MINUTES OF A MODERNIZATION STRATEGY UPDATE WORKSHOP OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD THURSDAY, FEBRUARY 10, 2022, AT 2:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

(NOTE – THIS WORKSHOP MEETING WAS HELD ON-SITE AND ADDITIONALLY AS A TEAMS MEETING TO SUPPORT OFF-SITE CONSULTANT PRESENTATIONS)

Mr. Bunch confirmed protocol for opening the Workshop and Chairman Davenport called the Modernization Strategy Update Workshop meeting to order and requested a roll call.

Roll Call:
A roll call was taken with all of the U.C. Commissioners in attendance as follows:

Commissioner Lillian Conrad
Chairman James Davenport
Commissioner Richard Hawes
Commissioner Lawrence Kelly, Jr.
Commissioner James Smith

Others in attendance were as follows: J. Bunch, General Manager/CEO; E. Chavez, Director, Finance/ CFO; J. Couillard, Director, Engineering; T. Beyrle; Director, System Operations; V. Steele, Director, Electric Operations; S. Heil, Interim Water Resources Director; B. Keehn, Director, Information Technology; John McMurray, Director, Strategic Programs; E. Fisher, Community Relations Coordinator; D. Simmons, Exec. Mgr./ Recording Secretary; General Counsel Thomas Cloud Esquire – Gray| Robinson Attorneys at Law; and Representatives for Quanta Technology, LLC – David Hart, Julio Romero Aguero, Harris Glover, Robert Dumas, and Jesus Gonzalez – all participating via Teams. There were no public attendees on site.

(1) Background and Expectations for Workshop:

Chairman Davenport stated okay, number one, I guess we'll follow the agenda – Background and Expectations for the Workshop today, Mr. Bunch.

Mr. Bunch stated okay, very good, thank you Chairman. In terms of purpose of today, it's a Modernization Strategy Workshop, it's an update. And I'm going to turn it over David Hart in a moment to introduce the folks from Quanta, but we've got our consultants who's been working on our Modernization Plan – Quanta. They're with us this afternoon and they've been limiting travel, still due to COVID so they're participating remotely. Mr. McMurray, I.T. and Mrs. Simmons have got all the I.T. intricacies worked out so this should go off without a hitch today. So over the last two years the leadership team around the table has been working on developing and implementing plans to move this 55-year old utility forward. And it's to ensure alignment with our community's needs and expectations. So in 2019, for those that were here and remember, the Commission approved the first recommendation that was related to what we're talking about and that was our new Vision, Mission and Values. What do we want to be as an organization, how do we serve our community's needs and how are those needs and expectations changing and what do we need to do to make sure we meet those needs now and in the foreseeable future. And at that time we were using terms like several generations, 50 years.

(1) Background and Expectations for Workshop (cont.):

Mr. Bunch continued, while today a lot of what we'll talk about will be generic modernization, a lot of its oriented to the electric industry, but we also took efforts to make sure we had water sustainability figured out. Why, Florida, a coastal community, our water resources are extremely important to our viability as an organization, that's what we started as. At that time as we develop the initial modernization roadmap in 2020, again that was approved by the Commission. We also at the same time did a Water Optimization Study and that's when we looked at the water side of the business because there's plant, there's infrastructure, there are other things that have to be well-managed, as well as upgraded to make sure you keep the water resources sustainable which are, in parallel with modernization, but in some respects we manage them separately. In 2020, when we got approval on the modernization map, that was our business path to achieving the Vision, and that's the main purpose for today's meeting.

Mr. Bunch continued, so as I mentioned, we've had three new Commissioners join in the last year and half and while you see incremental requests for projects, expenditure requests, so on and so forth, that doesn't provide you with the big picture strategy on where we're going and how we're going to get there. And in some respects, it's like asking the pilot to get on a plane and just take off the runway and start flying. At some point he's going to say well, where are we going guys, what path are we taking today, do we have to make a stop off at a connecting airport, do we have enough fuel. Things are important to the strategy of our business we want you to understand because of your fiduciary requirements as a Commissioner. And we don't want you to have blind faith in the incrementals that may come to you in front of the Commission meetings every couple of months and say please approve this expenditure for a million or a $100,000, $5 million, $10 million. We want you to see the big picture and then at the end of the day we're not going to be asking for your approval of an expenditure, we're going to be asking for support in principle for the plan and then just as we always do, we'll come before you here for the incremental project approvals. And hopefully at that point you'll say yes, I'm pretty sure I remember that was in the modernization roadmap, Mr. McMurray presented that, or I heard Quanta talk about this or that.

Mr. Bunch continued, so why do we have Quanta working with us on this? I've been in the utility business for about 33 years, and I have seen companies large and small not implement well-defined strategies for technology. What happens when that occurs? Well, systems don't coordinate, integrations go wrong, your ability to serve your customers can be impacted, reputational harm can happen, and again, I've only been here for three years but I've heard stories through FMPA and even Quanta about some folks our size in the state that decided to do these things on their own and then they struggled with them, one case they still are. On the other hand, why did we choose them to work with us because they have a demonstrated history of being able to work with large and small companies to successful outcomes for strategies for modernization. And it was actually through our relationship with FMPA that we made that relationship.

Mr. Bunch continued, so it provides you with a big picture vision of strategy, where we're going, what kind of timeline we think it's going to be on, and we're doing that rather than bog you down into the technical details of systems, investments, expenditures, and projects. And a large part of the first part of this meeting with Quanta is going to be talking about where the

(1) Background and Expectations for Workshop (cont.):

industry's headed and where the trends, what thing do we think you're going to have to be serving and what needs will you be meeting in three, five years. And does the direction that the U.C.'s heading on provide you with the ability to meet those needs and expectations. So again, it's not going to be a detailed discussion about systems, projects, expenditures, it's the strategy. And so why did we choose this setup? We've jokingly called this the United Nations (room) setup before for folks that have been here. We wanted it to be more informal, we want you to ask questions. Maybe there's that tough questions about well, that makes sense, does this make sense, should we be considering this or that, what does Quanta see that maybe we don't talk about. And so there's no question that you're going to ask that any of us are going to take offense about and quite to the contrary, as we look for your continued support, we want you to have a confidence and comfort in the fact that the direction the teams heading is the right direction.

Introductions:

Mr. Bunch stated so before I turn it over to David Hart and, or we do the introductions and I turn it over to Mr. Hart, let me pause there for a moment and ask if there's any questions about the purpose and what we want to accomplish today before we take that plane off.

Chairman Davenport stated I think its good Mr. Bunch you're doing this; we all are. Really, here we are back to that transparency again, we've taken a busy time, taken time out of the day and we're all sitting here, so thank you, I think we're going to get a lot out of this.

Mr. Bunch stated we appreciate your time, we really do, in fact this month, just out of coincidence and probably a little unfortunate, we've got three meetings with you. We've got this one, we've got the Commission meeting in a week and a half or so, and we've got the Joint Commission meeting with the City on the 24th; it's the 24th and the 28th, sorry I got them backwards. But rest assured once we get to March, we'll be back to the once a month routine.

Mr. Bunch then stated okay, let's do the quick introductions around the table and then I'm going to turn it over to Mr. Hart as I promised. And Chairman Davenport we'll start with you and then go all the way around.

Chairman Davenport stated I'm very blessed to be in this town 48 years and Chairman I got here, but thank you all for your integrity, I do the best I can do under the circumstances I'm working with, so thank you.

Introductions continued: John McMurray, Director of Strategic Programs; Efren Chavez, Finance; Rick Hawes, Vice Chair of the Commission; Larry Kelly, been in the community 58 years (Commissioner); Tim Beyrle, Director of System Operations; Vernon Steele, Director of Electrical Operations; Julie Couillard, Director of Engineering; Brandy Keehn, Director of Information Technology; Scott Heil, Water Resources Director; Jim Smith, Utilities Commissioner and stated I've been here about 72 years.

Chairman Davenport commented told us how old you were.

Introductions (cont.):

Commissioner Conrad commented born and bred.

Commissioner Smith added yes, really, I was ten when I got here; then added no.

Introductions then continued: Lillian Conrad, Secretary of this Commission; Joe Bunch, General Manager-CEO; and Tom Cloud, General Counsel.

Mr. Bunch stated you won't be able to hear but I'm going to introduce, we have Ellen Fisher our Communications Coordinator and Public Information Officer in the back, Ellen, wave your hand there. We have Debbie Simmons, our Manager of Executive Services up on the podium. So with that let me, Mr. Hart, turn it over to you but before I do, I'm sorry for those of us in the room, I'm told the microphone works pretty well as long as only one of us talks at a time. So if you have a little bit of overlapping chatter going on, try to let maybe the person that started finish their thought and then jump in, otherwise I'm told it gets pretty muddled. To you Mr. Hart, thank you.

Mr. Hart stated okay, thank you Mr. Bunch and thank you everyone for taking time to let us present to you this afternoon on what we've been working on. Maybe just to continue the quick introductions and then we can start into the slide deck. I'll introduce myself first, I'm David Hart, I'm a Vice President here at Quanta Technology. I've worked in the power industry for 30 years now, actually 30 years this year, so with quite a bit of experience in the protection and control and AMI area, smart meters area, and I'm very glad to be here this afternoon. So maybe we'll just kind of walk through the team a little bit, I mean Mr. Romero would you like to introduce yourself next?

Mr. Romero stated yes, Mr. Hart, thank you. This is Julio Romero, Vice President of Strategy and Business Innovation at Quanta. I have been with Quanta about 15 years and in this industry for close to 27 years. My role at Quanta is I'm responsible for grid modernization, this is one of the areas in which I lead, I work on projects in this area. My experience includes as Mr. Bunch mentioned, leading projects for several different utilities here in the U.S. One of our last projects, you may have heard about it, we supported Dominion Energy for instance, a couple of months ago they got approved from their regulatory commission in Virginia, their grid modernization program. But I'm also a distribution engineer by training, so I do part of my work is also related with integration of distributed energy resources which is something that we are going to discuss today. And electric transportation and distribution planning and emerging technologies. It's a pleasure to be here, thank you.

Mr. Hart stated thank you Mr. Romero, Mr. Glover would you like to introduce yourself? Then added we can't hear you.

Mr. Glover stated that's because I'm on mute, I turned my camera on but forgot to turn the microphone on. So as ya'll can tell I'm not the smartest one of this group, my apologies. No, my name is Harris Glover, I am one of the principals here in our AMI practice, and I've been in this industry close to 20 years. I've worked for three of the four major competitors. I've worked for Elster Honeywell, as well as Landis and Gyr, and Itron, in various roles, anything from product management to deployment. I worked on large deployments, you know up in the

Introductions (cont.):

million plus range and also smaller deployments for muni's and coops. My background primarily, in the early part of my career, was software development and then I go off into this thing. Did some software development and transition then to product management and delivery. So I want to echo what Mr. Romero said, is very much a pleasure to be here with you guys today and have the opportunity to talk with you all; so thank you.

Mr. Hart stated Mr. Dumas, would you like to introduce yourself?

Mr. Dumas stated sure, I'm Bob Dumas, I'm a principal advisor with Quanta Technology in the AMI area. I'll say I've got over 40 years of experience in the electric utility industry and I'll leave it exactly at that, but AMI is my current strong suite.

Mr. Hart stated thank you Mr. Dumas, and Mr. Gonzalez?

Mr. Gonzalez stated Jesus Gonzalez, welcome everyone, I have about 30 years of industry experience split between telecom for the first 15 years, and I've got a good over 10 years primarily with Honeywell and Elster in program delivery and implementation. So delivering solutions, working with municipalities, coops., and large IOU's deploying systems; and a pleasure being here today.

