MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, DECEMBER 21, 2021, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman Frank H. Fee, IV; Vice Chairman Kristina Gibbons; Secretary Barbara Bennett; Deputy Secretary; Larry Lammers; and Mayor Linda Hudson.

Others present: John K. Tompeck, Director of Utilities; Rupert N. Koblegard, III, FPUA Attorney, Barbara A. Mika, Director of Financial Services; Paul A. Jakubczak, Director of Electric & Gas Systems; and Bo Hutchinson, Director of Water/Wastewater Systems; Javier Cisneros, Director of Utility Support Services, Lois Wolfe, Acting Director of Regulatory Affairs.

The meeting was called to order by Chairman Frank H. Fee.

Opening Prayer was by Carol Wilson of FPUA Human Resources.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

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

A motion was made by Mr. Lammers, seconded by Ms. Bennett, and unanimously carried to approve the Minutes of the Regular Meeting of December 7, 2021.

A motion was made by Mrs. Gibbons, seconded by Mayor Hudson, and unanimously carried to approve the Consent Agenda.

1. POA 13-79: Approve the purchase of three PowerEdge R740 virtual servers with Dell Marketing L.P. of Round Rock, Texas, in an amount not to exceed $57,891.90, through participation in WSCA-NASPO Master Agreement MNWNC-101 and Florida State Contract 43211500-WSCA-15-ACS.
2. POA 14-68: Approve the purchase of 30 laptop computers in an amount not to exceed $29,850.00, from Dell Marketing L.P., of Round Rock, Texas, under Florida State Contract Number 43211500-WSCA-15-ACS and WSCA-NASPO Master Agreement MNWNC-101, allowing for purchases through July 31, 2022.

Mr. Tompeck said thank you Mr. Chairman. The first item this afternoon is an update on FEMA reimbursements and Laurie Pebble will make the presentation.

Ms. Pepple said thank you Mr. Tompeck, Mr. Chair, and Members of the Board. We are here today for the Fort Pierce Utilities Authority storm expense FEMA claim review update.

We'll first start off with the FEMA claim world process. We start out with disaster events such as the hurricane and then there's a public disaster assessment. The Governor makes a request and there's a declaration. FEMA initiates a program, we go through applicant briefings, request for public assistance, hold kick off meetings, project formulations, project review, and then money is obligated. Money is then sent to grantee which is the State of Florida and then passes through to the sub grantee which is FPUA and the project is closed out.

FEMA expense categories, there are four types:

Category A - debris removal
Category B – which is emergency protective measures
Category E – which is buildings and equipment
Category F - which is utility's restoration

FPUA collects all expenses and then follows through with the claim process. FEMA conducts an extremely detailed audit. Mutual aid expense review must be held to the same level of review as the FPUA expenses. Projects are declared obligated. Expenses relative to claim are shared between federal, state and local governments, payments received, and the projects are closed out and future audits are still possible.

FPUA still has these open claims beginning in 2016 with FEMA; Hurricane Matthew in October of 2016, Hurricane Irma in September of 2017, Hurricane Dorian September of 2019, Tropical Storm Isaias was in the summer of 2020 and Covid-19 (pandemic) which started in March of 2020 and for the purposes of this review we have tracked expenses through fiscal year end September 2021.

If we take a look at total expenses FPUA has incurred almost $2.7 million dollars in expenses. Upon FEMA's review they do go through and make denials. You can see there's $247,000 that has been denied already regarding these events. The largest being Dorian at $126,000 which was mutual aid and equipment as the generators were not turned on. Dorian is the storm that went over the Bahamas and turned north.

When we prepared this presentation our payments received from FEMA so far were at $1,087,000. Last week we received $285,000 an additional payment on Hurricane Irma and that was for our Cat F expenses. In total we're at $1,372,000 that has been reimbursed from FEMA. We have another $653,000 obligated and we are still under review at the CRC for Dorian which is Cat B. The emergency protective measures at $97,000. On the Covid-19 event (pandemic), the $145,000 that we received was through CARES and we are still tracking expenses before we make the request for public assistance.

We have challenges to reporting or to claiming this money. There's competing priorities during and after the storm. We have turnover in the FEMA representatives sometimes 3-4 representatives will manage the PDMG for a single event. Each storm may have different reporting and eligibility requirements and there are time delays from expenses to cash being reimbursed.

Any questions?

Mr. Tompeck said the key item here is we wanted you to know that this is something we continually track and you know going back to 2016 it's taken a while to get some of these reimbursements. Lori and her staff do a good job of continuing to checkup on these things and answer requests and we get literally dozens of requests on each one of these things. It's a near full-time job.

Chairman Fee asked any questions of the Board? Thank you.

Mr. Tompeck said the next item is a 2021 NERC annual review and Eric Meyer will make the presentation.

Mr. Meyer said thank you Mr. Tompeck, Chairman Fee and Members of the Board. My name is Eric Meyer and I'm the Supervising Engineer for the Electric and Gas Engineering Department here at FPUA. I would like to present to you FPUA's electric utility regulatory compliance overview for 2021 with NERC, also known as the North American Electric Reliability Corporation.

