AGENDA ITEM  5-b

☐ CONSENT ITEM   FOR MEETING OF:  February 22, 2016

☐ NEW BUSINESS   FROM:  CEO/General Manager

☐ OLD BUSINESS   SIGNATURE:  [Signature]


SUBJECT:  FY2015/2016 Strategic Initiatives and 2015 Strategic and Objective Accomplishments

SUMMARY:

Each year the Strategic Initiatives are reviewed, produced, and/or revised through the CEO/General Manager’s office and provided to the Utilities Commission. The CEO/General Manager and U.C. Legal Counsel (contracted legal assistance in strategy and visioning) determined for 2014 and continuing to move the company in a positive, values-based direction operating with integrity and focus.

To reiterate the Vision, Mission, Strategies, and Objectives are accomplished and supported by seven (7) tactics which are selected by the CEO/General Manager; the tactics are depicted under each objective.

The Strategic Initiatives attached to this agenda item are posted on the UC’s website and were distributed internally.

The 2015 Strategic and Objective Accomplishments are attached for review and in addition a “Five-Year” Recap of the U.C. ’s operations.

(The attached strategic initiatives were comprehensively revised during 2013-2014 and disseminated to the U.C. Commissioners during development for comments, suggestions, and support; and were unanimously supported by the Utilities Commission during the U.C. Meeting held 2-24-14, agenda item 4-b.)

RECOMMENDED ACTION:

No action necessary, for information only.

[Signature]

NOTE:  ALL AGENDA ITEMS MUST BE IN THE GENERAL MANAGER’S OFFICE BY NOON MONDAY TWO WEEKS PRIOR TO THE REGULAR MONDAY COMMISSION MEETING.
SUMMARY (cont.):

FIVE YEAR RECAP OF U.C. ACCOMPLISHMENTS:

The past five years can best be described as period of turmoil. Not only has this period been one of the most historically challenging economic periods for the U.C. and our community, in addition there have been abnormal weather patterns and increasing regulatory changes which are direct effects on the U.C.’s revenues and operations. However, throughout this period of time the U.C. has not only maintained but improved its financial position. (See attached five year comparison page.)

Under reduced operating revenues and interest earnings, the U.C. coincidently reduced operating expenses and minimized non-essential capital improvements. This strategic and required austere management, which focused on the utility system and our ratepayers, enabled the U.C.’s utility rates to remain competitive. Only essential rate increases for cost recovery and a secure operating margin to meet the essential cash flow requirements.

These management actions assisted our customers during this challenging period by keeping their vital water resources and electric services’ rates truly non-profit. There has not been a base electric or water rate increase since 2006. During the five year period, in 2010 there was an increase in irrigation rates for potable water (conservation rate), in 2011 there a revision to streetlighting (additional pole and light options) and in 2012 a required rate increase for water reclamation (sewer and reuse), 12% increase with capital borrowing for associated CIP improvements (avoided rate study recommendation of 25% increase). These efforts also assisted our community and local economy by enabling our customers to have a better quality of life with more dollars and for potential reinvestment into the community. The U.C.’s required payment, even with the reduced revenues, produced an approx. $3.5 million annual payment to the City of New Smyrna Beach. Another major financial accomplishment during the last five years was the U.C. was able to reduce its outstanding debt from $56 million to $44.5 million.

Operational challenges have also abounded during this five year period within power supply and water resources. Examples for electric - cost effective alternatives for firm power replacement for the retired CR-3 nuclear unit, overcoming external transmission constraints for peaking power, and the increasing NERC/FERC regulations. For water resources - the increasing potable water regulations coinciding with successful conservation efforts and the more restrictive and costly options for biosolids treatment and disposal. The increasing regulations in our utility areas have forced a realignment of priorities and the associated strategic planning of the U.C.’s financial and labor resources. There have been herculean efforts by management and non-management employees to work within this environment of ongoing unfunded mandates and unfamiliar operational consequences. Numerous creative and pro-active steps have been instituted within these areas to overcome and achieve this success despite the prevailing circumstances. The U.C. work force has remained at a remarkable level of 154 employees during these accomplishments and five year period. The U.C. remained the seventh largest employer in New Smyrna Beach offering skilled and technical labor positions. (Note recent APPA statement - Each dollar of a public power employee’s paycheck circulates through the local economy up to an estimated five times.)

The U.C. has continued to prioritize service, safety (of utility services and for customers, and employees) and our associated environmental responsibilities. Just one example of a brief historical timeline for a recent major environmental accomplishment, financed by ratepayers, was the relocation of the sewer plant from the river location (surcharge paid in advance to avoid large rate increase and minimize debt). Upgrading of plant treatment to a WRF, and subsequent operational improvements, to consistently meet the 5-5-3-1 Rule (reduction in nutrients such as nitrogen and phosphorus to less than 3 ppm and 1 ppm respectively when river discharges were operationally required), planning and implementation of additional plant capacities (U.C. currently has existing property for future plant expansion). These actions enabled the reuse water services (which reduced potable water use), constructed/operated the associated storage of reuse (tanks, ponds, major user sites), and created reuse irrigation zones. These long term and recent strategic actions and utility investments, and more, culminated into the zero discharge into the river for over 6.5 years and the reclassification to a Minor Discharger. These strategic improvements by the U.C. were based on science and purpose of service which enabled the highest achievable environmental benefit to our community.

It should be noted however, within the next five years, with the expected upcoming developmental growth, additional infrastructure and re-investment in the U.C.’s existing infrastructure will be required. Additionally, with shifts in regulatory and/or policy direction, future increases in rates and personnel will also be required.
Utilities Commission, City of New Smyrna Beach, Florida

FIVE YEAR RECAP

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<tr>
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<th>2012</th>
<th>2013</th>
<th>2014</th>
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<tr>
<td>Customers</td>
<td>69,348</td>
<td>70,104</td>
<td>71,274</td>
<td>72,369</td>
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<td>Electric Sales (1000/kWh)</td>
<td>378,559.5</td>
<td>362,603.4</td>
<td>356,496.1</td>
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<td>Water Sales (1000/Gal)</td>
<td>1,643.9</td>
<td>1,561.5</td>
<td>1,454.5</td>
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Monthly Bill (Residential)

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<tr>
<td>Electric (1,000 kWh)</td>
<td>$ 123.37</td>
<td>$ 121.24</td>
<td>$ 116.75</td>
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<tr>
<td>Water / Sewer (5,000 gal)</td>
<td>$ 52.00</td>
<td>$ 52.00</td>
<td>$ 56.19</td>
<td>$ 56.19</td>
<td>$ 56.19</td>
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<tr>
<td>Employees</td>
<td>153</td>
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Compensation

