

MINUTES OF REGULAR MEETING

CLEVELAND UTILITIES BOARD

JANUARY 6, 2022

A regular meeting of the Board of Public Utilities was called to order at 12:30 p.m. in Cleveland Utilities' Executive Conference Room.

The following board members were present: Aubrey Ector, Chairman; Joe Cate, Vice Chairman; Eddie Cartwright, Cleveland Utilities Board; and Councilman David May, Jr., Cleveland Utilities Board.

Absent: Debbie Melton.

Others in attendance were Tim O. Henderson, President/CEO; Amy Ensley, Utility Board Secretary; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Marshall Stinnett, VP/CFO; and Walt Vineyard, Executive VP. Following the Pledge of Allegiance to the American Flag, Tim Henderson delivered the invocation.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Mayfield, Kentucky, Power Restoration Assistance

CU is helping with power restoration efforts in Mayfield, Kentucky, resulting from the destruction left behind by the December tornado. The first five-man crew was deployed for 12 days and returned on December 24. Another five-man crew left on Tuesday of this week and is currently there working. Their return date is unknown at this point, but they typically stay around two weeks. Henderson advised CU always makes it a priority to send help when able. CU has been the recipient of aid in the past, and it meant so much to have the support when it was needed. Chairman Ector expressed gratitude to CU and the crews for helping others in a time of need. He said, "it's the good and right thing to do."

MLK Holiday Closure

Cleveland Utilities will be closed Monday, January 17, to observe the Martin Luther King, Jr., holiday. The Call Center will be open and regular emergency/standby services will be maintained.

Cleveland Bradley Chamber of Commerce Annual Meeting

The Cleveland Bradley Chamber of Commerce Annual Meeting will be held on Thursday, January 27, at Westmore Church of God, at 6:30 p.m.

CONSENT AGENDA

Eddie Cartwright made a motion to approve the following items from the Consent Agenda. The motion was seconded by Vice Chairman Joe Cate, and the Utility Board voted to approve the consent agenda.

- A. Approval of the minutes from December 3, 2021.
- B. Approval of the following written Financial, Electric, and Water/Wastewater Division Reports: **FINANCIAL REPORT**
 - 1. **Electric Division November 2021** - During the month of November, the cost of purchased power as a percentage of retail sales was 73.6 percent and can be compared

to the budgeted percentage of 74.1 percent for FY 2022. The results for November are electric sales revenue of \$8,116,429, which was offset by a purchased power expense of \$5,977,425. This resulted in an operating margin of \$2,139,004. This is compared to a budgeted margin of \$1,737,232. Operating expenses for the month were \$1,712,103. This is compared to a budgeted operating expense of \$1,887,897. These revenue numbers were driven by a customer base of 32,432. The net income for the month was \$590,129; this can be compared with a budgeted net loss of \$19,821.

2. **Water Division November 2021** - For November, water sales revenue was \$1,459,515. This is compared to the budgeted amount of \$1,365,693. Other revenue sources contributed an additional \$146,272 for the month. These revenue numbers were driven by a customer base of 33,203. Operating expenses for the month were \$1,365,654. This is compared to the budgeted amount of \$1,421,479. The division recorded an operating income of \$240,133, which is compared to a budgeted operating income of \$71,822.
3. **Wastewater Division November 2021** - For November, wastewater treatment revenue was \$1,139,557. This is compared to the budgeted amount of \$1,053,728. Other revenue sources contributed an additional \$68,736 for the month. These revenue numbers were driven by a customer base of 19,970. Operating expenses for the month were \$1,061,838. This is compared to the budgeted amount of \$1,093,423. The division recorded an operating income of \$146,455, which is compared to a budgeted operating income of \$35,138.

ELECTRIC REPORT

1. An update was provided for the Lang Street Substation Project. In November, engineering sent out a bid request for the control building. Engineering allowed four weeks for companies to submit bids and three companies responded. Engineering was pleased to find the lead times for each company were very reasonable. Electrical Power Products provided the lowest bid at \$252,797 and a purchase order request is on the consent agenda to be approved by the board. Cleveland Utilities has not previously purchased a control building from this manufacturer; however, operations and engineering staff have carefully reviewed their proposal and personnel went to a nearby utility to inspect a similar control building. It was found to be of excellent quality and received a high recommendation from the utility.
2. CU crews were able to make great progress on installation of the new underground lines at Cleveland State. By the end of November, the new underground copper lines to each side of the new pad-mounted meter cabinet as well as the underground dip switches at each dip pole were installed. The next step is for CU crews to coordinate an outage for the campus and connect the feed for the campus to the new pad-mounted meter cabinet. This is expected to occur at the end of December. After the campus is connected to the underground lines, CU crews can begin removing the overhead lines along Adkisson Drive.
3. The City's Planning Department has asked CU electric engineering for a plan to convert a section of overhead lines to underground on Edwards Street near 1st Street. In November, CU engineering had several discussions with city personnel about the project. A general plan is in place, but some of the small details still need to be worked

out. The desire is to have the conduit plan for the new underground lines finalized by the end of December. Once the conduit layout is finished, Public Works will begin installation of the conduit along the street. CU will then install the new underground facilities. The city will be paying CU for installation of the underground lines; the labor to remove the existing overhead lines will not be billed. The project should take place in the spring of 2022.

4. CU substation electricians replaced an overcurrent relay for the power transformer and the communications remote at Payne Gap Substation. The overcurrent relay was found to have issues during a routine test; therefore, a plan was devised to replace the relay with a new Schweitzer Engineering Laboratories (SEL) relay. While the substation was out of service, the decision was also made to update the old remote to an SEL Real Time Automation Controller (RTAC). Operations made all the changes in the field and engineering reprogrammed SCADA in the dispatch room. All the field work was finished by the end of November, but some testing will be required in December for the SCADA side. The station should be re-energized and placed back in service in December.
5. A member of electric engineering attended a 3-day training class in November for the SEL RTAC, a data collection device installed in substations. It gathers data from all the devices in the substation and sends it to the SCADA computers at the main office. This allows dispatchers, engineering, and operations to monitor substations remotely from the office. SEL is known worldwide for their substation relay & control devices and has been trusted by CU for many years. The class was a hands-on training and provided detailed instructions on how to use and program the device. The training will be beneficial when programming the RTAC in the new Lang Street Substation and other future projects.
6. Engineering released a work order to install and test fiber optic cable to the PIE Center located on Parker Street. This dark fiber lease agreement is a partnership with Education Networks of America (ENA) to provide internet services to county education facilities.
7. Operations personnel recently attended a metering training seminar in Murfreesboro sponsored by Honeywell. Honeywell is the manufacturer of CU's remote Elster AMI metering devices. The seminar offered training on their new metering products, such as software and firmware upgrades as well as communication improvements with their gatekeepers. AMI metering is a very important part of the day-to-day operations that are critical to have accurate metering, which directly impacts revenue as well as automatic customer outage reporting.
8. An update was presented on traffic lighting:
 - CU's Traffic Signal Coordinator attended a virtual conference for Tennessee Highway Safety and Operations. Topics included fatal trends, work zone safety, Titan software used by police & Homeland Security, crash data, emerging technologies, traffic signal modernization, and wrong-way initiatives.
 - A work order was released to install Miovision camera detection at Paul Huff Parkway & Hickory Grove after the loops were cut during the installation of a gas pipeline. The city purchased the replacement equipment directly and Cleveland Utilities completed the installation. This addition should greatly improve the

function of the intersection. The city's future plans are to have Miovision detection along the entire Paul Huff Parkway corridor to take advantage of this technology.

WATER & WASTEWATER REPORT

1. CU staff will be meeting with J.R.Wauford's engineers on January 12, to discuss the Preliminary Engineering Report for Expansion of the Hiwassee River Wastewater Treatment Plant (WWTP).
2. HDR has submitted 90% design drawings for the Cleveland Filter Plant (CFP) Sodium Hypochlorite Project. Additional soil borings are being obtained.
3. A preconstruction meeting for the CFP Filter No. 1 Rehabilitation is scheduled for next week, and the contractor (Tech Coat, Inc.) will mobilize at the same time.
4. Work has commenced on the Georgetown Road Utility Relocation. The project is estimated to take around four years to complete.
5. The Spring Branch Road water main extension design is almost complete. The project consists of 750 feet of 8-inch ductile iron water main connecting two dead-end mains.
6. Wright Industrial Group has painted 647 fire hydrants and primed 437 hydrants for Phase 1 of the project.
7. The Potter Place Booster Pump Station preliminary drawings have been received for review.
8. The 22nd Street Annexation area water main extension is nearing completion. Approximately 830 feet of 8-inch ductile iron water main has been installed and testing will follow.
9. Cleary Construction has completed the 2019 Prospect/Hensley Road Annexation Sanitary Sewer Project.
10. Engineering is reviewing the following plans:
 - Westside Landing on Westside Drive @ Norman Chapel Road comprising 46 single family lots and 66 townhomes. The project includes 2,180 feet of 6-inch water main, 530 feet of 2-inch water main (by CU), and 2,628 feet of 8-inch gravity sewer main.
 - Saddle Creek Subdivision on Pleasant Grove Trail SW - includes 79 single family lots and a scope of 2,400 feet of 6-inch water main, 200 feet of 2-inch water main, and 3,754 feet of 8-inch gravity sewer main.
11. Hampton Backhoe has completed the water and sewer main installations for Meadow View PUD on Michigan Avenue Road.
12. An update was provided for the ongoing Wastewater Rehabilitation Project:
 - The contractor has begun work for the 2021 Rehabilitation Project this week, televising and doing point repairs.
 - CU staff has begun the design work and profiling for the Lankford Street Sewer Extension Project.
13. The Meter Department set 59 meters through November 2021 compared to 29 for November 2020 and 28 for November 2019. Of the 59 sets, 39 were single family homes, 12 were townhomes, 5 were apartments, and 3 were commercial.

14. The total amount of rainfall recorded at the CFP as of December 31, 2021, was 5.12 inches for the month. A total of 64.24 inches was recorded for 2021 and can be compared to 79.25 inches for the same period in 2020 (largest rainfall totals thru December 1996-2021) and 32.74 inches in 2007 (lowest rainfall totals thru December 1996-2021).

- C. Approval and Acceptance of the Fiscal Year 2021 Audit Report.
- D. Approval of Policy Information & Updates (Education Reimbursement, Holidays, & Wellness Center) – CU’s Education Reimbursement Policy has been evaluated against current tuition prices and it was determined the reimbursement amount needed to be increased. CU is proud to invest in employees and provide this benefit. The Holidays Policy was updated to add the Juneteenth holiday. Lastly, CU has put a policy in effect relating to the new Wellness Center.
- E. Approval of a purchase order to Southeast Industrial Development Association (SEIDA) in the amount of \$50,978 for the 2022 membership dues. TVA will reimburse CU for 50 percent of the total investment.
- F. Approval of a budgeted purchase order to Electrical Power Products, Inc., in the amount of \$252,797 for the electric control building at Lang Street Substation as part of the rebuild project. The control building provides a climate-controlled area for vital components such as the control batteries and transformer protection relays. The building will be constructed of concrete and capable of withstanding severe winds from storms, providing a secure place for critical substation components. The bid price includes manufacturing of the building, installation of the relays/batteries/other required equipment, and delivery of the building to the site. CU has not previously purchased control buildings from this company; however, engineering and operations personnel approved the product after a utility site visit and manufacturing tour. Electrical Power Products submitted the low bid meeting the required specifications.
- G. Approval of a contract with Merkel Brothers Construction, Inc., in the amount of \$426,650 to perform 1,429 lineal feet of mainline sewer rehabilitation by open cut excavation. This contract will also include the renewal of 8 service laterals, installation of 8 cleanouts and installation of 9 manholes. The project is located north of APD-40 in Dalton Pike. This work will be performed under SRF Loan 2018-417-01. This loan does not include loan forgiveness but has a long-term interest rate of 0.73%. The loan amount is \$10,000,000. This project was not individually budgeted but this work was included in the Phase 3 Sewer Rehabilitation Project for pipe bursting. Once exploratory digging was performed, a storm drain was found and water line had been installed on top of the sewer main, preventing the rehabilitation as planned. CU staff redesigned the project as open cut replacement and handled the bidding process. So, while this work wasn’t budgeted individually, the costs for the project were allotted for in the previous job. The estimated project cost was \$500,000.

OTHER BUSINESS

Exceleron Overview

Stinnett reviewed a Utility Management Dashboard from Exceleron for prepay services and post-pay accounts on e-statements (bill is delivered via email). CU currently has 2,542 active prepay accounts and 14,114 active e-bill customers. Stinnett noted almost 5,000 of the e-bill customers are enrolled in autopay. The number of payments was then reviewed, as well as the average usage of all e-bill customers. Next, debt recovery was highlighted. CU's total debt recovered through this program implemented just over five years ago is currently \$237,423. Stinnett commented this program is about giving customers options. Henderson noted CU has made a lot of advancements and there is more to come on the technology side for customer service improvements.

Future Board Meeting Dates

Future scheduled board meeting dates to be held in Executive Conference Room (unless announced otherwise) noted below:

Friday, January 28, 12:30 p.m.

Thursday, February 24, 12:30 p.m.

Friday, March 25, 12:30 p.m.

Friday, April 22, 12:30 p.m.

There being no other business, Councilman David May, Jr. made a motion to adjourn the meeting. Joe Cate seconded the motion, and the board unanimously voted to adjourn the meeting at 12:52 p.m.


Board Secretary


Board Chairman


Date

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
JANUARY 28, 2022

A regular meeting of the Board of Public Utilities was called to order at 12:30 p.m. in Cleveland Utilities' Executive Conference Room.

The following board members were present: Aubrey Ector, Chairman; Joe Cate, Vice Chairman; Eddie Cartwright, Cleveland Utilities Board; and Councilman David May, Jr., Cleveland Utilities Board.

Absent: Debbie Melton.

Others in attendance were Tim O. Henderson, President/CEO; John Corum, Administrative Services VP; Amy Ensley, Utility Board Secretary; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Eddie Cartwright delivered the invocation.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Presidents' Day Holiday

Cleveland Utilities will be closed Monday, February 21, to observe the Presidents' Day holiday. The Call Center will be open and regular emergency/standby services will be maintained.

CU Annual Awards Distribution

CU will be distributing awards for years of service and perfect attendance on Thursday, March 3. Due to the ongoing pandemic, CU will forgo the normal awards banquet and proceed cautiously by bringing in a food truck to serve lunch and distribute the awards outside. Roughly 90 employees will receive awards for perfect attendance and 38 individuals will be receiving years of service awards. Henderson noted three employees will be recognized for 40 years of service, which is just outstanding.

CONSENT AGENDA

David May, Jr., made a motion to approve the following items from the Consent Agenda. The motion was seconded by Eddie Cartwright, and the Utility Board voted unanimously to approve the consent agenda.

A. Approval of the minutes from January 6, 2022.

B. Approval of the following written Financial, Electric, and Water/Wastewater Division Reports:

FINANCIAL REPORT

1. **Electric Division December 2021** - During the month of December, the cost of purchased power as a percentage of retail sales was 74.1 percent and can be compared to the budgeted percentage of 74.1 percent for FY 2022. The results for December are electric sales revenue of \$8,324,362, which was offset by a purchased power expense of \$6,169,817. This resulted in an operating margin of \$2,154,545. This is compared to a budgeted margin of \$1,901,412. Operating expenses for the month were \$1,715,374. This is compared to a budgeted operating expense of \$1,892,935. These revenue numbers were driven by a customer base of 32,427. The net income for the month was \$612,643; this can be compared with a budgeted net income of \$144,591.

2. **Water Division December 2021** - For December, water sales revenue was \$1,377,441. This is compared to the budgeted amount of \$1,324,888. Other revenue sources contributed an additional \$126,814 for the month. These revenue numbers were driven by a customer base of 33,264. Operating expenses for the month were \$1,588,729. This is compared to the budgeted amount of \$1,415,032. The division recorded an operating loss of \$84,474, which is compared to a budgeted operating income of \$33,652.
3. **Wastewater Division December 2021** - For December, wastewater treatment revenue was \$1,093,355. This is compared to the budgeted amount of \$1,034,187. Other revenue sources contributed an additional \$61,717 for the month. These revenue numbers were driven by a customer base of 20,041. Operating expenses for the month were \$1,113,266. This is compared to the budgeted amount of \$1,094,158. The division recorded an operating income of \$41,806, which is compared to a budgeted operating income of \$13,504.

ELECTRIC REPORT

1. An update was provided for the Lang Street Substation Rebuild Project. After evaluating the three bids submitted for the control building, engineering selected the low bidder, Electrical Engineering Products. The main difference from previous projects is the company's bid included a modular connections building, which CU has not used in the recent past. Before selecting the company, engineering traveled to the Modular Connections manufacturing facility in Bessemer, Alabama, to examine the buildings. Engineering submitted a purchase order request that was approved by the board on January 6. This is the last major item needed for the project. Operations is preparing to send a bid request for the concrete foundations and equipment pads.
2. CU crews connected the new underground lines and pad-mounted primary meter at Cleveland State Community College in December. An electrical outage for the campus had to be scheduled to connect the lines. The changeover to the new underground feed went well. In early January, CU crews began removing the overhead lines along Adkisson Drive. Once Spectrum and AT&T have removed their lines, the poles can be removed and the project will be finished.
3. Engineering released a work order to install 870 feet of #1/0 aluminum underground primary, a 225 kVA, 277/480-volt transformer, and a single phase 15 kVA transformer for the new car wash and Take 5 Oil Change at Graystan Square. The 225 kVA transformer will provide service to the new car wash, and the single-phase transformer is for the oil change shop. Although it will be several months before the car wash is open, the oil change shop is near completion and the developer would like for it to open soon.
4. Siemens FuseSavers (reclosing overcurrent devices) were installed on Woodlawn Drive. This device is installed behind a line fuse and when a fault occurs downline, it will open for a few seconds to allow temporary faults to clear themselves. It will then reclose, and if the fault is temporary, the power will automatically be restored. These are the first to be installed on the system, so they will be evaluated. If proven to be reliable and valuable, more may be installed at other locations.
5. Engineering released a work order to install a new three phase service at the Cleveland Jetport to serve a new hangar S5. The work order calls for a 225 kVA transformer and 255 feet of underground primary at an estimated cost of \$9,090.18.
6. Sequoia Substation was taken out of service on December 11, 2021, for routine testing by Liberty Power Service (CU's equipment and relay testing contractor). This station was

returned to service on December 17. Routine maintenance is a critical exercise performed at each of CU's 17 substations every three years to verify the equipment is operating as designed and the relay protection settings/timing are accurate to ensure the safety of personnel as well as the general public in case of damaged equipment or downed power lines due to storms or other causes.

7. Five CU linemen traveled to Mayfield, Kentucky, to assist with power restoration efforts. The crew consisted of Steve Kiser, Barry Marshall, Adam McCracken, Nathan Davis, and Matt Rymer. They left on December 13th with two bucket trucks, one line truck and a pickup. They returned on Christmas Eve to spend the holiday with their families. Another five-person crew was sent after the first of the year and the particulars of this assistance will be reported in more detail at February's board meeting.
8. An update was presented on traffic lighting:
 - The Traffic Signal Coordinator submitted a grant application to TDOT for the Traffic Signal Modernization Program (TSMP). At the City's request, the grant focused on pedestrian signals at Keith & Inman Streets where State Route 2 and State Route 312 meet. The traffic signal cabinet would be replaced and reflective borders would be added to the traffic signal heads. The TSMP grants will be awarded in the first quarter of 2022.
 - The Traffic Signal Coordinator reviewed material submissions by the sub-contractor for the SR-60 road widening project. Once approved by all parties, the sub-contractor will order the material.
 - The Traffic Signal Coordinator reviewed a TDOT spot safety project at the Inman Street Railroad Underpass. A laser height detection system is being considered to reduce the number of bridge strikes. Communication with the existing traffic signals on either side of the bridge will be required to complete this project.
 - CU engineering released work orders to install Miovision camera detection at three Paul Huff intersections including both Exit 27 ramps and Freedom Drive. The installation of a gas line cut the existing loop wire detection.
 - CU engineering released a work order to install a Wavetronix radar detection sensor for the westbound approach to Keith & 17th Streets. The existing loop detection was damaged during the paving of 17th Street.

WATER & WASTEWATER REPORT

1. CTI is incorporating CU's comments into the final design for both the sodium permanganate conversion at the Water Treatment Plant (WTP) raw water intake project as well as the Cleveland Filter Plant (CFP) filter backwash catch tank & yard piping improvements project.
2. Tech Coat, Inc., completed the CFP Filter No. 1 rehabilitation three weeks ahead of schedule.
3. Wright Industrial Group has painted 705 fire hydrants and primed 730 hydrants for Phase 1 of the project.
4. HL Construction has completed the 22nd Street annexation area water main extension comprising approximately 830 feet of 8-inch ductile iron water main.
5. CU is reviewing the draft report for the Lauderdale Highway area water distribution and sewer collection improvements submitted by Jacobs Engineering Group.
6. The Eldridge Lane sewer extension contract has been awarded to Hampton Backhoe.

7. Engineering is reviewing plans for Hillcrest Landing Subdivision on Pleasant Grove Trail SW. The development includes 79 single family lots with a project scope of 2,400 feet of 6-inch water main, 200 feet of 2-inch water main, and 3,754 feet of 8-inch gravity sewer main.
 8. Engineering has approved plans for Parkstone Village on Westside Drive at Norman Chapel Road.
 9. An update was provided for the ongoing Wastewater Rehabilitation Project:
 - LJ&A is assisting with the project management and handling any change order items for the Phase 3 Rehabilitation Project. Project closeout is being performed.
 - Morgan Contracting has completed all work items for the Phase 3 Rehabilitation Project.
 - CU crews have completed the 20th Street Sewer Improvements Project.
 - The contractor has begun pipe bursting and installing sewer services for the 2021 Rehabilitation Project. Lining is scheduled to begin in February.
 - CU has obtained the two easements required for the sewer service to 1230 Crest Drive. Work is scheduled to begin in the next two weeks.
 10. The Meter Department set 24 meters through December 2021 compared to 18 for December 2020 and 41 for December 2019. Of the 24 sets, 17 were single family homes, 4 were townhomes, and 3 were commercial.
 11. The total amount of rainfall recorded at the CFP as of January 25, 2022, was 5.71 inches for the month. This can be compared to 10.90 inches for the same period in 2013 (largest rainfall totals thru January 1996-2022) and 1.45 inches in 2018 (lowest rainfall totals thru January 1996-2022).
- C.** Approval of a purchase order to Elster Solutions, LLC, in the amount of \$58,240 for the annual software maintenance agreement (SMA) for the advanced metering infrastructure (AMI) system. This is a sole source purchase.
- D.** Approval of a purchase order to Del-Air Mechanical Contractors, Inc., in the amount of \$72,576.12 for a one-year contract extension for the HVAC maintenance and mechanical services for CU's facilities. Del-Air was the low bid for this contract in 2017.
- E.** Approval of a task order with LJA Engineering, Inc., in the amount of \$69,625 for the Sewer Capacity Analysis in the Chatata Creek Area Collection System. This project will collect necessary field data and analyze flow data that is currently being collected to prepare a model and determine dry weather and wet weather flow conditions of the main sewer interceptor line conveying wastewater to the Chatata Creek Pump Station. The project is not budgeted; however, Henderson noted CU recognizes the growth occurring upstream from this lift station, and to be proactive, CU needs to know what those flow capacities might look like and what the station can tolerate. This will enable CU to make a good determination as to how soon the size of the lift station would need to be increased.
- F.** Approval of a purchase order with Kendall Electric, Inc., in the amount of \$220,178.58 for the upgrade of the Cleveland Filter Plant raw water pump motor drive. The upgrade includes new PF755TL drives, abandoning of the existing transformer, replacing the existing mechanical relays with electronic relays, providing a new pre-programmed processor for the site PLC, and a new Human Machine Interface (HMI). The purchase is sole source and budgeted for FY 2022.

