

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, MARCH 14, 2018
8:30 A.M.

Present: Wade R. Fowler, Jr., Chairman
D. Ralph Huff, III, Vice-Chairman
Darsweil L. Rogers, Secretary
Evelyn O. Shaw, Treasurer

Others Present: David W. Trego, CEO/General Manager
Jay Reinstein, Assistant City Manager
Chancer McLaughlin, Hope Mills Development/Planning, Mgr.
PWC Staff
Media

Absent: Johnny Dawkins, City Council Liaison
Melissa Adams, Hope Mills Town Manager/Liaison
Michael Boose, Cumberland County Liaison

REGULAR BUSINESS

Chairman Fowler called the meeting of Wednesday, March 14, 2018, to order.

APPROVAL OF AGENDA

Upon motion by Commissioner Rogers and seconded by Commissioner Huff, the agenda was unanimously approved.

PRESENTATIONS

United Way Marquee Society Award
United Way Spirit of North Carolina Award
United Way Spirit of Community Award

*Presented by: Robert Hines, United Way of Cumberland County
Kristin McCarty, United Way of Cumberland County*

Carolyn Justice-Hinson, Communications & Community Relations Officer stated this year our employees raised over \$122,000 for United Way and because of those efforts and other efforts we embark on throughout the year we have been awarded several awards. Mr. Robert Hines and Ms. Kristin McCarty of United Way of Cumberland County are here to present these honors to PWC.

Mr. Robert Hines thanked PWC for their great support. He stated the first award he will present is the Marquee Society Award. The Marquee Society is made up of anyone who gives \$1,000 or more a year (this includes a spouse). He stated United Way began this award eight years ago and PWC is the only organization in Cumberland County who has

won this event. He stated PWC now has 43 members, including two retirees (Steve Blanchard and one other retiree).

Mr. Hines then presented the Spirit of Community Award. This award is for an organization that has supported the community and United Way, including Days of Caring.

The next award is the Spirit of North Carolina Award. PWC competed against other power companies around the state to win this award. Mr. Hines stated PWC is the only organization to win this award eight years in a row, though we have won it for twelve years.

CONSENT ITEMS

Upon motion by Commissioner Huff and seconded by Commissioner Shaw, the consent items were unanimously approved.

- A. Approve Minutes of meeting of February 28, 2018.
- B. Approve bid recommendation to award contract for construction of Annexation Phase V, Area 20 – Hackney Hills, Lake Point, Robin Hill Estates to T2 Contracting, Fuquay Varina, NC, the lowest responsive, responsible bidder in the total amount of \$5,837,472.50, and forward to City Council for approval.

The Annexation Phase V, Area 20 – Hackney Hills, Lake Point, Robin Hill Estates is budgeted in FY2018 CIP WS 58 – Phase V Annexation - \$6,924,171.54 was budgeted for construction of this project.

Bids were received on February 28, 2018, as follows:

<u>Bidders</u>	<u>Total Cost</u>
T2 Contracting, Fuquay Varina, NC	\$5,837,472.50
TA Loving Co., Goldsboro, NC	\$6,369,846.00
Billy Bill Contracting, Fayetteville, NC	\$6,775,749.18

Comments: Plans and specifications were requested by four (4) contractors with three (3) contractors responding. The base bid for the project includes permanent pavement patch only. The project area will be resurfaced under a future City resurfacing contract. PWC will reimburse the City the cost for the overlay of this project area at the time of the completion of the overlay. **SDBE:** T2 Contracting, Inc. will utilize Paul Williams Hauling, Dunn, NC, and Utilities Plus, Linden, NC both certified as DBEs, for hauling services and sewer installation services in the amount of \$515,000. T2 Contracting, Inc. has submitted their good faith efforts to solicit minority participation on the project as required by the bid documents. **Local:** T2 Contracting, Inc. will utilize Highland Paving, Fayetteville, NC for asphalt pavement patch; Forest's Landscaping, Fayetteville, NC for seeding and mulching; Fortiline, Fayetteville, NC for supplies; Oldcastle Precast for precast materials; Utilities Plus, Inc. for sewer installation. The anticipated amount of local subcontractor/supplier spending for the project is approximately \$1,830,092.

