

MINUTES OF A REGULAR MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD TUESDAY, OCTOBER 26, 2021, AT 3:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

*(NOTE – THIS REGULAR U.C. MEETING WAS HELD ON-SITE)*

Vice Chairman Hawes opened the Regular U.C. Meeting (Chairman Davenport was out of state and participated via conference phone). Commissioner Kelly led in the Pledge of Allegiance and Commissioner Conrad provided the invocation.

Safety Message by Brandy Keehn: Cybersecurity Awareness Month – 10-2021:

Vice Chairman Hawes then stated, and we have a safety message from Brandy Keehn on Cybersecurity Awareness Month, I believe.

Mrs. Keehn came to the podium and stated good afternoon Commissioners. I haven't met all of you but I'm Brandy Keehn and I'm the Information Technology Director for the Utilities Commission and this happens to be my safety month and cybersecurity awareness month. So imagine that and we didn't plan it, so I was like that's a good sign. So I hope you all got your little bags with treats inside. And that's something, it's an accumulation actually of different prizes and things we gave employees, but we're trying to highlight different threats and techniques that are happening within the Internet and cyber space, to also help get a handle on just all the different changes that are happening. Paused and indicated Mr. Bunch was smiling, looks like he just saw something in the treat bag.

Mrs. Keehn continued, so I want to start off with what Cybersecurity Awareness Month actually is, it was started 18 years ago by the Department of Homeland Security and it was a way to bring security awareness to America basically. So it actually caught on and now it's on the tip of everyone's tongue and cyber security is pretty much in everything we do, we're connected everywhere. So in an effort to raise awareness what we did was we used cybersecurity awareness and monsters and we coordinated it because the last day of the month, cybersecurity awareness is ending on Halloween; it kind of fit the purpose. So it's been really fun this year, we started with vampires, bloodsuckers - phishing and vishing. We did some awareness training on that which is always, and I think I put that on one of your cards, but 91% of successful data breaches start with a phishing attack. So that's what we hit first and that's something that we continuously strive to get a handle on in our organization. So we do simulated phishing tests throughout the year and just, I thought this would be a fun fact, we've done 75 simulated phishing attacks on employees this year, which is a lot. We do it bi-weekly on all of our employees and within that it's really shown some growth. When we started this, when it was about three years ago, our phish click rate was 27%. This month we're at less than 1%, so you can see that people are, they're actually very hesitant to click on any link. We, all the time, get alert messages that say is this a phish? And it's like from Mr. Bunch, you know it's legitimate emails that people are just afraid to click on, which sometimes slows business down, but people are aware of what's going on. I think we're really getting a handle on that.

Mrs. Keehn continued, the next monster that we picked was the zombie. Fun one to cover because it's your brains, stealing your brains - viruses and malware. That's another thing that if you click on a link or a malware ad you can also get your computer infected and hence bots

Safety Message by Brandy Keehn: Cybersecurity Awareness Month – 10-2021 (cont.):

and zombies. So we went through that but with that we also do awareness training with all of our employees, and we do that weekly but it's actually for the month. So they can pick how they want to do it at their time and their leisure. They're very short trainings, hitting the most critical parts of the security awareness. So right now we're at 84% of all of our employees that have completed security awareness training this year. So again we've improved on that tremendously and people continue to get better with their awareness training.

Mrs. Keehn continued, we also did, which was an interesting one, this one was kind of an on the fly, but we did werewolves and we associated the werewolves with insider threat, because they change with the full moon. So a lot of time insider threat isn't malicious it's just neglect. And my team came up with an idea, and you see those little cards in your kit. They're awareness cards to help bring awareness to forgetting to lock computers and screens and phones. So you get busy and walk away from your computer, you leave it unlocked. So it's almost a kind of game, it's actually been very funny where they'll leave an awareness card on someone's desk. Or our guys will actually come around and do something in the computer and shut it down. If they have to call us that they left it on, then we report that and they're accumulating points. Everyone now is, similar to the phish, they're getting very aware and I guess afraid to leave their computer if it's unlocked so we've kind of gotten a handle on that this month. Everyone thinks that and it's actually Q, one of our technicians, he's been really good about checking people and making sure they lock their computers or locking and putting something funny on it so they have to call him to unlock it. So that's been very successful; we'll probably continue that.

Mrs. Keehn continued, and then the last one that I wanted to bring to the attention of everyone was Frankenstein and we've related that to privacy and data just because Frankenstein was made from a lot of different parts and pieces, similar to what you would do with stealing someone's identity – lots of parts and pieces. But I did want to bring to light that we do additional training on top of cybersecurity, for all of our employees in the Finance, Customer Service, Meter area, as well as I.T. Anyone that touches anything to do with credit cards, customer data, so we go an additional step with that to train them on what to look for in fraud and protection for identity. We take that as well very seriously. And I think I skip that sometimes on our awareness training. And at the end what we just wanted to do is make sure we encourage employees to own their role in protecting themselves, their connected devices and the customers' data. It ends at the end of this month and then we always do certificates and Mr. Bunch signs them and we give them to all of our employees that have done the cybersecurity awareness at 100%. So we actually have right now, I think they're like 84, so pretty high for 100%. So very good, I wanted to share that with you and thank you guys for the support that we get for these programs and just information technology in general; we appreciate it. That's all.

Vice Chairman Hawes stated any comments, questions from Commissioners?

Commissioner Smith jokingly commented is this supposed to be me? (Held up a small plastic zombie from the treat bag.)

Chairman Davenport stated thank you for the update, that will all be in our minutes, right?

Safety Message by Brandy Keehn: Cybersecurity Awareness Month – 10-2021 (cont.):

Mrs. Simmons responded yes sir.

Chairman Davenport stated thank you.

Commissioner Smith stated I've been the victim of identity theft and I tell you it's not any fun.

Mrs. Keehn stated it's not.

Commissioner Smith stated I remember, and I think the timing was excellent because it was December 24<sup>th</sup> when I found I had somebody at Nordstrom's in New York charged \$2,500 on my credit card. I mean it's a horrible thing and I appreciate what ya'll are doing to fight it, but I don't know if you can ever win the battle.

Mrs. Keehn stated yes, they're definitely becoming more advanced with their techniques and it really does, every day seems like there's something new that you have to get ahead of. And so I think doing the bi-weekly phishing as well as the cybersecurity awareness training for the employees, besides what we're doing on the backend, it gives us at least a chance. You know there's always that potential, but I would say that this organization is more aware of the phishing just because of how we're constantly reinforcing that and it's out there. And I think that even will go to when they're at home or the things that they're doing in their home life because you just always do need to be aware that when you're online that there could be many things happening. I think that we are doing that and the employees are very receptive.

Commissioner Smith stated well, I was also with FEMA when they went to the personnel department, the Federal government, and stole all that information. So it's true, it's a real threat and it's, I don't know, it's scary.

Mrs. Keehn stated it is scary, that's why I think it's really in Halloween.

Commissioner Conrad started to comment to Mrs. Keehn but simultaneously Chairman Davenport commenced speaking.

Vice Chairman Hawes recognized Chairman Davenport to speak first.

Chairman Davenport stated Mr. Chairman would you please, we're all going to experience this during our careers on the Utilities Commission that we're probably all do a remote phone call. If everyone would talk into the microphone and get close, we can all hear it. I mean I can hear it but it's very vague, but if you would I would appreciate it and I think ya'll would when you experience it. Thank you, that's all I had to say.

Vice Chairman Hawes thanked Chairman Davenport and then recognized Commissioner Conrad.

Commissioner Conrad then stated to Mrs. Keehn, I see that in our agenda package we have a consent agenda item j., that has within it, identity theft detection and prevention policy.

Safety Message by Brandy Keehn: Cybersecurity Awareness Month – 10-2021 (cont.):

Mrs. Keehn stated yes.

Commissioner Conrad stated could you speak to that for just a moment, is that something new?

Mrs. Keehn stated that isn't new, we've been doing that when it became law, which I'm not sure of the year. But that comes through our Finance Department, it's something that we do yearly. And we take a look at what happened throughout the year and we find ways that we can improve and tighten our security controls. And like you said with all the different threats and just becoming much more connected with the pandemic, people working from home and everything now seems to be online, we've taken additional steps to do some more in-depth security measures. And we worked with the Finance team to develop best practice but also to list the things that we have done this year to address some of those threats. So we do something like that for you every year and present to you what we did and what we can do better, what we can improve on. And so I think we're on the right track but like you said there's always things that we can improve upon and do better, but we just keep trying to challenge ourselves with that.

Commissioner Conrad stated thank you.

Commissioner Kelly stated great job, I work with credit and things like that in our businesses. I mean it's ever important, you've got a great energy for it, and you use the term "we" all the time, so you must have a good team.

Mrs. Keehn stated I do, yes, I'm lucky.

Vice Chairman Hawes then stated well, thank you very much.

Mrs. Keehn stated thanks, thank you.

Roll Call:

Vice Chairman Hawes stated moving along it looks like its time for the roll call, Mrs. Simmons.

A roll call was taken and all of the U.C. Commissioners were in attendance as follows:

Chairman James Davenport (*participated via conference phone*)

Vice Chairman Richard Hawes

Commissioner Lawrence Kelly, Jr.

