

**MINUTES**  
**ORLANDO UTILITIES COMMISSION**  
**July 12, 2011**  
**2:23 P.M.**

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**Present:**

**COMMISSIONERS:**

Maylen Dominguez, President (via telephone)  
 Dan Kirby, First Vice President  
 Craig McAllaster, Second Vice President  
 Linda Ferrone, Commissioner  
 Buddy Dyer, Mayor

Kenneth P. Ksionek, General Manager & Chief Executive Officer  
 Clint Bullock, Alvin Frazier, Roseann Harrington, Byron Knibbs, Denise Stalls,  
 Rob Teegarden, Vice Presidents  
 Chip Merriam, Chief Legislative & Regulatory Compliance Officer  
 John H. Hearn, Vice President & Chief Financial Officer  
 W. Christopher Browder, Vice President & General Counsel  
 Nanci Werline, Recording Secretary

Commissioner Kirby asked John Hearn to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:23 P.M., immediately following the Public Budget Workshop that commenced at 2:00 P.M.

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On a motion by Commissioner McAllaster, seconded by Commissioner Ferrone and unanimously carried, the reading of the minutes of the June 12, 2011 Commission Meeting was waived and the minutes were approved.

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Roseann Harrington presented the Know Your Numbers trophy to St. Cloud for their participation in the recent blood drive. Maria Scott and Gloria Lopez accepted the trophy.

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Ken Ksionek asked Kevin Noonan to provide a presentation on Affirmative Item A-6 regarding the Energy Delivered Program. Mr. Noonan explained the Home Fix-Up Program began in 1984 and provides up to \$2,000 in weatherization assistance to low-income customers. OUC contributes 85 percent of the total cost, while the customer is responsible for remaining 15 percent. The Financed

Insulation program is available to all customers who use electric heat and/or air conditioning and must increase insulation level to a minimum of R-19.

OUC will close out and rebrand the current programs as the “Energy Delivered” Program, which will also include window film, toilet replacement, air conditioning filters and irrigation repairs. This program will be open for customers of all income levels. OUC’s goal is to increase the total number of participants for the program from approximately 250 to 500 per year, which would result in additional annual energy savings of 570,000 kwh. There will be four eligibility and contribution levels that are based on customer income levels. The Energy Delivered Program will give all customers the option of paying for services up front, or spreading their payment over a 12-month, interest free period on their OUC bill.

Mayor Dyer asked if there was a change in the building code in 1979 which would explain why pre-1979 homes are being aggressively marketed for the program. He also commented that he hopes the marketing for the Energy Delivered program emulates the Green Neighborhoods Program. Mr. Noonan responded that insulation and toilet standards changed in 1979.

Commissioner Kirby asked if two-year financing will be available for the program, as it was in the Home Fix-Up Program, and if the program will be operated as first-come, first serve. Mr. Noonan responded that only one-year financing option is available for consolidation purposes, and that there is not yet a hard cap for participation.

Commissioner McAllaster asked if there will be an additional cost for one-year financing. Mr. Noonan replied that the program will have an incremental cost of approximately \$135,000 over what is currently being spent on the existing programs.

President Dominguez offered her support of the program and asked if customers will be given a variety of upgrade options. Mr. Noonan replied affirmatively.

Commissioner Kirby presented the Affirmative Items for approval. On a motion by Commissioner McAllaster and seconded by Mayor Dyer, the Affirmative Items were approved as follows:

1. Ratification of the above fuel procurements to the low bidders in April 2011 in the aggregate amount of \$9,791,192.68 as follows:

**NATURAL GAS PURCHASES:**

Apr. 2011	BP Energy Company	\$ 165,138.50
Apr. 2011	Chevron Natural Gas	\$ 537,864.89
Apr. 2011	ConocoPhillips	\$ 107,175.00
Apr. 2011	EDF Trading (Formerly Eagle Energy)	\$ 567,762.32
Apr. 2011	Gavilon, LLC	\$1,228,088.67
Apr. 2011	Infinite Energy	\$1,056,575.05
Apr. 2011	National Energy & Trade	\$ 610,813.54
Apr. 2011	NJR Energy Services	\$ 114,038.39
Apr. 2011	Sequent Energy Management	\$ 195,594.28
Apr. 2011	Texla Energy Management, Inc.	\$2,284,260.39

Apr. 2011	Total Gas & Power	\$1,006,869.83
Apr. 2011	Virginia Power Energy Marketing, Inc.	\$1,501,719.93

