

GREENVILLE UTILITIES COMMISSION
GREENVILLE, NORTH CAROLINA

Thursday, April 20, 2023

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 Darden presiding.

Commission Board Members Present:

Kelly L. Darden, Jr.
Lindsey Griffin
Tommy Stoughton
Ann E. Wall

Ferrell L. Blount III
Marcus Jones
Mark Garner

Peter Geiger was absent.

Commission Staff Present:

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

Lou Norris
Kevin Keyzer
Tony Godwin
Jonathan Britt
Kyle Brown
Lena Previll

Others Attending:

Kim Bell, First Presbyterian Church; Dr. Robert Shaw, Dr. Jeff McKinnon, and Yoshi Newman, Greenville Environmental Advisory Commission; Paul Gemperline and MiMi Gemperline;

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

ACCEPTANCE OF THE AGENDA

Chair Darden stated that the agenda needs to be amended to accommodate a public comment period. A motion was made by Mr. Jones, seconded by Mr. Stoughton, to accept the agenda as amended. The motion carried unanimously.

SAFETY BRIEF AND MOMENT

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. Mr. Keyzer provided a safety moment on backing vehicles and offered four tips to decrease the risk and exposure of vehicle accidents.

NEIGHBOR TO NEIGHBOR PROGRAM UPDATE

Mr. Scott Mullis, Director of Customer Relations, stated that the Neighbor-to-Neighbor program has helped a number of Pitt County residents. He reminded the Board that this program meets local needs by providing funds to assist low-income families in Pitt County with their heating

bills. The program is administered through the Department of Social Services and offers up to \$200 for heating assistance per year to approved families.

The First Presbyterian Women were recognized for their fundraising efforts supporting GUC's Neighbor-to-Neighbor program. This year the First Presbyterian Women raised \$7,500. Since the beginning of the GUC Neighbor to Neighbor program in 2001, their fundraising efforts, along with GUC's matching funds total more than \$366,984 for the program. Mr. Mullis welcomed Kim Bell and thanked her and the First Presbyterian Women for their service and continued support.

PUBLIC COMMENT PERIOD

Chair Darden opened the public comment period at 12:06 p.m. and explained the procedures to be followed by anyone who wished to speak.

Paul Gemperline, Greenville, North Carolina

Mr. Paul Gemperline lives in Greenville, North Carolina and would like to discuss his concern with solar energy and ask GUC to reconsider rate plans for residential solar customers which includes a demand charge.

Mr. Gemperline thanked Electric Engineer I Jacob Barnes for walking him through the two solar rate plans and acknowledged that GUC provides low electric rates for residential customers with excellent reliability. He understands the costs to operate its distribution system must be recovered through reasonable charges to its customers and that it would be unfair for non-solar customers to subsidize residential solar customers.

He recently secured quotes to purchase a solar rooftop system for his home and after-tax credits the payback period would be 13.6 years. However, the estimate did not include the demand charge from GUC. With additional calculations, the new payback period would be at least 25 years. He thanked Commissioner Peter Geiger who took time to discuss solar rates with him and noted that Commissioner Geiger reviewed the calculations and agreed they were reasonable.

Mr. Gemperline would like to encourage GUC to:

1. Study financial models for residential solar rate and answer the question "what are the increased costs that GUC would incur if he switched from residential to residential solar that must be recouped by a demand fee?"
2. Duke and other energy providers in the state provide favorable net metering similar to GUC except they do not have a demand charge, so why does GUC need to include a demand charge?
3. What are the financial models used by their regulator, the NC Public Utility Commission, when they negotiate and set their rates?

There being no other guests who wished to speak during the public comment period, Chair Darden closed the public comment period at 12:09 p.m.

CONSENT AGENDA

Mr. Tony Cannon, General Manager/CEO, presented the following items for approval on the consent agenda:

(Agenda Item 1) Approval of Minutes - Regular Meeting: March 16, 2023
(Agenda Item 2) Resolution for Designating Authorized Representatives for Federal Emergency Management Agency (FEMA) Reporting
(Agenda Item 3) Consideration of Approval of Resolution for \$400,000 Water Grant and Associated Budget Amendment to Water Capital Project (WCP 10030) GUC Distribution System Improvements Study

A motion was made by Mr. Blount, seconded by Mr. Jones, to approve the consent agenda as presented. The motion carried unanimously.