- C. Approve bid recommendation to award contract for construction of Annexation Phase V, Area 21 – Arran Lakes West Subdivision to TA Loving Co., Goldsboro, NC, the lowest, responsive, responsible bidder in the total amount of \$5,017,469.50 and forward to City Council for approval.

The Annexation Phase V, Area 21 – Arran Lakes West Subdivision is budgeted in FY2018 CIP WS 58 – Phase V Annexation - \$7,161,363.64 was budgeted for construction of this area.

Bids were received on February 21, 2018, as follows:

<u>Bidders</u>	<u>Total Cost</u>
TA Loving Co., Goldsboro, NC	\$5,017,469.50
T2 Contracting, Fuquay Varina, NC	\$5,170,770.00
Billy Bill Contracting, Fayetteville, NC	\$5,601,924.80

Comments: Plans and specifications were requested by four (4) contractors with three (3) contractors responding. The base bid for the project includes permanent pavement patch only. The project area will be resurfaced under a future City resurfacing contract. PWC will reimburse the City the cost for the overlay of this project area at the time of the completion of the overlay. **SDBE:** TA Loving Co. will utilize Crowder Trucking, Fayetteville, NC, a certified DBE, for hauling services in the amount of \$100,000. TA Loving Co. has submitted their good faith efforts to solicit minority participation on the project as required by the bid documents. **Local:** TA Loving Co., will utilize Highland Paving, Fayetteville, NC, for asphalt paving; Crowder Trucking, Fayetteville, NC, for hauling services; the anticipated amount of local subcontractor/supplier spend for the project is approximately \$1,100,000.

D. Approval of Capital Project Fund Ordinances

Below are the Capital Project Fund Ordinances for Commission action and a summary explaining the purpose of each Ordinance.

- PWCORD2018-02 Annexation Reserve Fund is amended to reallocate funding to annexation areas 22 & 23 from areas 20 & 21. Our recent review of potential projects for the next bond issue indicates that we will not meet the LGC's 70% bid requirement without including projects further along in the bid process. Therefore a shift of funding for areas 20 & 21 will allow us to meet the 70% target.
- PWCORD2018-03 Annexation Areas 20 & 21 CPF is amended to reflect funding from bonds instead of the reserve fund.
- PWCORD2018-04 Annexation Areas 22 & 23 CPF establishes a new capital project fund for these areas. Design contracts are ready to be negotiated for these areas and the reserve will be the funding source.
- PWCORD2018-05 NCDOT U-4405 Raeford Rd CPF establishes a new capital project fund for this multi-year project. This project will be funded by NCDOT.

Staff recommends the Commission adopt the attached budget CPF ordinances and ordinance amendments.

END OF CONSENT

PUBLIC HEARING ON PROPOSED ELECTRIC RATES AND FEES

Chairman Fowler opened the public hearing. There were two speakers and 17 written comments. Both speakers spoke in opposition to increased electric rates and fees. Residents who submitted written comments were read aloud by the Clerk of the Board. Some of the

written comments were in opposition to increased electric rates and fees and others voiced concerns over high utility bills.

