



US INFRASTRUCTURE COMPANY

USIC Locate Compliance Review

December 2022



SAFE-LIFE CULTURE

JOURNEY TO **0** ZERO

Zero injuries
Zero collisions
Zero violations
Zero excuses

ALWAYS PREVENTABLE

SAFE



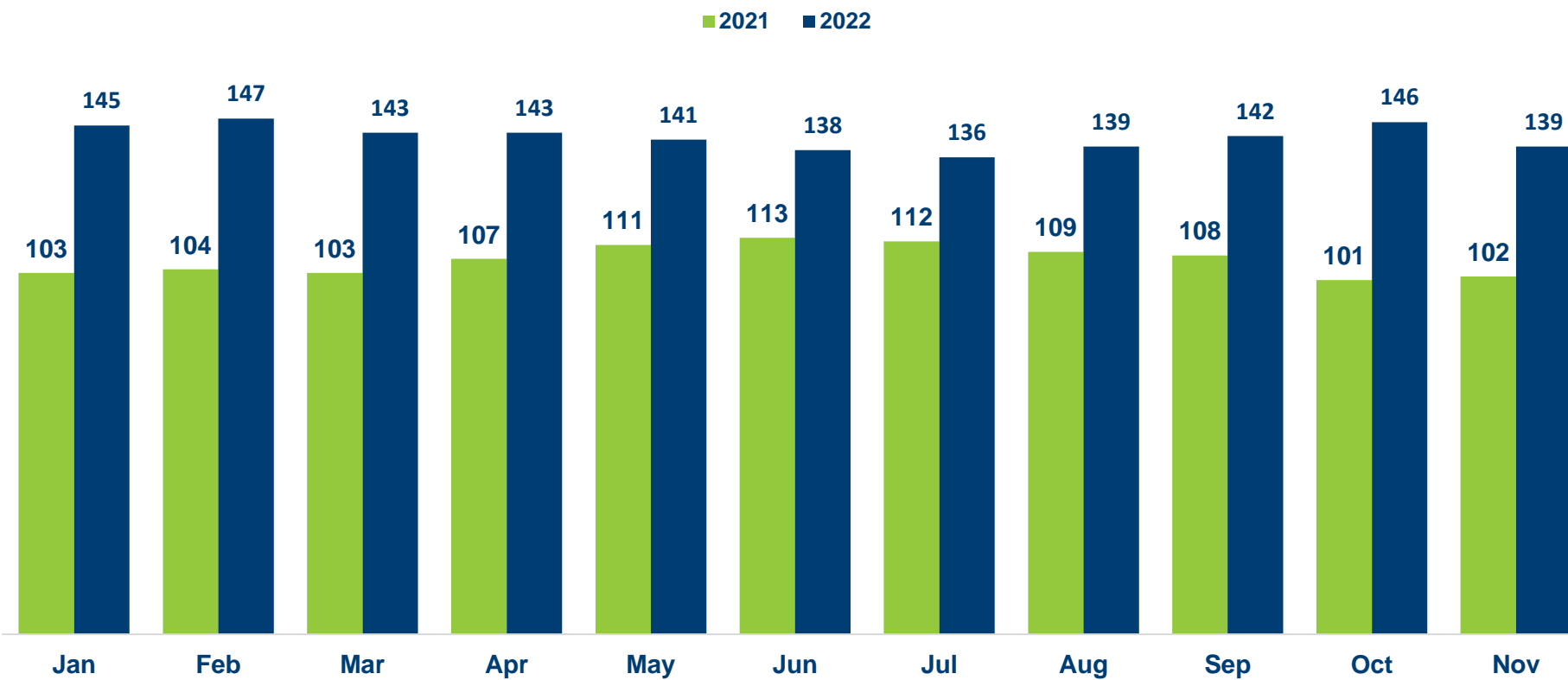
LIFE

USIC

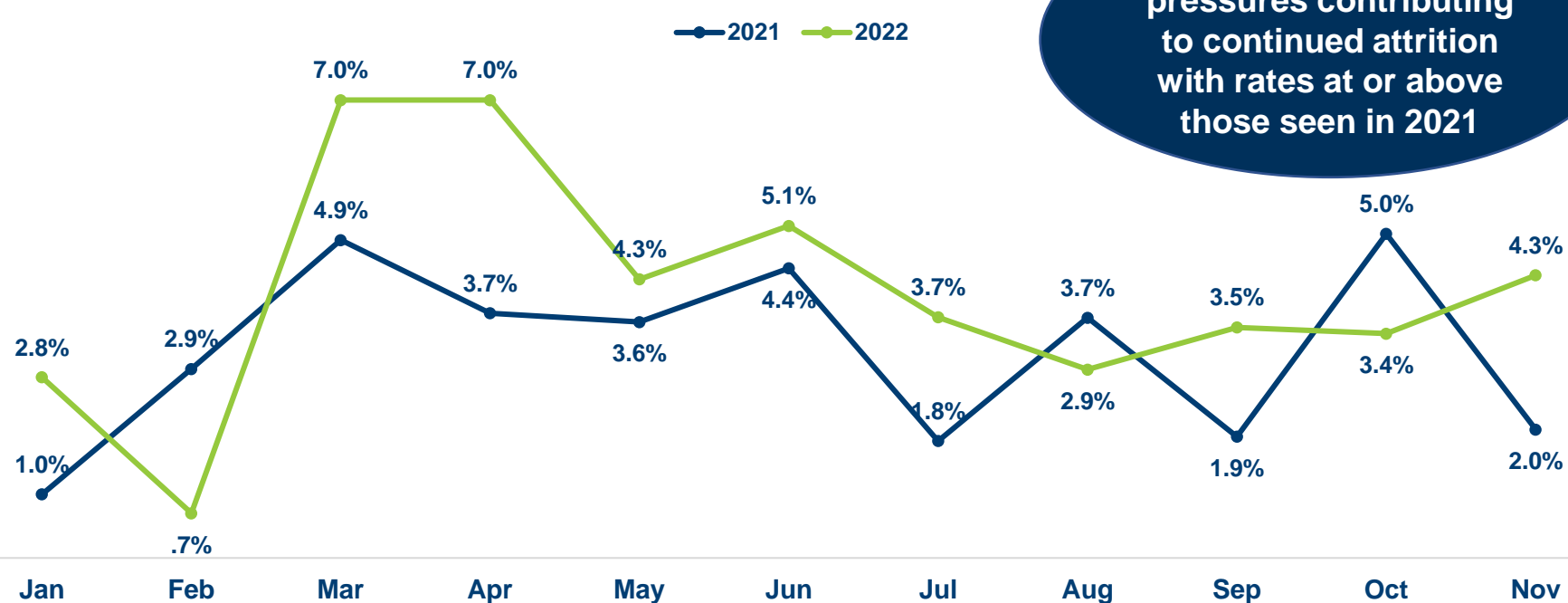
PROTECTING
Infrastructure
Our Communities
Ourselves

EVOLUTION OF HEADCOUNT IN KENTUCKY

2021-2022 Kentucky Headcount



Monthly Attrition 2021-2022



Labor market pressures contributing to continued attrition with rates at or above those seen in 2021

- ✓ 33% increase in average headcount versus 2021
 - 35 additional locate technicians on average
- ✓ **Headcount increase achieved during time of unprecedented challenges** with labor availability, increased cost of wages, and evolving employee expectations
 - USIC was able to overcome increased attrition in 2022 and net more technicians through sustained hiring
- ✓ Focus for the remainder of 2022 & 2023 will be on work life balance | Lowering attrition and retaining tenured workforce to sustain service delivery improvements
- ✓ USIC will continue aggressive hiring to ensure proper staffing levels are met for 2023
- ✓ **New training program** that extends the time a new locator is in class | Increased from 4 to 6 weeks of training

Current November headcount is 36% above 2021 November headcount | Focus on ensuring locate staff is prepared for 2023 demand

