

Utilities Commission

October 28, 2019

1. **Commissioners present** William Biedenbach, Chair (remotely); Lillian Conrad, Secretary-Treasurer; James Davenport, Assistant Secretary-Treasurer; Lee Griffith; General Manager/CEO Joe Bunch, and Thomas Cloud, General Counsel

3. Approval of Consent Items

c. Ratification of Emergency Expenditures for Hurricane Dorian

Approved unanimously

d. Ratification of Granted and Accepted Third Party Utility Easements

Approved unanimously

e. Ratification-DEP Permit Conservation Easements for Smyrna Substation & Wet Weather Storage Pond Expansion Projects

Discussion clarified that a 1:1 ratio in acres was granted (a positive situation). Approved unanimously

h. Supplemental Funding Request of Annual Tree Trimming Services (Davey Tree Expert Co.)

Approved unanimously

i. Field Street Substation Bank #2 – Emergency Corrective Maintenance (Sole Source – Duke Energy Master Services Agreement). Total cost of approximately \$500,000 for both I & J.

Approved unanimously

j. Field Street Substation Transformer Bank #1 – Rebuild (Sole Source-Duke Energy Master Services Agreement)

Approved unanimously

k. Developer's Agreement Addendum of The Palms Phase 4 (Palms Land Holdings, LLC)

Approved unanimously

General Manager's Report

Financial Status – Preliminary, Unaudited September 2019 Month-end showed a positive change in net assets. YTD reflects a positive change in net assets as well.

Operational commentary FY 2019 Electric revenue showed 3% increased overall electrical usage, plus 1% slightly higher commercial usage, along with a 3.1% year-over-year customer growth. Note: Publix was shut down for reconstruction from August 2018 until mid-May 2019. Water had 2.6% year-over-year customer growth. Wastewater and Reclaimed water had 2.6% and 19.8%, respectively, year-over-year customer growth.

Balanced Scorecard and Enterprise Metrics –September 2019 Safety and Risk continues to show the lowest number of recordable incidents in the last 10 years. Electric Reliability is all-positive with improvements being made to further reduce outages. Water Resources reflects tha costs per customer remains the best-in-class versus UC peers. Customer Service metrics are still improving even though the percentage of calls answered within 60 seconds is slightly below the FY 2019 target of 85%.

General Manager Joe Bunch provided background on the **Strategy Development/UC of the Future**. It began with the 4/25/19 workshop that resulted in these **Just Do It** initiatives: the water optimization study, grid modernization and distribution systems improvements (including smart grids, metering, solar generation, water technology investments), as well as customer service automation and updates to improve the overall customer experience.

General Counsel Report

a. Update to Commission re: Hypower vs. UCNSB An earlier settlement has been nullified with a request to increase the settlement not to exceed \$30,000.

Approved unanimously

b. Update to Commission re: AT&T – Joint Pole Use Agreement For the last 10 years, AT&T has refused to pay for joint pole use, but a six figure offer is now pending. Commissioners Conrad and Holcomb commented that market studies should have been done to verify the reasonableness of the offer per current costs for joint pole use. Staff confirmed that this was done. Commissioner Davenport commented that commissioners must be apprised of all pending litigation while noting that current leadership is doing a superb job on this. **Approved** unanimously.

Counsel advised that state legislature might be considering penalty fees related to any septic tank sewer release; more to follow on this possibility.

7. New Business

a. 2019-2022 IBEW CBA and FY2019 and FY2020 GWI's In accordance with the collective bargaining agreement between the union and NSBUC, the general wage increase will be 2.75% effective 10/1/19 and 2.5% effective 10/1/20.

Approved unanimously

b. FMPA Solar II Project – Solar Power Purchase Agreement Related to the Florida Municipal Power Association and future solar power utilization. The UC would be able to place solar on certain city owned buildings and offer solar power subscription to homes without domestic solar panels. The cost benefits would be very advantageous without capital outlay. If approved by the City Commission, the UC could use solar for 9% of their peak load (or 5% of total energy use). The exact cost per Mwh (megawatts/hour) is confidential, but the agreement states it will not exceed \$28 per Mwh (note: current average cost is \$50-75 per Mwh). This must be approved by the City Commission before Dec. 12, 2019 in order for NSB to be part of this agreement.

Approval to proceed was unanimous

Commissioner Davenport complimented GM Bunch on the clarity of initiatives, the push for capital improvements and the staff's assistance on the issue with the NSB Yacht Club.

Commissioner Griffith Pleased with the scorecard and the collective bargaining agreement. He complimented the staff on their hard work.