(2) UCNSB Strategic Grid and Water Modernization Planning – Update of Plan to Achieve "Utilities Commission of the Future" Capabilities:

Mr. Hart thanked Mr. Gonzalez and stated so maybe we could just go to the first slide. I just want to provide a little bit of a background on Quanta Technology. We're headquartered in Raleigh, North Carolina, so we're over 200, I think we're closer to 250 consultants now. So we've been here for a number of years and as Mr. Romero mentioned we do a lot of work with utilities, primarily in the U.S., some in Canada, a little bit international, but U.S. and Canada would be our primary market. We work with all types of utilities, large IOU's, as Mr. Romero mentioned the work with Dominion. And obviously we do work with municipalities also, we've done quite a bit of work with FMPA over a number of years and obviously also with New Smyrna Beach. So we've enjoyed the opportunity to work with the team there over the last couple of years, to move the grid modernization forward. We are a part of Quanta Services, they're our parent company, they're the largest EPC I believe for the utilities in North America. So very large corporation, we've really built up a very good team in Quanta Technology. The Quanta Services has a lot of companies too like detailed engineering drawings, design work, but really, we're the consulting arm of Quanta Services and what we've done, you can see, we've assembled kind of a team of experts in this space and we do work with utilities on topics, that's the exciting, the fun part of the job. We've worked with the utilities, we just put a few topics here, there's a long list here, but obviously smart grid / grid modernization, we've done quite a bit of work there. Distributed energy resources, a lot of work there in terms of just routine studies for siting all the way up to helping design new concepts, protection, micro-grid and energy storage which are the next topics there. One of the things we did, very public, we helped ComEd in Chicago with their micro-grid deployment, so we've done quite a bit of work there. Resilience and asset management, we're working in that space with utilities also; those are very kind of the leading topics in this

(2) UCNSB Strategic Grid and Water Modernization Planning – Update of Plan to Achieve "Utilities Commission of the Future" Capabilities (cont.):

field today. In specific, I think you've met the team, we do have a dedicated AMI team with very experienced, they're very experienced background, you heard the guys go through. But I think what's great about Quanta Technology, Mr. Romero also you know is much recognized in the distribution space as being a leader in the industry, can come in and help also as we pull together the grid modernization and other things, that provide some of the details there. So the AMI team, the guys talked, with the years of experience, if you add the team up, the different number of deployments were over 130 smart meter AMI deployments. And again, that's been from just a few thousand meters up to millions of meters, so it's a very large range over all the years and certainly a space we're very excited to be working in. So I think, again I appreciate the afternoon, I think we're going to walk back through a little bit of the grid modernization, to give you guys an overview of what we've worked on there. So with that I'm going to turn it over to Mr. Romero.

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Mr. Romero stated thank you Mr. Hartman. So let me tell you, let me say something before we start, in this presentation you will see a variety of acronyms, so if you're not familiar with one of them, please feel free to ask a question and we'll be happy to explain some of these concepts. In general the presentation is not very technical, but there may be some topics that could be a little bit technical, so yes, that is why we are here, we'll be happy to answer your questions. So let's start with this concept of grid modernization, so what do we mean by that. But before we answer that question let me explain that this is something that is a global trend. Modernizing distribution grids mainly, also transmission, but mainly distribution grids is something that is happening all over the world. And it has been, there's a variety of initiatives and these initiatives have been clustered under several different terms. You may have heard about the term smart grid or utility of the future or grid modernization. There's some slight difference between these terms but in general they are almost synonyms and what they try to convey or what they try to emphasize is the need to build an intelligent grid, a smart grid. A grid that can be monitored and that can be controlled in real time to provide a reliable service, a better service to any users, to your clients, to your customers, a safe service, a secure service. And also to enable new capabilities and empower customers to be more active, to be more engaged and participate in a variety of new activities, new services, take advantage of new products as well. Now the challenge of building this grid is complex, it's a complex endeavor. The reason is going back to the main focus which is the distribution grid, the reason why it is so complex and so challenging is because that grid is vast. We have thousands if not millions in some cases of assets that need to be evaluated, and in some cases upgraded or replaced, and it's a very diverse grid. So that has led to the emergence of new concepts and new technologies and new paradigms. So that's what grid modernization targets, generally the distribution grid and generally it is the deployment of new technologies, new concepts, a new infrastructure in general to make it more intelligent, to be able to operate it and to control it in real time.

Mr. Romero continued, now why are we doing this, why is grid modernization important. Well the reason is because of the energy transition, that's another concept that probably you

a. Modernization Plan – Current Recommendations – Quanta Technology, LLC – Julio Romero Aguero (cont.):

have heard about. The energy transition is basically transitioning into a world where clean energy is the main resource to generate or produce electricity; that is not easy, it's not an easy task. And this transition to clean energy has prompted also the emergence of distributed energy resources, distributed generation, photovoltaic distribution generation, behind the meter, connected at customer premises. So that has changed everything, the way we operate, we plan, we engineer distribution systems. Now the consensus in general is that we need to make these investments, we need to make this transition into a modernized grid in the next five years. Otherwise utilities are going to start getting into trouble, into problems, and there is evidence that supports that claim. Some of the early adopters of this technology, like Hawaiian Electric for instance, they started adopting this technology in the early 2000, 2010, around 2010. By 2015, they had significant penetration levels of photovoltaics and they were already experiencing some issues. And so they started making some of these investments in a rush, it was an urgent matter. So what we are trying to do with most utilities is to be pro-active, to make those investments in a timely manner so when some of these penetration levels are reached the grid is ready and there are no issues. So the consensus is that we need to do this as soon as possible, this graph shows results from a survey conducted all over the world, among Executives, and you can see that Executives from electric utilities you can see in general there is consensus that we need to do this in the next five years. Actually this survey is from a couple of years ago so that time window is now even shorter, as just a couple of years. So I think what New Smyrna Beach is doing is the right thing to do, it's not only what New Smyrna Beach is doing, in the U.S. this is very popular and also around the world.

Mr. Romero continued and stated now what we are trying to do with grid modernization, we need to, we are trying to achieve several different goals. We want the grid to be more resilient, we want the grid to be more reliable, more secure. Affordability is very important because we are going to make investments, but those investments need to be affordable. The intention here is not to gold plate the grid, it's to make reasonable investments to achieve the goals that I mentioned before but we need to take into account also the willingness to pay for those investments and raises of course. More flexible grid as well because we are going to integrate new technologies like photovoltaic and wind and others that are variable. This is variable generation, its not like your traditional generation that you can predict, that you can control. This is uncontrollable to some extent and its difficult to predict the output from photovoltaic – its difficult to predict and susceptible to weather changes, to clouds, cover and other aspects. So we need a flexible grid to integrate these technologies. We also want to achieve a more sustainable grid, again this aligned with this energy transition and clean energy concept. I also want to emphasize that in your service territory specifically reliability and resilience are very important and I don't have to explain why. You are in the hurricane corridor here in the U.S. and North America, so preparations against major hurricanes is critical. So some of the investments that we are going to discuss today have that intention, to make the grid more resilient.

Mr. Romero went to the next slide and stated so what are the drivers behind grid modernization. We talked about them a little bit but let's go into more detail and discussion. Perhaps the key one is, one of the key ones is the evolving expectations of customers. We are customers as well and we have, personally I have experienced this, tolerance against the

a. Modernization Plan – Current Recommendations – Quanta Technology, LLC – Julio Romero Aguero (cont.):

reliability, resilience, and power quality issues is now zero, right. Our customers are more and more demanding, so that's one of the key goals – address those evolving expectations of customers. I mentioned the need to integrate distributed energy resources and I mentioned photovoltaics. But its not only photovoltaics, its also distributed energy storage, batteries, right, like Tesla Powerwall, demand response, energy efficiency. We also have electrification that is becoming more and more important, and this includes light-duty electric vehicles and also heavy-duty electric vehicles. Heavy-duty would be trucks and buses and then light duty, your sedans, your SUV's. This is a growing trend, more and more we are seeing adoption of electric vehicles, the grid needs to be ready for that. And also other electrification initiatives like indoor farming or electric heating. I mentioned the resilience, and also hurricanes, all of those evolving weather patterns, more frequent and catastrophic events, the grid needs to be prepared for that. The increasing dependency of our grid, in this digital economy, electricity is vital. We need to be ready against impact of man-made events as well, it's unfortunate but it's a reality. And also, we talked about Federal, state and local policies, renewable portfolio standards, regulations regarding adoption of clean energy for instance, or adoption of electrification is another example.

Mr. Romero continued, so this need to increase the monitoring, protection, automation and control capabilities of the grid, so we can enhance the reliability and the efficiency of the grid and integrate distributed energy resources, those are key drivers behind grid modernization. And this is supported for instance in this case we have the results of a survey, a recent survey, as well conducted among in this case U.S. Executives and utility experts from utilities, and you can see that the large majority mention distributed energy resources integration and this increasing need for real time monitoring and control and automation capabilities, as some of the key drivers behind grid mod. Now I mentioned before that this is not unique to New Smyrna Beach, in this table we have results from another survey conducted globally, North America, Europe and Asia-Pacific, these are the largest 40 utilities in the world. And there are four different aspects, they were questioned about four different aspects, integration of distributed resources, transportation – electrification, smart homes. This is where we have our smart thermostats and smart water heaters and your Alexa's, etc. And this last one is about services for commercial and industrial customers. Services such as enhancing energy efficiency, for instance, or micro-grids, we talked about micro-grids briefly before, providing customized services for those clients. So you can see they were interviewed about this and this summarizes the level of activity in each one of these areas. So North America, distributed energy resources is one of the key areas, all of the large utilities are involved in that area. Electric mobility is becoming more and more important, more homes not a lot of activity yet but we'll talk about this in a moment. And of course, large customers are important for utilities in general. Europe has been a good reference about things that may happen in the future, for instance activity regarding distributed resources started in Europe five or ten years before the U.S. They are now very active in electric vehicles, they're very active in smart homes as well. So we are starting to see that activity coming here to the U.S., especially for electric transportation. The next wave is going to be smart homes. So this is a good reference in that regard and we also have some results from Asia-Pacific. So the point that we want to emphasize is this is a global trend and what New Smyrna Beach is doing is following that very important trend.

a. Modernization Plan – Current Recommendations – Quanta Technology, LLC – Julio Romero Aguero (cont.):

Mr. Romero went to the next slide and stated so that now we have a general idea of what grid modernization is, the drivers, and these global trends that are happening in the industry, so let's just start talking about components. Something that is very important to highlight before we talk about components specifically is that when you develop a grid modernization program it has to be customized. It has to be customized to the reality of every utility, to the operating conditions, to the history, to the baseline conditions of that utility, to the external drivers, to the expectations of customers, to policy and regulatory framework and objectives. That's very important, what works in utility "A" may not work in utility "B" or what is relevant in utility "A" may not be relevant in utility "B'. So it's very important to highlight that, this is not a cookie cutter approach, what we have done is develop a framework with a variety of components. Not all of those components apply to one utility, they may apply to another one but the customization is very important. In general what this program or what these components try to address are those customer needs that we mentioned before and reliability and resilience and needs of the grid, electrification, DR integration needs and also safety and operational efficiencies.

Mr. Romero continued to the next slide, and stated what are those components, now talking about those components specifically, so this is I think a good, high level summary. We talked about grid modernization in terms of building an intelligent grid and that is the ultimate goal. But in order to build that intelligent grid we need to deploy also foundational infrastructure. That foundation infrastructure refers to the basic assets, the basic components of the grid. Distribution lines and substations, poles, towers, that foundational infrastructure is very important because even if we deploy intelligence, very smart devices, all of this beautiful technology. If we deploy it on top of deteriorating foundational infrastructure, then we are not going to be able to enjoy all of the potential benefits that technology can provide. You need to make sure that that foundational infrastructure is also robust and reliable and resilient; so that's one key component. On top of that we have all of the intelligence, what we call the enabling and advanced infrastructure. That's where we have all the analytics, all the automation, all the sensors and meters, the telecommunications infrastructure, all the real time monitoring and control, cybersecurity systems, etc. That's where we have those intelligent components and generally when folks talk about smart grid or grid modernization, that's where they focus in those intelligent assets but its important to keep in mind the other components that I just mentioned.

Mr. Romero continued, and then stated we have, the next one is DER and electrification infrastructure. DER is distributed energy resources, these are all the assets that enable the integration of distributed resources. But besides the assets, besides the technology, we also need to think about practices, processes, organizational aspects and standards. Think about it, when you are changing or when you are making a change of this magnitude, then your resources, staff at the utilities, they need to learn new practices, they need to update existing practices, we need to develop new processes. There may be a need for reorganization, need for hiring additional resources, besides that there is a need to update existing standards. So all of that involves change management, that's also very important in this type of initiative. And finally the enhancement of the customer experience, that's very critical. And what we are doing here with grid modernization is using digital transformation to enhance that customer

a. Modernization Plan – Current Recommendations – Quanta Technology, LLC – Julio Romero Aguero (cont.):

experience and that involves the deployment of software platforms to provide a wealth of information to the customers through grid analytics or through advanced analytics. Improve not only business efficiency but also customer care. Examples include electronic billing, claims processing as well, an electronic claim processing, providing customers with the ability to analyze in real time, sometimes hourly, consumption profiles. We have all the real time outage management and restoration, being able to interact with customers in real time, and water leak management. All of those aspects that in the past involved phone calls and paperwork, all of that is replaced by modern telecommunications so using smart devices, smart phones, or laptops and tablets.

