Utilities Advisory Board
Regular Meeting Minutes

April 23, 2024 at 12:00 PM

City Hall Commission Chambers
401 S. Park Avenue

Present
Mary Dipboye, Linda Lindsey, Paul Conway, Michael Poole, Allison Yurko and Fred Guitton

Absent
Leon Huffman

Staff Present
Director of Electric Utilities Dan D'Alessandro, Director of Water and Wastewater Utilities David Zusi, Electric Utility Operations Manager Miguel Cruz, Assistant Director of Water and Wastewater Utilities Tara Lamoureux, Electric Utility Engineer Manager Mourad Belfakih, Integrated Resources Program Manager Lisa Vedder

1. Call to Order

The meeting was called to order at 12:10 p.m.

2. Consent Agenda

a. Approve the minutes of March 26, 2024

Ms. Dipboye mentioned the minutes did not reflect the solar rate discussion. Motion made by Paul Conway to approve the minutes, seconded by Allison Yurko . Motion carried unanimously with a 4-0 vote. Ms. Yurko and Mr. Guitton arrived after the vote.

3. Public Comments (for items not on the agenda):

Richard Parker thanked electric utility staff for professionalism and customer service. He inquired on the current cash position of electric utility and if hedging is done to protect from inflation. Mr. Hamil explained that City funds participate in a pooled cash system held in a variety of investments. Each City fund owns a share of the pooled system. There is no hedging.

4. Action Items

a. Public-facing Electric Vehicle (EV) Charging Station Fees and Usage Restrictions

Mr. D'Alessandro stated the EV Charging Station policy was cleaned up from the previous discussion and will need to be brought to the Commission. Mr Conway thought signage should go to the Commission. Mr. D'Alessandro stated rate discussion should go before the Commission, not signage, but signage communicating the rate changes needs to be discussed by this board.

Mr. Poole arrived at 12:14. Mr. Guitton arrived at 12:15. Ms. Yurko arrived at 12:19.

Ms. Vedder explained after the rates are approved by the Commission, departments will meet to discuss appropriate signage.

Motion made by Ms. Dipboye to approve the rate policy, seconded by Mr. Guitton. Motion carried unanimously with a 6-0 vote.

Mr. Guitton asked if advance notice will be given to the public prior to the signage being implemented. Ms. Vedder confirmed that advance notice is given.

5. Non-Action Items

a. Smart meter discussion - David Zusi

Mr. Zusi stated the city purchased smart meters that are continually upgraded as well as the software. Our system is not using the capabilities of the auto-shut off type meter. The need is not there. Staff is looking at other meters and discussion followed on capabilities and limitations of meters and coordination of meters with existing software platforms. Mr. Zusi responded to questions regarding the system.

Mr. Conway questioned the poll rate of 95%. Mr. Zusi stated the goal is 98.9 to 99%, but have fallen below 95%. The reason for this is the merging of technology, which includes the reading of meters, billing, batteries, etc. We've engaged a consultant who will assist in merging all of our systems together to reach close to 100%. The consultant will be in-house for approximately 6 months. The ultimate goal is to have all the meters reporting through the radio and the ones not reporting to be actually dead or unplugged meters.

b. Water Strategic Plan

Mr. Zusi advised one proposal was received and a contract will be on the next Commission agenda. The concern is that the company's primary presence is in North Carolina. Mr. Conway stated the company is excellent with a proven framework to measure utility, key performance indicators and the ability to communicate the strategic plan at all levels.

6. Staff Updates

a. Electric Utility

Mr. D'Alessandro gave the following report:
- Loss of service for 5 to 6,000 customers on April 4th due to transformer failure. He commended the electric utility team for their work on switching the transformer and restoring power in less than an hour and a half.
- The website was updated with new verbiage.

- The supply chain issue has resolved itself with the help of our aggressive warehouse manager. We now have more transformers than are needed at this time. Finally, we are back on track with the mileage.
- Reported an increase in undergrounding electric. Crews could complete 3/4 mile per month with a goal of 8 miles per year. The new project is the hardest and will take more than a year.
- Hometown will be reaching out to board members to conduct interviews.
  Mr. Conway asked about OUC. Mr. D'Alessandro spoke about discussions with OUC regarding their desire to take over the city's electric utility.
- Announced his resignation to accept a different opportunity

b. Water & Wastewater Utility

Mr. Zusi gave the following update:

- Stated city is finalizing meter integration.
- City will begin sharing a large amount of information on the website relating to lead and copper. The board will begin seeing notifications related to this issue which contain required language that may cause unneeded customer concern.
- The project to build a new regional lift station, rebuild another regional lift station and over a mile of force main that was budgeted at $3.5m; however, bids received range from $8.4m to $18m.

