

MINUTES
ORLANDO UTILITIES COMMISSION
January 28, 2014
2:00 P.M.

Present:

COMMISSIONERS:

Dan Kirby, President
 Maylen Dominguez, Second Vice President
 Gregory D. Lee, Commissioner (via telephone)
 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 John Hearn to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:00 P.M.

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On a motion by Commissioner Dominguez, seconded by Mayor Dyer and unanimously carried, the reading of the minutes of the December 10, 2013 Commission Meeting was waived and the minutes were approved.

On a motion by Mayor Dyer, seconded by Commissioner Dominguez and unanimously carried, the reading of the minutes of the December 17, 2013 Special Commission Meeting was waived and the minutes were approved.

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President Kirby called for the election of officers to serve on the 2014 Commission. Mayor Dyer moved to nominate Dan Kirby as President, Linda Ferrone as First Vice President and Maylen Dominguez as Second Vice President. The motions carried unanimously.

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

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

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

Mr. Ksionek also provided proposed dates for the 2014 Audit and Finance Committee Meetings for review by the respective Commissioners.

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

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Commissioner Lee left the meeting at 2:05 P.M.

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Roseann Harrington announced that the 2014 OUCares Workplace Giving Campaign was the largest employee donation in the company’s history at \$160,956.52.

Ms. Harrington presented awards to OUC’s Top 3 PROUD Volunteers of the Year for 2013: Michael Weiner (2,171 hours), Nioker White (1,104 hours) and Thomas Johnson (930 hours).

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

1. Ratification of the above fuel procurements to the low bidders in October 2013 in the aggregate amount \$17,345,092.13 as follows:

NATURAL GAS PURCHASES:

Oct. 2013	BP Energy	\$ 670,668.87
Oct. 2013	EDF Trading (Formerly Eagle Energy)	\$ 900,719.50

Oct. 2013	Enbridge Marketing, LP	\$ 549,305.46
Oct. 2013	Gavilon LLC	\$ 135,017.42
Oct. 2013	Macquarie Cook Energy, LLC	\$1,215,266.95
Oct. 2013	National Energy & Trade	\$1,391,124.84
Oct. 2013	NJR Energy Services	\$ 891,742.25
Oct. 2013	Sequent Energy Management	\$ 190,451.90
Oct. 2013	Shell Energy	\$1,682,295.76
Oct. 2013	Tenaska Marketing Ventures	\$ 106,696.36
Oct. 2013	Texla Energy Management, Inc.	\$2,291,683.19

COAL PURCHASES:

Oct. 2013	Alpha Coal Sales, LLC	\$1,289,951.08
Oct. 2013	Eastern Coal & Coke Co.	\$ 633,635.40
Oct. 2013	Foresight Coal Sales, LLC	\$ 507,505.95
Oct. 2013	Crimson Coal Corporation	\$1,731,875.86
Oct. 2013	JP Morgan	\$3,157,151.34

2. Approval of a sole source Purchase Order to General Electric International, Inc. to repair the Stanton Energy Center Unit B compressor stator and exhaust seals in the amount of \$267,661.17;
3. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Dedicated Transport, LLC and T. Wayne Hill Trucking, Inc. for three-year contract extensions to provide lime slurry to the Stanton Energy Center in the amount of \$3,450,000, increasing the total Purchase Orders aggregate amount to \$15,450,000;
4. Approval of RFP #3540 - Contract award to Enertechnix Process Sensors, Inc., the most responsive and responsible vendor, to provide equipment, online monitoring systems and technical field assistance for the Stanton Energy Center Infrared Boiler Furnace Camera Project in the amount of \$181,072, pending final contract negotiations and OUC legal review;
5. Approval of RFP #3619 - Contract award to Aquilex SMS, LLC, the sole responsive and responsible vendor, to perform the Stanton Energy Center Units 1 & 2 and SEC B inspections and repair services required for the Air Heater Expansion Joints Replacement Project in the amount of \$2,766,450, subject to final contract negotiations and OUC legal review;
6. Approval of RFP #3615 - Contract award to Underwater Solutions, Inc., the lowest, most responsive and responsible vendor, to provide water storage tank inspection and cleaning services in the amount of \$110,115, pending final contract negotiations and OUC legal review. The contract term is three years with two one-year renewal options;

