

AGENDA ITEM 3-a

MINUTES OF REGULAR MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD MONDAY, OCTOBER 26, 2020, AT 3:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

(NOTE – THIS REGULAR U.C. MEETING WAS HELD ON-SITE (WITH MASKS AND SOCIAL DISTANCING) AND WITH LIMITED ON-SITE PUBLIC PARTICIPATION – VIA APPOINTMENTS)

Vice Chairman Davenport called this Regular Meeting of the Utilities Commission to order.

Commissioner Conrad led in the pledge of allegiance and Commissioner Hawes provided the invocation.

Mr. Bunch stated to Vice Chairman Davenport, we've added something in the last month. Our business on a day in and day out basis is rife with exposure to safety and what we would like to do is have a short brief safety message each month and make it relevant to our Commission and community. This month, Mike Schings, the Interim Director of Electric Transmission and Distribution is going to provide us with a brief safety message.

Vice Chairman Davenport commented I saw that; perfect.

Safety Message – Mike Schings:

Mr. Schings stated the leadership team, last week, talked about having a safety message. I know when we think of safety in this environment, we don't necessarily think of safety issues or challenges we might face like overhead cranes or electrical contact. But any group gathering like this there's always a potential for a situation that we may or may not be prepared for. So some of things, folks that are visiting that might not regularly do business in the DeBerry Room here, there's a few things that you should just take note of that I made note of to share with you. This building has two AED devices that are mounted on the wall. One is down on the first floor behind the security guard desk, mounted on the wall. The second one is right down this hallway mounted on the interior wall. In the event we need an AED, everybody in this building, it's good for us to know where that's at. There's also a fire hose down this hallway in the event we would have a fire break out, and a fire extinguisher is down the women's restroom hallway, on that side of the building (toward the west). There are emergency stairs, down the elevator hallway, down this corridor and then through the glass doors here on the right, there are stairways down to the first floor. In the event of a fire we don't want to use the elevator.

Mr. Schings continued and stated as a safety topic I chose understanding carbon monoxide poisoning because we are getting into cold weather season, doesn't look like here yet. But where I come from this is the time when you would pull out a kerosene heater or a temporary heater, or in the event of an ice storm you might need a generator. So carbon monoxide poisoning from a gas-powered device can pose a real threat or danger to your family. So carbon monoxide is an odorless gas that interferes with the delivery of oxygen in the blood to the rest of the body. Carbon monoxide is produced as a result of incomplete burning of carbon containing fuels, including coal, wood, charcoal, natural gas and fuel oil. It can be emitted by combustion sources such as unvented kerosene or gas space heaters, furnaces, wood stoves,

Safety Message – Mike Schings (cont.):

gas stoves, fireplaces, and water heaters, automobile exhaust from attached garages and tobacco smoke. Problems can arise from improper installation, maintenance or inadequate ventilation. Carbon monoxide interferes with the distribution of oxygen in the blood to the rest of the body and depending on the amount inhaled, this gas can impede coordination, worsen cardiovascular conditions and produce fatigue, headache, weakness, disorientation, nausea and dizziness; very high levels can cause death. An estimated one thousand people die each year as a result of carbon monoxide poisoning and thousands of others end up in hospital emergency rooms.

Mr. Schings continued, to prevent carbon monoxide poisoning the National Safety Council recommends taking the following steps: ensure appliances are properly adjusted and working to manufacturers instruction and local building codes. Obtain annual inspections for heating systems, chimneys and flues, and have them cleaned by qualified technicians. Open flues when fireplaces aren't in use, use proper fuels in kerosene space heaters, do not use ovens and gas ranges to heat your homes. Do not burn charcoal inside a home, cabin, recreational vehicle or camper. Make sure stoves and heaters are vented to the outside and exhaust systems do not leak. Do not use unvented gas or kerosene space heaters in enclosed spaces. Never have a car or lawn mower engine running in a shed or garage or in any enclosed space. Just know that newer cars have keyless entry fobs and right here in New Smyrna Beach in the last few months there was fatality. Somebody left their car running, had the key in the pocket, these cars run so quiet now, it is much easier that you would think to get out of your car and go into the home and have that car running in the garage and then close the garage door. A couple right here in the New Smyrna Beach area succumbed to that. And then make sure your furnace has adequate intake of outside air. So don't allow trees or shrubs and stuff to build up around the intake for a gas-powered device because that can lead to unfinished burn and then the generation of carbon monoxide.

Mr. Schings continued, don't ignore symptoms of carbon monoxide poisoning, especially if more than one person is feeling them. If you think you or anyone in your family are suffering from carbon monoxide poisoning, you should get fresh air immediately, open doors and windows, turn off combustion appliances and leave the house. Go to an emergency room and be sure to tell the physician you suspect carbon monoxide poisoning and be prepared to answer the following questions. Is anyone else in your household complaining of similar symptoms, did everyone's symptoms appear at about the same time, are you using any fuel burning appliances in your home and has anyone inspected your appliances lately and are you certain they're working properly. So this is the time of the year we should be more diligent about what we're using and how we're using them. A gal I hired once was power washing her garage screens and closed the door because it was wintertime and ended up suffering some of the consequences here. It wasn't fatal but it could have been. So you need to think about what you're doing with gas-powered appliances. Thanks for your time.

Mr. Bunch stated thank you to Mr. Schings and added it's a good time of year to check your batteries, make sure your fire detectors and carbon monoxide detectors are actually working. They usually recommend that you do that around the time change just as a sort of thing to keep you thinking about it twice a year. Okay, with that we'll turn it over to you Vice Chairman Davenport.

Roll Call:

Vice Chairman Davenport then requested for a roll call to be taken. A majority of the U.C. Commissioners were in attendance as follows:

Vice Chairman James Davenport
Commissioner Richard Hawes
Chairman Jack Holcomb (ABSENT)
Commissioner James Smith
Commissioner Lillian Conrad

Others in attendance were as follows: J. Bunch, General Manager/CEO; E. Chavez, Director, Finance/CFO; J. Couillard, Director, Engineering; B. Pitcher, Director, Central Services; T. Beyrle, Director, System Ops.; B. Keehn, Director, Information Technology; T. West, Director, Water Resources; M. Schings, Interim Director of Electric Ops.; E. Fisher, Communications Coordinator/Community Relations; J. Michel, Infrastructure Engineer; M. Spellers, Senior Help Desk Analyst; D. Simmons, Exec. Services Mgr./Recording Secretary; General Counsel Thomas Cloud Esquire – Gray|Robinson Attorneys at Law; and John Moss, a member of the public (on-site via appointment).

(1) Agenda Changes, Additions and Deletions:

Vice Chairman Davenport stated do we have any changes here to the agenda Mr. Bunch?

