

GREENVILLE UTILITIES COMMISSION  
WORKSHOP SESSION  
GREENVILLE, NORTH CAROLINA  
Thursday, January 16, 2025

The Board of Commissioners of the Greenville Utilities Commission met in a Workshop Session at the Brook Valley Country Club located at 311 Oxford Road in Greenville, North Carolina, on January 16, 2025, at 2:00 p.m. with the following members and others present, and Chair Lindsey Griffin presiding.

Commission Board Members Present:

Lindsey Griffin	Justin Fuller
Mark Garner	Dillon Godley
Ferrell L. Blount III	Dr. Wanda D. Carr
Peter Geiger	Michael Cowin

Commission Staff Present:

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

Others Present:

Roy Jones, Kathy Moyer, and Andy Fusco with Electricities.

INTRODUCTIONS:

At 2:00 p.m. having a quorum present, Chair Griffin called the workshop session to order. General Manager/CEO Tony Cannon provided a safety brief should there be an emergency.

Mr. Chris Padgett, Assistant General Manager/CAO, reviewed the agenda for the day.

**HUMAN RESOURCES UPDATE: SUCCESSION PLANNING**

Mr. Padgett began with an update on the origin of our succession plan and noted that it is a best practice for a high performing organization. He shared the benefits of succession planning and the risks of not having a well-designed succession plan. One of the risks is loss of mission critical knowledge. GUC approved a Talent Development and Succession Management Strategy in 2015, and the plan was adopted by the Board and includes several components.

- iLead (six classes have graduated)
- Upskill (opportunities for training for all employees)
- ETAP (employee tuition assistance program)
- Internships (Some interns have become long term permanent employees.)

Next, he introduced Ms. Richie Shreves, Director of Human Resources, to provide more details on the plan. Ms. Shreves provided several tables and graphs showing the GUC employee landscape by age and years of service. Over the last five years the employee landscape has changed where now there are 50% of employees with less than 10 years of service and one-third with less than five years of service. There is a higher turnover rate amongst this group of employees with less than 10 years of service. The average years of service is 11 years which is down from the average of 17 years of service a few years ago.

The average age of employees is 42 and new employees come with high energy and new ideas but may not have the depth of experience. Or they may come with utility experience and may not have GUC experience.

Retirements:

The following data depicts the number of “potential” retirements by department now and 5 years from now (early and full).

**NOW**

Dept	Full	Early
Admin	3	3
CR	11	11
EL	17	22
FI	9	12
GA	14	15
HR	0	0
IT	5	6
WR	30	31
<b>TOTAL</b>	<b>89</b>	<b>100</b>
<b>%</b>	<b>18%</b>	<b>21%</b>

**5 YEARS**

Dept	Full	Early
Admin	3	7
CR	13	17
EL	27	44
FI	12	19
GA	15	19
HR	2	3
IT	7	13
WR	37	48
<b>TOTAL</b>	<b>116</b>	<b>170</b>
<b>%</b>	<b>24%</b>	<b>35%</b>

The following data depicts the number of CRITICAL “potential” retirements by department now and in 5 years. These critical roles include leadership, unique skillset and hard to fill positions.

