

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, AUGUST 10, 2016
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
Jay Reinstein, Assistant City Manager
Jim Arp, Council Liaison
PWC Staff

Absent: Kristoff Bauer, Deputy City Manager
John Ellis, Hope Mills Liaison
Kenneth Edge, County Liaison
Media

CALL TO ORDER

Chairman Rogers called the meeting of Wednesday, August 10, 2016, to order.

APPROVAL OF AGENDA

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

CONSENT ITEMS

Upon motion by Commissioner Shaw and seconded by Commissioner Lallier, Consent Items were unanimously approved.

- A. Approve Minutes of meeting of July 27, 2016
- B. Approve Rate Approval Policy

The purpose of this policy is to set a standard Commission procedure for the setting of rates, fees and charges associated with the delivery of standard electric, water and wastewater utility services to residential, non-residential and industrial customers. *See Rate Approval Policy on Page _____ of Minutes.*

- C. Approve Capital Project Fund (CPF) Budgets
 - A. Annexation Phase V – Areas 20 & 21 CPF establishing a budget for these 2 areas and to provide financial authority for engineering and other preliminary work.
 - B. Annexation Phase V Reserve Fund #20 formally establishing the funding source for the above new Capital Project Fund.

See PWCORD2016-09 and PWC2016-10 on Pages ____ of Minutes.

COMMISSION CONSIDERATION OF WAIVING FEES FOR CITY OF FAYETTEVILLE GATEWAY PROJECTS

*Presented by: Mick Noland, Water Resources Chief Operations Officer
Joe Glass, Water Resources Engineering Manager*

Mick Noland, Water Resources Chief Operations Officer stated the request is to waive FIF Fees for identified City of Fayetteville Gateway Projects. He stated the final amount of the FIF fees cannot be determined until we know how many meters and the size of the meters. The informational package which was distributed by David Trego, CEO/General Manager has the estimates for the identified projects.

Mr. Trego stated we see these estimates as a worst case scenario. To use as a compass, we looked at the most recent projects we have completed. Until the City determines the flow rates they need we cannot design the actual meter size or determine the FIF fees. Mr. Trego stated Council Liaison Arp has spoken of possibly using drip irrigation and if used it would significantly reduce the size of the meter needed.

Mr. Trego stated based on what the City Council has approved, he is suggesting the Commission approve on a ‘do not exceed’ basis. If there are changes to it, staff will update the Commission.

Staff has identified the DOT projects and given them to the City. Kristoff Bauer, Deputy City Manager circulated it and ensured documentation was consistent with the capital improvement budget and then it was approved by City Council. There was one project discussed in the minutes of the City Council meeting which was the one on Eastern Blvd. There is a main extension fee of approximately \$170,000. We do not have lines there. The City is considering placing plants on either side of Eastern Blvd as it approaches the bridge. It would involve PWC installing mains in which the City would be responsible for. That is not budgeted, but it may be a project that will drop off, or the City may decide of an alternate way to irrigate that area. It is included now because it is part of the CIP budget.

Commissioner Lallier motioned to allocate \$150,000 to add a cushion to the \$138,000 request for the purposes of waiving FIF Fees for 2017 Gateway Projects. Motion was seconded by Commissioner Shaw and unanimously approved.

DEVELOPMENT OF A COMMISSION POLICY ON CUSTOMERS REQUESTING TO OPT-OUT OF PWC’S ADVANCED METERING PROJECT

Presented by: David W. Trego, CEO/General Manager

David Trego stated the Advanced Meter Project is expected to be fully deployed by the end of FY2017. He stated there is a policy level decision in which the Commission needs to make prior to the project being fully deployed. It relates to customers who have requested for the advanced meter not to be installed.

Mr. Trego explained that an ‘Opt Out’ is when a customer requests the Advanced Meter not be installed at their home/business. He also explained the two main reasons for requesting an ‘opt out’ are:

Health concerns: Some early advanced meters required stronger signal to facilitate data transfer and concerns about radio waves were raised. PWC meters do not have this issue. When transmitting, PWC meters use a signal that is 1/100th of a laptop computer connected to the internet.

Privacy concerns: Utilities are governed by federal law with regards to privacy and are restricted how meter data is used and shared. The signal used by the PWC system is fully encrypted.

Mr. Trego stated PWC Opt Outs so far are less than 50, with over 83% of meters installed (all but three are electric meters). He stated we initially had 182 customers with concerns. Once we addressed their concerns, 142 allowed us to install the meters. Mr. Trego also detailed the customers’ reasons for opting out.