Mr. Bunch stated Chairman I have one minor addition and one minor change. In the General Manager's portion I'm going to reverse the order of the items in b., I'll talk about the 2020 accomplishments and then the 2021 goals. I'm going to add a c. which is the summary of the history of our water and sewer assets involving the City of Edgewater, so just to have a discussion about some topics that have been discussed in social media recently over the last week and also the contract that was approved by the Commission earlier year.

Vice Chairman Davenport stated thank you.

(2) Public Participation:

This item was inadvertently skipped initially but was then confirmed toward the end of the meeting that there was no public participation desired (one member of the public in attendance).

(3) Approval of Consent Items:

Vice Chairman Davenport then stated next we have the approval of the consent items. Does anybody want to pull anything or discuss anything?

Commissioner Conrad stated I move to approve the consent items; specifically a motion to approve item 3-a. Minutes of Regular (Reorganizational) U.C. Meeting Held 9-28-20, approve as submitted; item 3-b. Granted and Accepted Third Party Utility Easement – St. Paul's Episcopal Church – NSB / Saint Paul's Episcopal Church, Inc., to ratify the acceptance of this easement attached to the agenda item and submitted to the U.C.; item 3-c. Project Approval – Annual contract for Gravity Sanitary Sewer Rehabilitation (ITB #01-21), to

(3) Approval of Consent Items (cont.):

approve overall project for a four year total budget amount of \$7,304,000, and authorize the GM-CEO or his designee to execute all documents associated with the matter (Award of ITM #01-20 forthcoming for ratification by the Commission); item 3-d. Project Approval – Glencoe Farms Road Water Main Improvements and Spruce Street Water Main Replacement, to approve overall project in a total amount of \$300,000, and authorize the GM-CEO or his designee to execute all documents associated with this matter (Award of construction contract forthcoming for ratification by the Commission after bid award is completed in 2021); item 3-e. Project Approval – System 1 Gravity Sanitary Sewer Improvements and Lift Station #27 Elimination, to approve overall project in a total amount of 328,500, and authorize the GM-CEO or his designee to execute all documents associated with this matter (Award of construction contract forthcoming for ratification by the Commission after bid award is completed in 2021); and item 3-f. “Red Flag” Identity Theft and Prevention Program – Annual Update Report, a compliance item, no action required, submission of the annual report (10-2020) for the U.C.’s “Red Flag” program.

Commissioner Smith also concurrently stated move to accept the consent agenda items.

Vice Chairman Davenport then confirmed Commissioner Conrad made the motion and Commissioner Smith seconded.

Commissioner Conrad’s motion then passed unanimously on a roll call vote.

(4) General Manager’s Report:

Vice Chairman Davenport stated okay, now we’re back to you Mr. Bunch.

Mr. Bunch stated okay, I’ll ask Mr. Chavez to come to the podium and talk about the financial results through September.

(4-a) Financial Status – September 2020 (Preliminary/Unaudited):

Mr. Chavez came to the podium and addressed the Commission by stating so this time every year, our fiscal year ends in September. Purvis and Gray are doing their audit and we use the month of October to, in essence, capture accruals to make sure all of the year-end items, our fiscal year end, end up in the right period. So we are very diligently making sure we capture all the O&M and the Capital that come in, usually in the month after, that we pick those up. So we do have preliminary numbers, but they will change with either final year-end entries and/or other, but that’s normal. That’s just year end cut off and we want to make sure we capture it. Our team is pretty good about making sure we put it in the right years.

Mr. Chavez then discussed slide two, September 2020 Results, and continued by stating September year to date, third bullet point, positive change in net assets - \$5.7 million. I’ll go into more detail on the waterfall slides because those are usually very illustrative, so when we get there. On the capital, the very bottom bullet point, so right now we’re at about \$11.9 million but without accruals yet, there’s a number of items coming through, we expect to be around \$13 million for capital. That’s consistent with what we discussed, I can’t remember which month, but we gave an estimate, just with COVID we re-forecasted the capital and I

(4-a) Financial Status – September 2020 (Preliminary/Unaudited) (cont.):

believe we had given an estimate around \$13 million; so we're going to come pretty close to that. Ms. Couillard, myself, and the rest of the Directors, that's our focus of how we get better on capital every year. One of the biggest things that we did on the major projects was having a monthly meeting with Ms. Couillard and her project managers, so that's working out really well. So the cycle time on these projects, quicker response time, you know we're getting the cadence down of how can we make it better. So we expect to give you a forecast as we did this year, but of course as we know COVID really threw a resource availability issue.

Mr. Chavez went to the next slide, September 2020 Operational Statistics, and stated I know this is busy, but this is the one that really tells our business in summary. Our usages and volumes are up, if you look on kind of towards the bottom, total electric sales, commercial sales, water sales. So those are consistently year over year, our volumes are up. Our purchased power is down, which is great, so right now we ended the year at \$40.82, that's almost \$5.00 lower than the year before. So we still continue, Mr. Beyrle and his team do a real nice job of making sure that those purchase power prices we're ahead of it. Longer term, we're actually having a consultant just take a look at our procedures and make sure that if there's anything we could do to improve or refine our current process, we'll be working with them. So a good story and then just based on the way the energy markets are, we don't expect significant changes on the upside. You'll have a normal increase in natural gas around the cold months, but that's normal, we don't expect that to be a significant impact to our purchased power price. Year over year customer growth, we are up. So if you look in the over, kind of towards the bottom right hand side, every month our numbers, electric, water, wastewater and reclaimed, our customer growth has continued to be, grows every year. With the new development still going on, around 44 as well, the commercial, we don't expect that to change; good news, good story. And then lastly, our O&M, the O&M that we can control operationally, is in essence flat to the prior year. So that's a good story that we've been seeing and our budget for 2021 reflects the same. He then paused and asked if there were any questions.

There being none, Mr. Chavez proceeded to the next slide, September 2020 Operating Income / Loss, and stated so this waterfall, this is the operating income loss. Once again preliminary, doesn't reflect all of the accruals, but the high-level drivers pretty much remain the same. So end of 2019 we had an operating income of \$341,000, and at the end of this year we're at a loss of about \$318,000, and once we bring in more accruals that loss will grow some. But the highest drivers and I'll summarize in a couple of different areas. So \$2.6 million of the decrease in operating income year over year is really the fuel charge and the depreciation and amortization. On the fuel charge, due to COVID, we gave our customers a break for May and June and made it zero, so that was a one-time event. And the depreciation and amortization, that is a non-cash item, as we put on more assets, depreciation will continue to grow. On the positives, \$1.7 million, and I'm just kind of summarizing the bars, \$676,000 in the revenue, that's really the driver in growth, and then a million in the net purchased power favorability that we're seeing year over year. One one-time item, \$275,000 of AT&T, that was a settlement for all prior years, from 2008 to 2018. Good news there is we've got negotiations going on, we're pretty close to a final contract, and then a rate for the next five years. He paused again and asked if there were any questions on the operating income.

