

GREENVILLE UTILITIES COMMISSION

GREENVILLE, NORTH CAROLINA

Thursday, March 17, 2022

The Board of Commissioners of the Greenville Utilities Commission met in the Greenville Utilities Board Room in regular session at 12:00 noon with the following members, and others present, and Chair Stoughton presiding.

Commission Board Members Present:

Tommy Stoughton, Chair
Kelly L. Darden, Jr.
Peter Geiger
Lindsey Griffin

Ann E. Wall
Ferrell L. Blount III
Kristin S. Braswell

Commission Staff Present:

Tony Cannon, General Manager/CEO
Chris Padgett
Amy Wade
John Worrell
Jeff McCauley
Phil Dixon
Anthony Miller
Randy Emory
Richie Shreves
Steve Hawley
Scott Mullis
Colleen Sicley
Ken Wade
Durk Tyson

Lou Norris
Kevin Keyzer
John Powell
Jonathan Britt

Minnie J. Anderson was absent.

Others Attending:

Ginger Livingston, The Daily Reflector; and Joey Cuellar, Varessa Wall, and Bennett Wall, Greenville-Pitt County Chamber Leadership Institute.

Chair Stoughton called the meeting to order. Secretary Darden ascertained that a quorum was present.

SAFETY BRIEF

Mr. Kevin Keyzer, Operations Support Manager, provided a safety brief and explained the plan of action should there be an emergency at today's meeting.

ACCEPTANCE OF THE AGENDA

A motion was made by Dr. Braswell, seconded by Mr. Geiger, to accept the agenda as presented. The motion carried unanimously.

Chair Stoughton welcomed the Greenville-Pitt County Chamber Leadership Institute participants.

APPROVAL OF MINUTES (Agenda Item 1)

A motion was made by Mr. Geiger, seconded by Ms. Wall, to approve the February 17, 2022, Regular Meeting minutes as presented. The motion carried unanimously.

REVIEW OF MONTHLY FINANCIAL STATEMENT – FEBRUARY 28, 2022
PRELIMINARY (Agenda Item 2)

February 28, 2022 Financial Statement Preliminary:

Key financial metrics for the combined funds for the period ending February 28, 2022 Preliminary:

Operating Cash:	\$83,369,798	Days of Cash on Hand:	134
Less Current Liabilities:	(\$25,953,383)		
Fund Balance:	\$57,416,415		
Fund Balance Available for Appropriation:	21.6%	Days of Cash on Hand After Liabilities:	92
Average Investment Yield:	.76%		

Fund Equity/Deficit Before Transfers

	Current Month			Year to Date		
	Actual	Budget	Last Year	Actual	Budget	Last Year
Electric	(\$1,516,801)	\$996,862	\$1,013,014	\$2,301,975	\$871,948	\$4,999,308
Water	\$389,587	\$400,825	\$501,340	\$3,431,325	\$3,353,095	\$3,134,370
Sewer	\$352,113	\$141,200	\$415,556	\$2,678,764	\$704,525	\$2,848,449
Gas	\$677,258	\$871,301	\$1,461,635	(\$758,308)	\$258,584	\$3,797,633
Combined	(\$97,843)	\$2,410,188	\$3,391,545	\$7,653,756	\$5,188,152	\$14,779,760

Fund Equity/Deficit After Transfers

	Current Month			Year to Date		
	Actual	Budget	Last Year	Actual	Budget	Last Year
Electric	(\$316,801)	\$996,862	\$692,181	\$51,975	\$871,948	\$3,395,155
Water	\$89,587	\$5,824	\$80,507	\$396,325	\$3,089	\$1,053,503
Sewer	\$52,113	\$78,700	\$148,888	\$278,764	\$204,525	\$1,415,113
Gas	\$677,258	\$871,301	\$1,374,135	(\$758,308)	\$258,584	\$3,447,633
Combined	\$502,157	\$1,952,687	\$2,295,711	(\$31,244)	\$1,338,146	\$9,311,404

Mr. Jeff McCauley, Chief Financial Officer, provided a presentation on the preliminary Financial Statement for February 28, 2022.

The weather impact for the month of February 2022 indicated that the February Heating Degree Days were lower than last year. The February rainfall was approximately 1.74 inches which was less than last year. The portfolio earned .76 % for the month of February.

Overall year-to-date results through the end of February remain stable. The Electric Rate Stabilization Reserves are approximately \$24.6 million, and the Gas Rate Stabilization Reserves are \$4.0 million. The Operating Reserves are 134 Days Cash on Hand, and Renewals and Replacements Reserves are approximately \$2.6 million. The Capital Project Funds Reserved for Existing and Future Capital Projects are approximately \$32.0 million.