G. Approval of a purchase order with Shady Oaks Landscaping & Lawn Care in the amount of \$74,960 for a one (1) year contract extension to mow the Water and Wastewater Division's properties located at the Cleveland Filter Plant, Wastewater Treatment Plant, Administration Building, sewer lift stations, water booster stations, and water tanks. There are a total of 33 sites. The mowing is budgeted for FY 2022.

H. Safety Internal Performance Measures (IPM's)

The Safety Internal Performance Measures (IPM's) for 2021 are as follows:

- *OSHA Recordable Incident Rate* (a mathematical calculation that describes the number of employees per 100 full-time employees that have been involved in a recordable injury or illness) – a combined total of 0.46 companywide; 0.80 for the Electric Division; and 1.07 for the Water/Wastewater Divisions.
- *DART Rate* (a mathematical calculation that describes the number of recordable incidents per 100 full-time employees that resulted in lost or restricted days or job transfer due to work-related injuries or illnesses) – a total of 0.46 companywide; 0.80 for the Electric Division; 1.07 for the Water/Wastewater Divisions.
- *Lost-Time Case Rate* (a mathematical calculation that describes the number of lost time cases per 100 full-time employees in any given time frame) – a total of 0.00 companywide; 0.00 for the Electric Division; 0.00 for the Water/Wastewater Divisions.
- *Vehicle Accident Rate* (a mathematical calculation that describes the number of accidents per million miles driven) – a total of 4.41 companywide; 9.22 for the Electric Division; 1.72 for the Water/Wastewater Divisions.

The following data went into the calculations:

- A total of 713,292 consecutive hours have been worked companywide without a lost-time injury (LTI). Electric Division employees contributed 153,423 of those hours, with the last lost-time injury occurring on April 20, 2020. The Water Division has reached 559,869 hours, with the last lost-time injury occurring on December 7, 2018.
- A total of 436,629 cumulative hours were worked companywide in 2021. 119 employees in the Electric Division worked 250,104 hours, and 87 employees in the Water Division worked 186,525 hours.
- In addition, a total of 906,853 cumulative vehicle miles were driven by employees in 121 vehicles during the year. 325,340 miles were driven by Electric Division employees and 581,513 miles by Water Division employees.

The below table provides a comparison summary of the IPM data for the last seven years:

Year	OSHA – RIR	DART	LTCR	VAR
2015	3.51	2.01	0.5	6.84
2016	1.53	0.51	0.00	6.78
2017	4.04	2.53	1.01	2.29
2018	2.88	2.40	0.48	2.25

2019	0.48	0.48	0.00	3.67
2020	2.27	1.82	0.45	10.05
2021	0.46	0.46	0.00	4.41

OTHER BUSINESS

Future Board Meeting Dates

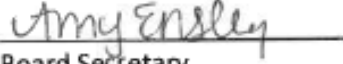
Future scheduled board meeting dates to be held in CU's Executive Conference Room (unless announced otherwise) noted below:

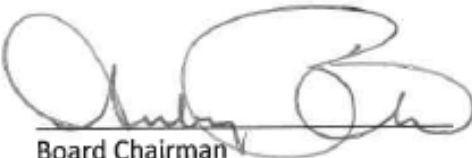
Thursday, February 24, 12:30 p.m.

Friday, March 25, 12:30 p.m.

Friday, April 22, 12:30 p.m.

There being no other business, Eddie Cartwright made a motion to adjourn the meeting. Joe Cate seconded the motion, and the board unanimously voted to adjourn the meeting at 12:42 p.m.


Board Secretary


Board Chairman

2-24-22
Date

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
FEBRUARY 24, 2022

A regular meeting of the Board of Public Utilities was called to order at 12:30 p.m. in Cleveland Utilities' Executive Conference Room.

The following board members were present: Aubrey Ector, Chairman; Joe Cate, Vice Chairman; Eddie Cartwright, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; and Debbie Melton, Cleveland Utilities Board.

Others in attendance were Tim O. Henderson, President/CEO; John Corum, Administrative Services VP; Amy Ensley, Utility Board Secretary; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Marshall Stinnett, VP/CFO; and Walt Vineyard, Executive VP. Following the Pledge of Allegiance to the American Flag, Debbie Melton delivered the invocation.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Fiscal Year 2023 Budget Process

Personnel across the organization have been heavily engaged with the FY 2023 budget preparation. Henderson mentioned CU has not been immune to the economy and has experienced significant price increases related to various materials and items across the organization. CU previously committed to no retail electric rate increases through June 2023, and this currently looks achievable. He noted management has been doing their absolute best to keep other increases under control and at a minimum; however, changes are anticipated in the projected figures from last year. The plan is to have the budget finalized to present for consideration at the board meeting scheduled for March 25.

Achievement of 500,000 Safe Hours in the Water/Wastewater Divisions

A significant safety milestone of 500,000 safe work hours has been achieved by water/wastewater employees. This is a little over two and a half years without a lost-time accident. Henderson advised he is very proud of this accomplishment. He commended management and the safety team for their ongoing efforts in this arena.

Upcoming Retirements – Carol Gibson, Greta Parker

Henderson announced two CU employees are getting ready to embark on retirement. Greta Parker who has worked in customer service/billing will be retiring in March with nearly 35 years of service. Additionally, Carol Gibson serves as a Customer Meter Technician and will finish out her career with 18 years of service. Henderson expressed appreciation for the loyal and dedicated services of these employees.

CONSENT AGENDA

Eddie Cartwright made a motion to approve the following items from the Consent Agenda. The motion was seconded by Debbie Melton, and the Utility Board voted unanimously to approve the consent agenda.

A. Approval of the minutes from January 28, 2022.

B. Approval of the following written Financial, Electric, and Water/Wastewater Division Reports:

FINANCIAL REPORT

1. **Electric Division January 2022** - During the month of January, the cost of purchased power as a percentage of retail sales was 71.8 percent and can be compared to the budgeted

percentage of 74.1 percent for FY 2022. The results for January are electric sales revenue of \$10,589,625, which was offset by a purchased power expense of \$7,604,150. This resulted in an operating margin of \$2,985,475. This is compared to a budgeted margin of \$2,215,504. Operating expenses for the month were \$1,727,991. This is compared to a budgeted operating expense of \$1,892,935. These revenue numbers were driven by a customer base of 32,450. The net income for the month was \$1,425,087 and can be compared to a budgeted net income of \$468,766.

2. **Water Division January 2022** - For January, water sales revenue was \$1,422,148. This is compared to the budgeted amount of \$1,395,207. Other revenue sources contributed an additional \$138,416 for the month. These revenue numbers were driven by a customer base of 33,197. Operating expenses for the month were \$1,521,658. This is compared to the budgeted amount of \$1,433,794. The division recorded an operating income of \$38,906, which is compared to a budgeted operating income of \$91,779.
3. **Wastewater Division January 2022** - For January, wastewater treatment revenue was \$1,123,335. This is compared to the budgeted amount of \$1,082,212. Other revenue sources contributed an additional \$74,779 for the month. These revenue numbers were driven by a customer base of 19,984. Operating expenses for the month were \$1,122,228. This is compared to the budgeted amount of \$1,103,674. The division recorded an operating income of \$75,886, which is compared to a budgeted operating income of \$55,423.

ELECTRIC REPORT

1. An update was provided for the ongoing Lang Street Substation Rebuild Project. Engineering is working with Electrical Power Products on the new control building. Electrical drawings are submitted as needed, and engineering/operations personnel are working together to approve the new building drawings sent to CU. The building is on schedule to arrive in June of this year. No additional purchases or other money was spent on the project during January.
2. Engineering has been working to program the S&C Tripsavers in preparation of the field installation. Money has been allocated in the budget for the past two years to purchase these devices. They will be installed in place of regular line fuses to isolate small line sections during a fault. Unlike a fuse, these devices will reclose several times and restore power for temporary faults. In January, engineering began setting up one of the devices in the shop. Several are scheduled to be installed in the field in February.
3. A new G&W recloser has been installed on Elrod Street SE to replace an older S&C intellirupter not functioning properly. The SEL relay that controls the recloser was programmed in January, and engineering was able to get communications with SCADA established. The new recloser should be brought online in February. Of the approximate 1,600 customers on the D-214 circuit, 640 are downline from the new recloser. If a fault occurs beyond the recloser, the recloser will isolate the fault and 1,000 customers will not lose service.
4. Additionally, another G&W recloser has been installed on Bates Pike to replace an older S&C intellirupter that was also not working correctly. The SEL relay that controls the recloser was programmed in January; however, the relay currently does not communicate with SCADA due to the radio signal strength being poor in the area. Engineering and operations are working to resolve this issue. The new recloser is expected to be brought online in February. Of the approximate 960 customers on the O-214 circuit, 493 are

downline from the new recloser. If a fault occurs beyond the recloser, the recloser will isolate the fault and 467 customers will not lose service.

5. Operations notified engineering that Rubbermaid Industry was receiving a power factor penalty on their bill. This was a concern since the company rents a capacitor bank (cap bank) from CU to prevent this penalty. After researching the billing history, the load of the industry has reduced over the past two years. It was determined the capacitor bank at the site was too large and not coming online. Engineering released a work order to disconnect some of the capacitors in the bank to reduce the size of the cap bank. The setpoint for the cap bank was also lowered so the unit will come online when needed. This should prevent any future power factor penalties for the industry.
6. Engineering has been working with an electrical contractor and developer on a layout for new warehouses at 3000 20th Street NE. They will be set up for industries to rent for storage of products. Three warehouses will be built onsite initially and plans are to build two more in the future. Each building will have its own 277/480-volt service, and a central location for a three phase, pad-mount transformer has been selected. The electrical contractor will run the service for each building to the new transformer. A load sheet has not yet been completed, but the load is expected to be relatively small due to the facilities having only lights and a small office area.
7. Engineering released a work order for the electric service to the new Chipotle Restaurant at 4482 Ellis Circle NW. The project will require installation of a new 75 kVA, 120/208- volt transformer and 480 feet of underground primary. The estimated cost of the project is \$8,958.37.
8. Engineering released a work order for the electric service to a new medical office building at 4472 Ellis Circle NW. The project will require installation of a new 225 kVA, 120/208-volt transformer, a new three phase sector, and 2055 feet of underground primary. The estimated project cost is \$32,594.65.
9. Operations sent a second line crew to Mayfield, Kentucky, to assist with the ongoing power restoration efforts resulting from the devastation of the December tornado. The crew comprised of Al Butler (foreman), Steve Mowery, Tim Raines, Daryl Lipscomb and Scott Hawkins left on January 4 and returned on January 11.
10. An update was presented on traffic lighting:
 - TDOT has shortlisted Cleveland's application for the Traffic Signal Modernization Grant, but final approval will not happen for another few weeks. The Traffic Signal Coordinator met with TDOT representatives for an onsite walk-through of the proposed pedestrian signal project at Keith & Inman Streets.
 - Firmware updates and changes to the passage times were made at several intersections along the Paul Huff Parkway corridor. These changes were necessary after the installation of Miovision detection cameras and removal of advanced loop detectors.

WATER & WASTEWATER REPORT

1. A kickoff meeting was held with CU and the Wauford team to discuss the Preliminary Engineering Report (PER) for expansion of the Hiwassee River Wastewater Treatment Plant (WWTP). The preliminary cost memorandum has been received.
2. The final design comments for the Sodium Permanganate Conversion at the Water Treatment Plant (WTP) Raw Water Intake Project have been resolved, and CTI is completing the design.

3. In reference to the Cleveland Filter Plant (CFP) Pump Station & Force Main to Chatata Creek (Sewer) Pump Station Project, the Preliminary Engineering Report and force main design have been submitted for review.
 4. The Preliminary Engineering Report for the Waterville Springs Plant chlorine scrubber has been submitted and reviewed. The design is in progress.
 5. The Spring Branch Road Water Main Extension Project is expected to begin in the near future and will consist of 1,050 feet of 6-inch PVC water main connecting two dead end mains. CU has purchased the materials.
 6. The Hensley/Freewill Road Water Main Extension Project is progressing. All the pipe has been laid. Testing, final connection and service change overs remain.
 7. Wright Industrial Group has painted/completed 705 fire hydrants for Phase 1 of the project. 98 hydrants are primed.
 8. CU has reviewed the draft report for the Walker Brow Booster Pump Station Alternatives Evaluation Project and returned comments to Jacobs Engineering Group.
 9. The draft report and preliminary design for the Potter Place Booster Pump Station has been reviewed, and CU has returned comments to CTI Engineering.
 10. The Preliminary Engineering Report for the Lauderdale Highway area water distribution and sewer collection improvements has been received.
 11. The SR312 Water Main Replacement (Emergency Bridge Replacement) Project is complete. Approximately 120 feet of water main was installed due to the bridge project.
 12. Hampton Backhoe has completed the sewer and water main installations for Brookmore Subdivision (22nd Street). Testing is in process.
 13. An update was provided for the ongoing Wastewater Rehabilitation Project:
 - In reference to the 2021 Rehabilitation Project, the contractor has begun pipe bursting and installing sewer services. Lining is scheduled to begin in March. A total of 3,801 feet of mainline rehabilitation, 36 service lateral rehabilitations, and 13 cleanout installations were completed during this period.
 - CU sewer service was installed to 1230 Crest Drive, including an additional 200 feet of line due to city sidewalk project. The customer was connected to sewer on February 15.
 14. The Meter Department set 28 meters through January 2022 compared to 24 for January 2021 and 50 for January 2020. Of the 28 sets, 19 were single family homes, 7 were townhomes, and 2 were commercial.
 15. The total amount of rainfall recorded at the CFP as of February 23, 2022, was 7.33 inches for the month and 13.04 inches for the calendar year. This can be compared to 19.98 inches for the same period in 2020 (largest rainfall totals thru February 1996-2022) and 3.49 inches in 2018 (lowest rainfall totals thru February 1996-2022).
- C. Approval of a purchase order to Exceleron in the amount of \$55,117.70 for the prepay and online telephone payment processing fees for January.
- D. Approval of a purchase order to WESCO in the amount of \$112,320 for electric meters.
- E. Approval of a purchase order to Mohawk Lifts in the amount of \$154,537.27 for a 77,000-pound capacity lift in CU's garage. The existing lift is an Advantage 1995 model with a 50,000-pound capacity, which is no longer supported by the manufacturer and maintenance parts are limited. Coupled with the increasing size of CU equipment, a replacement is necessary.

Operations personnel researched and considered leading manufacturers for this line of equipment and determined the Mohawk unit will handle CU's equipment and meets specifications. The purchase is being made through the Sourcewell Contract (formerly National Joint Powers Alliance) and is budgeted for FY 22.

- F. Approval of a purchase order to Advanced Control Systems, Inc., in the amount of \$118,227 for a DNPnet Solution to upgrade communications between the existing SCADA system and field devices. This will replace a single direction fiber ring that currently uses serial connections in substations. System improvement projects such as distribution automation require robust, concise communications to operate properly. The purchase and deployment of this solution will allow CU to move forward with the distribution automation project. This is a budgeted item.
- G. Approval of a purchase order with Dycho Chemical Company in the amount of \$106,480 for the annual supply of corrosion control inhibitor for the Cleveland Filter Plant. The purchase is sole source, and the chemical is budgeted for FY 2022-23. Henderson noted this is a great example of price increases CU has experienced. In this product alone, the price has increased 42 percent since 2021.
- H. Approval of a purchase order with Dycho Chemical Company in the amount of \$166,320 for the annual supply of coagulant for the Cleveland Filter Plant. The purchase is sole source, and the chemical is budgeted for FY 2022-23. This product price has increased 23 percent since last year.
- I. Approval of Amendment No. 2 with LJA Engineering, Inc., in the amount of \$58,200 for the design, permitting and easement revisions associated with the Durkee Road Area Sanitary Sewer Extension (2012 Annexation) Project. The total revised contract fee is now \$214,308.75. The project is budgeted.
- J. Approval of a contract with LJA Engineering, Inc., in the amount of \$102,600 for the Durkee Road Area Sanitary Sewer Extension (2012 Annexation). The project will be separated into two phases. This phase of the project includes survey, design, and permitting of new sewer alignments as well as bid and construction phase services. The project is budgeted.

NEW BUSINESS

Executive VP Walt Vineyard highlighted the following three new business items related to the current broadband study. He provided a history on the previous broadband studies conducted by CU in 2001, 2008, 2015 and 2016; all of which were determined not ideal financially for CU to offer such services at that time. Over the past year CU has continued exploring the potential of offering internet and telephone broadband services to customers within CU's electric service territory as allowed by Tennessee state law. Staff have been working with a consultant to develop a business plan model, and CU is ready to move to the next phase of the study.

The next step in the assessment is to submit the business plan to the Tennessee Valley Authority (TVA) and the Tennessee Comptroller for review and analysis. The below resolutions authorize the

filing of the plan to both agencies. The review period is 30 to 60 days for TVA and 60 to 90 days for the Tennessee Comptroller.

Vineyard then presented highlights of the business plan with preliminary figures to board members. He reiterated there is still work to be done in the feasibility study, and approval of these resolutions simply allows CU to continue with the next steps in the process of studying the viability of providing such services. It is not a final decision and does not grant authorization for CU to enter the broadband and telephone business.

If both TVA and the Tennessee Comptroller deem CU's plan to be feasible, the next step would consist of holding a public hearing. The plan would then be presented to the CU Board of Directors for consideration. If approved, the final request would then be presented to the City Council for their consideration of authorization to proceed.

Chairman Ector asked if any data has been compiled from the survey at this point in the process. Vineyard advised the survey was emailed to approximately 12,000 e-statement customers and a survey link was posted on CU's Facebook & Instagram pages. There were roughly 2,200 responses; results were favorable and indicated a desire for CU to provide such services. Vineyard advised CU is studying the ability to provide multi-gig symmetrical service (same speed up and down).

Henderson wrapped up the presentation and noted Stinnett and Vineyard have both been heavily involved and worked cooperatively together through all this process. Vineyard stated a conservative-based approach has been taken. Stinnett added the main objective would be to ensure this business line is as successful to the community and customers as CU's other lines, and staff wants to do this in a fiscally responsible way. The business model provides clarity for the potential offering of these services. Board members expressed appreciation to staff for the work involved and the great potential it could bring the community.

Resolution - Tennessee Valley Authority (TVA) Broadband Review Process

Upon a motion by Councilman David May, Jr., and seconded by Vice Chairman Joe Cate, the Utility Board voted unanimously to approve a Resolution authorizing CU to proceed with the TVA Broadband Review Process.

Broadband Nondisclosure Agreement with TVA

On motion by Eddie Cartwright and seconded by Debbie Melton, the Utility Board took action to unanimously approve a Broadband Nondisclosure Agreement with TVA.

Resolution - Broadband Business Plan Filing with the Comptroller of the Treasury for the State of Tennessee

Upon a motion by Debbie Melton and seconded by Eddie Cartwright, a resolution was adopted by a unanimous vote of the Utility Board granting authorization for CU to file a Broadband Business Plan with the Comptroller of the Treasury for the State of Tennessee.

Resolution to Issue Debt

On motion by Councilman David May, Jr., and seconded by Vice Chairman Joe Cate, the Board of Public Utilities voted unanimously approving a Resolution requesting the City Council of Cleveland, Tennessee, to provide for the issuance of approximately \$3,100,000 in aggregate principal amount of General Obligation Bonds for the purpose of improving and extending the Water System.

OTHER BUSINESS

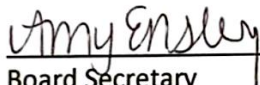
Future Board Meeting Dates


Future scheduled board meeting dates to be held in CU's Executive Conference Room (unless announced otherwise) noted below:

Friday, March 25, 12:30 p.m.

Friday, April 22, 12:30 p.m.

There being no other business, Eddie Cartwright made a motion to adjourn the meeting. Debbie Melton seconded the motion, and the board unanimously voted to adjourn the meeting at 1:07 p.m.


Board Secretary


Board Chairman

3-25-2022
Date

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
MARCH 25, 2022

A regular meeting of the Board of Public Utilities was called to order at 12:30 p.m. in Cleveland Utilities' Executive Conference Room.

The following board members were present: Aubrey Ector, Chairman; Joe Cate, Vice Chairman; Eddie Cartwright, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; and Debbie Melton, Cleveland Utilities Board.

Others in attendance were Tim O. Henderson, President/CEO; John Corum, Administrative Services VP; Amy Ensley, Utility Board Secretary; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Marshall Stinnett, VP/CFO; the Honorable Mayor Kevin Brooks; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Mayor Kevin Brooks delivered the invocation.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Good Friday Holiday

Cleveland Utilities' offices will be closed Friday, April 15, to observe Good Friday. The Call Center will be open and regular emergency and standby services will be maintained.

Water Division Transition to Ductile Iron Pipe (DIP)

Henderson advised DIP has been installed in CU projects for a number of years, and staff felt it was very important for the infrastructure to be as strong as it can be in the community moving forward. After careful consideration, CU will be requiring all new water mains in residential and commercial subdivisions to be DIP. Mullinax's team held a meeting in February with the Ocoee Region Builder's Association to explain the reasoning and obtain feedback from developers/contractors. To lessen the impact, CU is committing to subsidizing a portion of those expenses through December 31, 2023, based on certain criteria. Henderson noted CU is not an outlier in this requirement, and essentially all utilities around CU have been requiring ductile iron for quite some time. Staff are confident this transition will provide a more resilient and reliable distribution system and provide greater long-term value to Cleveland Utilities and its ratepayers.

CONSENT AGENDA

David May, Jr., made a motion to approve the following items from the Consent Agenda. The motion was seconded by Eddie Cartwright, and the Utility Board voted unanimously to approve the consent agenda.

A. Approval of the minutes from February 24, 2022.

B. Approval of the following written Financial, Electric, and Water/Wastewater Division Reports:

FINANCIAL REPORT

1. **Electric Division February 2022** - During the month of February, the cost of purchased power as a percentage of retail sales was 75.0 percent and can be compared to the budgeted percentage of 74.1 percent for FY 2022. The results for February are electric sales revenue of \$8,116,803, which was offset by a purchased power expense of \$6,085,515. This resulted in an operating margin of \$2,031,288. This is compared to a budgeted margin of \$2,205,181. Operating expenses for the month were \$1,676,458. This is compared to a budgeted operating expense of \$1,897,972. These revenue numbers were driven by a

customer base of 32,569. The net income for the month was \$523,663 and can be compared to a budgeted net income of \$453,074.

2. **Water Division February 2022** - For February, water sales revenue was \$1,418,657. This is compared to the budgeted amount of \$1,307,925. Other revenue sources contributed an additional \$160,390 for the month. These revenue numbers were driven by a customer base of 33,302. Operating expenses for the month were \$1,381,831. This is compared to the budgeted amount of \$1,414,943. The division recorded an operating income of \$197,216, which is compared to a budgeted operating income of \$15,192.
3. **Wastewater Division February 2022** - For February, wastewater treatment revenue was \$1,142,985. This is compared to the budgeted amount of \$1,056,714. Other revenue sources contributed an additional \$89,528 for the month. These revenue numbers were driven by a customer base of 20,073. Operating expenses for the month were \$1,116,840. This is compared to the budgeted amount of \$1,103,197. The division recorded an operating income of \$115,673, which is compared to a budgeted operating income of \$28,591.

