

MINUTES OF A FINAL PUBLIC HEARING AND REGULAR MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD MONDAY, JULY 25, 2022, AT 3:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

Chairman Davenport opened the Regular U.C. Meeting, called the meeting to order.

Commissioner Smith led in the Pledge of Allegiance and Commissioner Conrad provided the invocation.

Safety Message by Julie Couillard – Hurricane Preparations:

Chairman Davenport stated okay, next we have Ms. Couillard on Hurricane Preparedness; added good.

Ms. Couillard came to the podium and stated good afternoon. So I thought for the safety topic today it would be good to talk about hurricane preparedness because the upcoming next few months are the most active months during hurricane season. And it's been pretty quiet this year so I think people may forget that they need to prepare.

Ms. Couillard went to the first slide of her presentation and stated so some things to have ahead of time, to prep. for, and have an evacuation plan. If we are evacuated where are you going to go, how are you going to get there, plan ahead and go ahead of time, don't wait until the last day because we know that traffic gets really jammed up on the highways. Also have a detailed communication plan with friends and family. So you can reach out to them and say I'm here, I'm there, I'm safe. How are you going to do that if there are no cell phones. Let them know what your plan is and when you'll be able to reach out to them. Also have a first aid kit and with non-prescription medications. Tools and supplies, some suggested are batteries, all different kinds of batteries because everything you have has a different battery size. I have every battery under the sun in my house. And including things if you have a CPAP machine, cell phone batteries, wheelchairs. Anything that you need that normally uses electricity, find a battery that you can use it with. Have flashlights or lanterns, there are solar driven lanterns so you can charge them up during the day and they work at night. There are water driven flashlights, I just bought one, so I'll let you know how it works. Have a battery-operated radio so you can get good information on what's happening on the storm and then also the restoration. Garbage bags, I suggest having garbage bags and coolers.

Ms. Couillard went to the next slide and stated for food, water and medicine, they recommend that you have at least a two-week supply because even though the storm may pass you might not get back in service or get back to your house for at least two weeks, that's kind of the average. Drinking water they suggest you store water in plastic containers and two quarts per person per day minimum. If you're an active person or like if we're in hot weather, they say to look at two to four quarts per person per day. And they sell, you can buy the water jugs at Walmart or Publix, they also sell collapsible ones that you can fill up ahead of time and then when the storm's over you dry them out, fold them up and put them back in your emergency kit. For food, non-perishable food, a two-week supply, ready to eat meats, fruits, vegetables, juices, things that you like to eat. Have staples (seasonings) so some of those things if you have to eat them cold you can put some salt and pepper on them, make them taste better, or a

Safety Message by Julie Couillard – Hurricane Preparations (cont.):

little hot sauce. Vitamins, food for infants, and then protein bars. And I saw one site that said also pack your comfort foods because you're in stressful times. They suggest things that you like to snack on, have those with you. For prescriptions they suggest that you get a refill on your prescriptions for at least a month's refill. I know some places, your insurance will do that during an emergency, so you just have to go to the pharmacy and let them know that you're stocking up ahead because of the storm. And then another recommendation is to fill your bathtubs with water so that you can use that water to flush your toilets. And if you have a pool, you can use your pool water too.

Ms. Couillard went to the next slide and stated some of the most overlooked items, cash. The recommendation is that you should have at least \$250 worth of cash on hand in a Ziploc bag with you because credit card machines need electricity. A lot of places may be doing cash only when they open up. Also eyeglasses, contacts and contact solution, people may forget that, and bring a back-up pair of eyeglasses in case they get lost or dropped. Prepare a tub with clothes, shoes, jackets, something that you can easily grab and take with you if you're evacuating so that you don't have to try to find a place to wash your clothes, you have enough supply for at least a week or two. Also prepare a tub with important papers, documents, insurance policies, passports, I.D.'s. Have your I.D. with you at all times and I suggest not only having a tub but put each of those things in a separate zip top bag in case there's a leak in your tub or it cracks. And then lastly pet supplies, so those of us who have pets, not only are you going to need food but if you have cats you need litter and you need a litter tray, collapsible water and food trays if you're traveling. Leashes and maybe some blankets if it gets cold or you need to shelter with your pet. And then one thing I would like to say is I lived in California, so I had an earthquake kit, and I took my earthquake kit and converted it to a hurricane kit. And I had one for each of my animals and one for me. Then stated so thank you, any questions?

Chairman Davenport stated any questions Commissioners?

Commissioner Smith stated I always have a question.

Chairman Davenport added observations, there you go, good.

Commissioner Smith stated I would suggest one other item, my brother and I both did, we almost did it simultaneously without talking to each other, but an inverter and an indoor T.V. antenna.

Ms. Couillard stated oh, good idea.

Commissioner Smith continued, so you can run a small T.V. when your cable goes out and your power goes out you can at least keep track of what the storm is doing and where you are in relation to that. I think for about \$80 you can get both.

Ms. Couillard stated that's a great idea.

Chairman Davenport stated anybody else?

Safety Message by Julie Couillard – Hurricane Preparations (cont.):

Commissioner Conrad stated no but thank you Ms. Couillard that was nice.

Other Commissioners also thanked Ms. Couillard.

Chairman Davenport stated to Mr. Bunch I really appreciate this update every meeting, we've learned some interesting things, and this is very good.

Mr. Bunch concurred, that was a good safety message.

Chairman Davenport then stated okay, next, first of all Commissioners, Vice Chairman Hawes is out, let's just keep him in our thoughts and prayers, he's pretty sick I understand.

Commissioner Conrad stated really?

Chairman Davenport stated yes, where he can't even be on the phone so let's just say a little prayer for him. Then asked Mrs. Simmons to please call the roll.

Mrs. Simmons stated okay, and added we also need to do a Final Public Hearing.