Before beginning the review, I would like to recap FPUA's authority structure for Electric Utility Regulatory Compliance. The FERC which is the Federal Energy Regulatory Commission is an independent regulatory body within the US Department of Energy and acts as the highest level of energy regulation within the United States. In 2006, FERC designated NERC to be its electric reliability organization for the United States. Essentially NERC is responsible for developing regulatory standards at electric utilities across the country and must adhere to which govern communication protocols, protection testing timeframes, great security and other general reliability requirements. NERC's jurisdiction include users, owners and operators of the bulk power system across parts of North America which serve roughly 400 million people through the United States and Canada combined. SERC, also known as the SERC Reliability Corporation serves as FPUA's regional entity with delegated authority for NERC for the purpose of proposing and enforcing reliability standards within the SERC region which is the southeastern United States.

Orders for audits or requests for information will typically come from SERC. FPUA has assembled a NERC compliance team with a member from each applicable department for regulatory compliance. These being electric and gas engineering, electric T&D construction, electric operations, and ITS.

To determine FPUA's regulatory compliance scope and the enforced standards we must adhere to with NERC we must register our electric utility based upon several factors. The first is the physical ownership of energized elements by voltage rating. The second is the operational capacity of energized elements by voltage rating. The third is the ownership and operation of large electric generation.

Under current FPUA assets owned we are registered as transmission owner. Meaning that we own transmission lines above 100kv and a distribution provider meaning that we distribute electric service directly to customers from our transmission system. FPUA doesn't own or operate electric generation assets. Treasure Coast Energy Center is owned and operated by FMPA and FPUA does not have complete operation of any transmission lines at 100kv or above. FP&L acts as our transmission operator for our 138kv transmission and substation assets and FMPA supports FPUA with transmission and reliability planning standards with NERC.

In 2021, FPUA has completed all necessary work to add two additional new standards enforced by SERC to FPUA's compliance program. This is an increase of 9% of enforced standards for FPUA compliance program since 2020. For standard PRC027 this work includes calculation and simulation using a software program to establish baseline fault currents on Hartman substation which operates 138kv energized equipment. This work also includes the development and documentation which depicts all processes involved in developing and coordinating protection system setting for FPUA's transmission system along with other entities which own and operate joint protection systems with FPUA. For standard PRC002 FPUA has completed all the work needed to upgrade recording capabilities to the Hartman substation as well as document all the recording settings required by NERC.

In the event that possible NERC compliance issues are discovered internally, our regional entity SERC will require FPUA to perform a self-report. A self-report is a way to communicate to SERC that a possible compliance issue has been found and how we plan on mitigating the issue with SERC's guidance. SERC will review the self-report and determine the scope of the issue for minimal impact to severe impact on the bulk electric system. A self-report demonstrates a strong culture of compliance and a proactive approach to maintaining electric reliability as issues are found by the utility without the need for an audit.

In the year 2021, FPUA conducted a thorough internal and third party audit of the compliance program. Upon performing these audits, FPUA observed three possible compliance issues. A self-report for all three instances were submitted to SERC promptly for notification. These reports consisted of missed field maintenance schedules and respect to a specified time interval. A missed past policy review in respect to a specified time interval and a documentation of plans which FPUA had documented as policies.

Since the discovery, FPUA has addressed and performed all mitigation steps on this time interval maintenance requirements and the self-report on this was determined by a regional entity SERC

to have no enforceable action needed. FPUA is set to complete the documentation of all required plans before the year ends and the remaining two self-reports to SERC the policy review and documentation of plans verses policies are still open for enforcement review which we expect to hear back from SERC in the next few months.

With that, I can take any questions you may have.

Chairman Fee asked any questions from the Board?

Mrs. Gibbons said I have a question. Do we do annual internal audits? Or is it three years or five years? How often do we do this?

Mr. Meyer said yes, we have our electrical engineer perform audits for us on select standards. There's 22 standards that we have and he chooses one standard at a time to go through very carefully and determine what's going on with the standard. He goes in very deep into detail with the wording and making sure we have everything up to snuff with compliance in general on that standard.

Mrs. Gibbons said that's good. Obviously, this year we had three issues. In the past what does our record look like?

Mr. Meyer said we did self-certification in 2017 to 2018 with select standards. In 2019 we did a self-report on the PRC002 standard and in 2020 we did some additional documentation with RSAWS. We do keep up-to-date with verifying standards and making sure we're in compliance. These self-reports in general were based not on something that we did or missed in the field, but it relates to documentation. It's basically getting the documentation necessary that we need in order to ..... if we ever are audited by a SERC official that we have the documentation necessary to propose and give automatically without the need to kind of go through any documents that we do have currently.

Chairman Fee asked Mr. Lammers do you have any questions?

Mr. Lammers said I do. Mr. Chair, obviously this is a much more complicated world than you're able to communicate to us up here. I know from my past experience when you self-report you have to put a remediation plan together on not only what you are going to do to fix it, but what processes will you put in place to make sure it doesn't happen again in the future. What is the time frame for us completing that remediation plan?

Mr. Meyer said for the first one we did the test and maintenance time interval, we did the self-report back in I think it was July when we officially made the self-report. On that particular self-report, it was maintenance schedules on certain things that were minor as determined by SERC.