Mr. Romero continued to the next slide and stated well, I mentioned before that this is a global trend and I mentioned that it is also something that is happening here in the U.S., utilities are very active in this area, so let's mention some examples here. We have some utility names, and we have various components of grid modernization initiatives. I mentioned all the foundational infrastructure, you can see these are programs that were filed by utilities, grid modernization programs that were filed by utilities in the last ten years. And you can see that addressing foundational infrastructure is at top, is common to most of those programs. And then deploying advanced technologies for sure, that's as I mentioned before, that's sometimes what people see as the core of grid modernization, very common as well. And then, well let me skip, this is related to transmission, let me skip that for a moment. Let's focus on AMI for a moment, this is where all your smart meters are included, smart meters and all the smart meter related infrastructure; you can see that it is also quite common. And then we have all of the DER integration investments. And so when you look at this table, this confirms what I had mentioned before, the fact that grid modernization programs have to be customized. Some of these aspects, some of this area, some are more relevant to some utilities than to others. AMI is a good example, AMI in some cases there are utilities, some of these utilities had already deployed the AMI in the past. They in some cases, they led the industry in some of those deployments so that's why not all of them included in those most recent investments AMI. Same thing with the hardening or DER integration. Now coming to this map, this map and this histogram right here, this shows you recent grid modernization activities in several different states here in the U.S. And the important point that I want to highlight is when you look at this histogram, you can see that clearly there is a growing interest in grid modernization across the board in all of the different areas, in both, here in grid modernization. Not only deployment but also, I mentioned rates, it is an important area because of affordability, the planning aspects, the detailed studies, policies as well. And in this case you can see stated especially in both coasts and also in the Gulf coast, also in the Southwest, you can see that there is plenty of activity related to grid modernization. Where that is not happening that much is in some of the states in the Midwest, but generally in the rest of the country, most of the states are very active.

Mr. Romero continued to the next slide and stated so in the specific case of your neighbors, let's talk about Florida specifically. Florida Power and Light (FPL), it's a great example, it's a very large utility, very active in some of the areas we just discussed. So they actually started working on what you would call grid modernization about 20 years ago. At that time the main focus was improving reliability and you can see how they were evolving; reliability

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remains very important. And then they were evolving in strengthening the grid, is more related with resilience. Later on they started deploying intelligence, what we call smart grid, and then they were focusing on again reliability but on more I would say advanced definition of reliability, improving or reducing momentary events, improving a specific reliability index. And more and more on the deployment of advanced technology to enhance visibility over the grid and enhanced controllability over the grid. Their goal is, they have called it the grid of the future, so here's a list of some of the goals that they have included under that vision, the grid of the future. And you can see that the overall message is that grid has to be hardened, that's again foundational infrastructure, has to be robust, resilient, reliable. But at the same time it has to be smarter, all the flexibility, all the visibility, control, all of those aspects are included under that second concept. And specifically you can see some of the investments in the matter of a little bit more than 10 years, close to 15 years, you can see significant investments in precisely hardening distribution feeders and deploying smart devices, intelligent devices like switches and reclosers. Also undergrounding, targeted undergrounding and of course vegetation management which is very important as well.

Mr. Romero continued to the next slide and stated let me stop here for a moment, later on my colleagues are going to talk about AMI specifically because AMI is one of the programs included in New Smyrna Beach, in your grid modernization program. And now it represents the largest program in that portfolio of programs that we are going to discuss. Why is AMI so essential to a grid modernization program? Let's just start by saying AMI is the most common metering technology in the U.S. and we have a chart, we have a graph that we are going to show you in a moment. So the majority of utilities, majority of customers here in the U.S. are served through smart meters and through AMI. Why is it so essential, because it is much more than meter reading. So when folks think about smart meters, generally they think about the ability to read consumption remotely, but it is much more than that. The data, the wealth of information that AMI can provide can be used for a variety of different things. It can be used for monitoring and managing operating conditions. It can be used for planning, planning the expansion of the grid, understanding performance of the grid. It can be used to model the grid with more accuracy which is very important, to plan the grid. If you want to plan the grid you have to have a very good model of the grid. DER management, the ability to integrate distributed resources and to manage those resources, can be used for that too. Managing your assets, the health, evaluating the health of your assets and diagnosing when there could be a potential issue. Outage management is very important for that, for outage management and restoration, especially during storm conditions. The ability that they have to provide last gasp messages to an outage management system, that's very important, and that allows to manage outages and to restore more efficiently, to restore service. Measuring and verification as well, and also identifying unsafe working conditions. So it's very important when you design a grid modernization program to keep this in mind, it is much more than just meter reading.

Mr. Romero went to the next slide and stated in this graph what we want to show you is that, as I mentioned before, AMI is the most popular metering technology in our country. As of last year, well two years ago, there were over 100 million AMI meters in the U.S. out of close to 160 million meters. So the total penetration rate was about 65% and Florida was ranked 16

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in that list of penetration levels by state. You can see there are some, well the District of Columbia is included here as the first one with 100% penetration, but you can see that several states across all of the geography of the U.S., they have very high penetration rates, above 90%. Florida is doing fairly well, so what you are going to do with AMI is to some extent, to play catch up. You're going to contribute a little bit to increasing that penetration rate for Florida.

Mr. Romero went to the next slide and stated so we talked about a grid mod., we talked about components, so let's talk about benefits as well. I mentioned some of those benefits before and especially from the point of view of customers. And this graph, what we have here is benefits that have been reported by utilities in recent regulatory filings all across the country. You can see that reliability and DER integration are commonly as some of the key benefits that are reported to in those filings. Reducing O&M expenditures is also a very important one because you are increasing the efficiency, operational efficiency, and that helps you save some money, reduce operational and maintenance expenditures. There are also additional benefits, the additional ones, some of the ones that I would like to highlight include safety. I mentioned safety and this is safety internally for the utility staff and also public safety in general. The ability to monitor the grid in real time allows you to identify problems quickly and that includes safety in general. The ability to plan your distribution system better, that's very important, especially considering the fact how the grid is evolving because of all the changes that I mentioned before. Resilience is becoming more and more important, especially relevant in your service territory. So those benefits you could say a good amount of these benefits are operational benefits, right, although it's clear they end up benefiting customers as well.

Mr. Romero continued to the next slide, and stated so if we focus on customers specifically, the customer experience, that's the key benefit. When we deploy in the grid modernization program, when we deploy some of the technologies that we are discussing today that are included in your program, your grid modernization program, what they enable is a personal relationship with customers. A customized relationship with those end users, and that as we know in general not only apply in this concept to utilities, when you have a customized relationship with customers that enhances the overall customer experience and that increases satisfaction. And this is achieved through the deployment of software platforms that we are going to discuss in a moment and what I mentioned before that digital transformation, the elimination of those paper based processes, and the ability to engage customers in real time. That's one of the key benefits behind grid modernization, it's a customer-centric, data driven, customer experience and this is offered in real time through smart phones and tablets, etc. And that real time relationship that's very important for end users. And something that is also important is that I mentioned at the beginning of the presentation, that is the expectations from customers are evolving. Some customers are looking for new services and new products, and I'll give you an example, more and more customers are interested in purchasing electric vehicles. And they trust utilities, they want utilities to help them install those electric vehicle chargers or to manage those electric vehicle chargers so they can minimize the costs at home, reduce consumption and manage consumption in general, or they may want utilities to manage battery systems or PV systems. These are things that are happening today, there are

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utilities that, for instance in the northeast we have Green Mountain Power. A very innovative utility, that is offering practically Tesla Powerwalls to their customers and they manage a fleet of those Tesla Powerwalls to improve reliability during storm conditions to reduce the overall peak of the utility and that saves money for the utility and also for customers.

Mr. Romero continued, and stated in this figure we have a variety of activities that are enhanced through grid modernization programs. Something that is important here, is this is for your information only and this is almost like a manual of all the different possibilities that are enabled or become available to customers through grid modernization. Not all of them apply to the New Smyrna case, what is important is that if eventually one of these areas becomes of importance for New Smyrna Beach's customers, then you're going to have a good amount of the capabilities to enable or to provide those services to your customers. But in general, from a customer experience the main one is that personalized data-driven experience and also the ability to provide those new services if they are of interest for your customers.

Mr. Romero went to the next slide and stated and now that we have talked about grid modernization as a whole, let's talk about how you develop a plan for a utility, like New Smyrna Beach. So generally we start with developing a grid modernization roadmap and what are the steps for developing that grid modernization roadmap. So we start with identifying the utility vision, and also the utility goals, what do you want to accomplish with this program. Then we develop a list of programs that would allow you to achieve those goals. Here is very important when we talk about programs, definitely we're going to talk about technologies, or investments, infrastructure, etc., it's important to identify reputable vendors and also proven technologies. Because there are many technologies that are emerging today, so that represents a risk when you deploy a technology that is not proven. So instead our recommendation, generally is focus on proven technologies and proven programs that have been implemented elsewhere. And if you want to explore a technology that is emergent, what you can do is implement pilot projects and you do, it's a very targeted small investment to explore a technology. When you want to do something that is system-wide, make sure that you're focusing on something that is proven and establishing a relationship with a reputable vendor. Once we do that, it's important to benchmark utility practices against industry leading practices or best practices. And then identify gaps, what needs to be addressed to achieve that vision and those goals that you define at the beginning of the journey. And then once you have identified those gaps from the benchmarks, you conduct a benefit cost analysis to prioritize your preliminary list or your preliminary portfolio initiatives or programs that you identify early on. And then from that prioritization you develop a final list of programs, those are the ones that you are going to include in your roadmap. Within that list it's important to identify foundational programs, the ones that represent the backbone of your grid modernization roadmap. And they are the backbone because in many cases their implementation is vital to enable the implementation of other programs. AMI is one of them, AMI is a foundational program in a grid modernization roadmap. Once you reach that stage of the process, you have created your grid modernization roadmap, you just have to develop an implementation plan and a schedule. And in that schedule, you need to take into account the interrelationships between programs, the fact that some of them need to be implemented first, so they can enable the implementation of others.

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Mr. Romero went to the next slide and stated here is a list of typical grid modernization programs that are included in the industry. As I mentioned before, when you analyze your specific case, many of them apply to New Smyrna Beach, others may not, but this is a general list. GIS, geographic information systems, the ability to develop computational models of your grid. Computational models that are geo-referenced that is critical, to know where your assets are, location and the features, the characteristics of your assets, that's critical. That's the baseline basically for what you want to do. Advance the distribution management systems and outage management systems, these are information systems that allow you to monitor and control the grid, your real time. Real time operations in general, it's very important, AMI, we talked about this already. Telecommunications is vital, through telecommunications is how you can monitor the grid and control it as well. Automation and sensors, the ability to plan your grid, analytics, DER integration, electrification, hardening, which is foundational infrastructure. And of course, cyber and physical security, cybersecurity is vital because we are talking about digital transformation. All of this involves computers and telecommunications.

Mr. Romero went to the next slide and stated so once we identify these programs, remember prioritization is very important. So identifying benefits and costs provided by these programs is very important. And those, you have to identify also, potential savings that those programs may provide. So benefits, savings, and costs, you use all of that information and then you prioritize every single program, and you develop your roadmap. Using that prioritization is done using a benefits costs analysis. Now something that is very important here is that when we talk about costs, we need to think about capital costs and also O&M costs, so you have to account for both. And it's important as well to keep track of all your assumptions and simplifications, because yes, there will be a need for making some of those assumptions and simplifications along the way, so it's important that you do that when you finish the prioritization and the roadmap, you revisit those assumptions and you may need to do some sensitivity analysis and make sure that you were careful in all of your different evaluations.