Commissioner James Smith

Commissioner Lillian Conrad

Roll Call (cont.):

Others in attendance were as follows: J. Bunch, General Manager/CEO; E. Chavez, Director, Finance/CFO; J. Couillard, Director, Engineering; T. Beyrle, Director, System Ops. B. Keehn, Director, Information Technology; T. West, Director, Water Resources; S. Heil, Water Production Supervisor/ Interim Water Resources Director; B. Beck, Director, Central Services; V. Steele, Director, Electric Operations; John McMurray, Director, Strategic Programs; J. Michel, I.T. Manager, Infrastructure (*in room at beginning*); #Laquavius Green; Help Desk Technician; M. Spellers, Sr. Help Desk Technician; D. Simmons, Exec. Mgr./ Recording Secretary; General Counsel Thomas Cloud Esquire – Gray| Robinson Attorneys at Law; with no members of the public in attendance on site.

(1) Agenda Changes, Additions and Deletions:

Vice Chairman Hawes stated any agenda changes, additions, deletions Mr. Bunch?

Mr. Bunch stated we have two changes this month, one is a deletion and the second is a change. So we're pulling agenda item 3-b., since originally putting the agenda together, Tom West and the staff have determined they can defer that project need. And in the meantime do some maintenance work on this equipment and at some point we're going to be recommending implementation of the pellet water softening process for Glencoe Plant that we piloted last year, and that will replace this. In the meantime we're going to do a little bit of investment in the equipment versus this replacement.

Vice Chairman Hawes stated thank you.

Mr. Bunch continued, and the second item was a correction and had to do with a Developer's Agreement, item 3-e. for Hyatt Place. We were dealing with the developer but they were working in two levels of LLC's and there was an error in the LLC that they used in filling out the Developer's Agreement. Initially they used what would be equivalent to the parent company versus the land owner, which should have been on there. So yesterday between Ms. Couillard and Tom Cloud, they revised the D.A. And actually somebody from the community brought that to our attention. I think you probably know Ms. Martin, Lisa Martin. She brought that to our attention and with her input we worked to resolve it.

Vice Chairman Hawes indicated yes, and added good, very good.

Mr. Bunch stated those are the two changes Chairman.

Vice Chairman Hawes stated okay, thank you very much.

(2) Public Participation:

(Public participation was opened below, after the approval of consent items.)

(3) Approval of Consent Items:

Vice Chairman Hawes stated on to the approval of the consent items. I guess would be a., not b., through k.; is that correct?

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

Mr. Bunch stated correct.

Commissioner Conrad stated that's correct, and if they want to pull anything?

Vice Chairman Hawes stated yes, is there anything that anybody would like to remove from that for discussion?

There being none indicated, Commissioner Smith stated I move that the agenda, minus item b., with revision to... What was the revision to?

Mr. Bunch stated e.

Commissioner Smith continued, item e. be approved; specifically a motion to approve the consent items – item a. Minutes of Regular (Reorganizational U.C. Meeting Held 9-28-21, annotated version, approve as submitted; (item 2-b. Removed from Consideration: *Purchase – IMS A-758 Lime Slaker System for Water Treatment Plant (Glencoe) – Single Source Purchase - Integrity Municipal Systems, LLC*); item 2-c. Assignment of Work – Pike Electric, LLC, Asplundh Tree Expert, Co., and Osmose Utilities Services, Inc., approve the issuance of purchase orders in the outlined amounts – Pike a total amount of \$1,675,000, Asplundh a total amount of \$1,160,000, Osmose a total amount of \$100,000; to complete the annual FY2022 budgeted, planned work and authorize the General Manager/CEO or his designee to execute all documents associated with this matter; item 3-d. Developer's Agreement – Ocean Gate PUD, Phase 2, approve the agreement by Ocean Gate Commerce Center, LLC and authorize the GM/CEO or his designee to execute any documents associated with this matter; item 3-e. Developer's Agreement – Hyatt Place New Smyrna Beach, approve the agreement by Lagoon Hospitality, LLC (*revised from Waterside "8" LLC*), and authorize the GM/CEO or his designee to execute any documents associated with this matter; item 3-f. Developer's Agreement – Greenlawn Manor (The Housing Authority of the City of New Smyrna Beach), approve the agreement by the Housing Authority, City of NSB and authorize the GM/CEO or his designee to execute any documents associated with this matter; item 3-g. Project Approval – Lift Station No. 7 Reconstruction, approve the proposal/scope of services for this project from CHA Consulting, Inc. in the amount of \$138,593.00 with a total project budget of \$823,593.00, and authorization for the GM/CEO or his designee to execute any documents associated with this matter; item 3-j. Red Flag Identity Theft and Prevention Program – Annual Update Report, no action required – compliance item – submission of the annual report (for FY2021) for the U.C.'s "Red Flag" Identify Theft and Prevention Program; and item 3-k. Phase Two Access Control – Continuation of Security Project, to approve Phase Two, purchase and installation for the locations noted in the summary section of the agenda item (3129 S.R. 44 (HEB), 3119 S.R. 44 (WRF), and 2640 Paige Ave. (WTP), with award to Genea Energy Partners, Inc., a single source vendor, for a total cost of \$74,921.21.

Commissioner Kelly stated second.

Vice Chairman Hawes requested a roll call vote to be taken on the motion.

Commissioner Smith's motion then passed unanimously on a roll call vote.

(2) Public Participation:

Mrs. Simmons mentioned procedurally, might want to consider public participation at this time.

Vice Chairman Hawes stated oh yes, is there any public participation today? Anyone would like to step forward to the mic? Also confirmed participation was not conducted on-line or through Facebook. Then stated well, seeing no one I guess we'll close public participation.

(4) General Manager's Report:

Vice Chairman Hawes then stated and on to the General Manager's report.

Mr. Bunch stated okay, thank you. I'll ask Mr. Efren Chavez, Director of Finance and CFO to come to the podium and address financial stats for us please.

(4-a) Financial Status – September 2021 (Preliminary / Unaudited):

Mr. Chavez confirmed the audio and proceeded to the first slide of his presentation entitled "September 2021 Financial Performance and Year End Scorecard". These numbers are preliminary in the sense that our fiscal year ends at the end of September, the audit occurs, and then we're reflecting accruals and other things, but this is a good, pretty good representation as of the end of September. And then of course once we finalize we'll., but that's the case every year. On the September 31 fiscal year end, we had a change in net assets of about \$7.4 million. That's driven by increased revenues and higher capital contributions. On the revenue side it's really the usage and volumes, and this is versus prior year. We'll go into it a little further on the waterfall slide. And on the capital expenditures side \$15.9 million, \$8.2 million in major projects and \$7.7 million in annual projects. So as far as even with the delays as it relates to COVID and other items, the team and the various operational groups in conjunction with Engineering, really trying to execute these projects and making sure we're moving and sticking to schedule adherence. On the major projects side you had generator replacements, RTU / SCADA work, Smyrna Sub., Sugar Mill Cable work, 5<sup>th</sup> Street Bridge. That's the 5<sup>th</sup> Street bridge replacement, that's by the Yacht Club, we have to go at the pace with the City, but that's kind of where that's at. On the annual projects spend, pole inspection replacements, potable water meter installations, gravity sewer lining and rehabilitation – that's about a million of that \$7.7. And that's a program, so we have that part of the budget every year.

Mr. Chavez went to the next slide and stated this is versus September, full year versus the prior year and as you can see there's \$1.4 million of a loss that we had at September 2020 year end, and then we're at just under \$700,000 for an operating loss. The biggest driver right now was that we had a substantial increase in revenue, \$2.1 million. We did have increased purchased power, that's driven by the volumes, the usages, and the customer count increase. We did see a slight increase, we're starting to see it a little more on the purchased power side but it's what we expected just based on the way the energy markets are going but we still are in a pretty good shape just based on our contract with FPL and some of the others; but very good overall by Mr. Beyrle and his organization. We did have some operating expense increases and some increases in depreciation and amortization. If you look in the top right-

(4-a) Financial Status – September 2021 (Preliminary / Unaudited) (cont.):

hand corner, you'll see there the customer growth, electric, water, wastewater, so you'll see 2%, 1.2%, and 2.4% respectively; that we've seen and that's been every month. On the volume side, which is at the back and last page, similar trends, 2.6% in electric, 2.4% on water, and 5.8% on wastewater and 3.7% on reclaimed. So really good numbers and with the trends out there, that will continue for the foreseeable.

Mr. Chavez went to the next slide and stated so this one is the full change in net assets, just adding in from the prior slide net other income and debt expense and the capital contributions. So if we just focus on that end, we did have capital contributions by about \$1.5 million. Really, we don't see that stopping either in the sense that's a combination of cash, easements, and contributed capital. Pretty good story overall, we'll continue I know. Just to kind of give you a wrap up, on the capital side of it, we are implementing the project scorecard in the sense of the major projects that we have so the Engineering team, will be a standard document that we're reviewing and implementing. A couple of other things, we will present the purchased power policy, that's been under works, next month and that's Mr. Beyrle but I believe he'll be out so we'll be covering it. And then the Investment Policy, we are meeting with Commissioner Conrad at the beginning of November and then potentially will present at November or December Commission Meeting. Just wanted to give you a couple of updates. On the key performance indicators, I will turn it over to Mr. Bunch to present where we're at for the fiscal year.

Mr. Bunch stated thanks to Mr. Chavez. Just a quick question before you step off, the \$15.9 million capital expenditure, how does that compare to history?