Speakers:

Jose Cardona, 233 Addison Street, Fayetteville, NC 28314

William Brown, 6909 Bone Creek Dr., Fayetteville, NC 28314

Written Comments

Dara Lawson, 1055 Elm St., Apt. A, Fayetteville, NC 28303

Rhonda Brown, 1921 Alder Road, Fayetteville, NC 28304

Shirlyn Kimble, 504 Auburndale Lane, Fayetteville, NC 28314

Katrina Borges, 5711 Crepe Myrtle Drive, Hope Mills, NC 28348

Coronda Tate, 218 Pike Place, Fayetteville, NC 28306

Nancy Harnois, 2559 Cameron Woods, Fayetteville, NC 28306

Norma Morales, 5586 Whithorn Court, Fayetteville, NC 28311

Melissa Rivera, 2704 Daniel Boone Lane, Hope Mills, NC 28348

Shawanda, 1012 Lauren McNeill Loop D, Fayetteville, NC 28303

Barbara Munford, 3682 Pioneer Drive, Hope Mills, NC 28348

Chearyl Johnson, 2522 Cattail Circle Lot 25, Fayetteville, NC 28312

Ella Robinson, 501 Donovan St., Fayetteville, NC 28301

Wanda Hall, 3351 Galleria Drive, #3, Fayetteville, NC 28303

Melissa Morneault, 2537 Thrower Rd, Hope Mills, NC 28348

Mary Gause, 5018 Thackeray, Fayetteville, NC 28306

Hattie Jarvis, 925 Spellman Drive, Fayetteville, NC 28311

Dorean Mosher, 1204 Jereens Creek Rd., Fayetteville, NC 28312

There being no more speakers or written comments, the Public Hearing was closed by Chairman Wade R. Fowler, Jr.

Mr. Trego stated there were several customers who specifically mentioned their bills. As letters were received we referred them to Customer Service and if any were not previously contacted concerning their bills we reached out to the customers and when appropriate helped them to make a payment arrangement. We have continued to be proactive with our customers as the Commissioners has requested.

PRESENTATION ON RECOMMENDED CHANGES TO PWC'S ELECTRIC RATES AND FEES

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

Prior to the commencement of Mr. Trego's presentation, Chairman Fowler stated some people equate Fayetteville Public Works Commission with a for-profit organization, such as Duke Energy Progress. We are not. We are a Public Authority whose sole responsibility is to make sure the power stays on and that we do it in such a way that it impacts the customer as least as possible on cost. He stated this is the Commissioners' intention. He stated, we do have to make sure, just as customers have to pay their bills, we have to pay our bills, to whom we purchase the power from and for the equipment required to continue the power. He went on to state as long as he has been affiliated with this board that has been their focus. To figure out how to do it in the most efficient way, at the lowest cost, so that it cost the customers the least.

Mr. Trego stated he will cover the following in his presentation.

- ▶ Background
- ▶ Overall revenue increase recommendation and cost drivers
- ▶ Review the impact that Tax Law changes has/will have on rates
- ▶ Recovery of Coal Ash costs billed to PWC from Duke
- ▶ May 1, 2018 requested rate, service regulation & fee changes
- ▶ May 1, 2019 requested rate, service regulation & fee changes
- ▶ Actions to be taken to communicate/educate customers on rate design impacts
- ▶ Typical customer bill impacts

Background

- ▶ Commission typically acts in alternate years on water/sewer rates and electric rates and makes changes for two-year periods
- ▶ New billing systems and advanced metering provided ability to redesign rates to better mirror how the market prices electricity and how Duke bills PWC under our current contract
- ▶ Went out with RFQ and have new Rates Consultant NewGen
 - Sophisticated cost-of-service modeling used hourly AMI data
 - Experience with Time of Use and Coincident Peak Rates
 - Experience with both investor-owned and municipal utilities
- ▶ Rates designed to:
 - Provide customers a financial incentive to conserve based on how market prices electric
 - Based on the cost to serve each rate class
 - Minimize subsidization across and within rate classes

Mr. Trego explained subsidization. He stated a residential customer has a different load profile than an industrial customer that operates on three shifts. The amount of PWC infrastructure that is required to serve them is different for each rate structure. We try to identify the cost that each rate classification has to serve them. The highest cost of service is typically the residential customers because you have a lot of distribution lines, a lot of transformers, and a lot of meters to serve residential customers in a development. A single large industrial customer has a lower cost to serve, because they are one customer, one meter, one point of service. He stated we directed our consultant to look at the different cost aspects that includes the Duke Bill, the wires, transformers, and substations, everything that is out there and allocate the costs based on the amount of energy that each group uses and how they use it.

