

MINUTES
ORLANDO UTILITIES COMMISSION
December 10, 2013
2:00 P.M.

Present:

COMMISSIONERS:

Dan Kirby, President
Linda Ferrone, First Vice President
Maylen Dominguez, Second Vice President
Gregory D. Lee, Commissioner
Buddy Dyer, Mayor

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

President Kirby asked Ron Toporek to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:06 P.M.

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On a motion by Commissioner Ferrone, seconded by Mayor Dyer and unanimously carried, the reading of the minutes of the November 12, 2013 Commission Meeting was waived and the minutes were approved.

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Roseann Harrington announced that OUC held its 14th Annual Half-Marathon on December 7, 2013. Approximately 3,800 runners participated in the Half-Marathon and approximately 1,800 runners participated in the 5K, including 62 OUC employees and family members.

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Mr. Ksionek asked Jan Aspuru to give a presentation on Affirmative Item A-4 regarding the Renewable Energy Power Purchase Agreement (PPA) for 9 MW of Landfill Gas to Energy (LFGE). Mr. Aspuru explained that while OUC does not currently require new generation capacity, OUC continuously looks for

opportunities to expand its renewables portfolio. Because there are limited LFGE opportunities, OUC should take advantage of this market purchase. Mr. Aspuru stated that OUC's total current renewable capacity is 37 MW, with 25.8 MW generated from landfill gas. He discussed OUC's Strategic Initiative Number 4 regarding Sustainable Use of Electric and Water Resources, and related how this agreement will contribute to OUC's clean energy strategy. Mr. Aspuru provided an overview of the contract with Shaw Environmental, Inc. (Shaw). The term of the contract is 20 years effective Spring 2015, with an option to extend for up to five successive two-year periods. OUC will not contribute any capital investment, and will only pay for megawatt hours received. The remaining contractual conditions include the final transmission and distribution agreements, the interconnection agreement between Duke Energy (Duke) and Shaw, and final OUC legal review.

Commissioner Dominguez inquired about the distance to each of the current landfills that provide landfill gas to energy to OUC. Claston Sunanon responded that the Holopaw landfill is approximately 54 miles and the Port Charlotte landfill is 187 miles away. Mr. Aspuru added that the costs to wheel energy through transmission lines is calculated based on tariffs and infrastructure, not distance.

President Kirby asked about the distance the energy would be wheeled through Duke's transmission lines before connecting with OUC's distribution system. Mr. Aspuru responded that it would be approximately 25 miles and if Duke's transmission and wheeling costs rise substantially, OUC would consider the economics of building its own transmission/distribution line. Commissioner Lee inquired if the agreement would allow this and Mr. Aspuru stated that it is not officially addressed in the contract, but it would be allowed if it potentially benefitted both Shaw and OUC.

Commissioner Ferrone asked for clarification regarding OUC's call rights granted by the agreement. Mr. Aspuru responded that OUC would receive first call rights for any new generation up to 20 MW, and OUC would have to match the economics from other parties.

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President Kirby announced a conflict of interest regarding Affirmative Item A-17. President Kirby presented the remaining Affirmative Items for approval. On a motion by Commissioner Dominguez and seconded by Commissioner Lee, the Affirmative Items, with the exception of Affirmative Item A-17, was approved as follows:

1. Ratification of the above fuel procurements to the low bidders in September 2013 in the aggregate amount \$12,317,945.63 as follows:

NATURAL GAS PURCHASES:

Sep. 2013	BP Energy	\$ 710,167.64
Sep. 2013	EDF Trading (Formerly Eagle Energy)	\$ 544,825.02