Mr. Chavez stated if he was not mistaken the year before it was \$15 million, so we've been trending up every year. A couple of years ago it was \$14.5 million, so we're definitely in the upswing. Our budget is around \$20 million so we are getting better and better at executing a higher capital percentage based on what has been budgeted. And that will continue to improve as we do the improvements that we're doing.

Mr. Bunch stated okay; and then confirmed there were no other questions for Mr. Chavez.

(4-b) FY2022 Strategic Goals, FY2021 Organizational Accomplishments, and September 2021 Enterprise Metrics:

Mr. Bunch then went to the scorecard visual. At a high level, we've got about 98% all green metrics. The couple that we didn't hit, and I'm going to talk a little bit about, were minor in terms of the business. Then went to page seven and stated he would talk a little bit about the detail. The one OSHA injury we had earlier in the year was very minor, it was literally like a skin contusion, laceration. It had to do with an employee, the way they were working with a piece of equipment. Lessons learned, went through the rest of the year, no OSHA injuries. Really good for our industry, we had none on the electric side of the business and I think we're getting an award from the American Public Power Association for that, as we have in prior years. The severity rate, which is if you have an injury how many days away from work are you, we've had zero two years running which is very good. We also haven't had any preventable motor vehicle accidents since prior to June. So we had a lot of minor backing

(4-b) FY2022 Strategic Goals, FY2021 Organizational Accomplishments, and September 2021 Enterprise Metrics (cont.):

incidents which in our industry it's irritating, because things like use of spotters, cones, and things like that can prevent it but fortunately we didn't have any bad vehicle damages and no personal injuries related to that. So Ms. Beck has John DeFries working on it, he's done training, had an instructor come in, got some third-party training. And again, prior to (sic after) June we haven't had any of those.

Mr. Bunch continued, moving on to Electric Reliability, this is a really good story and I'm not going to cover it in detail now because I don't want to steal the thunder of the next presentation. Ms. Couillard has a great presentation for us. Water Resources, all the metrics green, month and fiscal year to date. We know in the future as we invest in some additional technology with things like smart meters, we'll be able to narrow down where and how much real water loss we have. Right now because of the variability in the timing of the billing groups month to month, that number jumps 10, 24, 8, 2, it's really tough to put a number on. So all we can do is look at the averages, but again a little further down the road when we get more technology in place, we'll be able to determine how much, if and where the leakage is occurring.

Mr. Bunch went to the next page and pointed out Customer Service continues to be a really strong suite for us. Even prior to the pandemic, I was quite amazed when I first arrived here, the percentage of meters we're reading, the very low level of uncollectible, and the timing, what percentage of the bills are current rather than late. So last month, since we started monitoring it, we hit 98.26% of all bills being 30 days or less in accounts receivable, which for us is really, really good; that's the highest month we've had. And our uncollectible revenue as a percent of billed revenue was .13% for last fiscal year; in the industry another really low number. If you go into the big cities, you're looking at several tenths of a percent and in bad years, particularly like the cold winters, you can get up over a half of percent and that's a lot of millions of dollars. Literally the .13% was I don't know, \$40,000 or something like that, very low number for our customers. So all the metrics were extremely good compared to industry benchmarks. On to Materials Management, all the P.O. issuance, which is the one metric we measure, is going very well and we're usually in the couple to three days of resolving the P.O.'s. And next in the area of Human Resources, we did close the gap last month. If you remember most of the months, we've been ten or more FTE's below head count. And it's largely been trying to get people in the seats to fill in those jobs, particularly for the external recruited roles. That continues to be the case, but the leaders are more focused on hiring the right folks, particularly when it comes to the external hires and if we need to take a little bit of time, they are. In the area of cybersecurity, as Mrs. Keehn reported, green for the month and the help desk ticket close out remains green. The other thing I would say to credit Mrs. Keehn and the team on this nice little zombie zone bag you got is they're done a really good job of keeping cybersecurity fresh. So when I say that, last year by way of example, we were getting monthly training, videos, take the test, get a score. She moved to another vendor. More probably better done, more interesting videos, just to try to keep it fresh because when you go to a vendor they've got about a years' worth of training and then it starts to become repetitive. She switched it up, kept it fresh and with things like the little I caught you away from your desk, these kinds of things make it a little bit fun, a little bit interesting without people feeling like "big brother's" watching them. And when I chuckled

(4-b) FY2022 Strategic Goals, FY2021 Organizational Accomplishments, and September 2021 Enterprise Metrics (cont.):

early on, it was actually because I was one of the people that clicked on a link last month. And this is how it happens, I got distracted, I got off the phone, I was clicking through emails trying to get out of the office at the end of the day and I clicked on the link of one of them that looked like it came from our I.T. Department; well, guess what it didn't. So I was laughing at myself when Mrs. Keehn looked over and indicated that I smiled. That's the way it happens, people aren't paying attention, they get that link with a bad file attached and the next thing you know you have a cyber incident; so that continues to be a good area for us.

Mr. Bunch then concluded by stating rather than go through all the metrics, very good year from a metrics standpoint and as we transition to the next couple topics that Ms. Couillard and Mr. McMurray will cover, you're going to see we've got a lot of significant progress underway for a lot of important things that are in our plans. In the agenda package, and it's not an item for approval, but just information only, we've got the 2021 accomplishments and the goals for the year. Largely it's going to be continuing the path we're on, executing the projects and programs that you've approved for in the past, and hopefully reporting on success like we're beginning to see today with reliability. So I'll pause there if anybody had any questions on the monthly stats or year-end close out.

Vice Chairman Hawes stated questions, comments? There being none, he then stated well, I have a comment.

Mr. Bunch stated yes sir.

Vice Chairman Hawes stated I wanted to talk about safety and risk and also the motor vehicle piece. It's really exceptional that this has gone on and I know last month you gave us the little hat that said "Safety Brings You Home". I'm wearing that hat by the way. The industry that I'm in we don't think about that kind of stuff, so I think the awareness of this, and then to just kind of do what you're doing is a big thing. And to have these accidents be so low, I don't want to jinx anybody with that, but I think its just absolutely incredible. And I think it helps to bring in some of the people, I remember the gentleman who came in who goes into the sewers and does some things, and the gloves with the electric stuff and all of those things and I think that says quite a bit.

Mr. Bunch stated there's a lot of pride too, that was C.J. in Water Resources. And what I've observed in lot of years in this industry, particularly your field guys, this is a real part of who they are. So the "Safety Brings You Home" slogan was the safety improvement team, the involvement team's idea. You know they make the tie to that between doing a good job and going home to your friends and family; that's what it's about. Our industry faces significant risks, high voltage, threat of electrocution, water, you could drown in one of the plant tanks, we have 12, 14 ft. deep tanks, high pressured water, very caustic chemicals used in the treatment processes. And they're well aware of this on a daily basis and to have one very, very minor OSHA injury all year is really good. And I can't remember whether it was last year or the year before, but we had a year with no OSHA injuries. Ms. Beck was that last year or the year before?

(4-b) FY2022 Strategic Goals, FY2021 Organizational Accomplishments, and September 2021 Enterprise Metrics (cont.):

Ms. Beck, from the audience, stated the year before, last year was a spider bite.

Mr. Bunch stated so we had one injury, it was a spider bite, so we had the spider bite and we had the minor contusion, laceration with the tool box, basically it fell and hit somebody's foot after it hit the ground. But for the number of people that we have in the field on a daily basis 24/7, that's a really low number of injuries.

Vice Chairman then stated Chairman Davenport, go ahead please.

Chairman Davenport stated Mr. Chairman, yes, I would like to just piggyback on what you just said Chairman. Hats off to our leadership in this organization, because I've been in the insurance business 47 years with State Farm and three years prior, so 50 I have in this business. I've done more work comp., I've seen more claims, I've seen more claims, I've seen more accidents, and to hear the numbers I'm hearing from this organization, truly to me as a person who's been totaling involved in this business for many, many years and I'm proud of it, is just incomprehensible, it just really is. And I think, what Mr. Bunch just said there, the pride of the employees, the pride is so unbelievable, is showing. And Mr. Bunch hats off to you and your organization, I mean everywhere from getting hurt to getting cyber robbed. So thank you, I really mean that, backing you up there, Vice Chairman Hawes.

Vice Chairman Hawes thanked Chairman Davenport. Adding yes, and I don't remember but I think we have over 100 vehicles right or ?

Chairman Davenport stated wow.

Ms. Beck stated we have 76 driving vehicles.

Vice Chairman Hawes stated okay, and a lot of that is big trucks and so on and so forth, so anyway it was impressive.

Mr. Bunch stated and we recognized that number of backing incidents as an opportunity for improvements. So when we hired John DeFries as a new Safety Manager back in February, he brought water and electric industry experience to us and he's making a big difference. Ms. Beck had a great hire there and I feel like we're seeing the benefits of him being on board with us now.

Commissioner Smith stated it would seem, if I made one comment, it would seem to me that U.C. employees are probably safer at work than they are home.

Vice Chairman Hawes stated, it depends where they live, I guess. Well, thank you very much. We can move onto your next topic, I guess.