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<tr>
<td>Wages ($1000)</td>
<td>$ 7,907.4</td>
<td>$ 7,860.8</td>
<td>$ 8,052.6</td>
<td>$ 8,215.1</td>
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<tr>
<td>Benefits ($1000)</td>
<td>$ 2,981.1</td>
<td>$ 2,952.0</td>
<td>$ 3,079.5</td>
<td>$ 3,067.3</td>
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<tr>
<td>Operating Revenues ($1000)</td>
<td>$ 59,878.5</td>
<td>$ 54,943.1</td>
<td>$ 57,193.9</td>
<td>$ 58,729.5</td>
<td>$ 60,751.4</td>
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<td>Operating Expenses ($1000)</td>
<td>$ 43,979.6</td>
<td>$ 41,782.8</td>
<td>$ 41,649.3</td>
<td>$ 44,338.8</td>
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<tr>
<td>Payment to City of NSB ($1000)</td>
<td>$ 3,564.3</td>
<td>$ 3,388.4</td>
<td>$ 3,258.7</td>
<td>$ 3,463.9</td>
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Debt Activity

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<tr>
<td>Borrowings</td>
<td>$ 18,595.0</td>
<td>$ 20,000.0</td>
<td>$</td>
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<tr>
<td>Payments</td>
<td>$ (5,635.0)</td>
<td>$ (27,793.0)</td>
<td>$ (12,055.0)</td>
<td>$ (6,670.0)</td>
<td>$ (3,700.0)</td>
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<tr>
<td>Debt Outstanding ($1000)</td>
<td>$ 56,193.0</td>
<td>$ 46,995.0</td>
<td>$ 54,940.0</td>
<td>$ 48,270.0</td>
<td>$ 44,570.0</td>
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<tbody>
<tr>
<td>Interest Expense ($1000)</td>
<td>$ 2,246.6</td>
<td>$ 1,938.0</td>
<td>$ 1,458.9</td>
<td>$ 1,093.7</td>
<td>$ 1,000.7</td>
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<tr>
<td>Effective Interest Rate</td>
<td>2.00%</td>
<td>2.06%</td>
<td>1.33%</td>
<td>1.13%</td>
<td>1.12%</td>
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<tr>
<td>Capital Additions ($1000)*</td>
<td>$ 10,185.8</td>
<td>$ 5,547.0</td>
<td>$ 3,379.0</td>
<td>$ 6,174.8</td>
<td>$ 4,208.8</td>
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*Excluding easements
SUMMARY (cont.):

STRATEGIC AND OBJECTIVE TACTICS AND 2015 ACCOMPLISHMENTS:

Some of the strategic and objective accomplishments (not inclusive) for calendar year 2015 are listed below. Each annual accomplishment falls under two or more of the U.C.’s seven strategic objectives, and most support three or greater.

In 2015, utility regulatory requirements were met or exceeded again in operations, as well as in reporting, and the U.C. remains industry competitive and are continuing to realized strategic enhancements in our utility service operations. Policy directives of consistent application and enforcement of “no free service”, non-preferential treatment, and the enforcement of strong ethics policies throughout utility operations produced unbiased, solid business decisions. Further establishment of this company as a positive, values-based operation with integrity and focus.

U.C. Legal Counsel continued, in support of Commission ethics, integrity, and transparency, public declarations of Ex Parte communications by U.C. Commissioners during U.C. Meetings. Issued and distributed, as needed, periodic foundational and legal support opinions. Short/long term strategy meetings were held with the General Manager/CEO and the Directors. Negotiations for the FY2015 Reopener for the Union (IBEW) were concluded on one day, on 2-18-15, ratified by the Union on 3-2-15, and approved by the U.C. on 3-16-15. A comprehensive legal review and development, with external vetting, resulted in an updated and revised U.C. investment policy to include current statutory requirements. No changes in the U.C.’s investment strategies were required.

Improved communications and additional insight for internal and external customers continuing through the development of educational and foundational informational items. Third consecutive year of producing a General Manager/CEO’s article in the employee’s newsletter, to assist U.C. employees to understand and realize the U.C.’s Strategic Initiatives and Company Direction. Human Resources Division developed a Management Skills Enhancement Program, to continue developments of management team through quarterly newsletters and management training sessions.

Succession Planning
Due to planned retirements within the next three to five years, including the position of General Manager/CEO, formalized succession planning and associated leadership training development will be an immediate, focused priority during 2016 and beyond, to ensure a reliable pipeline of leadership talent. This will be supported by U.C. Legal Counsel’s strategic support duties and Human Resources.

Budget Management
Solid adherence to conservative and cost effective financing policies continued, as well as the ongoing prioritizing of capital investment and planning. The U.C.’s infrastructure fee provision of the Developer’s Agreement was maintained. The contractual and construction coordination with all external agencies in relation to capital projects continued ensuring mutually beneficial cost savings and avoidance of external cost obligations or risks into the U.C.’s rate base. As stated in the five year recap section, rate increases were avoided and rates remained highly competitive through continued utility system focused management, strategic planning, timely financial corrections, technical, industry expertise, and strict adherence to bond covenants to ensure funding of only legally authorized core services.

Asset Management
Non-performing assets, specifically seven vacant properties with no foreseeable utility use, were preferred for public bid and four properties were awarded, three to one bidder and one to another bidder. The largest property successfully closed resulting in receipt of $351,100. Due to clouded title issues on two of the remaining parcels, a closing has been delayed for the other bidder (bid a total of $69,000 for the three smaller properties). One title was cleared and deed acquired; a closing is optimistically expected in 2016.
SUMMARY - 2015 Accomplishments (cont.):

Rates
The U.C.'s maintenance of competitive rates for vital electric and water resources utilities has continued to support our customers' quality of life and the sustainability of our community. The U.C.'s rates for electric and water resources include charges for federal and state environmental compliance, storm recovery, capital and operational requirements and reserve funds, and the legislatively mandated 6% gross revenue fee to the City of New Smyrna Beach.

Electric Rates-
As of December, 2015, the investor-owned (IOU) average for residential bills in Florida was $128.59 and the municipal average was $114.53 (FMEA source). The U.C. remains second in the state for 1,000 kWh residential rate among generating, municipal utilities, and is in the lowest quarter for all Florida municipal utilities. Within a 12-month average of this category for calendar year 2015, the U.C. remained third, only behind one IOU - FPL* and one Municipal utility - Lakeland. In the residential 1,200 kWh and up and in non-demand commercial, the U.C. is lower than Lakeland. For the upper tiers of residential, non-demand and small commercial, the U.C.'s rates are lower than FPL*. (*Average 6% franchise included)

At $107.06, the U.C.'s residential rate is approx. 28% less than the National Average for a typical 1,000 kWh residential electric bill of $137.29**, and almost 13% less than the Florida IOU average of $120.83**. At $155.24 for non-demand - 1,500 kWh (small business), the U.C. is over 29.5% less than the National Average of $201.34 and about 19.5% less than the Florida IOU average of $185.53. (**EEI Summer 2015 source)
(The U.C. is the 11th largest community-owned electric service utility in Florida serving 26,740 electric customers as of 9-30-15).