ELECTRIC REPORT

1. An update was provided for the ongoing Lang Street Substation Rebuild Project. Grade and site work was finalized in January. Slight modifications were made to the entrance drive and the pad was shifted west about 15 feet to avoid some soft dirt and save on removal/fill of replacement dirt. These modifications were sent to CU's civil engineering consultant and the final "as-built" site plan drawings were returned to CU. The site is now ready for construction to begin on the new station. As weather allows over the next two months, concrete foundations/pads will be poured, and the ground grid will be installed. Also, bids for the fencing were sent out by operations, and the static lightning protection poles have arrived and are onsite ready to be installed. The two power transformers are scheduled to be delivered on April 28th.
2. Two sets of the S&C Tripsaver reclosers were installed in the field in February. One set is located at Crown Colony Subdivision off Georgetown Road, and the other is on Patterson Road off Durkee. These Tripsavers are on 3-phase lines but will operate and trip individually. Both sets also have a communications module, and the status of the devices can be seen in SCADA. There were some questions that arose during installation, and engineering reached out to the S&C representative. He recommended setting up a training day soon to go over the questions. Therefore, the decision was made to wait and install the other TripSavers currently in the shop after the training is complete. The training is scheduled for mid-March.
3. A new 3-phase recloser on Bates Pike was placed into service in February. Of the approximate 960 customers on the O-214 circuit, 493 are downline from the new recloser. If a fault occurs beyond the recloser, it will isolate the fault, and service for 467 customers will not be interrupted.
The 3-phase recloser on Keith Street was placed into service in February. This recloser was installed a couple of years ago in preparation for a distribution automation project, which was put on hold due to technical issues and is still on hold until new equipment is installed. Until then, the recloser will be used as a normal recloser and will still offer better reliability for the area. The recloser is on circuit M-234, which normally feeds approximately 1,200 customers. There are an estimated 620 customers downline from the recloser. If a fault occurs downline from it, 580 customers will not have a service interruption.

The 3-phase recloser on Old Harrison Pike was also placed into service in February. Like the Keith Street recloser, this one was installed a couple of years ago in preparation for a distribution automation project. This recloser will be used as a normal recloser until the distribution automation project is complete. The device is on circuit M-234, which normally feeds approximately 620 customers. There are approximately 274 customers downline from the device. If a fault occurs downline from it, 346 customers will not have a service interruption.

4. Engineering personnel have been working with city engineering personnel on a project to convert an overhead 13.2 kV line along Edwards Street to underground. The conversion is part of a project to revitalize the downtown area (a developer is converting an old manufacturing building on Edwards Street to apartments). In February, Public Works began installing conduit along Edwards Street for the new underground lines per engineering's direction. The conduit is expected to be finished in March, and CU should begin installing the new underground lines soon thereafter.
5. Engineering released a work order to install a new 3-phase gang-operated switch on Adkisson Drive near Cleveland State Community College (CSCC). This switch will be a normally open switch and a tie switch between circuits B-244 and V-234. It can be used to pick up load during emergencies and provide back-up service to circuits fed by substations out of service. The installation of this switch (expected to occur in March) is in conjunction with the underground primary project to accommodate the new CSCC pedestrian bridge on Adkisson Drive at the new Health & Science Building.
6. Engineering released a work order to relocate a transmission pole at the intersection of Peerless Road and Paul Huff Parkway NW. The relocation is necessary for a road widening project at this intersection and will require the removal of an 80-foot concrete pole and installation of an 85-foot steel pole. The estimated cost of the project is \$65,119.10.
7. Engineering released a work order for the electric service to the new Chipotle Restaurant at 4482 Ellis Circle NW. The project will require installation of a new 75 kVA, 120/208-volt transformer and 480 feet of underground primary. The estimated cost of the project is \$8,958.37.
8. An update was presented on traffic lighting:
 - A communications improvement project was completed for six traffic signal intersections along McGrady Drive, Dalton Pike, and Wildwood Avenue. The serial communications equipment was no longer functioning. New ATC traffic controllers and Cisco Ethernet switches were installed to maintain signal coordination on McGrady Drive during the PM peak time. Soon, new semi-coordinated traffic patterns will be programmed for the off-peak times. Weekend coordination plans will be developed after obtaining traffic counts.
 - Engineering released a purchase order to replace several radios supporting the downtown traffic signal network. Six radios have failed over the last few months, requiring the traffic controller clocks to be synched manually. The radios are capable of communicating on the existing serial network and meet all needs for future improvements in this corridor.
 - The Traffic Signal Coordinator provided an updated Opticom GPS preemption map to the Fire Department. This map shows the locations of 21 intersections currently utilizing the signal pre-empting technology. The map will aid with planning for future growth of the system based on each fire station's needs.

WATER & WASTEWATER REPORT

1. In reference to the Ultraviolet Disinfection Project at the Wastewater Treatment Plant (WWTP), the public meeting required for the SRF has been scheduled.
 2. The Cleveland Filter Plant (CFP) filter backwash & yard piping improvements design is complete, and the SRF documents are being prepared.
 3. Wright Industrial Group has painted/completed 933 fire hydrants for Phase 1 of the project. 127 hydrants are primed.
 4. The design for the Potter Place Booster Pump Station is complete and ready to be submitted to TDEC.
 5. The 22nd Street annexation area water main extension is in service.
 6. Engineering is reviewing the following plans in design:
 - Hunters Mill Apartments on Pleasant Grove Church Road comprising 96 units and 1,600 feet of 6-inch DIP water main and sewer.
 - Tasso Lane Development (164 proposed homes) with a booster pump station and 6-inch DIP water main.
 7. An update was provided for the ongoing Wastewater Rehabilitation Project:
 - Work for the Dalton Pike Sewer Rehabilitation Project began on March 14. The contractor is installing new sewer main.
 - In reference to the 2021 Rehabilitation Project, the contractor has completed 6,681 feet of mainline rehabilitation, 26 service lateral rehabilitations, and 26 cleanout installations during this period.
 8. The Meter Department set 28 meters through February 2022 compared to 40 for February 2021 and 24 for February 2020. All 28 sets were for single family homes.
 9. The total amount of rainfall recorded at the CFP as of March 23, 2022, was 4.54 inches for the month and 19.15 inches for the calendar year. This can be compared to 29.64 inches for the same period in 2020 (largest rainfall totals thru March 1996-2022) and 4.74 inches in 2007 (lowest rainfall totals thru March 1996-2022).
- C. Approval of a purchase order to Exceleron in the amount of \$50,725.78 for the prepay and online telephone payment processing fees for February.
- D. Approval of a purchase order to Stowers Machinery Corporation in the amount of \$96,723.13 for a CAT 289D3 track loader to be utilized by the Line Department when setting poles in areas not accessible by CU's Digger Derricks. Operations personnel will allocate funding in future budgets for additional attachments such as trenchers/augers to be used with this piece of equipment to diversify its usefulness. The Tennessee State Contract and Sourcewell pricing was available on this model, with the state contract being the lowest. This is a budgeted item.
- E. Approval of a purchase order to HL Management Services, LLC, in the amount of \$75,879.43 for the installation of 923 lineal feet of 6-inch ductile iron pipe along Bellview Drive SE, between Rosedale Drive and Shelia Drive. The project replaces 525 lineal feet of old 2 1/4-inch cast iron pipe. The project is budgeted for FY 2022.

NEW BUSINESS

Presentation and Approval of FY 2023 Budget

President/CEO Tim Henderson opened the budget presentation by commending the executive team and employees for their time and efforts involved in the process. This budget has been one

of the more difficult ones to prepare due to challenges associated with the economy. Stinnett also expressed appreciation to the entire team, which spans across the entire organization, who participated in the budget compilation. He then presented a comprehensive financial summary of the FY 2023 budget.

In fiscal year 2023 for the Electric Division, electric sales volume is projected at 1,000,076,118 kilowatt hours, which equates to a total revenue of \$99,291,253. Expenses in electric are currently projected to be \$94,989,644. This reflects a net income of \$4,301,609 in electric, and investment in new facilities is budgeted at \$9,892,412. As in line with what the board approved this time last year, there will be no internal rate increase in electric. This honors CU's commitment to holding rates steady through June 2023. CU has allocated TVA's Pandemic Relief Credit to this measure, and it has also helped take care of increased expenditures being experienced in electric.

In the Water Division, water sales volume is projected at 2,861,588,656 gallons and total revenues are forecast at \$21,093,633. Expenses for the new year are budgeted at \$18,791,494. This reflects a net income of \$2,302,139 in water. Investment in new facilities is projected at \$10,767,745. In the water division effective July 1, 2022, an 8.50 percent internal rate increase is forecasted. Stinnett noted this number in perspective to the increases CU has experienced in inputs and operating costs is significantly lower, and he provided the example mentioned in the last board meeting where certain chemicals and materials have increased anywhere from 20 to 40 percent. Additionally, there is a proposed 2.00 percent pass-thru increase from Hiwassee Utilities Commission (this number will get adjusted if HUC adjusts their increase and it will equate to a pass-thru for CU customers).

In the Wastewater Division, wastewater sales volume is projected at 1,939,180,803 gallons and total revenues are forecast at \$15,803,710. Expenses for the new year are budgeted at \$14,813,072. Other projections in wastewater include a net income of \$990,639 and an investment in new facilities of \$14,066,201. In wastewater effective July 1, 2022, an internal rate increase of 7.00 percent is projected. Again, this is tied directly to increased costs CU has and continues to experience. Stinnett noted CU is not immune to the economies that have fallen upon everyone, and all those increased costs are rolling up. He added CU's staff are doing everything possible to keep rates as low as possible and at a minimum for customers.

Debt at the beginning of FY 2023 is projected at \$12,525,217 in electric, \$26,167,178 in water (reflective of the bond the board and city council approved at their last meeting) and \$30,073,498 in wastewater. New debt is expected to be added in the amounts of \$3,500,000 for electric, \$8,500,000 for water and \$11,000,000 for wastewater. Stinnett pointed out water and sewer are reflective of the majority being SRF funded. Additionally, the debt numbers are respective of those capital projects getting completed; some capital projects take a little longer than anticipated and these debt offerings will be timed to go along with the completion of those capital projects. Payments made on existing debt will total \$1,178,495 for electric, \$2,237,477 for water and \$2,393,188 for wastewater. Debt at the end of FY 2023 is projected to be \$14,846,722 for electric, \$32,429,701 for water and \$38,860,310 for wastewater.

Also in the fiscal year 2023 budget, the number of budgeted equivalent employees is projected at 217. Total payroll is calculated to be \$18,153,932. The proposed budget includes a 3.5 percent

merit increase for eligible employees with a successful performance evaluation; and based on discussions with the city at the moment, this is in line with what they are budgeting.

Stinnett then expounded on the rate increases forecast in the FY 2023 budget. Again, CU's budget does not include any internal rate increases for electric, and there are no anticipated rate changes expected from the Tennessee Valley Authority at this point. However, if TVA does have any rate changes, those would be passed through to the end consumer to ensure CU remains revenue neutral in all TVA changes. The utility's budget does include an internal rate increase of 8.50 percent for water and a 7.00 percent wastewater rate increase both effective July 1, 2022. This equates to an average monthly increase of approximately \$2.26 for water and \$2.96 for wastewater (based on an average residential inside city customer).

Lastly, Stinnett reviewed graphs representing bond coverage for years 2022 to 2032. All years projected for electric, water and sewer are above the mark of 1.25 for most rating agencies and CU's conservative estimate of 1.40. Stinnett noted this is a great standard to uphold for each year being forecasted. Staff wants to ensure the right rate & debt structures are in place and the organization is prepared to support the magnitude of growth that Cleveland is currently seeing.

Next, Jimmy Isom reviewed major electric capital projects in the proposed 2023 budget totaling \$9,892,412. Categories for commercial load additions, industrial load additions, residential (overhead and underground) and security lighting are budgeted based on trending history. Isom reiterated CU has experienced substantial price increases in certain materials being purchased as well as some supply chain issues. The electric budget includes \$700,000 for the double conductor of SC-624, Phase II, from APD-40 & South Lee Highway toward Payne Gap Substation. This phase will include replacing the existing poles and framing for parallel #556 AAC primary conductor to increase capacity on the transmission system.

Another major item in electric is the replacement of Digger Derrick Unit #128, an existing 2015 model with 34,442 miles, 5,004 hours, in the budgeted amount of \$400,000. Isom noted having heavy-duty equipment such as this in the fleet has been a huge asset over the years and enabled CU to save money and restore power faster by being able to do work that CU would typically have to hire contractors to perform. Another significant project is the Lang Street Substation remodel, Phase III, in the amount of \$1,000,000 (the estimated cost remaining in the substation) and \$400,000 (the estimated cost to reconfigure incoming overhead lines, transmission and distribution). Lang Street Substation was built in 1956 and completed in 1957 by TVA. CU purchased the substation from TVA. The plan is to build the new substation next to the old one, and once the new station is complete and in service the old station would be removed. Also included in the budget is the replacement of a 1995 model truck lift in the amount of \$240,000. The existing 50,000-pound capacity lift is no longer supported with parts/service and will be replaced with a 77,000-pound capacity lift. Lastly, the initial phase of the Distribution Automation Project is budgeted in the amount of \$310,000.

Water capital projects in the proposed 2023 budget totaling \$10,257,296 were then highlighted by Craig Mullinax. Key projects in engineering include the North Street water booster station upgrade budgeted in the amount of \$1,000,000 (funding by SRF). The station currently has two pumps (one rated at 350 GPM & 30 HP and the other rated at 100 GPM & 75 HP). The proposal includes the replacement of three pumps, each rated at 2100 GPM & 125 HP. This will provide additional

capacity and greater redundancy. Other items in engineering include the Ductile Iron Pipe Reimbursement Program, \$250,000; the Lauderdale Highway water improvements, \$250,000; and the Walker Brow Booster Station at \$300,000.

Mullinax then reviewed major capital projects at the Cleveland Filter Plant. The first key item includes the conversion from a chlorine gas disinfectant to sodium hypochlorite in the amount of \$3,000,000 in FY 2023. The plant stores up to 14,000 pounds of chlorine gas which requires compliance with federal guidelines (Risk Management Process Program) and state guidelines (Process Safety Management Program). Hazard risks will be reduced for employees and the community with the conversion to sodium hypochlorite, and it does not require compliance with the federal Risk Management Process and state Process Safety Management Programs. Other key items in the FY 2023 CFP budget include the high service pumps & electrical upgrade design in the amount of \$615,500 (the total project estimated cost is \$4,315,500 with funding by the SRF); the filter backwash catch tank & yard piping improvements at \$1,167,796 (funding by SRF); and the Waterville Springs chlorine scrubber at \$348,500.

Additionally, key projects in wastewater were then highlighted by Mullinax. Capital requirements for the wastewater division in the proposed fiscal year 2023 budget total \$14,066,201. In engineering, the 2010/2012 annexation sewer improvements in the Benton Pike & Durkee Road area are budgeted in the amount of \$2,100,000 for Phase 1 and \$750,000 for Phase 2 (funding by SRF). Another major project in engineering is the King Den Trunk Line Upgrade, Phase 1, in the amount of \$250,000 for the design (the total project cost is estimated at \$2,500,000 – funding by SRF). Budgeted at \$250,000 is the Sewer System Master Plan to Urban Growth Boundary. Finally, the last key item in engineering is the Sewer Model/Capacity Assurance Study, \$500,000. Mullinax stated the requests for large time growth are unprecedented and unlike any he's seen during his career. He added there is always going to be a finite capacity, and these models will help staff answer questions on available capacities. Chairman Ector asked if staff was committed to keeping the models up to date to which Henderson replied yes, the utility wants to have a clear knowledge about the ability to meet future growth/sewer capacity requests.

Major budgetary items in wastewater collections-SCOPE 10 are the ongoing sewer rehabilitation projects. The Sewer Rehabilitation Phase I Project (Sycamore Drive, Wildwood Avenue and Dalton Pike) is budgeted at \$300,000. Also, the Sewer Rehabilitation & SSES Phase II Project (Candies Creek Sewer Basin) is included in FY 2023 in the amount of \$2,600,000 (the total project is estimated at \$3,200,000). The Sewer Interceptor Rehabilitation Project is budgeted at \$1,000,000. A major item at the Wastewater Treatment Plant is the alternative disinfection project in the amount of \$2,750,000. The WWTP currently uses chlorine gas and will be converting to an ultraviolet (UV) disinfectant. Another notable budgetary item at the Wastewater Treatment Plant is the Aerobic Digester Design/Construction, \$260,000 (the total project is estimated at \$6,480,000).

Henderson wrapped up the budget presentation by expressing appreciation to the Utility Board for their support as well as the entire CU team for the extremely hard and detailed work. He reiterated that staff has been looking at every way possible to stay in front of the financial budgetary obligations and will continue down that path. Chairman Ector expressed appreciation to everyone at CU for the budget preparation and presentation.

Eddie Cartwright motioned and Debbie Melton seconded for the Utility Board to approve the proposed fiscal year 2023 budget as presented. Board members voted and the motion carried unanimously. The proposed budget will now be presented to the City Council for consideration in the near future.

OTHER BUSINESS

Future Board Meeting Dates

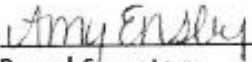
Future scheduled board meeting dates to be held in CU's Executive Conference Room (unless announced otherwise) noted below:

Friday, April 22, 12:30 p.m.

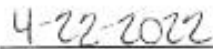
Friday, May 27, 12:30 p.m.

Friday, June 24, 12:30 p.m.

There being no other business, David May, Jr., made a motion to adjourn the meeting. Vice Chairman Joe Cate seconded the motion, and the board unanimously voted to adjourn the meeting at 1:38 p.m.


Board Secretary


Board Chairman


Date

MINUTES OF REGULAR MEETING

CLEVELAND UTILITIES BOARD

APRIL 22, 2022

A regular meeting of the Board of Public Utilities was called to order at 12:30 p.m. in Cleveland Utilities' Executive Conference Room.

The following board members were present: Aubrey Ector, Chairman; Joe Cate, Vice Chairman; Eddie Cartwright, Cleveland Utilities Board; and Councilman David May, Jr., Cleveland Utilities Board.

Absent: Debbie Melton.

Others in attendance were Tim O. Henderson, President/CEO; John Corum, Administrative Services VP; Amy Ensley, Utility Board Secretary; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; and Michael Francis, Facilities Maintenance Supervisor. Following the Pledge of Allegiance to the American Flag, Michael Francis delivered the invocation.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Tree Line USA Recognition

Once again, Cleveland Utilities has been designated as a Tree Line USA utility by the Arbor Day Foundation for the 22nd consecutive year. This award recognizes utilities that demonstrate best practices in quality tree care, all while delivering safe & reliable electric service. This is a team effort. CU's Vegetation Management Director Nick Romito does a great job managing CU's Vegetation Management Program as well as Operations Coordinator Shantae Thompson with facilitation of customer calls and the application process. Wolf Tree, Inc., is CU's current contractor.

National Drinking Water Week, May 1-7

Cleveland Utilities will be joining thousands of others nationwide to support National Drinking Water Week, May 1-7, and celebrate the importance of water and the central role it plays in daily lives.

TVA Power Play Scholarship

Grace Longley, daughter of employee Kenny Longley in CU's Electric Engineering Department, was a recipient of one of the TVA Power Distributors Scholarships. Grace is getting ready to graduate from Cleveland High School and plans to attend Lee University in the fall.

Ductile Iron Pipe (DIP) Transition Process Update

Henderson provided an update to the DIP transition process announced at last month's board meeting where CU would be requiring developers to install DIP in new developments. CU has met with members of the Ocoee Region Builder's Association as well as some larger developers independent of the group meeting. Due to delivery delays (seven to nine months), availability and cost surcharges for DIP, CU will continue to allow PVC to be installed until further notice. Once DIP becomes more readily available, the transition from PVC to DIP will be made. As communicated last month, CU will still reimburse for a portion of the DIP expenses if agreeable to the developer.

Candies Creek Sewer Basin Study

CU is conducting an analysis/model for rehabilitation of the Candies Creek Sewer Basin, which comprises 1,505 manholes, 338,743 feet or 65 miles of pipe, a 2.35 MGD lift station with two

pumps, and 9,672 feet or 1.83 miles of 14-inch diameter pipe of outfall line. Indicators are clearly being seen in this basin where CU has had to shift some rehabilitation efforts to determine its capabilities and capacities (this basin also feeds Spring Branch Industrial Park). Henderson noted CU must be proactive in making sure that CU is not behind on capacity and capable of keeping up with growth and development occurring in this basin. CU will issue a task order with LJA Engineering to perform approximately 1,520 manhole inspections, 75 night-time flow isolations, smoke testing of 301,042 feet of sewer main and televising an additional 198,452 feet of sewer main, including the entirety of the 24-inch interceptor line. Henderson advised there are challenges associated with the sewer system capacity-wise and the amount of growth being seen could initiate a look for CU to be thinking about potential expansion of the sewer system, not just in this said area, but others as well as at the Wastewater Treatment Plant.

Supply Chain Challenges

CU is experiencing significant supply chain challenges companywide with obtaining various materials/items. In addition to DIP previously mentioned, the electric side is having issues with transformer and pedestal orders. Typically, transformer orders through the TVPPA Buyers Group have had a 12-to-20-week lead time. In late summer 2021, lead times had grown to 40 to 45 weeks. By the end of 2021, manufacturers had closed the window for orders for the entire year of 2022. CU is monitoring current stock and managing new installations very carefully. Additionally, lead times for secondary pedestals have never been a problem. However, the last order placed had a 7-month lead time, and current lead times are now 40 weeks from CU's standard vendor.

CONSENT AGENDA

Vice Chairman Joe Cate made a motion to approve the following items from the Consent Agenda. The motion was seconded by Eddie Cartwright, and the Utility Board voted unanimously to approve the consent agenda.

A. Approval of the minutes from March 25, 2022.

B. Approval of the following written Financial, Electric, and Water/Wastewater Division Reports:

FINANCIAL REPORT

1. **Electric Division March 2022** - During the month of March, the cost of purchased power as a percentage of retail sales was 72.5 percent and can be compared to the budgeted percentage of 74.1 percent for FY 2022. The results for March are electric sales revenue of \$7,908,157, which was offset by a purchased power expense of \$5,731,329. This resulted in an operating margin of \$2,176,828. This is compared to a budgeted margin of \$1,929,894. Operating expenses for the month were \$1,793,353. This is compared to a budgeted operating expense of \$1,903,010. These revenue numbers were driven by a customer base of 32,600. The net income for the month was \$588,334 and can be compared to a budgeted net income of \$163,912.
2. **Water Division March 2022** - For March, water sales revenue was \$1,317,412. This is compared to the budgeted amount of \$1,318,029. Other revenue sources contributed an additional \$238,636 for the month. These revenue numbers were driven by a customer base of 33,326. Operating expenses for the month were \$1,512,947. This is compared to

the budgeted amount of \$1,422,077. The division recorded an operating income of \$43,101, which is compared to a budgeted operating income of \$19,106.

3. **Wastewater Division March 2022** - For March, wastewater treatment revenue was \$1,053,589. This is compared to the budgeted amount of \$1,049,569. Other revenue sources contributed an additional \$238,406 for the month. These revenue numbers were driven by a customer base of 20,089. Operating expenses for the month were \$1,183,680. This is compared to the budgeted amount of \$1,106,355. The division recorded an operating income of \$108,315, which is compared to a budgeted operating income of \$17,781.

