MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, FEBRUARY 18, 2020, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman Glynda Cavalcanti; Vice Chairman Charlie Frank Matthews; Deputy Secretary Frank H. Fee, IV; Mayor Linda Hudson; and Nick Mimms, Ex-Officio Member/City Manager.

Excused: Secretary Darryl Thomas-Bey

Others present: John K. Tompeck, Director of Utilities; Rupert N. Koblegard, III, FPUA Attorney; Barbara A. Mika, Director of Financial Services; Nina B. Penick, Director of Financial Services; Paul A. Jakubczak, Director of Electric & Gas Systems; Bowdoin G. Hutchinson, Director of W/WW Systems, and Javier Cisneros, Director of Utility Support Services; Joshua P. Gang, Director of Regulatory Affairs.

The meeting was called to order by Chairman Cavalcanti.

Opening Prayer was by Larry Lammers of Electric & Gas Engineering.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

A motion was made from Mayor Hudson and seconded by Mr. Matthews to excuse Darryl Bey from the meeting today.

A motion was made by Mr. Matthews, seconded by Mayor Hudson, and unanimously carried to approve the set agenda.

Mr. Tompeck said there is one quick change from the package the Board received the other day. He said the minutes identified Mr. Mimms as being at the last meeting and Johnna Morris was at the meeting instead. The minutes the Board will approve and sign today have the correct person there.

A motion was made by Mayor Hudson, seconded by Mr. Matthews, and unanimously carried to approve the Minutes of the Regular Meeting of February 4, 2020 with the correction.

Mr. Matthews said after consideration with what was said to him today, he made a motion to approve the Consent Agenda items, seconded by Mayor Hudson, and unanimously approved.

1. Accept RFP No. 20-11: The Proposal for the purchase of eleven Voltage Regulators from Gresco Utility Supply, Inc., of Wildwood, Florida, in an amount not to exceed $173,456.88 annually. The initial term of the PO Contract will be from February 18, 2020 through February 17, 2021 with four one-year renewal options.

2. Approve POA 20-24: The Contract with United Data Technologies, Inc., of Miami, Florida, in an amount not to exceed $57,680.70 for the FPUAnet Core Switches Upgrade with five years of annual maintenance included, under the WSCA-NASPO Cooperative Purchasing Organization Data Communications Products and services 14-19 administered by the State of Utah Master Agreement and State of Florida Alternate Contract Source No. 43220000-WSCA-14-ACS. The annual maintenance plan is for the period of February 5, 2020 and ending five years after the final installation and acceptance by FPUA.

3. Approve the Budget Transfer Requests for Salaries & Wages in the amount of $118,684 to the new department, Regulatory Affairs. These budget transfers will cover the period beginning January 6, 2020 and ending September 30, 2020.

4. Approve RFQu 14-53: The Continuing Contract with Holtz Consulting Engineers, Inc., of Jupiter, Florida, for Professional Design-Build Services related to water and wastewater systems, effective February 28, 2020 through November 17, 2020, with one one-year renewal option.

5. Approve ITB 18-02A: Amendment No. 2 to the Generator Maintenance Contract with Newman's Power Systems, Inc., of Fort Pierce, Florida, to increase the not-to-exceed contract amount by $45,000, from $42,000 to $87,000 annually.

6. Approve POA 19-66: Budget Transfer Request and use of contingency, in the amount of $50,000, to partially fund the Grant Writing and Administrative Services contract with Cape Canaveral Scientific, Inc., of Melbourne Beach, Florida.

An email was received from Wendy Golden, President of the Key Colony Board thanking Sal Scimeca and Kurtis Strand of the Electric Department for working many months with them to correct the issues they were having with their rental lights not working.

Mr. Tompeck said the first item this afternoon is the quarterly update on Electric Reliability and Paul Jakubczak will make the presentation.