Mr. Bunch stated thank you. I won't review the 2021 accomplishments and goals (2022) in detail. This isn't something requiring approval. What I would ask is have a read through it, if you have any questions feel free to ask now or next meeting you want to bring something up,

(4-b) FY2022 Strategic Goals, FY2021 Organizational Accomplishments, and September 2021 Enterprise Metrics (cont.):

feel free. But largely, very good year for execution and as we roll over into 2022, a continuation of the real strategic and important things that we've started. And again, as we get into the next couple items, I think you'll see some good progress.

Vice Chairman Hawes stated thank you.

(4-c) Electric Reliability Improvement Program (ERIP):

Mr. Bunch stated so with that, if there are no other questions, I will move to item c. which is the Electric Reliability Improvement Plan and ask Julie Couillard and Vernon Steele to come to the podium and again, remember if you could speak into the mic, so that a., we record and stream it well to the Internet and Commissioner Davenport could also hear you.

Ms. Couillard stated sure, so we're here to talk about the Electric Reliability Plan for the year-end '21. Give you what we've started, what we're working on and what the future is and how that impacts our year-end metrics.

Vice Chairman Hawes then asked Chairman Davenport if he could hear that okay.

Chairman Davenport stated yes, I can but I didn't want ya'll to hear the ambulances and everything, but if everybody would, talk right into their microphone; I'll mute myself.

Ms. Couillard stated okay, I'll work real hard to do that because I move around. So I'm going to just kind of kick it off, turn it over to Vernon Steele to talk about the projects that are in T&D and being executed. And then I'll talk about what's in the future and we'll go over a couple of slides of the metrics.

Ms. Couillard went to the first slide and stated so just a little bit of the history and what our goals are, we implemented this Reliability Improvement Program to improve system-wide electric reliability performance and customer experience using targeted levels. And we used FMPA to help us benchmark, make sure we're looking at the right levels for our size and our muni. So our five-year history averages through 2020, our frequency, SAIFI was at 1.68, CAIDI is customer averaged duration minutes, was at 55, and SAIDI was at 92. So our outage frequency was higher than what we would like to have. That also drives up duration and our CAIDI has been excellent and we're just looking to maintain that. We have really good CAIDI because we have a small service territory and our guys can get around quite well. So our plan is to work to reduce average outage duration on SAIDI to less than 60 and frequency less than 1.0 and maintain the restoration time around 55 minutes. If both SAIFI and CAIDI are reduced, then SAIDI will reach its 55. So there's interdependencies on some of these metrics. So what we did is we created a three-year field implementation timeline with a number of projects to achieve these goals by fiscal year '24.

Ms. Couillard went to the next slide and stated so overall we're implementing system-wide improvements, across our system, including our four substations and our fourteen circuits. The improvements include T&D vegetation management programs, installation of

(4-c) Electric Reliability Improvement Program (ERIP) (cont.):

sectionalizing devices, standardized fusing sizes and device coordination, new feeders, new standard equipment and design standards, standardized maintenance plans and automation of these sectionalizing devices. And with that, I'm going to turn it over to Vernon Steele to talk about what we actually have done so far.

Mr. Steele stated okay, so drilling down into some of the initiatives Ms. Couillard talked about, we start with vegetation management. It's a two-part plan, including the distribution system as well as the transmission system. So last year we trimmed roughly 12% of the distribution system, we'll do the remainder this year, well, in 2021 and 2022. So 2021 we did 60% and 2022 we'll do the remaining 40%. We'll also do the transmission system throughout 2022, so at the end of 2022 we'll have the distribution and the transmission system trimmed. Then we'll have a recurring three-year cycle to do the entire system over three years.

Mr. Steele went to the next slide and stated so here you can see the miles that we did in 2021 and what we plan to do in 2022. Roughly 126 miles of distribution, a mix of O&M, prescriptive trimming and capital trimming for projects, and in 2022 we'll do the remainder of the system.

Mr. Steele went to the next slide and stated so the next topic I want to talk about are the protection control system devices. You know, TripSavers, Reclosers, these devices basically convert sustained outages into momentary outages, similar to the breaker in your house when there's a problem on the circuit, they open up. But these are smart devices that will open up the circuit and then try again so it can restore power if its just a momentary problem with the circuit. So of the TripSavers, we'll have 150 to add to the system over 2021 and 2022.

Mr. Steele went to the next slide and stated the reclosers again, similar to the breaker in the house. They're smart devices, if there's a problem on the system they will open up the system, wait some period of time, try again and do it multiple times to try to get those customers back on. We're going to add the pole mounted reclosers to 18 of the lines, so starting next month we'll be installing those all the way through 2022.

Mr. Steele went to the next slide and stated this slide shows the TripSavers, you can see from the graph they're being installed on pretty much every line in the system – 150 of them. Currently we've installed roughly 50% in 2021 and plan to do the remainder of the 150 by June 1<sup>st</sup>, storm season 2022. Then went to the next slide, reclosers again, the first four units we got in. We're programming them and getting them ready to install and like I said we hope to get them all installed by the end of 2022. He concluded by stating with that I'll turn it back over to Ms. Couillard to walk through the remainder of the initiatives.

Ms. Couillard stated okay, so the other items we did this year were, we pulled two new feeders out of Smyrna Sub., added a transformer there. We reduced the size of customers on our feeders by splitting them in half. We're still looking at future ones from that. We are implementing new standardized equipment, including design standards. So for us our design standards book I think was in 2006, so we have created a whole new design standard book and the whole team has worked on them. We started with overhead, we're going to do underground, fiber and substation. And then lastly, we are standardizing our preventative

(4-c) Electric Reliability Improvement Program (ERIP) (cont.):

maintenance plans and corrective maintenance plans in a joint effort with FMPPA. So they have some expertise in-house, we talked to them about helping us formulate this and we kicked that off last month; she added they're a good partner.

Ms. Couillard went the next slide and stated planned projects, we have additional new feeders out of Smyrna Sub. We are crossing under I-95 with two, we're going to rebuild the transmission lines as well in that right-of-way. We are starting the siting effort to complete our transmission line loop. Currently all of our substations are on a radial feed, so we're going to close that loop. We're looking at load transfer and feeder balancing and also feeder ties that can be automated so that if something happens, we can switch load very quickly from Mr. Beyrle's organization. We're doing aged asset upgrades, that's a new project for us. System hardening and selective undergrounding as well. And then distribution automation and that is tied closely with our Telecom plan and our AMI program.

Mr. Bunch stated I wanted to just stop there if we could for a minute Ms. Couillard. In that bottom bullet you mentioned smart grid. Really that's what we're talking about here, right?

Ms. Couillard stated yes.

Mr. Bunch stated the collective sum of all these things builds a smart grid, more automated network. Some of the things you're doing now are in place that you'll then be able to communicate through the smart grid, is that correct?

Ms. Couillard stated correct.

Mr. Bunch stated could you maybe give us an example of what that might look like?

Ms. Couillard stated so for the reclosers we were talking about, they're out on the main feeder, the three-phase pieces. Now we program them to act on what they see, we'll be able to get communications to those locations so that if we want to try something else or only switch one phase instead of three. The guys in operations group will be able to see that on the screen and make those adjustments instantly. That's just one item, I mean we have AMI, we have all kinds.

Mr. Bunch stated thank you, good example, thanks.

Ms. Couillard stated okay, and continued, this is an analysis of our metrics over the last, there's a three-year average and then there's fiscal year end 2021. So in graph #1 our CAIDI has improved. She stopped and interjected I don't have, I didn't think a pointer would work, but if you look at the CAIDI numbers, our CAIDI has improved by 39% over our historical average. And that comes from the improved use of our GIS. We have better estimating for how many customers are impacted on outages, we can do better calculations and our CAIDI value really is consistently below our peers because of our responsiveness. So being able to get and resolve quickly helps that number. And then our SAIDI which is the product of duration and frequency, if you multiply the two, as restoration time falls, SAIDI has also seen a 38% improvement over historical values.

(4-c) Electric Reliability Improvement Program (ERIP) (cont.):

Ms. Couillard went to the next slide and stated on graph #2, one of the major causes of momentary interruptions is tree contact, and then of course there's squirrels and critters. But since we started the new vegetation management program in FY21 our momentary interruptions have reduced by 28%. And as we keep trimming and get ahead of that we expect it to keep coming down, but it's also bubbling up other things like okay, now we need to address the squirrels and the raccoons and the critters. Our SAIFI value remains near previous years because we did have a few outages on feeders that hadn't been trimmed yet that blocked out the whole feeder. So the number we have to count it, the number is still there but we expect it to keep trending down.

Ms. Couillard went to the last slide and stated so in summary, we implemented this project in late 2019/2020 time frame to improve system-wide electric reliability. Our program goals are to reduce average duration to less than 60, frequency less or equal to less than 1.0 and maintain our restoration of 55 minutes. So our progress this year, new feeder installations and configurations, vegetation management year one, sectionalizing devices installed and then overhead design standards complete. So from that we have the metric performance and it's really a good story; that's it.

Vice Chairman Hawes asked if there were any comments or questions from Commissioners?

Commissioner Smith stated as usual I do have a comment.

Vice Chairman Hawes stated please.