INVESTMENTS IN 2022 TO IMPROVE SERVICE DELIVERY

Work/Life Balance

Program supporting **Work/Life Balance** for the technicians

Goal of increasing **employee satisfaction & reduce turnover**



Hiring/Workforce

↑ 3x

Locate Technicians hired in Q4 2021 to prepare for 2022

↑ 1,043 

Additional Locate Technicians on staff through 2022 over 2021



Additional travel teams for 2022

Volume Planning



~400M

Feet of **incremental fiber installation** projects

Infrastructure Investment and Jobs Act expected to drive broadband growth



2021 & 2022 Investments

\$38M

Recruit, Reward, Retain Qualified Technicians

\$10M

Enhanced Training for Field Operations

\$15M

State-of-the-Art Technology & Data Analytics

\$80M

Fleet Investments

IT 2025 Investment



High-risk ticket audits



Automated routing

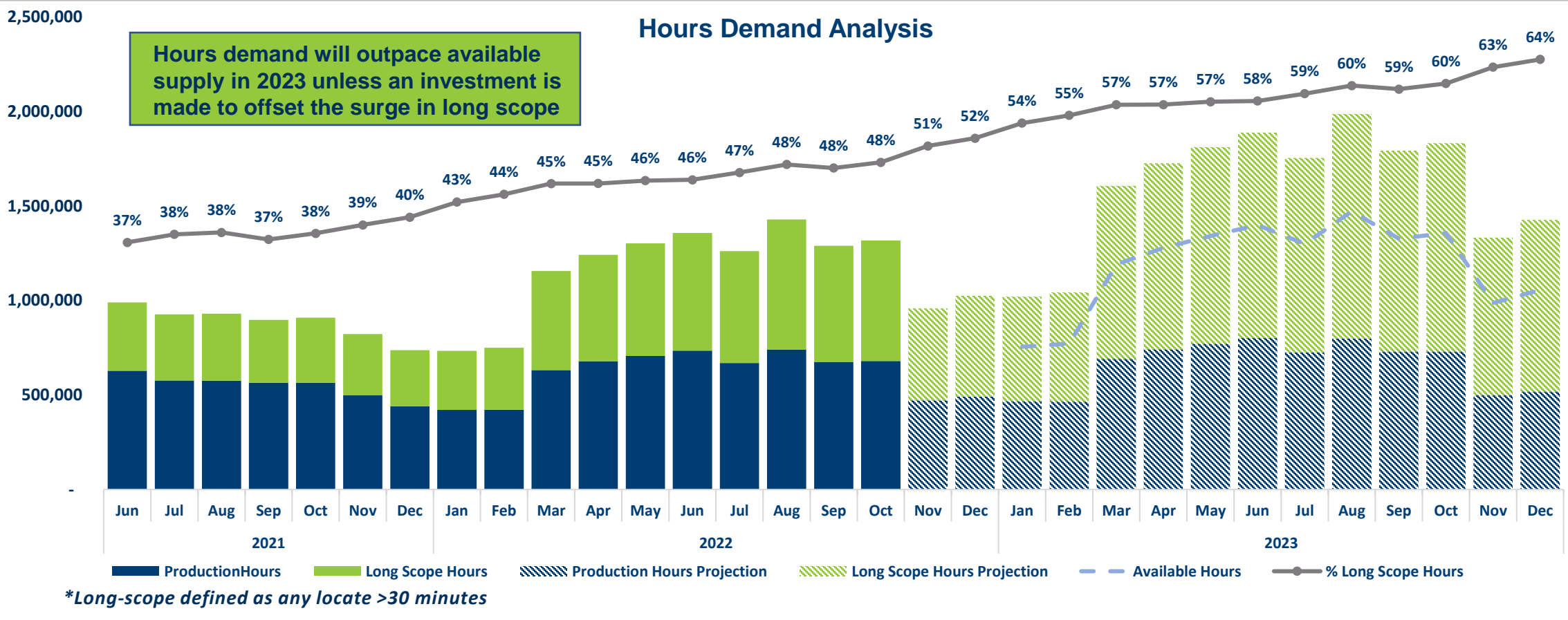
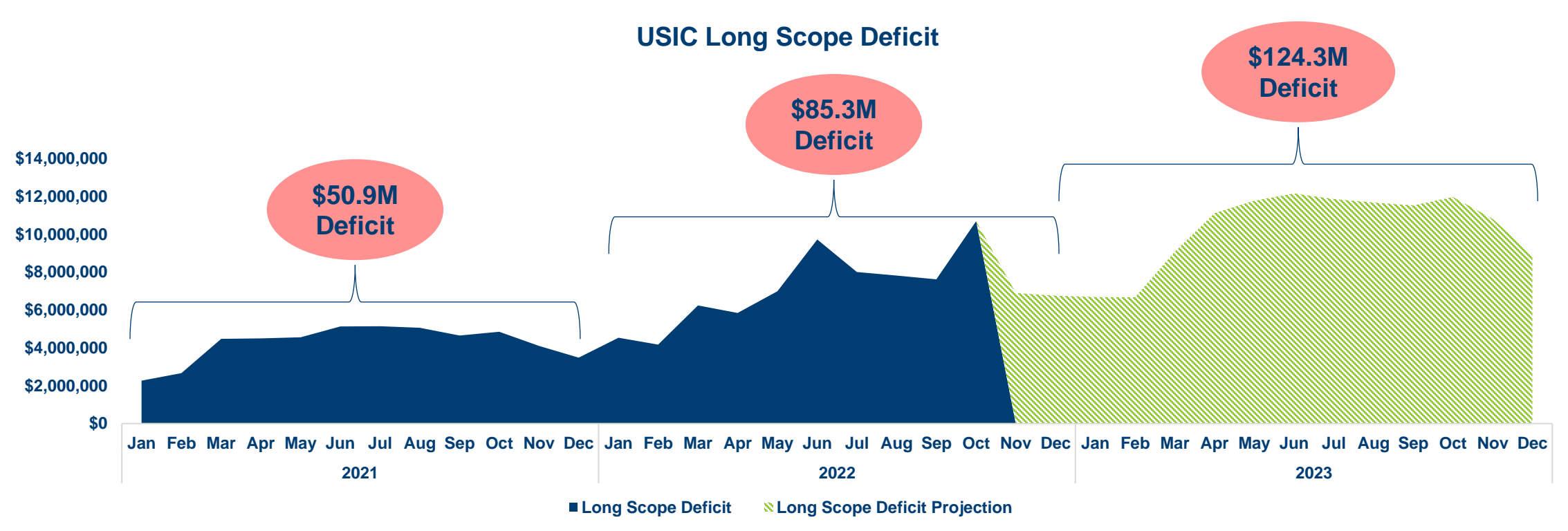