(4-a) Financial Status – September 2020 (Preliminary/Unaudited) (cont.):

There being none, Mr. Chavez proceeded to the next slide, September 2020 Change in Net Assets and stated so this is our change in net assets, and this is on the income statement that you receive each month, this just broadens it out a little bit, it adds in the contributed capital. It's similar as the previous slide, the difference is we have the capital contributions. Those are contributions by the developers, the developments turned over or the infrastructure turned over to us is less this year than last year. But that purely is a function of when these developments are done, whether commercial or residential. So good story, it is truly timing, we do not see a slowdown yet in the new developments out there. We do have a one-time cost for the bond issuance, \$752,000. So that was a one-time item, we don't expect to go to the market anytime soon. And we do have a couple, \$100,000 lower interest income, just because the rates have fallen through the floor, just based on COVID and such and the Feds having rates at a very low rate, which we don't see that changing anytime soon. That's the biggest thing on the net assets, so what's really there is the capital contributions, we just didn't have them come in this year.

Mr. Chavez went to the next slide and stated updates. So what we've done now, through our negotiations, Ms. Couillard and myself and T&D with AT&T, what we have now is a method, we have a long-term contract, the draft. We will need to go to the City because it will be 25 plus years, but what we have is five-year increments, we have a methodology to update the rate that's agreed upon between us and AT&T. So right now we're at \$32.25, will be the new rate once we execute the contract.

Commissioner Hawes stated I'm sorry, what is the AT&T contract for?

Mr. Chavez stated that's a good point, so we have our utility poles, AT&T has utility poles, we each have, it's a joint use agreement, we each have attachments on those poles. Since AT&T happens to be, has more attachments on our poles, we now have an agreed upon rate that we have set up a methodology to kind of refresh that every five years. So we didn't have that for over 11 years.

Mr. Bunch asked what's the current annual rate they're paying us?

Mr. Chavez responded \$22.96.

Mr. Bunch stated total dollars per year.

Mr. Chavez stated oh, I can't remember, \$200,000.

Mr. Bunch stated so we unilaterally, the Commission approved a rate in 2008, we unilaterally put that in place without an agreement with AT&T. They disagreed with that rate that was put in place, never paid the new rate and we never sued. So last year with Mr. Cloud's help, we put them on notice. Maybe take it from there Mr. Cloud, tell us where we went from there.

Mr. Cloud stated I got one of my more persistent partners to place a call to AT&T and got them to understand that if we didn't get some kind of payment we would have to sue them and they were really at the point where they didn't want a lawsuit. So that's how we worked out \$275,000. Still don't know why your prior general counsel never brought suit, even

(4-a) Financial Status – September 2020 (Preliminary/Unaudited) (cont.):

though the violation occurred over ten years ago. So we had five years, the statute of limitation had run so we were never going to get any money for that, \$275,000 makes us whole for the years we could have brought suit. So we avoided all those legal fees and got the money and that's it.

Mr. Chavez stated and as we've been cleaning up a lot of these legacy issues, we've set the procedures in place to make sure this doesn't occur again. We worked closely with T&D to make sure that operationally going forward we can execute the terms of the agreement and modified it as such.

Commissioner Hawes stated so there's a fair amount of clean up in these numbers is kind of what I'm hearing you say between the lines.

Vice Chairman Davenport stated legacy issue.

Mr. Bunch stated I think importantly, Mr. Chavez and the team, Ms. Couillard and her folks, negotiated not just the contract but the how will we manage this with AT&T. And he mentioned it subtly, but it's an important point, it's the field people who actually have to execute it, and both sides of the house were involved with them last week. So I would say you're all but weeks away from maybe a signed agreement, does that sound accurate?

Mr. Chavez stated yes, so what it will take now is, in essence the terms have already been agreed to, it needs to get approval through their legal, so we're expecting November, December. But it's only now just to kind of get the final sign-off on their side and we'll bring it to one of the Commission meetings coming up to get your agreement.

Commissioner Smith asked, besides AT&T who else pays to hang on the poles?

Mr. Chavez stated we have a few, Spectrum, Crown Castle, so there's a couple of others that actually attach to our poles. We'll take the t's and c's, the pricing, we're going to leverage all the AT&T terms to the extent it applies to these pole attachers and we'll leverage those, that way we're all on the same schedules, same rates every five years. And then the pole attachers, that will be a non-negotiation, that's the rate we will charge.

Commissioner Hawes stated question, it's a little out of bounds but with all the 5G coming in, will those poles be able to be used for that service, do you think?

Mr. Chavez stated I think that as it is for any other attachments I would believe, they're got what 24 inches, so to the extent that gets rolled out. Then he continued by stating, the next issue is the Edgewater asset transaction which Mr. Bunch will go into a little more detail with some recent developments. But this one is years in the making in the sense there had been sewer assets that had transferred to Edgewater back in 2007, and these were the water assets that were going to follow the sewer assets from the Mission Oaks Subdivision, so we have been dragged out for several years. Edgewater finally built the infrastructure needed to serve all portions of that service territory. So that culminated I believe in January 2020, final resolution, it was agreed to by both parties, and then we finally executed it, and Mr. West's water folks and our meter folks executed the transfer of those assets last Tuesday I believe.

(4-a) Financial Status – September 2020 (Preliminary/Unaudited) (cont.):

So it's complete, they are now officially Edgewater customers but there's some other developments that we recently heard and Mr. Bunch will go into, those customers have some issues, but is it not part of our item, I guess for lack of a better word.

Mr. Chavez then went to the next slide and stated the last item, page 7, this is just to give you an update on a recent ruling by the Public Service Commission in Florida. So there had been one customer group protesting to extend or halt electricity disconnections for 90 days. Well, the PSC ruled against the customer group and sided with the utilities stating that the utilities had done extraordinary measures or extreme measures to assist customers. And what we wanted to point out is that yes, it is the PSC, but we've done the measures to help our customers, in essence leading towards what the PSC had recommended all along, work with your customers. They actually sided with utilities on at some point you do need to halt disconnections because we need to get back to normal cadence. And as with anything else, we didn't want our customers, the longer we string this out, the more the balance increases, and therefore we worked with our customers, residential and commercial, to come up with payment plans. We did halt disconnects from March 18th to June 30th. We worked with our customers affected and July 1st resuming, but we took a very good amount of time to work with the customers, identified payment plans, and social service agencies, and we actually contacted every single customer. So right now, as of currently, we're back to being our normal pre-COVID levels around collections. So just to give you an update on the PSC side of it. Then he concluded by stating unless there's any other questions, that's it.

Vice Chairman Davenport confirmed there were no further questions and then thanked Mr. Chavez for his presentation.

(4-b) FY2021 Strategic Goals, FY2020 Organizational Accomplishments, and Sept. 2020 Enterprise Metrics:

Mr. Bunch also thanked Mr. Chavez and added, I'll try to run through this item as quickly as possible. In your agenda packages there's a word document version of our 2020 accomplishments and the 2021 proposed goals. I'm going to go through a PowerPoint version of the 2020 accomplishments. And then just a real high level of the 2021 goals, I'll ask that you just have a look at them between now and next month, we'll ask for your formal approval of the goals next month.