REVIEW OF MONTHLY FINANCIAL STATEMENT – MARCH 31, 2023 (Agenda Item 4)

March 31, 2023, Financial Statement:

Key financial metrics for the combined funds for the period ending March 31, 2023:

Operating Cash:	\$83,595,117	Days of Cash on Hand:	127
Less Current Liabilities:	(\$24,534,828)		
Fund Balance:	\$59,060,289		
Fund Balance Available for Appropriation:	20.5%	Days of Cash on Hand After Liabilities:	90
Average Investment Yield:	2.93%		

Fund Equity/Deficit Before Transfers

	Current Month			Year to Date		
	Actual	Budget	Last Year	Actual	Budget	Last Year
Electric	(\$753,172)	\$388,791	\$250,798	(\$2,574,833)	(\$1,973,478)	\$2,552,773
Water	\$201,724	\$336,341	\$612,490	\$3,755,207	\$3,187,595	\$4,043,815
Sewer	(\$198,916)	(\$204,420)	\$134,275	\$1,241,767	\$211,314	\$2,813,039
Gas	\$1,057,480	\$283,809	\$1,082,525	\$2,344,569	(\$1,308,026)	\$324,217
Combined	\$307,116	\$804,521	\$2,080,088	\$4,766,710	\$117,405	\$9,733,844

Fund Equity/Deficit After Transfers

	Current Month			Year to Date		
	Actual	Budget	Last Year	Actual	Budget	Last Year
Electric	\$46,828	\$805,458	\$50,798	\$78,490	\$1,776,522	\$102,773
Water	\$1,724	(\$38,659)	\$37,490	\$1,193,671	(\$187,405)	\$433,815
Sewer	\$1,084	(\$246,087)	\$34,275	\$8,774	(\$163,689)	\$313,039
Gas	\$1,057,480	\$410,517	\$1,082,525	\$2,452,166	(\$167,651)	\$324,217
Combined	\$1,107,116	\$931,229	\$1,205,088	\$3,733,101	\$1,257,777	\$1,173,844

Mr. Jeff McCauley, Chief Financial Officer, provided a presentation on the Financial Statement for March 31, 2023.

The weather impact for the month of March 2023 indicated that the March Heating degree days were higher than last year and the Cooling Degrees for lower than last year. The March rainfall was approximately 2.57 inches which was more than last year. The portfolio earned 2.93% for the month of March.

Overall year-to-date results through the end of March remain stable. The Electric Rate Stabilization Reserves are approximately \$22.4 million, and the Gas Rate Stabilization Reserves are \$3.8 million. The Operating Reserves are 127 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 \$30.1 million.

After discussion, a motion was made by Mr. Jones, seconded Mr. Blount, to accept the March 31, 2023, Financial Report. The motion carried unanimously.

CONSIDERATION OF ADOPTION OF PRELIMINARY FY 2023-2024 BUDGET (Agenda Item 5)

Mr. Cannon reminded the Board that at the March 16, 2023, Board meeting, a presentation was provided to the Board that focused on the end-of-year performance for FY 2022-23, the principal elements of the preliminary FY 2023-24 budget, GUC's five-year capital improvement plan, and long-term financial forecast. The current year projections, ending on June 30, 2023, have been updated based on actuals thru month of March. All four funds are balanced with the use of rate stabilization.

Proposed FY 20023-24 Budget

Highlights of the FY 2023-24 proposed budget are listed below:

- Expenditures budgeted for FY 2023-24 have increased by 2.3%, or \$6.6M, when compared to the FY 2022-23 budget. Key points are:
 - \$4.8M increase in operations
 - \$2.8M increase in purchased power
 - \$2.3M increase in capital outlay
 - \$2.8M decrease in purchased gas
 - \$2.2M increase in debt service
 - \$2.8M decrease in transfers to capital projects
- No rate adjustment for the Electric Fund, the same as last year’s forecast
- 4.0% rate increase for the Water Fund, a 0.1% reduction from last year’s forecast
- No rate adjustment for the Sewer Fund, a 1.1% reduction from last year’s forecast
- 5.5% rate increase for the Gas Fund, a 1.8% increase from last year’s forecast
- Funding for a 2.0% employee merit/market adjustment
- 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
- 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 \$16.9M for capital outlay to maintain system reliability and comply with regulatory requirements
- Annual turnover or transfer of \$7.1M to the City of Greenville in accordance with the Charter issued by the North Carolina General Assembly

Highlights of the FY 2023-24 capital budget are listed below:

- GUC continues to make investments in capital projects to maintain reliability, meet ongoing regulatory requirements, and remain strategically positioned to facilitate growth. To that end, in FY 2023-24, GUC will be establishing capital projects totaling \$6.5M.