Paul Jakubczak, Director of Electric & Gas Systems, presented the Electric Reliability Update for September 2019. He said this is the next quarterly update for FPUA's reliability and this is actually

the calendar year end of FY 19. Our SAIFI numbers, which is a total of expected outages from our customer base over that 12-month period is .72, which is below the threshold that was set as a period of 1. As shown on the chart, FPUA is 5th from the top and are always improving to get to the top slot. However, sometimes it is not possible based on how others perceive reliability statistics and the importation of data. The next number to look at is our CAIDI numbers and these are those that experience an outage and how quickly FPUA got to the power to restore it. As you can see, FPUA is 53.04 minutes and we set a goal of 60 minutes and have exceeded that so far. We will continue to improve as we do. FPUA is 8th from the top on the displayed chart and are getting closer to moving up. It is a variable scale so it continues to move up and down every month as we submit data and storms roll through Florida.

Mr. Jakubczak said the next item we look at is our SAIDI numbers, which is basically all the outages divided by all of our customers even if they were not affected by outages. He said you will see this is less than the previous one. FPUA is 5th from the top and are continuing to move forward for that. The next slide is the 2018 year-end comparison and we are done with the calendar year 2019, however the IOUs and the cooperatives do not have to report all their data to the Public Service Commission (PSC) and we will not see the numbers change until the next quarterly update, which will be around the April/May timeframe. The next slide is what he was referencing earlier when we did our strategic planning a couple of years ago, we had set goals of where FPUA wanted to be with our reliability statistics and this shows we are meeting our goals. A couple of things FPUA is doing to improve and or maintain is we are continuing with our tree trimming. We are in the process of finishing up our pole inspections and doing our pole replacements, which will help with our reliability numbers as well. Staff is in the process now of installing our second 69KV breaker, which after this one we will be putting a presentation together to show the Board what we have done. November of this year, we are looking at installing the large transformer that cost $500,000 the Board approved a few months ago. These are some of the projects the Board has approved that are part of FPUA's storm hardening program to improve our reliability statistics. Mr. Jakubczak said the other thing we are looking forward to is our AMI system, which we will be able to better serve our customers to be able to find out where the outages are so we can start sending people to those locations prior to the customers calling. As well, forecasting where we are starting to see some issues, we can do a little bit more tree trimming and engineering work to satisfy and eliminate the outages as we see fit.

Ms. Cavalcanti said to Mr. Jakubczak he told the Board that storms like hurricanes are not included in these statistics, correct?

Mr. Jakubczak said that is correct, there is a certain threshold when it comes to outages that are not included in this. He said this would be the afternoon thunderstorms and those types of outages.

Ms. Cavalcanti asked what the threshold is, just out of curiosity. She asked if it was a tropical storm.

Mr. Jakubczak said he just had a meeting about that and it is a named storm. He said when it is a named storm normally, even though it does not hit and is named a tropical storm and up in the Midwest it is named a winter storm. Now they are naming everything as it is going across so if it is a named storm normally, we take that out of there. A lot of it has to do with the threshold and declarations for the amount of outage time. Most utilities across the board have those thresholds where they pull those out, some leave them in and some do not. Some have asked when do you count it an outage, is it five minutes, is it one minute, or is it as soon as the customer calls, there is a variety for that. For the most part, the way Mr. Jakubczak looks at it, he said if he has to roll a truck, it is an outage.

Mayor Hudson said in reference to the 2018 year comparison that was given to us, she asked if it was 2018 and not 2019.

Mr. Jakubczak said it was 2018.

Mayor Hudson asked when he would have the 2019 comparison.

Mr. Jakubczak said normally the PSC prints out their reports in April so hopefully the next time he does the quarterly update, we will be able to update this chart. He said the numbers you saw from FPUA is the numbers you will see on there for our numbers, the .72 for the SAIFI is where we ended the 2019 calendar year.

Mr. Tompeck said the next item is an update CNG Station and Fred Gaddis of Gas Operations will make the presentation. He said while Fred is coming up, one of the other things Paul did not mention is trip savers, which we are putting in and will hopefully eliminate some of these very short outages.