He went on to state that our system is designed for the hottest (and coldest) day of the year possible. We have to be able to maintain service. So how customers use electricity around that hottest or coldest time of the year also impacts cost of service. Being able to have the hourly data from the AMI bills considered we are able to pinpoint exactly how much of our distribution system or the cost of service is associated with each customer. We try to minimize having a subsidy from one rate class to another. That means putting the cost of service that is within one group and charging it to another group. The Commissioners have been very consistent in trying to make sure that customers pay their fair share as much as possible and that the costs associated with a customer group stay with any one customer group. He stated this is a concept that is pretty widely done within the utility industry.

Mr. Trego stated the biggest part (2/3) our electric rates to customers is power we get from Duke through our power supply contract.

- ▶ PWC's Power Supply Contract with Duke has two main components; energy (kWh) and demand (kW). Demand costs have steadily increased; energy has remained generally flat. Estimates show this trend to continue

Mr. Trego stated demand is the highest instant of electricity that PWC or customers use at any particular time. There is particularly one time during the month that a customer will use the most.

For comparison when we started our service under Duke, our demand cost and our energy cost were roughly 50/50. Over the past couple of years our demand costs have increased steadily. The cost of running their plants; Duke closed a couple of coal plants early; built a couple new plants, so their costs associated demand have steadily increased. Their energy costs have stayed relatively flat. Duke estimates that the trend of increasing demand costs will continue. We have received preliminary numbers from Duke which show our costs to Duke will go up \$10M.

Comparison

- 2018 Total Duke Demand Charge: \$20.11/kW.
- PWC Medium Power Demand Charge: \$13.50/kW

Recommendation

In Lieu of demand costs for Residential/Small Power non-residential rates, recommend increase Facilities Charge to recover increasing demand costs

- Typical residential account has a demand of between 3-5kW
- PWC's current residential facilities charge is \$15.00, South River EMC-\$25.00, Lumbee River EMC-\$27.65
- For rates with demand, recommend continuing to increase charges to better align with how PWC is charged by Duke

Recommended Revenue Increase

- ▶ Overall revenue increase recommendation (not including coal ash)
 - 2.7% effective May 1, 2018
 - 2.7% effective May 1, 2019
- ▶ Recommend monthly surcharge to recover costs associated with Duke Coal Ash
 - Following same cost recovery distribution as Legislature did for REPS
 - Residential - \$2.00/month
 - Non Residential - \$8.82/month
 - Large nonresidential - \$58.82/month
- ▶ Also recommending increase in certain fees for optional electrical services due to increased costs of providing them
- ▶ Recommending that PWC continue to provide electric for 4 electric vehicle charging stations installed as part of grant
Used 4,500 kWh last year

Revenue Drivers

- ▶ PWC revenue requirements driven by 4 main factors
 - Power Supply Costs
 - Costs of operating and maintaining electric distribution system
 - Days cash requirement in Charter; 90 days minimum, 120 day target
 - Debt coverage policy to maintain bond rating
- ▶ Current drivers
 - Coal Ash cost recovery
 - Increased costs for wholesale power from Duke Energy, primarily in demand charges, are where 90% of the recommended increases will be going
 - PWC holding to plan on capital and O&M expenses for electric system

Impact of Tax Law Changes

- ▶ PWC not directly impacted as we are Public Authority and pay no taxes
- ▶ Reduction in corporate tax rates impacts Duke and thus PWC Power costs
 - Also impacts Duke's retail customers & other wholesale customers
- ▶ Two specific impacts reflected in the formula used to determine rates Duke charges wholesale customers including PWC
 - Current year taxes – Duke already determined impact & lowered rate it charges PWC starting last month, these are fully reflected in the recommended rates
 - Deferred taxes
 - Per our contract, Duke charges PWC deferred taxes in year they are deferred (subject to true-up). No collection & holding of money so no “windfall” for PWC, adjustments made in rates going forward to reconcile impact
 - Complicated to unwind, 325 individual accounts to reconcile, expect final numbers in April from Duke. Consultant used by both PWC & Electricities estimated impact and estimate is fully reflected in the recommended rates.

