



**Greenville
Utilities**

Greenville • North Carolina



Popular Annual Financial Report

For the Fiscal Year Ended June 30, 2017



Government Finance Officers Association

**Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting**

Presented to

**Greenville Utilities Commission
North Carolina**

For its Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Executive Director/CEO

GREENVILLE UTILITIES COMMISSION

of the City of Greenville, North Carolina (Enterprise Fund of the City of Greenville, North Carolina)

Popular Annual Financial Report

For the Fiscal Year Ended June 30, 2017

Prepared by the Finance Department

ON THE COVER:

Ken Wade, Substation Control Engineer, is shown here at GUC's new Point of Delivery (POD) Substation on Mills Road near Highway 43 South. Construction is nearing completion on this third POD that joins our existing 230-kv POD substations, located on MacGregor Downs Road and Mumford Road. Together, these PODs will enhance our system reliability.

Our Main POD on Mumford Road was flooded during Hurricane Floyd in 1999, exposing the vulnerability of having only one delivery point.

The second POD at MacGregor Downs was built in 2002, giving our electric system a higher rate of reliability year-round, in addition to providing extra redundancy during storms and in flood situations like Hurricanes Floyd and (just last year) Matthew.

For a number of years, the Electric Department's long-range planning has recognized the need for additional POD capacity to enhance reliability of delivery and support long-term system growth. Construction of the new POD is scheduled to wrap up in early 2018.

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A NOTE ABOUT THIS DOCUMENT

Popular Annual Financial Reports (PAFR) are simplified, abbreviated versions of Comprehensive Annual Financial Reports (CAFR). CAFR's are very detailed and intended for experienced financial professionals and thus are not easily understood by the general public. This PAFR has been prepared with the general public in mind with highlights of the fiscal year contained in GUC's CAFR for the year ended June 30, 2017. This report does not contain all of the detailed information contained

in Greenville Utilities' FY2016-17 CAFR, including certain financial statements, schedules and disclosures that are normally included in a financial statement. To obtain the most current and past GUC CAFRs, please visit our website at: www.guc.com/financial-information. All information has been prepared using generally accepted accounting principles known as GAAP.

Our Mission Statement

Greenville Utilities is dedicated to enhancing the quality of life for those we serve by safely providing reliable utility solutions at the lowest reasonable cost, with exceptional customer service in an environmentally responsible manner.

A Message from the General Manager, Tony Cannon



Greenville Utilities Commission is pleased to present you with our Popular Annual Financial Report (PAFR) for the fiscal year ending June 30, 2017. Our mission is to enhance the quality of life for those we serve by safely providing reliable utility solutions at the lowest reasonable cost, with exceptional customer service in an environmentally responsible manner. This past year, Hurricane Matthew affected the Commission with flood waters yet again. Our staff came together and evacuated our Operations Center and re-located throughout parts of Greenville. One of our electric power points of delivery directly across the street from our current Operations Center also suffered damage. In an effort to provide

redundancy and increase reliability of services during such weather events, the Commission is taking steps to lessen the threat of service interruption to the community.

We believe the initiatives featured in this PAFR will help the Commission stay committed to our mission. At Greenville Utilities, technology, the desire to succeed, and exceptional customer service continue to safely power our future.

Sincerely,

Anthony C. Cannon
General Manager/CEO

Our Board of Commissioners

Greenville Utilities is governed by an eight-member Board of Commissioners made up of local citizens representing the interests of all customers. The Board is solely responsible for approving customer rates.



Parker Overton, City Manager
Ann Wall, Secretary Joel Butler,
Chair Don Mills, Minnie
Johnson Anderson, Chair-
Elect Rebecca Blount, Tommy
Stoughton and Toya Jacobs.

Local Economy

The City of Greenville is a commercial, educational, cultural and medical hub for Eastern North Carolina. As a university community with a strong business and manufacturing base, the area is characterized by a multi-skilled labor force, a diversified economic base and a large regional health-care complex. The local economy is well positioned with government, wholesale, retail trade and manufacturing sectors contributing to total employment. Agriculture is also a strong contributor to the area with tobacco, corn, soybeans, wheat, peanuts, eggs, livestock, poultry and vegetables as the primary local agricultural products.