7. Approval of a Purchase Order to ABB, Inc., in accordance with the existing Purchasing Agreement, to provide power circuit breakers required for the Pershing to Stanton 115kV Transmission Line Upgrade Project in the amount of \$195,000;
8. Approval of Change Request No. 1 to the Transmission Capital Expenditure Estimate to complete the work required for the Access Pads, Roads & Compensating Storage Project required for the St. Cloud North to East Transmission Line in the amount of \$470,000, increasing the total project cost to \$4,910,000. Approval of additional funding in the amount of \$470,000 with conforming Change Order No.1 to Jimmy Hickman Excavating for the construction of access pads, roads and compensating storage areas, increasing the total Purchase Order amount to \$4,770,000;
9. Approval of additional funding in the amount of \$650,000 with conforming Change Order No. 1 to the Southeast Power Corporation Purchase Order to continue providing transmission line construction services, increasing the total Purchase Order amount to \$7,550,000;
10. Approval of a single source Purchase Order to AT&T Mobility to provide cellular voice and data services in the amount of \$1,500,000. The contract term is three years;
11. Approval of RFP #3598 - Contract award to Market Strategies International, the most responsive and responsible vendor, to perform customer transactional survey services in the amount of \$323,000, pending OUC legal review and approval of the contract. The contract term is three years with two one-year renewal options;
12. Approval of RFP #3621 - Contract award to Convergent Outsourcing, Inc., the most responsive and responsible vendor, to provide overflow call center services in the amount of \$460,000 for a one-year period, pending OUC legal review and approval of the contract. The contract term is three years with two one-year renewal options;
13. Approval of RFP #3604 - Contract award to Prosys Information Systems, the most responsive and responsible vendor, to provide the NICE workforce management software solution including installation, training and maintenance in the amount of \$109,230, pending final legal review and contract approval. The contract term is three years with two one-year renewal options;
14. Approval of an OUC initiated scope change and conforming Change Order No. 2 to K&M Machine Shop, Inc. in the amount of \$174,000 to

continue refurbishing and modifying water meter lids, increasing the total Purchase Order amount to \$263,800;

15. Approval of RFP #3518 - Contract award to MTM Recognition Corporation, the most responsive and responsible vendor, to provide gifts and administer the Employee Service Award and Recognition Program in the amount of \$225,000, pending final legal review and contract approval. The contract term is three years with two one-year renewal options; and
16. Authorization for the General Manager & CEO to execute the Release of Easement for Racetrac Petroleum, Inc. for property located west of Narcoossee Road and south of Tagore Place.

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Commissioner Dominguez reported that the Audit Committee conducted its regular meeting on December 11, 2013. Internal Audit activities were presented to the Committee including an overview of three recently completed Internal Audit reports.

The annual review of the Purchasing Policy was conducted. Only minor administrative changes to the Policy were recommended. Changes in operational procedures were reviewed. The annual review of OUC's Diversity Program was also presented. OUC is continuing to look for innovative ways to enhance this program.

The results of the September 30, 2013 financial statement audit were presented, including the annual audited financial statements, the unmodified audit opinion and the ten-year financial and statistical report. Income before contributions for the year ended September 2013 was \$73.9 million and total assets were \$3.3 billion.

In addition to the unmodified opinion, Ernst & Young presented reports regarding internal controls and management letter comments, each with no findings. Ernst & Young also presented a summary of their audit procedures, including the manner in which risks were addressed.

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Ms. Harrington recognized former OUC Commissioner Katie Porta in the audience and stated that Ms. Porta was recently recognized as *Orlando Sentinel's* 2013 Central Floridian of the Year. Ms. Harrington presented a short video highlighting Ms. Porta's achievements at Quest.

President Kirby read a Resolution of Appreciation for adoption to recognize Ms. Porta.

RESOLUTION OF APPRECIATION

Whereas, the Orlando Utilities Commission wishes to congratulate Katie Porta on being recognized as Orlando Sentinel's "2013 Central Floridian of the Year"; and

Whereas, for 32 years, Ms. Porta served as a committed and ethical leader, who fought with courage and perseverance for the rights and empowerment of a voiceless segment of the community; and

Whereas, Ms. Porta's vision transformed a small organization with a \$130,000 operating budget into what is known today as Quest, Inc., a \$30-million operation with more than 650 team members who provide premier services and improve the quality life of over 1,100 individuals each day; and

Whereas, with her passion, one-of-a-kind personality and strong voice, Ms. Porta raised awareness at the state and local levels of the impact that the business community can have on people with disabilities, helping them achieve their dreams of going to school, having a job and living independently; and

Whereas, under her leadership, Quest Inc. developed Project SEARCH, a one-year training program that changes corporate culture and adds diversity to the workforce by providing competitive employment opportunities to high school students with disabilities, allowing them to develop job skills for long-term success and giving employers access to a talented underutilized workforce; and

Whereas, Ms. Porta strengthened her influence by serving an eight-year tenure on the Orlando Utilities Commission (OUC) board, including three years as President, in which she led OUC through a period of exceptional challenges to the electric and water industry, promoted innovative renewable initiatives such as the approval of the first solar farm in Orange County and was the champion of affordable electricity and water for customers particularly those in some of the least efficient homes.

