

GREENVILLE UTILITIES COMMISSION
GREENVILLE, NORTH CAROLINA

Thursday, March 16, 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.	Ann E. Wall
Peter Geiger	Ferrell L. Blount III
Lindsey Griffin	Marcus Jones
Tommy Stoughton	Mark Garner

Commission Staff Present:

Tony Cannon, General Manager/CEO	Lou Norris
Chris Padgett	Kevin Keyzer
Jeff McCauley	Jonathan Britt
Phil Dixon	Kathy Howard
David Springer	Molly Ortiz
Anthony Miller	Brian Weigand
Andy Anderson	Maria Johnson
Steve Hawley	Leah Herring
Scott Mullis	
Durk Tyson	
Colleen Sicley	
Ken Wade	
Amy Wade	

Others Attending:

Ginger Livingston, The Daily Reflector; Brian Weigand, Bobbie Lapiejko and Jennifer Cargile, Chamber Leadership Institute; Josh Gardner, Greenville Environmental Advisory Commission; Vickie Emory and Carrie Emory Cash, Special Guests.

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

ACCEPTANCE OF THE AGENDA

A motion was made by Mr. Jones, seconded by Mr. Griffin, to accept the agenda as presented. 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 about "a place for everything and everything in its place" and how this helps control exposures that could lead to trips and falls which may cause serious injuries.

Chair Darden welcomed visitors and Chamber Leadership Institute participants, Bobbie Lapiejko, Jennifer Cargile, and Brian Weigand.

RECOGNITION OF NEW COMMISSIONER

Chair Darden welcomed new Commissioner Mark Garner to the GUC Board of Commissioners. Mr. Garner is filling the county seat. He is retired from Rivers and Associates.

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: February 16, 2023

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

REVIEW OF MONTHLY FINANCIAL STATEMENT – FEBRUARY 28, 2023 (Agenda Item 2)

February 28, 2023, Financial Statement:

Key financial metrics for the combined funds for the period ending February 28, 2023:

Operating Cash:	\$86,392,190	Days of Cash on Hand:	131
Less Current Liabilities:	(\$27,247,567)		
Fund Balance:	\$59,144,623		
Fund Balance Available for Appropriation:	20.6%	Days of Cash on Hand After Liabilities:	89
Average Investment Yield:	2.3%		

Fund Equity/Deficit Before Transfers

	Current Month			Year to Date		
	Actual	Budget	Last Year	Actual	Budget	Last Year
Electric	(\$125,453)	\$1,077,147	(\$1,516,801)	(\$1,821,661)	(\$2,362,269)	\$2,301,975
Water	\$278,742	\$381,739	\$389,587	\$3,553,483	\$2,851,254	\$3,431,325
Sewer	(\$14,755)	\$47,386	\$352,113	\$1,440,683	\$415,734	\$2,678,764
Gas	\$1,234,570	\$1,981,297	\$677,258	\$1,287,089	(\$1,591,835)	(\$758,308)
Combined	\$1,373,104	\$3,487,569	(\$97,843)	\$4,459,594	(\$687,116)	\$7,653,756

Fund Equity/Deficit After Transfers

	Current Month			Year to Date		
	Actual	Budget	Last Year	Actual	Budget	Last Year
Electric	\$24,547	\$1,493,813	(\$316,801)	\$31,662	\$971,064	\$51,975
Water	\$28,742	\$6,739	\$89,587	\$1,191,947	(\$148,746)	\$396,325
Sewer	(\$14,755)	\$5,719	\$52,113	\$7,690	\$82,398	\$278,764
Gas	\$1,234,570	\$2,108,006	\$677,258	\$1,394,686	(\$578,168)	(\$758,308)
Combined	\$1,273,104	\$3,614,277	\$502,157	\$2,625,985	\$326,548	(\$31,244)

Mr. Jeff McCauley, Chief Financial Officer, provided a presentation on the Financial Statement for February 28, 2023.

The weather impact for the month of February 2023 indicated that the February Heating degree days were lower than last year. The February rainfall was approximately 2.96 inches which was more than last year. The portfolio earned 2.37 % for the month of February.

Overall year-to-date results through the end of February remain stable. The Electric Rate Stabilization Reserves are approximately \$23.2 million, and the Gas Rate Stabilization Reserves are \$3.8 million. The Operating Reserves are 131 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 \$29 million.

After discussion, a motion was made by Mr. Blount, seconded Mr. Jones, to accept the February 28, 2023, Financial Report. The motion carried unanimously.

RECOMMENDATION OF THE FINANCE/AUDIT COMMITTEE TO AWARD THE AUDITING SERVICES CONTRACT (Agenda Item 3)

Commissioner Peter Geiger, Committee Chair, announced that the Finance/Audit Committee met on March 7, 2023, and he along with Commissioners Griffin, Blount, and Jones attended the meeting. 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. Last year's audit fee for the Commission was \$52,000. The proposed audit fee for fiscal year ending 2023 will increase 8% to \$56,200. The City and Commission will be completing a Request for Proposal for Audit Services for 2024.