We were able to remediate that within a matter of a few weeks after our self-report. It was a matter of getting substation checklists updated and also making sure that we had an up-to-date spreadsheet with communication protocols, resting time frames, in particular order, moving forward, which SERC found no issue with on that there. For the remaining two self-reports, our mitigation plan for it is to create a plan for one of our standards that we need that we document as the policy. Our third party auditor determined that we needed a plan for it not a policy. Because we already have a good policy for it, but we don't have a plan for it. So we are working to have that plan completed by 12-31 of this year. By that time we will have completed mitigation for that self-report. The other one was the documentation time interval review and we were able to determine we've been able to successfully review that one multiple times over by the time we had missed it. That one was no mitigation plan on that was necessary.

Mr. Lammers said good deal. Can you give the Board a general feel for how SERC responded when we self-reported? Did they feel like we were on top of things and everything's heading in the right direction and there are no fines associated with any of these self-reports; correct?

Mr. Meyers said no for the first one. We haven't heard back on the next two. We will hopefully here back from them in the next few months. For the first one we did there was no fine. It was determined to be minimal impact. We were able to determine that we did our maintenance schedules and were good. It was a matter of little things here and there that we found that we missed. A matter of tightening those up and making sure that we do have those on the substation checklist when we perform those checks monthly.

Mr. Tompeck said and I think some of those conversations were helpful and they were receptive to discussing these items with us and I think it's a good working relationship that you've got.

Mr. Meyer said yeah and I do want to emphasize that a self-report is not so much a mark of a bad thing that happens on the utility. When a utility self-reports it's usually an indication of a strong cultural of compliance and a proactive approach to maintaining electric reliability. We want to make sure we continue to do that periodically to make sure that we are up to snuff when working with our standards and making sure we're reliable for the customers.

Mr. Lammers said yeah. It's 100 times better for us to self-report than to be audited and found that we weren't in compliance.

Mr. Meyers said yes, sir, correct.

Chairman Fee asked any other questions?

Mayor Hudson said I just have one quick question. Do other electric providers have to do the same?

Mr. Meyers said yes, ma'am. For the year that we are in, from the map here, all the electric utilities that are within that SERC region have to report to SERC. There's other enforcement agencies around the country that have to report to different agencies, but for FPUA we have to report to SERC and all of our neighboring utilities do too.

Chairman Fee said thank you.

Mr. Tompeck said the next item is a Community Outreach Overview and Jann Widmayer will make the presentation. This is a follow up from a discussion we had a couple of meetings ago about raising the PCA.

Ms. Widmayer said thank you Mr. Tompeck. Good afternoon Chairman Fee, and Board Members.

I'm sorry I don't have a PowerPoint. This is in direct response to Mrs. Gibbons questions at the November 16th Board Meeting about the PCA adjustments. The way that we have communicated and do communicate with our customers is you know, if warranted or desired, it goes out as a press release. It's usually put in the important message section to customers in our bill insert. It's placed on Facebook and also in the news section of FPUA.com and in the circumstance of the PCA adjustment it went out as radio advertisements on WQCS and WFLM. That was for two weeks each station.

Customer service, I did talk to them today. The customer service manager, after speaking with staff, reported that there's been no calls regarding the PCA adjustment. There was one commercial call regarding the amount of the bill, but other than that, after things were explained to him, all has been quiet. That's the good news.

I did like Miss Bennett's suggestion about a video maybe with the Board Members and you know that can be in conservation or something similar. I've been working on a script for both telephone calls and then also you know for the Board Members. Of course, it would need to be in your own style. Maybe just suggestions on conservation tips and so I am welcome to suggestions, you know open to suggestions of anything else you might think is important to reach out to our customers. I know we've talked about text messages and right now we don't have a large quantity of cell phone numbers. However, FPUA is looking into a program called Gov Delivery. It's provided by Granicus. That's an integrated communications solution that customers can opt into which also includes text messaging, or however they would like to receive it. It's their choice and on different subjects like general news, information, power outages, because eventually it will integrate with our AMI and we hope to have that up and running by mid-2022.

Chairman Fee asked any questions?

Mayor Hudson asked is there a plan to slowly collect cell phone numbers?

Ms. Widmayer said yes. With the Gov Delivery program when they opt in and choose how they would like that information, much like the one on the city website, they would need to provide that.

Mayor Hudson said yep, ok. The city uses Granicus I think for its registration process for short-term rentals. We are using them for that whole process.

Ms. Widmayer said great. Is it working out well?

Mayor Hudson said I haven't heard anything plus or minus. I'm assuming it is.

Ms. Widmayer said no news is good news.

Chairman Fee asked any other questions?

Mrs. Gibbons said I have a question. Have you guys discussed possibly getting an Instagram account?

Ms. Widmayer said yes. In the near future we're looking at adding Instagram and Twitter both.

Mrs. Gibbons said okay.

Ms. Bennett said Mr. Chair, I have a few. I know that you said that you looked at the possibility of the video with the Board Members. Was there a date that you had in mind that you wanted everyone to come together so that we could go ahead and have this video processed and that we can get it out. Because the sooner the better?