ELECTRIC REPORT

1. An update was provided for the ongoing Lang Street Substation Rebuild Project. During March, the concrete pads for the power transformers and control building were poured by Black Construction. This will allow plenty of time for the concrete to cure before the transformers arrive on May 9. The rest of the concrete foundations will be poured after the power transformers have been installed to allow for easier access by the cranes. CU line crews also installed a 70-foot steel pole at the site so static wire can be installed over the transformers after they are set on the pads. This will provide temporary lightning protection over the transformers until the Lightning Eliminator devices are installed later in the project. Operations hosted a formal bid opening for the perimeter security fence around Lang Street Substation. Quality Fencing submitted the low bid meeting all requirements and was awarded the bid.
2. Two more sets of the S&C Tripsaver reclosers were installed in the field on Kile Lake Road SE and Buchanan Road SE. These tripsavers are on three-phase lines but will operate and trip individually. Both sets also have communication modules, and the status of the devices can be seen in SCADA. This will make a total of five sets of these devices in the field with communication devices. Over the next few months, four more sets will be installed. Engineering also attended a brief training class on the devices to better understand how to coordinate them with the substation feeder relays. The TripSavers must be programmed properly so they trip before the substation breaker trips. The S&C representative was able to answer CU's questions which provides confidence for proper installation.
3. Electric Engineering continued to work with the city on the installation of conduit along Edwards Street for the new underground lines. Public Works was able to complete their portion of the conduit installation in March. There is a small section the contractor for the Sanda Mills Building will have to complete before CU can begin installing the new lines. CU crews also replaced an existing wood pole with a steel one at the corner of Edwards & Inman Streets where the overhead lines will be connected to the underground lines. It is much easier to change the pole in advance of attaching the underground lines.
4. When the Harrison Pike Recloser was brought online last month, it was determined the load beyond the recloser was not well balanced. Therefore, engineering released a work order to change the phase on some taps to evenly distribute the load between the three phases. This will make the circuit more efficient and eliminate the concern of tripping the

substation breaker from unbalanced loading. The balancing of this section of line is also necessary for the distribution automation transition.

5. Engineering has been working with the facility manager at the Eaton/Danfoss facility on Hardeman Lane to change their pad-mount transformer. Their maintenance department scanned the transformer with an infrared camera and found a hot bushing. CU operations confirmed the findings and determined it would need to be replaced. Due to the existing transformer being several years old, the new replacement transformer is physically too large for the current concrete transformer pad. Therefore, the company will have to add/extend the pad to accommodate the new transformer. Engineering provided dimensions for the transformer pad and the company will be pouring the pad extension in the next several weeks. Once complete, the transformer will be replaced.
6. Engineering released a work order for service to the new O'Reilly Auto Parts store at 3884 Candies Creek Lane NW. The work order calls for a 75 kVA, 120/208-volt pad-mount transformer and 900 feet of underground primary. The new transformer was located on the property line so electric service for the adjacent lot can be served from the same transformer location and help with the current supply issues on transformers. The estimated cost of the project is \$13,044.53.
7. Cleveland Utilities participated in the recent Career Day at the new Pie Center on Parker Street NE. CU sent a lineman along with a bucket truck and various tools as a sample illustration. This gives local students the opportunity to meet a line worker and ask questions about potential career opportunities in the electrical trade.
8. Cleveland Utilities began the process of transferring existing VEC electric customers along the franchised area on North Lee Highway to Cleveland Utilities. This area includes both sides of North Lee Highway from Tasso Lane NE up to and including Anatole Subdivision. A new joint-use line was constructed along North Lee Highway with both utilities on the new pole line. Over the next several weeks most of the customers will be transferred except for Anatole Subdivision. A large number of single-phase, pad-mount transformers will have to be replaced in Anatole because CU and VEC have different primary voltages. Due to the present transformer supply concerns, this transfer will be done at a later date.
9. A comprehensive Reliability Statistics report for 2019 through 2021 was presented:
 - The ASAI (Average Service Availability Index) statistic is the percentage of time that the system was available through the year. Data was also provided for utilities in the same region who utilize the eReliability Tracker software. Cleveland Utilities is in Region 7 along with 45 other utilities, and a Class 5 based on customer size range (14,329-499,542 customers). CU achieved 99.9833 percent in 2021 compared to 99.9751 percent in 2020 and 99.9845 percent in 2019. The ASAI percentage for the APPA Region 7 was 99.9657 in 2021 (includes 45 utilities), 99.9452 in 2020 (includes 44 utilities) and 99.9718 in 2019 (includes 43 utilities). The ASAI percentage for APPA Class 5 was 99.9667 in 2021, 99.9599 in 2020, and 99.9766 in 2019.
 - CAIDI (Customer Average Interruption Duration Index) is defined as the average length of time that a customer's outage lasts in minutes. CU per customer average was 68.5 minutes in 2021, 75.83 minutes in 2020, and 55 minutes in 2019. The APPA average for Region 7 was 118.58 in 2021, 214.69 in 2020, and 114.85 in

2019. The APPA average for Class 5 was 138.36 in 2021, 185.48 in 2020, and 118.34 in 2019.

- SAIDI (System Average Interruption Duration Index) is the average outage duration for each customer served. CU's total was 87.7 minutes in 2021, compared to 130.85 minutes in 2020 and 81.31 minutes in 2019. The APPA average for Region 7 was 180.25 in 2021, 308.34 in 2020 and 149.02 in 2019. The APPA average for Class 5 was 176.62 in 2021, 220.57 in 2020, and 124.07 in 2019.
- SAIFI (System Average Interruption Frequency Index) is the average number of interruptions that every customer would experience. The average for CU was 1.28 for 2021, compared to 1.73 in 2020 and 1.47 in 2019. APPA Region 7 averages were 1.33 in 2021, 1.21 in 2020 and 1.21 in 2019. APPA Class 5 averages were 1.11 in 2021, 1.08 in 2020, and .94 in 2019.

10. An update was presented on traffic lighting:

- CU engineering met with TDOT representatives at Highway 64 & Minnis Road where TDOT will be performing a maintenance project to improve the offset of the left turn lanes. Additional striping will be added, and the existing loop detection will be replaced with radar.
- The Traffic Signal Coordinator added an earlier coordination plan for weekdays. The new coordination plan helps prevent queues from Young Road backing through APD-40 during the mid-day period. A similar plan was previously added for the PM period.
- CU engineering and meter lab personnel verified the loop detection at Inman & Gaut Streets would be lost due to sidewalk construction for the multimodal project. A Miovision camera will replace detection at this location after looking at the cost of several options.

WATER & WASTEWATER REPORT

1. CTI finalized the Preliminary Engineering Report for the Cleveland Filter Plant (CFP) Pump Station and Force Main to Chatata Creek (Sewer) Pump Station.
2. HDR has completed the design for the CFP Sodium Hypochlorite (Bleach) Project (Alternative Disinfection). The SRF documents are being prepared.
3. The Waterville Springs Plant chlorine scrubber final design is in progress.
4. The Spring Branch Road water main extension installation and pressure testing have been completed.
5. Wright Industrial Group has painted/completed 1,031 fire hydrants for Phase 1 of the project. 71 hydrants were primed during this period.
6. The Walker Brow Booster Pump Station alternatives evaluation report has been finalized.
7. The Lauderdale Highway area water distribution and sewer collection improvements task is complete. The final amount for the studies (water and sewer) was \$44,728 each.
8. The SR312 water main replacement (emergency bridge replacement) is complete and in service.
9. Engineering is reviewing the following plans:
 - Silver Springs, Phase 4, on Old Freewill Road (12 lots) with a project scope of 495 feet of 6-inch water main and 475 feet of 8-inch sewer main.

- Haven Ridge Subdivision (formerly part of Dashwood Subdivision) near the Weeks Road tank site (20 lots). The development comprises 937 feet of 6-inch water main and 819 feet of 8-inch sewer main.
10. An update was provided for the ongoing Wastewater Rehabilitation Project:
 - The contractor is installing new sewer main for the Dalton Pike Sewer Rehabilitation Project. Work is expected to be complete early next week.
 - In reference to the 2021 Rehabilitation Project, the contractor completed 4,565 feet of mainline rehabilitation, 45 service lateral rehabilitations, 3 manhole rehabilitations, and 50 cleanout installations during this period.
 11. The Meter Department set 48 meters through March 2022 compared to 58 for March 2021 and 26 for March 2020. Of the 48 sets, 35 were single family homes, 4 were townhomes, 4 were apartments, 2 were commercial and 3 were irrigation.
 12. The total amount of rainfall recorded at the CFP as of April 20, 2022, was 2.38 inches for the month which brings the total to 21.77 inches for the calendar year. This can be compared to 37.27 inches for the same period in 2020 (largest rainfall totals thru April 1996-2022) and 8.75 inches in 2007 (lowest rainfall totals thru April 1996-2022).
- C. Approval of a purchase order to Exceleron in the amount of \$53,544.73 for the prepay and online telephone payment processing fees for March.
 - D. Approval of a contract with Consolidated Technologies, Inc., dba CTI Engineers, Inc., in the amount of \$125,000 for the Wilkinson Road Pump Station and Force Main Project. The contract includes surveying, detailed design and permitting of the pump station and force main. The project is budgeted for FY 2023.

OTHER BUSINESS

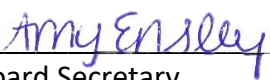
Future Board Meeting Dates

Future scheduled board meeting dates to be held in CU's Executive Conference Room (unless announced otherwise) noted below:

Friday, May 27, 12:30 p.m.

Friday, June 24, 12:30 p.m.

There being no other business, David May, Jr., made a motion to adjourn the meeting. Eddie Cartwright seconded the motion, and the board unanimously voted to adjourn the meeting at 1:05 p.m.


Board Secretary


Board Chairman

May 27, 2022

Date

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
MAY 27, 2022

A regular meeting of the Board of Public Utilities was called to order at 12:30 p.m. in Cleveland Utilities' Executive Conference Room.

The following board members were present: Aubrey Ector, Chairman; Joe Cate, Vice Chairman; Eddie Cartwright, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; and Debbie Melton, Cleveland Utilities Board.

Others in attendance were Tim O. Henderson, President/CEO; John Corum, Administrative Services VP; Amy Ensley, Utility Board Secretary; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; and Allen Mincey, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, John Corum delivered the invocation.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Holidays – Memorial Day & Juneteenth

Cleveland Utilities' offices will be closed Monday, May 30, to observe Memorial Day, and Monday, June 20, for Juneteenth. The Call Center will be open and regular emergency and standby services will be maintained.

Brentwood Trail Water Booster Station Restoration Due to Vehicle Accident

On May 9, a significant vehicle accident occurred at the Brentwood Trail Water Booster Station that destroyed the station and impacted water service to the area. Temporary repairs were made in around seven hours to get water service fully restored. There were only seven to eight customers out of water for the entire duration. Henderson and Mullinax commended all personnel involved for an outstanding job.

Downtown Water Main Break

On the morning of May 23, a water main break occurred downtown around the courthouse. The cast iron pipe that was removed was dated 1895. Cleveland Utilities was inducted into the Century Club for Cast Iron Pipe by the Ductile Iron Pipe Research Association (DIPRA) in 1997. Henderson stated the water crews did an incredible job with restoration of services quickly.

CU Cleveland High School CAPS Scholarship

Last fall, CU partnered with Cleveland High School on their Center for Advanced Professional Studies (CAPS) and established a program to introduce students to the field of electromechanics. Students were able to come to CU and work with the Facilities Maintenance team to gain on-the-job experience and work with industry tools. At the Cleveland City Schools Career and Technical Education Awards Ceremony held on Thursday, April 28, Trey Mastin was awarded the CAPS Student of the Year, which included a \$1,000 scholarship sponsored by CU. Mastin participated in the program at Cleveland Utilities and plans to attend UTC to study engineering. Henderson stated he is very proud of Mr. Mastin and his drive to learn and further his education in the engineering field. Partnerships such as this are a win-win for students, CU, and the community.

Electric Power Research Institute (EPRI) Award

EPRI has awarded Luke Thomason in Electric Engineering the 2021 PDU Technology Transfer Award. This award recognizes the contributions made by CU's electric division in 2021 on the development of the Optimal Distribution Automation Switch Placement Tool and Algorithm. This tool will be used to help utilities determine the best location for overcurrent and automatic restoration devices for

distribution automation. CU provided outage statistics and a system model to test the tool function. Additionally, electric engineering used the tool and provided critical feedback on its function. The software should prove to be very valuable to many utilities around the U.S.

CU Retirements

Three employees have recently retired from CU. Line Section Supervisor Mike Isham completed 28 years of service; Water Treatment Plant Operator Dewayne Mikel completed a 40-year career; and the newest retiree as of this week, Mrs. Annette Townsend, served in the applications area in customer service for 22 years. Henderson expressed appreciation for these employees and their dedicated service over the years.

CONSENT AGENDA

Debbie Melton made a motion to approve the following items from the Consent Agenda. The motion was seconded by Vice Chairman Joe Cate, and the Utility Board voted unanimously to approve the consent agenda.

A. Approval of the minutes from April 22, 2022.

B. Approval of the following written Financial, Electric, and Water/Wastewater Division Reports:

FINANCIAL REPORT

1. **Electric Division April 2022** - During the month of April, the cost of purchased power as a percentage of retail sales was 73.5 percent and can be compared to the budgeted percentage of 74.1 percent for FY 2022. The results for April are electric sales revenue of \$7,489,445, which was offset by a purchased power expense of \$5,503,722. This resulted in an operating margin of \$1,985,723. This is compared to a budgeted margin of \$1,800,071. Operating expenses for the month were \$1,749,748. This is compared to a budgeted operating expense of \$1,908,049. These revenue numbers were driven by a customer base of 32,680. The net income for the month was \$405,298 and can be compared to a budgeted net income of \$24,884.
2. **Water Division April 2022** - For April, water sales revenue was \$1,403,651. This is compared to the budgeted amount of \$1,370,116. Other revenue sources contributed an additional \$217,059 for the month. These revenue numbers were driven by a customer base of 33,357. Operating expenses for the month were \$1,488,762. This is compared to the budgeted amount of \$1,440,414. The division recorded an operating income of \$131,948, which is compared to a budgeted operating income of \$57,723.
3. **Wastewater Division April 2022** - For April, wastewater treatment revenue was \$1,113,976. This is compared to the budgeted amount of \$1,124,328. Other revenue sources contributed an additional \$115,278 for the month. These revenue numbers were driven by a customer base of 20,096. Operating expenses for the month were \$1,143,676. This is compared to the budgeted amount of \$1,125,735. The division recorded an operating income of \$85,578, which is compared to a budgeted operating income of \$78,471.

ELECTRIC REPORT

1. An update was provided for the ongoing Lang Street Substation Rebuild Project. The concrete pads for the transformers and control building were poured in early March and had plenty of time to cure in preparation for the delivery of the power transformers. Temporary lightning protection was also installed to ensure protection of this very expensive asset. Temporary gravel was put down for delivery and offloading of the transformers, which arrived the first

week of May. Everything went smoothly. Pictures were included in the report for illustration. Next, the concrete foundations for the steel structures will begin followed by the grounding grid. Engineering began exploring ideas for the 13 kV distribution line layout on the west side of the substation. The final plan will take into consideration access as well as making the underground feeds as short as possible due to extremely high prices resulting from supply chain issues. Once the design is completed, a bid request for the underground 500 MCM copper wire will be sent out, awarded, and purchased in the coming months.

2. Engineering released a work order to install four additional sets of S&C tripsavers on the electric system. The reclose functions allow temporary faults to be automatically cleared in seconds. For the permanent faults, the device isolates a smaller line section and prevents circuit breaker trips. These tripsavers have a communication gateway which sends the status of the device to SCADA, and electric personnel are notified of outages via text message. Some of the S&C tripsavers without communication gateways are being removed and replaced with ones with gateways. Those removed will be used on smaller single-phase taps with less customers (temporary outages will automatically be restored, but notification of permanent outages will still depend on calls from customers). Installation is expected in May.
3. Engineering continued to work with city engineering personnel and the Sanda Mills contractor on the overhead to underground line project. The contractor for Sanda Mills began work on their portion of the conduit in April on the south end of the building. This should be completed in May. In working with the city, it was discovered some of the conduit installed by Public Works was placed too close to a future sidewalk. Public works will be reworking the conduit in the coming weeks. Once this is complete and the final grade under future junction boxes/transformers is determined, CU can begin installing the new underground cables.
4. Engineering released a work order to install a new 120/208-volt, 3-phase 45 kVA transformer on Callen Lane NW for a new medical office under construction. This is in the new Graystan Square Development off of Paul Huff Parkway and Mouse Creek Road NW. The building will have three sections with each having its own meter. The expected demand is 30 kW. The transformer will be placed on a property line of a vacant lot and be used to provide power to the neighboring lot. If the electric demand of the neighbor exceeds the rating of the transformer, it will be upsized at that time. Due to transformer inventory being tight, the smaller 45 kVA will be installed initially. At the end of April, engineering was still waiting for the transformer concrete pad to be poured by the contractor. The transformer is anticipated to be installed in May, and the building should be ready for electric service later in the summer.
5. Operations worked with Volunteer Energy Cooperative (VEC) to convert 151 customers along the North Lee Highway corridor to CU's distribution system in April. This is a portion of the franchised area Cleveland Utilities is in the process of taking over from VEC. This process will continue until all customers in the original franchise agreement are served by Cleveland Utilities. Due to pad-mounted transformer supply concerns, some portions of this conversion may have to be delayed until supply chain issues have been corrected.
6. Operations is working with Osmose Utility Services to test and treat ten percent of the poles on the system. The selection for this year is the District Substation circuits. Last month, 2,200 poles were inspected. Thus far, 93 poles have been classified as rejects, and 35 of those are classified as non-restorable rejects. The non-restorable rejects are forwarded to engineering for work orders to be generated and worked as time permits.
7. An update was presented on traffic lighting:

- Engineering installed the Kinetic Signals software at the Power Service Center. The software will now need to be coded to communicate with the traffic controllers. This central software will keep the controller clocks synched, send alarms, and provide database management for the traffic signal system.
- CU engineering met with TDOT, the SR-60 contractors, and representatives from Cleveland City Schools about temporary changes to the traffic signal in front of Cleveland Middle School. A plan was developed to maintain as many lanes as possible during the next construction phase of the road widening project.
- A bid to construct the mast-arm poles at Paul Huff Parkway and Mouse Creek Road was advertised. The contractor will install the pole foundations, conduit, and mast-arms. CU's meter lab personnel will install the signal heads and all wiring. Cleveland Utilities normally performs this work for the city; however, CU does not have the equipment to dig the holes for such large foundations (they are 4 feet in diameter and 17- 22 feet in depth). This is an item on the consent agenda.

WATER & WASTEWATER REPORT

1. Wauford has completed the ultraviolet disinfection project design for the Wastewater Treatment Plant (WWTP). The loan application is being prepared.
2. The Wastewater Treatment Plant (WWTP) Spiral Lift Pump Access Platforms Project was rebid from 2021 to obtain better pricing. Bids were opened on May 24, and this project is an item on the consent agenda.
3. CTI has completed and submitted the design for the Cleveland Filter Plant (CFP) sodium permanganate conversion raw water intake to TDEC for review.
4. Wright Industrial Group has painted/completed 1,113 fire hydrants for Phase 1 of the project.
5. Jacobs is preparing the design proposal for the Walker Brow Booster Pump Station Alternatives Evaluation Project.
6. Hampton Backhoe has started construction on the Eldridge Lane sewer main extension.
7. CU has completed the design for the Georgetown Road Sewer Extension (2017 Annexation) Project. Hampton Backhoe will be installing an estimated 280 feet of gravity sewer main.
8. Engineering is reviewing plans for Lone Oaks Farm at Wilkinson Road and Michigan Avenue Road. The development comprises 64 lots, 2,777 feet of 6-inch DIP, 2,694 feet of 8-inch gravity sewer, and a sewer lift station.
9. An update was provided for the following developments under construction:
 - Eagle Creek Subdivision, Phase 4, off Mouse Creek Road is nearing completion. All the water main has been installed and 98 percent of the sewer main has been installed.
 - The Foster Lane & 20th Street SE Project (13 townhome units & 2 single family residences) is complete. 304 feet of 8-inch PVC gravity sewer and two manholes were installed for the development.
10. An update was provided for the ongoing Wastewater Rehabilitation Project:
 - The contractor has completed the sewer main installation for the Dalton Pike Sewer Rehabilitation Project. Final paving remains.
 - In reference to the Candies Creek force main improvements, the new line was tied during the last two weeks.
 - The 2021 Rehabilitation Project is progressing. The contractor completed 4,565 feet of mainline rehabilitation, 59 service lateral rehabilitations, 15 manhole rehabilitations, and 59 cleanout installations during this period.

11. The Meter Department set 62 meters through April 2022 compared to 64 for April 2021 and 37 for April 2020. Of the 62 sets, 49 were single family homes and 13 were townhomes.
 12. The total amount of rainfall recorded at the CFP as of May 24, 2022, was 3.51 inches for the month which brings the total to 25.91 inches for the calendar year. This can be compared to 43.77 inches for the same period in 2020 (largest rainfall totals thru May 1996-2022) and 9.79 inches in 2007 (lowest rainfall totals thru May 1996-2022).
- C. Approval of a letter of engagement with Wedgewood Accounting, PLLC, for the Fiscal Year 2022 Audit in the contract amount of \$39,000.
 - D. Approval of a purchase order to GRESCO in the amount of \$280,724 for 13 three-phase, pad-mount transformers for stock replacement. All credible transformer manufacturers are currently not accepting orders due to volatile material costs and unknown lead times. One of CU's major transformer vendors, ERMCO, is not taking orders for this calendar year. GRESCO has the rights to manufacturing slots that have already been purchased from ERMCO, and CU is purchasing some slots to potentially avoid not having transformers for future commercial/industrial customers or existing customers. This was signed as an emergency purchase on May 13, to be able to secure the order.
 - E. Approval of a Fuel Adjustment Amendment to the Vegetation Management Contract with CU's current contractor Wolf Tree, Inc. While submitting their bid in May 2021, Wolf calculated their hourly and equipment rates utilizing \$3.50 per gallon as a fuel estimate, with fuel costs representing 20 percent of their total equipment price. Due to recent events with fuel prices increasing beyond normal business risk, Wolf has requested to use the AAA oil market reports for the Cleveland, TN, area to add a fuel surcharge to the monthly invoice. If the average price is greater than \$4.00 per gallon, the difference between the average price per gallon on that day and \$4.00 per gallon will be calculated as a percentage increase that would be multiplied by 20 percent to calculate the amount to be added to the equipment portion of the invoices in that month's billing.
 - F. Approval of a purchase order with KMS Electrical Products in the amount of \$69,165.30 for 30 ductile iron poles ranging in heights of 45 to 55 feet to be used as stock. These poles have a rusted finish and are generally used in areas with existing wood pole lines. They have a much longer lifespan than wood poles and are used when difficult to transfer equipment such as three phase transformer banks and underground primary dips. KMS is the only supplier of these poles.
 - G. Approval of a purchase order to NABCO Electric in the amount of \$112,894 for mast-arm poles, foundations, and conduit for an intersection improvement project at Paul Huff Parkway & Mouse Creek Road. NABCO submitted the low bid meeting all project requirements. They are available to start on June 13, dependent on grade work by Public Works. The City Council approved this purchase on May 23, and the city will reimburse CU for this expense.
 - H. Approval of a purchase order to Transportation Control Systems, Inc., in the amount of \$89,894.70 for mast-arm poles for intersection improvements at Paul Huff Parkway & Peerless Road. Traffic Control Systems submitted the low bid even with a 42 percent increase in similar

poles ordered just over a year ago. The City Council approved this purchase on May 23, and the city will reimburse CU for this expense.