Project Type	Project Description	Project Amount
Electric	Hudson’s Crossroads Substation	\$4,000,000
Water	WTP Lab Upgrades	\$1,000,000
Gas	Gas System Improvements for Industry and Commercial	\$1,500,000
	Total	<u>\$6,500,000</u>

Additional components of the budget include:

- Proposed revisions for LED street lighting installations to Part A – Terms and Conditions for Electric Service
- Proposed revisions for new service taps to Part C – Terms and Conditions of Water and/or Sewer Service
- Proposed revisions to Temporary Water Service to Part C – Terms and Conditions of Water and/or Sewer Service
- Proposed revision to Installment Pay Plan to Part D – Customer Service Policy
- Electric Rate Stabilization Reserves via Rate Stabilization Fund(s)
- Electric Rate Design Modifications
- Residential Time-of-Use with Demand Net Metering for Solar Energy Facilities
- Electric Fee Adjustments-outdoor lighting, temporary service, underground residential and commercial service installations
- Water Rate Design Modifications
- Bethel Water Monthly Surcharge – increase from \$15.50 to \$16.41
- Water and Sewer System Development Fees, Tap Fees, and other miscellaneous Fees

- Gas Rate Stabilization Reserves via Rate Stabilization Fund(s)
- Gas Cut-on gas service fee and meter delivery pressure change fee

Long-term Financial Forecast

Mr. Cannon reviewed the long-term financial forecast that included the five-year plan through FY 2027-28.

Mr. Cannon noted that pending the Board's approval of adoption, the preliminary balanced budget will be presented to the City Council on May 11. Final adoption of the FY 2023-24 budget will be considered at the Board's June 8 meeting, with final consideration by the City Council scheduled for June 8.

After discussion, a motion was made by Mr. Griffin, seconded by Mr. Stoughton, to adopt the Preliminary FY 2023-2024 Budget and recommend similar action by City council. The motion carried unanimously.

UPDATE FROM CITY OF GREENVILLE ENVIRONMENTAL ADVISORY COMMISSION (Agenda Item 6)

At 12:31 p.m. Chair Darden welcomed Dr. Robert Shaw and Dr. Jeff McKinnon who asked to speak to the Board of Commissioners and provide an update from the City of Greenville Environmental Advisory Commission (EAC).

Dr. Robert Shaw, City of Greenville Environmental Advisory Commission Chairman, provided an update on the need for more solar power and less natural gas in Greenville. Dr. Shaw stated that he met with GUC staff on January 23rd where he reported there are relatively few residential solar installations in Greenville due to the rate structure for residential solar and added that Mr. Gemperline outlined this very well in his comments earlier. Dr. Shaw recommends that solar panel owners not be charged a new fee. He believes that improving the financial incentive for residential solar fits GUC's mission statement. He noted that he will now take time to review what Mr. Cannon just presented during his budget presentation on the rate structure and fee changes and he would like to meet with someone about the changes on solar financial structure to learn the details of this plan.

Dr. Jeff McKinnon stated that his EAC colleague, Yoshi Newman, is also here with him and he will address their concern of GUC promoting natural gas usage on the GUC website.

First, he asked that GUC correct, what he feels, are inaccuracies and omissions on the website that do not mention that natural gas is a fossil fuel and generates carbon dioxide and correct communications that encourage customers to install natural gas fixtures instead of electrical fixtures. He feels encouraging customers to use natural gas fixtures instead of electrical will cause long term harm for many years and exacerbate global warming impacts. On the website there is no mention of federal tax refunds for replacing natural gas for home and water heating with electricity. He recommends GUC not pay for advertising or fund public relations activities that tend to increase sales and consumption of natural gas.

He suggests that GUC publicize the tax credits available and to update website on sources of GUC electricity.

The update from the EAC ended at 12:38 p.m.

UPDATE FROM THE JOINT PAY AND BENEFITS COMMITTEE MEETING (Agenda Item 7)

Commissioner Lindsey Griffin announced that the Joint Pay and Benefits Committee met on March 21 with representatives from both GUC and the City of Greenville. Members of the Committee are himself and GUC Commissioner Peter Geiger; and City Council Members Rick Smiley and Mayor Pro-tem Rose Glover. Mayor Pro-tem was absent.

The Joint Committee approved three recommendations for consideration by the GUC Board and City Council.

1. approve a 2.0% pay adjustment to fund merit/market for FY 2023-24
2. approve a 2.0% salary structure adjustment for FY 2023-24
3. approve an adjustment of vacation accrual rates to aid with recruitment and retention as follows:

Hours Accrued Based on years of Service:

	5 years	10 years	15 years	20 years
Current	120	144	144	168
Recommended	132	156	180	204

Commissioner Griffin announced that the Joint Meeting with the City of Greenville is scheduled for Monday, April 24, 2023, at 6:00 p.m. in the City Council Chambers.

GENERAL MANAGER'S/CEO REPORT (Agenda Item 8)

1. Informational Reading

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

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

GREENVILLE UTILITIES COMMISSION **RANKING OF BIDS RECEIVED**

ITEM I (40) 75 KVA PAD MOUNT TRANSFORMER, STK # 205040 March 23, 2023 at 3:00 p.m.

