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PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, OCTOBER 28, 2015
8:30 A.M.

Present: Darsweil L. Rogers, Chairman
Wade R. Fowler, Jr., Vice Chairman
Michael G. Lallier, Secretary
Evelyn O. Shaw, Treasurer

Others Present: David Trego, CEO/General Manager
Karen McDonald, City Attorney
Kristoff Bauer, Deputy City Manager
James Arp, City Council Liaison
Glenn Adams, County Liaison
PWC Staff

Absent: Media
Mike Bailey, Hope Mills Liaison
John Ellis, Hope Mills Liaison

CALL TO ORDER

Chairman Rogers called the meeting of Wednesday, October 28th to order.

APPROVAL OF AGENDA

Upon motion by Commissioner Shaw, seconded by Commissioner Fowler, the agenda was unanimously approved.

PRESENTATIONS

Presentation of North Carolina Department of Labor Safety Awards

Presented by: Andrew Dunlap, Mgr. of Safety, Organizational Develop. & Training

Andy Dunlap, Manager of Safety, Organizational Development and Training, presented the North Carolina Department of Labor Safety Award to the Commission. North Carolina Department of Labor Secretary, Cherie Berry presented PWC with the 5 Million Hours without a Lost Time Accident Award on Friday, October 23, 2015 during the 5 Million Hour celebration.

Commissioners commended staff on achieving the 5 Million Hour milestone. Council Member Arp also stated that 'reaching 5 million hours, that is significant'. He applauded the staff and the culture at PWC.

Chairman Rogers distributed the commemorative 5 Million Hours coin to attendees.

CONSENT ITEMS

Upon motion by Commission Fowler, seconded by Commission Shaw, Consent Items were unanimously approved following discussion on Consent Item 3D.

- A. Approve Minutes of meeting of October 14, 2015
- B. Approve canceling the November 25, 2015 and December 23, 2015 Commission Meetings.
- C. Approve bid recommendation to award bid for Annual Transformer Contract (approximately 605 transformers of different types and sizes to be purchased over a twelve-month period) with the option to order additional quantities within the twelve-month period at the unit prices bid, and with the option to extend the agreement for additional one-year period(s), up to a maximum of three (3) additional years, upon the agreement of both parties to Ermco c/o National Transformer Sales, Raleigh, NC in the total amount of \$1,089,462.00 and forward to City Council for approval.

The above are Electric Inventory. Please see the attached spreadsheet indicating the current bid price, the last purchase price and the last purchase date. Bids were received on September 17, 2015 as follows:

<u>Bidders</u>	<u>Total Cost</u>
Ermco c/o National Transformer Sales, Raleigh, NC	\$1,089,462.00
WESCO, Raleigh, NC	\$1,241,968.00
HD Supply, Wake Forest, NC (GE)	\$1,278,655.00
HD Supply, Wake Forest, NC (Cooper)	\$1,290,989.00
Stuart C. Irby, Rocky Mount, NC	\$1,349,283.00
Wenco, LLC, LaCrescenta, CA	\$1,538,273.00
Cheryong Electric, Vienna, VA	\$2,241,739.00

- D. Approve Eastover Emergency Interconnect Interlocal Agreement

Staff recommends the Commission approve an Interlocal Agreement to install an emergency water interconnection with Eastover Sanitary District at Eastover's expense.

- E. Ratify the following slate of Commissioners for FY2015-2016

Chairman	Darsweil L. Rogers
Vice Chairman	Wade R. Fowler, Jr.
Secretary	Michael G. Lallier
Treasurer	Evelyn O. Shaw

INTRODUCTION TO COMMUNITY SOLAR

*Presented by: David W. Trego, CEO/General Manager
Mark Brown, Customer Programs Senior Officer*

David Trego, CEO/General Manager provided a brief introduction to Community Solar. Mr. Trego then presented Mark Brown, Customer Programs Senior Officer.

Mr. Brown discussed the background of the Community Solar Industry in the country, in North Carolina and in Fayetteville. He discussed the Community Solar Business Model and how Community Solar fits with municipal utilities. Mr. Brown gave a comparison of the Community Solar option with other solar options. Mr. Brown also discussed Community Solar Models and proposed next steps.

Mark Brown stated solar power is energy from the sun which is converted into electrical energy. It is the cleanest, most abundant renewable energy source.

In the US, over 6,200 MW of solar units have been installed as of 2014. This energy is sufficient to serve 905,000 homes. North Carolina is 2nd in the United States, with approximately 400 MW (58,000 homes served by solar power). The solar option is driven by legislation, tax incentives and utility subsidies and a high level of customer interest.

Though solar installation have historically been very high, installation costs are decreasing. Large installations today (500kW or larger) are 50% less expensive than in 2005 although federal tax credits are phasing out in 2016. North Carolina tax credits will not be renewed.

Mark Brown stated PWC adheres to NC Renewable Energy Portfolio Standards (REPS), which requires .2% of retail sales to be provided by solar (4.5 MW) or 650 homes by 2018. In 2014 our requirement was 1.5 MW which could serve 215 homes. At an annual cost of \$9,217.00, PWC is currently meeting REPS through the purchase of solar credits.

Mr. Brown stated growth has been slow in the PWC service area. There is a 20% annual turnover rate and 40% of homes are rented. There are 10 facilities that have customer owned solar installations producing .049 MW, which can serve 7 homes. And it does not count toward PWC's requirements.