Water Resources Rates -
Within a recent comparison of four local, adjacent Cities and County (East) / (comparable treatment and costs) - The U.C. was 1st for residential water bills at all gallonage levels. The U.C. was the 3rd lowest for these entities' residential water and sewer combined bills at the 6 KG level and 1st lowest for combined services at the 15 KG level. Per the SJRWMD 2015 Water Utility Rate Survey, the U.C. remained below the average water residential and commercial water bills at all three gallonage levels for the 50 utilities compared within the SJRWMD. The U.C. was also below the average of these 50 utilities for water and sewer combined for all residential and a majority of the commercial bills. The U.C. was above the average of 28 utilities for potable irrigation (due to conservation rate) and below the average of 37 utilities for residential reuse.

GIS
Phase I was completed and Phase II of this multi-phase/multi-year capital project is continuing. After successful completion of a digitized database and maps and software/tablet deployment, a delay became necessary in the latter part of 2015 to ensure successful customer data interface development by vendor. This is a requirement for the integration of the U.C.'s customer data (Cogsdale) into ArcFM. Upon completion and successful testing of the re-developed interface, the next phase of the GIS project, Phase III, will be an Outage Management System and Cogsdale Asset Management/Work Orders.

Financial Activity
The U.C. maintained its stable financial condition in FY2015. Operating revenues increased by $2.0 million over 2014, customer growth increased by 2.0% or 1,500 customers, and operating expenses increased minimally by $0.3 million.

The U.C.'s net position in 2015 increased by $10.3 million due to additional revenues, the control of operating expenses, and one time payment from Duke Energy related to the CR-3 Nuclear Unit Settlement. Unrestricted Renewal and Replacement funds increased by $900,000 due to minimal growth. Long term debt (including that due within one year) decreased by approximately $3.0 million during the year.
SUMMARY - 2015 Accomplishments (cont.):

Financial Activity (cont.)

The 2015 audit realized no deficiencies in internal control, material weaknesses or non-compliance issues. The last required issuance of a Triennial Report* was in March, 2014, for the period ending 9/30/13, in compliance with Section 16N, of U.C. Resolution No. 28-78 (*analysis of utility systems with respect to operations and management, sufficiency of rates and charges, appropriateness of anticipated capital expenditures, and other salient items).

Continued the high level of accuracy and inventory controls at the U.C.'s warehouse. The annual warehouse inventory count produced only five discrepancies. (Last year's annual count produced a $50 adjustment.)

Renewed healthcare insurance for employees with a premium increase of 0% for a third consecutive year due to favorable claims experience and strong utilization of a Workforce Wellness Program.

In 2015, the U.C. remained the 7th largest employer in New Smyrna Beach at 154 employees with technical, licensed and certified high wage jobs. Provided over $3.5 million to the city's general fund (6% of gross revenues defined) - amounts paid to the City for the years ended September 30, 2014 and 2015 totaled $3,470,055 and $3,550,061, respectively. Collected and remitted over $1.8 million to the City for the 9% public service tax on electric services - amounts collected and remitted to the City for the years ended September 30, 2014 and 2015 totaled $1,784,610 and $1,850,161, respectively. Remained as the billing agent for the City's solid waste services, customer collections remitted monthly - amounts remitted to the City for the years ended September 30, 2014 and 2015 totaled $5,053,441 and $5,209,674, respectively.

Notification of completion was received from FEMA for the last two open storm projects for which FEMA reimbursements were received by the U.C. There were no adjustments nor requests from FEMA for repayment from the U.C.'s submittals. A noteworthy accomplishment which tributes the documentation in the field as well as the U.C.'s record keeping procedures.

Electric - Power Supply:


New contract negotiated to provide contingency reserves for the U.C. provided an approximate $5,000 savings per month.

Continued aggressive pursuit of lowest cost energy supply on the short term wholesale market to maintain low overall fuel and purchased power costs and to maintain highly competitive electric rates.

Successfully negotiated a settlement agreement with Duke Energy to recover lost value of the retired Crystal River #3 Nuclear Plant. Agreement includes transfer of all ownership and future liabilities back to Duke Energy. As this was the U.C.'s most economical firm power supply source, the ongoing investigation and evaluation of diverse power supply (inclusive of renewable and alternative energy sources) must also remain a priority.

Continued exploration of options of limiting the U.C.'s compliance risks in relation to the increasing NERC/FERC regulations. Negotiated and executed a NERC Services Agreement with FPL relating to the U.C.'s planning coordinator and transmission planner functions and responsibilities.

Reached a new all-time system summer peak of 94 MW on July 11, 2015.

Electric Operations - Transmission & Distribution:

Design and bidding of the U.C.'s fourth electric feeder to the beachside was completed for improved system and operational efficiencies and enhanced reliability. This project is designed to provide three six inch conduits approx. 30 ft. under the ICWW. Two conduits will be utilized to install parallel lines and the third will remain as the spare. Construction commenced in 2016 and upon completion there will be two feeders from the North Causeway and two feeders from the South Causeway.
SUMMARY - 2015 Accomplishments (cont.):

Electric Operations - Transmission & Distribution (cont.):
Reconductoring along Pioneer Trail continued, a multi-year U.C. CIP Project, and included approx. 1,000 ft. of new underground cable and approx. 4,000 ft. of overhead facilities. This work was included in the 2006 T&D Planning Study and CIP Projects, albeit delayed due to diminished developmental activity. Previously planned subdivisions in this area are now commencing again. Approx. 530 new homes were developed in the Promenade, Portofino, and Sable Lakes subdivisions for which approx. 10,100 circuit feet of three phase electric facilities were installed, along with approx. 52,000 circuit feet of single phase, and approx. 19,700 circuit feet of secondary.

This year, 2015, was the eighth year of storm hardening efforts for the U.C. in compliance with the Florida Public Service Commission’s (PSC) directive. An average of 300 poles per year were determined defective during this initial eight year cycle. Some poles required maintenance and others, replacement or reinforcement. The number of defective poles are expected to greatly diminish in the subsequent cycle years. While this work was very labor intensive for our crews, this process has proven effective in outage reductions and electric service reliability, which then reduces call outs and service restoration expenses. The vegetation management portion of the PSC Storm Hardening initiative additionally assists in improving reliability through the reduction of animal-caused outages.

Enhanced reliability to the Field Street Substation (60% of system capacity) was realized through intensive tree trimming and right of way clearing this year - within close proximity to the transmission line and along the transmission route. Due to the long and elevated growing season (warm winter), extensive, concentrated vegetation removal was performed by the U.C. crews and additional contracted crews (increased from two to three continuous contract crews).