Mr. Bunch then moved to slide 2 of his presentation and stated at a high level in 2020 the organization continued coordinated efforts to pursue our strategic goals, running and improving the business and executing our capital improvement plan. As Mr. Chavez mentioned, in a year heavily challenged by COVID-19 pandemic, operating a business with significant customer touch points and mission critical water and electric operational responsibilities was not an easy thing. It took a lot of effort on the part of the leadership team in the room here and our employees to adjust operations to meet the needs. And I will say from the CEO standpoint I was pleasantly surprised how easily they made that happen and how well they served our customers through the pandemic. I will say we've had in my level almost no complaints through the whole duration. So they seamlessly delivered on significant accomplishments and focused on meeting our customer and community needs but also assuring the safety and security of our employees and our systems. We have electric and

(4-b) FY2021 Strategic Goals, FY2020 Organizational Accomplishments, and Sept. 2020 Enterprise Metrics (cont.):

water assets that are protected critical infrastructure, protected by Federal law. And we don't take that responsibility lightly so we made sure during the pandemic we had precautions and even contingency plans, that we did not implement, that would have allowed us to further protect the assets; and I'll talk about that a little bit. And then lastly, we also received industry recognition for hurricane preparation last year, our safety performance and accommodations for providing mutual assistance to other utilities during the year. So if you look at a high level the organization had a lot on its plate, but they also accomplished a lot.

Mr. Bunch went to the next slide and stated last year, as this states, we developed our Vision, Mission, Values statements. They were developed and approved last year, and we communicated them to the employees. And those continue to steer our strategy and long-term planning efforts this year and it was truly the basis for our grid and water modernization studies. We also completed and implemented a compensation benchmark study, new salary ranges, grades and a performance management system approved last month and we're moving to implement. We continue the commitment to attract and retain talent with compensation that's aligned to the market. So when our consultants do the benchmarking they go to other utilities, other industries, but they also adjust salaries for the recommendations for this area. So you get largely state-wide data and then they make recommendations that are adjusted somewhat for this area. Lastly, we put in place a written policy, the requirement for us as an organization to do this every three years. Why, well the last time a full study was done was in 2001, with an update in 2004, and then five or so years ago we realized, I wasn't here at the time, but we realized we were out of line on a number of jobs relative to the market. We had employees leaving and for a couple of job groups leadership adjusted to what they thought to be the market. So fast forward, we're going to learn from that and just do this as a part of a management rigor every three years, and there's really no downside. So even if you just confirm you're compensating fairly for the market, you're making no adjustments. But if certain jobs have gone up or down, you make those adjustments on an incremental basis and you don't have big adjustments. I think in 2016 for instance, overhead linemen were given a 16%; does that sound right Mrs. Pitcher? A 16% or so bump in salary. While that's good that you're in a position to be able to give that, it was because we had a bunch of them leave and so you got the cost of turnover. And then between people realizing they're not being compensated fairly and then leaving, what's their attitude. So if you just do it every three years or so, and that's what most industries do, you keep things on par with the market and you avoid compensation related turnover. So those things were done.

Mr. Bunch went to the next slide and stated in last year's goals, we and the City said we want to improve our working relationships, as Commissions and our organizations. And I'm happy to say we've done a lot on coordinating projects with the City, improving our community outreach and where we can, trying to minimize costs and maximizing the benefits between us. And I'm going to talk about a few things a little further down this slide. We've coordinated project work, volunteer efforts, including a joint National Arbor Day community event, the City of New Smyrna Beach Blue Community, which is coastal habitat sustainability vision planning. That was something that the City Commission organized and we had folks participate in. We are also coordinating on the build out of our fiber optic network. So because of our business we've built and have a lot of fiber optic infrastructure, but there was also an opportunity that the City wanted service at some buildings and what they did was

(4-b) FY2021 Strategic Goals, FY2020 Organizational Accomplishments, and Sept. 2020 Enterprise Metrics (cont.):

offer to pay the costs of connecting some dots in our system. And then we'll work out long-term agreements essentially for that cost of what they give and turn over to us, we'll give them free service. So it accomplishes our ability to better build out the fiber network and it helps them reduce their long-term communications cost. We're also working with the City on a potential joint fleet building and that's associated with the Western Complex. So I was talking with Commissioner Davenport just briefly before the meeting, we have to build the building as part of them building out the rest of the ramps at the Swoope Street site. So if you're familiar with it, they have a big parking lot, boat ramps and right now we're kind of in the way of them building out the rest of them. They have, on the other hand, over near the airport, a pretty decent quality fleet building. In the perfect world we would like to build a joint building but their current cost of running that from a cost of ownership is zero. So their comparison and moving from there is a pretty low bar. Us on the other hand, the building we're in, if you've been over there, it's old, I can't even cite the age but it's got poles rusted through, it's a steel structure, and it's to the point of if we don't get off the site soon we're going to have to put a bunch of money into it just to keep it safe. So, do we build immediately a joint building, maybe, maybe not, but if they find that they can't afford it initially, we're going to leave a portion of the site open on the side that they would have built on so that potentially in the future they could join us later; so that will keep that door open. And as Mr. Chavez mentioned, we also completed the transfer of the customers and assets for the water portion of Edgewater Mission Oaks.

Mr. Bunch went to the next slide and stated on page five, the Business and Financial Performance. As Mr. Chavez covers the performance month end and month out on our scorecard, we met or exceeded targets for 25 out of 27 of the goals we track, that was 93%. Last year it was 26 of 30 or 87%. And the only two that we didn't meet or exceed were missed just marginally and one was one more vehicle accident that we had targeted and the other was the frequency of electric outages slightly being over the goal. And that was largely attributable to a pretty active storm year and Mr. Chavez has covered that. So between June and now we saw more than the average thunderstorms, fortunately we didn't have a hurricane but those named events don't get counted in your normal business metrics anyway, but we still didn't miss it by much. So we're using that month in and month out, we've got meetings where the leadership team presents their own metrics and that's the way we're running the business. If we have one that's off track, we're talking about things and ways to improve and we're also talking about investments that we may need if it's a metric that tracks with an investment need. Next thing is we secured the long-term bond financing. I won't go into that in detail because it's been covered a lot here, but we got 30-year bond financing for new moneys - \$65 million, refinanced \$15 million old money. Just the \$15 million portion is going to save us and the customers a million. Getting the \$65 additional at 2.76% will be the gift that keeps paying in the future because that, sometimes you're lucky, sometimes you're good, I think we worked really hard but we got the valley in the market with a little stroke of luck. So you've seen the executive level reporting, Mr. Chavez covered it today, it's that one pager where we talked through all of our metrics, what's driving revenue, pluses and minuses. And then lastly, on this page, the team worked for at least six months on updates to the Purchasing Manual. Working with counselor Cloud and our purchasing folks trying to make improvements that put in place the new levels of spending approvals and then we also streamlined and sped up the ability for the organization to make decisions between meetings,

(4-b) FY2021 Strategic Goals, FY2020 Organizational Accomplishments, and Sept. 2020 Enterprise Metrics (cont.):

getting ratification approval on project related expenditures and then also providing a greater degree of transparency in our spending.

