

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES AUTHORITY BOARD
January 24, 2025

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

The following board members were present: Aubrey Ector, Chairman; Joe Cate, Vice Chairman; Mayor Kevin Brooks; Eddie Cartwright; Councilman David May, Jr.; and Councilwoman Marsha McKenzie
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; Sofia Espinoza, Executive Assistant/Communications Specialist; Tim Rader; and Tim Siniard, *Cleveland Daily Banner*.

Following the Pledge of Allegiance to the American Flag, Sofia Espinoza delivered the invocation.

PUBLIC COMMENTS - NONE

MANAGER'S UPDATE & ANNOUNCEMENTS

Introduction of Executive Assistant/Communications Specialist – Sofia Espinoza

Henderson introduced Sofia Espinoza as the new Executive Assistant / Communications Specialist. She is a native of Cleveland, TN and started her position on January 21, 2025. He stated Espinoza has hit the ground-running this week and will be assisting Amy and the Executive team.

Wastewater Treatment Plant (WWTP) Ultraviolet (UV) Project Completion

Henderson shared the completion of the UV Conversion Project with Morgan Construction, who CU is proud to have worked with. The design for this project began in 2020 with an actual start in 2023. The project was completed in 2024 and officially began running on December 16th. With UV Conversion now in place, there is no longer chlorine gas or sulfur dioxide gas within the operation of disinfection. This form of operation has become very popular not only in the United States, but other parts of the world as well. Henderson touched on how previously, at an American Water Association meeting, this was the talk of what the future of disinfection is. Craig Mullinax then began with how this puts CU in the category as a progressive and innovative utility. Mullinax thanked the board for their approval of this project because it has allowed CU employees to be in a safer environment than previously when utilizing chlorine.

Cold Weather Report

Henderson highlighted that CU set an all-time system high with 252.8 megawatts on Wednesday, January 22, with the previous system peak dating back to 2014. He stated that CU's system was resilient and reliable during this weather and has seen a lot of growth to achieve this new peak. Henderson touched on the game plan that TVA set forth ahead of time to ensure that as much information was provided to the utilities and where their concerns lay. TVA's system also performed extremely well, and their record now sits at 35,319 megawatts. Henderson also shed some light on CU's water side. He stated that Mullinax's group was

extremely busy as well and received over 36-night calls, 60 regular hour service calls and 13 emergency breaks.

Fiber Project Update

Walt Vineyard informed the board of the current CU fiber customer count. As of 01/24/2025 there are 230 active customers. Vineyard discussed the plan going forward to reach customers in active areas where fiber is up and increasing community awareness about CU's fiber network offering. Marshall Stinnett then informed the board that after January 24, 2025, once all installs were completed, CU would cross the 250-line on active customers. Stinnett then highlighted CUs progress with aerial construction; they are now ahead of schedule and soon will be moving into the eastern section. He also informed the board that CU will begin the process of launching telephone services in the coming weeks to go with the fiber internet services. Vineyard then spoke about customer service and how they have received very positive feedback from the community recently.

Retirements

Angie Abercrombie Retirement

Mrs. Abercrombie is retiring and will have a celebration on February 4th to highlight her 25 years of service with CU. During her time at the company, she was a customer-facing service representative. As she embarks on this new journey in life, CU wishes her nothing but the best.

Steve Kiser Retirement

Mr. Kiser initially began his career with CU as a meter reader, he then took advantage of opportunities presented within the company and joined the apprenticeship to become a lineman. This is where he finished out his career as the Line Section Supervisor. He served CU and the community for 34 years. A celebration of his accomplishments and retirement was held on January 17th and CU is excited to see Mr. Kiser's next steps into the future of retirement.

Presidents' Day Holiday

CU offices will be closed Monday, February 17, in observance of Presidents' Day. As always, the 24/7 Call Center and plants will be operational and regular emergency/standby services will be maintained.