Mr. Guitton stated the importance of knowing the full cost of upgrading the system. Mr. Zusi advised that there is an aggressive in-house program to replace components of the system. The strength of the system is that there were no water main breaks since 2004 due to ongoing replacement. The biggest hurdle going forward is the amount of consumptive use.

c. Performance Measurement

Mr. Hamil reviewed performance measurements. United Way support has reduced since December. Mrs. Dipboye noted the goal for solar (environmental) is missing from the measurement. Mr. Hamil will add going forward.

Mr. Hamil explained the number of accounts over 60 days past due has increased and are typically closed. They will be written off so this number will decrease. Cut-offs due to non-payment have dropped due to staff time. Fuel cost stabilization fund has increased and will be watched to determine if rate adjustments are needed. Mr. Hamil responded to questions regarding past due accounts and accounts receivable relative to closed accounts. He will update the report to separate accounts receivable by active and inactive accounts. Policy is not to write off until customer has moved. Mr. Poole suggested to look at accounts over 90-days past due. Mr. Guitton suggested creating a policy for selling the debt from uncollected accounts. Mrs. Lindsey asked to include the number of accounts and suggested looking at the customer deposit policy.

d. Educational Campaign

No report.

e. Financial report for the quarter ended March 31, 2024

Mr. Hamil reviewed water and wastewater revenues which are ahead of budget and noted operating expenses are within budget. Discussion followed on water/wastewater operating expense.

Mr. Hamil reviewed the graph on electric utility operating revenues. Fuel revenues are under budget and fuel cost recovery may need to be adjusted. Operating expenses are under budget and working capital is in a good position, but does not include impact fees. Fuel cost tracking over-recovered in February and March which may result in a potential for rate reductions. Mr. Hamil reviewed an unaudited statement of net position and statement of revenues, expenses and changes in fund net position as well as several key performance measurement charts and answered questions.

Water and wastewater revenues are trending well and are ahead of budget and spending is well within the operating expense budget.

Mr. Hamil reviewed the Electric Operating Revenue graph. The operating revenues for the non-fuel portions are 0.64% under the budget. Fuel revenues are under budget and costs are down. Fuel cost recovery rates were reduced January 1st

Mr. Hamil reviewed the Fuel Cost Chart noting a potential rate decrease soon.
Mr. Guitton asked current assets for Electric are lower when revenues are very close to budget and spending is within budget. Mr. Hamil explained operating expenses do not include capital costs such as undergrounding.

7. Board Comments

Mr. Guitton asked if the additional revenue received from utilities goes back to residents in rate reductions, if the reserve enough and whether rates optimized. Mr. D'Alessandro explained the city receives 6% straight off the front to the general fund. The City wants to keep rates low, but also wants to keep the system upgraded and improved. The system was purchased in 2005 from Progress Energy, not knowing when it was last upgraded. Luckily it is doing well, but there are millions of dollars in upgrades are many things to be done while keeping the rates low. As use of solar increases, rates may need to be subsidized with some of the cash to keep rates low.

Mr. Guitton suggested, with the good financial position, improvement plans should be made for the future of our utilities. Mr. D'Alessandro advised strategic plans are in place.

Mr. Conway stated he asked Mr. Zusi whether the water & sewer territory outside of the city should be sold if a significant amount of capital investment is required to maintain it. Mr. Zusi advised that severing the service area outside the city limits would in itself require a very large capital investment. Mr. Zusi answered questions regarding service territory agreements.

Mrs. Lindsey left at 1:45 p.m.

8. Upcoming Agenda Items

a. Solar and net metering policy

Mr. D'Alessandro stated the solar and net metering policy is a work in progress. Mr. Conway asked what specifically us being done on the electric strategic plan. Mr. D'Alessandro is working with the City Manager on the transition and strategic plans.

Mr. Poole suggested the consultant doing the strategic plan should survey all of the Board members.

9. Adjournment

The meeting adjourned at 1:49 p.m.

Approved as amended by the board on May 28, 2024
/s/ Bahiyyah Layton Board Coordinator