Sep. 2013	ETC Marketing, Ltd.	\$ 668,694.90
Sep. 2013	Gavilon LLC	\$ 670,719.84
Sep. 2013	Infinite Energy	\$3,053,604.20
Sep. 2013	Macquarie Cook Energy, LLC	\$ 425,763.00
Sep. 2013	National Energy & Trade	\$ 968,619.69
Sep. 2013	NJR Energy Services	\$ 597,786.60
Sep. 2013	Shell Energy	\$ 394,911.88
Sep. 2013	Southwestern Energy	\$ 675,074.89
Sep. 2013	Texla Energy Management, Inc	\$1,823,202.71

COAL PURCHASES:

Sep. 2013	Alpha Coal Sales, LLC	\$ 641,169.36
Sep. 2013	JP Morgan	\$1,143,405.90

2. Ratification of an OUC initiated scope change and conforming Change Order No. 1 to Aquilex SMS, LLC to provide repair services for the Stanton Energy Center Unit 2 steam generator in the amount of \$271,294.46, increasing the total Purchase Order amount to \$2,021,294.46;
3. Authorization for the General Manager & CEO to execute an Interchange Service Agreement between New Hope Power Company and OUC, pending final OUC legal review and approval;
4. Authorization for the General Manager & CEO to execute a Renewable Energy Power Purchase Agreement between Shaw Environmental Inc. and OUC to purchase energy for a twenty-year term in the amount of \$85,678,000, subject to final OUC legal review and approval;
5. Approval of Purchase Orders to Southern Company Rail Services, Inc.; City of Lakeland; Gainesville Regional Utilities; CSX Transportation; Tennessee Valley Authority; Alabama Power Company; Crimson Management; Duke Energy; Tampa Electric Company; Indiantown Cogeneration, L.P.; Progress Rail Leasing Corporation; South Carolina Public Service Authority; Trinity Industries Leasing Company; First Union Rail; GATX Corporation; JAIX Leasing Company; Mitsui Rail Capital and Vulcan Materials Company for short-term leases of coal unit trains based on availability and price through Fiscal Year 2016 in the aggregate amount not to exceed \$2,900,000;
6. Approval of RFP #3593 - Contract award to Lhoist North America of Alabama, LLC, the lowest, most responsive and responsible vendor, to provide hydrated lime for the Stanton Energy Center dry sorbent injection delivery system in the amount of \$6,579,120, pending final contract negotiations and OUC legal review. The contract term is three years with two one-year renewal options;

7. Approval of an OUC initiated scope change and conforming Change Order No. 2 to Brenntag Mid-South, Inc. in the amount of \$164,901 to continue supplying hydrofluosilicic acid through November 9, 2014, increasing the total Purchase Order amount to \$607,718.60;
8. Approval of an OUC initiated scope change with confirming Change Order No. 1 to Air Liquide Industrial U.S. LP in the amount of \$1,000,147 to continue supplying liquid oxygen to OUC's six Water Treatment Plants through September 30, 2014, increasing the total Purchase Order amount to \$2,900,147;
9. Approval of the Electric Distribution Construction Estimate for the underground electric distribution system at West Church Street and South Rio Grande Avenue to serve the Florida Citrus Bowl Reconstruction in the amount of \$686,930.64, with customer contributions in the amount of \$529,293;
10. Authorization for the General Manager & CEO to execute the Joint Participation Agreement with the City of Orlando for the GOAA Hangers 407 & 431 Fire Protection Source Water Conversion Project. Approval of the Water Distribution Construction Estimate for construction, administration and inspection costs for the GOAA Hangers 407 & 431 Fire Protection Source Water Conversion Project in the amount of \$2,030,065.72. Approval of a Purchase Order to the City of Orlando for reimbursement of construction costs related to the GOAA Hangers 407 & 431 Fire Protection Source Water Conversion Project in the amount of \$1,968,887.65;
11. Approval of RFP #3568 - Contract award to Energy Erectors, Inc., lowest, most responsive and responsible vendor, to perform substation construction services for the Holden to Southwood Transmission Line Upgrade Project in the amount of \$106,800 and for the Southwood Substation Transformer Project in the amount of \$607,000, for an aggregate amount of \$713,800;
12. Approval of RFP #3542 - Contract award to DocuSphere, the most responsive and responsible vendor, for software licenses and implementation services in the amount of \$441,000. The contract term includes five years of maintenance support;
13. Approval of Bid #3591 - Contract awards to Briggs Equipment, Inc., the lowest, most responsive and responsible bidder, for the purchase of three man lifts in the amount of \$324,938.46 and MacKinnon Equipment & Services, the lowest, most responsive and responsible

bidder, for the purchase of two material handlers in the amount of \$197,806.51, for an aggregate amount of \$522,744.97;