Locally there are fifteen manufacturing operations that employ 100 or more workers, five that employ 500 or more and several manufacturers that maintain corporate or divisional headquarters in the Utilities Commission's service area. Three non-manufacturing operations located in the area each employ more than 2,500 workers. Major employers include Vidant Medical Center (formerly Pitt County Memorial Hospital), East Carolina University, Pitt County Schools, Hyster-Yale Group (formerly NACCO Materials Handling Group), the City of Greenville, Pitt Community College, Patheon (formerly DSM Pharmaceuticals), Pitt County

Government, Alliance One International and Physicians East. Unemployment rates since 2007 have ranged from a low of 4.9 percent to a high of 11.1 percent.

The health care community in Greenville is one of the largest in the State. Vidant Medical Center is one of four academic medical centers in North Carolina and serves as the teaching hospital for The Brody School of Medicine. The 900 plus bed hospital serves as a regional heart center and is the only level one trauma center in the 29 counties of Eastern North Carolina and serves over 1.4 million residents of the region.

East Carolina University (ECU), the third largest university in the State, has a student enrollment of nearly 29,000 students and employs more than 5,800 workers. ECU is a member of the 17-campus University of North Carolina system and is accredited by the Southern Association of Colleges and Schools. It offers professional schools of medicine, dentistry, nursing, allied health sciences, health and human performance, business, education, industry and technology, human environmental sciences, social work, music, art and a College of Arts and Sciences.

A Short History of Greenville

The City of Greenville is situated on the Tar River in the central coastal plain of North Carolina. It was founded by English settlers in 1774 and named Martinsborough. It was soon named and continues to serve as the seat of Pitt County. In 1786, the residents changed the name to Greenville to honor

revolutionary war hero and fellow North Carolinian, Nathaniel Greene. The City covers an area of approximately 26.01 square miles. On December 31, 1992, the United States Department of Housing and Urban Development classified the City as a Metropolitan Statistical Area ("MSA").

Ten Largest Customers

Electric Fund

Customer	Product/Service
Patheon Manufacturing Services LLC	Pharmaceuticals
Vidant Medical Center	Health Care
East Carolina University	Education
DSM Dyneema, LLC	High Performance Fibers
East Carolina University	Education
Attends Healthcare Products	Medical Products
ASMO of Greenville	Motors
Vidant Medical Center	Health Care
East Carolina University	Education
City of Greenville	Government
Hyster Yale Group	Fork Lift Trucks
Vermont American Corp	Drill Bits

Sewer Fund

Customer	Product/Service
Patheon Manufacturing Services LLC	Pharmaceuticals
Town of Bethel	Government
DSM Dyneema, LLC	High Performance Fibers
Vidant Medical Center	Health Care
Fuji Silysia Chemical USA, LTD	Silica Gel
Vidant Medical Center	Health Care
Vidant Medical Center	Health Care
East Carolina University	Education
Province Greenville NC LP	Apartments
Greenville Housing Authority	Apartments
Karastan Bigelow	Carpet Yarn
Pitt County	Government

Water Fund

Customer	Product/Service
Town of Farmville	Government
Patheon Manufacturing Services LLC	Pharmaceuticals
Town of Winterville	Government
Vidant Medical Center	Health Care
DSM Dyneema, LLC	High Performance Fibers
Stokes Regional Water Corporation	Water Utility
Fuji Silysia Chemical USA, LTD	Silica Gel
DSM Dyneema, LLC	High Performance Fibers
Vidant Medical Center	Health Care
Vidant Medical Center	Health Care
Greenville Housing Authority	Apartments
East Carolina University	Education
Pitt County	Government
Greenville Housing Authority	Apartments

Gas Fund

Customer	Product/Service
Patheon Manufacturing Services LLC	Pharmaceuticals
East Carolina University	Education
Vidant Medical Center	Health Care
DSM Dyneema, LLC	High Performance Fibers
DSM Dyneema, LLC	High Performance Fibers
East Carolina University	Education
Vidant Medical Center	Health Care
Fuji Silysia Chemical USA, LTD	Silica Gel
Hyster Yale Group	Fork Lift Trucks
Metallix, Inc.	Refining Precious Metals
Greenville Paving & Contracting, Inc.	Construction
Metrics, Inc.	Pharmaceuticals

GUC's Net Position

GUC ended the 2017 fiscal year in excellent financial condition. Revenues exceeded expenses and total net position increased \$12.4 million. The primary sources of revenues are rates and charges billed to customers for electric, water, wastewater and natural gas utility services. The total rates and charges for the year were more than \$245 million. That is .25% less than last year's total of more than \$246 million. Operating expenses for the year totaled more than \$228 million compared to more than \$213 million for the previous year.