- I. Approval of a purchase order with Dycho Chemical Company in the amount of \$116,456 for the purchase of four months of chlorine gas. Chlorine will be used at the Cleveland Filter Plant, Waterville Springs, and Wastewater Treatment Plant as a disinfectant for both potable water and wastewater. Chlorine is budgeted for FY 2022 and FY 2023. Henderson noted this represents an approximate 113 percent increase in cost.
- J. Approval of a purchase order with Jackie Evans Trucking Company in the amount not to exceed \$110,000 for the removal of alum sludge, approximately 500 loads, from the Cleveland Filter Plant. The service period is from July 1, 2022, to June 30, 2023. The service is budgeted for FY 2023 and is sole source.
- K. Approval of a contract with LJA Engineering, Inc., in the amount of \$1,061,045 for the Sanitary Sewer Evaluation Study (SSES) in the Candies Creek Sewer Basin. The engineering work will be funded via grants and loans from the State Revolving Fund and/or American Rescue Plan and local funds. The study/rehab project is budgeted for FY 2022 and FY 2023. Cleveland Utilities solicited for professional services from engineering firms for preliminary engineering, SSES, design, bid and construction services on May 5, 2022, via an advertisement in the Cleveland Daily Banner. LJA is qualified and was selected for this project.
- L. Approval of a Resolution by the Cleveland Board of Public Utilities authorizing the borrowing of up to \$825,000 from the Tennessee State Revolving Fund (SRF) for upgrades to the Dempsey Street Water Booster Pump Station as budgeted and the CEO/President of Cleveland Utilities to act on behalf of the Board with respect to SRF loan applications.
- M. Approval of a Resolution by the Cleveland Board of Public Utilities authorizing the borrowing of up to \$4,650,000 from the Tennessee State Revolving Fund (SRF) for Ultraviolet Disinfection Construction at the Wastewater Treatment Plant as budgeted and the CEO/President of Cleveland Utilities to act on behalf of the Board with respect to SRF loan applications. The project will replace CU's current disinfection process using chlorine and dechlorination process using sulfur dioxide.
- N. Approval of a purchase order with Southern Constructors, Inc., in the amount of \$105,000 for the Gravity Thickener Concrete Repair located at the Wastewater Treatment Plant. The project is budgeted for FY 2022 at \$70,000.
- O. Approval of a purchase order with Haren Construction Company, Inc., of Etowah, Tennessee, in the amount of \$264,000 for the construction of the Spiral Lift Access Platforms located at the Wastewater Treatment Plant. The project is budgeted for FY 2023 at \$150,000. This is the second time the project has been bid.

OTHER BUSINESS

Future Board Meeting Dates

Future scheduled board meeting dates to be held in CU's Executive Conference Room (unless

announced otherwise) noted below:

Friday, June 24, 12:30 p.m.

Friday, July 22, 12:30 p.m.

Friday, August 26, 12:30 p.m.

There being no other business, Eddie Cartwright made a motion to adjourn the meeting. David May, Jr., seconded the motion, and the board unanimously voted to adjourn the meeting at 12:57 p.m.


Board Secretary


Board Chairman

June 24, 2022

Date

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
JUNE 24, 2022

A regular meeting of the Board of Public Utilities was called to order at 12:30 p.m. in Cleveland Utilities' Executive Conference Room.

The following board members were present: Aubrey Ector, Chairman; Joe Cate, Vice Chairman; Eddie Cartwright, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; and Debbie Melton, Cleveland Utilities Board.

Others in attendance were Tim O. Henderson, President/CEO; John Corum, Administrative Services VP; Amy Ensley, Utility Board Secretary; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Nathan Davis, Line Foreman; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Nathan Davis delivered the invocation.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Promotions

Two employees in the Line Department have recently been promoted. Steve Mowery was selected to fill the position of Line Section Supervisor. He has been with CU since July 1996, became a Journeyman Lineman in 2002, and has served as a Foreman since 2018. As a result of Mowery's promotion, Nathan Davis was promoted to Foreman. Davis began working at CU in 2000, moved into the Line Department in 2007, and became a Journeyman Lineman in 2013.

East Cleveland Substation Power Outage

On Wednesday, June 8, there were two separate power outages at CU's East Cleveland (EC) Substation. The first outage occurred at 9:49 a.m. when the East Cleveland 161/69 kV delivery station locked out of service. CU's substation personnel arrived at the site and began troubleshooting. They discovered a 69 kV lightning arrester protecting the 161/69 kV power transformers and a small station service transformer in the 13 kV yard had both failed. These items were cleared, and the station was returned to service at 10:47 a.m.

Around 3:30 p.m. that same afternoon, the station locked out of service again. Several 69 kV arresters and the same station service transformer were found to have failed. In addition, crews discovered the main grounding lead on the 69 kV bus had separated. At this point, the decision was made to transfer this load to CU's South Cleveland delivery station so the EC station could be examined in further detail. The final transfer was completed around 5:30 p.m., and power was restored to all customers.

CU immediately secured a substation equipment and relay testing company to be onsite the following morning to conduct extensive testing to ensure no further damage was done to other equipment. It was determined the 69 kV arrester had failed, causing a high fault current to pass through the grounding conductor, and separated the connector. Once this happened, the main ground was lost and there was a ground potential rise and fluctuating voltages within the station that eventually made several other 69 kV arresters and the station service to fail. Once the repairs were made, the station was reenergized, and normal system configuration was restored.

Independence Day Holiday

CU offices will be closed Monday, July 4, to observe Independence Day. The Call Center will be open and regular emergency and standby services will be maintained.

CONSENT AGENDA

Eddie Cartwright made a motion to approve the following items from the Consent Agenda. The motion was seconded by Vice Chairman Joe Cate, and the Utility Board voted unanimously to approve the consent agenda.

- A. Approval of the minutes from May 27, 2022.
- B. Approval of the following written Financial, Electric, and Water/Wastewater Division Reports:

FINANCIAL REPORT

1. **Electric Division May 2022** - During the month of May, the cost of purchased power as a percentage of retail sales was 75.0 percent and can be compared to the budgeted percentage of 74.1 percent for FY 2022. The results for May are electric sales revenue of \$8,646,001, which was offset by a purchased power expense of \$6,487,146. This resulted in an operating margin of \$2,158,855. This is compared to a budgeted margin of \$1,756,915. Operating expenses for the month were \$1,697,207. This is compared to a budgeted operating expense of \$1,913,087. These revenue numbers were driven by a customer base of 32,771. The net income for the month was \$646,108 and can be compared to a budgeted net loss of \$24,696.
2. **Water Division May 2022** - For May, water sales revenue was \$1,508,957. This is compared to the budgeted amount of \$1,476,177. Other revenue sources contributed an additional \$190,031 for the month. These revenue numbers were driven by a customer base of 33,463. Operating expenses for the month were \$1,465,476. This is compared to the budgeted amount of \$1,473,150. The division recorded an operating income of \$233,512, which is compared to a budgeted operating income of \$140,958.
3. **Wastewater Division May 2022** - For May, wastewater treatment revenue was \$1,168,349. This is compared to the budgeted amount of \$1,118,531. Other revenue sources contributed an additional \$105,541 for the month. These revenue numbers were driven by a customer base of 20,162. Operating expenses for the month were \$1,123,527. This is compared to the budgeted amount of \$1,129,164. The division recorded an operating income of \$150,363, which is compared to a budgeted operating income of \$68,832.

ELECTRIC REPORT

1. An update was provided for the ongoing Lang Street Substation Rebuild Project.
Control Building: Engineering continued working with Electrical Power Products on the final details of the control building, which is expected to ship and arrive at the station in June.
Power Transformers: Delivery of the transformers to the site was a challenge; however, the logistics company did an excellent job, and the units arrived in May. They were set on the concrete pads with no issues. Delta Star crews then installed the oil, radiators, and other miscellaneous items that were not installed during shipment. The transformers should be dressed out ready for final approval in June.

Steel Structure: Black Concrete began pouring the foundation for the steel structure in May and will continue through June.

Fence: The contractor began installing the new fence around the site. This work is anticipated to be finished in June.

13 kV Underground Primary Conductor: The primary conductor is on this month's consent agenda for purchase.

2. Engineering programmed the 12 tripsavers ordered on the FY 2022 budget. This involves setting up the devices themselves and programming SCADA for status monitoring. The devices are expected to be installed in June, and they will help improve reliability of the electric system by automatically restoring temporary faults and isolating permanent faults to smaller areas.
3. Engineering released a work order for electric service to the Courtyard Hotel on Frontage Road NW. The new service will require replacement of a wood pole with a ductile iron pole, a new 3-phase sector switch, and a new 225 kVA 3-phase transformer. The estimated cost of the project is \$45,262.47.
4. Engineering released a work order to directional bore under King Den Drive in preparation for a new section in King Den Subdivision located off North Lee Highway. The new development will have 32 lots. A few will be townhomes while most will be single family homes. The developer should begin installing conduit this summer.
5. A local developer is building three warehouses/spec buildings at the site where the old Bendix facility was located on 20th Street NE. Initially, the buildings will be set up as industrial warehouses. Engineering released a work order to install a 75 kVA 3-phase transformer at the site to provide service to the three buildings. CU crews installed the transformer and 900 feet of underground primary in May.
6. Engineering released a work order to install a new 167 kVA pad-mounted transformer for an apartment complex on White Street SE. One of the transformers will have the capacity to serve all 32 apartments. Crews installed a 45-foot pole, pulled 60 feet of primary wire across White Street, and installed 200 feet of underground primary cable from the pole to the transformer. The developer installed the conduit and requested for the transformer to be installed for temporary construction power. It will take several months to construct the apartments.
7. Operations continued working on the North Lee Highway annexations. Five customers were converted on May 4, two customers were converted on May 5, and approximately 63 customers were converted on May 17. The remaining customers to be converted are those fed from 56th Street and the entire Anatole Subdivision.
8. An update was presented on traffic lighting:
 - CU engineering disabled the detection for Cleveland Middle School after the main entrance was closed for road construction. A temporary entrance was built to the north, and this traffic pattern will continue for several weeks.
 - Construction of the mast-arm poles at Paul Huff Parkway & Mouse Creek Road will begin in the coming weeks after Public Works has completed grade work and before this section is paved.

WATER & WASTEWATER REPORT

1. Southern Constructors was awarded the Wastewater Treatment Plant (WWTP) Gravity Thickener Concrete Repairs Project. This is an item on today's consent agenda.

2. The Cleveland Filter Plant (CFP) sodium permanganate conversion raw water intake project design has been approved by TDEC.
3. The Waterville Springs chlorine scrubber final design is being reviewed by CU.
4. The Hensley/Freewill Road water main extension is nearing completion. Approximately 3,500 feet of 8-inch DIP water main is in service. CU will be completing the service changeovers.
5. Wright Industrial Group has completed Phase 1 of the Fire Hydrant Painting Project.
6. HL Construction has completed the 22nd Street Annexation Area Water Main Extension Project. 830 feet of 8-inch DIP water main is in service.
7. Hampton Backhoe has completed the water main installation for the Davis Circle water main relocation due to the SR-60 Road Widening Project. The service changeovers remain.
8. The contractor has completed the water and sewer main installations for Eagle Creek Subdivision, Phase 4.
9. An update was provided for the ongoing Wastewater Rehabilitation Project:
 - In reference to the Candies Creek force main improvements, all connections have been made and cleanup work remains.
 - The 2021 Rehabilitation Project is expected to be completed in July. The contractor completed 23 service lateral rehabilitations, 35 manhole rehabilitations, and 18 cleanout installations during this period.
 - The Candies Creek SSES Project is underway. Approximately 20,000 feet of sewer main has been televised by CU crew crews, 22,000 feet of large diameter lines have been televised by contractors, 855 manholes have been inspected, and 1,096 have been GPS located.
10. The Meter Department set 49 meters through May 2022 compared to 38 for May 2021 and 38 for May 2020. Of the 49 sets, 28 were single family homes, 12 were townhomes, 4 were apartments, 3 were commercial, and 2 were irrigation.
11. The total amount of rainfall recorded at the CFP as of June 23, 2022, was 2.93 inches for the month which brings the total to 29.89 inches for the calendar year. This can be compared to 46.37 inches for the same period in 2020 (largest rainfall totals thru June 1996-2022) and 13.04 inches in 2007 (lowest rainfall totals thru June 1996-2022).

- C. Approval of the Title VI Policy & Written Complaint Process.
- D. Approval to Adopt the TVA Retail Only Electric Vehicle Charging (EVC) Power Rate. This will Amend the Existing Electric Rate Schedules to Incorporate a Change from the Original EVC Structure to the Retail Only EVC Structure (Standard Service) that was developed and approved by TVA in February 2022.
- E. Approval of a purchase order to Exceleron in the amount of \$51,963.65 for the prepay and online telephone payment processing fees for May.
- F. Approval of the Property Insurance renewal for fiscal year 2023 through the Distributors Insurance Company (DIC) Program in the amount of \$1,269,588. DIC is a wholly-owned subsidiary of TVPPA. Arthur J. Gallagher is the program manager.

- G.** Approval of a purchase order to Cleveland Utilities OPEB c/o First Horizon Bank in the amount of \$740,643 for the annual funding of CU's Other Post-Employment Benefits (OPEB) Trust.
- H.** Approval of a purchase order to Waypoint Business Solutions, LLC, in the amount of \$88,235.20 for the purchase of Arctic Wolf Security Operations Cloud services to be utilized as part of CU's cybersecurity efforts. Arctic Wolf is a global leader in security operations, delivering a premier cloud-native security operations platform designed to end cyber risk. Arctic Wolf's highly trained security experts will work with CU's IT staff, via Arctic Wolf's Concierge Delivery Model to provide 24/7 monitoring, detection and response, and guidance CU needs to defend against cyber threats. This purchase is a FY 2023 budgeted item in the amount of \$100,000 and will be paid for in the FY 23 budget year that begins July 1, 2022.
- I.** Approval of a purchase order to Stuart Irby (Irby Utilities) in the amount of \$94,596 for 1,200 feet of #500 MCM copper underground 15 kV triplex cable for the Lang Street Substation Project. The low bid was submitted by Okonite via Irby Utilities. They also provided a quote for another wire option. The one selected by CU is the same cable used on previous projects and will require the least amount of labor to install. This is a budgeted item.
- J.** Approval of a purchase order with Consolidated Pipe & Supply Company in the amount of \$87,267 for 33 new Mueller fire hydrants. The hydrants are budgeted for FY 2022 & FY 2023.
- K.** Approval of a purchase order with Southern Pipe & Supply in the amount of \$73,638 for 600 new Neptune 5/8" x 3/4" water meters. The meters are budgeted for FY 2023.
- L.** Approval of a purchase order with Southern Constructors, Inc., in the amount of \$78,000 for the installation of a water booster station to serve a portion of Potter Place Subdivision. The Potter Place Booster Station Project is budgeted for FY 2023.
- M.** Approval of a purchase order with Vulcan Materials Company in the amount not to exceed \$120,000 for the purchase of stone backfill. The purchase period is from July 1, 2022 to June 30, 2023. The stone backfill is budgeted for FY 2023 and is a sole source procurement.
- N.** Approval of a purchase order with Bradley Concrete in the amount not to exceed \$80,000 for the purchase of flowable fill backfill. The purchase period is from July 1, 2022 to June 30, 2023. The flowable fill backfill is budgeted for FY 2023 and is a sole source procurement.
- O.** Approval of the final Change Order No. 2 with Cleary Construction, Inc., in the amount of \$5,817 (increase) for the Prospect Area 2019 Annexation Sewer Extension Project. The approved contract amount (includes Change Order No. 1) was \$1,799,869. The final

contract amount will be \$1,805,686.

OTHER BUSINESS

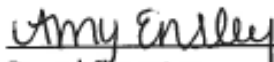
Future Board Meeting Dates

Future scheduled board meeting dates to be held in CU's Executive Conference Room (unless announced otherwise) noted below:

Friday, July 22, 12:30 p.m.

Friday, August 26, 12:30 p.m.

There being no other business, David May, Jr., made a motion to adjourn the meeting. Eddie Cartwright seconded the motion, and the board unanimously voted to adjourn the meeting at 1:04 p.m.


Board Secretary


Board Chairman

July 22, 2022
Date

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
JULY 22, 2022

A regular meeting of the Board of Public Utilities was called to order at 12:30 p.m. in Cleveland Utilities' Executive Conference Room.

The following board members were present: Aubrey Ector, Chairman; Joe Cate, Vice Chairman; Eddie Cartwright, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; and Debbie Melton, Cleveland Utilities Board.

Others in attendance were Tim O. Henderson, President/CEO; Amy Ensley, Utility Board Secretary; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Kenny Longley, Electric Engineering Manager; Jon Sparkman, Water & Wastewater Engineering Manager; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Kenny Longley delivered the invocation.

MANAGER'S UPDATE AND ANNOUNCEMENTS

TVA EnergyRight Community Champion Award

Earlier today, Cleveland Utilities was recognized as a TVA Top Performer - Community Champion. This award was presented to CU for exemplifying the best of leadership, character, and public advocacy for promotion of the virtual Eye Spy Energy Workshops to local schools. When COVID-19 sent students home and prevented field trips from taking place, CU & TVA brought the EnergyRight monsters to over 800 local students across 40 workshops, teaching students where energy comes from, how TVA/CU partner to deliver affordable, reliable energy and ways they can take action to save energy around the house. Henderson expressed appreciation to TVA EnergyRight for recognizing CU with this award along with CU employees for their commitment to community and facilitation of these programs.

United Way Day of Action

CU will be participating in the United Way Day of Action on Friday, July 29. Two teams comprised of 17 employees will be working at the Woodsong Forest School completing various tasks to help construct a cabin classroom. Employees really enjoy serving in this capacity and giving back to the community we call home.

Safety Internal Performance Measures (IPM's)

The Safety Internal Performance Measures (IPMs) for January through June 2022 were provided. Henderson expressed appreciation to the safety team and advised CU continues to do well in this area. Results for the period are below:

	Electric & Water Combined	Electric Division	Water/Wastewater Division
OSHA Recordable Incident Rate (RIR)	0.46	0.00	1.07
DART Rate	0.46	0.00	1.07
Lost-Time Case Rate (LTCR)	0.00	0.00	0.00
Vehicle Accident Rate (VAR)	0.00	0.00	0.00

The following data went into the calculations:

- A total of 931,064 consecutive hours have been worked by both divisions combined without a lost-time injury (LTI). Electric employees contributed 278,108 of those hours, with the last lost-time injury occurring on April 20, 2020. The water division reached 652,956 hours, with the last lost-time injury occurring on December 7, 2018.
- A total of 217,772 cumulative hours were worked companywide during the period. 118 employees in the electric division worked 124,685 hours, and 86 employees in the water division worked 93,087 hours.
- In addition, a total of 433,012 cumulative vehicle miles were driven by employees in 124 vehicles. 150,088 of those miles were driven by electric employees, and 282,924 miles were by water employees.

The below data was provided as a comparison to the previous years:

Year	OSHA – TRIR	DART	LTCR	VAR
2015	3.51	2.01	0.5	6.84
2016	1.53	0.51	0.00	6.78
2017	4.04	2.53	1.01	2.29
2018	2.88	2.40	0.48	2.25
2019	0.48	0.48	0.00	3.67
2020	2.27	1.82	0.45	10.05
2021	0.46	0.46	0.00	4.41
2022 (Mid-Year)	0.46	0.46	0.00	0.00

Sanitary Survey Results

CU's water system earned a high score of 99 from the State of Tennessee Department of Environment and Conservation (TDEC) during a recent inspection known as a sanitary survey. The sanitary survey works off a point system with a total of 599 points possible for a perfect score. This year, Cleveland Utilities earned 598 points out of 599 points for a numerical rating of 99 which reaffirms Cleveland Utilities Water System as an approved water system by TDEC. Previously, CU had received four consecutive years of a perfect score of 100.

To achieve this score and the previous scores, it takes hard work and dedication throughout the year from the entire staff. This includes the plant operators, chief operators, maintenance/operational personnel, environmental regulatory department, engineers, support personnel and managers. Henderson stated he extremely proud of the professionalism and commitment in which CU's employees operate the system. They work tirelessly every day to ensure customers are provided clean, safe, and reliable drinking water.

Broadband Update

The CU Broadband Business Plan is currently under review by TVA and the Tennessee Comptroller. There have been several ads published by outside organizations circulating through social media about CU entering the broadband business. Henderson advised if TVA and the Comptroller deem CU's plan to be viable, there are still multiple steps before CU would have authorization to provide these services. These steps would consist of a full presentation to CU's board. If approved, then public hearings would be held to seek community feedback/input. The final step would be presenting the plan to the City Council for their consideration.

Increased Customer Energy Bills

Henderson advised customers are seeing increased energy bills this summer. CU has published information on social media about the importance of conserving energy to save money.

VP/CFO Marshall Stinnett then explained the reasoning behind the higher bills. There has been a significant heat wave experienced across the valley especially going into June, and this heat wave is expected to continue throughout the summer. The oddity is the month of June 2022 was far warmer than any expected June. This resulted in higher consumption and additionally there was an increased Fuel Cost Adjustment (FCA) from TVA. The FCA is a direct pass through for TVA's cost of generation back to the end consumer. This is driven by the same factors with increased costs everyone has seen with inflationary pressures.

In June, TVA and CU published notices on social media requesting for customers to voluntarily reduce load. This request was not driven by the fact of not being able to provide the energy, but every unit that TVA brings online to meet demand becomes more expensive and drives the fuel cost higher. These requests for consumers to reduce consumption were in an effort to try to save customers money on their energy bills. The CU and TVA base component of the rate has remained unchanged now for three years. Henderson expressed appreciation to the board for their support and allowing CU to hold rates steady.

Supply Chain Challenges

The challenge of obtaining material remains; however, CU is moving forward, and staff are doing their absolute best to keep the company in a good position to have items available as needed.

CONSENT AGENDA

David May, Jr., made a motion to approve the following items from the Consent Agenda. The motion was seconded by Eddie Cartwright, and the Utility Board voted unanimously to approve the consent agenda.

- A. Approval of the minutes from June 24, 2022.
- B. Approval of the following written Financial, Electric, and Water/Wastewater Division Reports:

FINANCIAL REPORT

1. **Electric Division June 2022** - Since June represents the end of fiscal year 2022, the year-end financial records are still being compiled and the regular financial and statistical report for June 2022 will be presented on August 26; however, preliminary figures were provided. During the month of June, the cost of purchased power as a percentage of retail sales was 76.4 percent and can be compared to the budgeted percentage of 74.1 percent for FY 2022. For FY 2022, purchased power expense as a percentage of retail sales was 73.8 percent. The results for June are electric sales revenue of \$10,744,064, which was offset by a purchased power expense of \$8,206,736. This resulted in an operating margin of \$2,537,328. This is compared to a budgeted margin of \$2,063,934. The results for FY 2022 electric sales revenue were \$106,102,020 which was offset by a purchased power expense of \$78,293,554. This resulted in an operating margin of \$27,808,466. This is compared to a budgeted margin of \$24,418,092 for the FY 2022.
2. **Water Division June 2022** - For June, water sales revenue was \$1,659,685, unadjusted for unbilled revenue. This is compared to the budgeted amount of \$1,588,693. The

results for FY 2022 water sales revenue were \$17,922,640, unadjusted for unbilled revenue. This is compared to a budgeted revenue of \$17,455,987 for FY 2022.

3. **Wastewater Division June 2022** - For June, wastewater treatment revenue was \$1,205,683, unadjusted for unbilled revenue. This is compared to the budgeted amount of \$1,169,206. The results for FY 2022 wastewater sales revenue were \$13,730,387, unadjusted for unbilled revenue. This is compared to a budgeted revenue of \$13,196,958 for the FY 2022.