14. Approval of a RFP #3584 - Contract award to Florida Handling Systems, Inc., the most responsive and responsible vendor, for overhead crane and hoist maintenance and repair services in the amount of \$220,000. The contract term is three years with two one-year renewal options;
15. Approval of a single source Purchase Order to Aetna Life Insurance Company to provide limited scope services for Phase Two of the Wellness Program in the amount of \$300,000. The contract term extends from January 1, 2014 through December 31, 2016;
16. Authorization for the General Manager & CEO to execute the Partial Release of Easement, for property located south of Dowden Road and west of Narcoossee Road, originally granted under the terms of a Lighting Service Agreement;
17. Pulled for separate vote;
18. Approval of the 2014 Commission Meeting dates at 2:00 p.m. on the following dates: January 28, March 11, April 8, May 13, June 10, July 8, August 26, October 14, November 11 and December 9. No meetings will be held in February and September;
19. Approval of an OUC initiated scope change and conforming Change Order No. 3 to IBM Corporation in the amount of \$149,048.69 for annual software maintenance and support fees for the period of January 1 through December 31, 2014, increasing the total Purchase Order amount to \$566,530.58; and
20. Approval of an OUC initiated scope change with conforming Change Order No. 2 to Persistent Systems, Inc. in the amount of \$198,372 to continue providing support services for Secure Account Management through December 2014, increasing the total Purchase Order amount to \$463,372.

On a motion by Commissioner Ferrone, and seconded by Commissioner Lee, Affirmative Item A-17 was approved as follows:

17. Authorization for the General Manager & CEO to execute the Subordination of Utility Interests between the Florida Department of

Transportation and OUC for Parcel 209.5, located south of Fairway Woods Boulevard and west of Landstar Boulevard.

President Kirby previously announced a conflict of interest and abstained from the vote.

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President Kirby asked if there were any comments for New Business Item 1 regarding the Commissioner nomination. The City of Orlando's Nominating Board submitted three candidates for consideration of the position currently held by President Dan Kirby, which expires December 31, 2013.

President Kirby announced a conflict of interest, inasmuch as this matter considers his own appointment. He stated that he will refrain from the discussion and vote on this item, per Florida State Statute, in that no member of a municipal council should vote on a motion regarding their right as a member.

Commissioner Dominguez moved to enable President Dan Kirby, an OUC customer and qualified elector, to succeed himself as a Commission member, as is allowed by the Charter of the Commission, and that his name be submitted for consideration as the Commission's nomination to the Orlando City Council for election to serve a term of four years, effective January 1, 2014. Commissioner Ferrone seconded the motion and it was approved on a vote of 4-0. President Kirby abstained from the vote.

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President Kirby presented New Business Item 2 for approval. On a motion by Commissioner Ferrone and seconded by Mayor Dyer, NB-2 was approved as follows:

NB-2 Adoption of the proposed LED street light service rates of \$10.33 for 101-watt and \$13.49 for 168-watt to be effective December 10, 2013, pending Florida Public Service Commission review.

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Commissioner Ferrone reported that the Finance Committee held its regular meeting on November 21, 2013. The Committee reviewed the annual Energy Risk Management Report and Treasury Report. The annual plan of finance, which includes the renewal of a liquidity facility and issuance of bonds to fund a portion of the capital plan, was discussed. Specific recommendations related to these transactions will be finalized early in 2014 and brought to the Board for approval.