Mr. Romero went to the next slide and stated well now that we know that we have discovered how a grid modernization program is developed, let's talk about the grid modernization program at New Smyrna Beach specifically. So what I just described, that was the approach that we used at New Smyrna Beach, and we used it elsewhere as well. Examples of projects that we have completed for others that involved grid modernization include a utility such as Commonwealth Edison in Chicago metropolitan area, Consolidated Edison in the City of New York, Exelon Utilities which is the mother company of Commonwealth Edison. So Exelon Utilities include also Pepco Holdings which is the utility that provides service to Washington D.C., Baltimore Gas & Electric that provide service to Baltimore, Philadelphia Electric, provides service to the City of Philadelphia. So we are talking about a very large utility or a holding company in this case. Dominion Energy, I mentioned Dominion Energy as well, we just completed an assignment for them. So we use all those lessons learned from those previous experiences, we are bringing that to the service of New Smyrna Beach. So we used this proven process to develop your roadmap. So we started as I mentioned before with mission and overall objectives, vision of your company and identified drivers and some of the features and functions of what you want to achieve with this grid modernization program. We

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identified individual components, AMI, hardening, etc., then we identified all of the different investment options and we conducted benefits cost analysis, estimated costs, estimated potential benefits, and then prioritized and developed the overall roadmap. And we'll talk about that roadmap specifically in a moment.

Mr. Romero went to the next slide and stated this is a summary of the programs that have been included in that roadmap. What we decided to do is in that prioritization, we created four tiers of programs. We have your foundational programs and I mentioned before these are equivalent, I would say to no regrets, right. These are things you have to do, and you have to do because, for a variety of reasons. One of them is these programs enable implementation of the remaining ones. That's one and the other one is that they address in some cases very urgent needs, so this is the foundation of your overall roadmap. And then we have three additional levels of priority, priority 1, 2, and 3, and the overall roadmap is very comprehensive. It covers all of the majority of the different aspects that we discussed before, foundational infrastructure, all of the different intelligent technologies, all of the monitoring and control and enhanced operations, electric transportation, selective undergrounding. All of that is included here in your roadmap. And then we developed this schedule for implementation. And here is what we suggested, was to divide the implementation into three stages, short, medium, and long term. And in the short term you can see that you basically start with all of your foundational programs because again they enable the implementation of programs because again, they enable the implementation of the rest. And then you can see that the schedule has been also aligned with the priorities of your programs. So priority three programs generally are the ones that they can wait I would say to be implemented for a couple of reasons. In some cases because you need the previous investments to enable some of this, in other cases because there are more urgent or higher priority needs to address.

Mr. Romero went to the next slide and stated we also estimated the costs of these programs and this is based on previous experience, not only with the grid modernization programs that I mentioned before but also previous experience in the industry as a whole. As Mr. Hart mentioned, the AMI team for instance, we have, my colleagues from the AMI team have a wealth of experience, tremendous, deploying real lift deployment of AMI. So they used all of that experience to estimate some of the costs related to AMI deployment and also to some of the technologies that are needed to support AMI deployment. And you can see that this involves both capital as well as O&M costs. That being said, these are estimates of course, but they are, I would say they are good estimates. Once we get into the actual deployment this can be fine-tuned.

Mr. Bunch stated Mr. Romero I just wanted to interject for a moment if I could, so the dollars you see on this chart were developed when the plan was developed, so a year and a half or more now. At that time Ms. Couillard and Mr. Chavez took those estimates and built them into our pro-formed budget and when we went to Wall Street and did the bond borrowing it was based on executing these projects in the next five or six years. So we had rates that were built on both our costs that were in place at the time as well as the expectation that we would move ahead with the plan that was approved at that time by the Commission to include these investments. So any money we spend arguably is in the budget today, but as I mentioned

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earlier on, as we move forward with each project, we come to the Commission per purchasing policy and request for formal approval. But we didn't want to go to the market and borrow money until we had a good feel for how we were going to be spending in the next three or so years, to save needing to go there again.

Commissioner Hawes stated so these numbers are U.C. numbers not, I don't know what, just current market.

Mr. Bunch stated you are going to see a version that Mr. McMurray is going to present in a few minutes, it's changed a little bit as we got a little more experience. But this was put into the original budget I think, what year was that Mr. Chavez, 2021?

Mr. Chavez stated yes.

Chairman Davenport stated what was the amount that you had for this whole program when we did go to Wall Street and borrow it, when you put it in the loan package, what were you and Mr. Chavez thinking or what you all came up with?

Mr. Bunch stated well, if we just use the bottom-line number in the total five-year plan it's about $25 million and I would say it was a pretty close number.

Mr. Chavez stated yes, it was, and as we go on through the projects and look at the next phase then the estimates get revised and you have better numbers.

Mr. Bunch then stated I'm sorry Mr. Romero but I thought that was a good time to mention that for folks that may not have seen that information or heard that before.

Mr. Romero stated no, thank you Mr. Bunch.

Chairman Davenport stated excuse me one second, that $25 million's broken, we can see, it's right here, can't we.

Mr. Chavez stated yes.

Mr. Bunch stated it's projected by year and that has changed, Mr. McMurray is going to show you a little bit in a few minutes. But as we've taken ownership and modified it, it's largely, these are largely good numbers.

Chairman Davenport stated okay, thank you.

Mr. Bunch stated thank you Chairman, thanks Mr. Romero.

Mr. Romero stated, and I'm almost done with my part, so I just wanted to summarize some of the ideas that we have been discussing and in general I would say that in your specific case the grid mod. roadmap at UCNSB, your overall intention is to enhance that overall customer

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experience to enable a personalized service in more reliable, more resilient, more efficient, more secure, safe and sustainable service for your customers. Enhancing and strengthening grid planning, operations, and engineering activities in general, and why do we need to do that? Remember because the grid is changing, the adoption of distributed resources is driving a lot of changes, so you need to enhance the way you plan, operate, and engineer the grid. Also it identifies and prioritizes key infrastructure investments to support all of those goals and again it addresses the foundational infrastructure too. And something that is very important is that this is a trend but once you modernize the grid it doesn't mean that the grid is going to remain static. The grid is going to continue evolving, we have experienced that in other areas and probably telecommunications is one area in which this is very, very evident. When we think about, let's see 20 years ago we didn't have smart phones, right, we didn't have apps. We still, you know 20 years ago we were still buying CD's. We don't do that anymore, now we have streaming services, we have smart phones, now we have plenty of apps. to do everything that we want. Now we have unfindable token system and other things. Things continue evolving so that's very important.

Mr. Romero continued, now a grid modernization roadmap sets the foundation for transforming and preparing the grid for that future, so it's very important. So you are setting the foundation to continue evolving, that's a key concept here. And the program has been, the roadmap has been developed in accordance with industry best practices. We mentioned it is based on let's see approaches that have been used elsewhere and are considered as industry leading practices or accepted practices. And it has been customized to address your needs, that's very, very important it's not a cookie cutter approach that was used, it is customized to UCNSB's reality. So it considers key features in reality of your service territory and business environment and regulatory framework, etc. And we need to do this because again, the grid is changing, the grid is becoming more and more complex, more dynamic, we have new technologies that are being integrated every day that are driving these changes. So telecommunications, analytics, I.T. systems, all of that is going to provide a vital role in making your operations more efficient, more effective planning. Also at the end of the day this is about customers, right, providing a better service and delivering value to your customers. So again, just to emphasize, this is an evolving area and this is, our recommendation is that this roadmap is revisited periodically, it can be every five years. And you will realize that there will be a need for fine-tuning. And that is completely normal again because things are going to continue changing but what's important is the foundation is going to be there with this roadmap.

Mr. Romero stated and something that we also want to advise, and this is also based on what we have seen in the industry, is that this is a multi-dimensional endeavor. It's a complex, implementing a roadmap, a grid modernization roadmap is a complex activity. So it involves technology, it involves infrastructure, it involves other aspects related to program management, change management, to resources in general, staffing and training. So since it is so multi-dimensional it's very important to have a dedicated and an experienced lead and also a strong support team to manage that execution, the execution of that roadmap. And while New Smyrna Beach is moving in that direction, we have John McMurray leading this effort, so we applaud that decision. I think that that's the right move, you need to have a dedicated

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lead to manage this type of program. Let me stop here, this is going to continue, the presentation is going to continue but let me stop here with Q&A, any questions that you may have we're happy to answer right now.

Chairman Davenport stated I have one, on slide I think it's 14, back on the grid modernization benefits, and you have, it jumped out at me, in the center top transactions management, new revenue streams. Will you comment on that please?

Mr. Romero stated yes, well I mentioned before that this is a general menu, right. In the case of New Smyrna Beach I would say for New Smyrna Beach, the main focus is on this side and probably on this side as well. But let's talk about transaction management, remember we talked about setting the foundations also for the future. I don't know if you have heard the concept transactive energy. If you haven't heard, what this concept discusses is the possibility eventually that the customers may engage in financial and also physical transactions between them. So you have two customers, one of them can be a producer, can have resources that inject electricity to the grid and another one may be a consumer and that consumer may be interested in purchasing some of the power generated by the first customers. So in this case the grid is enabling those transactions, in that case it would be both, it would be a financial and a physical transaction. Now the physical side of things, it's not like the electrons from customer "A" are going to move to customer "B", we have physical laws that prevent that. But what is going to happen is customer "A" is going to deliver that power to the utility and the utility has to have enough flexibility to then deliver power from a different feeder. It could be a different feeder, a different substation to the second customer. So there is a physical transaction but the utility is the enabler of that physical transaction. The financial transaction is probably more straight forward, it's basically an exchange of money from one customer to another. And we do this, we already do this in bulk power systems, in electricity markets, for instance in New York ISO or New England ISO or Mid-Continent ISO, MISO. All of those electricity markets manage this at bulk power system level, a large consumer and a large generator, right, that's how it works. The idea here is that this has been discussed today, it's to implement those concepts at distribution system level and also at customer level. We are not there yet but it's being investigated, but what this figure tries to convey is by deploying AMI, by deploying telecommunications and some of the platforms that are being included in your roadmap, you're heading in this direction. Eventually if this becomes relevant in your service territory, you are going to have some of the investments in place to make this a reality. Some of them you are not going to be ready, but you will have a foundation at least. Does that answer your question?

Chairman Davenport stated yes sir.

Commissioner Hawes stated I have, and I don't know Mr. Bunch if this is part of a utility company's sort of normal culture and work processes, but it kind of seems and I was kind of looking at the five years, you know right or wrong, but looking at this almost like you're sailing a ship and rebuilding its engine at the same time, I mean the crew has to do two things at once. And I kind of wondered, what does this mean to staff, it would seem like they're

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going to kind of go along their way but then there's going to be this other piece. Is that a challenge or is that just sort of how things work in you know normally?

Mr. Bunch stated it is a challenge, and so part of our reason actually for putting Mr. McMurray's role in place this past year was if you look at it, it's like a bakery, a different industry. We were baking a heck of a lot of cookies, and we were trying to design and build a new factory at the same time and we were struggling with that. And so part of Mr. McMurray's role will be to work with vendors, like Quanta and others as we move to implementation on things like this, to make sure we've got the change management planned, we've resourced it, who's going to support it, when does it go in place, what happens to the existing system, how do you transition over, how do you migrate to new. All that stuff has got to be figured out. I'll ask this as a question to Mr. Romero, but it's sort of along that same thought process, in the utilities where you were or the others on the Quanta team have had to come up and clean up after the messes that have been created, what general things have you seen where the ship wasn't being piloted well while they were rebuilding the engine, without naming names.

Mr. Romero stated well, yes, it's a great question and yes, it's a challenge that all utilities that implement a grid modernization roadmap, that they face, it's a common challenge. And that's why we included this last bullet point because as mentioned it's important to have a dedicated team, it's important to have a dedicated lead. If you want to do, what we have seen grid modernization roadmaps fail or face difficulties, this is because in some cases, we see staff that is operating the grid, that is planning the grid, that is doing day to day work is also engaged in some of these activities, so they are overwhelmed. They, and at the end of the day they need to keep the lights on, so they tend to focus on the day-to-day activities, and this becomes something that they do almost on the side, right; that approach doesn't work. So in general what we recommend is to have a dedicated team, to have a dedicated lead, and for them this is their day-to-day work. So that means yes, you may need to staff, you need to hire new folks. Something that is also important is these folks are going to have a different set of skills because we mentioned before this is multi-dimensional and what we meant by that is this is also multi-disciplinary. So you are going to need folks who are familiar with utility operations for sure but also with some of the new technologies, with telecommunications, with distributed resources, with electrification. And if they're not familiar with those areas at least they have to have the profile of somebody who is a self-starter to come up to speed very quickly. Some utilities actually are thinking about this from a systems engineering point of view and system engineering as you know is a discipline that integrates multiple disciplines right. So that's the type of profile of that team that you are going to need and that is for implementation. Once you implement there is another challenge and that's why we included here also change management. It's not only about implementing those programs it's also about developing or updating processes, because you are going to do things more efficiently and in some cases you are going to eliminate processes as a whole. Paper-based processes are going to be replaced by electronic processes. So you need to train your folks, you need those change management activities and in that way you're going to be successful. But everything starts in my opinion, everything starts with building that dedicated team that is going to be doing this, this is going to be their daily job.