Substation and Relay
Commenced replacement of existing protective relaying at Smyrna Substation as part of an overall multi-year capital project to increase reliability through modernization of the entire substation.

Performed extensive switching to de-energize the Smyrna to Field Street Transmission line and replaced failed lightning arrestors on the ring buss at Smyrna Substation, work performed by S&R and T&D crews.

Fleet Maintenance
Established a new tracking system and supervisor notification procedure within this division for enhanced accuracy of budgetary expenditures. The new system closely tracks all parts utilized for repairs, properly accounts for work performed in vehicle service records and for the purpose of supervisory notification.

Water Resources
Well maintained utility systems and available capacity for growth:

FY2015 Unused Water Plant Capacity - 53% and Unused Wastewater Plant Capacity - 48%
(FY2014 Unused Water Plant Capacity – 53% and Unused Wastewater Plant Capacity – 51%)

(While an increase in Plant capacity is not currently needed, property and buffers for existing infrastructure and potential future expansion of the Glencoe Water Plant should be included in the City planning involving the surrounding property. The U.C. has secured expansion property for the WRF plant.)

Water Production/Potable Water Supply:

Consumptive Use Permit
The St. Johns River Water Management District (SJRWMD) accepted the 10-Year Compliance Submittal for the U.C.'s Consumptive Use Permit (CUP). This 20 year permit was issued in 2000 and established the allowable withdrawal limits for the U.C.'s potable water wells and includes many associated conditions which are in place to assure that our use has no detrimental impact on this vital water source. There were no changes in the U.C.'s existing allocations or permit duration; the U.C.'s permit expires on February 9, 2020.
SUMMARY - 2015 Accomplishments (cont.):

**Water Production/Potable Water Supply (cont.):**

**New Central Wellfield Project**

Completed a fourth new wellfield for enhancement of local sustainability of water for our community. The wellfield currently has four (4) production wells and associated equipment located at the Western Utility Complex. Project also included a new standby generator designed and sized to operate these four wells and the Head End building during power outages. Associated 12" raw water main was completed which connects this new wellfield to the raw water main on S.R. 44.

(The fourth new wellfield is in addition to the U.C.’s seven (7) wells at the Glencoe Wellfield, six (6) at the S.R. 44 Wellfield, and six (6) wells at the Western Wellfield. Due to the Engineering in-house design of the main location enables optimum spacing for the future two wells. Ongoing strategic planning to provide superlative management of our raw water supply and avoidance of salt water intrusion.)

Design and permitting completed for planned capital improvements for the Clearwell and five ground storage tanks for reductions in disinfection byproducts and for chloramine residual retention. Preliminary designs have commenced for Instrumentation and Control Upgrades, Gas Chlorination Conversion to Sodium Hypochlorite and Carbon Dioxide Feed, new Lime Building and Silo, and rebuild of North Softener.

**Water Reclamation Facility/Reuse Water Supply:**

100% of Reuse Water with Zero River Discharge for 78 consecutive months, 6.5 years, as of 12-2015. This ongoing accomplishment, along with the improved nutrient removal process resulting in reduction of Total Nitrogen and Total Phosphorous in effluent without the use of additional chemicals, has resulted in the U.C. achieving an unprecedented long term environmental achievement for a utility in Volusia County and believed to be statewide. For comparison informational purposes, the first utility in Northeast Florida to achieve zero discharge into the St. Johns River was the Naval Air Station (NAS) Jacksonville in October 2015.

Water Reclamation Facility (WRF) permit renewed in 2015 and based on current performance, within the WRF permit renewal, the U.C. requested a permit revision from major discharger to minor discharger. The U.C. is now regulated for our facility by FDEP only (state level), formerly regulated additionally by EPA.

Improved Nutrient Removal at the WRF is continuing with reductions in Total Nitrogen and Total Phosphorous in the effluent without the use of additional chemicals. This will continue to assist the U.C. to consistently meet the stricter regulatory standards and if emergency wet weather discharge does become necessary. A 3.5% decrease in kWh per 1,000/gallon flow was realized. This reduction in electrical costs is directly related to the operational strategies for reducing nitrates - lower dissolved oxygen correlates with lower energy use.

Installation of wireless programmable logic controls for the SCADA system was completed by I.T.

**Water Resources Laboratory**

The laboratory became a more integral technical support service for all operational divisions requiring analytical and consulting assistance. Fully involved in determinations of optimal treatment and process control strategies for the plant; i.e. improved nutrient removal. Developed a method of utilizing centrate treatment, from on-site sludge processing operations which minimized impact upon existing treatment processes.

**Reuse Water**

Field Operations personnel installed three new irrigation zones at the Western Utility Complex for reuse water management.

Meters - Completed three-year installation project of ERT/radio read meters for residential and small commercial reclaimed water connections - over 1,500 customers. These customers can now accurately monitor their monthly usage and the U.C. can more fully recover the cost of this service.

(Status Note RE: Radio Read Meter Installations - All of the U.C.’s electric customers have radio read meters, a majority of the reuse customers, and approx. 25% of the water customers.)
SUMMARY - 2015 Accomplishments (cont.):

**Water Reclamation Facility/Reuse Water Supply (cont.):**

**Lift Stations**

Additional variable frequency drives and pumps (sample and sump) were installed for improved energy and operational efficiencies.

Installation of a Grid Bee at the 3rd Avenue Booster Pumping Station was completed (internal potable water tank mixer for better disinfectant performance).

Updated tanks and infrastructure and associated equipment at South Beach Pumping Station.

**Field Operations**

Completed the North Loop Project which eliminated a significant amount of redundant water mains to improve water quality and flow capabilities and a reduction in water flushing volumes. This in-house system improvement project was enabled through Engineering’s support, in planning, design, permitting, and inspection assistance.

Additional system enhancements were achieved through upgrading and relocating large and under-sized mains, several included within the City’s Central Beach Stormwater Phase III Project.

**Internal Support Areas**

The U.C.’s Engineering Department strategically balanced the requirements of design, permitting, and inspection services for internal and external customers throughout numerous construction/infrastructure projects. Through these support efforts, optimal schedules, resources, and results were realized for the mutual benefits of all the affected entities; including U.C. customers.

The Human Resources Division enabled, through the obtainment of new brokers for the U.C.’s risk insurance policies, an overall premium reduction of approximately 23% for the 2016 fiscal year, with a 2-year rate guarantee on casualty and workers’ compensation coverage. In addition, the U.C. was able to reduce deductibles for casualty and automobile liability from $1,000 per claim to $0.

The U.C.’s continued focus on safety and increased training, realized an improved workers’ compensation experience modification factor, received recognition in 2015 for an outstanding safety program from the Florida Water and Pollution Control Operators Association, and FMEA Safety Award 2nd place Category C.