	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Total Assets and Deferred Outflows of Resources	\$559,550,015	\$547,473,938	\$487,983,671	\$478,969,421	\$478,760,360
Total Liabilities and Deferred Inflows of Resources	\$180,623,948	\$180,952,058	\$146,313,177	\$147,202,555	\$152,948,694
Total Net Position	\$378,926,067	\$366,521,880	\$341,670,494	\$331,766,866	\$325,811,666

Aa2 | AA-
Moody's | Fitch

WHAT IS GUC'S BOND RATING?

Moody's and Fitch, two of the leading nationally-recognized credit rating agencies, have acknowledged the financial management of the utility by assigning a rating of Aa2 and AA- respectively to the utility.

Financials

Greenville Utilities provides electric, water, wastewater, and natural gas utility service to the City of Greenville and approximately 75% of Pitt County. Each fund is managed independently and provides a rate structure that allows each fund to be financially self-supporting.

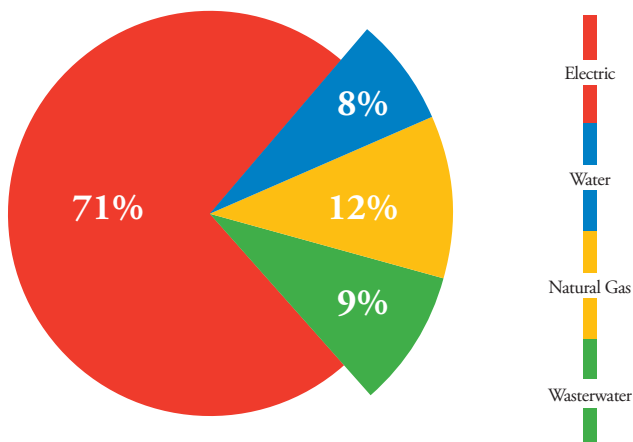
The Electric fund, the largest fund among Greenville Utilities four funds, generated revenues in excess of \$175 million dollars in fiscal year 2017. The fund provides electricity to more than 66,000 customer connections traveling across 3,000 miles of lines and distributed through 23 substations.

The Water fund provides clean drinking water to over 35,000 customers through a distribution system of more than 631 miles. The Tar River is the primary source of fresh water providing approximately 97% of the fresh water needed with additional water provided by deep wells. The utility operates one water treatment facility that can treat 24.5 million gallons per day. The Water Fund, the smallest of GUC's funds, generated revenues of more than \$19 million during the year.

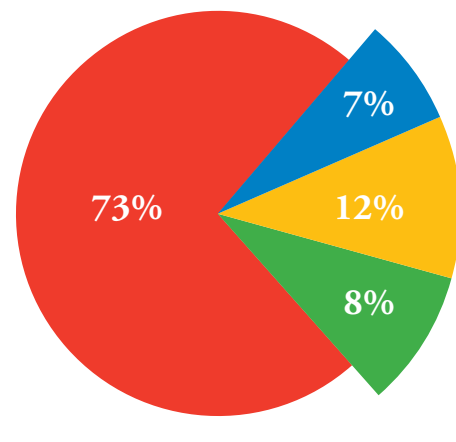
The Sewer fund generated revenues during the year greater than \$22 million dollars while providing service to more than 29,000 customers over 479 miles of collection lines and mains. The Waste Water Treatment plant has the capacity to treat more than 17.5 million gallons per day.

The Gas fund, the second largest fund measured by revenue size, provided service to over 23,000 customers during the year through more than 1,000 miles of lines. The fund generated more than \$28 million in revenues. The fund operates a liquefied natural gas facility to provide additional capacity for serving customers during periods of very cold weather.

2017 TOTAL REVENUES:
\$246,005,844



2017 TOTAL EXPENSES:
\$228,470,861



TOTAL OPERATING REVENUES

2017	\$246,005,844
2016	\$247,208,408
2015	\$271,986,511
2014	\$270,771,936
2013	\$261,045,089
2012	\$256,728,295

TOTAL OPERATING EXPENSES

2017	\$228,470,861
2016	\$213,746,499
2015	\$250,914,190
2014	\$257,699,930
2013	\$246,537,972
2012	\$244,842,056

The primary component of lower revenues and expenses is due to the re-structuring of the electric power supply agreement. The Commission is a member of a group of 32 cities with electric utilities that collectively control generating assets in power plants owned by Duke Energy Progress. During the year the group of cities, known as NCEMPA, sold the rights to the generating assets to Duke Energy and entered into a new wholesale power agreement which resulted in lower costs for purchased electricity. The Commission reduced its retail electric power rates by approximately 11% and the corresponding purchase power commodity costs, the largest single expense of more than \$150 million in the previous year, was reduced.

As part of the new power agreement the Commission was able to lower retail electric rates, increase the margins between the cost of electricity purchased and the amount charged for that same electricity, reduce the cost of purchasing electricity for resale and establish a rate stabilization fund to provide a level of protection for rate payers from future rate increases. The rate stabilization fund will accumulate dollars from current year's earnings and use those dollars to support revenues in future years if electric rates rise higher than expected. This will allow a portion of any future rate increases to be absorbed by the Commission and not passed onto customers.



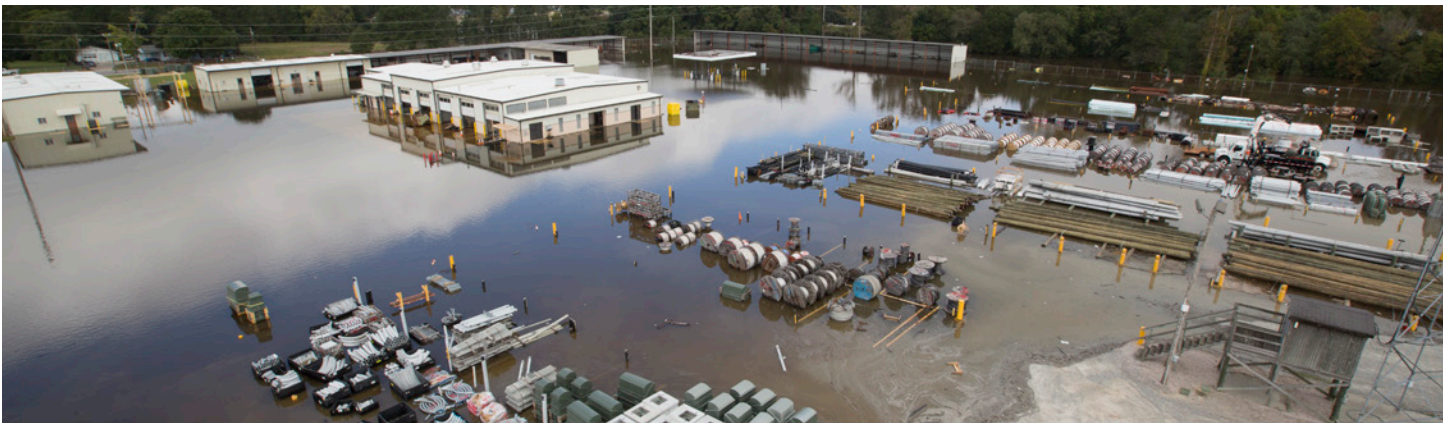
Hurricane Matthew and Mitigation of Future Flood Events

On October 8, 2016, Hurricane Matthew made its way through Eastern North Carolina. The storm and ground conditions closely mirrored those of 1999's Hurricane Floyd - a 500 year flood event. During Hurricane Floyd, the Commission's Operation Center and warehouses were engulfed with flood waters, costing millions of dollars.

Like in 1999, Hurricane Matthew would be preceded by record rainfall and meteorologists were predicting substantial rainfall during Matthew. The Commission was ready and activated its emergency operations plan. Staff protected what property they could and kept services going despite what

was happening all around them. Greenville received more than 12 inches of rainfall and meteorologists were predicting near-record flooding. Nearly 400 employees gathered at the Operations Center on Mumford Road to pack up offices and move equipment. The Commission was able to relocate throughout Greenville in order to keep services going and electricity on.

It is GUC's mission to enhance the quality of life for those we serve. As a result of both events, GUC has been diligently working on key projects that will increase reliability and provide redundancy during future flooding events.



Designing A Flood-Proof Operations Center

Flooding along the Tar River is now expected to be a frequent occurrence during hurricanes - much more so than previously thought. Only 17 years after Hurricane Floyd damaged all buildings at the Operations Center with at least 48" of flood water, Hurricane Matthew damaged four buildings with nearly 18" of water in the lowest building.

Normal operations were impacted for months during both events. GUC plans to build a new Operations Center west of the river to facilitate day to day operations for Electric, Water, Sewer, Natural Gas and support services (Fleet Maintenance, Warehousing and Storage, Human Resources, Call Center,

Information Technology, and Risk/Facilities Management). This development will include 235,000 covered square feet on 82 acres and will incorporate offices, training and assembly facilities, warehouses, fleet maintenance garage and storage yard. The new site with a developed elevation of 84' takes the Operations Center out of the floodway and flood zone reducing the risk to rising water and improving efficiency during emergency response.



Creating an Electric System of Greatest Reliability

GUC takes delivery of electric power from Duke Energy Progress' (DEP) 230 kV transmission lines at two existing Point of Delivery (POD) substations, G230 on Mumford Road and G230 West on McGregor Downs Road. To further protect the Electric System and accommodate continued growth, GUC has a POD under construction, G230 South on Mills Road. It is expected to be in service early 2018.

To mitigate the flooding associated with Hurricane Floyd, GUC fast tracked the construction of the already planned G230 West McGregor Downs Road POD. A transformer was purchased and installed there with a design to accommodate a future transformer. At the G230 substation on Mumford Road, an elevated control house was erected along with critical equipment to further mitigate future events there.

Recognizing the increased flooding risks at G230 on Mumford Road, GUC plans to mitigate future events by

constructing additional facilities at the McGregor Downs POD which will allow service to customers to continue without reliance on the Mumford Road POD. During Hurricane Matthew, flood waters again threatened the Mumford Road POD and DEP's 230 kV control house equipment suffered damage jeopardizing DEP's service to the Mumford Road POD.

Currently, the G230 Mumford Road site has a transformer capacity of 360 mega volt amps (MVA). The G230 West McGregor Downs Road POD and the nearly completed G230 South currently have 120 MVA capacity per site. Following the proposed plan, the G230 West McGregor Downs Road POD will increase to 240 MVA transformer capacity. After the new transformer is purchased and installed on Mills Road, any two stations (G230 Mumford, G230 West and/or G230 South) will handle GUC's peak load capacity.



Understanding Your Bill



PO BOX 1847
GREENVILLE NC 27835-1847
(252) 752-7166
www.guc.com

The Wastewater Annual Report is available to view and download online at wwar.guc.com. This report contains information about the performance of our Wastewater Treatment Plant. To request a printed copy, please call 252-551-1551.

Each month GUC puts a different message on the bills such as helpful tips, community programs and new services we are offering.

Bill Date: 11/16/17

Due Date: 12/06/17

Account Number:

Previous Balance:	\$200.00
Payments Received:	\$200.00CR
Balance Forward:	\$0.00
Total Current Charges:	\$169.79
Total Amount Due:	\$169.79

Route:

Cycle:

KWH represents
kilowatt hours

Account Name:
Service Address:

Each CCF equals
100 cubic feet

Service Type	Meter No.	Usage Period	Current Reading	Prior Reading	Mult.	Usage	Unit
Electric	E86471	10/17/17 - 11/15/17	32408	31988	1	420	KWH
Gas	G21904	10/17/17 - 11/15/17	1688	1670	1	18	CCF
Water	W99579	10/17/17 - 11/15/17	222	219	1	3	CCFW
	W100405	10/17/17 - 11/15/17	28	28	1	0	CCFW

Important Messages

To avoid a 1% late fee, please pay the current charges by due date.

Current Charges

Electric Charges	\$58.22
NC Electric Sales Tax	\$4.08
Gas Residential Charges	\$30.50
NC Gas Sales Tax	\$2.14
Sewer Charges 2.10 KGAL	\$23.59
Water Meter Charge	\$7.80
Water Volume Charge 2.24 KGAL	\$8.96
Irrigation Meter Charge	\$7.80
City of Greenville Charges	\$26.70
Total Current Charges	\$169.79

The total current charges
includes the City of
Greenville charges.

DOS represents the
number of days of service
in the billing period.

Service Period	DOS	Elect. Avg per Day	Water Avg per Day	Gas Avg per Day
Current Month	29	14.48	0.10	0.62
Same Month Last Year				

PLEASE MAIL BOTTOM PORTION WITH PAYMENT. BRING ENTIRE BILL IF PAYING IN PERSON.