A motion was made by Ms. Wall, seconded by Mr. Stoughton, to proceed with executing the fiscal year 2023 auditing services contract with Cherry Bekaert, LLP in the amount of \$56,200. The motion carried unanimously.

UPDATE ON STATUS OF THE BUDGET DEVELOPMENT (Agenda Item 4)

Committee Chair Geiger stated that on March 7, 2023, staff presented the end-of-year financial projections for FY 2022-23 and the proposed budget for FY 2023-24 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 2022-23 and the key elements of the proposed FY 2023-24 budget. These areas include current status, recommended rate adjustments, capital investment, five-year capital plans, rate models, and the long-term financial forecast. Mr. Cannon reported on the cost drivers and goals of each of the four funds and the highlights of the FY 2023-24 proposed budget are listed below.

Key rate adjustment recommendations from the Finance/Audit Committee for the FY 2023-24 proposed budget are listed below:

- **Electric:** 0.0% rate increase
- **Water:** 4.0% rate increase
- **Sewer:** 0.0% rate increase
- **Gas:** 5.5% rate increase

Other key provisions in the FY 2023-24 proposed budget include:

- 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
 - \$2.0M increase in purchased power
 - \$2.3M increase in capital outlay
 - \$1.0M decrease in purchased gas
 - \$2.2M increase in debt service
 - \$3.7M decrease in transfers to capital projects
- Funding for a 3.5% 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.

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

Capital Improvement Projects scheduled to be adopted with the FY 2023-24 budget are listed below:

Dept	Project Description	Project Amount
Electric	Hudson's Crossroads Substation	\$ 4,000,000
	Subtotal Electric	4,000,000
Water	WTP Lab Upgrades	\$ 1,000,000
	Subtotal Water	1,000,000
Gas	Integrity Management Replacement Project Phase II*	\$ 1,500,000
Gas	Gas System Improvements for Industry and Commercial	\$ 1,500,000
	Subtotal Gas	3,000,000
	Total	\$ 8,000,000

Long-term Financial Forecast

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

He noted that looking ahead the Board will adopt the proposed FY 2023-24 budget at GUC's regular Board meeting on April 20, 2023. On May 11, 2023, the FY 2023-24 balanced budget will be presented to the City Council. Adoption of the final budget will be at GUC's regular Board meeting on June 8, 2023, and at the City Council meeting on June 8, 2023.

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 2023-24 budget as presented.

GENERAL MANAGER'S/CEO REPORT (Agenda Item 5)

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

REPLACEMENT OF DISTRIBUTION POLES ALONG NC-43
JANUARY 24, 2023 @ 2:00 PM

VENDORS	TOTAL
C Phase Services, LLC.	\$297,000.00*
Southeastern Transmission & Distribution, LLC.	505,407.88
River City Construction, Inc.	605,476.75
C. W. Wright Construction Company, LLC.	906,018.00

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

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JANUARY 26, 2023 @ 2:00 PM

VENDOR PROPOSAL RANKING
Systel Business Equipment*
Coeco Office Systems

* Indicates recommended vendor to negotiate a contract.

RE-BID FOR MANHOLE RINGS AND COVERS
FEBRUARY 10, 2023 @ 3:00 PM

VENDORS	DELIVERY TIME (WEEKS)	TOTAL
EJ USA, Inc.	4-13	\$25,948.05*
Consolidated Pipe & Supply	In Stock-24	26,270.00
TEC Utilities Supply, Inc.	22-24	21,230.00 ⁽¹⁾
Core & Main LP	22-24	21,835.65 ⁽¹⁾
Ferguson Waterworks	12-24	22,422.40 ⁽¹⁾

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

⁽¹⁾ Indicates vendor did not meet minimum specifications.

48,000' - WIRE, 1/0 15KV UG PRIMARY CABLE GUC STK# 201360,
30,000' - WIRE, 4/0 - 600V UG TRIPLEX GUC STK# 201260,
40,000' - WIRE, 350 MCM 600V UG TRIPLEX GUC STK# 201330,
5,000' - WIRE, 350 UG QUADPLEX GUC STK# 201280

FEBRUARY 21, 2023 @ 4:00 PM

VENDORS	MFG.	DELIVERY WEEKS	UNIT PRICE 1/0 15KV UG CABLE	TOTAL
CME Wire & Cable	CME	50-52	\$3.378	\$162,144.00*
Wesco Distribution, Inc.	Okonite	31-34	3.997	191,856.00
American Wire Group	—	—	—	—

VENDORS	MFG.	DELIVERY WEEKS	UNIT PRICE 4/0 600V UG TRIPLEX	TOTAL
CME Wire & Cable	CME	3-4	\$2.636	\$79,080.00*
Wesco Distribution, Inc.	Priority W&C	1	3.255	97,650.00
American Wire Group	AWG	22	3.50	105,000.00

VENDORS	MFG.	DELIVERY WEEKS	UNIT PRICE 350 MCM 600V UG TRIPLEX	TOTAL
CME Wire & Cable	CME	3-4	\$4.118	\$164,720.00*
Wesco Distribution, Inc.	Priority W&C	8-10	5.755	230,000.00
American Wire Group	AWG	22	5.90	236,000.00