After discussion, a motion was made by Mr. Griffin, seconded Ms. Wall, to accept the February 28, 2022 Preliminary Financial Statement. The motion carried unanimously.

CONSIDERATION OF FY 2021-22 BUDGET AMENDMENT FOR THE GAS FUND
(Agenda Item 3)

Mr. Jeff McCauley, Chief Financial Officer, stated that due to the continual rise in natural gas prices throughout the fiscal year, staff is proposing a recommendation to amend the FY 2021-22 gas fund budget in order to remain in budgetary compliance.

The proposed budget amendment will increase rates and charges and transfer from rate stabilization for revenues; increase purchased gas and reduce the operating transfer to the gas rate stabilization fund for expenditures. The amendment will also need to be approved by City

Council. This proposed amendment will be in addition to the amendment historically performed in May.

The amendment was reviewed and approved by the Finance/Audit Committee.

Operations:

Revenues	
Rates and Charges	\$4,494,000
Transfer from Rate Stabilization	1,856,000
Total	<u>\$6,350,000</u>
Expenditures	
Purchased Gas	7,000,000
Transfer to Rate Stabilization	(650,000)
Total	<u>\$6,350,000</u>

A motion was made by Mr. Geiger, seconded by Dr. Braswell, to adopt the FY 2021-22 gas fund budget amendment and recommend similar action by City Council. The motion carried unanimously.

RECOMMENDATION OF THE FINANCE/AUDIT COMMITTEE TO AWARD THE AUDITING SERVICES CONTRACT (Agenda Item 4)

Commissioner Peter Geiger, Committee Chair, announced that the Finance/Audit Committee met on March 9, 2022 and, he along with Commissioners Anderson, Griffin, and Blount attended. He added that in accordance with GUC's Charter, a single auditing firm is used to perform the City's and GUC's audit. The costs associated with the audit are based on hours expended for each organization. In 2015, a five-year engagement contract for auditing services was awarded to Cherry Bekaert, LLP, but subject to approval of a contract on an annual basis.

In 2020, the City and Commission staff recommended extending the audit engagement with Cherry Bekaert, LLP for an additional three-year term; fiscal years ending June 30, 2020, 2021, and 2022.

Last year's audit fee for the Commission was \$41,000. The proposed audit fee for fiscal year ending 2022 is \$52,000, which is approximately a 27% increase from the previous year. The fee increase reflects the hourly rate increasing from approximately \$100 hour to \$130 hour to enable the firm to retain professional staffing associated with the audit engagement. The Finance/Audit Committee recommends approval of auditing services for this year. Refer to the approved fee schedule listed below:

Audit Services	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Proposed
Annual Fee	\$39,500	\$40,250	\$41,000	\$52,000
Amount of Increase	N/A	\$750	\$750	\$11,000
Percentage Increase	N/A	1.90%	1.86%	27.00%

A motion was made by Mr. Darden, seconded by Dr. Braswell, to proceed with executing the fiscal year 2022 auditing services contract with Cherry Bekaert, LLP in the amount of \$52,000. The motion carried unanimously.

RECOMMENDED AWARD OF BID FOR 800 KW PEAK SHAVING/STANDBY GENERATION SYSTEM AT OPERATIONS CENTER, PHASE II (FCP-10072) (Agenda Item 5)

Mr. John Worrell, Director of Electric Systems, introduced this item and asked Substation Control Engineer John Powell to provide background on the wholesale power cost and GUC's peak shaving program.

He stated that in order to provide standby power and peak shaving capabilities at the Operations Center, 800 kW of generator capacity is needed. And, to achieve the 800kW of capacity, two 400 kW generators will be installed.

Standby power to the site is crucial for maintaining storm operations in the event of a major weather event. The proposed 800 kW of generation will reduce GUC's wholesale monthly power cost by +/- \$18,720.00 per month when used as a peak shaver.

GUC solicited bids for a turnkey design-build 800 kW generation system. The three bids listed below were received.

Vendors	Price
National Power, LLC	\$ 1,107,129.00*
Crowder Industrial Construction LLC	\$ 1,453,728.00
Gregory Poole Power Systems	\$ 1,234,000.00

*National Power, LLC was the lowest responsible bidder.

A motion was made by Mr. Geiger, seconded by Mr. Griffin, to award the bid for a 800 kW Standby/Peak Shaving Generation System to National Power, LLC in the amount of \$1,107,129. The motion carried unanimously.