The Human Resources Division also participated in the New Smyrna Beach High School’s (NSBHS) Career Expo, over 600 students in attendance with over five U.C. employees representing the Utilities Commission encouraging students in the pursuit of utility careers. Also connected with the NSBHS’ Voluntary Work Activity Program and provided some students with special needs the opportunity to build social and basic work skills; received a commendation plaque in 2015 recognizing the U.C.’s commitment to education of their students.

Commenced reorganization of the Information Technology Division for improvement in services for operational support, efficiencies, and customer satisfaction. The U.C.’s phone system was upgraded and integrated with our existing Unified Communications Platform (UCM), from version 7.0.2 to version 10.5. This upgrade increased the efficiency and effectiveness of communications and the provision of reliable voice services for our customers. This upgrade also increased user features, operational security, and enterprise failover capabilities. A Cyber-Security Upgrade to the U.C.’s existing firewall was also performed which reduced vulnerabilities to threats by restricting web and web application use. The new firewall now controls specific behaviors within allowed micro applications which proactively protects against Internet threats and allows enforcement of differentiated policies based on user, device, role, application type, and threat profile.
SUMMARY - 2015 Accomplishments (cont.):

Customer and Community Support

Affordable Rates - Non-Profit, Transparent
Top Quality and Safe Utility Services - Customer Owners No. 1 Priority
Local Jobs - Required Vendor Services Plus Utility Employees’ Pay Circulates Through Local Economy
Payments to City - In 2015, $5.4 Million for 6% Revenue Payment and 9% Electric Public Service Tax

Education and required notifications regarding the U.C.’s utility services has been continually supported through our bill inserts, radio ads, the U.C.’s website, monthly reports and meetings, and the U.C. employees. Concentrated informational releases to the community through various outlets regarding ongoing scams related to utility services.

Held two successful, well attended community utility educational events during 2015:

1) U.C.’s 4th Annual Water-Wise Garden Fair on 3-7-15, educational event supporting water conservation and environmental protection, meets C.U.P. permit conditions, and showcases products and techniques for savings in time and money for our customers.

2) Fulfilled a request from the Rotary Club of New Smyrna Beach for speaker on 5-5-15 - the Director of Water Resources discussed environmental and treatment challenges in connection with potable water supply and domestic sewer operations which includes reclaimed water.

3) U.C.’s Open House for Public Power Day, the 50th Year Service Anniversary, on 10-3-15, with approximately 500 to 700 attendees. An educational event, provided utility service informational sessions, supporting and explaining the advantages of public power, and supporting electric conservation, and the U.C.’s free energy and water audits, rebates, conservation/efficiency ideas.

As of 12-31-15, over 2,000 customers requested and/or received an energy audit since program inception. Commencing in 2015, the U.C. formally expanded this service to include water use auditing. U.C. water and energy conservation items were provided upon request for educational purposes and in support of numerous community events.

Over $23,000 in rebates disbursed during calendar year 2015. Expanded the rebate offerings in October, the residential program includes rebates for: 16 SEER or higher AC, duct leak repair, solar attic fan, cool roof, added insulation, window solar screens, 16 SEER or higher electric straight cooling system with natural gas heating and high performance windows. Non-demand commercial rebate program includes rebates for: solar attic fan, duct leak repair, cool/reflective roof and high performance windows, added insulation, solar screens and LED Exit signs.

The U.C.'s “We Care Fund” received $1,412.18 in donations during 2015 from U.C. customers, employees, and internal staff recycling of ink cartridges and cell phones. (Fund assistance is administered through Volusia County Human Services.)

The U.C.'s "Employee Volunteer Corp." selected, and many U.C. employees personally provided all 150 seniors at the Ocean View Nursing Home Christmas gifts and cheer. A personal thank you was written by the nursing home’s Activities Director for this special service to our community.

The U.C. continued its participation in our community’s “Light Up Canal” by erecting the Christmas star on top of the Central Office building at 200 Canal (educational and in support of energy efficiency - decorated with LED lighting) and also participated by providing a float in the City’s Christmas Parade in 2015.

Municipal/County/FDOT Entities Support

Provided various educational materials/responses, participated, or supported by:

Continued participation in the City’s Central Beach Stormwater Project, Phase III, through the CBPA, for stormwater utility conflicts and the U.C.’s determined required water and sewer main improvements. Project realizes improved utility services for our customers and associated cost savings for the U.C. through joint bidding and construction coordination efficiencies. U.C. staff continued providing notification/educational support during neighborhood public meetings and effective project oversight of water/sewer improvements which supported “ahead of schedule” construction results. Effective operational strategies also controlled flow and pressures during this construction and major infrastructure modifications which minimized outages. Approximate $3 million multi-year U.C. CIP project.
SUMMARY - 2015 Accomplishments (cont.):

**Municipal/County/FDOT Entities Support (cont.)**

Electric Operations assisted County of Volusia and City of New Smyrna Beach during construction of the Pedestrian Trail within the U.C. property and provided easement. This route includes major electric and water facilities, assurance of safety and minimization of existing infrastructure damages were realized.

Electric Operations, Field Operations, and Engineering assisted FDOT as needed during the installation of eight mast arm traffic signals along S.R. 44. These efforts also assured safety, minimized infrastructure damages, and ensured utility services to our customers.

U.C. staff participated in City of New Smyrna Beach Health Fair and Senior Summit held 9-30-15.

The City of New Smyrna Beach utilized the U.C.’s billing process in October for a public service notification, to notify regarding the City’s newly instituted off-site beach parking fee for County non-residents.

Budgeted $1.2 Million for City’s Requested Infrastructure Project - S.R. 44 Sanitary Sewer Line Agreement (SSLA) and supported by City Resolution No. 29-15, for service to approx. 17 commercial properties on the south side of S.R. 44, and accepted the City’s professional services agreement assignment associated with this project. U.C.’s costs to be reimbursed in totality through the City’s Special Assessment to the benefitting properties.
UTILITIES COMMISSION,
CITY OF NEW SMYRNA BEACH
STRATEGIC INITIATIVES 2015/2016

VISION

Improving the quality of life for our customers by being the best utility service provider.

STRATEGIES

To effectively achieve the planned strategies using traditional and new methodologies.
To develop operating and values-based platforms with complementary goals and systems.
To develop an organization which emphasizes learning, value, respect, and efficiency.
To optimize the return on financial, physical, and human resources.

MISSION

To benefit our community by providing timely, cost-effective and high quality products and services to our customers with sound economy and good management.

OBJECTIVES

To gain and retain satisfied customers
To optimize competitive performance
To achieve our established goals and measures
To add value to our community
To enhance the quality of life of our employees
To be grounded in our strategic planning
To promote awareness of our value-added services

PREMISE

Our initiatives to achieve our vision and mission will develop our character and the effective means to be successful.