2025 Vision 4



UNPAID LONG SCOPE SERVICES

- ❑ Our contract terms do not address or provide appropriate pricing to USIC for the **unprecedented market-driven long scope orders we are currently providing services for**
- ❑ As a result, most customers are not paying adequately for USIC's long scope services provided
 - **\$85.3M in unpaid services in 2022**
 - **Anticipated \$124.3M in unpaid services for 2023**
- ❑ As long scope demand continues to grow, **USIC will need to immediately correct payment shortfalls in our contracts**
 - If we can not reach agreement on payments for our services, we may need to consider discontinuation of underperforming contracts
- ❑ **Payment for all USIC locate services, excess hours and distance worked, is required from our customers for USIC to continue to invest in their programs, as was the original intent of our contract agreements**



Increased demand from long scope project work content creates capacity and efficiency headwinds for USIC | Projected to climb the next 5 years

*Long-scope defined as any locate >30 minutes



SIGNIFICANT SHIFT IN OPERATING ENVIRONMENT CREATING HEADWINDS TO SERVICE DELIVERY

Macroenvironment factors presenting significant challenges to delivering excellent service delivery | Expected to continue in the near future...

▪ **LONG SCOPE WORK DEMAND**

Increased demand from long scope work content creates capacity and efficiency headwinds for USIC | Projected to climb the next 5 years

▪ **ENHANCED REGULATORY ENVIRONMENT**

811 regulatory bodies haven't evolved with changing landscape of locating | Laws and regulations do not account for fast-moving large-scale work