Commissioner Smith stated I think sometimes its important to have a specific between what this Utilities Commission has done and what continues to do as opposed to places like where I worked. And the one that sticks in my mind was Puerto Rico. I don't know if you know much about what happened in Puerto Rico but they had a 1950's electric system that they failed to maintain. The organization PREPA was ripe with nepotism and politics and everything else, which is unlike what I've witnessed here. They finally were able to get all their lines back up but I think a limb fell on one end of the island which knocked out power to the entire island. I was working on the energy sector for the recovery and our final recommendation, which was our demise unfortunately, was they need to get all these people they can off the grid because the grid will never be reliable. It's had 60 or some so years of non-maintenance. What I see here is the exact opposite, you're getting ahead of the curve on the maintenance. And all I can tell you is if you ever go to Puerto Rico and you're in San Juan, drive down the street and look at some of these substations, I mean they look like an ad for Rust-Oleum; it's the most amazing thing I've ever saw. They got the power back on while I was there and it shut down almost immediately because it was like their whole electrical system was like the old series Christmas lights, one bulb goes out, the whole island went out. So I am very impressed with what I see and what I hear. I know that's a rough comparison, comparing here to Puerto Rico but it is reality. You are doing a great job and we appreciate it.

Mr. Bunch also stated thanks to Ms. Couillard, thanks very much.

Ms. Couillard stated thank you, we definitely appreciate it.

(4-c) Electric Reliability Improvement Program (ERIP) (cont.):

Vice Chairman Hawes then stated I guess one of the things and I didn't want to, don't want to overstate this but Mr. Chavez has been putting this on the scorecards for the last 15 or 16 meetings I've seen and I'm sure well before that. And there's a lot of information as you know. You know I've just sort of gotten used to looking at these stats because of the colors and how this kind of works out. And I wanted to thank you both for bringing really some life to this. And one of the things that caught me was is this the benefit of a local utility, meaning some of these, there's some massive improvements here, there's some things that we're doing. Is it because of the nature of the way the Utilities Commission is configured with its service area, or like that we're able to maybe do some of this quicker, better, faster or whatever the story might be?

Mr. Bunch stated I'll jump in with that. So we've got the ability to approve things quicker versus the investor-owned utilities having to go through a Public Service Commission. Programs like this on a larger scale, involve \$100's of millions if not billions of dollars. So in the case of FPL, billions of dollars, there's a lengthy review and approval process. Ramping up for that size of effort takes quite a while. So I think the first part of your answer is yes. We've presented plans, you've approved them, and we moved forward. The last year it's been accomplishing the things that Mr. Steele and Ms. Couillard just talked about and we're beginning to see the benefits. Now that said, we had some catch up, you know we weren't going from 80 miles an hour to 90 in a high-level performance. We had basic maintenance, the vegetation management program that Mr. Steele talked about, we weren't doing it on a cyclical basis before. So just getting that started and then you getting the approval for us to spend all that money last year to do 60% required a lot of effort. So I think the answer to your question is yes, we can get it moving quicker and without less regulatory involvement. But the consultants that Ms. Couillard and the others have chosen to guide us through this process are also using industry best practices and hopefully we will be able to get there quicker than it would take the bigger guys to do.

Vice Chairman Hawes stated well, that's what it looks like, but I thought I would see if it was actually true; so thank you.

Commissioner Kelly stated Mr. Chair to your point, I'm new, so these numbers are outstanding. So I was wondering how that happened, I mean they're just big increases so kudos to the team there; great numbers.

Ms. Couillard stated thank you, we're running hard and fast.

Mr. Bunch commented you can address the "how to" Ms. Couillard because you've been in front of a lot of this.

Ms. Couillard stated once we got approval to go...

Chairman Davenport stated from the phone, Mr. Chairman please?

Vice Chairman Hawes stated yes.

(4-c) Electric Reliability Improvement Program (ERIP) (cont.):

Chairman Davenport stated yes, I'd like to piggyback again on what you said, and being on the board, I can't remember five years or so, but I just want to say I've seen just what you described with the scorecard and the buzz and the accidents and everything since Mr. Bunch has come on board. I had zero clue of what was happening and since Mr. Bunch, our new CEO and also Mr. Chavez and the whole restructuring had just happened, but right before. We've been very blessed to see this. Mr. Bunch I just want to tell you thank you, thank you from the bottom of my heart because now there's so much transparency and I'm not trying to blow smoke rings anywhere but I'm just seeing, so brutally honest. And that's where it came from Vice Chairman Hawes, in just the last few years, it just jumped out at us, so thank you.

Vice Chairman Hawes then stated thank you Chairman Davenport.

Mr. Bunch stated thank you both. So the "how to" maybe just, and you covered them but its probably not evident to those that didn't see the earlier presentation. Maybe just some of the, when did you start, some of those things along the way and how you got to where we are.

Ms. Couillard stated sure, so we came in, did an assessment. Figured out kind of what we wanted to do first and we figured the low hanging fruit was the tree trimming so we hit the street with a bid, with an RFP for that. And we identified which ones we were going to do based on the worse performing circuits, what projects we had in place and were going to do. Once we got the award, then we met with the contractor and we still meet with them every week to talk about schedules, budgets, etc.; and we picked a good contractor. But once we decided what we wanted to do, then it was just kind of heads down let's get it going. And now it's like clockwork. So there's that, there's all the substation work. I have to hand it to my team and the rest of the folks here too, we all work really well together and it makes it so much easier when you can work as a team and you're not battling each other over you know this, that or the other thing.

Vice Chairman Hawes stated thank you and thanks again, appreciate what you're doing.

Ms. Couillard stated did that answer your question?

Mr. Bunch stated you answered mine, thank you. Any other questions for Ms. Couillard or Mr. Steele? There being none, he stated okay, thanks. Really appreciate it, very good job.

(4-d) Modernization Projects (Update):

Mr. Bunch then continued by stating I'll ask John McMurray to come up next. Mr. McMurray joined us a couple of months ago in the role of Director of Strategic Programs. And up till then we were trying to do a lot of these things on the shoulders of the very busy folks you're looking at out there, and over the last year there were some things that we were trying to move ahead but we just couldn't because of the workload everybody was trying to accomplish in their normal jobs. So we've pulled out modernization and Mr. McMurray has been running interference with us since. When did you join us Mr. McMurray, was it July?

Mr. McMurray stated July 6<sup>th</sup>.

(4-d) Modernization Projects (Update) (cont.):

Mr. Bunch stated and there's a lot of good things going on that he's going to report on today.

Mr. McMurray stated thank you Mr. Bunch. Good afternoon, I'm John McMurray, Director of Strategic Programs. And I'm excited to share a summary of our modernization plan and our roadmap with you. I think there's some great things going on and as I heard earlier, there's a great team working on stuff and it's not just in little spotty areas, it's all throughout.

Mr. McMurray went to the first slide of his presentation and stated our previous strategy in the early 2000's was to manage the projects that targeted capacity. It was an annual work plan and that's what we're looking at is capacity. But capacity is only one part of what we do, we also need to look at reliability, which is the team, the presentation just before me. There's resiliency and there's several other things that we look at, technological advancement. In 2019, you the Commission, approved our staff's request to create the modernization plan and the modernization roadmap. We went, we set off on that mission and the reliability improvement plan, which preceded my presentation, was a key component of that.

Mr. McMurray went to the next slide and stated so as part of the roadmap and part of the plan, there's a pyramid that was provided by one of our consultants and it's over on the side, it's kind of small. But at the very base of that pyramid is the red foundation, and those are the highest priority projects that we're working on right now. So what that means is we're going to work our way up the pyramid but we're starting with the most important stuff that needs to be done now. So when you look at our system, we have limited knowledge about what's occurring out in the field. Fast forward five years into the future, we're going to have great eyes and great visibility on what's going on; we're modernizing the system.

Mr. McMurray then stated next map or next slide please, this is one other consultant that came in and provided a detailed view of the roadmap and what needs to be done as we develop to the Utility of the Future. And the plan consists of projects, standards, process, programs and advanced technologies; so that's what we're looking at here. And it's from a high level but we're going to work our way down.

Mr. McMurray went to the next slide and stated this is our modernization timeline. This is the timeline of all the projects for electric. We're going to have one I'm going to show a little bit later also, on water. And it has the list of projects and when we are going to do it. Now the schedules will adjust over time as things occur but it's a general plan and that's what plans do, they adjust over time. So when you look at this and you say what's important here, it's all important. And the stuff that's on the front end, that's front end loaded, that's the most important stuff that we're concentrating on now.

Mr. McMurray went to the next slide and stated so what does AMI and what does our modernization and meter infrastructure and smart grid, what does that mean to us right now. Well, we're going, I compare it to the central nervous system on the body. Right now we're walking down the street and we prick a thorn, and we have a cut and we're walking down and we're dripping blood and we don't know about it. And that's on the water system and that's on the electric system, until somebody calls and says hey, you've got a cut there. We've got to wait for that call. In the future we're not going to be waiting for the call. We're going to

(4-d) Modernization Projects (Update) (cont.):

know because the meters are going to chime out and before, in many cases, people can pick up the phone, we'll know that the power's out. And we'll see the extent of the power outage before the 100 or 200 or 500 calls come in, we'll know about what it is before that first call comes in. So that's some of what it's going to do for us, the modernization.

Mr. McMurray went to the next slide and stated okay, this is talking about the benefits for smart grid enabled projects. And so what we're looking at, and I can't see the print very well, I should have printed it out, but some of the things we're looking at and you can probably see better than me, are basically looking at the flow of the system, understanding the outage data and also understanding when things happen that we're on top of them. The benefits are not just having outage information but for the customers, that they'll have a portal that they'll be able to go to, that they can report a streetlight out, an outage that's happening. Like I said we probably won't need them to report but we're still going to encourage them to report. We'll also have near real time information about accounts, they'll be able to look at hourly bills and their consumption, whether its water or electric and they'll be able to make decisions to help them conserve energy or conserve water, and so that can save them money. So the benefits to the customers is there. There's going to be a ton of data coming through. So we're going from 55,000 meter reads a month to 161 million meter reads per month.