UPDATE OF THE STATUS OF THE BUDGET DEVELOPMENT (Agenda Item 6)

Committee Chair Geiger stated that on March 9, 2022, staff presented the end-of-year financial projections for FY 2021-22 and the proposed budget for FY 2022-23 to the Finance/Audit Committee. He added that the budget presented was in good order and the Committee agreed for staff to continue as planned.

Mr. Cannon's presentation focused on end-of-year performance for FY 2021-22 and the key elements of the proposed FY 2022-23 budget. These areas include current status, recommended rate adjustments, capital investment, five-year capital plans, rate models, and the long-term financial forecast.

Key rate adjustment recommendations from the Finance/Audit Committee for the FY 2022-23 proposed budget are listed below:

- **Electric:** 0.0% rate increase
- **Water:** 3.1% rate increase
- **Sewer:** 0.0% rate increase
- **Gas:** 2.7% rate increase

Other key provisions in the FY 2022-23 proposed budget include:

- Expenditures budgeted for FY 2022-23 have increased by 3.1%, or \$8.1M, when compared to the FY 2021-22 budget. Key points are:
 - \$6.8M increase in operations
 - \$482K decrease in purchased power
 - \$1.9M increase in capital outlay
 - \$1.6M increase in purchased gas
 - \$584K decrease in debt service
 - \$350K decrease in transfers to capital projects
 - \$650K decrease in transfers to rate stabilization
- No rate adjustment for the Electric Fund
- 3.1% rate increase for the Water Fund, a 3.5% reduction from last year's forecast
- No rate adjustment for the Sewer Fund
- 2.7% rate increase for the Gas Fund, a 2.7% increase from last year's forecast
- Funding for a 4% employee merit/market adjustment
- Funding for a 3% increase in salaries as the result of upcoming pay study
- Continuation of a self-insured health insurance plan which includes a high deductible Health Savings Account option
- Continuation of self-insured dental insurance plan

- Funding to hire replacements prior to the retirement of key personnel to facilitate succession planning, leverage the knowledge and experience of long-term employees for training on critical issues and ensure smooth transitions
- Eight new permanent positions and one new part-time intern position to address workload
- Continuation of investment in the Greenville ENC Alliance to promote economic development in our region
- Transfer to Other Post-Employment Benefits (OPEB) of \$500K
- Transfer of \$150K to City's housing energy conservation program
- Investment of \$14.6M for capital outlay to maintain system reliability and comply with regulatory requirements
- Annual turnover or transfer of \$7.0M to the City of Greenville in accordance with the Charter issued by the North Carolina General Assembly

Additional components of the budget include:

- Water and Sewer System Development Fees-Increase 55% of calculated maximum allowable fees
- Bethel Water Monthly Surcharge-Increase to \$15.50, up 8% or \$1.14 over initial surcharge
- Proposed revisions for line extension to GUC Utility Regulations Electric Service Guidelines
- Proposed revisions for line extension to Part A – Terms and Conditions for Electric Service
- Proposed revisions for line extension to Part B – Terms and Conditions of Gas Services
- Proposed revisions for line extension to Part C – Terms and Conditions of Water and/or Sewer Service
- Electric Rate Stabilization Reserves via Rate Stabilization Fund(s)
- Electric Rate Design Modifications
- LED Streetlight Conversion: Currently in year 4 of 4-year conversion plan
- Water Rate Design Modifications
- Gas Rate Stabilization Reserves via Rate Stabilization Fund(s)

Long-term Financial Forecast

Mr. Cannon reviewed the long-term financial forecast that included the five-year plan through FY 2026-27. He noted that looking ahead the Board will adopt the proposed FY 2022-23 budget at GUC's regular Board meeting on April 21, 2022. On May 9, 2022, the FY 2022-23 balanced budget will be presented to the City Council. Adoption of the final budget will be at GUC's regular Board meeting on May 19, 2022, and at the City Council meeting on May 23, 2022.

It was the consensus of the Board to move forward with appropriate actions related to the current end-of-year fiscal forecast and the proposed preliminary FY 2022-23 budget as presented.

GENERAL MANAGER'S/CEO REPORT (Agenda Item 7)

1. Informational Reading

Ranking of Proposals, Bids, Statistical Data Report, Sewer Spill Tracking Report, Load Management Report, and PGA Report were provided.