**NOW**

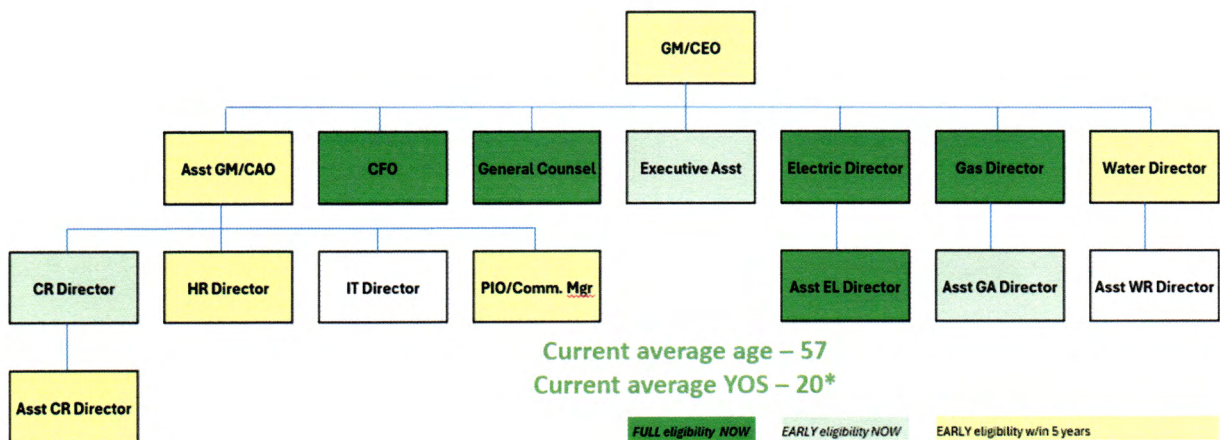
Dept	Early	Critical Role	% Critical
Admin	3	3	100%
CR	11	4	36%
EL	22	10	45%
FI	12	8	67%
GA	15	6	40%
HR	0	0	
IT	6	1	17%
WR	31	23	74%
<b>TOTAL</b>	<b>100</b>	<b>55</b>	
<b>%</b>	<b>21%</b>	<b>55%</b>	

**5 Years**

Dept	Early	Critical Role	% Critical
Admin	8	6	75%
CR	18	6	33%
EL	44	21	48%
FI	19	8	42%
GA	19	9	47%
HR	3	2	67%
IT	13	2	15%
WR	48	30	63%
<b>TOTAL</b>	<b>172</b>	<b>84</b>	
<b>%</b>	<b>36%</b>	<b>49%</b>	

Ms. Shreves shared that as an example there are 23 employees in critical roles in Water Resources (WR) that can retire now with full or early (reduced) benefits.

The following organization chart is a visual depiction of the number of “potential” retirements on the Management Team over the next 5 years.



There are 16 members on the management team with an average age of 57, with 20 years average of credible service. Within the management team there are eight eligible to retire this year with full or reduced benefits. Six others have early eligibility to retire within five years.

The Human Resources department has been restructured over the last few years and the Human Resources Business Partners (HRBP) meet regularly with leadership from all departments to proactively identify vulnerable positions and potentially hard to backfill/specialized roles. HRBPs work with their assigned business units to confirm all job descriptions accurately reflect responsibility and requirements. An education matrix is being created for reference of degree and certification requirements for key positions, readiness assessments are being completed to identify employees’ current performance and future growth potential, and individual development plans (IDPs) are being developed for potential successors, including a focus on competencies.

Other steps being made as part of succession planning is knowledge transfer and preparing employees to compete for future opportunities. Ms. Shreves also noted other tools being used to facilitate this process include iLead (leadership development program), student worker programs, career fairs, touch-a-truck, Grow Local, STEM events, cross-training, and creating standard operating procedures.

Mr. Padgett reminded the Board of Commissioners that one of GUC’s core values is that employees are our most valuable resource. Mr. Padgett shared the importance of keeping pace with local/relevant market for pay and to allow for adequate cross-training and knowledge transfer.

There was discussion among the group on employee turnover over the years since the pandemic and what might be expected in the coming five years.

BREAK 2:45 p.m. – 3:00 p.m.

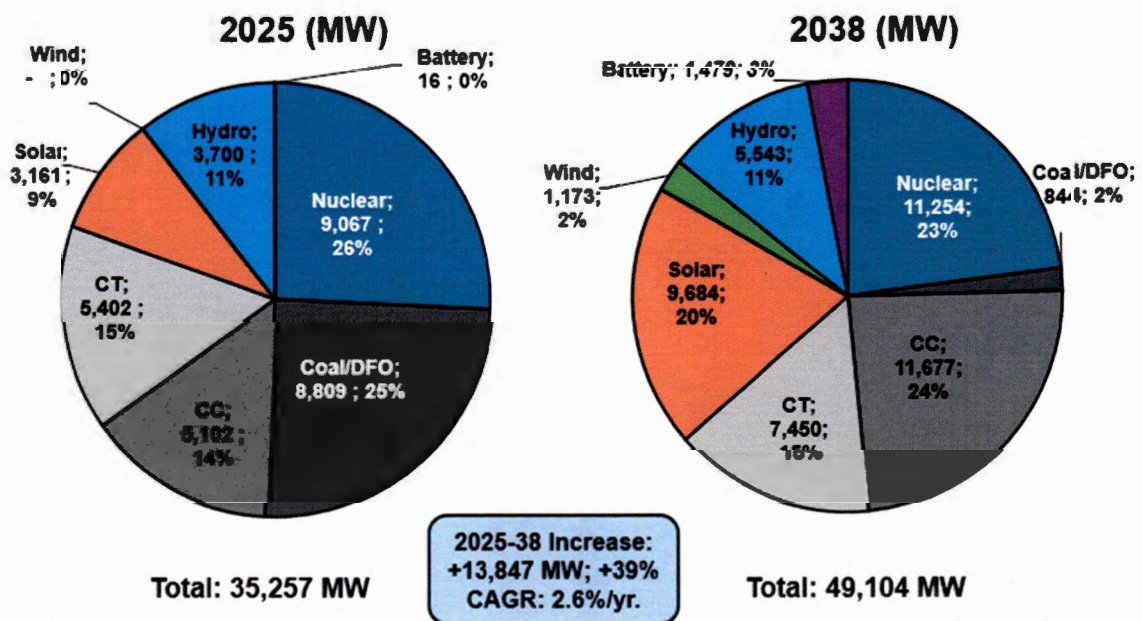
**ELECTRIC UPDATE: ELECTRIC WHOLESALE COST PRESSURES PRESENTATION BY ELECTRICITIES**

Mr. Cannon stated that GUC’s wholesale power contract is the largest piece of its budget and this years’ budget is over \$300 million. The purchase power cost is 70% of the Electric budget. The ability to buy competitive wholesale power is a priority for GUC. Mr. Cannon welcomed Mr. Roy Jones, CEO of Electricities, and his team and thanked them for coming here today as the information that will be provided today is very important for planning our upcoming budget.

Mr. Jones began his presentation by providing an update on the pathway to carbon neutrality and its associated cost drivers. Key cost drivers include the increase in load growth (new businesses, land, data centers, and AI explosion), aging generation (infrastructure-fleet built in late 70’s close to end of life and taking offline in next decade), decarbonization (HB951- 70% carbon neutral by 2030 and 100% by 2050), supply chain constraints, and inflation.

The North Carolina Utility Commission (NCUC) Order dated November 1, 2024, has Duke moving to a diverse generation portfolio. All generation additions and associated costs will require NCUC approval causing delays meeting interim carbon goals until 2035. Duke Energy Progress and Duke Energy Carolinas plan to merge to a combined Duke system with a targeted effective date of January 1, 2027. This merger is anticipated to have some rate benefits to NCEMPA.

There was discussion on pipeline infrastructure, technology, and hydrogen. The charts below show the combined system capacity resource mix for 2025 and 2038.



Three key take aways from the above graphs:

1. Change in portfolio
2. Size: going from a 35,000 MW portfolio to almost a 50,000 MW load
3. Retiring generation

Next, Mr. Jones discussed the Duke Combined System generation cost impact. The overall incremental cost of the generation resource additions is \$74B through 2038 primarily due to load growth and aging infrastructure. To build carbon plan compliance into the budget an additional incremental cost of \$4B through 2038 is projected. It is expected that the Duke combined system cost for their customer would be an additional \$80 per month by 2038 with a compound

annual growth of 3.6% per year. This is only generation costs and does not include a proposed transmission investment.

The wholesale power cost impact for NCEMPA is anticipated to have wholesale generation rate increases of approximately 3.5% - 4.5% per year following closely with the combined system. Mr. Jones add that of the 32 NCEMPA communities in residential retail rates, 30 are below Duke Energy Progress and remain very competitive.

North Carolina Eastern Municipal Power Agency (NCEMPA)- Update to Rate Path Projections and Full Requirements Rate Adjustment for 2025

The NCEMPA Rate Committee met last week and reviewed the cost projections estimates for demand and energy rates from Duke. There will be a true-up in June 2026. The wholesale rate projections do reflect the NCUC order accepting Duke’s Resource Plan and does not reflect the potential DEP and DEC merger. The 2025 rate is expected to be near the 6.5 cents wholesale.