ELECTRIC REPORT

1. An update was provided for the ongoing Lang Street Substation Rebuild Project.
Control Building: The control building arrived in June. CU crews ran a temporary power feed to the control building to run the AC unit and keep the batteries in the building charged. Other connections will be completed after the steel structure and breakers are installed.
Power Transformer: Build out of the transformers was completed in June. This included installation of the radiators and filling the units with oil. All work was completed by Delta Star contractors.
Steel Structure: Black Concrete continued pouring the concrete columns for the structure through the month of June. Work is 70 percent complete.
Fence: Installation of the fence was completed in June.
2. Personnel installed four new sets of S&C Tripsavers in the month of June.
3. Engineering released a work order to connect the electric services for two new suites on Callen Lane in the Graystan Development on Paul Huff Parkway. The businesses will be medical-related offices. The larger suite is expected to have a demand of 25 kW while the smaller one will be approximately 12 kW. All three suites in the building will have a three-phase service. Last month, CU crews installed a 45 kVA, three-phase 120/208-volt transformer at the site. The only action required to energize the service for the two suites was to connect the service wire to the transformer and set the meter. The third suite does not have a tenant at this time and will be connected at a later date.
4. A new retail commercial building is being constructed on North Lee Highway near The Preserve at Hardwick senior living apartments. The building will have a three-phase 277/480-volt electric service. To prepare for the future service, CU installed conduit under North Lee Highway via a directional bore. This was required due to the utility poles along North Lee Highway being on the opposite side of the road. The bore was completed in June. The contractor will have to tie onto the conduits and extend it to the future transformer location. This should be completed in the next few weeks.
5. Engineering continues to work with several contractors on developments at Minnis Road, Stuart Road, Callen Lane, and the South Industrial Park. In addition, multiple subdivisions have started grade work and requested conduit designs for installation.
6. Steve Mowery was promoted to Line Section Supervisor due to the role being vacant from the recent retirement of Mike Isham. Mowery's former role as Foreman was then filled by Nathan Davis. Due to this vacancy and other upcoming retirements, CU will be hiring some experienced apprentices. The job posting requires the candidate to have completed an accredited Lineman Training and Climbing School as well as have some practical lineman job experience. CU will be hiring two to three new apprentices.

7. A 2000 KVA pad-mount transformer at Tennova Healthcare faulted resulting in the transformer having to be replaced. Tennova's backup generators provided power to the facility until the work was complete. CU had a spare unit in stock and was able to replace it on short notice. It was determined that an internal fuse holder had failed on the faulted unit, which was able to be repaired for future use at another location.
8. An update was presented on traffic lighting:
 - Engineering created a new timing pattern for the traffic signal at 25th and Ocoee Street. The new pattern will run in the afternoons of June and July.
 - Engineering updated the firmware for the radar detection at Keith Street at Inman Street. The signal was occasionally skipping the northbound left-turn lane. Observations will continue to try and resolve any future issues with the detection.
 - The Traffic Signal Coordinator met with a consulting firm that is working on the TDOT project to install a laser height detection system for the Inman Street Railroad Bridge. The onsite meeting was held to enhance the design and determine how the height detection system will interface with the traffic signals.

WATER & WASTEWATER REPORT

1. CU is awaiting the final State Revolving Fund (SRF) loan approval for the Ultraviolet Disinfection Project at the Wastewater Treatment Plant (WWTP).
2. The materials for the WWTP spiral lift pump access platforms are on order. The project was value engineered resulting in a deduct change order of \$16,000.
3. The WWTP gravity thickener concrete repairs are underway.
4. CTI is preparing the final bid documents for the sodium permanganate conversion at the Cleveland Filter Plant (CFP) raw water intake.
5. In reference to the CFP Sodium Hypochlorite Project, the SRF submittal has been prepared and CU is awaiting SRF priority ranking list approval.
6. Stantec is preparing the final bid documents for the Waterville Springs chlorine scrubber design.
7. Engineering is reviewing the following plans:
 - Creekside Estates Subdivision on King Den Drive NW (12 single family lots). The development consists of 346 feet of 2-inch water main, 154 feet of 6-inch water main and 570 feet of 8-inch gravity sewer main.
 - Johnson Commons on Washington Avenue at Perry Street (10 single family lots) consisting of 501 feet of 2-inch PVC sewer force main.
8. Engineering approved plans for Hillcrest Landing Subdivision, The Abaco Townhomes, and Graywood Farms North.
9. An update was provided for the ongoing Wastewater Rehabilitation Project:
 - The contractor cleared an additional 2,500 feet of sewer line easement this month.
 - The Dalton Pike Sewer Rehabilitation Project is complete. Final paving was performed on July 12.
 - The 2021 Rehabilitation Project is complete. Some paving and cleanup remain (expected to be done by the end of July).
 - Bids for the Lankford Street Sewer Extension Project were opened on July 15.

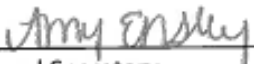
- In reference to the Candies Creek SSES Project, CU crews have televised approximately 21,500 feet of sewer main, and contractors have televised 35,436 feet of large diameter lines. Additionally, 855 manholes have been inspected and 1,288 have been GPS located. Smoke testing began the first week of July and is anticipated to be complete by the end of July.
 - 10. The Meter Department set 50 meters through June 2022 compared to 31 for June 2021 and 30 for June 2020. Of the 50 sets, 34 were single family homes, 10 were apartments, and 6 were commercial.
 - 11. The total amount of rainfall recorded at the CFP as of July 19, 2022, was 5.29 inches for the month which brings the total to 35.60 inches for the calendar year. This can be compared to 54.17 inches for the same period in 2013 (largest rainfall totals thru July 1996-2022) and 18.04 inches in 2007 (lowest rainfall totals thru July 1996-2022).
- C. Approval of a purchase order to Exceleron in the amount of \$53,813.91 for the prepay and online telephone payment processing fees for June.
- D. Approval of a purchase order to Waypoint in the amount of \$89,842.46 for expansion of the Isilon system at CU's disaster recovery sites. This is being purchased through a State of Tennessee Contract and is budgeted for FY 2023.
- E. Approval of a purchase order to Wolf Tree, Inc., in the amount of \$375,000 for the projected hourly and equipment rates for the second year of CU's vegetation management program to cover the period of July 1, 2022, through June 30, 2023. This will include transmission line right-of-way clearing, herbicide spraying, hot spot trimming and emergency storm work. These rates have already been bid and approved during the contractor selection process in July 2021 where Wolf was the low overall bid.
- F. Approval of a contract with CTI Engineers, Inc., in the amount of \$77,000 for the inspection of water storage tanks in the Cleveland Utilities' water distribution system. The project also includes interior cleaning of four tanks as well as spot repairs as required. The inspections are required every five years per TDEC. The project is budgeted for FY 2023 in the amount of \$75,000.
- G. Approval of a contract with LJA Engineering in the amount of \$109,750 for engineering services that includes SRF coordination, preparation of project design documents, facilitate advertise/bid/award contract, construction administration, and resident project representative as required. The rehabilitation project is located in the Candies Creek Sewer Basin and is budgeted for FY 2023. Henderson noted that CU has shifted focus and prioritized this particular basin due to the significant growth being seen and associated challenges.
- H. Approval of a purchase order with Walter A. Wood in the amount of \$151,047.02 for the purchase of brass fittings to be used in setting water meters and the repair/renew of service lines. The purchase is budgeted for FY 2023.

OTHER BUSINESS

Future Board Meeting Dates

The next scheduled board meeting date to be held in the Tom Wheeler Training Center is Friday, August 26, at 12:30 p.m.

There being no other business, Eddie Cartwright made a motion to adjourn the meeting. Vice Chairman Joe Cate seconded the motion, and the board unanimously voted to adjourn the meeting at 12:50 p.m.



Board Secretary



Board Chairman

August 26, 2022

Date

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
August 26, 2022

A regular meeting of the Board of Public Utilities was called to order at 12:30 p.m. in Cleveland Utilities' Tom Wheeler Training Center.

The following board members were present: Aubrey Ector, Chairman; Joe Cate, Vice Chairman; Eddie Cartwright, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; and Debbie Melton, Cleveland Utilities Board.

Others in attendance were Tim O. Henderson, President/CEO; Amy Ensley, Utility Board Secretary; John Corum, Administrative Services VP; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Sam Dyer, Manager of Water Distribution; and Grant Bromley, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Sam Dyer delivered the invocation.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Whirlpool Corporation Cleveland TVA EnergyRight Lighting Incentive

Last week, CU and TVA EnergyRight had the pleasure of presenting Whirlpool Corporation with a \$100,000 incentive to install 2,340 energy-efficient lighting fixtures this year. The new lighting fixtures will result in 3.4 million kWh of energy savings annually and cut their carbon emissions by 3,109 tons annually. As always, CU is proud to collaborate with TVA EnergyRight to award this incentive. TVA's energy efficiency incentives for commercial and business customers are designed to help them take advantage of innovative technologies that enable them to decrease energy waste, take control of their energy costs and meet their sustainability goals.

Promotion

Sam Dyer was recently promoted to Manager of Water Distribution. Dyer began at CU in September 2016 as an Engineer in the Wastewater Collections Department.

Labor Day Holiday

CU offices will be closed Monday, September 5, in observance of Labor Day. The Call Center will be open, and crews will be on standby to respond to any service-related issues or outages.

CONSENT AGENDA

Vice Chairman Joe Cate made a motion to approve the following items from the Consent Agenda. The motion was seconded by Debbie Melton, and the Utility Board voted unanimously to approve the consent agenda.

- A. Approval of the minutes from July 22, 2022
- B. Recognition of Auditor Engagement Letter
- C. Approval of the following written Financial, Electric, and Water/Wastewater Division Reports:

FINANCIAL REPORT

1. **Electric Division June 2022** - During June, the cost of purchased power as a percentage of retail sales was 76.4 percent and can be compared to the

budgeted percentage of 76.1 percent for FY 2022. The results for June are electric sales revenue of \$10,744,064, which was offset by a purchased power expense of \$8,206,611. This resulted in an operating margin of \$2,537,453 and can be compared to a budgeted margin of \$2,063,934. Operating expenses for June were \$1,976,173. This is compared to a budgeted operating expense of \$1,918,124. These revenue numbers were driven by a customer base of 32,791. The net income for the month was \$777,238 and can be compared to a budgeted net income of \$287,143.

2. **Electric Division Fiscal Year 2022** - The results for FY 2022 are electric sales revenue for the year of \$106,102,020, which was offset by a purchased power expense of \$78,293,429. This resulted in an operating margin of \$27,808,591. This is compared to a budgeted margin of \$24,418,092. Operating expenses for FY 2022 were \$21,265,721. This is compared to a budgeted operating expense of \$22,715,203. The net income for FY 2022 was \$8,693,650; this can be compared with a budgeted net income of \$3,387,658. This variance was driven by the additional credits received via the TVA Pandemic Relief Credit, aided in reduced expenditures due to timing across fiscal years.
3. **Electric Division July 2022** - During the month of July, the cost of purchased power as a percentage of retail sales was 76.7 percent and can be compared to the budgeted percentage of 74.1 percent for FY 2023. The results for July are electric sales revenue of \$12,735,862, which was offset by a purchased power expense of \$9,765,776. This resulted in an operating margin of \$2,970,086. This is compared to a budgeted margin of \$2,327,444. Operating expenses for the month of July were \$1,700,611. This is compared to a budgeted operating expense of \$1,887,068. These revenue numbers were driven by a customer base of 33,009. The net income for the month was \$1,510,038; this can be compared with a budgeted net income of \$627,640.
4. **Water Division June 2022** - For June, water sales revenue was \$1,794,464. This is compared to the budgeted amount of \$1,588,693. Other revenue sources contributed an additional \$177,024. These revenue numbers were driven by a customer base of 33,439. Operating expenses for the month were \$1,730,262. This is compared to the budgeted amount of \$1,507,614. The division recorded an operating income of \$241,226, which is compared to a budgeted operating income of \$229,521.
5. **Water Division Fiscal Year 2022** - The results for FY 2022 are water sales revenue of \$18,057,419. Other revenue sources contributed an additional \$2,092,318. Operating expenses for FY 2022 were \$17,648,705. This is compared to a budgeted operating expense of \$17,393,218. The net income for FY 2022 was \$2,501,032, which can be compared to a budgeted net income of \$1,682,897.
6. **Water Division July 2022** - For July, water sales revenue was \$1,907,932. This is compared to the budgeted amount of \$1,786,964. Other revenue sources contributed an additional \$237,220 for the month. These revenue numbers were driven by a customer base of 33,634. Operating expenses for the month were \$1,491,052. This is compared to the budgeted amount of \$1,584,676. The division recorded an operating income of \$654,100, which is compared to a budgeted operating income of \$349,224.
7. **Wastewater Division June 2022** - For June, wastewater treatment revenue was \$1,268,949. This is compared to the budgeted amount of \$1,169,206. Other

revenue sources contributed an additional \$64,037 for the month. These revenue numbers were driven by a customer base of 20,113. Operating expenses were \$1,484,995. This is compared to the budgeted amount of \$1,143,775. The division recorded an operating loss of \$152,009, which is compared to a budgeted operating income of \$108,498.

8. **Wastewater Division Fiscal Year 2022** - The results for FY 2022 are wastewater treatment revenue of \$13,793,653. Other revenue sources contributed an additional \$1,183,437. Operating expenses for FY 2022 were \$13,567,791. This is compared to a budgeted operating expense of \$13,285,714. The net operating income for FY 2022 was \$1,409,299; this can be compared to a budgeted net operating income of \$848,823.
9. **Wastewater Division July 2022** - For July, wastewater treatment revenue was \$1,308,094. This is compared to the budgeted amount of \$1,278,889. Other revenue sources contributed an additional \$113,422 for the month. These revenue numbers were driven by a customer base of 20,251. Operating expenses for the month were \$1,143,692. This is compared to the budgeted amount of \$1,219,579. The division recorded an operating income of \$277,824, which is compared to a budgeted operating income of \$148,274.

ELECTRIC REPORT

1. An update was provided for the ongoing Lang Street Substation Rebuild Project.
Steel Structure: Black Concrete finished pouring the concrete pads for the steel structure in July.
Ground Grid: The Substation Department began the ground grid installation for the entire site. Once complete, the underground conduit system and pull boxes will be installed for the control wiring and electric feeds.
Underground 15 kV Cable: Engineering ordered 1,200 feet of 15 kV, 500 MCM triplex underground cable for the new station from Okonite. This cable will be used for the four 13 kV circuits at the substation. Underground cable is used for the feeders to help prevent animals, such as squirrels, from entering the station through overhead wires.
Transmission and Distribution Line Layout: Engineering began laying out the location for the 69 kV transmission lines and 13 kV distribution lines. The final layout should be determined in the next few weeks and any needed materials will be ordered.
2. Work has commenced on a vacant lot in Graystan Square on Paul Huff Parkway where a new Popeye's Restaurant and Advance Auto Parts will be constructed side by side. Engineering met with the contractor in July to discuss the location of the future transformer pad and the conduit requirements. In early August, the contractor installed the primary conduit from an existing sector pad to the transformer location. However, it will probably be several weeks before the transformer or any wire is installed.
3. Two Brothers Tire and Automotive purchased the former Mullinax Lincoln Dealership Building with plans to relocate their business to this site. The owners also built a new shop next to the existing building for extra room. Engineering worked with the electrical contractor to determine the best way to provide service to the new building. The expected demand is 12 kW. An existing overhead transformer near the east side of the building can be used to provide the 200

- amp, 120/240-volt single phase service. Engineering released a work order to connect the service, which should be done in August.
4. Engineering worked with a contractor regarding a new electric car charger at the Clarion Inn on James Asbury Drive. The charger is a slower trickle charger and not a fast charger. It will require a 200 amp, 120/240-volt single phase service. Approximately 100 feet from the charger location is an existing utility pole with a 50 kVA transformer, which has enough spare capacity to serve the new charging station. The contractor is required to run an underground service to and up the utility pole. Once this is done, CU crews will connect the service to the transformer and set the meter. The charger is expected to be connected in August.
 5. Site work has begun for the first section (71 lots) of Powell Meadows Subdivision on Durkee Road. The subdivision will comprise almost 500 lots when fully developed. Engineering has provided an electric conduit print to the developer/contractor. The existing electric utility lines are on the opposite side of Durkee Road from the development. Therefore, engineering released a work order to perform a directional bore to install conduit under Durkee Road. The contractor will tie onto the conduit installed by CU crews when they begin the conduit installation for the development in a few months.
 6. A new Rhodes Storage complex is being constructed on Dalton Pike SE. The complex will consist of several buildings, but only two will be climate controlled. Engineering met with the electrical contractor in July to finalize the electric layout for the complex. A three-phase, 277/480-volt transformer will be installed at a central location to provide service to the entire complex. The transformer location has been determined, but engineering is still working with the contractor to determine the size. The contractor began installing the conduit from the utility pole to the transformer location. Additionally, engineering released a work order to convert the line closest to the utility pole to three phase. The underground primary and transformer should be installed in the next few weeks.
 7. Engineering released a work order to install a new G&W Viper three-phase recloser at 201 25th Street NW. This recloser will be on the M-214 circuit, which has approximately 1,400 customers (commercial and residential). The recloser will divide the circuit in half with approximately 600 customers downline from the new recloser. M-214 has seen several outages over the past five years, and the goal of the recloser is to improve the reliability of the circuit. Initially, the recloser will be used as a standalone device. In the future, the recloser will be part of a distribution automation scheme which will isolate faults to a smaller section and improve the reliability even further. Engineering is currently working with the consultant, Power Centric, to determine the recloser's relay settings. The plan is to have the recloser installed in the next few weeks and brought online soon after.
 8. Operations completed the second round of interviews for an Apprentice Lineman. Three experienced apprentices were selected and are scheduled to begin work at CU on August 22. Additional information on the new employees will be provided in September.
 9. Line crews completed repair work on the main three-phase circuit feeding out Harrison Pike where a large tree had fallen during a recent storm, tearing down the line, and breaking several poles. The line is located on top of a steep bank on Harrison Pike just east of Tennessee Nursery Road. A temporary roadbed was

constructed to enable the trucks to access the poles. This is a main feed for CU. Staff had to temporarily reconfigure the circuits and feed this area from another substation to pick up the customers along Harrison Pike.

10. An update was presented on traffic lighting:

- Engineering issued a service order to replace the Miovision detection camera at Paul Huff Parkway and Adkisson Drive with a spare unit from stock. The camera would intermittently fail causing the detection to be in fault. The camera is still under warranty and will be replaced by the manufacturer.
- Engineering updated the firmware of six ATC-1000 traffic controllers. The firmware upgrades were performed at night during low volume periods to increase safety and prevent disruptions to traffic.
- CU engineering worked extensively with TDOT's contractor and Cleveland City Schools to create a temporary signal design for SR-60 at the Cleveland Middle School entrance. The temporary design includes dual right turn lanes into the school that are separated from other traffic with a barrier wall. This temporary phase of the construction will last several months and will be complete prior to the new school year.

WATER & WASTEWATER REPORT

1. The State Revolving Fund (SRF) loan has been approved for the Ultraviolet Disinfection Project at the Wastewater Treatment Plant (WWTP). Bids will be received in October.
2. The contractor is mobilizing to start construction on August 29 for the WWTP spiral lift pump access platforms.
3. The WWTP gravity thickener concrete repairs are complete.
4. CU will receive bids in September for the sodium permanganate conversion at the Cleveland Filter Plant (CFP) raw water intake.
5. In reference to the CFP Filter Backwash Catchtank & Yard Piping Improvements Project, the design is complete, the SRF submittal has been prepared, and CU is awaiting SRF priority ranking approval.
6. The Waterville Springs Plant chlorine scrubber design plans have been submitted to TDEC for approval. Bids will be received in September.
7. Approximately 80 percent of the water main has been installed for the SR-60 Georgetown Road Utility Relocation Project.
8. The Potter Place Booster Pump Station equipment is anticipated to be delivered in January.
9. Hampton Backhoe has completed the Davis Circle water main relocation due to the SR-60 Road Widening Project.
10. Engineering is reviewing plans for Waterstone Subdivision on New Murraytown Road. The 38 single-family lot development will include 1,741 feet of 6-inch water main, 1,054 feet of 12-inch gravity sewer, and 1,554 feet of 8-inch gravity sewer.
11. Engineering approved the following plans:
 - Three Creeks Townhomes on Freewill Road NW. The development comprises 15 townhome lots, one 3-unit apartment, 1,035 feet of 6-inch water main, 210 feet of 2-inch water main, and 1,493 feet of 8-inch gravity sewer.

- Silver Springs, Phase 4, on Old Freewill Road. The development includes 12 lots, 495 feet of 6-inch water main, and 475 feet of 8-inch sewer main.
 - 12. Hampton Backhoe has completed the water main installation for Fulbright Crossing, Phase 2, on Shady Lane at Weeks Drive.
 - 13. An update was provided for the ongoing Wastewater Rehabilitation Project:
 - The 2021 Rehabilitation Project is complete. Some minor punch list items remain.
 - In reference to the Candies Creek SSES Project, CU crews have televised approximately 32,000 feet of sewer main, and contractors have televised 37,631 feet of large diameter lines. Additionally, 866 manholes have been inspected and 1,288 have been GPS located. Smoke testing should be complete in the next two weeks.
 - A design has begun on a rehabilitation project in the Candies Creek area. The project will be finalized once CCTV and smoke testing are complete.
 - 14. The Meter Department set 65 meters through July 2022 compared to 30 for July 2021 and 31 for July 2020. Of the 65 sets, 28 were single family homes, 27 were townhomes, 6 were apartments, 2 were commercial, and 2 were irrigation.
 - 15. The total amount of rainfall recorded at the CFP as of August 23, 2022, was 2.39 inches for the month, which brings the total to 42.27 inches for the calendar year. This can be compared to 59.53 inches for the same period in 2013 (largest rainfall totals thru August 1996-2022) and 18.68 inches in 2007 (lowest rainfall totals thru August 1996-2022).
- D.** Approval of a purchase order to Exceleron in the amount of \$60,475.29 for the prepay and online telephone payment processing fees for July.
- E.** Approval of a purchase order to GRESCO Supply, Inc., in the amount of \$125,000 for two 2000 KVA pad-mount transformers. This is nearly a 200 percent increase from 2019. Currently, Cleveland Utilities has only used transformers of this size in stock. One will be placed in stock for emergency backup or new customer installations. The second will be used for an industrial expansion at a local facility (CU will be reimbursed for the cost of the transformer by this customer). Due to very long lead times in the transformer market, Cleveland Utilities is buying manufacturing slots to get transformers produced with lead times less than 52 weeks. This purchase has a 26-to-30-week lead time.
- F.** Approval of a revision to the Arc Flash Policy for the Electric Division. Since adoption of this policy, CU's' Engineering Department, with the assistance of Power Centric Engineering, has altered relay settings to better suit the characteristics of each electric circuit. There have also been new circuits with the addition of Cherokee Gateway Substation. These additions and modifications affect the available fault current operations employees are subject to. Therefore, the existing Arc Flash Policy has been revised based on these changes.
- G.** Approval of a purchase order to Wright Industrial Group, LLC, in the amount of \$164,500 for the painting of 1,000 fire hydrants of CU's approximately 2,900 fire

hydrants. This project is Year 2 of the 3-year project. There were 1,113 fire hydrants painted last year for Phase I. The project is budgeted for FY 2023.

- H. Approval of a purchase order to Pen Gulf, Inc., in the amount of \$115,850 for the rehabilitation of Spiral Lift Pump No. 201 located at the WWTP. The project scope consists of the removal of the torque tube, sandblasting and recoating the tube and reinstallation. Additional work consists of touching-up coatings on the other five torque tubes and grout repair of the concrete troughs. The project is budgeted for FY 2023.
- I. Approval of a purchase order to McKinney Excavating in the amount of \$133,490 for the installation of approximately 700 lineal feet of new 12-inch sanitary sewer main. This project is part of the King Den Trunk Line Upgrade, Phase I. The new sewer main is being installed as part of the King Den Subdivision Development. CU will be furnishing the 12-inch sewer pipe. The project is budgeted for FY 2023.
- J. Approval of a purchase order to Core & Main in the amount of \$100,232.80 for the purchase of brass fittings to be used in setting water meters and the repair/renew of service lines. The estimated lead time of the order is 8.5 months. The purchase is budgeted for FY 2023.