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Mr. Bunch stated Commissioner Hawes, does that answer your question?

Mr. Hawes stated yes, it just struck me as I was sitting listening and kind of going back on your presentations Mr. McMurray and not that we didn't sort of know this, but it really highlights the challenge that we kind of have as a management team. It's just sort of, you know its one thing to have the ideas and the funding, it's another thing to have to implement it and upgrade it and you kind of got to do sort of both. It's just seems like it's a, and I'm not criticizing at all, I think it's about and I'm just kind of pointing out, I just think it's a big challenge that's all.

Mr. Bunch stated it is, and so we've made additional changes, people have left. As we've re-hired or we repurposed roles, a lot of them we're talking about are going to be additional operational technology in the field and systems. Mrs. Keehn recently hired a SCADA engineer that specializes in electric system control and data acquisition systems. Ms. Couillard just hired a principal engineer that's done studies on electric vehicles and things like that. So we're, as we get the opportunity and need, we're bringing on, we're looking for, we're recruiting and hiring folks that bring those experiences with them as well.

Commissioner Hawes interjected that's great to hear.

Mr. Bunch continued in a basic level Mr. Romero have you seen examples where people just got it wrong, they got the systems out of order. I don't know somebody deep down in the organization convinced the boss to do this or that and it just didn't work once out, have you seen examples like that?

Mr. Romero stated yes, I have seen, I would say what is perhaps more common or at least in my experience what I have seen as a more common challenge is when you deploy a technology and it is underutilized; that's very common. So that's something that is important to avoid, and AMI is a very good example. So that's why I also included that slide that I showed before, and my colleagues that have deployed AMI systems, they can talk about this extensively. In many utilities, especially some of the early adopters, when they deploy the AMI the main focus was meter reading, that was it. So that's a very sophisticated asset that is being underutilized, so you're not getting all the value that asset or that system can provide. So that applies to other areas too, that's something that I have noticed, that I have seen often. Software for instance is another one, software solutions that are deployed and that are used you know just partially and that's a very common situation. And the other one is to implement technology without updating processes. So you still have technology, modern technology, but you still have a lot of inefficient processes and paper-based processes is what I mentioned before or staff that is not trained. Now a CNA program that fails completely that is rare, what is more common is what I mentioned, underutilization due to missing something right, in your roadmap or because what I mentioned before, you have folks that are overwhelmed, that are not focusing on this exclusively.

Commissioner Hawes stated I hate to be the squeaky wheel but when you mentioned AMI, and I'm so glad you did, it's what struck me and I'm asking this, is this seems to be,

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meaning the idea of AMI, seems to be the lynchpin to get started with. Everything is going to, you know it may do one thing today but it's going to end up doing all these other things. So is that accurate?

Mr. Romero stated no, not really, what AMI is going to do is it's going to provide data, in a very, let's see very valuable data to understand the performance of the grid. Now the point that I wanted to emphasize on the slide is that for many utilities that data is only used for reading, for billing purposes basically. So you have you know wonderful data that can be used for many different things but its only being used for one of them.

Mr. Bunch stated I'll give you an example, so we have four utilities in the company I came from, actually Mr. Romero mentioned it awhile ago, Exelon. We had, we benchmarked across those utilities 102 or 104 functionalities of the AMI system, how we're using it, who was using it best, and which was the best of the four companies so that we can all get the best of those 104 functionalities, 102, whatever it was. And actually I remember sitting over there at the podium being interviewed and the Chairman at the time said what do you think about smart meters. I said well smart meters can be great but if you're thinking of buying them just to reduce some meter readers or get a monthly read, you're buying them for the wrong reasons. So the things that Mr. Romero articulated and how it gets used and how it can be used are really important. And it sounds like underutilization, it was sort of what you just summarized, not using it to its fullest extent.

Mr. Romero stated yes, correct, underutilization is very common and also what I mentioned before you have advanced, sophisticated technology and assets but you have old processes in place. So that ends up contributing to underutilization as well.

Mr. Bunch stated okay, any other questions.

Mr. Cloud stated I was just curious if there, if ya'll have any statistics about the revenue enhancements of having these additional services that could be provided.

Mr. Romero stated that's a good question, I would have to review some of our previous reports, we may have, if not I think that is something we can investigate. But I don't have it, you know, handy at this point.

Mr. Bunch stated how about unmetered revenue and under-metered water, electric, loss, how does that maybe support the business case for AMI.

Mr. Cloud stated that's the low hanging fruit with that, sure.

Mr. Romero stated maybe my colleagues from AMI, maybe Mr. Glover and Mr. Dumas can help me answer that question. Are you guys there?

Mr. Hart stated yes, let me go ahead and speak to that one Mr. Romero since Mr. Glover might not be aware of it. I had hoped not to talk at all, I'm getting over COVID and I have a

a. Modernization Plan – Current Recommendations – Quanta Technology, LLC – Julio Romero Aguero (cont.):

bad cough. But we have in the past done a cost benefit analysis, not a full business case but a cost benefit analysis. And there are, that particular cost benefit analysis showed payback to the system in about four years, and it was a fairly unsophisticated implementation. But what some of the huge drivers there were elimination of leaks, unbilled revenue and also move in, move out site visits to the customer site that you can eliminate with, from a disconnect reconnect. So those are kind of the three big drivers but DOE also has a lot of data in this area. But we've done some cost benefit analysis where also that showed it to be attractive.

Mr. Cloud stated there's a lot of studies with water utilities about the amount of time, the short amount of time it takes to use advanced meters to get a payback. I was really thinking more along the lines of new business opportunities. For example, I mean this is the easy one, you know the increase in electric cars, but are there potentially other avenues of revenue particularly in the I.T. services that electric utilities might recognize.

Mr. Hart stated well there certainly are but those things are probably in the future, more in the advanced analytics part of the deck that I think Mr. McMurray put up. But there are some really large drivers for your existing revenues, unfortunately many of your water customers will see their bill go up and they will see their bill go up because it is legitimate because their meters are running slow. And so that looks like a loss to you guys because you're not measuring the actual water delivered, you're not billing the actual water delivered and so it looks like a loss to you and it's a physical loss but also a financial loss. So the low hanging fruit is revenue protection and revenue recovery for unbilled losses.

Mr. Bunch stated okay, thanks, guys. We scheduled from 2:00 to 4:00, does anybody have a hard stop at 4:00 p.m.? Okay, so I'm going to propose a break in a minute but before I do let me rerun through the rest of the agenda because I failed to do that, I apologize. We structured it so that Quanta would provide the overall for grid modernization, how our roadmap was developed, give you a chance to ask questions and then John McMurray, our Director of Strategic Programs is going to run through an update of our roadmap and talk about some specific things coming in the near future. And then we're going to turn it over to Quanta again, Harris Glover is on the call, and he's going to give us an update, current status on our AMI assessment prep activities, as he's along with Bob Dumas and others are working with us on the team. And then we're going to finish up the presentation topics on Mr. Chavez, we want to talk about the U.C. Brand Refresh which we last talked to you about in October, want to get that in front of you today. And if everybody's okay I'd propose about a five minute break now, give everybody a chance to stretch, use the restroom if you need and we'll come back and restart. Thank you.

b. UCNSB Modernization Project Timeline – John McMurray:

When the meeting recommenced, Mr. Bunch commented the meeting cannot be concluded by 4:00 p.m., there's no chance of that, but I'm thinking we probably can get everyone out in about 30 minutes, and still do all the remaining portions good service.

b. UCNSB Modernization Project Timeline – John McMurray (cont.):

Mr. McMurray then stated thank you again for all attending and at any time if you have any questions, anybody, please stop me, raise your hand, whatever you need to. Then added the slides are going to take just a little bit of time because they're from a distance and hopefully, it's like two seconds; okay there we go. So modernization, our vision is height with modernization, our vision is at the highest level, our Modernization plan is aligned with that Vision. The Vision states basically that we're a community partner who safely provides reliable essential services while sustainably managing resources as a good steward. In terms of modernization we're introducing technology, grid infrastructure improvements. We're also focusing on better service for our customers, customers are at the heart of the business, that's why we're doing these things. The advanced technology aspect of it is we are improving awareness for safety, for visibility. That's for our customers, our employees, the community and also especially during times of emergencies, such as water leaks and power outages. It's providing that real time picture for the customers and our employees – it's important. Also in terms of operations and operational efficiency we're going through, as Mr. Romero mentioned, a digital transformation that provide benefits to our customers. And second to the last bullet is talking about the evolving expectations of our customers, they're used to technology, they're using technology with their smart devices and for other means, and we are going to be delivering some of the information that's going to be aiding the way they do things from other vendors. And you know, if you think about work management, tracking from Fedex and such, those are some of the things that we will also be striving to work towards. So the bottom line is our modernization plan portfolio it's a plan, cost effective investment strategy, it's leveraging best technologies from industry and those are larger utilities and our size utilities.

Mr. McMurray went to the next slide and stated this slide talks to the programs. This comes from Quanta Technology's list of modernized programs and this is our customized view. They said each utility runs it the way they feel is best and what makes sense for them in terms of organizational capacity, in terms of foundational support. If you look at this chart, the green circles are the projects that are in progress. Those are the ones that we're doing right now. We've got a lot of work going on right now and we are tapping, Commissioner Hawes you brought up a really good question, how do we make sure that we don't over-tap people, we don't. They've got their regular ship responsibilities, now we're going to rebuild the engine. So we're trying to divvy that up and we are tapping on probably 40 or 50 people, tapping on for just the AMI project. There are some people who are being tapped on a lot more, I look at some of them over there, plus your employees, so thank you for your support. I just want to pause here for a second, the Utilities Commission's employees are the best; they are the best. I've been working with and everyone that I've been working with everybody goes well I don't know if I can get this, or I can get this but there's nobody saying no to me and I really appreciate that. First environment I've ever seen that's where everybody is like trying to get it done; so I really appreciate that.

Mr. McMurray went to the next slide and stated so this is a slide that you've seen before and this just shows a list of the projects and for time's sake I'm not going go through it. Other than letting you know we're working on these projects, they're prioritized, they're foundational and they're based on organizational capacity. And what I mean by that is we're

b. UCNSB Modernization Project Timeline – John McMurray (cont.):

going to try to execute different groups at different times, some of the projects may move in a little, move out a little, but it is a plan and will be modified somewhat.

Mr. Bunch stated could you maybe speak to one of the changes we are making this year, just based on been in the role awhile. We've got the ability to do this or that and we're going to try that earlier.

Mr. McMurray stated one of the programs, it's Outage Management System, number ten, we pulled that in. That was in 2023 but we said that we have two foundational components of an outage management system and we can implement that fairly quickly before storm season, because we already have two basic components right now and the system will just snap right on top of it. There is some hardware to buy, and we have to buy the system, but they said that they can bring it up live by May, sometime in May, which will be outstanding because summer storm season starts right about May, June there.

Mr. Bunch interjected June 1st.

Mr. McMurray stated June 1st, okay.

Mr. Bunch stated so maybe when you get to, like your benefits slide, maybe talk a little bit about that; thanks.

Mr. McMurray stated okay, and went to the next slide stating, digital transformation of work processes. So again Mr. Romero spoke about digital transformation, we're migrating towards a fully computerized environment and that means we're getting rid of paperwork. We use a lot of paper, we have a ton of spreadsheets, we're migrating in this direction where things will be on handheld devices. They will key punch on the handheld device, it will automatically stream across and update the main systems. And a major goal of this effort is to provide better visibility for our customers and our employees. And when I say customers that means construction too. It's kind of like Fedex, I call it service delivery, it's being able to tell them when we're going to arrive, being able to make sure we met their needs, and follow up with them.

Mr. McMurray stated next topic is the electric vehicles sales. This quote right here at the very top and the second line it says, "There is no turning back". That's a quote from Austin Energy out in Texas. They have 1,200 chargers on their system right now, one thousand two hundred. Does anybody know how many public chargers we have on our system?

Chairman Davenport stated three.