GOING-FORWARD VALUES

We measure our success through our customers.
We represent integrity.
We are responsible, not just accountable.
We understand that good values promote positive consequences.
We promote learning, innovation, and effectiveness.
We sell solutions.
We support each other by listening, understanding and developing ourselves and our organization to achieve our goals.
We encourage continuous improvement and consensus development of processes, standards, and work practices.
We increase the worth of everything we do.

STRENGTHS

Defined community role.
Vital multi-faceted service provider.
Responsive to community needs.
High caliber staff with potential.
Responsive, dependable service.
High aspirations for integrity and excellence.

KEY PERFORMANCE INDICATORS (KPIs)

A Key Performance Indicator, or KPI, is a measure of performance within an organization, which is to evaluate the success of the business in terms of its primary objectives. KPIs vary widely, depending on the type of business and its goals. The purpose of KPIs is to evaluate an organization and measure its progress toward its long-term goals. KPIs must be measurable so leadership can use KPI factors for assessment.

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OBJECTIVES

Customer Service

1. TO GAIN AND RETAIN SATISFIED CUSTOMERS

Good impartial service is the primary objective of the UTILITIES COMMISSION.
Our objective is to meet or exceed the expectations of our customers by providing “value-added” services.

Strategies

1. Learn from the customer what is desired and important and develop customer trend and satisfaction references.
2. Develop and enhance customer satisfaction with quick and efficient response times to needed repairs.
3. Develop and improve communication to customers for education, information and ownership.
4. Increase customer interaction and input opportunities regarding operation.
5. Retain and cultivate the "customer relationship" as the primary focus of the UC.
6. Provide timely, effective and accurate service with customer focus in most cost effective manners.

Implementation Plan

<table>
<thead>
<tr>
<th>Tactic</th>
<th>Goal</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Devise or revise evaluation and survey methods to gain information from customers to learn areas of improvement and response to needs.</td>
<td>To have at least 3 meaningful tools to measure satisfaction by 1st Qtr., 2014 and to implement with results monthly.</td>
<td>CFO and Director of IT</td>
</tr>
<tr>
<td>Acquire, install and implement GIS system alongside an Outage Management System to better communicate with customers and respond to outages and repairs.</td>
<td>GIS installed and functioning by June 30, 2015.</td>
<td>CFO, Director of Electric Operations, Director of System Ops. &amp; Generation Director of IT, and other</td>
</tr>
<tr>
<td>Publish results, activities, financial performance measures and forecasts.</td>
<td>Monthly.</td>
<td>CFO as the lead with support from all Directors</td>
</tr>
<tr>
<td>Implement key accounts program and contact top 10 customers of each utility.</td>
<td>Semi-annually.</td>
<td>CFO as the lead with support from all Directors</td>
</tr>
<tr>
<td>Implement computer/systems based technology to enhance communication.</td>
<td>Review and analysis semi-annually 90% or more customer satisfaction.</td>
<td>Director of IT</td>
</tr>
<tr>
<td>Survey customer satisfaction and work performance.</td>
<td>Bi-annual comparative studies of like companies with development of realistic, but challenging expectations.</td>
<td>CFO, Director of Electric Operations,</td>
</tr>
</tbody>
</table>
Assess utilities reliability goals and operation/restoration performance. Monthly CFO and Directors

Implement work management system. Establish work performance levels, organizational structure, monthly performance reporting Director of IT, CFO, with support

Performance Measures

1. Ascertain field and staff performance survey method for on-time, of-use, and of-value customer satisfaction.
2. Total O&M direct and indirect expenditures to range from a $850/utility meter target to a goal of $800/meter.
3. 90% on time response to needed service.
4. Total O&M expenses to rate in upper 90% nationally.
5. Complete all (100%) service/product and work orders within lead times or need date.
6. Attain established reliability and restoration goals for each utility.

Stewardship

2. TO OPTIMIZE COMPETITIVE PERFORMANCE

To make wise decisions for operations from a fiscal perspective regarding the quality of service and the cost to the customer.

Strategies

1. Continue and improve Director communication and coordination of operations to develop decisions relative to each area of concern.
2. Develop rating structure for all services which is effective and favorable.
3. Develop and refine financial performance and assessment measures relative to the industry and accounting for local factors.
4. Continue monitoring industry activities and comparing them to Operational Department’s activities to assure the Utilities Commission is providing the best cost effective electric service to our ratepayers.
5. When required, implement new cost effective practices and/or improvements to assure the Operational Departments compare favorably to other utility providers in the industry.
6. Research and review and implement where appropriate, markets for renewable regulations and climate related efficiency and appropriate conservation initiatives.
7. Educate employees about their financial role and contribution to overall success measures of the business unit.
8. Move toward best ratio for power generated by the UC vs. purchased power.
## Implementation Plan

<table>
<thead>
<tr>
<th>Tactic</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Hold regular meetings with Directors with focused agenda for planning and progress evaluations</td>
<td>Directors’ Meetings twice per month</td>
<td>CEO/GM and Directors</td>
</tr>
<tr>
<td>Update cost of service studies for electric, water, wastewater</td>
<td>Annually</td>
<td>Director of Electric Operations, Director of Water Resources, CFO, with support</td>
</tr>
<tr>
<td></td>
<td>By June 1, 2014</td>
<td>Director of Human Resources</td>
</tr>
<tr>
<td>Develop an integrated performance management system.</td>
<td>Annually</td>
<td>CFO and Directors</td>
</tr>
<tr>
<td>Establish financial measures and reports with performance indicators and comparisons</td>
<td>Monthly publication of key measures</td>
<td>CFO and Directors</td>
</tr>
<tr>
<td>Publish financial performance and forecasts monthly which meet or exceed goals set by CEO/GM</td>
<td>Quarterly Reports</td>
<td>Director of System Ops. &amp; Generation, with support</td>
</tr>
<tr>
<td>Assess evolving energy markets for renewable, efficiency and conservation requirements</td>
<td>Quarterly Reports</td>
<td>Directors</td>
</tr>
<tr>
<td>Ratio corrective versus preventive maintenance costs per connection.</td>
<td>Review quarterly and compare with industry standard</td>
<td>Director of System Ops. &amp; Generation With support</td>
</tr>
<tr>
<td>Own power generation as percentage of internal power generation and purchased power.</td>
<td></td>
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</tr>
</tbody>
</table>

## Performance Measures

1. Implement strategic initiatives exceeding a 90% success level.
2. 90%+ successful completion rate for apprentice training.
3. 40%+ successful completion rate for basic apprentice training on entry positions.
Productivity

3. TO ACHIEVE OUR ESTABLISHED GOALS AND MEASURES

To provide all of the resources our employees need to optimize productivity.