Fred Gaddis, Gas Operations Supervisor, said he has been working for FPUA for 18 years. He said he will give an update on FPUA's Compressed Natural Gas Station or CNG. This short video will give all the benefits of using natural gas as a transportation fuel (3-minute video was played). Mr. Gaddis said in 2018 the Board approved the construction of our CNG Station. He believes the vision was to save money and better our community and that is because CNG burns cleaner than gasoline or diesel and leaves less of a foot print on the environment. Natural gas tends to extend the useful life of the engine's lubricating oil because it produces less carbon when burned, which saves FPUA money in maintenance on the vehicle. An average car can go 3,000 to 5,000 miles before you have to get an oil change and with natural gas you can go 7,000 to 10,000 miles.

Mr. Gaddis said we can do both of these things with CNG and to do that it takes a commitment from all of us, from purchasing CNG vehicles to using CNG instead of gasoline or diesel when you fill your tank. He said the first year we had nine vehicles use the station and they used 22,897 gasoline gallon equivalents of natural gas at a cost of $1.24 a gallon. One gallon is equal to 1.4 ccf which is about $0.60 cents for FPUA to purchase. When we figure out the cost, we add in the maintenance of the facility and cost of electric to use and that is how we came up with $1.24. Right now it would be less because we are paying almost $1 to $1.50 less for natural gas now than we were last year at this time. With just having nine vehicles, our fuel cost savings is $20,070 and the more we use the more we can save. In 2019, we added 36,942 standard cubic feet of storage to our facility. This was done because the fill time for a vehicle on just a compressor was about one half hour. Now with the extra storage, it cut the time down to about fifteen minutes. This year we are in the process of adding a fast fill dispenser and the fast fill station also has a card reader. If the City or the County buys a CNG vehicle, they can come fill up at our station and we would be able to charge them for it and keep track of how much fuel they use. Mr. Gaddis said when complete, the time it takes to fill at the fast fill would be about the amount it takes you to fill your car at a gas station, about two to three minutes. He said FPUA is also going to be adding seven more CNG vehicles to our fleet this year and they will be arriving June to July. When the station was built, it was so we could add another compressor down the road if we had to for expansion. The expansion would be for the slow fill for the vehicles that sit overnight, we would not have to add anything, just for the fast fill.

Mr. Matthews said in his mathematics here, at 50,000 miles on a vehicle and one uses natural gas and one uses the other gas, which vehicle would be lasting longer and less maintenance.

Mr. Gaddis said the CNG vehicle because the CNG does not burn as hot as the gasoline vehicle, it can last twice as long. He said the CNG vehicle when it burns, does not put out all the carbon into the engine, which clogs up the engine and all the ports and everything. The CNG vehicle burns clean.

Mr. Matthews asked if Mr. Gaddis had a preference on the models, Fords, Chevrolets, or GMC that he would rather have.

Mr. Gaddis said right now we purchase all Fords with the CNG because that is who does the best job with the engines.

Mr. Tompeck said the main transportation uses for CNG currently is garbage trucks and school buses. He said the Board is aware that all of Waste Pro's trucks are CNG. We have been talking to the School Board on and off about changing over, but have not been able to get much traction in that.

Mr. Tompeck said the next item is the bill comparison for the month of December and Barbara Mika will make the presentation.

Barbara Mika, Director of Financial Services, presented the Bill Comparison for the month of December 2019. She said this is the monthly update on the comparisons of municipal Electric Rates in the State of Florida and of the Local Treasure Coast utility bills for the month of December 2019. In the first graph the comparison of residential electric rates for 1,000 kWh of consumption for the month of December for the 13 municipal utilities, which are members of the "All-Requirements Project" are displayed and ranked based upon their base bill for 1,000 kWh of consumption. In the graph, you can see where FPUA ranks among the 13 ARP participants. In December rates at $106.84, depicted with the yellow bar, ranks FPUA with the 5th lowest rate of this group. Also shown in this comparison, by the blue bar, is the relative position that FPUA would hold with the additional $1 per kWh approved PCA decrease which went into effect on February 1st.

Mrs. Mika said the graph displayed is the December comparison of Florida residential electric rates for that same level of consumption but it includes all of the municipal utilities in the state. She said the data for all of the graphs has been compiled by Florida Municipal Electric Association (FMEA). FPUA's December bill for this level of consumption, at $106.84, has improved its standing by one position since last month when compared to the other 31 municipalities in this graph. As of December, FPUA had the 11th lowest rates amongst this group. December brought rate changes for nine of the thirteen ARP participants. The overall impact of these rate fluctuations on the averages shown in the graph was a decrease of $2.04 for the ARP which equates evenly to the $2.00 rate decrease for FPUA effective December 1st. The Municipal Utilities' average rate also decreased for all these municipalities by $0.80. For the 1,000-kWh consumption for December, FPUA is below all three of those averages.