Mr. McMurray stated we have one public charging system, out at Publix on the beach - one. Now I don't know how many chargers, might be six or eight chargers out there, but we have one charging location, public, on our system. We have some private ones, but I just wanted to let you know. The chart at the right shows Austin's growth in terms of electrical vehicles, on the left is just a typical charging station. A couple of things are going on here, is that we have met with the hospital, Advent Health, right close to here. They want us to conduct a pilot, we

b. UCNSB Modernization Project Timeline – John McMurray (cont.):

spoke a little bit about this last meeting, and we'll talk in more depth about this. The other thing is we're coming to you towards the end of this month to be able to say this is what we'd like to do on this pilot and just be able to proceed with this effort. So I just want to, as a courtesy say hey, this is what we're doing. I think we've already got some of that approval but…

Chairman Davenport stated would that be for this hospital, or they just got approval for the new hospital?

Mr. McMurray stated this hospital, they want maybe two chargers set up there. We also have been speaking with the City, both the planning and the City Manager. Mr. Bunch has been talking with the City Manager. There's interest in the City, some kind of way formulating a plan to start installing chargers to a small degree and to build it gradually. But to make sure that we know what we're doing, so that's why the pilot is really important. And it is proven technology, but for us it's not, something new to us.

Chairman Davenport stated maybe we could talk about that at our joint meeting with the City.

Mr. Bunch stated I think that's one of the topics.

Mr. McMurray stated yes. Next slide is utility-scale solar projects, so we're getting some attractive rates from solar and especially on the large projects. FMEA is building, I believe it's a little bit over 300 MW's of solar and we've partnered with 16 utilities, municipal utilities on that project. And so we're going to partner, our share's going to be 10 MW of the 75 MW new installation; so we're part of that team there.

Commissioner Smith asked where is this facility going?

Mr. McMurray stated it's in St. Cloud and eastern Orange County, is two of their major installations. We're buying it and they're selling us the energy, basically we buy it and get it for a low price. And the price is extremely competitive, in fact I think Mr. Beyrle could say that it matches or it's lower than what we're buying energy for. And that's mainly because of investment tax credits and other opportunities that they're able to achieve.

Mr. Bunch stated Mr. Beyrle, can you speak to the relative costs to the rest of our portfolio.

Mr. Beyrle stated yes, our all-in costs right now, since we used to be in the mid-$40's but we added all of the St. Lucie nuclear fuel in, so it's been running in the mid-$60's. for our all-in wholesale costs.

Mr. McMurray stated $60 per MW, MWhr.

Mr. Beyrle stated yes.

Mr. McMurray stated but solar is running..?

b. UCNSB Modernization Project Timeline – John McMurray (cont.):

Mr. Beyrle responded solar will be in the mid-20's.

Mr. McMurray stated they're beating our purchase power agreements, so that's phenomenal but there's some aid from somebody else helping out, the Federal Government.

Mr. Cloud commented the finger on the scale.

Commissioner Smith stated can I comment on this solar issue just a little bit?

Mr. McMurray stated sure.

Commissioner Smith continued, I actually read something I don't believe, but anyway Florida Trend has a good article this month on electric generation, but they say in there the solar generating facilities are limited to 74.5 MW's because if they go above that they get into more permitting, more regulation. But the bottom line is the survey of utilities around the state, didn't find any companies pushing to relax those regulations. And I was wondering you know, maybe we in our contact with, was it FMPA or whatever, but we could ask them if they're making any effort to do something about that, because that is such a stupid thing.

Mr. Bunch stated I think it has been discussed, in this case we're part of a 150 MW project, they broke it up into two sites. So that's the way they've approached the capacity limits and there are other constraints too. Because you can't put as much as you want anywhere onto the grid or our distribution lines. So I believe just recently, and that was good timing of that question, I think just recently there have been requests to reduce that, I'm sorry to increase the capacity. And I don't remember if it was 150 (MW) or more but the topic is on the table now.

Commissioner Smith stated well, they're saying that in 2025 the solar generation's going to more than double and by 2030 its going to more than triple.

Mr. Bunch stated it's escalating very quickly.

Commissioner Smith stated and it goes on to say in 2030 it's going to be 14% of the…

Mr. McMurray interjected generation, 14% of total generation.

Commissioner Smith stated right.

Mr. McMurray commented fast climb.

Mr. Bunch stated and we may have, in the near term, an opportunity to participate in another FMPA project, so Mr. Beyrle is reaching out to FMPA now. I just heard in the last week that they're looking at another project, so at some point we can only have so much because of the generation supply, there's a lot of balancing in this that has to take place. Mr. Beyrle is in charge of that.

b. UCNSB Modernization Project Timeline – John McMurray (cont.):

Mr. McMurray stated, so in addition to FMPA we have a Solar Feasibility Study that's being conducted for the Western Utility Complex, that's due in May of this year. And that's just west of I-95 and north of S.R. 44.

Commissioner Smith stated is that going to power the plant out there or the facilities?

Mr. McMurray stated no, it's probably, we're looking at just 1, 2, 3 megawatts.

Mr. Beyrle stated well, actually we're looking at the Western Utility Complex just to see if we wanted to do utility-scale solar, how much could we do, based off our future plans for the new buildings and everything.

Mr. McMurray stated so I think the biggest challenge is could it provide enough energy during the day, if there's no clouds in the sky, maybe, if we make it big enough. But we'd have to have some other technology to power at night, so battery storage, we'd have to be buying two different systems. A solar photovoltaics and also battery storage in order to make that work to answer your question.

Mr. Bunch stated Mr. Beyrle, are you also looking at the pond for potential floating solar on the site.

Mr. Beyrle stated we haven't started looking at it yet but that's definitely something we're considering.

Mr. Bunch stated, so we will have a 20-acre pond that's being expanded for reclaimed water storage. Part of that analysis, we'll be considering can we use that pond because that's free for land.

Commissioner Smith commented do we want to put electric and water together?

Mr. Bunch stated the cost differential between on ground and in ponds or floating is about 15% now.

Commissioner Smith stated not bad.

Chairman Davenport stated it's how much?

Mr. Bunch reiterated 15%, it's not a big difference in costs.

Commissioner Kelly stated did somebody say battery storage is expensive?

Mr. McMurray stated well if you're having to build two different systems. Battery storage and solar, you know photovoltaics and battery storage are two different things to build, so. Batteries are coming down but still an expensive proposition to have to build two different systems.

b. UCNSB Modernization Project Timeline – John McMurray (cont.):

Mr. McMurray then went to the next slide and stated next slide is talking about AMI. This is our focus going forward and in the next presentation Harris Glover will be talking about the schedule for AMI. But some of the benefits that we've been talking about for AMI and the Smart Grid are helping our customers conserve energy. The bottom left figure shows you hour by hour on a day, blocks of time where you can buy energy from the electric utility. Just an example of another electric utility and they charge at different rates, different times of the day. And so you can say, hey I'm doing, I can move, I can turn the water heater on, I can do certain things to lower my bill. And you can see in near real time or within days how your changes are impacting your bill. Another thing is your remote connection, disconnection, people are moving down, snowbirds come down, we connect their meters, disconnect their meters. We don't have to run somebody out, we just hit a button in customer service, and it takes care of it for us. There's also a customer energy portal for customers to look at and to view a number of things. They can report streetlights out, they can report an outage on their smart phone, and there's a whole list of other things they can do. So there are other things that we're doing, the map on the right is one of those with an outage management system and this is what we're going to be coming to you later this month, I was just talking about foundational components, we're just having to snap onto the system, on top. But it will look something like this, we'll have a visual map for our customers to say here's where the outages are, and they can click on the red circle and they can see this is me. Okay, they're arriving at this time, and they're going to be leaving. And so all the communications, the phone calls that are going on right now can be transferred to this technology where you can self-serve and look at things and our three customer reps. during a major outage when 1,000 people are out, those three customer reps. or five people answering the phones, this will offload some of that and help us out there.

Chairman Davenport stated Mr. McMurray I have an observation, this map here on the right, this is as rural as you can get in the United States, that's where my ex-wife's.., are you telling me that this…

Mr. McMurray stated this is just one utility that I took a snapshot of, so.

Chairman Davenport continued, that they're using this thing?

Mr. McMurray stated yes.

Mr. Bunch interjected and commented, she had nothing to do with it.

Chairman Davenport commented there's a lot of foreign money in.

Mr. McMurray then stated so I'll quickly summarize, again I want to thank you, this is real exciting for me to be here and I think the whole team is seeing a lot of great things happening. It's going to help us with safety, it's going to help us in providing reliable service. We'll be able to know when people are out of power, the meters will show up on the screen, in our system control. We won't have to wait for that call, many times over 90% of the meters will tell us within one minute they're out on most systems. So there are some great things that are coming like I said, we're prioritizing the strategic projects and we're going to leverage

b. UCNSB Modernization Project Timeline – John McMurray (cont.):

technology to help us do that so that we can have, provide a better customer experience and we can also improve operational efficiency. You know things are evolving, customers, like I think Mr. Bunch or somebody had said earlier, the customers expect a little bit more. We're trying to step it up a little bit and provide some more things for them so that they have this information. And the bottom line like I said is this portfolio, it's planned, it's cost effective, it's an investment strategy that leverages industry's best practices from utilities around the U.S. And as Mr. Romero showed and just in Florida, there's 87% of the meters here in Florida already have AMI. We're part of that 13%, we haven't introduced it yet and we're hoping to move in this direction. Thank you.

Commissioner Conrad when?

Mr. McMurray stated it's a process, so the outage management system we're looking to go live later, like I said May, June. By June 1st we'll be installed live, as long as everything goes well, I've got to make sure Ms. Keehn (I.T.) is okay.

Ms. Keehn stated he's very…

Mr. McMurray interjected optimistic.

Ms. Keehn stated yes.

Mr. McMurray stated so the goal is around June 1 and you know again, everybody's got a full plate, we'll have to see how it goes. AMI is the longer-term project, while we would like to see it live, all the meters installed, replaced by the end of 2023. That's a very aggressive goal, Quanta Technology is looking at the end of 2024; we'll see where we end up.

Mr. Bunch stated I may be their most impatient customer. They probably get tired of hearing me say can't we do that faster. But when Harris Glover reviews a portion of the presentation, you're going to see what portion between now and putting meters in takes place, and it has everything to do with the amount of dollars we're talking. So they're a big part of helping us making sure that happens.

Chairman Davenport stated do we put out the RFP's or does Quanta?

Mr. McMurray stated so Quanta is preparing an RFP right now, a draft RFP right now. It will actually come from us, but they provide all the, conduct all the interviews, and provide all the background information. They write it, we basically provide the inputs and then we manage. And one thing I did not mention in my rush to get through, my role is to make sure we deliver our projects on time, on budget, and achieve the desired customer results. That's what I'm here for, to work with all the whole team.

Mr. Bunch stated thank you Mr. McMurray, nice job. So Mr. Glover is teed up, let's turn it over to Mr. Glover to talk about the AMI project.

c. UCNSB AMI Assessment, RFP Preparation and Schedule – Quanta Technology, LLC – Harris Glover:

Mr. Glover stated all right, thanks, everybody, just real quickly I want to reiterate thank you very much for your time today. I'll try to make this brief, if I can get the slides to advance; there we go. Yes, my name is Harris Glover, with Quanta Technology, I'm one of our principals in our AMI practice. And I wanted to quickly go over a couple of things, one is just kind of what is an AMI system versus what everybody thinks of, it's meters, and then I'll go over the project status and where we're at with our methodology of a three-phased approach. So just teeing off of some of the things that Mr. Romero said and so that everybody in the room can be familiar when these topics start coming across and these new words, and verbs and all these acronyms start coming across. You'll know what they are and be familiar with them and they won't be something you've never seen before. So what we want to focus on is what is an AMI Smart Metering system. What most people think of when they think of AMI, they think of what's down here in the lower right quadrant, being the meters. While meters are extremely important to this, and they're the eyes and ears of the utility as far as once they're installed, the kind of information they get. AMI is a little bit greater than that and it actually is more, it is an actual system that has a multitude of components. So it's not only the meters, is also the networks, and cellular fiber, private radio, there's all kind of options there, that backhaul the information back into the vendor cloud. And so we want to make sure that you guys are familiar with terms like cloud, cloud services, managed services, software as a service – you'll hear about SAAS and things like that. What that is, the vendors have done a really good job in this area of moving their applications from on prem., only meaning they're on your premise and your data center and run by your people and your resources, to moving those off onto a cloud environment where they're hosted and highly secured, highly capable redundant data centers that are geographically separated and things like that. But what's in there are going to be all of the I.T. infrastructure, the servers, the databases, and things like that, that you would need to function. So the actual application's code itself, that's doing all the harvesting of this data processing of this data, storage of this data, it's all housed here and that really goes to reduce your overall spend on I.T. And gives you, you know, smaller utilities, even larger utilities are moving in this way, to offset all of that cost as far as and get them into a Class A data facility, Again this is geographically disbursed, can withstand hurricanes and so on and so forth and you know practically guaranteed 24 by 7 without spending all that money.