**NO. 2 AND NO. 6 FUEL OIL PURCHASES:**

Apr. 2011	Automated Petroleum & Energy Co., Inc.	\$ 228,531.81
Apr. 2011	TransMontaigne Product Services Inc.	\$ 186,760.08

2. Approval of RFP #3084 – Contract award to Aquilex SMS, Inc., the lowest, most responsive and responsible vendor, to perform the Stanton Energy Center Unit 2 steam generator inspection, repairs and installation services in an amount not to exceed \$3,500,000, subject to final contract negotiations and OUC legal review;
3. Approval of the Capital Expenditure Estimate for the Taft and Pine Hills Substation Breaker Replacement Project at an estimated cost of \$768,000. Approval of a Purchase Order to Power Engineers, Inc. to provide design engineering and construction management services for the project in an amount not to exceed \$344,000;
4. Approval of RFP #3083 – Contract award to Florida Door Solutions, the lowest, most responsive and responsible vendor, for preventative maintenance and repairs for all barrier gates and arms, dock levelers and overhead doors for a three-year period in the amount of \$119,891;
5. Approval of RFP #2944 – Contract award to Vic's Painting Inc., Saxonis Painting & Reconstruction and Picasso Painting, the most responsive and responsible vendors, in the amounts of \$700,000 each, for an aggregate amount of \$2,100,000, to provide painting services for a three-year period ;
6. Approval of additional funding in the amount of \$700,000 with conforming Change Order No. 2 to Aqua Cops Water Systems, Inc. for the continuation of Home Fix-Up and Insulation Services through June 8, 2013, increasing the total Purchase Order amount to \$1,035,000;
7. Approval of a single source Purchase Order to Mansfield Oil Company of Gainesville, Inc. for unleaded gasoline, low sulfur diesel and biodiesel fuel purchases for a one-year period in the amount of \$4,250,000;
8. Approval of an OUC initiated scope change and conforming Change Order No. 1 to The Doctors Center Health Services, Inc. for a one-year renewal option to continue providing mobile medical services for the Stanton Energy Center employees in an amount not to exceed \$30,000, increasing the total Purchase Order amount to \$125,274;
9. Approval of an OUC initiated scope change and conforming Change Order No. 5 to Tetra Tech, NUS Inc. In the amount of \$1,000,000 to

continue services with the Pershing Asphalt Removal & Replacement Project and additional projects anticipated in Fiscal Year 2012, increasing the total Purchase Order amount to \$2,186,021;

10. Authorization for the General Manager & CEO to execute an easement with BellSouth Telecommunications, Inc., a Georgia corporation, d/b/a AT&T Florida. for property located west of Alafaya Trail and south of Pope Street;
11. Authorization for the General Manager & CEO to execute the Release of Utility Easement for Monte Carlo, Inc., for property located south of 39th Street and west of South Orange Blossom Trail; and
12. Authorization for the General Manager & CEO to execute banking contracts and related documents with Bank of America Merrill Lynch, pending OUC legal review and approval. Approval of RFP #3043 – Contract awards to Bank of America Merrill Lynch, the most responsive and responsible vendor, to provide banking services for a three-year period in an amount not to exceed \$528,000; and to Bill2Pay, the lowest, most responsive and responsible vendor, to provide lockbox services for a three-year period in the amount of \$362,000.

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John Hearn reported that the month of June saw a positive variance in electric retail revenue, electric wholesale revenue and water revenue. OUC was approximately \$1.5 million ahead of budgeted net income through the month of June 2011, due to cost cutting efforts and higher revenue.

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Mr. Ksionek asked Rob Teegarden to give an update on the Water Integrated Resource Plan (WIRP). Mr. Teegarden explained the purpose of OUC's planning efforts are to identify the best combination of water resources to meet future water demands. Because of the regulatory uncertainty, OUC is not able to determine the exact mix. The WIRP has helped formulate strategies to pursue, which will allow OUC to develop the best resource mix over time. OUC's WIRP strategies include pursuing maximum groundwater allocation, increasing conservation to highest level of sustainable water savings, enhancing reclaimed water utilization and optimizing timing and participation in alternative water supply options. Meeting the water needs in 2030 will require the use all resources evaluated in the study. Pursuing these strategies will help to ensure that OUC's mix of water resources will be reliable and affordable while protecting the environment. Mr. Teegarden discussed the Consumptive Use Permit (CUP) modifications. OUC's CUP modification with a five-year extension for Project RENEW was approved at the May 10, 2011 Water Management District Governing Board Meeting.