Background – Opt Out Policy

Mr. Trego stated the Opt Out policy was not established when the advanced metering project was approved/began. Commission wanted to see the extent of Opt Outs on the PWC system and observe the actions others took or best practices as other states/jurisdictions were looking at Opt Out policies. Commission at that time decided to develop a policy prior to full deployment. Since the project will be fully deployed by the end of FY2017, an Opt Out policy is needed.

Mr. Trego also stated customer Opt Out communication needs to be developed. Current Opt Out customers need to be informed how the policy will affect them. Customer Service Reps/Employees need education about policy.

Implications of Opt Outs

PWC must provide a meter that does not allow two way communications. Meters must be read manually and customers must be billed separately. They will not have the ability to take advantage of services provided through advanced meters which include future billing options such as flexible meter read dates and prepay billing; conservation and other cost reduction programs that rely on meter data; customer/PWC notifications through meter “alarms”; detailed usage information on customer portal.

Opt Out Options

Mr. Trego stated the three basic Opt Out options used by Utility Commissions and Municipalities:

- No Opt Outs Allowed – Have use of advanced meters as condition of utility service. Pennsylvania does not allow Opt Outs
- Allow Opt Outs and socialize the costs – Absorb costs associated with Opt Outs and spread across all customers
- Allow Opt Outs and charge customers who Opt Out incremental costs of service – develop cost based fees associated with providing non-standard service.

Cost based fees:

He also detailed the most prevalent & accepted options used by utilities are:

- Set up fees which range from \$25 - \$125
- Monthly fees which range from \$10 (regulated in California) to as high as \$50. Most however are in the \$15 - \$30 range

Mr. Trego also stated the PWC Community Advisory Group endorsed the cost based fee.

Recommendations:

Staff recommends Commission consider an Opt Out policy that imposes a cost based fee for providing this non-standard service. Recommendations are:

- Customers who currently have an advanced meter deployed & request two way communication be disabled
 - One-time fee charged to disable the communications and set up the account as an Opt Out. Range \$25-\$30
 - Fee will not apply for customers who Opted Out during deployment
- Current Opt Out Customer chooses to switch to advanced meter after deployment completed
 - Meter change out fee shall apply. Range \$25-\$30
 - If current opt out customer switches to advanced meter prior to deployment being completed the fee is waived.
 - Additional monthly meter reading/billing fee to defray the costs of manual meter read and entering into the billing system. Range \$20-\$25

Next Steps

Mr. Trego stated the next steps are for Commission to provide direction to staff on preferred option.

- Allow Staff to finalize processes required to implement, develop a communication plan and test our systems.
- If direction is to charge fees, staff will finalize costs, develop service standards and schedule a Public Hearing prior to deployment completion.

Commissioner Lallier asked what were the objections regarding smart water meters? Mr. Brown stated they simply say 'I don't want that'. Some customers don't understand the difference. Discussion ensued regarding information given to customers who have opted out.

Council Member Arp suggested providing a good PSA (Public Service Announcement) effort. He stated if customers are informed they will decide to not pay the extra cost of opting out. Mr. Trego stated once we have a direction from Commission we can develop a communication plan to educate customers. He would like to tout the advantages of having the smart meters.

Commissioner Fowler suggested not allowing opt-outs. Discussion ensued regarding the practicality of charging opt-out fees or even allowing opt-outs.

Commissioner Lallier stated policies can be changed and the 41 opt outs are likely to grow without a policy. He suggested developing an opt-out policy and then if necessary modifying it later.

Discussion ensued on the possibility of future 'time of use' rates and its implications on customers with dumb meters.

Commissioner Shaw stated PWC is now offering Smart Meters and once we have generationally breached the gap and have educated the customers relating to privacy concerns and health concerns, those fears will be negated. She stated if the AMI meters are one of the advantages and moves toward the future why would we consider allowing a small amount of customers to stay in the past? She also stated she agrees with Council Member Arp in providing information to help them bridge the gap. More discussion continued.

Commissioner Lallier motioned to adopt a policy which follows staff's recommendation with the exception if there is a two meter household, there would be some lesser amount charged and he will leave it to staff's discretion to determine what that amount will be. And that the policy continues until the deployments are completed and then revisit at that point. Motion was seconded by Commissioner Fowler. Discussion ensued.