Mr. Mika said this next graph presents a similar comparison of municipal utility bills within the State of Florida for the consumption of 2,500 kWh. She said in this comparison, FPUA's December bill, at $269.80 reflects the December PCA decrease and FPUA has maintained its rank since November. The averages for this level of consumption for all three of these groups were impacted by the same changes that were noted on the 1,000-kWh bill. The average for the ARP bill fell by $5.71 and the municipal average fell by $1.72. FPUA is below all three of those averages in this comparison.

Mrs. Mika said the table displayed is the December comparison of the average residential utility bills on the Treasure Coast. The comparison includes the bills for electric, water, and wastewater services that a residential customer, with average consumption, would have experienced if they resided in one of these service territories. These figures include all of the applicable taxes and fees that have been verified by staff to actual or historical bills. In this comparison, FPUA's utility bill for services provided inside city limits is shown in the first column. All other bills in this table have electric services provided by FP&L and water and wastewater services by the locality's

provider. The average electric bill for FPUA inside city residents decreased in December by $2.05 on our electric services. The electric utility service bills to all FP&L customers returned to their October amounts in December, after the one-time credit for the over-collection of storm charges. On the water and wastewater billings, the City of PSL increased their customer and usage charges by 1.5% in December resulting in an increase to the average water and wastewater bill for PSL residents of $1.58. Those are all of the changes that have occurred and this item is for information only and requires no action from the Board. However, if you have any questions Mrs. Mika said she would be happy to address them.

Mayor Hudson said this is the first time in her memory the electric of 1,000kWh was higher in Port St. Lucie than in Fort Pierce. She asked if that was correct.

Mrs. Mika said in the second column of Fort Pierce those rates are the total bills including all the fees that are applicable in the locality of where they are. She will have to look back at the previous ones.

Mayor Hudson said it is $115.15 in Port St. Lucie and $114.43 in Fort Pierce and asked if that is correct.

Mrs. Mika said that is correct.

Ms. Cavalcanti said she would like to make one comment and said she is very pleased because first of all, FPUA is within $6 of a person living in Fort Pierce who has FPL so we are getting very close. She said it used to be FPUA was $30 difference every month between Fort Pierce and Martin County and that is dropping as well, we are $21 at this point. FPUA is doing a really great job and she commended all the staff.

Mr. Tompeck said the next item is a status report on the PCA and Barbara Mika will make that presentation as well.

Mrs. Mika presented the Power Cost Adjustment and said she will provide information about January's power cost and updated projections through January 2021. She said the power cost adjustment, or PCA, is the mechanism by which FPUA recovers power costs that are in excess of the $79.52 base power cost, which is included in the base rate. The cost of power purchased from FMPA for the month of January was billed to FPUA at the rate of $74.95 for 1,000kWh. This was an increase of $5.84 as compared to the billing for December. In January, FPUA experienced an under-recovery of power costs from the customer of $408,171. Cumulatively the over-recovery as of January 31, 2020 was $4.8 million. The graph displayed presents three options for changes to the PCA, projected through January 2021. The gray line indicates the current recommendation for no change in the PCA. Also shown is this green line which projects the track of a $1 decrease to the PCA and the red line which shows what a $2 decrease would look like.

The blue dotted lines mark the acceptable range for the over-collection. All three projections are very similar to last month's and point towards the PCA moving back into the acceptable range for the over-collection in April 2020.

Mrs. Mika said these projections have been prepared by Raftelis Financial Consultants, which in turn were based on projections prepared by Florida Municipal Power Agency. Since the November forecast, FMPA's estimate of the cost of purchased power for the upcoming 12 months has increased by 1.0%. In light of to the current month's under-recovery from FPUA customers and the projected trend for the PCA to move into the acceptable range for the over-collection in early Spring, it is the recommendation of staff the PCA remain unchanged. Staff will continue to evaluate updated projections and report to the Board. This item is for information only and requires no action from the Board.