Now, Therefore, Be it Resolved, the Orlando Utilities Commission expresses its deepest gratitude to former Commissioner, President and friend Katie Porta, for her powerful impact to the Central Florida community and her passionate, loyal and able service as a member of this Commission.

Be It Further Resolved that the Orlando Utilities Commission recognizes Ms. Porta for her outstanding leadership and service by making this Resolution a part of the official Commission records and by presenting to her a testimonial copy as a symbol of the pride and esteem in which she is held by the Commission.

Dated this 28th day of January, 2014.

/s/ Dan Kirby
Commission President

/s/ Linda Ferrone
First Vice President

/s/ Maylen Dominguez
Second Vice President

/s/ Gregory D. Lee
Commissioner

/s/ Buddy Dyer
Mayor

/s/ Kenneth P. Ksionek
General Manager & CEO

Ms. Porta thanked the Board for their recognition.

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John Hearn reported that OUC net income is approximately \$2.1 million ahead of budgeted net income for Fiscal Year 2014.

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Mr. Ksionek asked Jerry Sullivan to provide an update on the Meter Data Management (MDM) Project. Mr. Sullivan stated that MDM Phase II went live successfully on January 20, 2014. The budget for the entire MDM Project was \$10.4 million and the Project came in under budget.

George Delacova, Solutions Architect for the Project, explained the decrease in payment center customer reconnection times with the new MDM system, as well as the overall benefit to customers. He also discussed typical real-time customer interactions under the new system.

Mr. Sullivan thanked Mr. Delacova, Ashish Smart and Project Manager Margaret James for their work on the Project.

President Kirby commented on the importance of conveying the message to customers regarding the increased speed of reconnecting service.

Commissioner Dominguez asked if customers at third-party payment centers are given an estimate for service times. Ms. Harrington replied that this is information OUC needs to personally communicate to its customers.

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Mr. Ksionek asked Chip Merriam to provide an update on the proposed Minimum Flow Levels (MFL) rule development. Mr. Merriam explained the difficulties and challenges between the utilities and water management districts in Central Florida. He discussed guiding principles from 2006 as related to current regulatory goals and technical collaboration. OUC has done an exemplary job in conserving water usage, including utilizing reclaimed water.

Mr. Merriam discussed several concerns, including the difficulty in distinguishing groundwater impacts from other impacts, ignoring cost considerations while determining groundwater availability, and changing models and lack of error

quantification. He stressed the importance of OUC commenting to the water management districts regarding the rule development.

Commissioner Dominguez asked if these models are based on historical usage or other criteria. Mr. Merriam replied that every model uses different criteria.

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Mr. Ksionek commented on two recent Power Purchase Agreements (PPA). The Lake Worth PPA went into effect on January 1, 2014, and represents approximately \$12 in total annual revenue. The Winter Park PPA went into effect on December 31, 2013, which has an expected annual revenue of \$5 million. He thanked Clint Bullock, Jan Aspuru and their teams for their hard work on these projects and stressed the importance of seeking out other PPAs.

Mr. Ksionek stated that OUC has sold excess energy in response to weather-related demands during the month of January, in the amount of approximately \$6.4 million. OUC's profits from these sales are approximately \$1.4 million. He thanked Claston Sunanon, Wally Whiting and Ed Bemis for their work marketing OUC's excess energy.

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Commissioner Dominguez stated she was glad to see OUC in a strong financial position at the beginning of the year and stressed the importance of continuing to diversify the fuels portfolio, investing in infrastructure and finding new ways to increase revenue. She praised the Information Technology staff for the MDM Project and how it will make things easier for customers moving forward. She thanked Katie Porta for attending the meeting and OUC staff for continuing to make a difference in the community.

Mayor Dyer also thanked and congratulated Ms. Porta. He announced that the City of Orlando will begin renovation of the Citrus Bowl on January 29 and will conclude in October 2014.

President Kirby stressed the importance of OUC conducting itself with integrity. He commented on the success of the MDM project and stressed the importance of continuing to communicate with customers in regards to the third-party payment centers. He discussed OUC's role in being a good community steward and mentioned that he recently attended the One Orlando Summit with Roseann Harrington and Bobby Collins. He also thanked Ms. Porta for her service and congratulated her on her recent award.

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President Kirby adjourned the meeting at 3:00 P.M.

President

Secretary