Mr. Bunch went to the next page and stated I won't cover this again but as Mr. Chavez mentioned we resolved the 12-year old issue with AT&T favorable to us. And we also transitioned utility locating services to a vendor. We were previously having at least three to four people on a daily basis go out to meet with people looking to build and locating our services. It's necessary and it's important but it's also not high value work. So what we did was outsource that to a company that's doing it far less and we're able to, with those employees that were doing it, to do higher value utility construction and maintenance work that's more important to us running the system; and it saves money, so win, win. And the last bullet on this slide is we have a rate study underway, a lot of progress. It will cover general, water and electric rates, cost of service, revenue requirements, updating our infrastructure and capacity fees and some other issues like updating the streetlight schedule, pricing for LED's which we've never had before, streetlights. And getting some guidance on our Field Street generation which we do not run because of the cost of operation, but what's the financials of continuing to keep that and maintain it, versus potentially taking it out of service at some point in the future. He then paused and asked if there were any questions on the things that he had covered so far.

Commissioner Hawes stated he had one question, this is back on the human resource piece and I think it was presented a couple of months ago as well. Does that seem pretty well communicated now to people, you know folks that are reading it, is that pretty well out there now so that they understand the new deal?

Mr. Bunch stated I think so, so it becomes a little more real as we move to implementing all this between now and February time frame. And we'll probably need to go through a cycle of it to see what it means to me, you know listening to what's in it for me, we all tend to look at things from that perspective. So I would say it's probably going to take us a year to get through one performance management cycle before it makes sense and sinks in for everybody.

Commissioner Hawes stated the other one too I think is the issuance costs, I think it was \$752,000 or something. Having that wiped out, I mean it really kind of sets you up for the next few years with the interest savings and the like. So there's just a lot of little clean up things I guess is how I was looking at that, so that may help next year.

Mr. Bunch stated yes, and we worked with our consultants to make sure, and Mr. Chavez and Ms. Couillard did this to make sure we had planned expenditures, at that point high level estimates for grid modernization so it was somewhat informed with where we had and what do we think we're going to spend in the next five years or so. They did a really good job and they were working on that for eight to ten months, that was not a flip the switch type thing. That was, particularly between March and June, almost full time for Mr. Chavez and a good chunk of Ms. Couillard's time as well.

(4-b) FY2021 Strategic Goals, FY2020 Organizational Accomplishments, and Sept. 2020 Enterprise Metrics (cont.):

Mr. Bunch then stated okay, thank you, and then proceeded to slide 7, stating COVID-19 related efforts. As Mr. Chavez mentioned we implemented a two-month suspension of late fees, physical disconnects and set the fuel adjustment rate to zero. So at one point \$6 million red on the waterfall slide, it is but it isn't a cost this year because that was paid for with money from the reserve fund. So it was like money in the bank account and then when you use it you get charged for it. It was a great thing for the customers. And so I think coincidentally we had a period of time when we had a good more in that reserve account than we normally would, and we were able to draw from it. I've got to tell you, talking with peer customers, there are a couple of utilities that have not returned to normal billing and collections practices and they've continued to see the amount of dollars in arrears escalate. So at some point in time you've got to write that off, and those customers owe the utility. So when they go to connect back they've got to repay everything that's in arrears and any other fees that may be hanging. For a lot of these customers you're not really helping them by letting that go out too far. And that's essentially the argument that the utilities made successfully with the PSC and fortunate for our customers it worked out well.

Commissioner Hawes stated and you're carrying that too as an uncollected balance, so that's a negative for you on the statements.

Mr. Bunch stated correct, we have extremely low revenue write-offs. I believe for the total year of 2020 fiscal year it's going to be somewhere in the range of \$70,000, that is only slightly greater than a tenth of a percent. For people in our business we're probably three to six times more favorable than where most utilities are; the bigger cities tend to have higher percentages but even municipalities are usually three tenths to half a percent. And then lastly, to protect our customers and the employees we temporarily closed the walk-in downstairs, but we had that beauty behind us that nobody necessarily thought we'd be able to use that way; it was the drive thru. So we shifted all of our walk-in traffic to the drive thru, we went from one to three lanes and it's been serving the customers really well. We've had even a handful of customers walk up and the folks out there figure out ways to serve them. But I think it's just an advantage that municipals have to work directly with the customers in the community to make small and very quick tweaks without having to go through the PSC. And you are our Commission, so as we go to make these changes it's literally a meeting and they either get approved or we get guidance to do it. And then the last bullet on this slide, probably not the radar screen of anybody in the room, but the City absorbed 1,700 of the County's garbage customers that are out in the western portion of the unincorporated portion of our territory. Historically we've billed for City garbage accounts, just as part of the bill and the City absorbed those accounts and we transitioned the billing during 2020. When did that get completed Mr. Chavez? May, June, so again, something small, we charge just a little bit of a fee, but I think between the County and the City it made sense for them to do the garbage collection and it happened very quickly.

Mr. Bunch went to the next slide and stated slide 8, we held our annual Back-to-School Drive to assist students with much needed school supplies. We also sent crews to Louisiana and Alabama through the month of August and September for several hurricanes. And as I mentioned earlier, we were awarded accommodations by the American Public Power Association for that. So, a lot of good stuff there, a lot of good stuff.

(4-b) FY2021 Strategic Goals, FY2020 Organizational Accomplishments, and Sept. 2020 Enterprise Metrics (cont.):

Mr. Bunch proceeded to slide 9 and stated this is where the leadership team in the room here spent a significant amount of time during the year. They weren't just running the business, they were working on how we're going to better serve our customers in the future with the grid and water modernization studies. You may recall, we came here and got your approval in August, a Commission meeting on the 19th, for the modernization roadmap. And that focuses on connecting the current operations with how are we going to deliver Utility of the Future capabilities and improve our customer experience for the long haul. We've now built some high-level projections into the budgets for those modernization projects and now, in early next year, we're actually starting some initial discovery on the planning of those multi-year projects. So that's really just getting off the ground, as I mentioned when it was approved, that will be our reference on how we're going to run the business going forward for the major projects.