Mayor Hudson asked what the acceptable range is.

Mrs. Mika said the acceptable range is between $1 million and $4 million over-collection.

Mayor Hudson said it does not reach $1 million until January 2021, correct.

Mrs. Mika said it is moving into that range somewhere in April 2020 on the top in as we progress.

Mayor Hudson said it will not be unacceptable until 2021.

Mrs. Mika said that is correct based on the $2 decrease and that is far out. She said this is just a projection and we will update it. The projections last month were fairly close to what we are seeing now.

Mayor Hudson said last month we talked about possibly lower it $1 and asked if she is remembering that right.

Mr. Tompeck said we did and he thinks there is an option to do that. He is taking a conservative view of this and does not want to drop too much, $1 would be ok.

Mayor Hudson said too much would not even happen until March.

Mr. Tompeck said as Barbara mentioned, the costs are a little more than we expected. He said part of this has to do with how they run the units. Even though the price of gas has gone down and that is the critical driver, how much they run the coal units has something to do with that. There are some regulations of why they must run the coal units at some point and time and that is more expensive power. The unit sales were down a little bit last month because it was not very hot or very cold. If February continues to be this warm for the rest of the month, you will see unit sales come up and he would feel a little more comfortable in lowering it next month.

Mayor Hudson said right and asked if it was -$11 now.

Mr. Tompeck said yes.

Mayor Hudson said ok.

Mr. Tompeck said associated with the rate discussion we were just talking about, he will be meeting with FMPA and Orlando Utilities Commission representatives on March 16th to discuss operations at the Stanton I unit. He said that is a coal unit just outside of Orlando and is part of the All Requirements Project generation portfolio. We will be discussing ways to reduce the costs of operations at the unit. The cost of Stanton is ~$20M/year to the ARP and represents our most expensive power. This is one of the areas that FMPA is concentrating on to reduce rates. During the FMPA Board of Directors meeting last week, Jacob Williams said they are going to try and he is being optimistic, but he is going to try to slash another $8 to $10 the ARP rate. Mr. Tompeck said he thinks he has some work to do there, but it is certainly a target and hopefully he will get there. He said reducing the expenses at Stanton is one way to get us closer.

Mr. Tompeck said he forgot to mention at the last board meeting that the FMEA Linemen's Rodeo will be coming to Fort Pierce in 2021. He said it will be held in late February at the Fenn Center. There are usually ~300 competitors from utilities and co-ops across the state so we should have a pretty decent crowd. Mr. Tompeck thanked Paul Jakubczak and Bill Crawford for their work in securing this event for Fort Pierce. He asked Paul if there was anybody else because he did not want to not mention somebody else.

Mr. Jakubczak said there is a whole long list, but he will make sure it gets to everyone.

Mr. Tompeck said we are looking forward to that and it is in Tallahassee this year on March 13th and 14th. He said it will be in Tallahassee this year and in Fort Pierce next year.

Mr. Tompeck said he will be meeting with Mr. Mimms and Mayor Hudson on Thursday to discuss annexation issues.

Mayor Hudson asked if Mr. Tompeck is aware of legislation in the State Legislature about city utilities not being able to sell to other city utilities at a different rate you have to provide. She clarified it and it is not to unincorporated parts of the county, but it is to other cities. Mayor Hudson asked if we supply to St. Lucie Village.

Mr. Tompeck said he believes we do.

Ms. Cavalcanti said we do.

Mr. Tompeck said he is not familiar with that piece of legislature, he will have to go back and check it out. He does not know if that means something different for FMPA because they sell some electricity to other utilities in the form of purchased power agreements.

Mayor Hudson just wanted to be sure Mr. Tompeck was following it and said the Florida League of Cities is following it right now. She said the only thing they are clear on is you can provide it to unincorporated parts of the county at a different rate, but you cannot provide services to another city at a different rate. She has no idea what the sponsor is trying to get at or what they are trying to do.

Mr. Tompeck said he does not know either and we do not do that.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN