

GREENVILLE UTILITIES COMMISSION  
FINANCE/AUDIT COMMITTEE  
GREENVILLE, NORTH CAROLINA  
March 6, 2025

The Finance/Audit Committee of the Greenville Utilities Commission met on Thursday, March 6, 2025, at 12 noon in the Board Room with the following members and others present.

Committee Members Present:

Dillon Godley, Committee Chair  
Ferrell L. Blount III, Committee Vice-Chair  
Mark Garner  
Justin Fuller

GUC Staff Present:

Tony Cannon, General Manager/CEO	Amy Wade
Chris Padgett	Maria Johnson
Phil Dixon	Jonathan Britt
Jeff McCauley	Amanda Wall
John Worrell	Molly Ortiz
Durk Tyson	Paige Wallace
David Springer	Lou Norris
Steve Hawley	

Others Present:

Lindsey Griffin, Chair  
Peter Geiger, Commissioner  
Wanda Carr, Commissioner

Committee Chair Godley called the meeting to order at 12:00 noon and ascertained that a quorum was present.

A motion was made by Mr. Garner, seconded by Mr. Blount, to accept the agenda as presented. The motion carried unanimously.

Safety Brief

Tony Cannon, General Manager/CEO, provided a safety brief and explained the plan of action should there be an emergency at today's meeting.

APPROVAL OF MINUTES (Agenda Item 1)

A motion was made by Mr. Garner, seconded by Mr. Blount to approve the July 8, 2024, Finance/Audit Committee minutes as presented. The motion carried unanimously.

END-OF-YEAR PROJECTION/DRAFT REVENUES AND EXPENDITURES PROPOSAL FOR UPCOMING FISCAL YEAR (Agenda Item 2)

Mr. Cannon provided a one-page budget summary. His presentation focused on end-of-year financial projections for FY 2024-25 and the proposed budget for FY 2025-26. These areas include current status, capital investment, five-year capital plans, rate models, and the long-term financial forecast. A memorandum and supplemental materials were provided in the agenda packet.

- End-of-year Projections for FY 2024-25 (current year)
- Proposed FY 2025-26 Budget
- FY 2026-30 Financial Forecasts
- FY 2026-30 Capital Improvement Plan

Key metrics, such as fund balance and debt-service coverage ratios, were included in the materials.

End-of-Year Projections

Mr. Cannon stated that the current budget adopted for FY 2024-25 provided appropriations of \$16.6M in capital outlay improvements, more than \$95.2M in operations, and transfers of \$2.3M to the capital projects fund. The FY 2024-25 original budget was 2.6% more than the previous year's budget and provided funding for operating and capital infrastructure improvements while maintaining competitive rates.

Total adjustments of \$1.2M to the original budget are due to increases in Capital Outlay, Debt Service, and Transfer to Rate Stabilization and Capital Projects.

In reviewing the end-of-year projection, the financial viability of each fund is considered to ensure that GUC is positioned to meet its mission and future financial obligations.

Key Performance Indicators such as debt-service coverage ratios, fund balances, and days cash on hand are primary components of the review. These factors are also monitored by the NC Local Government Commission (LGC) and credit rating agencies in determining GUC's ability to borrow funds at a favorable interest rate.

Proposed FY 2025-26 Budget

Mr. Cannon noted that revenues from Boviet and Nipro are not reflected in revenue projections and will be recognized once they come online.

Mr. Cannon discussed the purchase power cost drivers associated with the 2022-2024 Full Requirements Power Purchase Agreement System Average Energy Rate True-ups. This includes NCEMPA Rider 1-22 that was implemented in April 2024, Rider 1-23 that was implemented in October 2024, and another one expected in April 2026 (Rider 1-24) that will be approximately \$7.2M.

Highlights of the FY 2025-26 proposed budget are listed below:

Mr. Cannon reported on the cost drivers and goals of each of the four funds and the highlights of the FY 2025-2026 proposed budget are listed below.