VENDORS	MFG.	DELIVERY WEEKS	UNIT PRICE 350 UG QUADPLEX	TOTAL
CME Wire & Cable	CME	50-52	\$5.760	\$28,800.00*
Wesco Distribution, Inc.	Priority W&C	1	8.196	40,980.00
American Wire Group	AWG	22	8.90	44,500.00

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

28,000' OF 2" PVC CONDUIT, GUC STK# 202570,
35,200' OF 3" PVC CONDUIT, GUC STK# 206050,
15,000' OF 2" CONDUIT ROLL SDR, GUC STK# 210540,
5,000' OF 1" CONDUIT ROLL SDR 11, GUC STK# 210550

FEBRUARY 21, 2023 @ 3:00 PM

VENDORS	MFG.	DELIVERY WEEKS	UNIT PRICE 2" CONDUIT	TOTAL
Wesco Distribution, Inc.	Cantex	1-2	\$2.36	\$66,080.00*
Border States Electric	Southern Pipe	3-4	2.60	72,800.00
Graybar Electric	Prime	2	2.6354	73,791.20
Technology International, Inc.	N/A	38	3.20	89,600.00

VENDORS	MFG.	DELIVERY WEEKS	UNIT PRICE 3" CONDUIT	TOTAL
Wesco Distribution, Inc.	Cantex	3-4	\$4.55	\$160,160.00*
Border States Electric	Southern Pipe	3-4	4.95	174,240.00
Graybar Electric	Prime	2	5.0455	177,601.60
Technology International, Inc.	N/A	38	6.10	214,720.00

VENDORS	MFG.	DELIVERY WEEKS	UNIT PRICE 2" CONDUIT SDR	TOTAL
Wesco Distribution, Inc.	Blue Diamond	2-3	\$1.37	\$20,550.00*
Border States Electric	Dura-Line	28-30	1.49	22,350.00
Technology International, Inc.	Dura-Line	38	1.90	28,500.00
VENDORS	MFG.	DELIVERY WEEKS	UNIT PRICE 3" CONDUIT SDR 11	TOTAL

Wesco Distribution, Inc.	Blue Diamond	2-3	\$3.02	\$15,100.00*
Border States Electric	Dura-Line	28-30	3.29	16,450.00
Technology International, Inc.	Dura-Line	38	4.40	22,000.00

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

The Duke Energy Progress (DEP) monthly peak occurred on February 4, 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 \$1,368,114.

2. Key Performance Indicators (KPIs)

The Corporate KPI report was provided.

3. Commendations

- *Facebook Message:* Customer AnnMarie Burke sent a Facebook message February 1, 2023, that read as follows: "Huge shout out to the crew that came out to Emma Cannon Road in the early morning hours to fix a transformer that went south! Thank you, thank you! We appreciate you guys so very much. We won't take for granted the hard work y'all do for our community. You guys and gals are awesome!" **Employees' Name:** Electric Troubleshooter Crew Leader Casey Jones and Overhead Lineworker Jordan Bradshaw

4. Other

- Mr. Cannon shared that the U.S. Department of Energy (DOE) announced the availability of funds through grant opportunities under the Grid Resilience and Innovation Partnership (GRIP) Program. GUC has a team that is working with The Ferguson Group on the full application. Any funds awarded will help offset the costs of the Advanced Metering Infrastructure (AMI) project. There were over 300 initial submissions for the grant in the first round, and approximately half of those, including GUC, were invited to submit a full application. This is a very competitive grant process.

BOARD CHAIR'S REMARKS/REPORT (Agenda Item 6)

Chair Darden welcome new commissioner Mark Garner and thanked the guest for attending. The budget rates look favorable for consumers, and he thanked all who worked on the budget.

Chair Darden shared the approved minutes dated October 24, 2022, from the Finance/Audit Committee. He announced the GUC Regular Board meeting is scheduled for Thursday, April

20, 2023, at 12:00 noon and a Joint GUC and City of Greenville Meeting is scheduled for Monday, April 24, 2023, at 6:00 p.m. at City Hall.

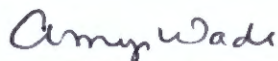
BOARD MEMBER REMARKS:

Commissioners congratulated the positive budget report and welcomed new Commissioner Mark Garner.

General Manager Tony Cannon welcomed Vickie Emory and daughter, Carrie Cash, as he honored GUC's Director of Water Resources Randy Emory who passed away last month. Mr. Cannon shared memories of Mr. Emory and a tribute video played in his memory. Randy will be remembered for his 37 years of service and contributions to GUC and the water resources industry.

There being no further business to come before the Board of Commissioners in Regular Session, upon motion by Mr. Blount, seconded by Mr. Garner, the Board of Commissioners unanimously agreed to adjourn the Board of Commissioners meeting at 1:13 p.m.

Respectfully submitted,



Amy Wade, Executive Secretary

APPROVED:


Lindsey Griffin, Secretary