The Committee completed its annual review of the Investment, Debt and Derivatives Policies. As part of the changes recommended, the three policies will

be combined into one Treasury Policy. Other changes are outlined in the agenda item.

The Committee also reviewed the Energy Risk Management Policy and proposes some clarifications. There are no substantive changes to the policy. The Finance Committee recommends approval of the new Treasury Policy and the revised Energy Risk Management Policy.

The Finance Committee discussed proposals received to provide financial advisory services. The Committee recommends that OUC retain PFM to provide financial advisory services for a three-year period, with two one-year renewal options.

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

PRES-1a Adoption of the proposed Treasury Policy and revisions to the Energy Risk Management Policy as recommended by the Finance Committee.

On a motion by Commissioner Ferrone and seconded by Commissioner Lee, PRES-1b was approved as follows:

PRES-1b Approval of RFP #3558 - Contract award to Public Financial Management, Inc., the most responsive and responsible vendor, to provide financial advisory services for Fiscal Year 2014 in the amount of \$250,000. The contract term is three years with two one-year renewal options.

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John Hearn reported that OUC is approximately \$2 million ahead of budget for the first two months of Fiscal Year 2014.

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Mr. Ksionek asked Chip Merriam to provide a Legislative Update. Mr. Merriam described the current political landscape while also looking ahead to the 2014 United States Congressional elections. A bipartisan "supercommittee" was created after the government shutdown in order to develop a means to prevent future occurrences.

Mr. Merriam explained the Environmental Protection Agency's rulemaking efforts as a result of the President's memorandum to reduce greenhouse gas emissions by 17 percent from 2005 levels by 2020, and discussed the potential effects on OUC. The EPA is meeting the requirements of the President's directive by issuing proposed rules by June 1, 2014, with final guidelines by June 1, 2015. The states will submit plans by June 30, 2016.

Commissioner Dominguez inquired as to whether the EPA will determine whether the states' plans are satisfactory based on a rubric or set of standards, and Mr. Merriam replied negatively. The determinations of the EPA will be subjective.

Mr. Merriam discussed current policy discussions in the State of Florida that included corrections, ethics package, state economy, state lottery, voting reform, governance, minimum flows and levels, a guidance memorandum from the Governor and the Springs Protection Bill. He stated that because of OUC's size, there have been assertions that the Florida Public Service Commission should have some oversight over the organization.

President Kirby commented that OUC should be proactive about understanding how legislative issues will affect OUC's Integrated Resource Plan. He stated the importance about speaking with legislators in regards to the local governance legislation and requested an update from Mr. Merriam on these issues.

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Commissioner Lee praised the OUC Half-Marathon and 5K event and stated he will endeavor to participate in 2014. He thanked Mr. Merriam for his in-depth update.

Commissioner Ferrone thanked John Hearn and the Financial & Support Services staff for taking the opportunity to modernize financial policies. She also stated her appreciation for the update on renewables.

Mayor Dyer announced the opening of See Art Orlando, in which OUC participated in providing solar energy to light several of the art pieces. Mayor Dyer commented on the Major League Soccer expansion team coming to Orlando in 2014. He wished everyone a Happy Holiday.

Commissioner Dominguez stated she was thrilled to hear the update on the Renewable Energy Power Purchase Agreement for the 9 MW Landfill Gas to Energy, and emphasized the importance on diversifying OUC's portfolio. She thanked Mayor Dyer for the new artwork.

President Kirby also praised Mayor Dyer for the new artwork. He stated that he recently represented OUC at the One Orlando Economic Development Commission Regional Summit, along with Roseann Harrington and Bobby Collins. He is excited about OUC's participation in the regional branding and economic development effort. He emphasized the importance of safe operations and expressed his wishes for a safe holiday season.

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President Kirby adjourned the meeting at 3:03 P.M.

President

Secretary