**Strategies**

1. Develop on-line training for company-wide and department specific topics.
2. Cross-train employees to ensure continuity of operations and compliance.
3. Establish work performance levels and regular performance reporting of results.
4. Establish and revise a 5-10 year master plan.
5. Periodically evaluate and provide training for emergency/restoration plan.
7. Implement GIS system and Outage Management System to better communicate with customers regarding outages and repairs.
8. Provide monthly employee briefings to improve employee awareness of corporate strategies to enhance/promote customer service.
9. Continue to implement reliability practices that support UC Reliability goals measured by industry indices of SAIDI, CAIDI and MAIFIe goals/benchmarks.
10. Continue holding Department Monthly Meetings to enhance/promote employee’s productivity awareness.
11. Continue evaluating industry practices and provide the most cost effective tools/equipment to assure employees can provide safe, efficient, reliable service.
12. Continue monitoring each Department’s employee’s safety practices and evaluating new industry safety practices to maintain an accident free workplace and corporate record.
13. Implement new safety practices/procedures to assure safe, reliable, cost effective service.

**Implementation Plan**

<table>
<thead>
<tr>
<th>Tactic</th>
<th>Goal</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide additional training for emergency</td>
<td>Reinforce Plans by 2nd Qtr, 2014 and</td>
<td>Director of Human Resources</td>
</tr>
<tr>
<td>restoration plans.</td>
<td>training for relevant staff by 3rd Qtr.</td>
<td>Operational Directors</td>
</tr>
<tr>
<td></td>
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</tr>
<tr>
<td>Publish Electric, Water, Wastewater</td>
<td>Monthly statistics (GIS program will</td>
<td>Directors</td>
</tr>
<tr>
<td>reliability and restoration performance.</td>
<td>assist)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evaluate existing and recommend new rate</td>
<td>Ongoing review with bi-annual meeting</td>
<td>CEO/GM and Directors</td>
</tr>
<tr>
<td>pricing concepts</td>
<td>and statement of opinion</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Develop data back-up and recovery plan for</td>
<td>Annual review (ongoing – GM Rpt)</td>
<td>Director of IT</td>
</tr>
<tr>
<td>catastrophic data events</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Review and revise where necessary</td>
<td>Asset Management Plan by March 1, 2014</td>
<td>CEO/GM and Directors</td>
</tr>
<tr>
<td>maintenance plan for existing property</td>
<td></td>
<td></td>
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<tr>
<td>and potential uses</td>
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<td></td>
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</tbody>
</table>

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Performance Measures  
(Key Performance Measure in bold)

SAIDI = System Average Interruption Duration Index  
= Sum of All customer Minutes Interrupted (CMI)  
Total number of Customers Served (C) Annualized  

<table>
<thead>
<tr>
<th></th>
<th>FY2013</th>
<th>FY2012</th>
<th>FY2011</th>
<th>FY2010</th>
<th>FY2009</th>
<th>AVERAGE</th>
<th>KPI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>150.75</td>
<td>148.76</td>
<td>90.84</td>
<td>153.91</td>
<td>157.89</td>
<td>140.43</td>
<td>140</td>
</tr>
</tbody>
</table>

CAIDI = Customer Average Interruption Duration Index  
= Sum of All customer Minutes Interrupted (CMI)  
Total number of Customers Interruptions (CI)  

|        | 56.27  | 50.67  | 46.89  | 53.08  | 66.20  | 54.62   | 50   |

SAIFI = System Average Interruption Frequency Index  
= Total Number of Customer Interruptions (CI)  
Total number of Customers Served (C) Annualized  

|        | 2.68   | 2.94   | 1.94   | 2.90   | 2.39   | 2.57    | 2.5  |

MAIFle = Momentary Average Interruption Event  
= Sum of All customer Momentary Interruption Events (CME)  
Total number of Customers Served (C) Annualized  

|        | 7.56   | 8.81   | 9.91   | 7.34   | 9.76   | 8.68    | 8    |

L-Bar = Average Length of a Service Interruption  
= Minutes of Interruption  
Total Number of Outages  

|        | 75.89  | 74.23  | 74.61  | 72.51  | 93.82  | 78.21   | 75   |

1. 100% compliance with potable water standards.
2. Unplanned water service interruption duration less than 300 minutes per event and fewer than 100 Events per year.
3. Fewer than 10 sewer blockages per 1,000 miles of forced and gravity mains

Community Values

4. TO ADD VALUE TO OUR COMMUNITY

To achieve excellence in operations to enhance intrinsic and relational value to the community.

Strategies
1. Develop collaborations with City of New Smyrna Beach and New Smyrna based contractors. (Also County & State)
2. Develop annual safety plan and provide accident prevention performance standards.
4. Educate community emergency organizations by contacting police, fire, and response organizations, community groups and multiple living facilities.

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### Implementation Plan

<table>
<thead>
<tr>
<th>Tactic</th>
<th>Goals</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop collaborations with City of New Smyrna Beach and New Smyrna Beach based Contractors.</td>
<td>Implement New Programs and Educate and Support Existing</td>
<td>CEO/GM and Directors</td>
</tr>
<tr>
<td>Publish electric, water and wastewater reliability and restoration performance measures.</td>
<td>Monthly</td>
<td>Directors</td>
</tr>
<tr>
<td>Evaluate rate/pricing structure for applicability and cost efficiency.</td>
<td>Semi-annually</td>
<td>CFO and CEO</td>
</tr>
<tr>
<td>Acquire, install and implement GIS system alongside an Outage Management System to better communicate with customers and respond to outages and repairs.</td>
<td>GIS installed and functioning by June 30, 2015</td>
<td>CFO, Director of Electric Operations, Director of IT, and others</td>
</tr>
<tr>
<td>Refine and Update UC Website</td>
<td>Ongoing PIIO Content Mgr. Currently</td>
<td>Director of IT</td>
</tr>
</tbody>
</table>

### Performance Measures

(Key Performance Measure in bold)

1. Answer customer correspondence within five working days with a target of three working days of receipt.
2. Achieve 90% affirmative response to accountability survey.
3. Achieve one supportive customer response/month.
4. Achieve two awards per year.

### Employee Retention

5. **TO ENHANCE THE QUALITY OF LIFE OF OUR EMPLOYEES**

To maintain a productive and positive employee environment which improves retention, morale, and ultimately, customer satisfaction.