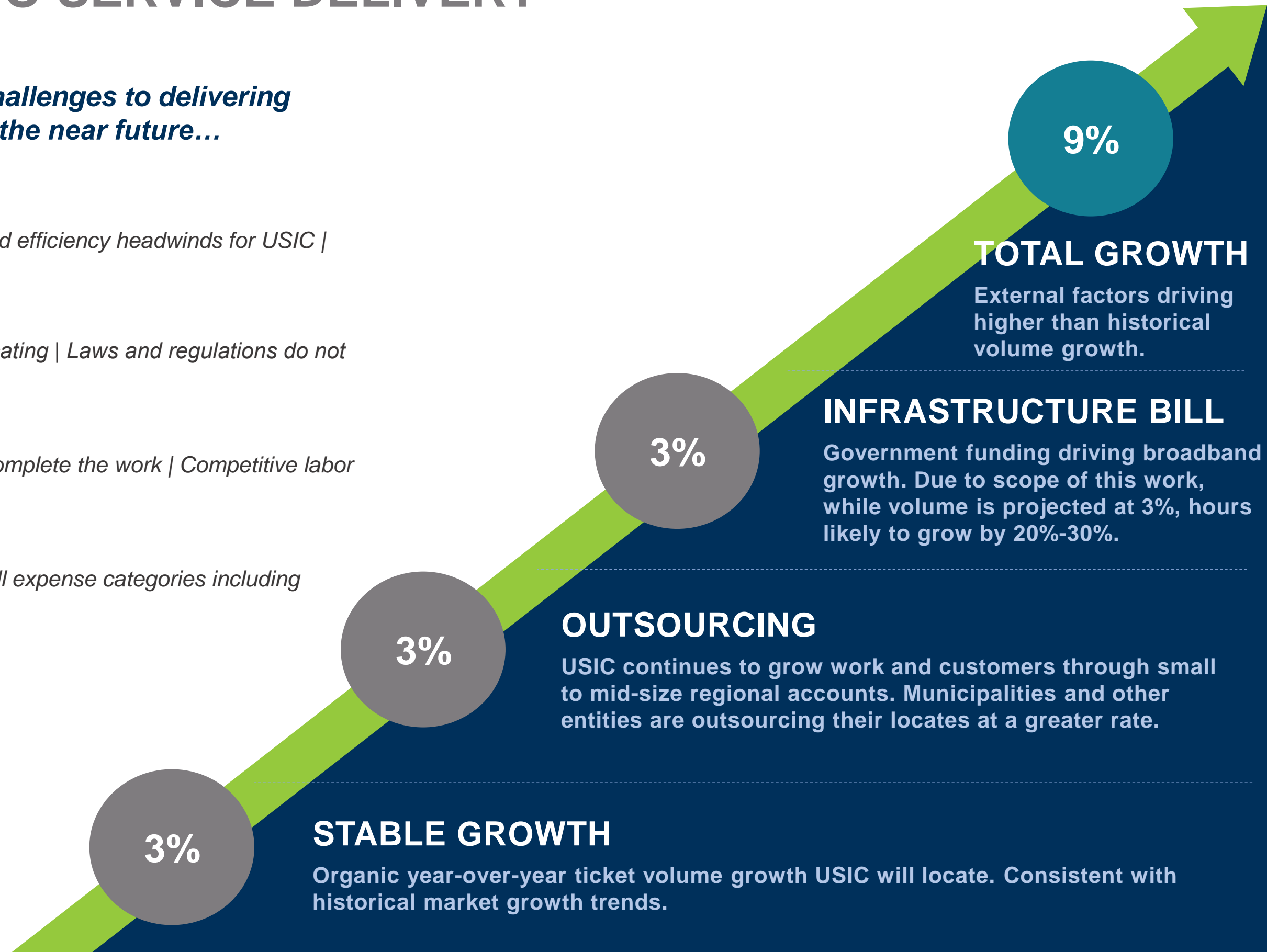
▪ **LABOR MARKET**

Long-scope work content requires significantly more technicians to complete the work | Competitive labor market increasing the cost to hire and retain workforce

▪ **COST OF DOING BUSINESS**

Inflation and supply chain shortages driving increased costs across all expense categories including people, damage claims, vehicles, paint, and flags

USIC has absorbed a cost per hour increase of 12% YoY, with expected labor investments to continue into 2023 & beyond



TICKET PLANNING

Call in tickets as they are needed and after permitting is approved

- ✓ Avoids rework, ensures locators focus on the priority areas
- ✓ Ensures tickets don't expire before work commences



LIMIT TICKET SCOPE

Limit the scope of ticket to the specific dig area to avoid limitless lengths

- ✓ Calling in smaller tickets improves likelihood they will be closed on time
- ✓ Increases tech focus on the areas which matter to you
- ✓ Maximizes safety and quality performance



More Effort On The Front End Saves Effort On The Back End

COMMUNICATE WITH LOCATORS

Technicians are eager to engage at the local level to ensure proper coordination

- ✓ Single point of contact for large projects reduces confusion and conflicting information
- ✓ The excavators with the best quality and timeliness incorporate their locating partners into the excavation process



WHITE LINING

White lining ensures the actual scope of the ticket is executed fully

- ✓ Removes confusion in the field
- ✓ Identifies the precise area where the work will occur
- ✓ Promotes efficiency
- ✓ Another layer of communication between the utility, excavator, and locator



- ✓ Experienced Senior Executive overseeing the implementation and execution of new program
- ✓ This program aligns the following functions with our field leadership:
 - Risk Management
 - Training
 - Safety
 - Quality & Quality Auditing
- ✓ Ensures we are providing frontline team members with comprehensive support & training
- ✓ Building our Tenured Tech Army is key to taking quality and safety to the next level



**ZERO
SAFETY INCIDENTS**



**ZERO
DAMAGES**



**ZERO
LOSSES OF TENURED
TECHS**



**Introducing: Kim Bedzyk, SVP of
Quality & Risk Management**

to further differentiate our services within the marketplace
and enable us to deliver even greater value