CONSENT AGENDA

Councilman David May, Jr., made a motion to approve the following items from the Consent Agenda. The motion was seconded by Mayor Kevin Brooks, and the Utility Authority Board voted unanimously to approve.

A. Approval of the Minutes from December 20, 2024

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

FINANCIAL REPORT

1. **Electric Division December 2024** – During the month of December, the cost of purchased power as a percentage of retail sales was 74.5 percent. This can be compared to the budgeted percentage of 73.0 percent for FY 2025. The results for December are an electric sales revenue of \$10,228,982 which was offset by a purchased power expense of \$7,620,835. This resulted in an operating margin of \$2,608,148 and can be compared to a budgeted margin of \$2,084,710 for the month. Operating expenses were \$2,324,004. This is compared to a budgeted operating expense of \$2,317,954. The division serviced 34,348 customers during the month of December. The net income was \$786,802 and can be compared with a budgeted net income of \$142,785.

2. **Water Division December 2024** – For the month of December, water sales revenue was \$1,872,779. This is compared to the budgeted amount of \$1,802,550. Other revenue sources contributed an additional \$244,575 for the month. The division serviced 34,973 customers during the month. Operating expenses were \$1,739,022. This is compared to the budgeted amount of \$1,734,988. The division recorded an operating income of \$378,331, which is compared to a budgeted operating income of \$214,936.
3. **Wastewater Division December 2024** – For the month of December, wastewater treatment revenue was \$1,510,456. This is compared to the budgeted amount of \$1,405,328. Other revenue sources contributed an additional \$180,258 for the month. The division serviced 21,487 customers during the month. Operating expenses were \$1,293,273. This is compared to the budgeted amount of \$1,383,051. The division recorded an operating income of \$397,440, which is compared to a budgeted operating income of \$116,605 for December.
4. **Fiber Division December 2024** – The results for December are fiber sales revenue for the month of \$20,017. This is compared to the budgeted amount of \$72,542. Operating expenses were \$87,457. This is compared to the budgeted amount of \$220,149. The net loss was \$54,681, which is compared to a budgeted operating loss of \$139,083 for the month of December. The division is now beginning financial operations. Over the coming months a cash flow will be seen as outside plant investments increase and customer revenue begins. The division serviced 119 customers during the month.

ELECTRIC REPORT

1. An update for the Lang Street Substation Project on Forrest Avenue NE was presented. The project is now complete, however, the third and final 69kv circuit needs to be connected once the old substation is demolished and out of the way. The old substation's transformers have been removed by Solomon Transformer. CU's Substation Department removed the 13KV breakers as well as other associated equipment. The only remaining structures to be removed are the steel and concrete foundations. The steel structures will be removed by the end of January, which will allow line crews to build the final 69KV line into the new substation. Engineering has released a work order to re-route the 69KV feed (E-774) at Lang Street Substation. The work order will re-route the 69KV circuit from the old Lang Street switch structure to the new switch frame. The project will require one 65-foot and one 70-foot steel pole. The estimated cost of the project is \$43,561.52. This construction will take place in the last week of January. Once this is completed, the concrete foundations will be removed by a contractor and the site will be ready for future battery storage units.
2. Electric Engineering met with the new owner of the former Duracell Plant at 208 Copper Top Lane NE in December. The building is currently set up for manufacturing, is primary metered, and has several transformers. The new owner's current plan is to use the building as a warehouse. In return, the electrical demand will be much lower than what the building is set up for. Engineering proposed a plan for the customer to feed from just one transformer by reconfiguring the panels inside the building. The other transformers would be de-energized but left in place if needed in the future. Changing to just one transformer would allow CU to go from a primary meter to a secondary meter. This would lower the customer's deposit, and the customer would not be paying to keep the other transformer energized. The customer will be required to pay CU for the meter change; an estimated cost of \$2,850.00 was quoted in December. The customer was in

favor of the change and is investigating changing the panels to one transformer. CU is expecting a response in January of 2025.