### Strategies

1. Periodically evaluate organizational structure to maximize productivity and employee satisfaction.
2. Support an effective work management culture.
3. Develop an organization focused on learning, value, and effective response capability.
4. Develop position evaluation system, and implement performance review process and succession planning systems.
5. Publish recognition events exclusively from employee-advancement perspectives.
6. Provide recognition for proactive approaches and adopted solutions by employees.
7. Assess talents, competencies, and skills to develop and place employees into relevant positions.
8. Implement new strategies and/or practices that promote/enhance employees ownership of practices that add value to our services and promote positive corporate culture.
9. Continue recognizing all Department accomplishments to maintain/improve employee’s morale.
10. Continue to all promote Departmental employee safety awareness and promote corporate safety culture.
11. Continue holding Departmental Monthly Meetings to enhance/promote employees awareness of their impact on the UC’s corporate image.
12. Use team based incentives to promote employee self-worth.
13. Use ad-hoc rewards for employees when recognition is initiated by the customer.
14. Tie broad-based salary grades with variable incentives to promote employee performance.
15. Use appropriate rewards of the applicable culture profile.
16. Identify and maintain “safety” as a priority with the UC employee as a key component to success.

**Implementation Plan**

<table>
<thead>
<tr>
<th>Tactic</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Develop flexible recruiting and succession plan compatible with growth and demographics</td>
<td>Fill vacant positions within 30 days and maintain 95% employment rate.</td>
<td>Human Resources</td>
</tr>
<tr>
<td>Implement and revise where necessary position evaluation system and improve performance review and succession planning systems</td>
<td>Increase organizational performance and timely evaluations to 98% Develop and implement performance measures.</td>
<td>Human Resources</td>
</tr>
<tr>
<td>Hold Departmental Monthly Meetings to enhance/promote Department’s employee’s awareness of UC Corporate Culture.</td>
<td>Monthly Meetings held by each Department with report to CEO/GM</td>
<td>Directors</td>
</tr>
<tr>
<td>Conclude Local 2088 Principal and Supplemental Negotiations Successfully</td>
<td>Prepare for negotiations by January 15 and successfully conclude by March 15 annually.</td>
<td>Director of Human Resources as the lead with support from Negotiating Team</td>
</tr>
<tr>
<td>Develop and implement performance measures and training with benchmark evaluations and departmental recognition.</td>
<td>Evaluations monthly by each department and summary report to HR Subsequent Briefing to CEO/GM</td>
<td>Director of Human Resources with Directors</td>
</tr>
</tbody>
</table>
| Review Annual Safety Plan (Various Existing Plans - Required)         | Implement changes as needed to update Safety Plan.                  | Director of Human Resources with Director (and Risk Manager contributions)

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Performance Measures

1. Maintain a 95%+ "meets expectation" review rating for UC employees. Goal 98%. Completion of 100% of annual employee performance evaluations.
2. Reduce number of injury/illness accidents per year by 10%. Target <12 accidents per year. Goal <1. Injury Rate equals the # of cases x 200 divided by the total hours worked.
3. Prevent vehicle accidents with less than 3 UC employee-caused accidents per year. Goal: 0%. (frequency rate = # of preventable vehicle conflicts x 200,000/divided by total miles driven)
4. Reduce discharge of employees from workplace due to DOT or DFW alcohol/drug testing violations to zero. Goal: <2 discharges per year.
5. 100% attendance rate for mandated UC trainings.
6. 90% of new hire retention after -180 day probationary period. Goal 95%.

Growth Management

6. TO BE GROUNDED IN OUR STRATEGIC PLANNING

To create a dynamic organization that is prepared to meet the challenges of the utility service provider industry. Planning is the creative work undertaken on a systematic basis in order to increase the stock of knowledge and the use of this stock of knowledge to devise new applications.

Strategies

1. Research and analyze alternatives and technological changes for electrical and water needs.
2. Develop and analyze strategic positioning for increased market competition and growth in service.
3. Continue monitoring all Departments practices and comparing to industry practices to assure we are providing the best, most cost effective electric service possible.
4. When practical, implement new industry practices that will allow Departments to support corporate growth.
5. Work with other UC Departments to evaluate, recommend and implement new technologies that will move the Utilities Commission forward to enhance the Utilities Commission’s ability to improve in order to excel providing customer service.
6. Establish an electrical and water 5-10 year transition plan based upon a “Best Total Price” and supply mix platform.
7. Promote decreased fossil energy demand through the use of technology and proprietary approaches to consumption, energy management, and renewables. (also conservation and demand management)
8. Promote water conservation through the use of technology and alternative approaches relating to consumption, energy management in distribution and plants.

Implementation Plan

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>Time-to-market of new products/services. The time it takes from the time a product is envisioned or defined until it is a service to our customers.</td>
<td>To implement new products/services within stated time frame 90% of the total “roll-outs”</td>
<td>Directors, CFO</td>
</tr>
<tr>
<td>Develop a 5, 10 and 20 year planning for business structure</td>
<td>Initial Plan by September, 2014 and revised annually</td>
<td>CEO/GM</td>
</tr>
</tbody>
</table>

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Performance Measures

1. 85% of new product/service developments launched on budget.
2. 5% of dedicated resources for Planning.
3. 10% of R&D projects involving customers.

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Objective-Public Relations

7. TO PROMOTE AWARENESS OF OUR VALUE-ADDED SERVICES

To effectively communicate with and educate the public and our customers of the value and benefits of the UC and to gain understanding and involvement in the UC’s role and contribution to our community.

Strategies

1. Continue working with Finance Department’s Purchasing Group to assure the Utilities Commission is always implementing most cost effective alternatives.
2. Continue evaluating industry standards and trends to assure that the Departments are developing valuable partnerships that promote solid financial success.
3. Cultivate and retain customer relationships as the primary focus of the Utilities Commission.
4. Interact with and educate local organizations regarding the role of the Utilities Commission in the Community.
5. Develop and maintain communication processes with emergency responders and local and state to mitigate effects of catastrophic events.
6. Provide new and pertinent information to customers in the form of monthly brochures, mailings and website announcements.

Implementation Plan

<table>
<thead>
<tr>
<th>Tactics</th>
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<th>Responsibility</th>
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<tbody>
<tr>
<td>Modify and improve these initiatives as a dynamic tool.</td>
<td>Modify plan as appropriate.</td>
<td>CEO/GM</td>
</tr>
<tr>
<td>Communication with ratepayers through publications, notices, and direct contact.</td>
<td>Direct contact with one “major” ratepayer monthly. Continued review and revision where necessary of web site and promotional materials.</td>
<td>Directors</td>
</tr>
</tbody>
</table>

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Performance Measures

1. All UC personnel to have at least one customer service related training each year.
2. Electric, water and wastewater operations facilities to have one open house for customers per year.
3. Make a presentation on utility related topic to an appropriate local community group at least bi-annually.
4. Hold training exercises with emergency first responders annually.
5. Have UC booth/table at all significant community events.
6. Monitor website and Interactive Voice Response (IVR) for customer visits – provide “reminders” to insure increase in site visits by customers.