

GREENVILLE UTILITIES COMMISSION  
WORKSHOP SESSION  
GREENVILLE, NORTH CAROLINA  
Thursday, January 15, 2026

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 15, 2026, at 2:00 p.m. with the following members and others present, and Chair Mark Garner presiding.

Commission Members Present:

Mark Garner	Dillon Godley
Ferrell L. Blount III	Dr. Bob Shaw
Dr. Wanda D. Carr	Simon Swain
Justin Fuller	Michael Cowin

Commission Staff Present:

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

Others Present:

Roy Jones, Mark Oliver, and Andy Fusco with ElectriCities; Ginger Livingston, The Daily Reflector; and Drew Ligon, Citizen.

INTRODUCTIONS:

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

Mr. Cannon reviewed the agenda for the afternoon noting there would be a closed session.

**FINANCE UPDATE:**

Mr. Jeff McCauley, Chief Financial Officer, shared an overview of current practices related to a monthly change in unbilled accounts receivable (unbilled accrual) and billing process. He shared that GUC uses a modified-accrual basis accounting for annual reporting and budgeting where revenues are recognized when measurable and earned, and expenses are recognized when incurred. He explained that a typical bill today includes electric power or natural gas consumed in the previous month. Efforts to align the system load PPA (purchase power adjustment) and PGA (purchase gas adjustment) are based on system averages and not on actual consumption. The balance of the ‘unbilled’ accounts receivable is adjusted monthly to capture this billing lag.

Water and Wastewater do not have purchase commodities and therefore the balance of the ‘unbilled’ accounts receivable is adjusted at fiscal year-end with actual data to capture the billing lag.

Mr. McCauley provided examples of the calculations and noted that staff recommends changing to a single annual year-end “unbilled accrual” across all four funds beginning in FY 2027 which will:

- Reduce month-to-month volatility: an annual accrual avoids large and often confusing monthly swings that prompt recurring questions and follow-up analysis.

- Improve reliability of financial reporting and minimize distortions: monthly accruals rely heavily on estimates that can be inaccurate; when weather conditions are far from normalized, monthly estimates introduce significant variability that may not reflect actual performance.
- Enhance consistency across funds: applying the same year-end accrual methodology to all four funds improves comparability and transparency.
- Align accruals more closely with actual outcomes: a year-end accrual is based on more complete and accurate information, resulting in a more meaningful financial adjustment.

Budget Update:

Next, Mr. McCauley shared utility bill comparisons as part of the budget update. The current bill comparison charts were provided which indicated that Electric is below the median, Water is below the median, Sewer is below the median, and Natural gas is competitive. Overall Combined GUC rates are well below the median.

He noted that analyzing our rates is the first part of the equation to preparing the budget.

Mr. Cannon added that this data is being provided today as there will be some rate pressures coming in the future and it will be necessary to control expenses, negotiate favorable contracts, and consider possible increase rates.

Mr. McCauley reviewed the budget process for fiscal year 2026-2027. Below is the timeline:

October - December	<ul style="list-style-type: none"> <li>• Departments develop operating and capital outlay budgets.</li> <li>• Departments develop/update five-year capital project plans.</li> </ul>
January	<ul style="list-style-type: none"> <li>• Commission receives updated wholesale rate projections from Electricities.</li> <li>• Revenue models are updated.</li> <li>• Financial Planning and Analysis team meets with department Directors to review capital improvements and operational budgets</li> <li>• Initial budget and financial plan reviewed with General Manager's Office.</li> <li>• Revisions to budget are made as needed.</li> </ul>
February	Finalize draft budget and financial plan in preparation for Finance/Audit Committee Meeting
March 4	Finance/Audit Committee Meeting – FY 2026-27 budget and five year capital plan is presented to Finance/Audit Committee – (All board members are encouraged to attend this meeting)
March 19	GUC regular meeting Review of preliminary FY2026-27 budget, five-year capital plan and Finance/Audit Committee recommendations
April 16	GUC regular meeting – Adopt proposed FY2026-27 budget
May 14	Presentation of FY2026-27 balanced budget to City Council
May 21	GUC regular meeting – Adopt FY2025-26 amended budget & FY2026-27 budget
June 8	City Adoption of FY2025-26 amended budget & FY2026-27 budget

All GUC Board of Commissioners were encouraged to attend the upcoming Finance/Audit Committee meeting in March.

**ELECTRIC UPDATE: ELECTRIC WHOLESALE COST PRESSURES**

Mr. Cannon stated that GUC's wholesale power contract is the largest piece of its budget and this year's budget is over \$300 million. The purchase power cost is nearly 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 attending as the information that will be provided today is very important for planning GUC's upcoming budget.

Electricities presentation: Pathway to Carbon Neutrality

Mr. Jones began his presentation and announced there are a lot of issues and the rising cost environment continues with the following key cost drivers:

- Load Growth
- Aging generation
- Decarbonization
- Supply Chain constraints
- Inflation

He noted that it is important to make needed system investments and remain competitive. There are long lead-times, and it is necessary to buy now for future needs.