3. A local developer is currently working in the first section of the new Northside Subdivision off North Lee Highway. It is located on the property of the old Tomlinson College on North Lee Highway. The entire subdivision will have approximately 112 lots and contain single family homes and town homes. The developer is working on the subdivision in stages, and the first section is approximately 26 lots. At the end of December, the electric and fiber conduit had been installed for the 26 lots, and the grade work for the road and lots were near completion. Electric engineering released a work order to install 5,500 feet of #1/0 underground primary, 1,500 feet of #350 aluminum underground secondary, and five pad-mount, single-phase transformers to provide electric service to the first section. It is expected that electric service will be needed for construction in February or March 2025. Total investment by CUA electric for the first section is approximately \$136,000.
4. A representative from electric engineering assisted Jamie Creekmore in customer relations with an electric presentation at Blythe Bower Elementary in December. The presentation was given to four different groups of 3rd and 4th grade students. The students were taught a high-level overview of how electricity is distributed to homes and businesses. Safety was also covered using a demonstration board, which safely showed what happens when trees or equipment touches energized electric lines. Approximately half a day was required for the presentation.
5. CU hosted a meeting in December regarding the East Cleveland 69/161 KV TVA Conveyance Project. The meeting covered the future conveyance facilities and property of the East Cleveland Substation and consisted of CU Electric Engineering, Power Centric Consulting (hired by CU to assist with the project), and TVA Engineering. Drawings were reviewed and final decisions were made on how the protective relaying would be changed/installed to proceed with conveyance. Power Centric will take these notes and continue working on the design for the project. Power Centric will also assist with bidding out the four new 60 MVA transformers that will replace the old TVA transformers currently at the site. It is expected that the delivery lead time for the transformers will be close to two years. CU will need to order the transformers as soon as possible.
6. Electric Engineering released a work order to install a new 225 kVA, 480-volt, three-phase transformer at the Foam Fab Packing LLC on 1320 Dellwood Lane NE. This building will be used by a small manufacturing company. The building had an overhead 120/240-volt, three-phase delta service. However, the old service was in a place not easily accessible causing the overhead line to be exposed to trees, which can cause outages. The owner agreed to install new conduit to a pole that is easily accessible, and CU agreed to install the new 480-volt pad-mount transformer as desired by the customer. This allowed the old overhead transformer and service wire to be removed, which in return will be beneficial for both the customer and CU. The expected demand for the building will start at 75kW but grow in the future as the business expands. Total investment by CU for this project is approximately \$26,000.
7. A representative from CU Electric Engineering participated in the December TVA Regional Grid Transformation (RGT) committee meeting. This committee is putting together guidelines utilities can use to measure their status in several different categories, such as distributed generation, reliability, communication and more. TVA and utilities across the Valley have representatives that will provide insight into specific

challenges they face. The consulting team then takes those inputs and develops guidelines. CU hosted the December meeting, and the committee raved about its hospitality. A tour of the dispatch room was provided as well. CU Engineering gave a presentation highlighting some of the projects and challenges they are facing and how they address the needs of the system and customers.