Ms. Widmayer said right, I agree with that. That's at the pleasure of the Board. I would say get through the holidays and maybe the first or second week of January. You know, if you can fit it in. The whole Board doesn't have to be together. We could do it in pieces if you know –

Ms. Bennett asked is there a deadline date you can give us so that we could put a specific date on it so it would be completed?

Mr. Tompeck said I don't think there's a deadline date. The message here might be slightly different than the message we thought about a month or so ago. Because of what we think is going to happen with the PCA. It might be the -- the message may listen, describe, discuss and understand what the PCA is and how that will be modified from time to time. So I think what Jann wants to do is after the first of the year maybe meet individually with the Board Members and maybe come up with a script, maybe someone does something on conservation, maybe someone does something on the PCA that kind of thing. The actual shooting shouldn't take that long.

Mayor Hudson said I think we have to do it individually, anyway.

Chairman Fee asked any other questions?

Mr. Lammers said Mr. Chair, so this rolls into what I was going to say, which is I would rather not us be communicating with the public only when there's something hard to communicate. I would like for us to do this on a more regular basis and communicate just as many good things; right, as we communicate the hard things.

Ms. Widmayer said okay. I agree with that.

Ms. Bennett asked could we do something like quarterly?

Ms. Widmayer said yes, that would be great. I think it's good for customers to hear from the Board Members as well.

Mayor Hudson asked is your plan to discuss with each Board Member kind of what topic they might be interested in and you would do a script or they would do a script?

Ms. Widmayer said when we were talking about the previous thing I did do a script. But it was basically with the PCA and adjustments and you know now it might be more informational and then with conservation tips. Maybe you could e-mail me the conservation tips that you each use and then we could build off of that.

Mr. Tompeck said one of the other topics we'd like to discuss is to have one of the Board Members talk about reliability. That's a tremendously important issue in the upcoming years.

Ms. Widmayer said if you do it quarterly maybe we can tackle the subject and include some hints and tips.

Mayor Hudson said Mr. Chairman.....well, we know in the past there's been misinformation out there. Some of that misinformation has stayed for a long time. I think that -- having a positive message is a good thing and kind of an open message about how transparent we are because we are a public entity so we're transparent.

Ms. Widmayer said absolutely and I don't know if our customers know that every Board Member is a Ft. Pierce resident. I covered that in the script that I did originally as well.

Mayor Hudson said right, I would guess you're right.

Mrs. Gibbons asked how often are we posting to Facebook and doing some of the positive things now? Is it weekly?

Ms. Widmayer said it varies. Depending on my schedule and where I'm pushed and torn to. It could be a couple of weeks, then we have postings for three weeks, and then you know there's a little bit of a gap.

Mrs. Gibbons said I would love to see.... we're definitely in the community in general. We are everywhere. It would be nice to see that picked up a little bit too. That way we are in their face and they see hey look what we are fixing today. I think that having it there more consistently and more frequently, I think it could also change the appearance.

Mayor Hudson said also some of the nonprofits that you support. You're out there... like when you sponsored Friday Fest and Coffee with the Mayor. All of those kind of things remind people that FPUA is part of this community and out there working.

Mrs. Bennett said also I heard Mr. Tompeck say that we have a list of different topics that we need to discuss, the positive. Is there a list that you can put together that we could get, a list of those different topics, so that we will be able to promote them as well?

Ms. Widmayer said we can do that, yes.

Chairman Fee asked any other questions or comments? Okay. Thank you.

Mr. Tompeck said thank you. The next item are the bill comparisons for the month of October 2021. Michele Harris will make the presentation.

Ms. Harris said thank you Mr. Tompeck, Mayor Hudson, Chairman Fee and Board Members. I am presenting to you today the monthly update on the comparison of the Florida Municipal Electric rates published by FMEA and the local Treasure Coast utility bills for the month of October.

The first graph shows the comparison of residential electric rates for 1,000 kilowatt hours of consumption for the 13 municipal utilities which are members of the All Requirements Project. They are displayed and ranked based upon their base bill amount. Our October rates at $110.84 shown with yellow bar ranks FPUA the fourth lowest in the group.

This graph displays the comparison for the same level of consumption, but includes all the municipal utilities in the state. Our October bill at $110.84 ranks FPUA 13th lowest rate in comparison to other 31 municipal utilities. It's a little bit more of a shift to the middle than what we were used to. The last couple of months we were more to the left.

The blue bar represents the December approved adjustment to the PCA, but obviously we don't have the data for the other municipalities for November and December.

In October FPUA increased the PCA $6.00 from -$6.00 to 0. Fifteen of the other 31 municipal utilities also implemented increases. The overall impact to those increases resulted in an increase of $2.75 to the ARP average and an increase of $2.20 to the municipal average.

This graph presents a similar comparison for the consumption of 2500 kilowatt hours. Our October bill is at $279.80 and ranks us the 12th lowest rate amongst the group. FPUA's rates for both 1000 kilowatt hours and 2500 kilowatt hours remain below the ARP, the Municipal and the IOU average.