OLD BUSINESS

Approval of Resolution – CU Pledging to Hold Retail Electric Rates Steady Through December 2023

On motion by Eddie Cartwright and seconded by David May, Jr., the Utility Board took action to unanimously approve a resolution pledging to hold CU's retail electric rates steady through the period ending December 31, 2023.

The Tennessee Valley Authority (TVA) Board of Directors previously approved a Pandemic Relief Credit for FY 2021 & FY 2022 for all the customers TVA serves to further extend support due to unprecedented challenges created by the COVID-19 Pandemic. On August 31, 2022, the TVA Board of Directors is anticipated to approve an extension of the credit through fiscal year 2023. The Pandemic Relief Credit offers local power companies a 2.5 percent wholesale base rate credit on all Standard Service takings. CU will utilize the anticipated credit to defer any retail electric rate increases from June 30, 2023, to December 31, 2023. This will complete a 4.5-year cycle without retail electric rate increases for CU customers. The resolution states the commitment may only be modified in those cases where an unforeseen event would threaten the financial stability of Cleveland Utilities in its core mission of providing safe and reliable electric service.

TVA's Fuel Cost Adjustment (FCA), which increases or decreases monthly, will continue to be a pass-through to CU customers.

OTHER BUSINESS

Future Board Meeting Dates

The next scheduled board meeting dates to be held in the Tom Wheeler Training Center are as follows:

- Friday, September 30, 12:30 p.m.
- Friday, October 28, 12:30 p.m.

There being no other business, Vice Chairman Joe Cate made a motion to adjourn the meeting. David May, Jr., seconded the motion, and the board unanimously voted to adjourn the meeting at 12:53 p.m.

Amy Ensley
Board Secretary

David May, Jr.
Board Chairman

September 30, 2022
Date

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
September 30, 2022

A regular meeting of the Board of Public Utilities was called to order at 12:30 p.m. in Cleveland Utilities' Tom Wheeler Training Center.

The following board members were present: Aubrey Ector, Chairman; Joe Cate, Vice Chairman; Eddie Cartwright, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; and Debbie Melton, Cleveland Utilities Board.

Others in attendance were Tim O. Henderson, President/CEO; Amy Ensley, Utility Board Secretary; John Corum, Administrative Services VP; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Deanna Hitch, Human Resources Director; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Deanna Hitch delivered the invocation.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Annual United Way Campaign

Cleveland Utilities is a pacesetter company for the United Way of the Ocoee Region. The CU employee committee set a goal of \$59,000 for 2023. Currently, employees have raised a total of \$61,367, which accounts for 56 percent of employees contributing Fair Share or better. The goal for 2022 was \$58,250, and employees raised \$61,040.

Hurricane Ian Mutual Aid Assistance

Yesterday at 6 a.m., CU deployed a 5-man crew to assist with the Hurricane Ian power restoration efforts. They stayed in Gainesville last night due to flooding in the New Smyrna Beach area where they will be traveling later today to help restore power. Additional details will be released when the crew returns.

Retirement

Mrs. Jami Jarrett officially retired from CU two weeks ago with 31 years of service. She worked in various customer service roles throughout her career. Henderson publicly expressed appreciation for her service and wished her all the best.

TVA Community Care Fund

CU is proud to announce the continuation of the partnership with TVA in the third round of the Community Care Fund. This fund was established in April 2020 to address difficulties created by the pandemic. Through this round of matching funds, local education initiatives received \$24,500 in matching funds and the city received \$25,000 for a community enrichment project at Mosby Park. The education initiatives included Goal Academy/Pie Center, Lake Forest Middle School, Cleveland High School, and Junior Achievement.

Public Power Week

CU will be celebrating Public Power Week October 2-8 along with more than 2,000 other community-powered, not-for-profit electric utilities that collectively provide electricity to 49 million Americans. CU will be posting social media messaging to promote and bring awareness to public power.

Columbus Day Holiday

CU offices will be closed Monday, October 10, in observance of Columbus Day. The Call Center will be open, and crews will be on standby to respond to any service-related issues or outages.

CU Employee Health Fair

The annual health fair will be held Tuesday, October 18, in the Tom Wheeler Training Center. Flu shots, lipid/glucose panels, and COVID-19 vaccinations will be offered.

CONSENT AGENDA

David May, Jr., made a motion to approve the following items from the Consent Agenda. The motion was seconded by Eddie Cartwright, and the Utility Board voted unanimously to approve the consent agenda.

A. Approval of the minutes from August 26, 2022

B. Approval of the following written Financial, Electric, and Water/Wastewater Division Reports:

FINANCIAL REPORT

1. **Electric Division August 2022** - During the month of August, the cost of purchased power as a percentage of retail sales was 79.2 percent and can be compared to the budgeted percentage of 74.1 percent for FY 2023. The results for August are electric sales revenue of \$12,816,756, which was offset by a purchased power expense of \$10,148,510. This resulted in an operating margin of \$2,668,246. This is compared to a budgeted margin of \$2,486,289. Operating expenses for the month were \$2,076,400. This is compared to a budgeted operating expense of \$1,892,114. These revenue numbers were driven by a customer base of 32,957. The net income for the month was \$859,519; this can be compared with a budgeted net income of \$788,216.
2. **Water Division August 2022** - For August, water sales revenue was \$1,831,799. This is compared to the budgeted amount of \$1,801,577. Other revenue sources contributed an additional \$230,540 for the month. These revenue numbers were driven by a customer base of 33,630. Operating expenses for the month were \$1,699,540. This is compared to the budgeted amount of \$1,593,085. The division recorded an operating income of \$362,799, which is compared to a budgeted operating income of \$356,629.
3. **Wastewater Division August 2022** - For August, wastewater treatment revenue was \$1,349,517. This is compared to the budgeted amount of \$1,277,762. Other revenue sources contributed an additional \$175,267 for the month. These revenue numbers were driven by a customer base of 20,252. Operating expenses for the month were \$1,237,441. This is compared to the budgeted amount of \$1,224,302. The division recorded an operating income of \$287,343, which is compared to a budgeted operating income of \$142,345.

ELECTRIC REPORT

1. An update was provided for the ongoing Lang Street Substation Rebuild Project. Operations installed the copper grounding grid in August. The next step will be to install the conduit system/pull boxes for the control wiring and underground 13 kV outgoing feeds followed by the lightning protection mast with the new Lightning Eliminator technology. Then the site can be covered with gravel, which will allow for assembly of the steel structure.
2. Four employees from engineering and one from operations attended the TVPPA Engineering and Operations Conference held in Chattanooga. The conference provides opportunity to network with other peers in the Valley and discuss

ongoing challenges in the industry. Organizers for the event also arrange speakers and topics relevant to the electric industry. One engineer from Cleveland Utilities assisted with a presentation at the conference on the topic of distribution automation devices.

3. Progress was made on the overhead to underground line conversion project along Edwards Street. CU crews were able to get most of the new underground electric lines installed. To complete the installation, an outage will have to occur for several customers along 1st Street NE. CU operations plans to schedule an outage in September and connect/energize all the new underground lines. Once complete, the overhead lines would then be removed.
CU engineering also released a work order to replace one of the wood poles that must remain on Edwards Street with a steel pole per the City's request. This work is expected to be done in September. Along with the Edwards Street project, engineering has been working with the contractor who is converting the old Sanda Mills building to apartments. A work order was released to install two new 150 kVA, 120/208-volt, 3-phase transformers at the building (one at each end). There will be a total of 52 apartments in the building. The services between the building and transformers were not installed as the contractor has not yet installed the gang meter bases.
4. Engineering has been working with an electrical contractor for a new facility on 20th Street NE (the old Bendix site). The initial plan this past summer was to build three new industrial warehouses. One building was completed, and engineering released a work order to install a 75 kVA transformer to provide service to this building. Since then, plans have drastically changed, and the site will be set up for manufacturing. In August, IronCraft announced they will be converting the site to manufacture implements for farm equipment. With the site being converted to manufacturing, the electric demand will greatly increase. Engineering will be working with the contractor and company managers on plans for the electric service over the next several months.
5. Operations personnel participated in the Sequoyah Evacuation Training with the Bradley County EMS. Cleveland Utilities has representatives from the Electric/Water/Sewer Divisions assigned to the 911 Disaster Response Team to direct and coordinate any assistance that may be needed for any major disasters in the area. After this training, all requested and updated information was provided for the EMS evacuation plan.
6. Three new apprentice linemen started in the Line Department on August 22. Two of them with previous work experience will soon be evaluated by TVPPA to be officially placed into the appropriate step of the TVPPA Apprenticeship Program. The third will be starting as a First Year Apprentice. The linemen are Colt Fernandez, Christian VanDusen, and Shane Ware.
7. The annual pole testing and treating bid for one tenth of the system has been prepared and advertised. Cleveland Utilities has adopted a plan to test and treat 10 percent of the system each year rather than the entire system every 10 years, as has been done in the past. This has helped balance the workload as well as provide better budgetary projections. Bids were opened on Thursday, September 15, and this is an item on the Consent Agenda.
8. An update was presented on traffic lighting:

- CU engineering provided mast-arm pole foundation drawings to city staff. These drawings will be included within the bid documents for the road widening and traffic signal project at Paul Huff Parkway and Peerless Road. At the existing intersection, traffic count data was setup within the detection software.
- CU engineering updated the radar detection firmware for four sensors at Stuart Road and Old Tasso Road NE. Count zones were installed within the software to collect continuous traffic count data.
- CU engineering updated all detection zones and tracking lanes within the Miovision software at six intersections along Paul Huff Parkway. These updates will allow for better vehicle detection along the corridor and improved traffic count data.

WATER & WASTEWATER REPORT

1. The Wastewater Treatment Plant (WWTP) spiral lift rehabilitation 2022 construction is in progress.
2. Bids for the ultraviolet disinfection at the WWTP will be received on October 11.
3. Haren Construction has completed 32 percent of the WWTP spiral lift pump access platforms project.
4. Bids for the sodium permanganate conversion at the Cleveland Filter Plant (CFP) raw water intake have been received.
5. The Waterville Springs Plant chlorine scrubber design plans have been approved by TDEC. Bids will be received in October.
6. CTI Engineers, Inc., will be performing the five-year inspections for the water storage tanks. They will be draining, repairing, and cleaning three water tanks and completing ROV inspections on the remaining 16 tanks.
7. Bids were received for the Brentwood Booster Pump Station Project. This is an item under the Consent Agenda.
8. HL Management Services has completed the water main installation for the Bellview Drive SE Water Line Extension Project. This project includes customer participation.
9. CTI Engineers, Inc., is working on the Wilkinson Road Sewer Force Main and Pump Station Project. The contract includes surveying, detailed design and permitting.
10. Engineering is reviewing the following plans:
 - Woodland Heights Subdivision on Bancroft Road SW. The development comprises 8 residential lots, 3,773 feet of 6-inch DIP water main, 130 feet of 2-inch PVC water main, and a booster pump station.
 - Deer Ridge Subdivision on Old Powerline Lane NE. This project includes 27 residential lots, 1,705 feet of 6-inch DIP water main, 247 feet of 2-inch PVC water main, and 1,978 feet of 8-inch gravity sewer.
11. Allied Contractors has completed the water and sewer main installations for Bellingham Subdivision, Phase 2. The project has a scope of 3,974 feet of 6-inch PVC water main, 3,648 feet of 8-inch PVC gravity sewer, and 315 feet of 2-inch PVC force main.
12. An update was provided for the ongoing Wastewater Rehabilitation Project:
 - The contractor has cleared 1,500 feet of sewer easements this month.

- CU staff will perform four test excavations for the Lankford Street Sewer Extension Project, and CU crews will install sewer the week of October 3.
 - In reference to the Candies Creek SSES Project, CU crews have televised approximately 75,000 feet of sewer main, and contractors have televised 37,631 feet of large diameter lines. Additionally, 866 manholes have been inspected and 1,410 have been GPS located. Smoke testing has stopped and should resume in a few weeks.
13. The Meter Department set 79 meters through August 2022 compared to 40 for August 2021 and 40 for August 2020. Of the 79 sets, 40 were single family homes, 8 were townhomes, 24 were apartments, 5 were commercial, and 2 were irrigation.
 14. The total amount of rainfall recorded at the CFP as of September 29, 2022, was 2.10 inches for the month, which brings the total to 44.37 inches for the calendar year. This can be compared to 66.45 inches for the same period in 2020 (largest rainfall totals thru September 1996-2022) and 20.78 inches in 2007 (lowest rainfall totals thru September 1996-2022).
- C. Approval of a purchase order to Exceleron in the amount of \$62,668.12 for the prepay and online telephone payment processing fees for August.
 - D. Approval of a purchase order to CMS Utility Services, Inc., in the amount of \$62,750 for additional pole racks to be installed at the Guthrie Drive campus. These racks will be utilized to store various length poles in an organized and safe manner. CMS was the only company to submit a bid. This is the same company that provided the previous systems purchased for the Harrison Property, and staff are pleased with the quality of the product. This is a budgeted item for FY 2023.
 - E. Approval of a budgeted purchase order to Osmose Utility Services, Inc., in the amount of \$56,378.34 for in-service inspection and remedial treatment for ten percent of the distribution and transmission wood poles on the electric system. Historically, CU has tested and treated the entire system every ten years; however, this is the third year CU has done ten percent on annual basis. This transition was made to make the process more manageable and spread the expense and workload more consistently. A public bid opening was held on September 15, 2022. Osmose was the only company to submit a bid, but they have previously performed these services and have performed quality work.
 - F. Approval of a purchase order to Osmose Utilities Services, Inc., in the amount of \$53,866.92 for the restoration of 63 poles that were identified as restorable rejects during the pole testing and treating project budgeted in 2022. This process will restore the pole strength back to 100 percent by installing steel truss and bands at a cost that is significantly less than replacing the poles.
 - G. Approval of a contract with CSL Services, Inc., in the amount of \$132,810 for long term flow monitoring of 19 flow meters, which includes relocation as needed, annual maintenance, data collection and reporting (flow monitoring is a tool used to help determine where inflow is occurring and if you are eliminating that flow.) CU has been under contract for the last eight years with CSL Services, Inc. Their annual unit

prices have remained the same over that period. The monitoring is budgeted for FY 2023 in the amount of \$115,000.

- H. Approval of a purchase order with Fortiline, Inc., in the amount of \$104,832 for the purchase of 4,200 lineal feet of 6-inch ductile iron pipe. The pipe will be installed in new subdivisions and be reimbursed by the developer.
- I. Approval of a purchase order with Consolidated Pipe & Supply Co., Inc., in the amount of \$77,514 for the purchase of brass fittings to be used in setting water meters and the repair/renew of service lines. The estimated lead time of the order is 8.5 months. The purchase is budgeted for FY 2023.
- J. Approval of a purchase order with Dycho Chemical Company in the amount of \$200,253 for the purchase of a three months' supply of chlorine gas and sulfur dioxide. Chlorine will be used at the Cleveland Filter Plant, Waterville Springs, and Wastewater Treatment Plant as a disinfectant for both potable water and wastewater. Sulfur dioxide will be used at the Wastewater Treatment Plant to dechlorinate the wastewater. Chlorine and sulfur dioxide are budgeted for FY 2023.
- K. Approval of a purchase order with Roy Joe Angel Construction in the amount of \$75,000 for the Brentwood Booster Pump Station Replacement Project. This is the emergency replacement project for the vehicle accident that damaged the Brentwood Booster Pump Station. This is an unbudgeted project.
- L. Approval to execute a contract with Roy Joe Angel Construction in the amount of \$520,500 for the CFP Sodium Permanganate Conversion Project at the Raw Water Intake. The project includes construction of a masonry block building and installation of a new sodium permanganate chemical storage and feed system. This project is budgeted in FY 2023.
- M. Approval to execute a contract with W & O Construction Company, Inc., in the amount of \$933,000 for the Wilkinson Road Pump Station Project. This is for the construction of a sewer lift station that will serve new subdivision developments along Michigan Ave Rd NE. CU will be reimbursed by the developers as they utilize the station. This project is budgeted in FY 2023.
- N. Approval of a contract with LJA Engineering in the amount of \$1,476,100 to perform system flow monitoring, manhole inspections and begin developing a sewer system master plan. This project includes the installation of 75 flow meters for 6 months, 5 rain gauges, 1,800 manhole inspections, GPS locating of 1,875 manholes, 14 pump station evaluations, initial setup of sewer system model and integration of all data into the GIS system. LJA, CU and City of Cleveland staff will also coordinate to look at future growth projections and development to prepare a sewer master plan document. This document will help CU develop projects over the next 20 years to accommodate the growth within the community. The project will be funded by CU and ARP funds.

OTHER BUSINESS

Future Board Meeting Dates

The next scheduled board meeting dates to be held in the Tom Wheeler Training Center are as follows:

- Friday, October 28, 12:30 p.m.
- Friday, December 2, 12:30 p.m.
- Friday, January 6, 12:30 p.m.
- Friday, January 27, 12:30 p.m.
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There being no other business, Vice Chairman Joe Cate made a motion to adjourn the meeting. Debbie Melton seconded the motion, and the board unanimously voted to adjourn the meeting at 1:01 p.m.

Amy Ensley
Board Secretary

Anthony Cate
Board Chairman

October 28, 2022
Date

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
October 28, 2022

A regular meeting of the Board of Public Utilities was called to order at 12:30 p.m. in Cleveland Utilities' Tom Wheeler Training Center.

The following board members were present: Aubrey Ector, Chairman; Joe Cate, Vice Chairman; Eddie Cartwright, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; and Debbie Melton, Cleveland Utilities Board.

Others in attendance were Tim O. Henderson, President/CEO; Amy Ensley, Utility Board Secretary; John Corum, Administrative Services VP; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Jon Sparkman, Water and Wastewater Engineering Manager; Anthony Hicks, Line Foreman; Zach Trew, Lineman; Wesley Triplett, Lineman; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Zach Trew delivered the invocation.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Condolences

Henderson publicly expressed condolences to Jimmy Isom on the recent passing of his mother.

Hurricane Ian Power Restoration Report

A video clip from News Channel 3 was shown highlighting CU's mutual aid efforts where the crew worked to restore power to the New Smyrna Beach area. Anthony Hicks, Zach Trew, and Wesley Triplett were recognized at the board meeting. Josh Day and Bill Raulston were also part of the crew but were unable to attend the board meeting. Board members expressed appreciation to the crew for their sacrifice and willingness to help others during this great time of need. Henderson echoed appreciation to the crew for their dedication and service.

Broadband Update

As part of CU's ongoing Broadband Feasibility Study, the Tennessee Valley Authority (TVA) conducted an extensive review and analysis of CU's Broadband Business Plan in accordance with their process. TVA recently issued a letter of authorization to CU for the investment of electric system revenues in commercial broadband subject to certain terms and conditions. The Tennessee Comptroller's office has now started their review process to assess the viability of CU providing broadband services. The Comptroller's review is anticipated to take four to six weeks.

Holiday Office Closures

Cleveland Utilities will be closed on Friday, November 11, in observance of Veterans Day. Additionally, offices will be closed Thursday, November 24, & Friday, November 25, in recognition of Thanksgiving. The Call Center will be open and regular emergency/standby services will be maintained 24/7.

CONSENT AGENDA

David May, Jr., made a motion to approve the following items from the Consent Agenda. The motion was seconded by Vice Chairman Joe Cate, and the Utility Board voted unanimously to approve the consent agenda.

A. Approval of the minutes from September 30, 2022

B. Approval of the following written Financial, Electric, and Water/Wastewater Division Reports:

FINANCIAL REPORT

1. **Electric Division September 2022** - During the month of September, the cost of purchased power as a percentage of retail sales was 77.6 percent and can be compared to the budgeted percentage of 74.1 percent for FY 2023. The results for September are electric sales revenue of \$9,451,430, which was offset by a purchased power expense of \$7,334,289. This resulted in an operating margin of \$2,117,141. This is compared to a budgeted margin of \$2,334,504. Operating expenses for the month were \$1,691,601. This is compared to a budgeted operating expense of \$1,897,159. These revenue numbers were driven by a customer base of 32,950. The net income for the month was \$690,801; this can be compared with a budgeted net income of \$624,909.
2. **Water Division September 2022** - For September, water sales revenue was \$1,781,585. This is compared to the budgeted amount of \$1,820,757. Other revenue sources contributed an additional \$201,148 for the month. These revenue numbers were driven by a customer base of 33,674. Operating expenses for the month were \$1,553,917. This is compared to the budgeted amount of \$1,602,671. The division recorded an operating income of \$428,816, which is compared to a budgeted operating income of \$367,801.
3. **Wastewater Division September 2022** - For September, wastewater treatment revenue was \$1,276,708. This is compared to the budgeted amount of \$1,320,974. Other revenue sources contributed an additional \$103,800 for the month. These revenue numbers were driven by a customer base of 20,322. Operating expenses for the month were \$1,180,908. This is compared to the budgeted amount of \$1,238,307. The division recorded an operating income of \$199,600, which is compared to a budgeted operating income of \$174,560.

ELECTRIC REPORT

1. An update was provided for the ongoing Lang Street Substation Rebuild Project. During September, CU crews installed conduit throughout the substation for the control and communications wiring. This wiring connects the devices (breakers and transformers) in the substation to the control building. Additionally, CU crews installed the lightning eliminator arrays in the station. These devices help prevent lightning strikes near the substation. This is the second substation CU has installed these devices.
2. CU's electric involvement in the Edwards Street NE Project was 99 percent complete by the end of September. As a summary, CU converted 530 feet of overhead primary along Edwards Street to underground. This was part of a project with the city to improve the appearance of the street and add sidewalks in front of the new Sanda Mills apartments. The new underground line design also incorporated the new electric service for the Sanda Mills apartments. In addition to the new underground electric, CU crews also installed new decorative streetlights at locations specified by the city engineers. Along with the new street design, the aesthetics of the area will be greatly improved when the project is finished.

3. The two, 150 kVA, 3-phase, 120/208-volt transformers for the Sanda Mills apartments were connected and energized in September. CU crews also installed parallel runs of 350 aluminum quadraplex to the gang meter bases at each end of the building. The electrician received good inspections on the apartments in September, and CU began installing meters as needed. The only issue is there are not enough 120/208-volt single phase meters in stock for all 52 apartments. To assist the contractor with final inspections on the apartments, CU's metering personnel are going to the site each morning and rotating five meters as needed in the gang meter base. The remaining meters are expected to arrive in early November.
4. There has not been any necessary work at the IronCraft manufacturing site on 20th Street NE for CU crews during September. Engineering has been working out details with the contractor regarding the service for a fire protection water pump on the north side of the property. Engineering provided the guidelines and a price quote for a new overhead line and transformers to feed the new pump. It is engineering's understanding the owners are still working out business details for the site. Once they are finalized, there will be several action items for CU such as connecting the electric service for the fire pump.
5. Buildings are being constructed on two lots in the Hunting Drive Development on Georgetown Road on the west side of the Paul Huff Parkway intersection: a veterinarian clinic and a fast pace medical building.
 - New Veterinarian Clinic - This new clinic is under construction and will have a 600-amp single phase service with an expected demand of 25 kW. A 100 kVA single phase transformer has been installed on the property line and is set up to also serve the property next door and the property across the street.
 - Fast Pace Medical – Site work for this building began in September. The building will have a 400-amp single phase service, and the expected demand is 18 kW. Secondary has been installed by CU crews from the 100 kVA transformer across the street to a pedestal near the new building. At this time, only a temporary service is being connected on the lot.
6. Electric Engineering released a work order to install 915 feet of #1/0 aluminum underground primary and a 75 kVA, 277/480-volt, 3-phase transformer at a site on North Lee Highway for the Discovery Outlet. The expected demand of the building is approximately 75 kW. The building is under construction at this time, and a temporary service is expected to be connected in October.
7. A new subdivision addition is under construction in King Den Subdivision on King Den Drive NW. The subdivision will have single family homes and townhomes. The contractor has begun installing electric conduit per electric engineering's direction. Engineering released a work order for the installation of the underground electric, but it is not known when the first electric service will be needed. The subdivision will have 1,733 feet of #1/0 aluminum underground primary, 1,480 feet of underground secondary triplex, and five single phase, pad-mounted transformers.
8. CU crews connected two temporary services in September for construction power for the Advance Auto Parts and Popeye's Chicken in the Graystan Square Development. The contractor has installed the conduit for the future underground

primary and poured a pad for a 3-phase transformer. The transformer will not be installed until one tenant in the building is ready for permanent service.