VENDORS	DELIVERY WEEKS	UNIT PRICE	OWNERSHIP COST/UNIT	TOTAL
Alpha Plotter, LLC.	20	\$6,080.00	\$8,588.00*	\$243,200.00
ECB Solutions, LLC	36-39	8,210.13	10,816.53	328,405.20
Richardson & Associates	72	10,095.00	12,642.00	403,800.00
JST Power Equipment	28-30	11,850.00	15,327.00	474,000.00
WEG Transformers USA (No Bid)				

* Indicates recommended award based on lowest total ownership cost.

ITEM II (5) 75 KVA PAD 120/208 TRANSFORMER, STK # 205160 March 23, 2023 at 3:00 p.m.

VENDORS	DELIVERY WEEKS	UNIT PRICE	OWNERSHIP COST/UNIT	TOTAL
Richardson & Associates	52	\$17,982.00	\$21,155.00*	\$89,910.00
ECB Solutions, LLC	36-39	18,932.43	22,064.13	94,662.15
WEG Transformers USA	114-116	19,606.00	22,719.10	98,030.00
JST Power Equipment	28-30	22,750.00	25,795.00	113,750.00
Alpha Plotter, LLC. (NO BID)				

* Indicates recommended award based on lowest total ownership cost.

The Duke Energy Progress (DEP) monthly peak occurred on March 21, 2023, 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 \$1,524,187.

2. Key Performance Indicators (KPIs)

The Corporate KPI report was provided.

3. Commendations

- Customer Jane Cartwright called Station One Control Room Operator Sharon Camacho complimenting Chris Rouse, Josh Harrell, Blake Beddard, Carson Knight, and Allen Brooks for providing excellent customer service while working in and around her yard. She stated that they were some of the nicest people she had met, and she really appreciated their hard work. Employees' Name: Gas Systems Crew Leader II Chris Rouse, Gas Systems Technician II Josh Harrell, Gas System Technician II Blake Beddard, Gas Systems Technician II Carson Knight, and Gas System Technician I Allen Brooks
- The General Manager's Office received a thank you card from Ms. Susan Keller complimenting Tracy Colville, Alvin Davis, and Alex Congleton. She wrote, "Thank you for your prompt and thorough attention to the water meter I reported. GUC is the best! Thanks to your great staff!" Employees' Name: Water Resources Systems O/M Crew Leader I Tracy Colville, Water Resources O/M Systems Technician II Alvin Davis, and Water Resources Systems Technician II Alex Congleton.

4. Other

- Mr. Cannon shared that the gas system underwent an inspection for pipeline public awareness. It was a clean inspection with no violations. He congratulated Director of Gas Systems Anthony Miller and Communications Manager/PIO Steve Hawley and their teams.
- The Environmental Protection Agency (EPA) just announced a dramatic decrease in what they're considering a "safe" level of certain PFAS in drinking water. PFAS (Per- and poly-fluoroalkyl substances) is a group of manmade chemicals used in manufacturing around the globe that include PFOA, PFOS, GenX, and many other chemicals. The EPA first issued an advisory level in 2016 and GUC has been monitoring this since 2018 and is well below EPA advisory level. GUC will continue to monitor PFAS levels to ensure safe drinking water for consumers. In addition, the recent upgrade at the Water Treatment Plant will help GUC to do an even better job in removing PFAS from drinking water.
- There will be a public hearing at next month's meeting regarding system development fee analysis.

BOARD CHAIR'S REMARKS/REPORT (Agenda Item 9)

Chair Darden thanked Ms. Bell for the donations and efforts of the First Presbyterian Church, and he thanked Mr. Gemperline, Dr. Shaw, and Dr. McKinnon for bringing their thoughts to the Board of Commissioners.

Chair Darden shared the approved minutes dated August 29, 2022, and September 12, 2022, from the Joint Pay and Benefits Committee meeting in March. He announced the Joint GUC and City of Greenville Meeting is scheduled for Monday, April 24, 2023, at 6:00 p.m. at City Hall and the GUC Regular Board meeting is scheduled for Thursday, May 18, 2023, at 12:00 noon.

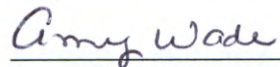
BOARD MEMBER REMARKS:

Commissioner Tommy Stoughton thanked the guests speaking about green energy initiatives and he asked staff to present, at a future board meeting, the efforts performed in maintaining sustainable and environmentally friendly policies so that the Board of Commissioners would be able to share and inform others what GUC is doing on these efforts.

Ferrell Blount would like to see a review of GUC's practices that ensure one class of service customer rates do not subsidize another class of customer.

There being no further business to come before the Board of Commissioners in Regular Session, upon motion by Mr. Jones, seconded by Mr. Stoughton, the Board of Commissioners unanimously agreed to adjourn the Board of Commissioners meeting at 12:46 p.m.

Respectfully submitted,



Amy Wade, Executive Secretary

APPROVED:


Lindsey Griffin, Secretary