The table displayed is the October comparison of the average residential utility bills on the Treasure Coast. FPUA's utility bill for all three services provided are inside city limits and shown in the first column in blue. All other bills in this table have electric services provided by FP&L and water and wastewater services by the localities provider. The comparison includes the bills for the average consumption of electric, water and wastewater services for residential customers. This includes the $6 increase to the PCA, but there have been no other rate adjustments since September comparison was presented.

This has been for information only. I'll be glad to answer any questions you may have.

Chairman Fee asked any questions or comments from the Board Members?

Mayor Hudson said Mr. Chairman, it strikes me as interesting that we're at the same level as Vero Beach.

Chairman Fee said that's always been a question. I think -- didn't we have a discussion with Glynda how she mentioned that a lot of the taxes that you might see on a regular bill actually get collected on Indian River County's tax bill instead of their power bill.

Mayor Hudson said well the point I am making is their now Florida Power and Light. They used to be FMPA.

Mr. Tompeck said I think the other thing to look at here and to think about is come January 1st FP&L bills will be about 13% higher.

Chairman Fee asked any other questions or comments? Thank you.

Mr. Tompeck said the next item is requesting approval of an amendment to the Miller Pipeline Contract. Miller is the company that has been performing our wastewater pipelining and Mike Martin will make the presentation.

Mr. Martin said thank you Mr. Tompeck, Chairman Fee and Members of the Board.

I'm here today to request approval of POA No. 18-53 for additional funding for an amount not to exceed $1 million dollars for ongoing sewer main rehab service contract with Miller Pipeline. This would bring our yearly contract renewal price up $1 million to $2 million annually.

Miller Pipeline provides repair and rehab services to our collection network system of laterals, gravity mains and manholes. Historically wastewater collection and wastewater engineering spend a minimum of half million a year towards this ongoing project. This work is especially vital to decrease the amount of storm water intrusion and infiltration that results in surging flows at the IWF and can cause problems over there. I will be happy to report this increase will be paid for primarily by additional grant funds that we've been recently awarded from both the FDEP and the Florida Department of Economic Opportunity.

With that in mind, I request approval of POA 18-53 for the additional funding bringing our contract price from $1 million to $2 million annually. I will be happy to answer any questions you may have.

Chairman Fee asked any questions of the Board?

Mr. Lammers asked do you have in mind what percentage or how much infiltration and inflows from storm water we've mitigated over the past five or ten years?

Mr. Martin said it's hard to quantify that. We've done some research based on historic plant flow data at the plant. But we've added new customers over that same -- it's a difficult number to quantify. I could try to do some work on that for you and get back to you. It's hard to put a number on it. I would say it's better from my experience as an operator working in that plant for the last ten years. We seem to be less sensitive to rainfall and to big storm events, but there's still an obvious problem there. This work will actually kind of work in parallel as part of the overarching strategy to improve our conveyance system especially when the plant is relocated because just moving the plant doesn't magically take care of all the infiltration. This work is vital to be done in tandem.

Chairman Fee asked how much will the grants cover?

Mr. Martin said right now they are allocated; $900,000 to island infrastructure repairs on Hutchinson Island. That's coming from FDEP. The other amount is over $3 million and that's coming from the DEO and that's going to be strictly for the mainland infrastructure upgrades targeting the older parts of the system.

Chairman Fee asked do you have a feel how much we're going to have to come out-of-pocket for the program? Or is it all covered by the grants?

Mr. Martin said I believe our contract price now will be $2 million annually. We already have O&M budget money for this purpose. I don't have a number for you, but I can get back to you on that.

Chairman Fee asked any other questions?

Mayor Hudson said I have a question. Are we going to do twice as much work? Is that why it's doubling?

Mr. Miller said that's the idea.

Mayor Hudson said it's not that it's double the price.

Mr. Miller said not double the price. We're just going to be able to do more miles of mains.

Mayor Hudson said I just wanted to make sure.

A motion was made by Mayor Hudson, seconded by Mr. Lammers, and unanimously carried to approve POA No.18-53: Amendment No.1 to the sewer rehabilitation contract with Miller Pipeline, LLC, of Indianapolis, Indiana, to include the contract and insurance provisions required by the Florida Department of Environmental Protection for all EPA/Federal Grant Funded Agreements, and increase the not to exceed annual renewal amount by $1,000,000.00, from $1,000,000.00 to $2,000,000.00.

Mr. Tompeck said the next item is an update on the PCA for October 2021 and Barbara Mika will make the presentation.

Ms. Mika said thank you Mr. Tompeck, Chairman Fee and Board Members, good afternoon. Before I begin with my presentation, Mr. Tompeck has some information he would like to share on weather and gas prices.

Mr. Tompeck said what is shown in front of you is not the design of a new roller coaster ride. It's the price of natural gas over the last couple of years. You can see there's been a major decrease over the last month or so and the consensus of what's driving that decrease is the weather. The weather has been about 17% warmer than normal since the beginning of October. Demand, of course, weather drives demand. Demand has been almost 5 billion cubic feet per day lower than it was in 2020 and production has also picked up. It was at about 91 or 92 billion cubic feet a day and it's picked up to 95 billion cubic feet a day which is about 1.5% higher than last year.

