the amount of \$552,750;
5. Approval of a sole source Purchase Order to High Temperature Technologies, Inc. to provide material and labor to install isomembrane on the Stanton Energy Center Unit 2 boiler's penthouse in the amount of \$114,880;
6. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Siemens Industry, Inc. in the amount of \$236,870 to continue providing standard parts for proprietary equipment and maintenance services through September 30, 2018, increasing the total Purchase Order amount to \$1,084,232;
7. Approval of Change Request No. 1 to the Capital Expenditure Estimate for Phase 1 of the Pine Hills Water Treatment Plant Ozone Generator Replacement Project in the amount of \$1,470,150, increasing the project cost to \$2,454,769. Approval of a Purchase Order to SUEZ Treatment Solutions, Inc. to provide ozone generator equipment and parts required for the Pine Hills Water Treatment Plant in the amount of \$1,470,150, pending final contract negotiations and OUC legal review;
8. Approval of the Electric Distribution Construction Estimate for Phase 1 of the Underground Cable Splice Replacement Project in the amount of \$990,060.17;
9. Approval of the Electric Distribution Construction Estimate for the TripSaver II Smart Grid Demonstration Project on Circuit No. 27-221 located in the St. Cloud service territory in the amount of \$667,056.14;

10. Authorization for the General Manager & CEO to execute the Joint Project and Reimbursement Agreements with Crockett Development Property, LLC for the Boggy Creek Road North Water Main Installation Project. Approval of Change Request No. 2 to the Water Distribution Capital Expenditure Estimate in the amount of \$7,790,041 for construction, administration, easement acquisitions and inspection costs necessary to complete the Boggy Creek Road North Water Main Installation Project, increasing the total project cost to \$9,332,608. Approval of a Purchase Order to Crockett Development Property, LLC for reimbursement of construction costs of Segments 1 and 2 in the amount of \$2,985,193;
11. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Southeast Power Corporation in the amount of \$4,000,000 to continue providing overhead transmission line construction, maintenance and storm support services during the first one-year renewal option, increasing the total Purchase Order amount to \$23,000,000;
12. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Power Grid Engineering, LLC to provide relay installation, testing and commissioning services in an amount not to exceed \$950,000, increasing the total Purchase Order amount to \$1,700,000;
13. Approval of a Capital Expenditure Estimate for the Data Domain Upgrade Project in the amount of \$539,515.86. Approval of a sole source Purchase Order to Dell EMC for hardware and implementation services required for the Data Domain Upgrade Project in the amount of \$819,999.97. The contract includes five years of maintenance and support services;
14. Approval of a sole source Purchase Order to Software House International Corp. for a three-year Enterprise Licensing Agreement for Microsoft software maintenance for the period of August 1, 2017 through July 31, 2020 in the amount of \$1,561,119;
15. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Gartner, Inc. to provide Technical Professional, Utility and CIO Executive Advisory Services through June 30, 2018 in the amount of \$269,299, increasing the total Purchase Order amount to \$521,597;

16. Approval of a Purchase Order to Ring Power Corporation for the purchase of two Caterpillar 745C Articulated Dump Trucks in the amount of \$1,374,526.80;
17. Approval of a single source Purchase Order to SimplexGrinnell LP for fire alarm, sprinkler and suppression system services in the amount of \$581,587. The contract term is three years with two one-year renewal options;
18. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Jarrett Gordon Ford in the amount of \$110,411 for the purchase of four vehicles, increasing the total Purchase Order amount to \$485,013; and
19. Approval of additional funding in the aggregate amount of \$230,000 with conforming Change Order No. 1 to Baker Tilly, McGladrey, Protiviti and Securance to provide Internal Audit co-sourcing services, increasing the aggregate Purchase Order amounts to \$905,000.

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Mindy Brenay stated that the April financial statement is included in the packet. There was a positive impact during May due to warmer weather and dry conditions. Income before contributions increased slightly during the month of May.

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Eric Rollings, an OUC customer, spoke about OUC's ten-year power plan and coal use.

Harry Boggs spoke about OUC's coal usage.

Jonathan Sebastian Blount, an OUC customer, thanked OUC for its efforts during the Caribbean American Heritage Carnival.