Commissioner Lallier modified his motion to include: Immediately notify the remaining 30,000 customers of the fee which will be charged for the meters as long as they are opted out of the smart meters. If any of the 41 decides they do not want to pay the opt-out fee, they will be allowed to change to a smart meter within a reasonable time. More discussion ensued and staff responded to questions.

Commissioner Lallier accepted/added the educational piece for customers to the existing modified motion. Modified motion was seconded by Commissioner Fowler.

The education piece will include notifying the 41 opt out customers of the effective date when the fee will be imposed. If they do not want to pay the fee, they can opt-in to the smart meter within the stated timeframe. And going forward it will be the standard meter change out fee if they decide to change their meter.

Mr. Trego stated before we can impose fees / change rates for general customers we must have a public hearing first.

Staff will have to finalize the cost and then Commission will hold a public hearing before fees are imposed.

Following discussion motion was approved 3 – 1 (Commissioner Fowler in dissent).

REQUEST COMMISSION ADOPT A PUBLIC SAFETY ATTACHMENT FEE FOR PWC WATER TANKS

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

Mr. Trego stated this issue was a result of the discussion with Commission Lallier regarding the Wildfire Cameras the City is installing for public safety.

Staff understands there can be future requests for public safety type of attachment to our water tanks and staff wanted to develop a standard cost based fee. He defined public safety as a municipality, the state, the county and it must be for a non-commercial use.

Mr. Trego provided several pictures which included the type of attachment, detailing its size which is much smaller than a commercial use attachment. The public safety attachment weighs no more than a pound. Staff proposes to charge \$3.00 per attachment.

Commissioner Lallier stated this issue has arisen out of the camera system the police department is installing citywide. It has been very helpful for law enforcement. While we cannot give things away and should not give things away, he stated to charge an appropriate cost meets the charter and meets the spirit of what we should be doing.

Commissioner Lallier motioned to accept staff's recommendation. Motion was seconded by Commissioner Fowler and unanimously approved.

GENERAL MANAGER REPORT

ATLANTIC COAST PIPELINE

David Trego, CEO and General Manager stated there was an Atlantic Coast Pipeline meeting several days ago in which he, Commissioners Rogers and Fowler attended. The proposed pipeline would travel approximately 5 miles from the Butler Warner Generation Plant and can supply us with an additional source of supply. It can also supply additional natural gas to the Fayetteville area. The meeting was to give an update on where they are in the process.

VOLTAGE OPTIMIZATION

Mr. Trego updated the Commission on staff's Voltage Optimization efforts. He stated staff has been working on a pilot program at the Railroad Street Substation and the results have

been better than anticipated. If results continue to be promising, staff will go beyond the pilot and install the technology on the system. Mr. Trego estimated savings could be \$100,000 per month on the electric bill (conservatively) without any impact on our customers.

UPDATE ON MANGO CIRCLE – WATER MAIN

Mr. Trego also updated the Commission on the water main breaks on Mango Circle. Mains were repaired and customers were back in service the same day. In the effort to mitigate the issue from occurring in the future, staff will install bypass lines and then replace the line in the street. Mr. Noland estimated it will take approximately two weeks to install the bypass lines. He stated it will take approximately seven weeks to install the new lines.

Staff responded to questions from Commissioners regarding asset management and discussion ensued.

REPORTS AND INFORMATION

The Commission acknowledges receipt of the following reports and information.

- A. Monthly Incident Summary for July 2016
- B. Personnel Report for July 2016
- C. Position Vacancies
- D. Approved N.C. Department of Transportation Encroachment Agreement(s):
 - Encr. # 18258 – 8” RJDI water main & 6” SDR-26 sewer lateral @ SR-1132 (Legion Road)
 - Encr. #17985 and #17984 – 16” water main with 30” steel casing on SR-2299
 - Encr. #18259 – removal and replacement of a Control Access (CA) fence
- E. Approved Utility Extension Agreement(s):
 - Fayetteville Area Health Education Foundation – electric, water and sewer services
 - Eastern Pride, LLC – electric, water and sewer services to serve Family Dollar Store located on Murchison Road
 - Legend Hospitality One, LLC, – electric, water and sewer services to serve NC 87 Convenience Store located at 4120 NC Hwy 87 South

ADJOURNMENT

There being no further business, upon motion by Commissioner Lallier and seconded by Commissioner Fowler and unanimously approved the meeting was adjourned at 9:47 a.m.