The following Ranking of Proposals and Bids awarded by the General Manager/CEO during the past month were reported for information:

GREENVILLE UTILITIES COMMISSION

RANKING OF PROPOSALS RECEIVED

ENGINEERING, DESIGN & PROJECT MANAGEMENT RECURRING SERVICES
FOR N.C. DOT ELECTRIC UTILITY RELOCATION PROJECTS
DECEMBER 1, 2021 @ 4:00 PM

VENDOR RANKING
Pike Engineering *
Southeastern Consulting Engineers
Pickett & Associates Inc.
Ampirical Solutions

* Indicates recommended vendor to negotiate a contract.

TABULATION OF BIDS RECEIVED

RE-BID COUPLINGS & CAPS
FEBRUARY 21, 2022 @ 4:00 PM

VENDORS	DELIVERY (DAYS)	TOTAL
Core & Main, LP	7	\$5,264.40*
Fortiline Waterworks, Inc.	TBD	5,633.50
Consolidated Pipe & Supply, Inc.	10	5,985.20
Ferguson Waterworks	3-56	6,056.40

* Indicates recommended award based on the lowest responsible, responsive bid.

The Duke Energy Progress (DEP) monthly peak occurred on February 9, 2022 for the hour ending at 8:00 a.m. GUC's load management system was in full operation during this period. As a result, the estimated avoided demand costs amount to \$1,537,978.

2. Key Performance Indicators (KPIs)

The Corporate KPI report was provided.

3. Commendations

5 Star Google Reviews:

- Customer Shane Bennett wrote a 5 Star Google Review on February 23, 2022: Shane Bennett wrote: "Love {that} I can have my bill drafted and never have to think about it. Never had a bill over \$260 (that's water, trash, etc.). Very fair on the price compared to other power companies in NC."
- Customer Blair McPhatter wrote a 5 Star Google Review on February 9, 2022, on GUC's Express Office Google page: Blair McPhatter wrote: "Quick and great service."

4. Other

- A copy of the newly designed customer bill was provided. Mr. Scott Mullis, Customer Relations Director, announced that the updated bill will have a larger font, show usage comparisons, and other modifications to assist customers. The new bill format will begin April 1, 2022.
- Conference schedules for the year include the American Public Power Association (APPA) National Conference June 10-15 in Nashville, the American Public Gas Association (APGA) Annual Conference July 17-20 in Minneapolis, the Electricities Annual Conference August 8-10 in Cherokee, North Carolina.
- GUC's LNG plant reached a goal of \$1 million in sales.
- By using compressed natural gas (CNG), the CNG Fueling Station has helped reduce approximately 3,000 tons of CO2 emissions which is a 30% reduction of greenhouse gasses.

BOARD CHAIR'S REMARKS/REPORT (Agenda Item 8)

Chair Stoughton shared the approved minutes dated October 14, 2021 from the Finance/Audit Committee and announced the GUC Regular Board meeting is scheduled for Thursday, April 21, 2022, at 12:00 noon and a Joint GUC and City of Greenville Meeting is scheduled on Monday, April 25, 2022, at 6:00 p.m.

BOARD MEMBERS' REMARKS (Agenda Item 9)

Commissioner Geiger stated that he appreciates all of the staff efforts on preparing the budget.

CLOSED SESSIONS:

Mr. Phillip Dixon, General Counsel, stated that the Board of Commissioners should consider entering Closed Session pursuant to the following statutes.

N.C.G.S. 143-318.11(a)(1) To prevent the disclosure of information that is privileged or confidential pursuant to the law of this State or of the United States, or not considered a public record within the meaning of Chapter 132 of the General Statutes.

N.C.G.S. 143-318.11 (a)(4) To discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body, including agreement on a tentative list of economic development incentives that may be offered by the public body in negotiations

Upon motion by Mr. Griffin, seconded by Dr. Braswell, the Greenville Utilities Board of Commissioners unanimously agreed to enter Closed Session at 1:07 p.m. for such purpose.

There being no further business to come before the Board of Commissioners in Closed Session, upon motion by Mr. Griffin, seconded by Dr. Braswell, the Board of Commissioners unanimously agreed to return to Open Session at 1:26 p.m.

Without any further business to conduct in Open Session, upon motion by Dr. Braswell, seconded by Mr. Griffin, the Board of Commissioners unanimously agreed to adjourn the meeting at 1:26 p.m.

Respectfully submitted,

Amy Carson Wade
Amy Carson Wade, Executive Secretary

APPROVED:

Kelly L. Darden, Jr.
Kelly L. Darden, Jr., Secretary

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