Final Public Hearing RE: Proposed Revisions to UCNSB's Electric Service Rates for Public Street Lighting and Private Outdoor Lighting (Increases) and Proposed New Electric Service Rates for Electric Vehicle (E.V.) Charging:

Chairman Davenport stated okay, we'll do a Final Public Hearing; opened the Final Public Hearing regarding proposed revisions to the UCNSB electric service rates for public street lighting and private outdoor lighting (increases) and proposed new electric service rates for electric vehicle (E.V.) charging.

Mrs. Simmons stated I'll call the roll for that.

A roll call was taken with a majority of the U.C. Commissioners in attendance as follows:

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

Others in attendance at this time 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; B. Keehn, Director, Information Technology; J. McMurray, Director, Strategic Programs; J. Grusauskas, Director, Water Resources; D. Wood, Customer Service Manager; M. Spellers, Sr. Help Desk Technician; L. Green, Help Desk Technician; D. Simmons, Exec. Mgr./ Recording Secretary; General Counsel Thomas Cloud, Esquire – Gray|Robinson Attorneys at Law; and Lorraine Sharp, Lisa Martin, David McKenna, and Mark McCain, members of the public in attendance on site.

Final Public Hearing RE: Proposed Electric Rates (SL's & E.V. Charging) (cont.):

Chairman Davenport stated okay, so we're going to need, Counsel we're going to need a motion on this from the public hearing that we had?

Mr. Cloud stated well, first thing you'll want to do is have me read the title of the resolution and then open the public hearing and accept public comment.

Chairman Davenport stated okay, and this is another, we just did one last month, is this the second part of it?

Mr. Cloud stated that's correct, we have a two-hearing process which is set forth in the procedures of the Utilities Commission.

Chairman Davenport stated and this is our second one.

Mr. Cloud stated it is.

Chairman Davenport stated perfect, okay.

Mr. Cloud added second reading.

Chairman Davenport stated you're going to read it.

Mr. Cloud stated yes, I am.

Chairman Davenport stated thank you.

Mr. Cloud then stated a Resolution of the Utilities Commission, City of New Smyrna Beach, Florida, Modifying Rates Charges and Fees Related to Electric Service, providing findings, providing for severability, conflicts and an effective date. Then stated and now would be an appropriate time to open the public hearing and ask for any public comment.

Chairman Davenport stated okay, we'll open it for any public comments, and by the way do we have any on the phone?

Mrs. Simmons indicated no.

Chairman Davenport stated none, or any public comments? Okay, if not, public hearing closed. Now, I need to get a motion on this?

Mr. Cloud stated a motion to approve the resolution.

Chairman Davenport stated correct, I need a motion and I'll need a second please.

Final Public Hearing RE: Proposed Electric Rates (SL's & E.V. Charging) (cont.):

Commission Action

(Formal Approval of Agenda Item 7-a. – 7-25-22 on Regular Meeting Agenda):

Commissioner Conrad stated I'll make the motion; specifically to approve Resolution No. 2022-01 modifying NSBU's electric service rates for streetlighting (increases) and a new rate for electric vehicle (E.V.) charging. Resolution No. 2022-01 will become effective immediately upon adoption, with the approved electric rates taking effect on August 1, 2022.

Commissioner Kelly stated second.

Chairman Davenport stated okay, any discussion here Commissioners.

Commissioner Conrad stated no, the only discussion I would have is I do believe this is timely and we need to have it and I'm all in favor of it and looking forward.

Chairman Davenport stated that's good discussion Commissioner Conrad. Mrs. Simmons would you call the roll.

Commissioner Conrad's motion approving NSBU Resolution No. 2022-01 then passed unanimously on a roll call vote.

The final public hearing closed at 3:10 p.m.

**Regular U.C. Meeting Held 7-25-22:**

Chairman Davenport stated okay, now, back to page one, and we're going to have another roll call, to open it again?

Mrs. Simmons commented, or you can say same attendees, however you want to do that.

Chairman Davenport stated however you want me to do it. Then jokingly commented you're usually in charge around here.

Mrs. Simmons then proceeded with roll call to open the Regular U.C. Meeting. The attendees were the same as listed in the Final Public Hearing shown above.

(1) Agenda Changes, Additions and Deletions:

Chairman Davenport stated okay, next Mr. Bunch, any changes to the agenda, any changes, additions or deletions sir?

Mr. Bunch stated I'd like to make an addition to the General Manager's section, and I'll add 4-d., which would be an informational presentation on power market conditions.

Chairman Davenport stated okay, 4-d.

(1) Agenda Changes, Additions and Deletions (cont.):

Mr. Bunch stated and that would be it.

Chairman Davenport stated that's it, thank you sir.

Mr. Bunch stated yes sir.

Mr. Cloud stated and Mr. Chairman.

Chairman Davenport stated yes sir.

Mr. Cloud stated and I would like to add an item 5-a., which is a proposed settlement of the Cory case.

Chairman Davenport stated right, okay, thank you.

(2) Public Participation:

Chairman Davenport stated all right, next thing on the agenda, public participation. Any public participation, and is there anybody on the phone?

Mrs. Simmons indicated no one on the phone.

Chairman Davenport stated no public participation, we'll close that then.

There was no public participation at this time.

(3) Approval of Consent Items:

Chairman Davenport stated next thing, item number 3. Approval of our Consent Items. Commissioners, everybody in agreement, you want to pull anything.

Commissioners Conrad, Kelly and Smith indicated they did not want to pull any items for discussion.

Chairman Davenport stated everything good everybody, okay.