- Expenditures budgeted for FY 2025-26 have increased by 5.4%, or \$16.2M, when compared to the FY 2024-25 budget. Key points are:
  - \$2.9M increase in operations
  - \$325K increase in purchased power
  - \$3.1M increase in capital outlay
  - \$3.3M increase in purchased gas
  - \$5.3M increase in debt service
  - \$388K increase in City turnover
  - \$1.1M increase in transfers to capital projects
  - \$700K decrease in transfers to rate stabilization fund
- 3.9% rate increase for the Electric Fund, a 3.9% increase from last year's forecast
- 0.0% rate increase for the Water Fund, a 2.2% reduction from last year's forecast
- 6.5% rate increase for the Sewer Fund, equal to last year's forecast
- 4.9% rate increase for the Gas Fund, a 0.6% increase from last year's forecast
- Funding for a 4.0% employee merit/market adjustment
- Funding for 4.0% employer 401(k) contribution
- 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 Energy Efficiency Partnership
- Investment of \$19.7M for capital outlay to maintain system reliability and comply with regulatory requirements
- Annual turnover or transfer of \$9.0M to the City of Greenville in accordance with the Charter issued by the North Carolina General Assembly

Across-the Board 2.9% Miscellaneous Fee Increases:

- Electric: Outdoor lighting, temporary service, underground residential & commercial service installations
- Water: Tap, temporary service, and meter testing
- Sewer: Tap and system development fees (per Analysis phase-in plan)
- Gas: Cut-on gas service, delivery pressure change, tap, and additional service line footage
- Customer Service Fees: Cut-on/set-up/transfer service, meter read, restore accounts, and theft and trouble calls

Other Miscellaneous fee increases based on fee calculation updates and current inventory costs:

<b>Permanent UG Commercial Service Fees</b>	<b>Current</b>	<b>Recommended FY26</b>	<b>Change (\$)</b>
<b>I.) Commercial Service(s) - Existing Distribution System</b>			
<b>Option 1- GUC Installed Conduit</b>			
UG less than 125 ft			
600A	\$4,079.00	\$1,746.00	(\$2,333.00)
800A	\$4,253.00	\$1,965.00	(\$2,288.00)
Service Distribution Cabinet (Ganged Multiple Services)	\$2,357.00	\$4,787.00	\$2,430.00
Service Disconnect > 400A (Multi-point Service)	\$3,255.00	\$4,391.00	\$1,136.00
<b>Option 2- Customer/Developer Installed Conduit</b>			
Service Distribution Cabinet (Ganged Multiple Services)	\$2,357.00	\$4,787.00	\$2,430.00
Service Disconnect > 400A (Multi-point Service)	\$3,255.00	\$4,391.00	\$1,136.00
<b>IV.) Changing Overhead to Underground Service</b>			
Installation minimum charge	\$210.00	\$1,378.00	\$1,168.00

Additional Components include

- Electric Rate Stabilization Reserves via Rate Stabilization Fund(s)
- Electric Rate Design Modifications
- Electric Rate Rider RR-1, Qualified Customer Resources Policy, Revision
- New Electric Rate Rider RR-7, Commercial Renewable Excess Energy Buy Back Credit
- Sewer System Development Fees Phase-In Plan
- 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 2026-30.

In summary, Mr. Cannon added that the proposed FY 2025-26 is a balanced budget, and he asked for the Finance/Audit Committee to endorse the end-of-year projections and the proposed preliminary budget.

Following discussion, a motion was made by Mr. Blount, seconded by Mr. Garner, for the Finance/Audit Committee members to endorse to the full Board to move forward with appropriate actions related to the current end-of-year fiscal forecast and the proposed preliminary FY 2025-26 budget as presented. The motion passed unanimously.

RECOMMENDATION TO AWARD AUDITING SERVICES CONTRACT (Agenda Item 3)

Mr. Jeff McCauley, Chief Financial Officer, introduced Controller Amanda Wall to share information on auditing services. Ms. Wall stated that in accordance with the Commission's charter, a single auditing firm must be used to perform the City's and the Commission's financial statement audits. Costs associated with the audits are based on the number of hours expended for each organization's audit engagement.

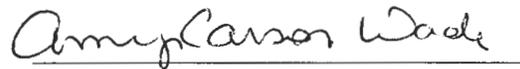
In 2024, an RFP for auditing services was issued requesting proposals for a five-year engagement. The City and Commission staff recommended Cherry Bekaert, LLP for another five-year term, subject to approval of a contract on an annual basis. Last year's audit fee for the Commission was \$59,415. The proposed audit fee for fiscal year ending 2025 is \$62,840.

After discussion, a motion was made by Mr. Blount, seconded by Mr. Garner, for the Finance Audit Committee to concur with staff to recommend to the full Board to proceed with executing the fiscal year 2025 auditing services contract with Cherry Bekaert, LLP, in the amount of \$62,840. The motion passed unanimously.

ADJOURNMENT

With no further business to conduct, Committee Chair Godley adjourned the meeting at 1:22 p.m.

Respectfully submitted,



Amy Carson Wade  
Executive Secretary