8. A comprehensive Reliability Statistics report for 2022 through 2024 was provided:
 - The ASAI (Average Service Availability Index) statistics is the percentage of time the system was available through the year. CU achieved 99.9883 percent in 2024 compared to 99.9887 percent in 2023 and 99.9494 percent in 2022.
 - 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 68.522 minutes in 2024, 62.331 minutes in 2023, and 96.321 minutes in 2022.
 - SAIDI (System Average Interruption Duration Index) is the average outage duration for each customer served. CU's total was 61.168 minutes in 2024, compared to 58.864 minutes in 2023 and 264.963 minutes in 2022.
 - SAIFI (System Average Interruption Frequency Index) is the average number of interruptions that every customer would experience. The average for CU was 0.893 for 2024, compared to 0.944 in 2023 and 2.751 in 2022.
9. An update for traffic lighting was presented:
 - CU crews installed a traffic signal strain-pole on the NE corner of 25th Street and Georgetown Road to replace an existing wood pole that was failing.
 - A traffic signal contractor installed the mast-arm poles and traffic cabinet at the Duracell main entrance signal. Progress on the new traffic signal will continue in January.
 - TDOT's contractor has finished installing the mast-arm poles for the new signals on Exit 27 at Pual Huff Parkway NW
 - The Traffic Signals Coordinator participated in a webinar on Pedestrian Safety by the University of Tennessee. An increase in pedestrian fatalities in mid-block crossings and associated research was discussed.
10. Engineering completed 65 work orders during December.

WATER & WASTEWATER REPORT

1. In reference to the Ultraviolet Disinfection Project at the Wastewater Treatment Plant (WWTP), the new UV system is in operation.
2. A design kick-off meeting is scheduled for January 23rd in reference to the Preliminary Engineering Report (PER for Expansion of the HRWWTP)
3. The final design review meeting for the WWTP Non-Potable Reuse Project is scheduled for January 23rd. The project is being funded by an ARPA competitive grant.
4. In reference to the CFP Sodium Hypochlorite (Bleach) Project, the construction is now in progress and is 36% complete.
5. The following Water Distribution Projects were highlighted:
 - Wright Industries is 26% complete with the Fire Hydrant Painting Project Phase 3. Out of 705 total hydrants, 324 have been prepped and 323 have been primed.
 - B&B Plumbing has completed the Sim Goodwin Road SW Project.
 - Bids were taken on January 3rd for the Highland Drive SW Water Main Replacement. Hampton Backhoe was granted the construction project.

- Bids will open on January 28th on both projects for Moore Circle Road NW and Ralph Buckner Boulevard NE.
6. The Meter Department set 47 meters through December 2024 compared to 75 for December 2023 and 14 for December 2022. Of the 47 sets, 40 were single family homes, 1 was irrigation and 6 were commercial.
 7. The total amount of rainfall recorded at the CFP as of January 22, 2025, was 1.42 inches for the month and year to date. This can be compared to 10.90 inches for the same period in 2013 (highest rainfall totals through January 1996-2025) and 1.45 inches in 2018 (lowest rainfall totals through January 1996-2025). The projected departure for 2025 is 40.06 inches below normal.
- C. A report on the Debt Obligation for Water & Wastewater System Revenue Bonds was provided. Stinnett informed the board that CU sold on January 8, 2025, at a rate of 3.94 with high acceptance from the market.
- D. Approval of a purchase order with Hampton Backhoe Service, LLC, in the amount of \$112,500 for the watermain replacement of a leaking 1.5-inch galvanized watermain serving 19 homes along Highland Drive SE. The customers are experiencing low pressure due to the leaks. The new line will consist of approximately 1,540 feet of 6-inch DIP watermain and associated equipment, including two fire hydrants. The watermain will be funded from the Water Engineering budget for FY 2025.
- E. Approval of a purchase order with The Dycho Chemical Company, Inc., in the amount of \$100,170 for the annual supply of coagulant, DYPAC 5157, Poly-Aluminum Chloride, for the Cleveland Filter Plant. The chemical is budgeted for FY 2025.

OTHER ANNOUNCEMENTS

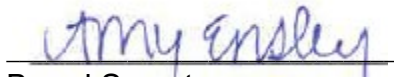
Future Meeting Dates

The next Authority Board Meetings will be held in the TWTC at 12:30 p.m. on the following dates:

- Friday, February 28
- Friday, March 28
- Friday, April 25
- Friday, May 23

ADJOURNMENT

There being no other business, Chairman Aubrey Ector adjourned the meeting at 1:13 p.m.



Board Secretary



Board Chairman

February 28, 2025

Date