So what we're seeing are the lowest prices since the July and what you see on the screen now is the forecast and that's one of the things that's driving the price down. You can see for January

and February that they are expecting warmer than normal temperatures and that's affecting the gas price in a good way. Of course, what always worries me is that your only one arctic vortex away from prices going crazy again. Right now the futures look to be in the $3.50 to $3.60 range for the balance of fiscal year 2022. I think that's still a little bit higher than what we had budgeted and what FMPA had budgeted, but it's significantly better than $5.50 and $6 per dekatherm of gas. The news is good and Barbara will run through some of the details for you and some options that we may wish to consider.

Ms. Mika said thank you. FPUA's cost of purchase power is recovered in part or in whole through the customer billings. Power cost recovered in excess of base power cost are accumulated as an over recovery or into our rate stabilization fund. In order to retain sufficient funds to pay for our power cost we maintain a PCA reserve between $1 million and $4 million dollars with excess funds going back to the customer whenever possible.

The cost of power purchased from FMPA for the month of October was billed to FPUA at a blended rate of $89.85 for 1,000 kilowatt hours. This was an increase of $10.73 when compared to the September billing from FMPA. For the month of October FPUA experienced an under recovery of our power cost from the customer of almost $600,000 which reduced our over recovery to $1.2 million as of October 31st.

This chart tracks cumulative monthly balance of the PCA over recovery in relation to the approved power cost adjustment. We can see here the PCA levels back two years with actuals to October of 2019 and projections forward to October of '22 through the end of this fiscal year. The amount of power cost adjustment is represented by the dark blue line that goes across the bottom and then shoots on up here. Which, for the month of October, was at a negative $6 for 1,000 kilowatt hour.

The bars on the top of the chart represent the level of over recovery. The blue bars being actual monthly balances. As you can see, FPUA has maintained a PCA level above the $1 million dollar mark through October of 2021. The orange bars show the projection of the over recovery where we would be if the forecasted numbers that we are presenting are correct. The current forecast, while maintaining the $18 PCA through June, will keep our reserves positive through the end of the fiscal year. These projections have been prepared by Raftelis financial consultants and are based upon forecasts that are prepared by FMPA. Since the September forecast, FMPA's estimate of the cost of purchase power for the upcoming 12 months has decreased 8.8%.

This graph represents a comparison of these updated projections trending the power cost recovery through October of 2022. The decrease that we had just mentioned in the cost projections has changed this comparison considerably since we last presented this. The gray line which is partially hidden by this red line up until this point maintains that the last approved PCA effective December 1st at the $18 level with no further changes allowing us to recoup our cash deficiencies through June and steadily increasing through October to this level up here.

The red line, which is in sync with the gray line follows the same path through June, but allows for $9 decrease to the PCA bringing it down to $9 through the end of the year and keeping the PCA level into our rate sufficiency range there.

The green and the orange lines show scenarios with other possibilities of increases and or decreases for January 1st followed by potential adjustments down the road. The orange path, which is down here, is aggressive in light of the lower power projections that we have with a $4 reduction in January and another later in the fiscal year. This reduces cash reserves below the 0 mark in the next coming three months before recouping and for the trend of increase in consumption in the summer months and going back up.

The green line proposes another PCA increase for January. Recouping our cash immediately and bringing us up into that rate sufficiency range allowing for a bigger decrease once the summer months arrive with higher consumption. This would keep with our practice of lowering the PCA in the warmer months and you can see both the green line and the orange line bring the PCA back down to $6 level. It's just the path that you take to get there.

This has been updated from last month. My last month's presentation, but now it includes the October forecast. It lays out the month-over-month change to the projected average cost of our megawatt hours that we have purchased. The October forecast which has come in more favorable appears to be back in line with the numbers presented in August they said -- they thought October would be $87.96. This $84.14 is an actual amount that came in. Our October forecast if you look they are in line with where we were back in August. So that reduction -- the blip that we reacted to in September and now October is falling back in line with that.

At this time, it is the recommendation of staff to make no change to the power cost and watch for the November and December updates and when they are made available. Of course, we will always monitor this report monthly and the projections as they are updated and we'll have them for you. If you have any questions.

Chairman Fee asked any questions or comments?

Mrs. Gibbons said I'll make a comment. I agree with this. I think that we should leave it where it is at least one more month. Let it kind of settle. Make sure that we can regain -- this is the rate stabilization fund. Right now it's not very stable. We need to make sure that we are. I feel like we need to give it one more month before we really see what's actually happening out there and make sure that there's not another increase with all the volatility going on. That's just my two cents.

Chairman Fee asked any other comments?

Mr. Lammers said so obviously this is a good thing. If I remember correctly, wasn't the plan for staff to come ask us for another PCA increase at this meeting?

Ms. Mika said yes. Originally we came last month with looking for $12 for December with the scenario showing another $12 in January. We passed it for $18 and then the weather got good. The gas prices are in our favor now.

Chairman Fee said I agree. I think the market has actually turned a little bit in our favor. Whether it stays like that -- well that just depends on Mother Nature. Waiting one more month I think is the right move under the light of the report with being particularly mindful that we probably want to recoup our funds as quickly as possible, but let's see what January brings. Anything else? All right thank you. Thank you for the good news.