Mr. McMurray then went to the next slide and stated this is just showing what the advanced metering infrastructure system can do. On the left is an outage with the red dots, those are actual meters that are out from another system here in Florida. And on the right side is another system's time of use, and it's just showing their consumption during certain periods of time. And it gives us the ability to provide incentivized rates, so that if you use less power during peak energy we could potentially charge you less, or actually your bill would be lower if you can conserve power during peak hours and move it to off peak hours. And that's just a visual display on a daily basis, monthly, daily, hourly, it has fine granularity.

Mr. McMurray went to the next slide and stated this is just a snapshot of an outage management system. So the outage management system, this is one of our major projects also that we're looking at, it's going to be able to provide us distributed sensing. And what that means is we're going to have, like I said before like a central nervous system on the body, is you know we're going to have 55,000 meters. Each one of them is like a sensor on your body telling you what's going on and not just in terms of consumption but operational data. So we'll know high voltage, low voltage, high pressure on the water system, low pressure on the water system, we've got a leak, we've got backflow, reverse current. The meters that I'm familiar with and they're large vendors that we're going to be sending an RFP out for, is that one of the meters I'm familiar with has over 155 different types of alarms and alerts they can provide. So a tremendous amount of data that's coming to us and we're able to, talk about it a little bit later, make sense of it.

Mr. McMurray went to the next slide and stated this is just data analytics right here. Here's the visualization of what can happen with data analytics. On the left side this is a sum of the meters' load on a transformer. So a transformer may be on your street, and there may be four meters that are being served by that transformer and we'll take the hourly load of those four meters, we'll sum them up every hour of the day, every day of the year, and we'll run it

(4-d) Modernization Projects (Update) (cont.):

within a fraction of a second and we'll know that that transformer is overloaded through big data. And we'll do that for all transformers on the system through equipment utilization. Not only transformers, we'll do it for services, we'll do it for upstream devices. We'll be able to perform an analysis of the grid that will tell us where the pockets of overload are and that can help us prevent outages. So we'll be able to go out there and replace equipment before it can fail due to overload. And in my past we've done this, in 2015 we ran the analysis, we replaced all overloaded transformers, the next summer zero transformers failed due to overload. It's a very powerful tool.

Mr. McMurray went to the next slide and stated okay, so I'm moving on to water. There are many similarities like I was talking about in terms of water. Billing is knowing how much you're consuming. Case in point, at another utility on a water utility a manager told me that he got a call from one of his customers and the customer said I can't understand why my bill is so high. Pulled up the portal and instructed them how to do it, walked them through it, and says it looks like you're consuming a lot of water between 4:00 am and 6:00 am, you may want to check your sprinklers. And so there's the answer possibly for that particular customer, that there may be sprinkler heads, may have a cracked pipe, something like that. So that's just one of the things, to see the hourly flow and when somebody has a high bill, whether its water or electric, is to understand when it's happening. There are several other things here, notification of high pressure. Like I said earlier, low pressure and equipment failures, valves and many other things there.

Mr. McMurray went to the next slide and stated the next item I'd like to talk to you about is the telecom strategy. We need a big pipeline to backhaul this data and so we're creating, Mrs. Keehn has been very involved for several years now and there's been a plan, pre-existing, to build a fiber loop. So the east half of the loop is in construction, it's out for construction here and then there's a west half of a loop that will go to an invitation to bid here shortly in the next few months; probably early, first quarter of next year. Why do we need this fiber optic, so we're going from every meter, water and electric, 55,000 meters reporting in once a month we're getting a reading. To, 55,000 readings a month to 161 million reads a month, we need a big pipeline to bring all this data back. Been there, done that, pipeline is essential, and fiber is the pipeline. And you've got to have good throughput, you've got to make sure that all the fiber tubes, bundles, everything is set up right and we're working on that. Next thing is we're looking at the last mile communications and that's for mobile devices, how do we get the information near real time out to the crews who are doing the work and then also coming back so that we could drop their work queue onto their screen, very much like other industries have been doing for the last five, ten, fifteen years. We're moving there and work management, asset management is what we'll be using.

Mr. McMurray continued, and here's just a display showing the work management, scheduling crews, understanding how much work is out there, when it starts, when it ends, any kind of obstructions, weather or any kind of delays in terms of late payments from customers, builders, developers. Anything else that may be holding up the job, a lot more information is in the work management system and I'll talk a little bit more about an asset management system in a little bit.

(4-d) Modernization Projects (Update) (cont.):

Mr. McMurray went to the next slide and stated so we have to prepare the system for distributed energy resources. We're starting to see an increasing amount of solar panels on homes and businesses, they're starting to grow a little bit. We're also going to see electric vehicles. We're only seeing the very tip of the iceberg coming, it's coming, it's going to come in a wave, it takes a while to build up steam. Just kind of like the Internet, it took awhile but once it starts picking up you'll start seeing them more, the electric vehicles on the road. Whether or not a lot of people have solar panels on their homes and businesses, that may be a little bit slower, but the EV's are coming a little faster. And then there's EV chargers and then there's also battery storage. So these are some of the technologies, our grid needs to be ready for this.

Mr. McMurray went to the next slide and stated this is just talking about the future technology, I think this is the last slide for electric, this is an advanced distribution management system which provides fault location isolation service restoration. It's a big phrase – FLISR is the nickname for it. And what that means is it allows us to identify, help us identify where a fault is, zoom in on an outage and be able to restore power quickly to that area so that we can isolate and not have to drive out all the miles on the circuit, maybe just go into a certain pocket area. So that's one of the advantages of an advanced distribution management system, there are many others, and crew safety is paramount in our industry. Being able to relay the information about, to the crew, and say this is where the wire's down, this is where the pole's broken. As part of an outage management system but also for advanced distribution management system because it automatically prepares a SOM – switch order maintenance. It prepares automatically, creates the order and says this is the sequence that you need to switch this around to safely bring the power back. And there are many other things within an advanced distribution management system. And then he commented, I know I've been talking a little bit long, I'm trying to make it quick.

Mr. McMurray went to the next slide and stated this is the water modernization and this is looking out to 2026. And these are the major projects that we're going to be talking about here. Went to the next slide and stated very similar to electric, we're going to be looking at the big stuff that's going to help us out the most. So Stantec is our consulting services, and they prepared a water, wastewater business optimization plan and that was done in 2020, and they made several recommendations. We've done some of those and we continue to march to the plan. Before proceeding to the next slide, he commented I forgot to say, if you have any questions, any time along the way, please stop me and ask me.

On the next slide Mr. McMurray stated wastewater recommendations, some of the things that we're looking at is the grit removal, is real important, there's a plan for that. There also is the evaluation of aeration, putting more air into the wastewater system enables it to function more rapidly, the chemical, the catalyst is able to propel the transaction with the wastewater; so we're looking at that. And there's also a significant reduction in energy, about 50% by doing this. And I think those are the big things there, next slide please.

Mr. McMurray stated okay, so the water system recommendations is expanding the Glencoe Water Treatment Plant and also the pellet softening process that's going to save net present value, about \$8 million. And so that's based on a 20-year assessment versus other

(4-d) Modernization Projects (Update) (cont.):

alternatives, next leading alternative. And we've tested some technology, the water pellet softening, in September 2020 and again March 2021 second pilot test, and so we're preparing for that. The other thing that's on the list there is the biosolids, we've been selling biosolids to Orlando at one of their power plants, Stanton, which is a coal-fired power plant, their scrubber, we've been selling product and they've been using it for it. They are going to be taking it out of service so we're going to need to look for an alternative and that's what we're working on. The part of the pellets, I wanted to say, is the neat thing about the pellets, which is the figure to the bottom left, the Stantec report says that it can be used, the material is non-toxic, it can be used for construction material, it can be used for cement, it can also be used for landscaping; so there's some pretty neat stuff there.

Mr. McMurray went to the next slide and stated continuing on to look at the conversion from chlorine gas is the next project. So right now we're going to move from chlorine gas to liquid chlorine. Right now our guys, gals are wearing suits when they go out, so chlorine gas is a poisonous gas. In fact it's a deadly gas if it's in high enough concentrations; the Germans used it in World War I. So getting away from gas to liquid is enhancing safety for our employees and anyone else in the vicinity. We expect to start in the next few months, and we expect to complete that project in late 2022. Also we're following with a five-year wellfield assessment, and this is the first year of that plan now.