Mr. Bunch proceeded to page 10 and stated, related to this we completed a Water Optimization Study and we were fortunate that as Dave Hoover was retiring and Tom West came on board, Mr. West was able to review and provide input on the final water optimization project. And this will really cement our sustainability of water in terms of our well and plant capacity and also it gave us a lot of ideas on running the system more efficiently, and the future infrastructure and technology investments will be coordinated with the modernization roadmap. I think this was, of the studies we did, this was probably one of the more expensive ones but I tell you it's going to pay off many, many times full because it's addressed sustainability issues, addressed plant capacity issues and it's going to allow us to defer significant plant investment in just one project. And specifically it was the future move to reverse osmosis water treatment using deeper water wells, which then become brackish water, and you have the aspects of getting rid of, disposing of the byproduct from that treatment; so moving that, we should be able to move that out. And we're also looking at water softening technology that will drastically reduce our cost of removing the sludge and also improve the environmental friendliness of that whole water treatment process. So again, I can't say enough, and it was actually General Counsel Cloud that having worked in utilities that did this, that brought it on my radar screen early in my time here and said hey, at some point we should do this. There's some really sharp folks out there that can help you better position yourself to deliver sustainable water to the community, and I've got to tell you they did a really nice job.

Mr. Bunch went to the next slide and stated next, electric reliability, so the Engineering folks completed the system-wide reliability study and you approved the Phase 1 and Phase 2 approach. Later this year, early next year we're going to start the first phase of that and there are three feeders that are staged to get those improvements in fiscal year 2021. And at the same time the Engineering folks are working to develop a more comprehensive preventative maintenance program based on industry best practices. Recently brought on the new vegetation management vendor, we're moving to a three or four year trimming cycle and we should get some reliability improvements out of that. But also have a more predictable spend and quite frankly we were doing a lot of maintenance, we just weren't doing it using industry best practices where you approach it on a maintenance cycle. Just like your car, every three months or 3,000 miles, I rotate my tires every 10,000 miles; the list goes on. We've got the same thing in the utility business, we weren't really using those best practices, we were doing

(4-b) FY2021 Strategic Goals, FY2020 Organizational Accomplishments, and Sept. 2020 Enterprise Metrics (cont.):

on kind of a as we thought basis but there were some attributes of our liability that were suffering. Okay, the other thing we're doing now in 2021 is developing a more standard approach to corrective maintenance. So you identify a problem, how do you fix it, how do you prioritize it and how do you budget for it. And we're working on that in 2021, that will be part of our goals as well.

Mr. Bunch went to the next slide and stated page 12, this is kind of no news is good news, in cybersecurity if you don't hear anything, you're good. You don't want to be in the newspapers and fortunately we haven't been, but I've got to tell you I think relative to the municipal peers, our organization, Mrs. Keehn and her folks, is way ahead of most of our peers. We've executed a cybersecurity vulnerability and maturity assessment and she was able to get most of that done with grant funding, meaning zero cost to us. We had Homeland Security dollars, we had real credible industry consultants lifting up the hood, looking at our systems and identifying gaps that we may need to fix. We're also working with Norwich University and playing a lead role in doing an area drill to simulate a cybersecurity incident that impacts multiple organizations. So we've got the City, we've got the hospital, got the County, and Fire Department and some other folks working on this and Ms. Keehn is the lead on that effort. And these same people have coordinated to have these drills with people like NSA and other areas of the Department of Defense, they really know their business and I think our community will benefit. Lastly, all of us, and when I say all of us including me, we do role based cyber security training every month. There's videos, there's questions and answers, if you don't get it right you've got to go back and take the test again. To date we have not had any cybersecurity incidents. Then lastly to improve our systems and how robust they are, we've migrated most of our mission critical systems with several levels of backup. Some physical, some in the cloud, but again following some of those recommendations that were made. I want to mention, so you hear about these cities, they get their systems hijacked, usually it's because they don't have a backup. So somebody gets in, they hijack the system, either they hijack a local system and a local backup, or only a local system where people don't have a fail over. We have a fail over for our mission critical systems, at least one and in most cases now two backups that we can rely on and hopefully that keeps us in good order moving forward.

Mr. Bunch went to the next slide and stated page 13, shifting gears a little bit, capital plan execution. When I would look, I looked at prior years of what did the organization accomplish. Most of what we talked about a couple of years ago was about the projects. I finished this project, that project or the other project. I think when it comes to discussions at this level, we should be more about how do we better serve our organization and our customers in the future and what investments is it going to take to do that. And that's where most of the slides up to now have been focused. We did finish our first year of a risk prioritized capital budget process and in that, Mr. Chavez and the Engineering team rank what projects are we going to get funding for and which are more important based on that rank prioritization, the risk prioritization. And that budget that he just mentioned, that \$13 million capital spend, was based on a risk prioritized budget. And we also completed our first year with project management holding monthly meetings where they review the status of each project and re-project money if necessary. Without going into details, the last page on the word document that I provided you talks about some specific projects but I won't go into

(4-b) FY2021 Strategic Goals, FY2020 Organizational Accomplishments, and Sept. 2020 Enterprise Metrics (cont.):

those today, you heard about most of them during the year. The last thing I'll say on this slide, and Mr. Chavez mentioned it, is our spend plan did get impacted. We had contractors, probably around April, so I would say February, March I remember discussions with the Commission, we said at that point in time we don't think our spend is getting impacted at this point. April came and May came, people weren't traveling, contractors didn't start projects, we lost several months and there's still some. In fact we're doing a SCADA system upgrade for our electric system, only last week we found out one of the contractors still can't travel, so again another delay in terms of the final migration there. But bottom line is our folks are finding ways to work around it and for the most part important projects have either been finished or significant progress has been made.

Mr. Bunch went to the next slide and stated lastly slide 14, we had no utility or safety industry operational compliance violations in this fiscal year, which is a good thing. We had a Southeast Reliability Council audit early last year, we had one minor documentation violation and that was addressed while they were on site or immediately thereafter. And that was literally related to at least an annual requirement to move your transmission control facility to another location. The documentation for that wasn't as well as it should have been, the actual move to the backup facility was done. So Mr. Beyrle and staff addressed that and followed up, they're awaiting disposition. After being in the industry for years, in terms of compliance violations this one is way down there on the ladder. St. Johns Water Management District approved a 20-year extension to our Consumptive Use Permit, which was very good, and they approved at our current prior level of 8.3 million gallons a day. We also established weekly safety communications, where all employees receive emails on a variety of safety focused messages. So we're trying to increase the focus of safety within our employee groups and we thought the monthly safety message and because we start meetings here with a safety message, thought it would be good to do it at the Commission meeting as well. Lastly, we held our second Safety Stand Down Day where we take a couple of hours out of a day, all employees meet at a concerted time and we all get together and talk about focused safety topics. We did that early this year and as we mentioned previously, we're also getting ready to implement recommendations from a safety improvement program.