Mr. Glover continued, to key on what we were talking about earlier with security, the way you tie these two environments together is you have our I.T. systems over here and through secure firewall technology, VPN tunneling, you would have access to that vendor cloud. The thing that you'll see over here, is going to be your native applications for running your utility, you CIS systems, the billing systems, work order management systems, asset management and things like that. They will communicate remotely over this VPN tunnel through technologies like web services to access all that data that's in the vendor cloud. So the key thing here is enabling these environments through, utilizing security, and seeing all the components, that you guys are familiar with these components as we move forward in this.

Mr. Glover went to the next slide and stated so AMI, you know keying again off what Mr. Romero said, AMI truly is, an AMI system truly is foundational to your Smart Grid journey. And AMI, talking and keying in on something that Mr. Bunch said earlier about if you don't

c. UCNSB AMI Assessment, RFP Preparation and Schedule – Quanta Technology, LLC – Harris Glover (cont.):

utilize AMI correctly, it goes to being a highly underutilized asset that you have. AMI gives you the ability not only to interact with your meters almost in real time, but so that you can do things like from a customer service perspective you can do remote disconnects, or shut off for non-pay, you know turning people on or off for whatever the reason is. Being able to do the remote reads in case you get into a billing dispute, you can go out to the meter in real time, your customer folks can communicate with that meter in real time and get that data back and show the customer exactly what they're looking at. And then also on the water side, you have to deal with leak detection and on the electric side you have to deal with revenue protection as far as non-technical losses and theft and things like that so a tremendous amount of insights that can happen when you implement an AMI system. And then it also supports three other key areas, that Mr. Romero has already talked about, distribution automation, renewables support that you guys keyed on in Mr. McMurray's presentation and then Smart City Initiatives such as EV charging, Smart lighting and controls and then the base of your customers, giving them more control over what they do. Gives you the ability to engage with your customers and your in-home automation programs like pre-payment which increases your revenue stream or known revenue that you gather versus delivering energy that you won't pay for until 30 days in arrears. And then things like bill presentment, rate comparison, those types of things and then long-term moving more into data analytics.

Mr. Glover went to the next slide and stated so where we're at, we have a three-phased approach. Our first phase is where we plan everything out, the second one is where we go from an RFP to an actual contract, and then after the contract is signed, we move into, to implementation. So we kicked this project off back in June of last year, it's hard to believe, I'm losing my days, can't believe its 2022 already. But where we are in the journey right now, we are to your point in the process of delivering the preliminary RFP. So we've gone through and done all the work jobs, gathered the requirements from the utility, coalesced those into a draft RFP that we'll be presenting in the next few days for consideration and then we'll go back and forth with you guys to make sure that we covered everything that we needed. So out of that I also wanted to mention that was approved and phase 2 is approved as well, so what this gets us from, is from that draft RFP, finalizing the technical aspects of it, issuance of the RFP and evaluation of that and finalizing budgets and coming back for Commission approval, requesting best and final, and then contract finalization; and there you see the dates we're shooting for.

Mr. Bunch stated Mr. Glover, question, so long timeline, contracts, negotiations, attorneys, why is it so important that that gets a lot of attention and detail. Maybe you can speak to how Quanta's helped some other clients save money, so on and so forth.

Mr. Glover stated sure, so the key thing really is existing out of phase 1 with a good definition of what it is you want to accomplish, as far as the requirements and how your utility operates and how all of this technology can benefit you on that journey. We know from our experience, if you don't pick the right vendor and you don't establish the correct contract, you can have an extreme amount of cost overruns. And what I mean by that, a lot of times people, particularly utilities, they focus in on a particular technology and one of the things we bring to the table is we are technology and vendor agnostic. You know my history being on the

c. UCNSB AMI Assessment, RFP Preparation and Schedule – Quanta Technology, LLC – Harris Glover (cont.):

product management side as well as the delivery side is you get some people that get relatively, any time you're talking about technology, you get the zealots for one thing or another, but it doesn't necessarily, it's not necessarily the best fit for what you're trying to do. What you're trying to accomplish for your ratepayers, what you're trying to accomplish for your customers. So we remain agnostic to all of that and look, coming out of phase 1 which is our requirements gathering, getting to know you guys and learn what you want to do, and picking the most effective and efficient suite of products that are actually going to help you realize your goal versus picking a technology or going with a particular vendor; so that's what we've seen. And then we lock these things in on the contract, the finalization. By doing all that due diligence up front, it's a lot less, a lot less probability that you're going to have a lot of scope creep or things that you haven't kind of already anticipated. That's why we drive that home really extensively in phase 1. So does that answer our question Mr. Bunch?

Mr. Bunch stated it does, and then I assume they're pretty complex contracts, have you had examples of where you were able to save municipalities like us chunks of money versus what the vendors were trying to get because of your experience and the number, of like, patience.

Mr. Glover stated yes, they can drain the utility of a lot of money, real quick and it comes really from that mis-match of requirements and technology and solution. A lot of times vendors come in and they sell roadmaps and that's not what we tend to want to look at. We do look at the roadmap and make sure you're not buying or purchasing or getting involved with a vendor that has a dead technology. Somebody that has a robust roadmap, but what we're looking for is how we can move you guys forward based on what you want to accomplish with proven technology that has a strong roadmap. And in those contract negotiations if you don't have that kind of fidelity of an understanding of what it is you're trying to do, you can miss a lot of things and you can get into a real bind where you know the utility, the utility wanted something, the vendor agreed to do it knowing that they can't, and given our experience and background we know how to kind of maneuver around that because we've been on the vendor's side. I've been with three of the four major vendors, Mr. Dumas and Mr. Romero have also been, and Mr. Hart has been with these vendors, so we know the tricks of the trade and we can kind of keep everything out of the ditch with that. And so we are very specific on being a milestone driven contract with explicit deliverables on all phases, whether it's technology, feature function, installation, field work, and any ancillary contract services that you would need.

Commissioner Smith stated, but are the vendors the manufacturers of the equipment?

Mr. Glover stated yes.

Mr. Dumas stated let me say a couple of things here if I could, we're certainly a big proponent of that. I'm sorry about the dog barking. But going back to your earlier question Mr. Bunch about the contract and the length of time to get it in place and why it's so important. I worked for a number of AMI suppliers as well and one of the ones that I worked for and I won't mention them by name, but they lived on change orders. And in fact, they always wanted the contract to be sort of ill defined because their objective was to go after millions of dollars'

c. UCNSB AMI Assessment, RFP Preparation and Schedule – Quanta Technology, LLC – Harris Glover (cont.):

worth of change orders in the future. That's why a contract with pretty good specificity is critical, because you will get pounded on change orders by certain AMI companies. So any way, I just felt like that was an important point, let me shut up again.

Chairman Davenport stated who was that just talking, was that Mr. Glover?

Mr. Glover stated Bob Dumas.

Chairman Davenport stated okay, that was Bob, all right.

Mr. Bunch stated and was your question answered Commissioner Smith?

Commissioner Smith stated I don't think so, let me try it again, the vendors are the manufacturers of the equipment, is that correct?

Mr. Glover stated yes, we always stress that and when we do bid evaluations, we want the vendor that you're picking to be the manufacturer of the actual meters. We think that's a key point to being successful, if you have to go through a third party it doesn't, it's something we recommend that you don't do.

Commissioner Smith stated well, what one thing can you think of that would throw a wrench in the works as far as this timing.

Mr. Glover stated generally I always throw it back on the legal side, I guess I can, don't want to toot my own horn or Quanta's horn, but we do a good job at specifying what needs to go into this contract and really it comes down to t's and c's and the back and forth between the legal teams. The only thing else I can think of is if you have kind of shifting sand underneath your feet with the utility not being very specific on requirements gathering but that's not the case here, that can throw a real wrench in the works because you get a lot of "oh crap" moments. Where they say, oh, well we didn't think about that, oh, we didn't do this, and we want to change this and change that; so that kind of thing can throw a wrench in the works. But most of the time it's the turns between legal, to the legal for the parties.

Commissioner Smith stated could a supply chain issue be a possibility?

Mr. Glover stated right now, I mean post contract finalization, right now the supply chain is terrible and we're looking at some of our other customers and the large one that I'm working on down in the Caribbean, the lead times are you know a year. Now I don't suspect that that's going to be the case here, that's just what their standard lead times are. When I was working with the manufacturers our standard lead times, we would code, were 10 to 12 weeks and now it's more like 12 months. But I don't know when the supply chain is going to turn around but right now it is a huge issue that we'll have to manage around.

Mr. McMurray commented we just have to figure out how we get priority in this supply chain mind; then added good luck.

c. UCNSB AMI Assessment, RFP Preparation and Schedule – Quanta Technology, LLC – Harris Glover (cont.):

Commissioner Smith commented I know how you get permits in New York City.

Mr. Glover stated so then we move on to our next slide, I guess I should have kept my pointer moving or something, it's not transitioning. But the next slide is the transition to phase 3 and that's the actual implementation, there we go, yes, the execution phase. What we do previous to that, we'll update the cost scope and schedule the proposal for phase 3 and that will be provided later in phase 2. That's why, you know, with our approach you kind of always have an out as far as our services and stuff are concerned, but I don't think that will be the case here. We're very confident in what we do and we're confident about being a benefit to the utility. So we do like to see it all the way to the end, to work to with the utility on a business readiness through integration testing which is a huge deal. That's really where you bring all those pieces of that puzzle together that I talked about earlier with the hosted systems and SAAS and network management offerings, and the work order management systems, we're your installation partners. And we make sure that you, at the end of the day, the most critical thing that we think you need to do is be able to bill your customers accurately, and not impact your revenue. And with that, thank you very much for your time and attentiveness, we'll take any questions that you have for myself or Mr. McMurray or Mr. Romero at this time. If there aren't any, it was a pleasure meeting you.

Mr. Bunch stated Commissioner Hawes?

Commissioner Hawes stated yes, it says in 12-2023, the desired date for field rollout, support and project close out. Is field roll out sort of implementation to the various places?

Mr. Glover stated the field roll out is the installation of the actual devices in the field.

Mr. Bunch stated now bear in mind what Mr. Dumas just said about supply chain.

Commissioner Hawes stated no, I'm just curious.

Mr. Bunch stated was this constructed based on your typical 12-week supply chain timeline Mr. Glover?

Mr. Glover stated yes, it was and that's why we kind of say when we get to the end of phase 2, when we have an actual contract, and we start looking to placing actual orders to the vendors, that's where we would update the schedule and the scope and all that stuff at that time.

Chairman Davenport stated well, maybe we can learn from that 83% that's already on, then corrected to 87%.

Mr. Glover stated yes.

Mr. Steele stated well, I lived through this at FPL in 2009, when they, you know, they put the system in and to us in the field it was a meter reading system. And they flipped the switch

c. UCNSB AMI Assessment, RFP Preparation and Schedule – Quanta Technology, LLC – Harris Glover (cont.):

and all this data started rolling, and it's like what do you do with this stuff. And it went from kind of the way we do stuff now, dispatcher gets a call, they send somebody out to go find it, we find it, we fixed it. To all of sudden you know that data went to an outage management system and we got texts, here's the outage, here's how many customers, here's where its at. Before the field guy could even get there, it was like oh, look here, and sure enough that was the issue, you know they punched it into their laptop in the truck, complete, customers got, you know it went back to the outage management. So it was really transformation for just the data, for me the data was more valuable than the meters. To get a call from our reliability department that says hey, this customer's power is about to go out, you know it was amazing. No phone calls, no anything, and hey, go change this service out because we're getting, because the voltage is wrong, get a transformer out to the house, change the service out; so it was pretty amazing.

Mr. Bunch stated good story, and then added we didn't pay Mr. Steele for that.

Mr. McMurray indicated he had a quick story to add on, about two years ago our dispatchers had five little blips show up on the board. Five meters were out, and they routed a crew. Dropped down, picked a crew and a crew went on, and two minutes later the crew was on their way. Five minutes after the crew was on their way, 911 calls and says you've got a fire ball, wires on the ground, you've got a fire ball in the street, and we said we sent a crew five minutes ago. So that's what the AMI did in just one specific case, it tells you that the meters are out, and you can send a crew to the spot and you know before anybody else and many times can pick up the phone; good stuff like Mr. Steele was saying.