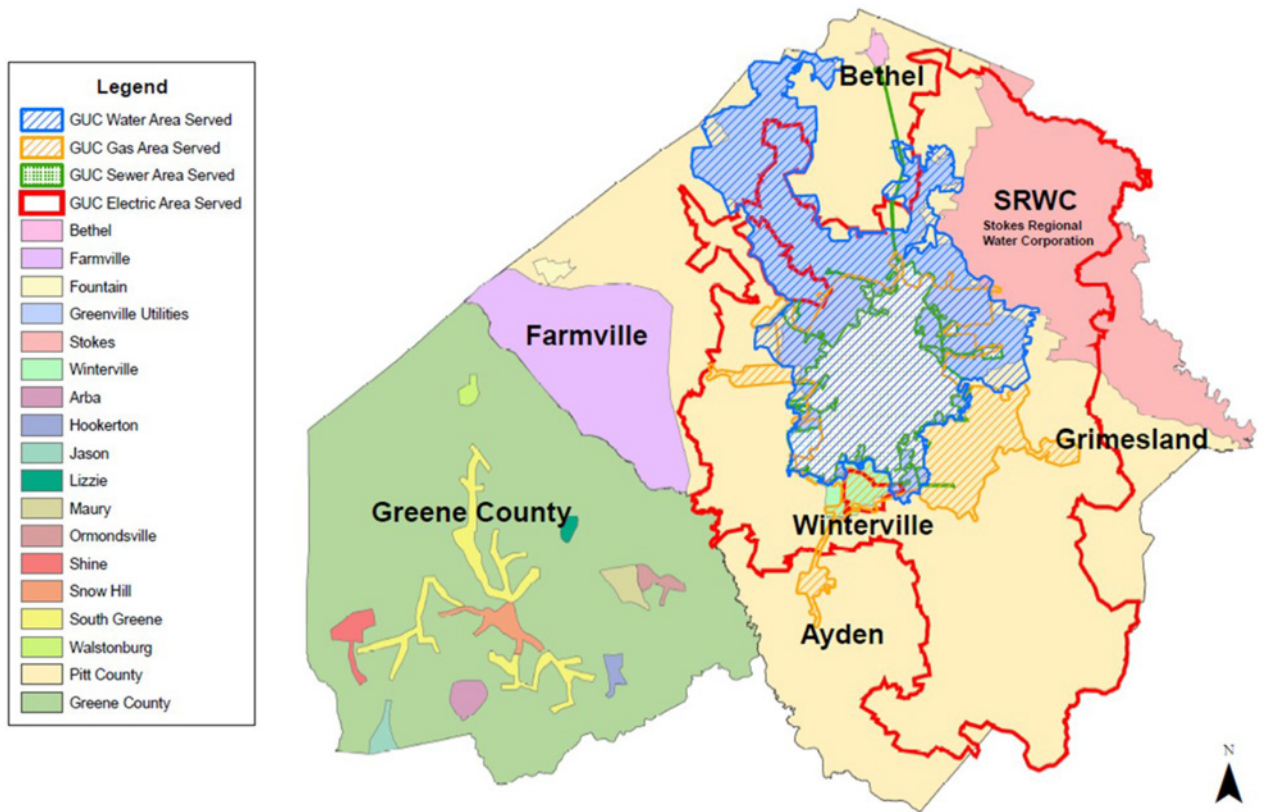
PO BOX 1847
GREENVILLE NC
27835-1847

Account Number

Bill Date	11/16/17
Due Date	12/06/17
Service Address	
Total Amount Due	\$169.79
Total Amount Paid	

NAME
STREET ADDRESS
CITY, ST ZIP

Area's Served



Contact Us

GUC.COM • (252) 752-7166

MAIN OFFICE

401 S. Greene St.
Greenville, NC 27834

Office Hours:

Monday through Friday
8:00 a.m. to 5:00 p.m.

EXPRESS OFFICE

509 SE Greenville Blvd.
Greenville, NC 27834

Office Hours:

Monday through Friday
8:00 a.m. to 5:00 p.m.

GUC ALERT: EMERGENCY HOTLINE (855) 767-2482



OFFICE OF THE GENERAL MANAGER/CEO

Greenville Utilities
Post Office Box 1847
Greenville, North Carolina 27835
(252) 551-1500

OFFICE OF THE CHIEF FINANCIAL OFFICER

Greenville Utilities
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Greenville, North Carolina 27835
(252) 329-2164