Mr. Tompeck said the next item is Resolution 2021-15. Mr. Cisneros will make the presentation while I hide underneath my desk.

Mr. Cisneros said good afternoon Mr. Chairman and Members of the Board. I will be very brief today because as John mentioned we have done a very, very good job of making him feel uncomfortable with the staff because we placed him under the spotlight for the last few weeks. We won't do that today.

I'm accompanied by Mr. Craig Crawford. John, Mr. Crawford, myself, and all of your friends at FPUA would like to present you with a gas meter lamp. Anytime you turn on the lamp while the Yankees are playing it will guarantee a victory. If it doesn't then you can blame it on the bullpen. With permission from Mr. Chairman, it is my pleasure to present a resolution in appreciation for the services of Mr. J. K. Tompeck. Thank you for your outstanding leadership and dedication as the 8th Director of Utilities in FPUA history.

With permission from Mr. Fee, Jill can read the resolution.

Chairman Fee said please read the resolution.

Ms. Sabota read the following Resolution into the records:

RESOLUTION U.A. 2021-15
A RESOLUTION OF FORT PIERCE UTILITIES AUTHORITY
IN APPRECIATION OF THE SERVICES
OF JOHN K. TOMPECK

WHEREAS, JOHN K. TOMPECK has served Fort Pierce Utilities Authority in the following capacities:

- July 9, 2001 – Job Planning Engineer, Power Generation
- September 8, 2008 – Capital Projects Engineer, Electric & Gas Systems
- June 1, 2009 – Gas Operations Superintendent, Electric & Gas Systems
- April 16, 2012 –Gas Operations & Energy Services Manager, Gas Operations
- July 13, 2017 –Director of Utilities

WHEREAS, during a dedicated career of over twenty years with Fort Pierce Utilities Authority, John is recognized in the utility industry as an outstanding utility engineer and administrator. He has been a member of the Board of Directors of the Florida Municipal Power Agency and an Alternate to the Executive Committee of the Florida Municipal Power Agency All Requirements Project from 2017 to 2021; and

WHEREAS, John has been a very active member of the Fort Pierce community, frequently attending community events, volunteering for various organizations and serving with distinction on the following Committees and Boards:

- 2010 to 2017 - Board of Directors, Florida Gas Utility
- 2010 to 2017 – Executive Committee, Florida Gas Utility
- 2017 to 2021 – Board of Directors, Economic Development Council
- 2018 to 2021 – Executive Committee, Economic Development Council

WHEREAS, John's devotion and commitment to the fulfillment of the mission of Fort Pierce Utilities Authority has benefited the customers of the Authority and the taxpayers of the community in providing excellent, reliable utility services in the most economical manner possible; and

WHEREAS, John has served with great distinction and has always displayed a compassioned sense of moral integrity and vision when addressing both customer and employee-related issues; and

WHEREAS, John has demonstrated exemplary leadership and has served as a role model and mentor to his management team, preparing future leaders with the skills and knowledge to continue to successfully navigate challenging times in the utility industry. His concern for the well-being of the employees of Fort Pierce Utilities Authority has created a thriving culture, resulting in a productive working environment that has contributed to the successful recruitment and retention of a highly qualified and dedicated workforce; and

WHEREAS, John has at all times represented the positions and interests of Fort Pierce Utilities Authority in its dealings with other governmental and private entities.

NOW, THEREFORE, BE IT RESOLVED by Fort Pierce Utilities Authority of the City of Fort Pierce, Florida, in Regular Session assembled, that on behalf of the Board Members of Fort Pierce

Utilities Authority, the people of the City of Fort Pierce, and Fort Pierce Utilities Authority Directors, Department Heads and Staff, hereby acknowledges with a deep sense of gratitude, the services of John K. Tompeck as an employee of Fort Pierce Utilities Authority.

BE IT FURTHER RESOLVED that a copy of this Resolution be presented to John K. Tompeck and spread upon the minutes of Fort Pierce Utilities Authority as a permanent record of their appreciation.

ADOPTED this 21st day of December, 2021.

A motion was made by Mayor Hudson, seconded by Mrs. Gibbons, and unanimously carried to Adopt Resolution No. UA 2021-15, a resolution of Fort Pierce Utilities Authority in Appreciation of the services of John K. Tompeck.

Chairman Fee said Mr. Tompeck thank you for your years of service.

Mr. Tompeck said and of course I do have a couple of comments. I wanted to thank the Board Members. I'm really deeply appreciative of the Resolution and your support over the last 4.5 years. Bud Boudreaux, former Director of Utilities at FPUA, told me this was the best job in Ft. Pierce. He's right. For me being Director of Utilities was the opportunity of a lifetime and I have to say I enjoyed almost every minute of it. You know the strength at FPUA is not the Director of Utilities, but the talent, experience, and dedication of our employees. The teamwork here is phenomenal. We've been through hurricanes and pandemics and haven't missed a beat in supplying utilities to our customers. We have some exciting and important issues moving forward that will grow the utility and help grow the city. Javy and I have spent considerable time in transitioning and I think he's up to speed in all the critical issues and is ready to take over. I will be available for any help that he needs.