Mr. Bunch commented good testimonials. So Quanta you're welcome to stay on the line, if you like, you could also jump off at this time if you like, we'll shift topics and talk about some things that are a little more internal and specific to the U.C. So Mr. Hart, Mr. Romero, Mr. Dumas, Mr. Gonzalez, Mr. Glover, great work. Appreciate the update you provided our folks today and Mr. McMurray will keep us up to speed with how things are going. But by schedule, you guys are going to implement the RFP, did you say this week or next?

Mr. McMurray interjected tomorrow, draft.

Mr. Glover stated yes, draft RFP is due tomorrow, yes.

Mr. Bunch stated so progress is being made and right now this looks like the timeline we're on. Thanks very much.

Then the Quanta Technology representatives also thanked the Commission.

d. UCNSB Brand Refresh – Efren Chavez:

Mr. Bunch stated okay, let's move to Efren Chavez, he's going to talk about Brand Refresh, been some time since we mentioned this to you.

d. UCNSB Brand Refresh – Efren Chavez (cont.):

Mr. Chavez stated with everything that we're going, everything that's going on, the Modernization Roadmap, the Vision, Mission, Values, and now consistent with that customer focus, which this is all about, what does it mean for the customer. We thought it would be an appropriate time to do a Brand Refresh, so our existing logo is from the 70's, nothing wrong with the 70's, but it was hand drawn, lots of colors, it's not easily reproducible, and fonts not standardized. You know it was a great attempt, I think it was the result of an employee contest, so great idea, great result, it's just not feasible today reproducing the standards. It's always, we get the colors close but they're never exact. We thought just based on the focus on our transformation, continuing to be focused on the customer, we thought this would be an excellent time to do a refresh.

Mr. Chavez proceeded to slide 3 and stated so our goal, what we did was we started the Refresh Project in 2021, so sometime mid-fall of last year. We wanted to have the brand focused on the following key messages. Reflecting a coastal color scheme of where we are, we noticed that in our area, in this Central Florida area. We also noted that a number of the County and others had also kind of looked at and revised and refreshed their logo and their brand. We wanted to modernize the brand but maintain that small-town community feel of our beach community. We wanted to really focus on the service driven, hard working professional and our customer focused attributes. We know we do get, despite we're working through it and of course the modernization focusing on improving our reliability and resiliency, how can we provide and improve our services to our customers. We know that our customers and the way our metrics reflect, we're very quick at responding and resolving the outages. Now we wanted to, in essence, with the focus on the modernization, improve the overall reliability, the resiliency, the hardening of our system, and this logo is going to reflect that continued focus on the customer and our community.

Mr. Chavez stated with that, we've created the brand or at least we've got branding guidelines. So this way then, we used Essence Partners which helped us last year to do that so the colors would be reproducible, easy, and we've got what they call a brand style. So Mrs. Fisher is well versed on that stuff, she's going to spearhead and help us drive this to completion. But with that, I will introduce the logo (slide 4 displayed in color the new logo and name – New Smyrna Beach UTILITIES).

Commissioner Hawes stated well, I for one think it is a very good idea to update the logo. I'm probably not the best guy to say what the best logo is, but I think it's time.

Chairman Davenport stated I've got to respectfully disagree with you. I liked out logo, thought it said a lot, it's easy, it's out there, it's clean, it's concise, and it's clear. And I like ours two times better than that right there, that's just my opinion. We're spending an awful lot of money too to be just changing our name. I wasn't happy when I heard about all that in the beginning, so we've got legal fees, and trademarks – it's going to cost.

Mr. Chavez stated no, you bring up a good point. Honestly the way that we're doing this, it's really going to be, there's two aspects of it, it's a DBA and a trademark registration. So we've already, Tom McThenia (attorney at Gray Robinson), I believe his name is.

d. UCNSB Brand Refresh – Efren Chavez (cont.):

Mr. Cloud stated yes, McThenia.

Mr. Chavez continued, he's at Gray Robinson, had advised us and it's going to be between $20,000 to $30,000. So really to register this, we don't, legally change our name, is still Utilities Commission, City of New Smyrna Beach.

Mr. Cloud stated the legal name for title purposes and all that. You know Chairman Davenport I appreciate what you're saying, I'm such a traditionalist, love history and you know there's something from the 80's that really appeals to me about our trademark. In the same way that when I look at the letterhead from a hundred years ago for the Orlando Water and Light Company, that that old English block style. They used it in all their newspaper ads, it just reeks 1920's. And then I realized as I was looking at all this, sort of looking at other logos, that virtually, every utility, not just in the state of Florida but around the nation looks at this issue every so often and updates. And I think, which is hurtful because I always love the past, but I see a purpose behind it and the purpose is to stay sort of visually viscerally relevant to our customer base. Because they're, you know when we were growing up we had dial phones, we had eight track tapes, I mean you've seen this I'm sure. And you know when I go to beach communities now around Florida and I remember back on what I saw in the 60's as a child, the kind of signage and stuff, it all gets updated. And I think in part because of an attempt to try and connect with customers, with citizens, with voters, with the people that are out there that are alive now. And so I think that maybe where, why this has some relevance and why it's something that you should consider.

Chairman Davenport stated that still didn't change my mind.

Mr. Cloud stated that's okay.

Chairman Davenport stated right now I'm just, like my Utilities Commission of New Smyrna, I'm thinking says it, jumps right out there at you and its plain and simple, and it's got some nice colors to it, so.

Commissioner Smith stated one of my pet peeves with the City was all the time, for the former City Manager, was all this wasted graphic work on the police cars, and that is not cheap. I like what you're doing as far as, and I hate to disagree with Chairman Davenport because we agree on most things, but anyway on this I like the simplification of design. Because every time I see those police cars, I go, what a waste of money that was to put all those graphics on it. But this is a very simple straightforward graphic, it should be fairly easy to reproduce.

Mr. Chavez stated and the way we're executing this, if we agree, this discussion is we're going to, really it's going to be legal fees and some filings. But then as far as the.., we're going to load up the new logo and then as change things, so for example when we have to change out our envelope stock. We'll just use up what we have and then the new logo will be ordered. Similarly with the uniforms, will be we'll put the new one effective as this date, when folks reorder their uniforms, they will then have the new logo. But we are not going to mandate that everybody, I think the only thing we would do is with our trucks it would be the

d. UCNSB Brand Refresh – Efren Chavez (cont.):

respective applique' that we put on, but Mrs. Fisher and I will work on that to see what we do and that's going to be minimal. But otherwise there's not going to be a wholesale, it will just migrate to the new logo.

Mr. Bunch stated I assume you will do that when they (vehicles) go for maintenance, not pulling them off the street, is that correct?

Mr. Chavez stated yes, correct.

Mr. Bunch stated and the other thing to think about it, legally today if you were to write me a check it should legally be the Utilities Commission, the City of New Smyrna Beach, Florida. I don't think there's a check big enough to fit the legal name on. Which a DBA, it does simplify it, New Smyrna Beach Utilities, you've also met the letter of the law in terms of writing a check to the DBA.

Ms. Couillard stated, and I'd just like to say we regularly send back contracts and checks because they write it out to the City of New Smyrna Beach. And we have to say this is not our title, it's a problem.

Commissioner Hawes stated this is a small pet peeve of mine, but I don't like being a Commissioner for the Utilities Commission.

Commissioner Conrad interjected but you do for New Smyrna Beach Utilities?

Commissioner Hawes stated yes, that's fine, almost anything else.

Commissioner Conrad stated I think I'm going to find it tough for me to get used to NSBU because its' always been UCNSB. That's all, dropping the "C" is kind of hard.

Commissioner Hawes commented, well, we all have our weird things.

Mr. Bunch then stated any other thoughts?

Commissioner Smith stated I think it's in keeping with everything that you're doing. I think it's in keeping with modernization, it's keeping in with being more resilient, it's a flag that you're raising that you're changing.

Commissioner Conrad stated well, it's awfully close to the concept that was used by the Visitor's Bureau in New Smyrna Beach, and it's taken them three years now and people still will go back to the old one and work with the old one. However if you Google UCNSB, no New Smyrna Beach Utilities, it comes up with UCNSB all over the place and it's the first five clicks, so.

Commissioner Kelly stated I do like the design, but I lean towards being a traditionist, but I just think it's time has come. I mean its modernization of your visual, it's part of your facility, your logo and stuff like really. So, I think that it's a nice design, simple.

d. UCNSB Brand Refresh – Efren Chavez (cont.):

Commissioner Conrad commented about the same number of colors, won't cost any more from an ink point.

Commissioner Kelly stated, and NSB, I would know what that acronym is, I've learned a bunch of new acronyms today. The I.T. stuff I knew, LAN and all that, but everything else was new.

Mr. Bunch stated so very good feedback. I think because this is a workshop and not a Commission meeting, Mrs. Simmons or Mr. Cloud, correct me if I'm wrong, we really for an approval, we need to bring this to a Commission meeting, is that correct?

Mr. Cloud stated yes, I think so.

Mr. Bunch stated okay, so we use today as informational, give it some time, think about it, bake on it, and we'll put it on the agenda for the February meeting which is on the 28th. We appreciate everybody's feedback and know everybody's got a lot of feelings and that's good stuff, good input.

e. Re-Commitment and Concurrence by Utilities Commissioners for Updated Recommendations:

Mr. Bunch then stated one last item of business, back to where from whence we came at the very beginning, what we were looking for today, in addition to talking through the Modernization, what's going on in the industry, chance of giving points of where we are in our plan is just requesting approval in principle of the Commission team to stay the course, keep rolling. The newer Commissioners, it's the first time you've seen it, give you a chance to see the overall plan and how that fits in the industry. But I don't know that we need a formal vote but just a…

Commissioner Conrad interjected maybe a consensus.

Mr. Bunch continued, a consensus among all; good word, thank you Commissioner Conrad.

Chairman Davenport stated I'm just real impressed to really know where we're going, to see the roadmap. Now I know I say this a lot, I'll say it again, four years ago I'd never see anything like this, or five. But this is very clear to us, we've got the money, we're in a good financial position. You, Mr. Bunch and Mr. Chavez, did a great job in New York with our bonds and getting that issue done at the proper rate for our taxpayers (ratepayers). I'm excited about this, I'm excited to hear Mr. Steele on break a while ago referring to FP&L. I'm excited about us getting to be that end of that 80 something percent too, in the future. So good job everybody, I'm really excited about it.

Commissioner Hawes stated what I appreciate about it is I guess perspective. So there were things like AMI, which now I know what that is, and you talk about those things, meters and all this, that I can now see sort of the bigger picture and I can also see kind of the challenges that might come up. I mean that's just helpful over time.

e. Re-Commitment and Concurrence by Utilities Commissioners for Updated Recommendations:

Chairman Davenport stated and the key is, as I've heard here several times and kind of got concerned – change management. Now, wait a minute, we're not going to change any management, I hope, I saw it several times in there. They got something here they're going to tell us later on, change management and leadership, man is there something?

After laughter and a few more comments, Commissioner Conrad then confirmed there was a concurrence regarding the updated grid modernization roadmap.

Commissioner Smith commented, may want to take the gas meters off the report.

Mr. Bunch commented he appreciated that detailed of a review and added Mrs. Simmons had also mentioned that.

(3) Next Steps:

Mr. Bunch then confirmed the prior Commission concurrence, that all Commissioners approved in principle the continuance of the strategic directions staff presented in today's grid modernization roadmap update. Stressed this was a very important program to staff and all of us in this community. Apologized for the length of the Workshop but added there was a good deal of information and content to cover. Not only Quanta Technology is supporting this effort but also numerous U.C. employees. About 40 to 50 U.C. employees are also supporting this work.

(4) Closing:

Chairman Davenport requested, to Mr. Chavez, if the upcoming Special U.C. Meeting on February 28, 2022 could start later, revise from 2:00 p.m. to 2:30 p.m.

Mr. Chavez confirmed the Special Meeting for GM-CEO performance/merit consideration shouldn't need more than a half hour. Also confirmed with Mrs. Simmons that the meeting had not been noticed yet. Those in attendance all concurred to revise the commencement time of this Special U.C. Meeting to a half hour later, to 2:30 p.m.

Chairman Davenport commended staff again for their hard work and presentations and reiterated keep it up, great.

There being no further business to come before the Commission, this Workshop Meeting closed at 4:47 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.}