

New Smyrna Beach Utilities Commission Regular Meeting February 26, 2024

Participants: Chairman – Davenport, Commissioners Conrad, Smith, CFO – Chavez, Counsel – Cloud, Executive Manager/Clerk D Simmons

Quarterly Employee Recognition: Heather Carrizales HR Manager – Six (6) employees were recognized for their outstanding achievements and contributions to NSBUC. They are: Ryan Kerwood, Michael Cardell, Melissa Cox, Mat Johnson, Mike Beauchamp and Michael Herndon.

Approval of Consent Items: 6 items were presented, and a, c, d and f were approved. b. & e. were pulled for clarification.

- a.) Minutes of Regular NSBUC Meeting Held 1-22-2024.
- c.) Award Approval - Medium Duty Vehicle Replacement – Ford F450 w/Crane
- d.) Approval – Purchase Order Increase – Advanced Directional Drilling Solutions
- f.) Approval – Agreement for Amendment No. 2 to FMPA Solar Phase II Power Project – Whistling Duck PPA (Interconnection Delays)

b.) Approval - Letter UFLS Entity Cohort Aggregation and Existing FMPA UFLS Entities
Commissioner Smith asked for clarification or summary. Mr. Cloud explained that when power is cut to the system based upon certain frequencies, there are protocols that need to be followed and the letter sets the parameters for when protocols need to be followed. Mr. Vernon followed up stating that the agreements have been in place for years. If the bulk electrical systems are threatened, load shedding will be done, as a group effort.

e.) Approval – Quanta Technology’s Support Services for AMI Smart grid System Implementation – Phase 3 –

Commissioner Smith asked why the costs were redacted. Per Mr. McMurray the costs are confidential, and the client requested they be redacted. Mr. Cloud stated that Florida Statute protects companies from sharing hourly wages and breakdowns of costs.

B and E were approved after discussion.

General Manager’s Report – J. Bunch

January 2024 FYTD Results:

January 2024 Financials reflect a change in net assets of approx. \$1.4M

- Change in net assets of \$0.2M higher versus prior year driven by the following factors:
 - Higher revenues primarily water and reclaimed (rates and usage), lower purchased power, increased capital contributions, and MTM adjustments. (Investments)
 - FEMA Reimbursement (Ian & Nicole)
 - Offset by lower revenue due to increased purchase power reserve, increased year-over-year depreciation and lower fuel and purchased power revenue adjustment due to the recent decrease from \$21.30 to \$7.00kWh, effective with the first billing cycle in January 2024.
 - Electric year-over-year consumption +1.2%, is up slightly vs the prior year.
 - January Water consumption was 4.3% higher than prior year. Wastewater was 3.3% higher than the prior year and reclaimed was 22.5% higher vs. the prior year.
- January purchased power was \$48.53 per MWh. \$4.75 or approx. 8.9% lower than the \$53.28 per MWh Budget and approx. 33.0% less than the prior year.
- January reflects the addition of FPL dedicated solar (23MW monthly) at approx. \$40s per MWh which is backstopped by FPL base contract in period of “no sun.” Virtually no risk to NSBU.
 - The FPL solar energy addition increases NSBU’s clean energy mix from 35% to 39% from a combination of nuclear and solar.
- January also reflects increased PSC-approved transmission rate charges reflected in the NSBU price per MWh. This was a new development at the end of 2023 for NSBU and the utility can incorporate it accordingly for Fy’24.
- Current January Purchased Power price \$48.53 (below the FY24 Budget of \$53.28/MWh.)

- Effective in January '24, FPL increased transmission rates (PSC- Approved) from \$2.56 kW-Mo. To \$3.66 kW-Mo.
- The current Under/Over recovery position is downward trending. The Fuel and Purchased Power adjustment was successfully lowered to \$7.00 per 1,000kWh. In January 2024 the Over-recovery reserve of \$7.2M reflects a \$3.4M improvement from September. NSBU currently exceeds the %5.0M over-recovery Target.

January 2024 Operating Income/Loss)

- Jan. FY '24 FYTD operating loss of \$2.4M is \$2.7M less than Jan. '23. January FYTD is driven by over-recovery adjustment which **reduces revenue and increases PP reserve**, higher year-over-year depreciation, and lower fuel and purchased power rev. adj. (\$21.30 to \$7.00) partially offset by increased revenue primarily water and reclaimed (rates and usage) and lower purchase power.
- January 2024 OVER-RECOVERY balance is \$7.2M which is ABOVE the target of \$5.0M. It reflects a \$.03M improvement for Dec. '23. Trending as expected based on current energy markets and the lower cost of Natural Gas which favorably impacts NSBU Purchase Power.
- FPPCAC = Fuel and Purchased Power Cost Adjustment Clause. Targeted reserve is 15% to 20% of annual purchased power costs (estimate \$5M+)

January 2024 Change in Net Assets:

- Jan. '24 FYTD Change in Net Assets was \$1.4M which was \$0.2M higher than Jan. '23. Jan. FYTD is driven by increased revenue, primarily water and reclaimed (rates and usage), FEMA - reimbursement, lowered purchase power, MTM adjustments, and increased capital contributions partially offset by over-recovery adj. which **reduces revenue and increases PP reserve**, lowered fuel and purchased power rev. adj. (\$21.30 to (\$7.00), and increased depreciation.
- Jan. 24 Capital Contributions were \$0.9M which is \$0.2 higher than the prior year. The January capital contributions comprised primarily of cash and contributed assets.

January FYTD 2024 Results - Capital

- **January 2024 Capital Expenditures \$5.6M**
- **\$2.8M - Major project** spend include: Lift station (#5) Replacement, N. Glencoe Rebuild (EL), GWTP Chemical Improvements, Smyrna Substation Circuit 32, ERIP Phase III, I95 Pioneer Trail Interchange, LS #12 and #72 Reconstruction and Work and Asset Management (WAMS) implementation.
- **\$2.8M - Annual project** spend includes: Gravity sewer lining, transformers and new business electric & water installations.

Julie Couillard gave an update on the Western Complex. NSBU is in the process of contracting with Mr. Fishkind to do a scope of work plan that will provide timing and potential costs. This plan is expected by June and will engage both the county and the city during preparation. Property sales need to be approved by a 2/3 vote from the city commission. The county has expressed interest in leasing space in the complex. The UC is working with the City on a Vulnerability study and has put some assets into the study as part of the grant application.

Commission Counsel's Report – General Counsel

- a.) Approval – Mutual termination of Fire Hydrant Inspection and Flow testing Agreement – City of New Smyrna Beach. The county had already approved. Unanimously approved.
- b.) Ratification – NSBU Surrender of International Section 214 Authorization. Mr. Cloud drafted a letter of surrender for a non-existent International Authorization from 2006. Approved

Time for Commissioners

Commissioner Smith noted that a new private parking lot, holding 86-96 vehicles, is being developed along 3rd Ave and S. Atlantic. He asked if anyone on the staff had touched base with the developer on adding charging stations. Ms Simmons was not aware of any conversations. Mr. Chavez stated that John McMurray would be giving an update on the current charging station pilot program at the next meeting. Mr. Chavez will have someone reach out to the developer to see if any interest exists. The costs would be borne by the developer.