Mr. McMurray went to the next slide and stated so summarizing, all the things that we're doing, there are five bullet points here and if we look at what we're prioritizing and implementing the first one that we have that we're looking at is advanced technology. Everything that we're doing has some kind of technology involvement, so I.T. is extremely important, and I think I.T., sometimes people don't realize how important they are. I know at other utilities where I've worked is the importance of I.T. has kind taken a second seat, but I think everybody is embracing technology advancement here. So you know we're also looking at saving money for our customers through conservation and we spoke about that a little bit. That's pretty important, our customers want to say hey, what are you doing for me. The next thing is our plans are geared toward increasing capacity and reliability and also resiliency and sustainability also for water and water resources. And hardening our infrastructure is a priority for the reliability improvement as mentioned earlier. And so the last thing I wanted to say is continuous improvement, it's at the core of our business, it's what we believe in, it's what we live every day. And it's what is going to help drive reducing energy system peaks, sliding the consumption of demand power out to later times in the day. If we can figure that out and move bulk load out to different times of the day, there's potential savings there. And also it can help us defer projects, capital infrastructure projects such as water and also electric, based on understanding the real dynamics of the system. And lastly, there was one more thing I forgot to say, is we're addressing the evolving expectations of our customers, because they are changing. The industry is changing and we're preparing for it, we're making sure that we're complying with regulatory requirements. We're also making sure that we're keeping up with, like I said, EV growth, solar panel growth, distributed energy and we're doing it through a financially responsible investments and also keeping cyber security as part of one of the components of all of this, is to make sure the data is protected. And as we drive our model to the future, to the Utility of the Future. Then concluded by stating so thank you for your time; any questions?

(4-d) Modernization Projects (Update) (cont.):

Vice Chairman Hawes stated comments, questions from Commissioners?

Commissioner Smith stated just one, I thought about this because the last major storm we had, we would have had power out probably two days but due to my neighbor who severely lacked common sense he never replaced his weather head. So as soon as they popped the power on, boom, power popped off. So fortunately I was able to get an electrician come over and fix his problem. But the other thing is, I don't know if its my neighborhood, I've only been living or owning property in that neighborhood since 1950 and I've watched I don't know how many transformers I've watched blow up in all those years. But any way, I was wondering since we all, Commissioners, are living in different parts of New Smyrna, would be a tool until we get to the modernization you talked about, would it be an asset to educate us on things we could look for in our neighborhoods so that if we did call, we would know more about what we were talking about? As far as it's a transformer, it's something else; does that make any sense?

Mr. McMurray stated yes, it does make sense, Lakeland Electric does that, so that's another utility in Florida.

Commissioner Smith stated who's that?

Mr. McMurray stated Lakeland Electric, much larger utility, larger staff. It makes sense, maybe it's something, I guess we could just talk with Mr. Bunch and see what it is, is there some kind of pamphlet or something that we could provide. But there's a community education series that other utilities do, but you know again they're much larger, they have a larger staff. So is there a condensed version of that, I don't know.

Mr. Bunch stated I would just add that in the meantime while we're moving toward implementing some of these things and having others in place, if you see something feel free to call. Sometimes it's a quick response, we can say well, we're working on this or will be or I'll reach out to the one of the Directors to get a little more detailed information for you. But its usual we'll get a call from one or two of you during the month and sometimes its an easy question, sometimes it's a little more in depth, but your roles as a Commissioner and also residents in the community can help us through that process.

Commissioner Smith stated I think the point I was, and I didn't do a very good job of doing that which is normal for me but I think the point I was getting to is if we had a little more knowledge of what's hanging on that pole, what part of that equipment is on fire or sparking, and when we make our call we could be, not only have a little bit of accuracy as far as the location. Because you know that's the old joke about the lady called and said my house is on fire, my house is on fire. And the fire department says how do we get there, and she says well how about the big red truck. You know that's the same kind of thing, if we knew more about, if we were able to give very precise location and a little more knowledge of what may be going wrong on that pole, to you know whoever responds, I think it may be useful.

(4-d) Modernization Projects (Update) (cont.):

Mr. Bunch stated yes, maybe in an upcoming presentation we could show some pictures of transformers. This is a transformer, this is a fuse, this is what a recloser looks like; maybe that will help you help us. Is that where you're headed?

Commissioner Smith stated it would help us, yes, thanks for clearing it up.

Chairman Davenport stated yes, and then stated Mr. Chairman was that Commissioner Smith just talking, it sounded like him.

Vice Chairman Hawes stated yes it was.

Chairman Davenport stated okay, Commissioner, I mean just reflecting on what we went through, I was so impressed when we all have toured, hopefully everybody has, but over on 44 at the electrical building where we went in. It's really cool, they know every transformer and everything that's going down. Commissioner Smith, I certainly appreciate what you're saying but they'll tell us before we know what's going on. I've texted the office there and they're always right back with me. So, but I agree with you if you see a spark. By the way, am I correct on that they can really tell where the problem comes from there Mr. Bunch?

Mr. Bunch stated it depends, as Mr. McMurray pointed out we'll have a lot more capabilities, we have some more now, but we'll have a lot more in a couple of years. But in the meantime the Commissioners can call, we can normally get you a quick response and if we don't know, we'll tell you we don't know as well.

Chairman Davenport stated perfect, okay, thank you.

Commissioner Kelly stated to your EV question, I was just telling Mr. Bunch, I was over at a day and half meeting on it – 50% of all new cars will be EV's by 2025, all new cars sold.

Mr. McMurray stated I think that's a little fast, that's a dream but maybe it will happen.

Commissioner Kelly stated that's what I told Mr. Bunch, they're going to produce them, so we better be ready.

Vice Chairman Hawes then stated to Mr. McMurray I want to thank you for your presentation. And one, you said many things, I think this is really important all the way through, but you kind of made a comment and I'm just kind of picking on it for a minute. Is you wanted to speed up or you know at a meeting and I completely understand your thoughts on that but I guess what I would say, and I don't know that I can speak for all the other Commissioners but I think I can. That whatever's presented before the group as part of the meeting, and we see a lot of things from Mr. Chavez or whoever it may be out over time – it's all important. And if it takes an extra ten minutes, that's what it takes.

Mr. McMurray stated okay, I'm good with that.

Vice Chairman Hawes stated it's going to take us awhile to understand.

(4-d) Modernization Projects (Update) (cont.):

Mr. McMurray stated I just thought my presentation was running a lot longer.

Vice Chairman Hawes stated that's okay, that's all right. This is complex stuff and we're not all schooled in it, so to hear it a few times and to go through it is good. I've yet to see a presentation that's been presented to us that wasn't, I don't know if worthwhile is the right word, but there's, you know. So I didn't want you to feel like we were just kind of sitting here staring at you; that's no.

Chairman Davenport interjected never.

Mr. McMurray stated the last thing I want to say is there's a great team sitting here. Yes, Commissioner Davenport?

Vice Chairman Hawes stated Chairman Davenport do you have a comment?

Chairman Davenport stated yes, I would just, I didn't hear, I think it was Commissioner Kelly that just said about 2025 what was the percentage?

Commissioner Kelly stated 50%.

Chairman Davenport confirmed that are going to be electrical (vehicles).

Commissioner Kelly stated correct.

Chairman Davenport commented mercy, buckle up, got a job to do. Then stated go ahead, thank you.

Mr. Bunch stated so Mr. McMurray went over some things that are really important and I think I want to reinforce one of the things he's doing for us in his role. These are all expensive technologies, you know smart meters, what's our current estimate of doing smart meters, I can't remember.

Mr. McMurray responded \$16 million, plus or minus a half a million.

Mr. Bunch continued, these are pretty large investments and choosing the right vendor, choosing the right system is important. That's a lot of Mr. McMurray's role as well as we're talking with the vendors. Because you've got our core systems that we have today, we got a lot of systems that we could choose to go to in the future, and in my career I've seen people do this well, and I've seen people do it not so well. And there's some pretty famous cases out there, even there's a utility in Pittsburgh, Duquesne Electric, they spent something like \$110 million on modernization of systems and they had a bunch of people internally that were coordinating it separately, made some not-so-great choices and the integration of those systems did not go well. And part of what we're seeing already is well, this system looks like it would be a better fit with what you have today, it would be an easier migration, a lower cost, and those are the kinds of things that Mr. McMurray and Director team are working on with consultants; we want to get it right the first time. And it's not about the shiny sexy new

(4-d) Modernization Projects (Update) (cont.):

system or how much money we can spend, it's about exactly what he articulated at the bottom, it's for the customers, its for our community, we want to make sure we get it right with the first money that we spend. Dealing with our vendors in the last year or so there are a couple municipalities in Florida that didn't do so well with implementing smart meters. And they're going to steer us through the RFP process to avoid the pitfalls, that's a big part of their role. But Mr. McMurray I want to thank you, very nice presentation. And it's just like we committed to last year, we'll give you periodic updates on both of these items, the reliability improvement plan as well as modernization.

Vice Chairman Hawes stated Mr. McMurray thank you, this is a great way to paint a picture of the future, appreciate it.

Mr. Bunch stated okay, before we shift if I could real quick, between now and Mr. Cloud's General Counsel item. When you have a great team like this, occasionally people knock on the door and this is the case. Mr. West, our Water Resources Director had somebody he had previously applied to in California, offered him a really good opportunity and today will be his last meeting with us. He's actually going to Lawrence Livermore Laboratories, running their water system. So I want to thank Mr. West for his efforts, he's been a really good member of the team. And in the meantime, between now and at some point, we will look for and hopefully find a good Director, we've asked Scott Heil and he stepped up and is serving as Interim Director with us. While the Commission's here, I wanted to thank Mr. West for his service, has been a great member of the team. And also the gentleman to his right, Mr. Heil, if you could raise your hand, I wish Mr. Heil, and thank him, the best for fitting in as interim.

After applause, Vice Chairman Hawes stated thank you Mr. West and best wishes at Lawrence Livermore; I've been there.