Mr. Jones shared information related to the North Carolina Legislative and Utilities Commission Actions.

- The North Carolina Senate Bill 266 passed into law eliminating the interim 70% carbon reduction target by 2035, giving more time for technologies to evolve.
- The North Carolina Utility Commission Order on Duke Energy’s Integrated Resource Plan (IRP) incorporating SB 266 is not expected until late 2026.
- Duke continues to pursue combining the Duke system (One Utility) with a targeted effective date of January 1, 2027.

There was discussion on SB 266 and the impact of community solar as a source of energy. For example, Eastern North Carolina has summer and winter peaks and demands. The winter peak is usually between 6:00 a.m. and 7:00 a.m. and since the sun has not risen there is no solar energy provided in the winter during the peak. There was also discussion on using a battery storage system, but they are generally cost-prohibitive.

Duke Energy did file for the merger and below is the Duke Energy (combined system) generation cost impact:

PVRR (\$B)		Customer Bill Impact (CAGR   Monthly Residential Bill Impact)	
2040	2050	2035	2040
\$94.8	\$165.4	2.1%   \$30	2.4%   \$57

Note: PVRR is Present Value Revenue Requirements and CAGR is Compounded Annual Growth Rate.

A chart was provided showing what the recommended energy portfolio would look like in 2035 and 2040 based on Duke Energy’s 2025 IRP resource additions that included solar, storage, combustion turbine, combined cycle, nuclear, onshore wind, and offshore wind.

Supply-Side Resource Additions by 2035 & 2040 in Recommended Portfolio



The North Carolina Eastern Municipal Power Agency (NCEMPA) reviewed this One Utility’s wholesale power cost impact. It is anticipated that wholesale generation rate increase would

follow closely with the Duke combined system retail rate increase (i.e. approximately 2.25% - 3.5% per year). And it is anticipated that NCEMPA will benefit from the One Utility, however, the magnitude is not clear at this time.

Mr. Jones updated the GUC Board of Commissioners on the recent NCEMPA rate committee meeting related to the cost projections in which two paths were reviewed (Option 1 and Option 2 which does not include the merger; and includes SB 266 changes.)

Below are the projections:

Year	PREVIOUS Projections (Jan 2025 RCM)		CURRENT Projections (NO Duke 1U Merger)			
			Option 1 (5.5% Increase in 2026)		Option 2 (4.5% Increase in 2026)	
	Average Rate Inc. / (Dec.) <sup>[1]</sup> (%)	Cal. YE Working Capital (\$M)	Average Rate Inc. / (Dec.) <sup>[1]</sup> (%)	Cal. YE Working Capital (\$M)	Average Rate Inc. / (Dec.) <sup>[1]</sup> (%)	Cal. YE Working Capital (\$M)
2025		91		101		101
2026	4.5%	89	5.5%	82	4.5%	78
2027	4.5%	97	4.5%	88	5.5%	83
2028	4.5%	92	4.5%	91	4.5%	85
2029	4.5%	89	4.5%	89	4.5%	83
2030	2 – 4%		---	95	---	89
2031 – 2035	2 – 4% per year		2 – 4% per year		2 – 4% per year	

[1] Rate adjustments effective April 1 and exclude impacts of Rider No. 1 and Debt Reserve release return.

The rate committee selected Option 2 with the 4.5 percent increase. It is expected for the merger to close on January 1, 2027.

There will be another true up on April 1, 2026.

Mr. Jones noted that wholesale power costs have declined since the asset sale 10 years ago. There has only been one rate increase since 2016.

National Residential Rates:

A graph was provided on how North Carolina compares across the nation with residential rates. The North Carolina average rates puts its ranking at the 16<sup>th</sup> lowest in the nation. And North Carolina has the 3<sup>rd</sup> lowest residential energy rate in the Southeast at 14.6 cents per kWh while GUC's are lower than the State average at 12.4 cents per kWh.

BREAK 3:30 p.m. – 3:45p.m.

Chair Garner called the meeting back to order.

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)(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. Cowin, seconded by Mr. Swain, the Greenville Utilities Board of Commissioners unanimously agreed to enter Closed Session at 3:45 p.m. for such purpose.

There being no further business to come before the Board of Commissioners in Closed Session, upon motion by Mr. Blount, seconded by Dr. Carr, the Board of Commissioners unanimously agreed to return to Open Session at 4:31 p.m.

ADJOURNMENT:

With there being no further business in Open Session, Chair Garner announced that the Board of Commissioners would stand adjourned at 4:32 p.m.

Respectfully submitted,

Amy Carson Wade  
Amy Carson Wade, Executive Secretary

APPROVED:

Wanda Carr  
Wanda Carr, Secretary

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