Mr. Bunch then stated, so if I were to go back where I started from, this has been a busy year. It was busy without COVID and COVID was the gift that just kept giving. But I want to personally thank our employees for rising to the occasion because I think particularly our customer facing staff had to adjust. They were also the ones that had concerns on a daily basis about meeting and greeting people, what's the potential impact on me and my family. For the most part, myself sitting at the desk, getting out and about in employee groups, I don't have that same exposure. But they did it all and we literally only had a couple of employees that got COVID throughout the whole process, had no large employee group infections. And when you have people like us that have the obligation to provide mission critical services like water and electric, we literally had plans in place to do facility lock downs. Particularly for water plants and our electric operations room, where we had food in place, we had military MRE's, meals ready to eat. We had laundering facilities that we didn't previously have but if we had people in place, we had the ability to launder their clothes, cots purchased, could bed them temporarily. Although fortunately we didn't have to pull the trigger on those plans it was all there, developed and ready to use if we had to. I'll pause there but I guess just in my

(4-b) FY2021 Strategic Goals, FY2020 Organizational Accomplishments, and Sept. 2020 Enterprise Metrics (cont.):

summary I feel like 2020 was a year of a lot of accomplishments. We kept the business running, we dealt with COVID, had business improvements, and we were also focused on setting the organization up for the long-term strategy. So I'll stop there and if there are any other questions, I'll be glad to take them.

Vice Chairman Davenport stated any questions?

Commissioner Smith stated yes, on the consumptive use permit, 20 years seems like a pretty long time. I mean is that normal to get it that long?

Mr. Bunch stated Mr. Cloud's head is shaking.

Mr. Cloud stated for utilities like ours, yes.

Commissioner Smith stated okay.

Mr. Bunch stated and I think the perception of how long that will last, how long that capacity will last has shifted because all the new customers that come on tend to have more efficient buildings and houses than legacy ones. The use per customer, I believe over the last 20 years, is going down a little over 20% per customer.

Vice Chairman asked again if there were any questions.

Commissioner Hawes stated well I don't know if I have a question, but I do have a comment and I want to congratulate Mr. Bunch, you and your staff, for really not just this past year but sort of where we're at and I'm going to laundry list a few things. I know I've only been here a few months but there's been an awful lot that's been in place. One is obviously is all the grid studies on water and electric, the bond issuance, all of the things with the administrative functions such as fleet management and the trimming issues and people issues, hiring new people. The H.R. change, financials, capital plan, and cybersecurity. As a proud graduate of Norwich University I know who they are and what they do and where they go after they leave. And so I just commend you on this and your staff. The reason for that is both as a customer and as a board member. To have an organized approach to something and to lay it out and have that vision, mission and something that we can follow all along, frankly, just makes our job easier and makes it easier to explain all the way along. This is a ballpark \$70 million annual business and it's just meaningful to have this done so that we can kind of see where we're at and what happens. I know things happen from time to time, you wish they wouldn't, but it's great to see what we're in control of because there will be those things that we can't control. But it's been very impressive, and I want to thank you guys and commend staff for that.

Mr. Bunch stated thank you, and there were periods during the year I'll tell you we were over capacity. I'd literally just have to say okay what can we stop doing right now because these two or three things are really important and other things can and will wait. But you know the folks in this room really stepped up to the plate and they kept the trains running. I'm very proud of what they did, all of them.

(4-b) FY2021 Strategic Goals, FY2020 Organizational Accomplishments, and Sept. 2020 Enterprise Metrics (cont.):

Vice Chairman Davenport stated I'll back that up Mr. Bunch, thank you. And the reports are just so comprehensive and easy for me to digest, compared to when I first came onto this board. So I really appreciate the time that staff puts in and everybody puts in and you lay it out, and the transparency; thank you, great job. He then stated moving along now, General Counsel's Report.

Mr. Bunch stated I did have one other item, and I'll cover this one really quick.

Add-On (4-c) U.C. Water and Sewer Assets – City of Edgewater:

Mr. Bunch stated so there's a handout we just developed today, actually Mr. Chavez and Mrs. Simmons developed, it's the Edgewater transaction history. I just want to spend about two minutes covering this. So back in the 90's, the City of Edgewater and the U.C. had discussions about us acquiring portions of the water assets that's in their area. And it wasn't because we wanted to expand, grow and take their customers. They did not have the ability and assets in place to serve those customers. So for a period of time we served water and sewer customers there. The chronology of why and when is outlined on the slides but it started around 1996 with Daytona State College constructing and in the mid-2000's it was further exacerbated with construction of Mission Oaks Mobile Home Park. So a little bit thereafter in 2007, we actually were able to effectuate the transfer of sewer assets to Edgewater. And again, from the very beginning there was never a long-term goal or desire for the Utilities Commission to supply those folks. So when Edgewater was able to connect to the sewer system and their plant, those customers were transferred in 2007. So fast forward, everybody knows what happened in 2008 and 2009, the economy tanked. Desires for them to expand their water mains and build and connect those water customers and take them over slowed down. Discussions for that transfer only resurrected either 2017 or 2018, I know General Counsel Cloud you were part of some of those conversations.

Mr. Cloud stated it started before we got here.

Mr. Bunch stated so it started in 2017, did it take serious form in 2018?

Mr. Cloud stated well, since 2007 Edgewater had wanted to acquire the water facilities but from time to time in the negotiations and I've seen the emails, it actually goes back to 2007. They would stop and then it would start again, then they would change City Managers and it would stop and it would start again. So you had this pattern going on in a situation that would I call, you know, no good deed goes unpunished. The U.C. was asked to serve in someone else's service area on a temporary basis that lasted two decades. So here we are, Edgewater bought the sewer system in 2007, their request, they wanted to, their service area. Same thing with the water system last year or actually the beginning of this year. We closed on it last week and here's the thing, Edgewater has higher rates plus they charge a surcharge outside the city limits, both which are valid under Florida law. There's been a statute since 1970 that allows cities to charge a surcharge outside the city limits, chapter 180. But optically speaking, it doesn't look good, it's not your fault, none of this is your fault. You did everything by the book, you held a public hearing, it was represented to us, and so did

Add-On (4-c) U.C. Water and Sewer Assets – City of Edgewater (cont.):

Edgewater. These are Edgewater customers now that are complaining primarily about the outside the city surcharge which you have no control over and did not cause.

Mr. Bunch stated thank you for that and sometime in the 1980's there were other things going on and up until that time the Utilities Commission actually charged that same surcharge for people outside our service territory. But as part of a three-way interlocal agreement with the County, the City and us, we agreed to stop charging that surcharge. And we don't today for customers on the south beach in our territory and those that are on the western portion of unincorporated, really County areas. So there were some discussions in the social media space over the weekend, Mr. Chavez sent it to me. At the same time I had an inquiry from the Mayor by way of the City Manager and I provided them some explanation. And I believe the Mayor actually cut and pasted that on his Facebook page over the weekend to help explain it and then also to encourage customers that have complaints to approach the City of Edgewater Commission. Okay, so that presentation the Commission has a paper copy of, and we can also make available if anybody would like to see that. He then asked if there were any questions.

Commissioner Hawes stated is this kind of done at this point or is it...?

Mr. Cloud stated as far as we're concerned, it is done.