Mr. Bunch stated he gets to play with nuclear bombs and things like that, I don't know the draw or the interest but...

Chairman Davenport stated may I say something please?

Mr. Bunch stated yes sir.

Vice Chairman Hawes simultaneously stated please?

Chairman Davenport stated Mr. West, thank you so much, I really appreciate the tour that day, I'll never forget it, wish you the best there, young man; thank you for everything.

Vice Chairman Hawes additionally stated thank you.

Mr. Bunch then stated that's all I have Chairman.

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

Vice Chairman Hawes stated all right, thank you very much, and then stated Mr. Cloud, the

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

## General Counsel's Report.

Mr. Cloud stated and just very briefly, the City Attorney contacted me about seven or eight days ago regarding the Interlocal Agreement that we drafted and sent to them in September 2020. She indicated that she would be sending me some comments and so I should have, you know, something that we can respond to probably before the next meeting, and I just wanted to alert the Commission that that was still out there.

Mr. Cloud continued, you know the comments about the email were sort of interesting because I know Mrs. Simmons received an email and we all thought it was phishing. It was from the Social Security Administration, it didn't really identify anyone in the email but it was a demand for a bunch of documents. As you know when you get emails from or phone calls from the IRS, or that kind of thing. So we were immediately suspicious of it and so left it alone. About three months later we got another email, and it turns out it was an enforcement attorney, I think from Mississippi or some place like that, that was trying to track down someone that was guilty of fraud and they sent us a subpoena. Now that I had a phone number I picked up the phone and called them and said you know normally you pick up the phone and call somebody. Mr. Chavez and Mrs. Simmons were both able to get the information they needed but you know it's always a good idea to follow the instructions of Mrs. Keehn and the I.T. people on this, even though occasionally these things will turn out to be legitimate. You know you should be instantly suspicious if you get an email from a Federal agency; you know we can deal with it later.

Mr. Cloud stated and the last item I wanted to bring to your attention is something called Senate Bill 280. And Senate Bill 280, it's being introduced by Senator Hutson but it's actually Senator Passidomo's, I'll use the term loosely, brain child. She is actually from New Jersey and now lives in Naples and is the incoming Senate President. So the League tells me its likely to get the votes. But this bill will require all local governments when they adopt ordinances to do a business impact statement. The original draft of the bill has some rather broad reaching language about what would be required, impacts inside and outside the City, the kind of things that the Legislature of course does not require of itself when it does an economic impact statement for new legislation. But it has rather draconian provisions, has no standing requirement, and allows attorney's fees for only one side and that's the side challenging the Ordinance. You say, Mr. Cloud, we do things by Resolution and that is true but we also do things by Ordinance. So this bill could actually end up impacting the Utilities Commission. I was contacted by Rebecca O'Hara at the League of Cities regarding this and part of a small group that is proposing changes to this bill since we have been told that they have the votes to pass it. So we are going, and one of the carve outs would be for so called proprietary operations because why would you, when local governments and it would apply equally to Counties as well as cities, why wouldn't you exempt out proprietary operations because obviously any kind of proprietary operation is going to have an impact on business; but that's part of the nature of proprietary operations. I don't know what will happen, stay tuned. I think it's a really, really bad idea and in a place where there are many bad ideas. But I am told it has the votes and I just wanted to make you are aware of it; and that's all I had to report.

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

Vice Chairman Hawes stated thank you Mr. Cloud.

Commissioner Smith stated can I ask, this Interlocal Agreement was submitted to them a year ago for comments?

Mr. Cloud stated yes.

Commissioner Smith stated what was the hold up there?

Mr. Cloud stated well I don't know that we were actually anxious for this process because our initial position was it ain't broke, let's not fix it. But we made a commitment to the City Commission and we keep our commitments to the City Commission always. That we would work on an Interlocal Agreement as opposed to a Charter Amendment. So I do not sense this is going to be a bad exercise, in talking with the City Attorney, I think that they are working in good faith to develop something that will not harm the financial positions of both entities. Because as we pointed out back in the summer of 2020, the City's own bond rating is better because of our bond rating and so of course, no one wants to impact anyone's bond rating. And I sense that the City's staff is working in good faith on this, so I think it's the best explanation I can give you. I was not staying up at nights waiting for this email.

Commissioner Smith stated okay.

Vice Chairman Hawes stated thank you, other comments?

(6) Old Business:

There being none, Vice Chairman Hawes stated moving on to Old Business. No old business, okay.

There were no old business items to consider.

(7) New Business:

Vice Chairman Hawes stated moving on to New Business. Then stated Mr. Chavez? But then commented sorry, I had to mess up once today, other than the public meeting portion.

Commissioner Smith commented almost made it to the end.

Chairman Davenport interjected Chairman Hawes I was counting on you today, and I knew it would go all the way smooth; you did great, keep it up.

There were no new business items to consider.

(8) Possible Other Business – Time for Commissioners:

Vice Chairman Hawes then stated other business, time for Commissioners. Chairman

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

Davenport would you have any commentary that you would like to add before we close out the meeting?

Chairman Davenport stated I certainly would, I want to go back to something a while ago that Mr. Chavez said, our CFO, and Mr. Bunch. Again, not only the safety factor but what we've been through in our community with just to hear that we're like 90 something percent collectibles, we have like a small percentage. That's just, I mean I just don't get it, I mean I really don't, that's just incomprehensible because I'm hearing things around the country. When I talked to my other friends throughout the place and they're talking about their collectibles; so congratulations Mr. Chavez, your team and how ya'll work it, however that magic works. Because if we don't have the revenue coming in we can't keep doing our bond issues and keeping our ratings. So that's one, but somebody sent me, called me the other day and I didn't know how to answer it and I asked him to send me an email so I could send it on to staff or Mr. Bunch and everybody. But he said I've got a, specifically a cleaner's in town, I got my bill but I used more electricity than normal and then I got into demand for the electricity, commercial, went up like double. Chairman Davenport stated that he couldn't answer but if I could I meant to call you this week Mr. Bunch or talk to somebody, but if we could look into that. I don't understand the demand, he said its doubled, and said I don't understand, I'll get an answer.

Mr. Bunch stated sure, forward me the email, Chairman Davenport, if you'll forward me the email we'll have our billing folks look at it for you.

Chairman Davenport stated okay, thank you so much. But other than that, I love serving this board, I can't begin to tell you how turned around, not that it was ever, I just can't begin to tell you how it's turned around and how exciting it is to work with everybody on this board and the staff and the team; I love this organization – thank you.

Vice Chairman Hawes stated thank you. Commissioner Smith?

Commissioner Smith responded no, thank you.

Vice Chairman Hawes stated Commissioner Kelly?

Commissioner Kelly stated just real quick, just being new here and everything its very impressive the staff, Mr. Bunch your staff, you, the whole crew. And the only thing is you're doing too good of a job because Mr. Chavez and I, Venetian Bay neighbors can't listen to the banter when the power goes out or there's a water issue or something. It's comical, they could sell it on DVD sometimes with some of this stuff there but, just a great job, enjoy being here.

Vice Chairman Hawes stated thank you. Commissioner Conrad?

Commissioner Conrad stated I do want to make one comment. There is a workshop at the Brannon Center from 2:00 to 6:00 on Thursday and it's the Economic Development Advisory Board's Summit. And there will be discussions about what's going on as we move forward in

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

this City and what the Vision is. So if any of you have the time to attend, it would certainly be beneficial I think to have that knowledge.

Mr. Bunch stated and we also have a couple of folks attending, Kenny Ho, our Manager, New Business and Ellen Fisher, our Public Information Officer.

Commissioner Conrad stated excellent.

Mr. Bunch continued, Chris Edwards over at the City reached out to us and we offered them up as attendees; thanks for bringing that up.

Vice Chairman Hawes stated and now it's my turn. Sorry to pick on John McMurray a little bit about his presentation or speeding it up but I want to thank everybody for over the last, I think I've been to 15 or 16 meetings now, I'm not sure. We've seen a very professional set of presentations, they're well laid out, there's a lot of information in them and it's very meaningful. As you know, we see these things a few days in advance, we read them for a few hours or whatever it might take and then come to a meeting for a couple of hours, whatever it might be, and then try to help make decisions and maybe there's some phone calls that go on in between. But it's a credit to you and I appreciate it and I'm certain other Commissioners appreciate it too, and Mr. Bunch I have to give you credit and Mrs. Simmons thank you for your efforts as well; so that is it.

Chairman Davenport commented Chairman Hawes I need to take your speed-reading course, two hours to read all those pages, I need some help.

Vice Chairman Hawes stated it's a long habit, a long-formed habit.

Chairman Davenport stated thank you.

Vice Chairman Hawes added okay, ten or twelve hours, all right, thank you. He then banged the gavel and stated the end.

There being no further business to come before the Commission, Chairman Davenport adjourned the meeting, and the Regular U.C. Meeting closed at 4:39 p.m.

{NOTE – Effective at the U.C.'s 3-22-21 Regular U.C. Meeting, commencing with the minutes for Two Final Public Hearings and Regular U.C. Meeting Held 2-22-21, the Commission will start approving annotated minutes within the agenda package.}

These detailed, near verbatim minutes will still be prepared for reference, electronic searches, and will additionally be posted on the U.C.'s website – [ucnsb.org](http://ucnsb.org).}