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Mr. Ksionek asked Clint Bullock to update the Board on the Florida Municipal Power Pool (FMPP) expansion with Tampa Electric Company (TECO). Mr. Bullock provided background information about the FMPP. One of the objectives

of the FMPP is to expand the membership of FMPP. To this end, the FMPP began discussions one year ago with TECO, an investor-owned utility. The scope is to optimize the generation fleet to meet the needs of the members load in the most economical manner. The objective is lower overall costs for each member.

A working group with representatives from each utility has been developed and meetings have taken place over the past year. The next meeting with the CEOs is June 28. The working group will be making a recommendation to proceed with the request to retain FERC legal counsel. An agenda item will be forthcoming at the July 11, 2017 Commission Meeting for legal counsel, contingent on CEO approval of the plan. This is a great opportunity for the FMPP.

Commissioner Gross asked for clarification about the necessary approvals. Mr. Bullock confirmed that this will require FERC and FPSC approvals and commented on the work necessary for these agreements.

Commissioner Kirby commented on the positives for an investor-owned utility being interested in joining the FMPP. He expressed concerns regarding broader regulatory implications.

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Mr. Ksionek asked Linda Ferrone to provide a presentation on the Continuous Improvement Center of Excellence (CoE). Ms. Ferrone stated that the CoE is focused on cost, time and quality. The CoE will implement a common approach to continuous improvements across OUC. Ms. Ferrone described how the CoE will assist the formation of tactical projects, initiatives and programs. The Business Units and departments will lead these endeavors with CoE providing assistance and expertise. Ms. Ferrone discussed the CoE's initial areas of focus, including Procurement, Customer Service and Metrics and Reporting.

Commissioner Kirby commented on the difference between measures versus drivers in regards to these sorts of initiatives. While cost, time and quality are measures of improvement, the drivers are the values and culture of the organization. He stressed that OUC check all initiatives and programs against OUC's values.

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Mr. Ksionek asked Jerry Sullivan to provide a presentation on the Customer Care and Billing (CC&B) system upgrade. Mr. Sullivan announced that it was 22 days

until CC&B Go-Live. He provided an overview of the current system and its uses in Meter Data Management, customer billing, dispatch, and other functions throughout OUC. He summarized the history and life cycle of the project leading up to the current phase of cutover and deployment. OUC has run 12 mock events to determine that everything maps over to the new system correctly, as well as three full dress rehearsals. He explained the actions before, during and after cutover. Staff will be running cutover out of the Incident Command Center (ICC) like a major incident, and three levels of support will be active, with an immediate escalation to Level 3 for customer impacting issues. Mr. Sullivan explained the quality assurance process, which is conducted by Oracle, IT and other departments. He discussed the dress rehearsal results from June 7-11. He explained customer impacts during the cutover period and how customers have been notified about this process. A dedicated information page was launched on ouc.com on May 29 and updated with timely and relevant content as the cutover moves closer. Mr. Sullivan explained the specific timeline for the cutover period, including the support and warranty period.

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Commissioner Gross thanked OUC for its focus on the Pulse victims and praised the community for its memorials and reactions. She thanked Mr. Sullivan for his CC&B Upgrade presentation. She stressed the importance of safe driving and driving without distractions.

Commissioner Calvet echoed the earlier praise for Mayor Dyer. He commented positively on the TECO FMPP update. He wished Mr. Sullivan and his team good luck in the CC&B Upgrade.

Mayor Dyer thanked everyone for the kind words, love and support after the Pulse shootings. He wished Mr. Sullivan and his team good luck for the CC&B Upgrade. He stressed the importance of cities being leaders in regards to national and international issues including climate change. He commented on the City of Orlando's commitment to honoring the Paris Climate Accords and the 100 percent renewables goal. He stressed OUC's importance as the City's power partner to achieving these goals. He remarked on the economic development reasons for increasing sustainability efforts and encouraging sustainable businesses to move to the area.

Commissioner Kirby thanked Mayor Dyer for his comments. He thanked Mr. Sullivan for his presentation and wished the team well in the transition. The American Public Power Association is returning to Orlando its annual conference in June. He thanked Mr. Rollings and Mr. Boggs for their comments. He applauded Mayor Dyer for the commitment to the Paris Climate Accords and

supports the goal of 100 percent renewables. He praised the celebrations held during Orlando United Day.

President Lee congratulated Melissa Dukes on her award. He thanked Mr. Bullock, Ms. Ferrone and Mr. Sullivan for their presentations. He commented on the Act, Love, Give posters and thanked Mayor Dyer for his leadership during this time.

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President Lee adjourned the meeting at 3:44 P.M.

President

Secretary