Mr. Bunch added including payment in hand and the utilities working together to say the transaction is finished. Then stated that's all we have Chairman.

(5) Commission Counsel's Report – General Counsel:

Vice Chairman Davenport stated thank you, moving forward.

Mr. Cloud stated yes sir, to be brief because I believe brevity is the soul of wit. You are not facing any existential crises right now, which is a good thing, I could not say that in June. In the past year we have gotten rid of a lawsuit that could have been avoided with FEC and got rid of a contingent liability that could have been over a million dollars easily for a much smaller amount. And we were able to help make a recovery without having to actually file a lawsuit in a case where a lawsuit should have been filed. And these things are in the process of being wrapped up. The negotiation's still pending with the County on Williamson Boulevard and we've worked out the terms of the agreement but there seems to be someone in the County Engineering Department that really liked Mr. Wainscott's alignment and I don't think Mr. Wainscott's alignment is going to work for us. And we've told them that, candidly, we don't need the road. Now no one at the Utilities Commission is saying we won't do an agreement with them, but I am saying to you the County cannot condemn the land from you. There is no reason that you have to sign an agreement if they're not going to cooperate – the staff, Engineering staff; let me be precise here. If the Engineering staff is not going to cooperate with us in putting together an alignment that works. And we'll see how that works out over time, Ms. Couillard is up to speed on that and is working through it. But it is not an agreement that you have to sign, I just want you to be aware of that in case it comes up in community conversations.

(5) Commission Counsel's Report – General Counsel (cont.):

Mr. Cloud continued and stated and as you may recall we had a charter issue that arose this year which we were able to suggest that it really wasn't a charter issue. And so I have supplied you a draft of an agreement that I will go ahead and send to the City related to the items we discussed with the City Commission and which I believe will answer those questions. And we will have honored our word to the City Commission that we would send an Interlocal Agreement to them. And should you have any questions about it, please feel free to call me. And the last thing that's out there, and I'm sure Mr. Bunch and Mr. Chavez will be doing most of the talking is rate structure. Some of you may recall the night I stood in this room to deliver the peer presentation of your former general counsel and so I suggested there were two things you needed to do. The first one was doing an optimization study, which Mr. Bunch embraced, and it's done. Because I have learned the hard way that there are people out there way smarter than I am that can look at, almost like the guy that wrote the book cheaper by the dozen, they're industrial experts in efficiency. And they exist for utilities and I have found in life that they are very helpful and hopefully we will benefit from that. The second one is your rates, and that is in the process of being worked on, specifically your capital charges. And I don't want to go into any detail today but I think we're going to be able to come forward collectively with a rate structure that will, if it doesn't make everyone happy, it will at least provide the least amount of pain going forward. And it may not be before you yet, but we are working on it hard as we said we would when you issued the bonds. And that's out there on the horizon, probably within the next six to eight months I would say, that you'll begin seeing the studies for that and the paperwork. And that's all I have for the report.

Commissioner Hawes asked is the City Commission kind of quasi-aware that the rate structure is going to change?

Mr. Bunch stated yes, I've talked with the Mayor and the City Manager on that topic.

Commissioner Hawes stated okay.

Mr. Bunch stated so we, I think fortunately, we've had a pretty healthy customer growth, so 2% to 3% a year and Mr. Chavez covers it every month; definitely will help to cushion the cost of business increases that we've had. Now we haven't had an electric rate increase since 2004. We raised one or two of the water rates around 2011, we opted not to increase rates with the consultant's recommendation actually increasing around 2012. So I think, I've only seen preliminary numbers but I think Mr. Cloud described it well, it's not going to, the final version is not going to be met with great surprise.

Mr. Cloud stated one thing to remember and this was pointed out earlier in the meeting, it's unprecedented as far as I know we as a utility just washed two months' worth of fuel adjustment charges. Nobody else in Florida has done that, not FPL, not TECO, not in the way that we did. So this is a significant thing that the Utilities Commission did here that I think was the right thing to do but you know there will need to be a little bit of restructuring in the capital rates. It's not going to affect the day to day customers.

Mr. Bunch stated yes, I'd just describe that as we had a very complicated way of charging developers' fees, it can be dramatically simplified and still get the same money out of it. And I think the system that was designed in 2006 was done with good thought but the management

(5) Commission Counsel's Report – General Counsel (cont.):

of the implementation was very complex. And because of that they didn't go back and lift up and question methodology until we got the rate folks in to say okay, let's look at how it's done and see if we can simplify this because we have people that we deal with frequently in the development community that question the legal basis have threatened to sue us. And if we can clean it up and make it simpler to understand, for us and them, it's got to be a good thing going forward; so that will be one of the desired outcomes of that. And again, we will still have a fundamental philosophy that development pays for development, we just want to simplify the way we charge.

Vice Chairman Davenport stated that's it, thank you, appreciate it Mr. Cloud.

(6) Old Business:

Vice Chairman Davenport confirmed there were no Old Business items for consideration.

(7) New Business:

Vice Chairman Davenport then confirmed there were no New Business items for consideration.

(8) Possible Other Business – Time for Commissioners:

Vice Chairman Davenport then stated possible other business.

Mr. Bunch stated I don't remember, but I'm going to ask, did we ask if there was any public participation after we did the roll call?

Vice Chairman Davenport stated I don't think we did; we probably need to do that.

(2) Public Participation (cont.):

Vice Chairman Davenport stated okay, moving that to the bottom of the agenda, public participation – any?

It was confirmed there was no desired public participation.

(8) Possible Other Business – Time for Commissioners (cont.):

Vice Chairman Davenport stated all right then, time for Commissioners. Commissioner Smith, do you have anything to say?

Commissioner Smith stated yes, I do, and I was very fortunate, I was able to go on a tour of the Commission's facilities on Thursday. And I want to thank the Director and all the staff, it was very informative. Being a resident of New Smyrna on and off since 1950, it was a very heartwarming experience to see that things were being managed so well. And most importantly the staff, I mean they're really a truly bright, dedicated, hard-working group of people and it warmed my pea picking heart to see them out there and meet them and talk with

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(8) Possible Other Business – Time for Commissioners (cont.):

them. And their patience with answering my numerous dumb questions, it was a great experience, and I appreciated it; thank you.

Vice Chairman Davenport also confirmed that Commissioners Hawes and Conrad did not have comments at this time. He stated he didn't either but does appreciate everybody and again, the reports are awesome, I appreciate it. Then asked if there was a motion adjourn the meeting.

Commissioner Conrad stated motion to adjourn.

Commissioners Hawes and Smith both seconded the motion.

Vice Chairman Davenport confirmed all were in favor, then added thank you.

There being no further business to come before the Commission, the Regular U.C. Meeting closed at 4:14 p.m.

APPROVED:

ATTEST:

CHAIRMAN

DocuSigned by:

Lillian Conrad

11/30/2020

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SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their November 23, 2020 meeting.