Mr. Teegarden reported that the current Central Florida Coordination Area (CFCA) rule sunsets December 31, 2012, and will be replaced with Central Florida Water Initiative (CFWI). The CFWI will involve seven large utilities and three Water Management Districts. OUC submitted extensive comments to the St. Johns River Water Management District (SJRWMD) on three proposed lake Minimum Flow Levels (MFL) and two amended lake MFLs and also made a presentation at the SJRWMD Board Workshop held in March. Unresolved technical issues exist for many MFLs. OUC retained CH2MHill to prepare a water conservation master plan which is scheduled to be completed in Fall 2011. The City of Orlando Eastern Regional Reclaimed Water Distribution System (ERRWDS) project is complete. As a result, Baldwin Park irrigation was converted from potable to reclaimed water on March 31, 2011, and East Park is still in progress. For the past several months, the City of Orlando and OUC have engaged in preliminary discussions about optimizing where and how the limited supply of reclaimed water will be used.

Mr. Teegarden discussed several possible alternative water supplies. Currently the best option is the Taylor Creek Reservoir (TCR) Project, which has been delayed.

Commissioner Kirby asked to quantify the East Park program in terms of mgds or numbers of homes impacted. Debbie Bradshaw responded that East Park used approximately 200,000 gallons per day of potable irrigation water in 2010 and is estimated to use approximately 225,000 gallons per day at buildout.

Commissioner Kirby asked for clarification about the significant obstacles in providing reclaimed water to new areas. Mr. Teegarden responded that, if enough reclaimed water is not being generated at the right times, it can be volume-limited or seasonably constrained to provide good customer service.

Commissioner McAllaster asked about the status of Project RENEW. Mr. Teegarden answered that the line to Apopka involves a large capital investment. OUC is evaluating a phased Project RENEW process with reclaimed water suppliers and customers so that it can be better utilized.

Mayor Dyer asked about the litigation with Deseret, the landowner, regarding the TCR Project. Mr. Teegarden responded that the SJRWMD lost the case and Deseret won the right to use more water for agricultural purposes. Chris Browder stated that the litigation surrounded the rights to deposit water versus take water out of the reservoir.

Commissioner Ferrone thanked OUC for her recent visit with the water team and stated that she would like to see smaller water utilities' aggregate together in order to supply better service.

Commissioner McAllaster commended OUC on the Baldwin Park irrigation conversion.

Mr. Ksionek asked Chris Browder to provide a summary of OUC's due diligence effort on the VC Summer Unit 2 and 3 Nuclear Project. Mr. Browder reminded

Commissioners that OUC has a current letter agreement with Santee Cooper that allows OUC to go through due diligence on the VC Summer Plant. The letter of intent was signed in March 2011 and the due diligence period runs through the end of July 2011. OUC has completed several extensive due diligence requests and engaged outside counsel to review more sensitive documents. There have been initial drafts of power purchase agreements, transmission agreements and purchase and sale agreements. OUC and Santee Cooper participate in weekly meetings to review these documents and negotiate. Mr. Browder recommended extending the letter of intent through the end of calendar year 2011 as it has become apparent that due diligence will not be completed by the end of July 2011. Mr. Ksionek will extend the letter agreement and Mr. Browder will continue to make progress reports to the Commission.

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President Dominguez left the call at 3:14 P.M.

Mayor Dyer commented on recent events in the City of Orlando including the groundbreaking of the Dr. Phillips Performing Arts Center, the rededication of the refurbished Lake Eola Centennial Fountain and the approval of SunRail.

Commissioner Ferrone stated that she recently received an orientation with the Water Business Unit. She stated that OUC employees take pride and appreciation in their work and business model, which is very unique in the industry. She thanked OUC employees for their hard work and dedication.

Commissioner McAllaster commented that even in financially difficult times, it is important that OUC continue to maintain equipment in order to preserve reliability for customers. However, as a result, OUC rates are high and it is important to do everything possible to lower rates.

Commissioner Kirby praised the efforts of the Financial Services team in using rate stabilization funds to maintain customer rates in their preparation of the budget and capital plan. He stated that it is important in the current financial times for OUC to analyze business strategies. He praised Mr. Noonan and his staff on the Energy Delivered Program and hopes that customers will become more involved in conservation efforts. He acknowledged the approval of SunRail and praised the City's efforts on the lighting of the Lake Eola Centennial Fountain. He also acknowledged the passing of former Orlando Mayor Carl Langford.

Mr. Ksionek provided an update on the health of former General Manager & CEO, Curt Stanton, and urged the Commission to keep him in their thoughts and prayers.

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Commissioner Kirby adjourned the meeting at 3:23 P.M.

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President

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Secretary