

Utilities Commission
December 17, 2019

Commissioners present Chair William Biedenbach, Vice Chair Jack Holcomb, Secretary-Treasurer Lillian Conrad, Assistant Secretary-Treasurer James Buddy Davenport, Lee Griffith, General Manager Joe Bunch and General Counsel Thomas Cloud.

Public Participation

City of NSB CFO John McHenry invited an NSB Utility Commission team to participate in the "Relay For Life" on May 15, 2020 in Edgewater; the American Cancer Society relocated the event to Edgewater in hopes of generating a better response. Pre-Brannon Center yield was \$100,000, but only \$25,000 since the Brannon Center opened. The move to Edgewater may be temporary dependent upon event revenue.

Consent Items (All approved unanimously):

Master Services Agreement—Duke Energy Florida, LLC The expense was an emergency and falls within "reasonable" industry rates.

Turnbull Bay Road Line 17 Reconductoring Project requested ratification and acceptance of third-party utility easement

I-95 Feeder Crossing—Smyrna Substation to Glencoe Road project

General Manager's Report

Financial Status – November 2019 positive change in net assets driven by increased capital contributions and lower operating expenses; expenditures are slightly lower than prior month and included normal projects such as electric overhead & underground extensions, pole replacements and water meters along with major project work on wastewater sanitary sewer systems on #10 & 11, and lift station #60 for transfer switch upgrade work.

Operational commentary Nov. YTD 2019 Electric revenue: \$6.6M (\$0.5M lower than YTD 2018) driven primarily by the fuel recovery calculation that lowers revenue while building purchased power/fuel reserve, accompanied by lower cooling & heating degree days. Water revenue: \$1.4M and Reclaimed revenue: \$1.7M; both flat re: prior YTD. Both saw some customer growth over prior YTD

Balanced Scorecard and Enterprise Metrics

- 1. Safety and Risk**—2 motor vehicle accidents occurred. Vehicle safety has been reinforced with a safety message communicated to all employees every 2 weeks. NSB UC holds an annual OSHA injury history of "1" as compared to the Muni Utility industry of "5".
- 2. Electric Reliability**—negative this month due to 4 feeder outages, failed lightning arrestors and a substation transformer bushing failed. Year balance expected in the green.
- 3. Water Resources**—green
- 4. Customer Service** —still understaffed so red level for % of calls answered within 60 seconds, However the percent of meters read for electric and water remains excellent.
- 5. Materials Management, Human Resources and Information Technology**—green

Solar Agreement Discussion: General Manager and commissioners concurred on positive effect of Solar Agreement on the electric load and shift away from fossil fuels. GM Joe Bunch predicts that within 3-10 years there may be a charging station for all-electric vehicles within our city limits.

Commission Counsel's Report updates on past issues –

- Judge dismissed Motion to Rehear the Hypower case (good for NSB UC).
- Corey case has entered into mediation.
- The **Williamson Extension access points** continues as a work in progress by staff and may be on the agenda for January.
- Mr Cloud announced that the CEO of the Jacksonville Utility was terminated without cause. Discovery of an agreement that would have compensated his executive team \$314M if the utility was sold for \$4B may have been a factor.

New Business

Authorizing Resolution for Issuance of Utility System Improvement and Refunding Revenue Certificates – to proceed with upcoming bond issuance for approximately \$65M to finance capital improvements and refinance the existing Certificates (2009 & 2013) as well as related refunding and bond issuance costs. The resolution includes a request for the required City of NSB Ordinance and City Council approval. Counsel T. Cloud is already working with the City's counsel, C Avallone. UC Staff will be available for a presentation at City public hearings if requested. **Approved** unanimously

Approval of Engineering/Financial Feasibility Report –The upcoming bond issuance requires an Official Statement (a disclosure document like a prospectus) that contains opinions and representations necessary to meet disclosure requirements and will reflect the past and future 5 years of financial performance. To achieve this, while favorable low interest rates exist, the UC requests an Emergency Use of Vendor: Stantec (engineering) will lead the effort in conjunction with Hartman Consulting (planning and management) and Raftelis (utility and public sector consultants). Costs will be included in the overall bond issuance costs. **Approved** unanimously