The last NCEMPA debt reserve payment will be on July 1, 2025 allowing the \$18 million bond to be freed and released. These funds will flow back to the 32 NCEMPA Members.

Three options were considered for returning the debt reserve funds to the Members:

1. Single payment to the 32 Members on July 1, 2025 (GUC’s share is \$3.7 million).
2. Payment to Members over 12 months.
3. Payment to Members over 24 months. Leave funds in working capital and wait until 2026 when the 2024 and 2025 true-ups are known and then pay funds to Members over 24 months (April 2026-March 2028). It is expected that the 2024 true-up will be around \$30 million.

Mr. Jones provided a table of the wholesale rate path and working capital to show the different options on how each would affect the rates.

		CURRENT Projections					
24 FRPPA True-up		Assumed \$30M Charge Paid to DEP (Jul 25 – Jun 26)					
Debt Reserve Release Payment		Single Payment (Jul 25)		12 Months (Jul 25 – Jun 26)		24 Months (Apr26 – Mar 28)	
		OPTION 1		OPTION 2		OPTION 3	
Year	Effective	Avg. Rt. Inc. / (Dec.) <sup>[1]</sup> (%)	Cal. YE Working Capital (\$M)	Avg. Rt. Inc. / (Dec.) <sup>[1]</sup> (%)	Cal. YE Working Capital (\$M)	Avg. Rt. Inc. / (Dec.) <sup>[1]</sup> (%)	Cal. YE Working Capital (\$M)
2024	Apr 1	---	90	---	90	---	90
2025	Jul 1	6.5%		5.5%		3.5%	
	Jul 1 <sup>[2]</sup>	(8.5%)	82	(8.5%)	88	(8.5%)	91
2026	Apr 1	3.0%	97	3.5%	91	4.5%	89
2027	Apr 1	3.0%	119	3.5%	111	4.5%	97
2028	Apr 1	3.0%	111	3.5%	105	4.5%	92
2029	Apr 1	3.0%	94	3.5%	92	4.5%	89
2030 – 2035		2 – 4% per year		2 – 4% per year		2 – 4% per year	

[1] Rate adjustments, excluding impacts of Rider No. 1.

[2] Reflects only the impact of the termination of Rider No. 8 when the debt is paid off.

These three options were presented to the NCEMPA Rate Committee and will next go to the NCEMPA Board of Commissioners and then the final approval will be needed from the ElectriCities Board of Directors.

These three options were voted on at the NCEMPA Rate Committee and the simple majority passed Option 1 that will be presented next week to the NCEMPA Board of Commissioners. Depending on the outcome, the Rate Committee may reconvene to reconsider the recommendation. Mr. Cannon stated that GUC preferred Option 3. There was discussion about the options.

BREAK 4:17 p.m. – 4:26 p.m.

Closed Session:

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

N.C.G.S. 143-318.11(a)(6) To consider the qualifications, competence, performance, character, fitness, condition of appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee.


Upon motion by Mr. Godley, seconded by Dr. Carr, the Greenville Utilities Board of Commissioners unanimously agreed to enter Closed Session at 4:26 p.m. for such purpose.

There being no further business to come before the Board of Commissioners in Closed Session, upon motion by Mr. Cowin, seconded by Dr. Carr, the Board of Commissioners unanimously agreed to return to Open Session at 4:55 p.m.

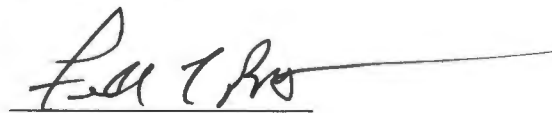
ADJOURNMENT:

With there being no further business to conduct in Open Session, Chair Griffin announced that the Board of Commissioners would stand adjourned at 4:55 p.m.

Respectfully submitted,

  
Amy Carson Wade, Executive Secretary

APPROVED:

  
Ferrell Blount III, Secretary