Community Solar can create partnerships with our customers. Any electric customer can participate. The program allows for flexible affordable participation and there are no subsidies

Mr. Brown stated Community Solar would be centrally located for optimal siting. It provides economies of scale. It would be built by the utility, 3rd party or through a partnership. The output would be sold/leased to customers, which enables customers' participation. Community Solar is not limited to property owners only because ownership is not required. It is flexible and affordable.

He also stated with Community Solar, the utility maintains control, ensuring proper installation, maintenance and safety. It is a good Brownfield Development Opportunity and a good fit for municipal power. Over 60 utilities nationwide have Community Solar projects and 75% of those utilities are Municipal Utilities or Co-ops. Mr. Brown stated municipals are natural hosts for Community Solar; it is not solely driven by profits; supports

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sustainability; open to all customers; cost advantages of economies of scale without subsidies.

The added advantages for PWC are; can help with Renewable Energy Portfolio Standards (REPS) compliance; allows highly mobile military population to participate; provides diversity of power; it is no burden on ratepayers and it is self-sustaining, scalable and there are no subsidies.

Mr. Brown provided a rate comparison of Customer Owned Rooftop Solar, 3rd Party Owned Community Solar and PWC Owned Community Solar. He noted with the PWC Owned Community Solar installed costs are the lowest, efficiency is higher, it is available to all customers with the highest quality control and the lowest risk to line workers, although there are no tax credits. PWC would also be in full compliance with REPS.

Mr. Brown went on to discuss several Community Solar models from across the US which included: South River Co-op; Roanoke, VA Co-op; Sacramento Municipal Utility District; CPS Energy of San Antonio, TX and the City of Austin Texas.

Staff recommended with the Commission's consensus to explore development of a Community Solar Project. This process will include identifying best practices by developing a cost/benefit analysis; developing a proposed customer model and continuing to discuss Community Solar with other municipalities. And finally, report back to the Commission with a more detailed analysis as part of a 5 year budget development process.

During the course of the presentation, staff responded to Commissioners' questions and concerns. Following discussion, upon motion by Commissioner Fowler, seconded by Commissioner Shaw and unanimously approved, staff was directed to proceed with an analysis of Community Solar.

Commissioners thanked staff for the thorough presentation.

GENERAL MANAGER REPORT

David Trego, CEO/General Manager reported PWC received the NC Smart Fleet Award in the Champion category. Based on the Smart Fleet designation level, participants are evaluated on a number of items, such as right sizing the fleet; preventative maintenance program; and reduced emissions (target is approx. 10%).

Susan Fritzen, Chief Corporate Services Officer, stated this is the second year we have won an award, although this year we have received a higher level, Champion level. She also noted the award is for PWC and the City's fleet.

Mr. Trego then presented Bobby Russell to report on PWC's medical claims. Bobby Russell, Human Resource Officer, reported that claims are down approximately \$2 million which means our employees are becoming somewhat healthier. There were risk factors identified through Know Your Numbers and employees are taking serious action on changing lifestyle habits. A representative from Doctors Direct will make a presentation at the Commission meeting in December.

Mr. Trego stated the proposed merger between Duke Energy and Piedmont Natural Gas has recently been in the news. He stated PWC has a vested interest in the merger. PWC buys

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energy from Duke and also the Butler Warner facility is a Piedmont customer. Staff more than likely will become involved in the process at the NCUC (North Carolina Utility Commission) to ensure PWC's interests are protected.

Mr. Trego informed the Commission that Mick Noland's (Water/Wastewater) group met with the Downtown Alliance on yesterday concerning work PWC needs to complete around the Market House.

He discussed the need for lane closures around the Market House or a complete closure of the circle. Commissioner Lallier asked for the dollar savings if the circle was completely closed compared to intermittent lane closures. Staff responded it would be approximately 30% higher if lanes were intermittently closed.

Commission requested for staff to communicate with the Alliance, informing them the Commission has looked at the issue and will take a step back to analyze the options. Staff is also requested to gather/analyze the options for the work around the Market House and report back to the Commission.

REPORTS AND INFORMATION

Commission acknowledges receipt of the following Reports and Information.

- A. Monthly Cash Flow Report for September 2015
- B. Recap of Uncollectible Accounts – September 2015
- C. Investment Report for September 2015
- D. Position Vacancies
- E. Approved Utility Extension Agreement(s):
 - Plantation at Fayetteville, LLC – water & sewer services to serve Santa Fe Dr. & All American Expressway

COMMENTS

Commissioner Lallier stated Gray Styers will meet with the Judge and City's Counsel today regarding next steps on the case.

ADJOURN

There being no further business, upon motion by Commissioner Fowler, seconded by Commissioner Lallier and unanimously approved, the meeting was adjourned at 9:54 am.

NEW COMMISSIONER ORIENTATION

Following adjournment, David Trego, CEO/General Manager welcomed Commissioner Shaw to the new Commissioner Orientation session. PWC staff was introduced and each provided an overview of their responsibilities. The Commissioners (Shaw and Rogers) and staff also viewed the "PWC Video. Since Commissioner Shaw already reviewed the PWC Guide, staff simply responded to questions.

Session was completed at 1:48 pm.