I'm proud to have represented this organization and I wish everyone good luck going forward. Thank you.

Chairman Fee asked any other comments on Item J or is that going to sum it up?

Mr. Tompeck said actually I do have a few. Some other things came up. First I wanted to mention that the FPUAnet Resolution was passed by the City Commission last night. That recognizes FPUAnet as a business unit of FPUA and that's important for our debt refinancing.

We're continuing our design meetings with Globaltech on the new WRF. Those meetings are progressing very well. We're making good progress on the design. Yesterday we had a preliminary meeting on interim funding for WRF activities for this year. There's a lot of options available. A

follow up meeting is scheduled for early January and we'll bring some information back to the Board in late January, early February to give you an idea of what we plan on doing.

This is an item we talked about our Director's Meeting the other day. We really haven't formulated the plan yet, but I think it's worth talking about. During our discussion on raising the PCA a couple of meetings ago, a question was raised about how can we cut our expenditures? Unfortunately, the opposite is taking place in terms of costs. Pricing materials even those included in firm contracts have risen. We're currently doing analysis on these increases, but I think it's important that we let the Board know how it will affect us in the upcoming months. No one knows how long the inflationary period will last, but we're really having a lot of increases even on the fixed price contracts that we have. For instance AMI where we had a contract for how much material will cost they've come back and asked for an increase. We're going to have trouble. It's not just that, its materials, its services, its chemicals. It's across the board. Of course, you all know about this every time you go to store or go to buy anything. We have the same issue. We need to take a look at how that will affect our budget in the next few months.

The last item is we are now accepting applications for the Utilities Advisory Committee and we hope to get some volunteers to help us with that committee and that's it, Mr. Fee. Thank you.

Chairman Fee said thank you. Any report from the Attorney?

Attorney Koblegard said I would like to say something about John. He came to us during a very difficult time and on a short notice. We were in the process of having to remove a Director potentially and I was requested to look around see who within the facility, within the staff might be interested in taking his place if that transpired. I went back and talked to directors, started talking to different staff members, some of the other directors of the different utilities, and basically it was unanimous that John was the one on my mind when I first approached. It was unanimous that he would be the right person to step in and he did with very little notice. As you can see, John did a wonderful job going forward. He needs to be congratulated for that also.

Chairman Fee said thank you. Any comments from the Board Members?

Mayor Hudson said Mr. Chairman, so I wanted to say that I first knew John when he was heading up the King power plant cleanup. A lot of people don't know that he did most of the work on that and that wasn't an easy job. I really think that kind of prepared him, perhaps, for stepping in, in 2017 at a very short notice and Koby is right. Koby, first approached his name to me and he stepped in and I really can't thank him enough for doing a good job and calming everything down. That was time of turmoil and we needed calm.

He led us through Covid, which was hard to do with our rate payers. Sometimes Board Members including me were a little bit concerned about when -- about turning people's power off and that kind of -- that was just a hard time to make good decisions and so I think he led us through that difficult time and moving the wastewater treatment plant. There's many other things that he did. Those are the highlights in my mind. I want to thank you very much for the excellent service you provided us and the rate payers and also I just want to thank you for all the hard work.

Ms. Bennett said I would like to thank you, John, for being so helpful in the short time I've known you in learning this position as it's been very interesting at times. You just stepped in and you answered all my questions. I just want to really let you know that I appreciate everything that you have done for me. Thank you.

Mrs. Gibbons said I know that you said you loved the utilities because of the team work that goes on and you know the value of the talent that you have. You are very humble. Under the leadership that's where that comes from. So I definitely recognize that in you. I thank you for stepping in when we needed you the most and for helping us all learn. All of us here on the Board have only been under you.

Mr. Lammers said I first met John when working on the King plant as well and I was just at the time making maps for him. This showed what areas we needed easements and what areas needed this or that or whatever else. He was tough on a young guy. He's a very witty guy and at the time I was so green. I had no idea what was going on. He made it very interesting, but he was always willing to lend a hand and explain things when I didn't understand. He just had the right -- all the right qualities when he stepped in as the Director of Utilities. You know I was an employee at that time and it was a very tumultuous time. He was exactly what the utility needed in order to stabilize things and I really do appreciate that.

Chairman Fee said John, in conclusion, thank you. Thank you for serving the city. Thank you for putting a great team in place to take the UA for the next 20 years into the future. Enjoy your retirement if you can.

Mr. Tompeck said I will do my best.

Chairman Fee said all right. I think that covers everything.

Mayor Hudson said Mr. Chairman can I say one more thing. We had a special election in the city of Ft. Pierce. We have a new Commissioner. Commissioner Elect Arnold Gaines. He won on the first go around and so he will be sworn in on January 3rd at 5:15pm here at City Hall. Everybody is invited. We're going to have a full commission on the dais for the first time in almost a year.

Mrs. Gibbons asked what was the date?

Mayor Hudson replied January 3rd.

Chairman Fee asked any other comments?

There being no further business, the meeting was adjourned at 5:04pm.

ATTEST:

SECRETARY

CHAIRMAN