Commissioner Conrad stated then I'll make a motion for approval of the consent items, a. through f.; specifically a motion to approve item 3-a. Minutes of Preliminary and Regular U.C. Meeting held 6-27-22, approve as submitted; item 3-b. Developer's Agreement – Ocean Gate PUD – Phase 2 (Ocean Gate Commerce Center, LLC), approve the agreement as submitted and authorize the General Manager/CEO or his designee to execute this document when contingencies are met; item 3-c. Granted and Third Party Utility Easements, ratify the acceptance of one third-party granted utility easement – granted to NSBU for the NSB Imaging Center – 1998 S.R. 44, Unit 3, from Gerard G. Gaenther, Jr., copy attached and submitted to the Commission; item 3-d. WRF West Clarifier Drive Unit Replacement Project, approved the Project in the total not-to-exceed amount of \$115,000 and the associated sole

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

source purchase of the West Clarifier Drive Unit from Ovivo USA, LLC, in the amount of \$107,400, and authorization for GM-CEO or his designee to execute all documentation for this project; 3-e. Project approval – Smyrna Substation Circuit 32 Construction, approve the project in the total amount of \$1,500,000.00 and authorize the GM-CEO or his designee to execute all documents associated with this matter; and item 3-f. Agreement Approval – Addendum No. 3 to General Counsel’s Agreement – Rate Modification, approving this addendum between NSBU and Gray Robinson, P.A. (G.R. – Thomas A. Cloud, Esq. responsible for all legal work performed for NSBU), and authorization for the GM-CEO or his designee to execute the documentation for this matter.

Chairman Davenport stated do I have a second.

Commissioner Kelly stated second.

Chairman Davenport stated okay, Mrs. Simmons call the roll please.

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

(4) General Manager’s Report:

Chairman Davenport stated okay, item number four, moving through, General Manager’s Report, Mr. Bunch.

Mr. Bunch stated okay, we’ll start with the Financial Status for June and I’ll ask Mr. Efrén Chavez to come up to the podium and present those results please.

(4-a) Financial Status – June 2022:

Mr. Chavez came to the podium and presented his financial presentation entitled “June Financial Performance”. After going to the second slide, stated so just a quick high level on where we’re at, June 2022 statement change in net assets about \$4.5 million. So what we’re starting to see, as you can tell with the hot weather or warmer weather, we’ve got increased revenue, now we do have the offset by the increased purchased power and the related operating expenses. But once again with the purchased power we are monitoring it closely, so as of right now for June, fiscal year to date we were at \$65.74 per megawatt hour, that is \$13.81 higher than last year’s of \$51.93. So as you know we had just been at the FMEA conference, this issue is across the country, across Florida, we’re all in the similar basket. Mr. Beyrle, myself and the rest of the team are watching the markets and what we need to do. We are looking at a fuel and purchased power adjustment, we’re doing some forecasting based on the prices of natural gas stays relatively high. We will look to again to potentially adjust that, just to give you a heads up. As you can see the water consumption is higher, 4.2%, 3.3% on wastewater and 7.3% on reclaimed. Funny enough, compared to last year our electric is somewhat flat but still everything’s heading in the right direction.

Mr. Chavez continued, capital expenditures, right now we’re at \$14.5 million, \$8.6 million in major projects and \$5.9 million in annual projects. So we continue to battle with the supply

(4-a) Financial Status – June 2022 (cont.):

chain issues but Purchasing is working with all the impacted parties which pretty much is everyone, and we're trying to get the critical items that we need, working with our vendors and our suppliers. They're very proactive and constantly working with our operational personnel. On the project spend, projects haven't really changed, it's the Reclaimed Pond Expansion, Reliability Improvement Program, we continue to work that. As you can see our outages over the weekend, they seem to be lower in duration, so we still are having some they're just not as long, so that's a very good improvement. Not claiming a full win but in the sense we're heading definitely in the right direction.

Mr. Chavez went to the next slide and stated so this is just a comparison of, just kind of a waterfall of where we were last year to this year. Last year, June 2021 FYTD, we were at an operating loss of about \$1.2 million. So once again from an operating income and loss standpoint this is operationally where everyone, revenues are driven by the weather of course and usage, but then the direct expenses. So this is really where we ideally first line of defense on operating level, where are we at. So \$1.2 million loss last year, we're at about a \$2.1 million operating income, we're definitely heading in the right direction and it's really a combination of the usage and the rates. The rates we needed to increase, as we could not operate in the red and we still need to build the reserves. Now, our biggest challenge right now is really on the purchased power, we continue to monitor that as we indicated. We did meet recently with our purchased power provider, that provides the bulk of it, so we're just looking at ways and where they believe the markets are going and for the foreseeable future, they do not see this abating any time soon. Just to finish out, so good story overall and we'll continue to keep an eye on our critical areas.

Mr. Chavez went to the next slide and stated change in net assets really is just the operating income basis but then you have the capital contributions and a couple of other items. On the capital, we are slightly lower on capital contributions and our investments continue to do, our investments that we have with FMPA and are conservative but still earning more than the average. As the interest environment improves their earnings will definitely improve as well. If you look at the income before contributions, which is on the income statement slide, right before you have capital contributions you'll see there after interest, expense, and other operating income and expenses, if you look in the upper right-hand corner on this slide. We had a \$1.9 million profit versus a \$1.7 million loss same time last year. So it's really our overall efforts to make sure that we're heading in the right direction and not to continue to operate at a loss, and just making sure we're building up for the sustainability of our longer term.

Mr. Chavez went to the next slide and stated so the rest of it is the Appendix on the KPI's which we will not go through in detail unless you have questions, we are in pretty good shape overall. But what I will do is turn it over to Mr. Bunch to talk a little bit more about the purchased power, kind of where the markets are and from our recent conference that we just attended.

(4-b) Quarterly Submission of Balanced Scorecard and Enterprise Metrics – for June 2022:

(Submitted; informational only, there was no discussion nor questions at this time.)

ADD-ON (4-d) Informational Presentation RE: Power Market Conditions:

Mr. Bunch stated okay, so a little change in order, that was the item 4-d. that I mentioned. And I apologize for the mask, trying to beat down a respiratory infection and I don't want to spread to those around me.

Mr. Bunch then went to a slide and stated so this is sort of the market. Two weeks ago, was at a board meeting, which is at the annual conference for Florida Municipal Electric Association. These slides were from the sister group, FMPA, which is more on the power side and as the market goes with the price of gas so does the price of power in Florida. That's kind of the moral of the story I want to put out there for you, then I'm going to talk through some of the slides here. When FMPA, and they procure and participate in a generating pool for a lot of Florida municipalities. We don't directly participate in the power purchase with the exception of power purchases we make through a very small fractional ownership in St. Lucie Nuclear Plant. But the relevant comments here are this is about the bigger market. NYMEX is the gas settlement group for bulk gas purchases, October of 21 you can see on the left-hand axis the price was just about \$5.50/MMBtu which is kind of like the 55-gallon barrel of petroleum, it's the gas market equivalent. So earlier this year, June, it was over \$8.00, it went down to \$6.00 something last month and when we were meeting with FPL who is the provider for most of our power last week, they told us that last week's settlements were back up in the \$10.00 plus range. The red line at the bottom was where the prices were when FMPA put together their annual budget last year. If you look in the October 2021 timeline, that red actual cost was only about \$2.50/MMBtu. On a relative basis, more than double and at some points in the year been three to almost four times more than when they set the budget.

Mr. Bunch went to the next slide and stated so this is a little busy but it's a really important slide and it's about the change in the oil prices as well as gas. The left axis is the billions of cubic feet of gas production a day. Asked to scan down a little bit so he could see the legend and then stated yes, so the red line is the gas production. You can see in the past two years that gas production went up and then in 2021 it dropped, and now it's gone back up. But we're only now a little north of where it was just two years ago. Gas on the other hand, and they're very related commodities these days, in fact it's gone from nationally to a global economy for these commodities. On the other hand gas crude was settling at only a little more than \$50 a barrel in 2019, and recently that went up over \$115 a barrel. So you've got those things going on where productions going up and it went down. On the flip side of the equation and I don't have a demand chart but the demand for all of these commodities has gone up. And I'm going to talk to that in a second, so about six months ago there was a gas production refinery in Texas that caught fire. That refinery was only, it was producing and exporting gas overseas. So they were sending tons of natural gas to Europe to help fuel, no pun intended, their shortage due to the issues going on with the Russian invasion and people like Germany really struggling to get supply for natural gas. So you take that export out of the mix and you say well, that ought to help us locally. Well it did, on the prior slide you saw for like May and June the price actually dropped. Well the bad news then hit the market because the supply, the demand on all commodities in the United States because of a very warm summer has outstripped what would have been a little excess of gas supply. So the prices for natural gas are back up to the \$10 range and in Florida natural gas produces over 70% of our electricity, there's maybe 20% nuclear, maybe 5%, 7% coal, and then 3% or 4% for solar and other alternatives.

ADD-ON (4-d) Informational Presentation RE: Power Market Conditions (cont.):

Mr. Bunch went to the next slide and stated so there's another thing going on, and this is not a political discussion, but you heard a lot of comments in the media about not getting permits for oil production and not allowing people to drill for oil here and there. So in recent years the majority of new oil rigs are short term, they're good for two to four years, they're shallow, they're the fracking rigs that go down but then they also go horizontal. Those are very different than the rigs you used to drill 10, 20, 30 years ago. The ones that we drilled deep in Texas, Oklahoma and off in the Gulf of Mexico, those were very deep, very expensive to drill rigs, but they produced for 20, if not more, years. So in a world where the rigs are only producing for two to three years, we really need to be drilling many more to keep up with, if there was a desire to keep up domestic oil production. A lot of people are saying the government is doing things to try to preclude that. This is not a political statement again, but with the rig count down and the demands up you would think the industry would respond with drilling more rigs but there's a couple of things going on. They are looking at the financial risks, people saying that they don't want to fund those sorts of things anymore because they look at oil rigs as polluting and then the government is restricting the number of permits. So what do we have as a result, demand's up, we're paying over \$100 a barrel, and those are real time supply demand situations in the market.

Mr. Bunch went to the next slide and stated so gas inventory is another factor. If gas inventory is up, you would think the costs would go down but as I mentioned while we did hit a peak about two months ago in the let's say two- or five-year average, that only brought us back to levels that we had about three years ago. And with the demand being extremely high, as I mentioned the last two months you can see that right side of the curve fall down with the amount of gas supply on hand, so, demand's up, supply is only getting back to where it was a couple of years ago but globally there's a huge increase in demand for all of the commodities, coal, gas, etc. You name the commodity right now, if it's used for producing energy the prices are up here. So that's the state of the market, last month, and it was embedded in Mr. Chavez' financial report, our cost for power was about \$67 a megawatt hour. The majority of that is purchased with our contract with FPL. Our peers in the FMPA municipalities are a good deal north of that. And as Mr. Chavez mentioned, we did meet with FPL last week to talk about some options going forward. We have the option to go out to market, try to get different contracts, or extend our existing contracts.

Mr. Bunch went to another presentation and requested moving to the slide containing a yellow chart. Then stated with our budget with FPL, the contract was put in place this year, and it was based on their system average cost of just about \$30/MWh, \$29.75/MWh. Now there's some additional costs to get layered on top of that, I won't go into the details, but the relevant point is the relative cost between January, when that contract was struck and May, shows the increase from \$30 to \$47, so that was about 50%. And last month it actually went up to about \$62, so more than double since January and again the right-hand slide there shows their actual cost of the gas that they procured for power production. And you can see from January to May, and it went up higher in June and July, it increased over 50% in just a six-month period. What are we doing to try to mitigate that, as Mr. Chavez mentioned the team is working on it. Mr. Bunch then requested to go back to another slide, looks like this one, I think it's a prior slide or two, the way our energy from FPL is procured, its two tiers of pricing if you will.

ADD-ON (4-d) Informational Presentation RE: Power Market Conditions (cont.):

One which is probably more than half if not two thirds of our supply is based on the system average pricing. And then the second component, which is your intermediate and peak load, has a different calculation and so it takes the part that occurs during the day where you're at your average and then the intermediate that gets purchased above and beyond that. So going forward, as I mentioned we can either go out to market or we can keep this price in place, this contract if you will in place, just updating basically the cost of gas. The other thing FPL has offered to us is going to an overall average which rolls that intermediate peak calculation into one average for us. So in the next couple of months, Tim Beyrle and Efren Chavez will be looking at this and coming back to us with recommendations on how to best structure it. Because they set up a really healthy reserve fund last year, we've been able to ride the ups and downs of the last seven months. At some point in the year we'll have to adjust just the purchased power portion. So for the customers in the audience, the two parts of our bill, the fixed part which is your distribution, the cost of employees, that doesn't change, but if you look at your bill, there is a fuel and purchased price, purchased power adder and at different points during the year we do adjust that. So while it's not urgent, it's just something we're going to have to look at over the next several months and make some adjustments. Some other utilities around the state have made pretty significant adjustments. We are currently, we're still in the very low-cost providers among utilities, in fact as of last month we were the second least, lowest cost for the residential customers and I think small commercials. And until we did the recent purchase power adjustment, we had actually been the lowest cost utility in the state for probably the prior year and a half. So the moral of the story is Tim Beyrle and Efren Chavez are looking at this very seriously and trying to do what they can do to keep the costs contained for our customers and as Mr. Chavez mentioned he and Mr. Beyrle will be coming back to us in a couple of months with some recommendations. But I wanted to kind of paint the picture of the landscape of what's going on in the market and the things that influence our costs of power. Let me pause there and ask if there are any questions.

Chairman Davenport stated any questions?

There being none, Mr. Bunch stated no, okay, very good, I will thank you then.

Commissioner Kelly commented it was good.

Mr. Bunch stated, and again they're working through this stuff constantly.

(4-c) Approval – Commissioner Travel Expenses FMEA 2022 Annual Conference – Commissioner Smith:

Mr. Bunch then stated, giving that I'm going to turn it back over to, let's see I'm asking for approval of the Commissioner's Travel Expenses. So Commissioner Smith and Commissioner Conrad did attend the conference with us two weeks ago which was the FMEA Annual Conference, and so for approval of that I would need a motion and a second; that's item 4-c.

Commissioner Kelly started to state move to...

(4-c) Approval – Commissioner Travel Expenses FMEA 2022 Annual Conference – Commissioner Smith (cont.):

Chairman Davenport simultaneously interjected did you learn anything Commissioner Smith?

Commissioner Smith stated was just tremendous what I learned.

Chairman Davenport asked do you want to share anything with us?

Commissioner Smith continued, I'm serious, it was very good, and I learned a lot.

Chairman Davenport asked are there one or two little ideas you want to help us out here on.

Commissioner Smith stated yes, when it's time to go to Commissioner's account, I'll add one thing.

Chairman Davenport stated okay, we're going to save it to be in that.

Commissioner Smith continued, one thing that I learned I'll go over it with you.

Chairman Davenport stated okay, there you go.

Mrs. Simmons pointed out Commissioner Conrad's travel expenses will be on next month's agenda for Commission approval.

Chairman Davenport stated that's fine.

Mr. Bunch then stated we'll need a motion to approve Commissioner Smith's (travel expenses).

Commissioner Kelly stated move to approve; specifically approving Commissioner Smith's travel expenses in the total amount of \$1,982.50 for the FMEA 2022 Annual Conference (held 7-12-22 through 7-15-22 in Palm Beach, Florida).

Commissioner Conrad and Chairman Davenport simultaneously seconded the motion.

Chairman Davenport stated okay, Mrs. Simmons call the roll please.

Mr. Bunch then stated, I forgot one thing, I'm sorry, keep going then we'll come back to it.

Commissioner Smith then confirmed he could legally vote on this matter.

Commissioner Kelly's motion then passed unanimously on the roll call vote.

Chairman Davenport then jokingly commented, Commissioner we'll let you pay it if you would like, could help us out around here, we need a little help.

Commissioner Smith commented no, no.

(4) General Manager's Report (cont.):

Chairman Davenport stated item number five. Then stated oh, I'm sorry, Mr. Bunch.

Mr. Bunch stated I apologize, my head's a little foggy today. So I did want to mention one item that was in agenda item 4., in the Executive Summary. There was some discussion last month regarding Mr. Chavez' position, and subsequent to that with input from the Commissioners on making a title change for his role, from Director and CFO to Vice President and Chief Financial Officer. And in that process, we're actually eliminating another Director role and moving those functions under him. So a move that manyfold pays for itself, but I wanted to advise the Commission on that change that will be made effective August 1<sup>st</sup>.

Chairman Davenport stated that's great.

Commissioner Conrad stated that's excellent.

Chairman Davenport confirmed the Commission did not need to take any action on that. And reiterated that's great, you've earned it there Mr. CFO, Mr. Chavez. You've done a great job, truly all of you have, and so have you, directed to Mr. Bunch. Thank you, thank you. I think it's the, I like what you said, I think it was you Commissioner Smith, that you said when you're out in these meetings and these meetings are big and a lot of people, a lot of influential people at these meetings and they watch us, as a little utility. I say little, we're getting larger, but just that title that goes when you see your Vice President beside that. Aren't you the one that said that?

Commissioner Smith stated no.

Chairman Davenport stated was it Commissioner Hawes, he said that then?

Commissioner Smith stated I think it was.

Commissioner Conrad stated he probably did.

Chairman Davenport stated yes, I like that, I believe it's good, but thank you, congratulations.

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

Chairman Davenport stated okay, moving along, Counsel's Report item 5.

ADD-ON (5-a) UCNSB v. Cory – Mediated Settlement Agreement:

Mr. Cloud stated yes, we have a settlement before you today. This is a matter that apparently arose in 2012, it was a scrivener's error that resulted in a redesign and damages to the Commission around several hundred thousand dollars. It got sat on for five years, 2012 to 2017. It finally got addressed, there were three errors that led to the problem of the pipe being too low when it got to the lift station, which was I believe number 4. So the surveyor's only, you know, partially at fault, and it took, apparently, a long time for this to get resolved. The

ADD-ON (5-a) UCNSB v. Cory – Mediated Settlement Agreement (cont.):

offer is for \$110,000.00. Given the history behind all this, I believe you should agree to this settlement and if you have any other questions, I would be happy to answer them. The staff person who worked this out was Julie Couillard and she has a lot of the background on this, I'm just giving you a tree-tops discussion of it.

Commissioner Smith stated Mr. Chairman.

Chairman Davenport stated yes sir.

Commissioner Smith asked is the defendant in agreement with this settlement?

Mr. Cloud stated yes.

Commissioner Smith stated so that is not an issue.

Mr. Cloud stated no sir.

Commissioner Smith stated okay.

Chairman Davenport stated and this has been mediated?

Mr. Cloud stated yes it has.

Chairman Davenport added, and you're advising us that we should accept this?

Mr. Cloud stated I am advising you to accept it, yes sir.

Commissioner Smith stated do you need a motion?

Mr. Cloud stated yes.

Chairman Davenport confirmed a motion on the floor, do we have a motion?

Commissioner Smith stated so moved; specifically a motion to approve, adopt and ratify the Mediated Settlement Agreement and General Release for UCNSB v. Daniel W. Cory Surveyor, LLC (Case No. 2019 10426 CIDL).

Commissioner Conrad stated second.

Chairman Davenport stated okay, a little discussion here, I'm curious how much it did cost us. We're going to settle for \$110,000.00, I would like to know what, do we have an idea, I mean in the settlement...

Mr. Bunch stated Julie Couillard will speak to the question.

Chairman Davenport stated please.

ADD-ON (5-a) UCNSB v. Cory – Mediated Settlement Agreement (cont.):

Ms. Couillard stated the total cost to rework the project was \$286,000.

Commissioner Conrad stated that's around 45%.

Chairman Davenport that answers it.

Mr. Bunch stated could you speak to the other parties or the parties involved.

Ms. Couillard stated so the other parties involved was the contractor. There was the surveyor, and then the contractor that was onsite, and then Engineering here, folks who are no longer here.

Chairman Davenport stated what about, did the contractor, did he get into the, do we have any recourse for him.

Ms. Couillard stated we do not.

Mr. Cloud stated no, I don't think we do, do we?

Ms. Couillard stated no, we don't. I found they were notified that they were at fault and they were supposed to send their insurance information in but somehow, we paid the final invoice and everything was gone. It took me a while to piece this one together.

Mr. Bunch stated and so, as Mr. Cloud laid out, the original surveying error occurred in 2012, the construction was when Ms. Couillard?

Ms. Couillard responded 2017.

Mr. Bunch stated yes, so five years in between our folks had it, there was a construction contractor involved and yes, the surveyor had some blame, but I think it would be a stretch for any of us to say they were solely at fault.

Ms. Couillard stated exactly.

Mr. Bunch stated to your question should we settle? Our recommendation is to accept the settlement that was negotiated in a mediation. Is it perfect, no, but we think its equitable to all parties.

Commissioner Conrad stated thank you for your comments.

Ms. Couillard stated I just want you to know that would not happen now, hasn't happened.

Chairman Davenport stated we're not going to use this contractor again are we?

Ms. Couillard stated we haven't.

ADD-ON (5-a) UCNSB v. Cory – Mediated Settlement Agreement (cont.):

Chairman Davenport stated okay, good, and suggestion maybe not.

Ms. Couillard stated yes.

Chairman Davenport added, or bond him real good, or her, or them, or whatever, I'm just saying, in time...

Ms. Couillard stated I'm not afraid to deal with things, so it won't happen again.

Chairman Davenport stated okay, so we've got a motion on the floor with a second. Any more discussion? Thank you, Ms. Couillard.

Ms. Couillard stated you're welcome.

Chairman Davenport stated Mrs. Simmons, will you call the roll please.

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

Chairman Davenport then asked Mr. Cloud, anything else Counselor?

Mr. Cloud stated no sir.

(6) Old Business:

Chairman Davenport stated okay, let's move on to number six, item no. 6. Old Business, any old business, Commissioners, Mr. Bunch? Any old business anywhere?

Mr. Bunch stated no sir.

Chairman Davenport stated Commissioner Smith?

Commissioner Smith stated no sir.

(7) New Business:

Chairman Davenport stated okay, let's move to item number 7. New Business.

(7-a) Proposed NSBU Resolution No. 2022-01 – Modifying Electric Rates Related to Streetlighting and New Rates for Electric Vehicle (E.V.) Charging:

Chairman Davenport continued, 7-a., proposed NSBU Resolution No. 2022-01, modifying electric rates related to streetlighting and new rates for electric vehicle charging.

Mr. Cloud stated that's been done (*approved during Final Public Hearing*).

Chairman Davenport stated that's been done.

(7-a) Proposed NSBU Resolution No. 2022-01 – Modifying Electric Rates Related to Streetlighting and New Rates for Electric Vehicle (E.V.) Charging (cont.):

Mr. Cloud stated yes sir.

Chairman Davenport continued, so check.

Mr. Cloud stated yes sir.

(8) Possible Other Business – Time for Commissioners:

Chairman Davenport stated okay, then we'll just keep moving on here, number 8. Possible any other business for Commissioners. Okay, Commissioner Smith you wanted to talk sir.

Commissioner Smith stated yes sir, just a couple of items. First, I want to congratulate Mr. Bunch for being nominated for President-Elect of FMEA; have I got that right?

Mr. Bunch confirmed FMEA.

Chairman Davenport stated that's great.

Commissioner Smith stated that's a pretty big honor.

Chairman Davenport concurred, that's an honor.

Commissioner Smith stated the other thing I was watching the Open the weekend before last. I was going to play in the Open, but I decided the FMEA was more important. But anyway an ad came on for this charging system, the Pulsar Plus 40 amp and I went ahead and online looked at this thing, it's Wallbox I think is the name of the company that does this. And my question, and I was going to give this to staff, maybe they can follow up with it, but when I was at the conference waiting to go into one of the best presentations there, which was Mr. Bunch's, outside an engineer walked up to me says are we going to be able to handle all these charging stations or with all these electric vehicles they keep talking about coming online. What's going to happen, are we going to have enough power to support these things, so that became a big question. This system is like a 40-amp system, the Wallbox and you can charge two cars. I mean normal amperage service in a home is what 200 amps, is that about average?

Mr. Bunch stated sure, most houses are about 200 amps, over the period of a day that house's average peak is actually less than the car charger. So over the period of a day that charger could have the effect of more than doubling, but in most cases, a. 80% of the charging occurs at home but in most cases it's not during the day, it tends to occur at periods that are not coincident with our system peaks. So what will be key is us knowing where this load is actually being added. So as we've talked about and John McMurray has talked about smart meters, advanced metering, and we're planning to put those in, in the next year or two, those meters will tell us precisely where that load additions are occurring. And meter intelligence would also give us the ability to construct time of use rates to say okay, between the hours of 10:00 and 6:00, let me be hypothetical, we're going to give you a reduction in your rate or give them some encouragement to move off of peak if the Commission thought we want to

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

do that. The bottom line is you do need to know where that load's occurring otherwise overloaded services, overloaded transformers, overloaded fuses, overloaded lines could occur.

Commissioner Smith stated how do you plan ahead for that to make sure you, I'm always hung up on the term carrying capacity because that's a planner thing, I think. But I mean do we have the carrying capacity to meet up with the projections for these?

Mr. Bunch stated we do, and Julie Couillard is just finishing a five-year study which does exactly that, it takes our current loads by feeder circuit, projects customer growth and load growth on top of it. But then add to that smart meters giving us the ability to real time tell us what the loads are on transformers, on circuits, on services, on fuses. We'll have the ability to make changes pretty quickly. Whereas today we get one reading a month, you'll know what customers are using more but you don't know what hours during the day and during the month that's occurring. Whereas smart meters will give us the ability to do all that.

Commissioner Smith stated see, I did learn something.

Chairman Davenport stated sounds like you did, 40-amp Wallbox, going to get one?

Commissioner Smith stated no, I think I'm down to one of those little scooters that has electric.

Chairman Davenport commented a hybrid. Commissioner Conrad?

Commissioner Conrad stated I found the conference extremely enlightening, however I had a low base to start with so I've learned a lot not having as much information going into it as I certainly did as I came out of it. And I too would echo Commissioner Smith's comments about congratulations to Mr. Bunch on his appointment as President-Elect. I also would like to point out that when I registered everybody at the registration desk had nothing but high praises for Mr. Bunch and New Smyrna Beach.

Mr. Bunch stated it's this team, this team's done a great job, this town's done a great job, thank you.

Commissioner Conrad stated so it was excellent, and I came away from it thinking that the electronic vehicles is going to be a big push for us and a utility our size. And especially as it relates to me personally, the fact that I live in a condo complex that has over 100 units, trying to figure out how we can accommodate enough charging stations and electricity to be able to accommodate that and when we're going to be able to do that is a really hot topic in our condominium associations that don't have parking in them. So I applaud us moving ahead as quickly as we can with the smart meters and with the additional capital expenditures that we're going to have to have in order to be ready for that.

Mr. Bunch stated so for folks like yourself that are in condo associations, we've had a number of people talk with John McMurray for some advice and if your team hasn't talked with him yet, I think he might be able to give some guidance as well through the process.

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

Commissioner Conrad stated that would be excellent, a nice workshop with our board would be nice.

Commissioner Smith stated Mr. Bunch, can I interject one thing?

Chairman Davenport stated sure.

Commissioner Smith stated what about coordination with the City when they approve a project. Are the installations of charging units, especially in multi-family projects, is that going to be something that we want to recommend to them that they start looking at and requiring for a project?

Mr. Bunch stated I think Julie Couillard has an opinion on that, so let me point the answer over to her.

Ms. Couillard responded I was going to say I have the development team, so we are currently doing that. In addition to looking at new development and condos we do have the HOA's calling us because folks are buying electric vehicles and then they're like where do I plug it in. So we're actively working with that in development and current customers. And then in addition John McMurray has been talking with a number of folks as well, and he's working with the City siting the locations in the city for stand-alone units, kind of like we have at the Publix on beachside.

Commissioner Smith stated right.

Mr. Bunch stated and for the folks that are present that may not know, John McMurray worked with the City Planning folks and City Manager to select locations for ten charging units, so they'll be going in sometime this fall. We'll get Mr. McMurray to do a presentation update on that a little later. What I have heard is some of the cities are building E.V. charger requirements into their development requirements or LDR's.

Commissioner Smith stated right.

Mr. Bunch continued, so to your question specifically other areas are starting to say well, if you're putting in 100-unit apartment or condo complex you have to put in "x" charging units.

Commissioner Smith stated yes.

Mr. Bunch stated I haven't heard the City say they're going to do that yet, but that might be something we have conversation with them about. So some other communities are doing it on the planning side.

Commissioner Smith stated right, that would be the logical place to deal with it, would be a land development regulation.

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

Chairman Davenport stated Commissioner next, confirmed Commissioner Conrad was through with her comments and then stated thank you.

Commissioner Kelly then stated thank you Mr. Chairman. I too would like to congratulate you on that (directed to Mr. Bunch for FMEA President-Elect appointment), adding that was a nice honor for you and the whole team. I know you've given them the credit too but there's got to be a front man out there with it, that was a nice honor. I too was at a conference that might tie into this, it was an electric vehicle conference and manufacturer's conference, but they had all these presenters from all these different corporate branding companies and marketing companies. And they showed us this graph that if a brand becomes 5% to 6% of a market, that it has an exponentially greater impact after that, where it just doesn't double, it goes into this 20% type range. So, and that was what they were talking about to E.V. vehicles, that they, it's become so accepted that it's going to happen rapidly in the next two years. So I applaud the team and the Commission for being involved. I do think now that someone brought it up, I mean you can't build apartments without charging stations because that demographic particularly, especially a lot of the younger folks are going to be purchasing and I think those vehicles are going to come down into a pricing range that will fit too. But it is big and its talking 1,000's of vehicles here in the next two years, 10's of 1,000's of vehicles and a lot of them. For Ms. Couillard and others, I believe that the manufacturers are going to try to partner with local businesses and groups too, they're going to incentivize the dealers to donate chargers to put at places and stuff like that, so I think there will be a push for that. On the other end with looking at the cost of the energy, that was a great slide. Mr. Chavez, I was looking at the numbers there, you had \$1.9 million profit, \$1.7 million loss for \$3.6 million swing; that's really good management you know. And me as a citizen I would rather bite a little bit at a time with us looking at this, so I'm glad you guys are looking at it because the impact of it can all be greater. I think we, you know Mr. Bunch showed that graph, I mean it's not a pretty picture of where it's at and where it's going, I don't think anybody here thinks it's going to go down, so we'll all be realistic with it. And you know this whole electric vehicle, we were talking about that with the condos in Miami, it's a huge part of the electric business, they've already got existing condos. You know there's issues with where to put the chargers, how do your run the wiring, you know, the integrity of the concrete and all that kind of stuff, it's a big challenge but it's coming. You know it's like if you build it they will come, well they're coming, whether people like it or not, so I applaud your preparation and thinking about it because and there's some people that might be in denial about it, but it is a reality of it. So I think that's really great that you're looking at it and that swing in profit, I think sometime people don't add the two together. It wasn't so that we have a \$1.9 million profit, we took it from a \$1.7 million loss, or you did, you and your team did, so it's a \$3.6 million swing which is huge, that's a huge number so congratulations to you guys. And also congratulations to Mr. Bunch on that.

Mr. Bunch stated thank you.

Chairman Davenport stated good job. Is that all Commissioner?

Commissioner Kelly stated yes.

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

Chairman Davenport stated I too Mr. Bunch, you know I've been to those meetings before, I hated to miss this one. And I know how much you're respected, you and Mr. Chavez. I've sat there and listened, everybody comes up to you and you know so many people, congratulations on that. Mr. Chavez, you too, I want to say to you again congratulations as the Chairman because you did that refinancing, you and Mr. Bunch, of millions of dollars. I hate to be redundant on that but that's just, what we've seen in the last six months and what you saved this City is profound, so thank you I want to let that be known every time I can. I just got back from a trip, I was blessed to go to London and Athens, and I was there riding around in the cars and looking and the traffic, took me 40 minutes to go two miles. So when I think of a traffic problem here in New Smyrna and parking problems, I'm like oh boy, we don't have anything, this is great here. I do want to recognize the fact that Senator Wright just a week before last gave the City of Oak Hill, to Mayor Gibson, \$3 million. Did you all see that \$3 million check for sewers, to put them on sewer lines. So immediately I called him and said where's our \$3 million, he knows I'm on it, I want to get Silver Sands on sewer, we need to do that, it's right there and I told him. He said well, get with the Mayor and figure out how you can get that money down there. So I called Danny Robbins again and said Danny we need to get them on, I know our utilities will work, we will, I know the City will, we all will, but we still need to keep that at the top of our radar especially with the City. And that's one thing the City fathers, in my opinion and I want, and I've talked to the people running, that needs to be bumped up to the top of the list if anything. But we're all here to do it and now the timing's right, moving forward in that area.

Chairman Davenport continues, and another thing I'd like to look at in the future, just as a visionary and thinking out of the box, and we've heard it a lot and it's got to start somewhere. But one thing we know in this small community is obviously the traffic but obviously a parking problem. And I personally, as one of your Commissioners and sitting here, I think it would behoove us to start working even more so with the City of New Smyrna and downtown to start looking at let's go ahead and look at building a parking lot back here, four stories maybe. Let's think out of the box here a little bit for parking downtown, this is a perfect place behind us to do a study, to recognize this and I say let's investigate that now more than ever. It's needed, we've got the property, we can still keep ours, I mean it's just a parking lot, let's use it, work with the City somehow. I want to challenge our Commissioners to think about that and the City. I know Jay Pendergast mentioned this several times, so somebody has to get some traction going somewhere for dialogue and discussion to see if it could happen and will it work. So I personally would like to see that down the road and I'll be talking to and you talk to the City Manager all the time Mr. Bunch, bring that up to him and while we're talking to the people, because its needed. Parking is a heck of an issue down here and we all know it, it's only going to get worse. If we have a solution down the road and we might can see it now, let's go ahead and start working on it. And that's just my opinion on that, out of the box thinking.

Chairman Davenport then added, so I'm going to keep on the Senator and everybody else to try to get us \$3 million for sewer and we'd love to see, I'd like to see Silver Sands get annexed into the City, that's what they need to do in my opinion. Their taxes would be lower, they'd have more fire, more services. That's another issue, the issue is though they're not going to do anything until somebody starts doing something that we can help them get on

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

sewer at an affordable price, and so it will only help the value of their homes. So that being said anything else?

Mr. Bunch stated can I just comment on the last item, the septic to sewer. If you recall, we did the joint study with the City. The two areas that bubbled to the top, Aqua Golf which is up near Turnbull Bay, and Silver Sands, south end of the beach in the County. And within the City's budget review and what to do with the American Recovery Program dollars, we didn't get anything allocated for Aqua Golf, which is in the City. Ms. Couillard is working with a grant consultant and those topics of septic to sewer are still on the radar screen.

Chairman Davenport stated good, we'll be talking more Ms. Couillard. I'll help you any way that I can, I'm passionate about that. I'm on that river lot and I can smell that water and I don't like it.

Mr. Bunch stated it would be wonderful to see us get some grant funding for those.

Chairman Davenport stated well I sure appreciate everybody. Anybody else got anything? Okay, call the meeting adjourned, thank you very much.

There being no further business to come before the Commission, the Regular U.C. Meeting closed at 3:58 p.m.

{NOTE – Effective at the U.C.'s 3-22-21 Regular U.C. Meeting, commencing with the minutes for Two Final Public Hearings and Regular U.C. Meeting Held 2-22-21, the Commission will start approving annotated minutes within the agenda package. These detailed, near verbatim minutes will still be prepared for reference, electronic searches, and will additionally be posted on the U.C.'s website – [ucnsb.org](http://ucnsb.org).}