9. A new Rhodes Storage Complex is being constructed at 2900 Dalton Pike SE. The complex will have a two-story climate control storage building and two large parking areas for items like campers, boats, etc. The owner also plans to add a second 2-story, climate-controlled storage building in the future. To provide electric service, engineering released a work order to install 2,160 feet of #1/0 aluminum underground primary and a 150 kVA, 277/480-volt, 3-phase transformer. The transformer is centrally located and will be able to provide service to all the buildings (current and future) at the complex. The transformer was installed and connected in September. The facility is anticipated to be open in a few weeks.
10. Engineering released a work order to install a third phase on Pleasant Grove Church Road from South Lee Highway to the roadway widening project. The project will require 1,860 feet of #1/0 AAC (10 spans) wire and 2,050 feet of #2 ACSR wire (9 spans). The project is in preparation for the new subdivision on Pleasant Grove Trail SW. The estimated cost is \$13,499.
11. A representative of engineering attended a four-day conference in Orlando hosted by Minsait ACS. CU has used this company for over 40 years as a source for the SCADA equipment in the dispatch room. SCADA is a great tool for engineering and operations as it provides a central location to collect and display data and allow for remote control of devices in the field. The conference highlighted new advancements the company is working on to improve the SCADA system. It was also a great opportunity to network with people from other utilities and brainstorm ideas of unique ways to use the system.
12. An update was presented on traffic lighting:
 - CU engineering released a work order to replace the vehicle detection at Ocoee Street and 20th Street with a Miovision camera detector. The previous camera detection system was very unreliable and had generated numerous complaints over the last couple of years.
 - CU engineering updated a proprietary product letter for controllers, MMU's, preemption, detection, communications, and pedestrian APS equipment. The letter was approved by TDOT and will stay on file for the next three years. The proprietary equipment will be required on all TDOT projects let to construction during that time in both Cleveland and Bradley County.

WATER & WASTEWATER REPORT

1. A progress update meeting for the Wastewater Treatment Plant (WWTP) Sludge Management Facilities Project is scheduled in November.
2. Bids for the Waterville Springs Water Treatment Plant Chlorine Gas Scrubber Project were received on October 11. This is an item on the Consent Agenda.
3. CTI has completed the five-year inspections for the water storage tanks. CU is awaiting the final report.
4. The Brentwood Booster Pump Station Project is underway by Angel Construction.
5. Year 2 of the Fire Hydrant Painting Project is in progress. Wright Industrial Group has completed Year 1 of the project which comprised a total of 1,127 fire

hydrants. Year 2 includes a project scope of 1,000 hydrants, and a total of 34 have been completed to date.

6. HL Construction has completed the Bellview Drive SE water line extension, and final payment has been made.
 7. Hampton Backhoe has completed the Tillie Road NE Water Extension Project. The contract amount was \$32,387, and a partial payment of \$12,480 has been made.
 8. In reference to the Wilkinson Road Sewer Force Main and Pump Station Project, the pump station has been awarded, and the force main will be bid on November 16.
 9. Hampton Backhoe has completed the Georgetown Road Sewer Extension – 2017 Annexation Project.
 10. Engineering is reviewing the following plans:
 - Morrison Lane Apartments on Morrison Lane. This project comprises 22 apartments with a scope of 196 feet of 6-inch DIP water main.
 - The Oasis on Pleasant Grove Church Road SW (55 townhome units & 8 apartment units). This project includes 1,167 feet of 6-inch DIP water main and 1,087 feet of 8-inch gravity sewer.
 11. Engineering approved plans for Springbrook Commons (4 commercial lots) on APD-40 with 854 feet of 8-inch gravity sewer.
 12. The following developments under construction are complete:
 - Kings Den Subdivision (King Den Drive NW)
 - Miller's Landing on North Lee Highway
 - Powell Meadows PUD – Phase 1 on Durkee Road
 - Johnson Commons on Washington Avenue & Perry Street
 13. An update was provided for the ongoing Wastewater Rehabilitation Project:
 - CU staff installed sewer the week of October 3rd for the Lankford Street Sewer Extension Project. The project cost was \$48,323 and includes all materials and labor.
 - In reference to the Candies Creek SSES Project, CU crews have televised approximately 82,000 feet of sewer main, and contractors have televised 37,631 feet of large diameter lines. Additionally, 866 manholes have been inspected and 1,410 have been GPS located. Smoke testing has resumed and should be completed soon.
 14. The Meter Department set 40 meters through September 2022 compared to 53 for September 2021 and 58 for September 2020. Of the 40 sets, 30 were single family homes, 4 were townhomes, and 6 were commercial.
 15. The total amount of rainfall recorded at the CFP as of October 25, 2022, was 0.86 inches for the month, which brings the total to 45.23 inches for the calendar year. This can be compared to 72.87 inches for the same period in 2020 (largest rainfall totals thru October 1996-2022) and 23.09 inches in 2007 (lowest rainfall totals thru October 1996-2022).
- C.** Approval of a purchase order with Fortiline, Inc., in the amount of \$205,212 for the purchase of 8,400 lineal feet of 6-inch ductile iron pipe. The pipe will be installed in new subdivisions and be reimbursed by the developer.

- D.** Approval of a purchase order with Fortiline, Inc., in the amount of \$102,976 for the purchase of 3,200 lineal feet of 8-inch ductile iron pipe. The pipe will be installed in ARPA projects and new CU waterline extensions.
- E.** Approval of a purchase order with Consolidated Pipe in the amount of \$106,790.40 for the purchase of 3,240 lineal feet of 8-inch ductile iron pipe. The pipe will be installed in ARPA projects and new CU waterline extensions.
- F.** Approval of a purchase order with WESCO Distribution in the amount of \$221,400 for the purchase of 2,000 water modules and mounting kits. These modules allow water meters to transfer customer data to CU for billing purposes. The purchase is sole source.
- G.** Approval of a contract with Roy Joe Angel Construction in the amount of \$345,250 for the Waterville Springs Water Treatment Plant Chlorine Gas Scrubber Project. The purpose of this project is to improve facility safety. This project is budgeted in FY 2023.
- H.** Approval of a Resolution to execute a contract with Roy Joe Angel Construction in the amount of \$1,267,000 for the Dempsey Circle Pump Station Upgrades, contingent upon approval of the authority to award package by the State Revolving Fund Program. This project is budgeted in FY 2023.
- I.** Approval of a Resolution to execute a contract with Morgan Contracting, Inc., in the amount of \$7,414,000 for the Improvement to the Hiwassee River Wastewater Treatment Plant (UV Conversion Project), contingent upon approval of the authority to award package by the State Revolving Fund Program. This project is budgeted in FY 2023 and FY 2024.
- J.** Approval of a Resolution to approve matching funds for an allocation of TDEC non-competitive ARPA funds from the City of Cleveland. The City of Cleveland will allocate \$2,500,000 to Cleveland Utilities for critical water and sewer infrastructure projects. The grant funds require a 15% match or \$441,176.47.
- K.** Approval of a Resolution to approve matching funds for an allocation of TDEC non-competitive ARPA funds from Bradley County. Bradley County will allocate \$2,045,671 to Cleveland Utilities for critical water infrastructure projects. The grant funds require a 25% match or \$681,890.33.
- L.** Approval of a purchase order to Southern Lighting & Traffic Systems in the amount of \$99,080 for the purchase of ATC traffic cabinets. These cabinets will be installed along Inman Street for the Road Diet Project scheduled for the spring of 2023. One will be kept at CU as a spare. The existing 30-year-old traffic cabinets do not have the capacity or features for the signal operation required of the Road Diet Project. The City Council unanimously approved the general terms of this project on June 27, 2022, and will reimburse Cleveland Utilities for this expense.

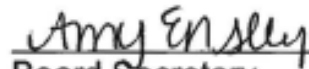
OTHER BUSINESS

Future Board Meeting Dates

The next scheduled board meeting dates to be held in the Tom Wheeler Training Center are as follows:

- Friday, December 2, 12:30 p.m.
- Friday, January 6, 12:30 p.m.
- Friday, January 27, 12:30 p.m.

There being no other business, Eddie Cartwright made a motion to adjourn the meeting. Debbie Melton seconded the motion, and the board unanimously voted to adjourn the meeting at 1:01 p.m.


Board Secretary


Board Chairman

December 2, 2022
Date

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
December 2, 2022

A regular meeting of the Board of Public Utilities was called to order at 12:30 p.m. in Cleveland Utilities' Tom Wheeler Training Center.

The following board members were present: Aubrey Ector, Chairman; Joe Cate, Vice Chairman; Eddie Cartwright, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; and Debbie Melton, Cleveland Utilities Board.

Others in attendance were Tim O. Henderson, President/CEO; Amy Ensley, Utility Board Secretary; John Corum, Administrative Services VP; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Jamie Creekmore, Customer Relations Supervisor; Mark Lay, Wedgewood Accounting; Nolan Purgason, University of Tennessee, Chattanooga (UTC) Political Science Student; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Jamie Creekmore delivered the invocation.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Christmas Parade

Cleveland Utilities will participate in MainStreet Cleveland's Annual Christmas Parade with the "Gingerbread House" themed float. Prior to the gingerbread house, CU had a "Polar Express" Train Float for several years. The event is scheduled for tomorrow (Saturday, December 3, at 6:00 p.m.). CU began participating in the parade in 2004 for sure and possibly earlier. CU has won their division the last three years of participation and won overall "Best of Parade" in 2018. Henderson thanked all employees who have worked diligently preparing the float and expressed appreciation to the Administrative Services team and particularly Creekmore for coordinating this effort.

CU Christmas Luncheon

The annual CU Christmas Luncheon will be held Tuesday, December 13, from 11:30 a.m. to 1:30 p.m. at the Tom Wheeler Training Center. Aubrey's will be providing the catering services.

Retirement

Electric Operations Manager Dean Watson worked his last day with CU a few weeks ago following a 35-year career. Watson began his career at CU in June 1987 as a Distribution Engineer, was promoted to Electrical Maintenance Supervisor in January 1994 and to Electric Operations Manager in January 2012. Henderson publicly expressed appreciation for Watson's service and wished him all the best in this next chapter.

Broadband Update

As communicated at the last board meeting, CU received a letter on October 5, 2022, from the Tennessee Valley Authority (TVA) authorizing the use of electric funds to be used for broadband purposes (subject to certain terms and conditions). On November 18, 2022, CU received a letter from the State Comptroller's office. They have completed their review process and determined CU's Broadband Business Plan to be feasible. CU staff is performing final review of business plan inputs and necessary operational changes. Next steps would consist of the following:

- Full business plan presentation to the CU Board in the near future
- Consideration of approval by the CU Board
- Public hearing on CU's Broadband Business Plan
- Presentation of CU's Broadband Business Plan to the Cleveland City Council
- Consideration of approval of CU Broadband Business Plan by Cleveland City Council (2/3 Majority Required)
- Final internal review by CU staff

Holiday Office Closures

Cleveland Utilities will be closed Friday, December 23, and Monday, December 26, in observance of Christmas. Additionally, offices will be closed Friday, December 30, and Monday, January 2, in recognition of New Year's. As always, the Call Center will be open and regular emergency/standby services will be maintained 24/7. This coincides with the city's holiday schedule.

CONSENT AGENDA

David May, Jr., made a motion to approve the following items from the Consent Agenda. The motion was seconded by Debbie Melton, and the Utility Board voted unanimously to approve the consent agenda.

A. Approval of the minutes from October 28, 2022

B. Approval of the following written Financial, Electric, and Water/Wastewater Division Reports:

FINANCIAL REPORT

1. **Electric Division October 2022** - During the month of October, the cost of purchased power as a percentage of retail sales was 72.8 percent and can be compared to the budgeted percentage of 74.1 percent for FY 2023. The results for October are electric sales revenue of \$8,037,726, which was offset by a purchased power expense of \$5,854,891. This resulted in an operating margin of \$2,182,835. This is compared to a budgeted margin of \$1,927,353. Operating expenses for the month were \$1,708,060. This is compared to a budgeted operating expense of \$1,902,204. These revenue numbers were driven by a customer base of 32,995. The net income for the month was \$748,142; this can be compared with a budgeted net income of \$195,339.
2. **Water Division October 2022** - For October, water sales revenue was \$1,739,683. This is compared to the budgeted amount of \$1,701,464. Other revenue sources contributed an additional \$177,749 for the month. These revenue numbers were driven by a customer base of 33,666. Operating expenses for the month were \$1,526,397. This is compared to the budgeted amount of \$1,576,571. The division recorded an operating income of \$391,035, which is compared to a budgeted operating income of \$264,798.
3. **Wastewater Division October 2022** - For October, wastewater treatment revenue was \$1,243,286. This is compared to the budgeted amount of \$1,259,594. Other revenue sources contributed an additional \$94,466 for the month. These revenue numbers were driven by a customer base of 20,327. Operating expenses for the month were \$1,157,490. This is compared to the budgeted amount of \$1,230,421. The division recorded an operating income of \$180,262, which is compared to a budgeted operating income of \$116,794.

ELECTRIC REPORT

1. An update was provided for the ongoing Lang Street Substation Rebuild Project. Through the month of October, crews worked to assemble the steel structures at the substation. This part of the project will likely take two to three months. Engineering has been working on the plans for the 69 & 13 kV circuit layouts around the new station. The plans should be finalized next month.
2. Engineering released a work order to replace the remote at Mouse Creek Substation with a new, updated SEL device. The remote is used for communications between the devices in the substation and SCADA. The old remote has been in the station for several years and not working correctly. Engineering also released a purchase order to buy a new SEL device to replenish CU's spare part inventory. The remote will be replaced in November when the station is removed from service for scheduled maintenance.
3. CU's electric involvement of the Edwards Street Project was completed in early October. The city was able to finish the sidewalks and road in October, and the project is now complete. This project enhanced the area around 1st Street and Edwards Street.
4. Everything is in place for the electric service to the Sanda Mills Apartments. CU is still waiting for the 120/208-volt, single-phase meters to arrive. Once they are delivered, the services for each apartment will be connected. Services are anticipated to be connected in November.
5. Conversations have continued with the electrical contractor for IronCraft Manufacturing on 20th Street NE. It may be very likely that one or two large transformers will be needed at the site. CU is awaiting load information from the contractor so an estimated load demand can be calculated.
6. Each year, CU budgets to upgrade 69 kV switches on the sub-transmission system. When opening these switches to break parallel between circuits, arcing can occur. CU has a plan in place to upgrade two to three of the switches each year with new switches containing interrupters. The interrupters minimize arcing and are safer to operate. Engineering released three work orders in October to replace three switches. In addition to replacing these three switches, CU crews are planning to replace two other switches that were scheduled for last year but were unable to be replaced due to a busy schedule. All five switches are expected to be installed in November.
7. Engineering released a work order to install the electrical facilities for the Vintage Cleveland Apartment Complex Building 1. The installation will require 545 feet of underground primary and three 167 kVA pad-mount transformers. The estimated cost of the project is \$12,931.94.
8. Liberty Testing began routine substation testing this month. Thus far, they have completed scheduled testing for Burlington Substation, the 13 kV relays and breakers at Mouse Creek Substation, and scheduled testing at District Substation.
9. The new Mohawk in-ground vehicle and equipment lift has been installed in the garage. The entire project should be completed within the next few weeks.
10. Operations personnel attended an Operations Roundtable meeting held at Knoxville Utilities Board (KUB). Operations personnel from the east TN area met to discuss ongoing issues and topics directly pertaining to area municipalities. Operations also participated in the Tennessee Valley Public Power Association

(TVPPA) Operations Advisors Committee quarterly meeting via WebEx to discuss various topics such as the 2022-23 winter weather forecast, TVA's emergency curtailment requirements as well as updated NERC requirements, and the future effects of EV's on electric distribution systems.

11. An update was presented on traffic lighting:

- Engineering released a work order to replace a pedestrian pole and pushbutton assembly at Keith & 20th Street NW that was ran over by a truck. A cabinet interface device was also damaged and will have to be returned to the manufacturer for repair. During this time, the pedestrian signals will remain in fault causing delays at the intersection. Equipment knockdowns have been a reoccurring problem at this intersection with most being hit-and-runs. The city is looking into ways to prevent the crashes or catch the drivers causing this damage.
- CU engineering replaced the Miovision SmartLink device at Paul Huff Parkway and Mouse Creek Road. The original unit was having issues with the hard drive, and the manufacturer replaced the device under warranty. This device provides the automated traffic signal performance measures, alerts, and real-time traffic counts.
- CU engineering was made aware the detection loops on the Randolph Samples Road approach to Highway 64 were no longer working causing the detector to be in fault and resulting in long delays at the signal. The max green time for that approach was lowered as a temporary measure to reduce the delays. The detection is scheduled to be replaced with radar on an upcoming TDOT safety project. The intersection will be monitored to determine if any further work should be down prior to the TDOT project.

WATER & WASTEWATER REPORT

1. In reference to the Wastewater Treatment Plant (WWTP) Ultraviolet Disinfection Project, CU is waiting on authority to award approval from the State Revolving Fund (SRF).
2. On November 29, CU and Wauford held a workshop for the Preliminary Engineering Report (PER) for Expansion of the Hiwassee River WWTP.
3. Haren Construction has completed the WWTP Spiral Lift Pump Access Platforms Project.
4. Wauford has completed the preliminary design for the WWTP Sludge Management Facilities Project.
5. A readiness to proceed packet has been submitted to the SRF for the Cleveland Filter Plant (CFP) Sodium Hypochlorite (Bleach) Project – Alternative Disinfection.
6. Angel Construction has completed the Brentwood Booster Pump Station Project. The station was placed in service November 30.
7. Wright Industrial Group has painted a total of 56 out of 1,000 total hydrants during this phase (year 2) of the project.
8. CU is waiting on authority to award approval from the SRF for the Dempsey Street Water Booster Pump Station Upgrade Project.
9. Engineering is reviewing plans for Fairview Hills Subdivision on Minnis Road NE. The development comprises 89 single family lots, 2,845 feet of 6-inch DIP water main, 309 feet of 2-inch PVC water main, and 373 feet of 8-inch gravity sewer.
10. An update was provided for the ongoing Wastewater Rehabilitation Project:

- Design has begun on a rehabilitation project in the Candies Creek area. The project design should be finalized this month.
 - In reference to the Sanitary System Modeling and Master Plan, flow monitor installation is complete. 100 flow meters have been installed over the past two and a half weeks, and CU has begun gathering data. LJ&A crews have completed 579 manhole inspections and GPS located 1,468 manholes.
11. The Meter Department set 34 meters through October 2022 compared to 66 for October 2021 and 65 for October 2020. Of the 34 sets, 27 were single family homes, 4 were townhomes, 2 were commercial and 1 was irrigation.
 12. The total amount of rainfall recorded at the CFP as of November 28, 2022, was 6.73 inches for the month, which brings the total to 52.52 inches for the calendar year. This can be compared to 74.23 inches for the same period in 2020 (highest rainfall totals thru November 1996-2022) and 28.40 inches in 2007 (lowest rainfall totals thru November 1996-2022).
- C.** Approval of a change order with ERMCO c/o Utility Sales Agency in the amount of \$9,606.69 for 26 pad-mount transformers. The original purchase order amount was \$48,867. This brings the final purchase amount after the increase to \$58,473.69.
 - D.** Approval of a change order with ERMCO c/o Utility Sales Agency in the amount of \$8,755.88 for 28 pad-mount transformers. The original purchase order amount was \$49,812. This brings the final purchase amount after the increase to \$58,567.88.
 - E.** Approval of a purchase order to Transportation Control Systems, Inc., in the amount of \$76,923 for the purchase of traffic signal mast-arm poles. These poles are for the Inman Street Road Diet Project and will be installed at the intersections of Church Street and Edwards Street. After public advertisement, only one bid was received; however, the proposal met all requirements. The City of Cleveland will reimburse Cleveland Utilities for this expense.
 - F.** Approval of a purchase order with MR Systems, LLC in the amount of \$64,211 for a software upgrade and labor to develop new SCADA screens (Wonderware/AVEVA) for the Wastewater Treatment Plant, bio-solids centrifuge equipment and ancillary systems. MR Systems is the regional authorized screen developer for AVEVA. The upgrade will include programming and enhance visual displays, improve functionality, and require less memory storage. The upgrade is sole source and budgeted for FY 2023.
 - G.** Approval to execute a contract with HL Construction in the amount of \$408,300 for the Wilkinson Road Sewer Force Main Project. This is for the construction of a sewer force main that will serve new subdivision developments along Michigan Avenue Road NE. This project is budgeted in FY 2023. CU and the developer will share costs in the project. The developer's portion of the project will be 51.2 percent.
 - H.** Approval of a resolution to execute a contract with Talley Construction Company, Inc., in the amount of \$3,866,778.93 for the Durkee Road Sewer Extension Project,

contingent upon approval of the authority to award package by the State Revolving Fund Program.

OLD BUSINESS

Presentation of FY 2022 Audit Report by Mark Lay

Mark Lay, representing Wedgewood Accounting, PLLC, reviewed the Required Auditors' Communications in relation to the Fiscal Year 2022 audit report. He reported the financial statements present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Board of Public Utilities as of June 30, 2022, and 2021. Lay advised the audit went well, and it was a pleasure to work with the employees of CU.

Both divisions experienced increases in net position for the year. The increase in the Electric Division was \$9,139,460, and the Water and Wastewater Divisions was \$5,526,475.

The Other Post-Employment Benefits (OPEB) Trust grew by \$188,485 in FY 2022, which includes employer contributions as well as investment income. The 2022 net position in the fund is \$3,321,384. Lay again applauded CU for taking steps to fund this liability.

For 2022, GASB Statement Number 87, Leases, was implemented. This statement requires government entities to report operating leases as an intangible asset with an offsetting liability. There is information throughout the report on these leases specifically in the notes regarding capital assets and long-term debt. There are also additional schedules in the supplemental information regarding the lease activity. Another change this year is that CU is no longer required to present the water loss schedule as part of the financial statements (this still has to be submitted to the state). For next year, there will be statement number 96 related to subscription-based information technology arrangements which requires multi-year software subscription costs to be recorded similar to the way leases are required as intangible (this won't affect annual subscriptions). Another noteworthy item in the financial statements this year is the TCRS pension plan went from a net liability to a net asset. The liability in the year before was \$6,349,660. This year it's an asset of \$527,768 and is due to the market.

Henderson and the board thanked Lay for his presentation. Board members were advised to contact Lay with any questions. The acceptance of the audit report will be voted on at the next board meeting.

OTHER BUSINESS

Future Board Meeting Dates

Future, scheduled board meeting dates to be held in the Tom Wheeler Training Center are as follows:

- Friday, January 6, 12:30 p.m.
- Friday, January 27, 12:30 p.m.
- Friday, February 24, 12:30 p.m.

There being no other business, Joe Cate made a motion to adjourn the meeting. Councilman David May, Jr., seconded the motion, and the board unanimously voted to adjourn the meeting at 12:50 p.m.

Amy Ensley
Board Secretary

Joe Cate
Board Chairman

January 6, 2023
Date