Tax law impact on Duke reduced what PWC needed to recover through rate increases by approx. 50%

Duke Coal Ash Cost Recovery

- ▶ Due to state & federal legislation, Duke must clean up coal ash ponds at its generating facilities
 - Estimated to cost \$2 billion in Duke Energy Progress territory
- ▶ Federal Energy Regulatory Commission (FERC) allows for cost recovery from wholesale customers, like PWC, for expenses like Coal Ash
- ▶ PWC & Electricities entered into a Settlement Agreement with Duke on Coal Ash cost recovery
 - Costs incurred in 2015-2017 amortized over 2 years with no carrying costs
 - PWC gets any disallowance NCUC allows in retail rate case
(Discussion ensued on disallowances NCUC has already allowed.)
- ▶ Estimate that PWC's obligation between 2018-2024 to be \$60-\$70 million
- ▶ Will utilize Coal Ash Reserve and Rate Stabilization Funds to pay majority (approx. 70%) – without these funds monthly residential charge would have been close to \$10/month instead of \$2.00
- ▶ Still need to recover additional dollars from customers through a surcharge

Will terminate when costs fully recovered – targeting June 2024

Recommended May 1, 2018 Changes

- ▶ No rate design changes for customers recommended in 2018
 - Change existing rates to achieve 2.7% recommended revenue increase
 - Pilot Coincident Peak Pricing rate for 4 PWC water/wastewater facilities
- ▶ Adding a facility charge for customers with 3-phase electric service due to higher cost to serve those customers
 - Duke, Lumbee & South River all have separate facility charge for 3-phase
 - Applies to all rates except Large Power (already requires 3-phase service)
- ▶ Implement the Coal Ash Surcharge
- ▶ Implement new Buy All/Sell All rate structure for renewable energy installations less than 10kW using a formula to calculate avoided cost based on price PWC pays Duke for wholesale power
 - For service after May 1, 2018, adjusted avoided cost is \$0.0693
- ▶ Several recommended Service Regulation changes & Fee changes – part of Public Notice and included in the Commissioners packet
 - Change to Large User Sanitary Sewer discharge volume determinant

We are including non-residential arbitration language in the service regulations. The Commission approved this measure in the previous Commission Meeting.

Mr. Trego also stated PWC will charge \$5.00 for residential customers who have 3-phase service. Duke charges \$8.71. Lumbee charges \$17.35. South River charges \$20.00 for 3-phase service. (Discussion ensued.)

Residential

	Current	May 1, 2018
Single Phase Fac. Charge	\$15.00	\$17.50
3-Phase Fac. Charge	N/A	\$22.50
Energy Charge per kWh	\$0.1004	\$0.1010

Small Power (Non-Residential) - Demand <=10kW

	Current	May 1, 2018
Single Phase Fac. Charge	\$23.00	\$27.00
3-Phase Fac. Charge	N/A	\$42.00
Energy Charge per kWh	\$0.099	\$0.1050

Medium Power Service – Demand > 10kW but < 1000kW

	Current	May 1, 2018
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Single Phase Fac. Charge	\$30.00	\$35.00
3-Phase Fac. Charge	N/A	\$50.00
Demand Charge	\$13.50	\$14.00
Energy Charge per kWh	\$0.0520	\$0.0520

Large Power Service – Demand > 1000Kw

	Current	May 1, 2018
Fac. Charge	\$290.00	\$290.00
Demand Charge	\$17.00	\$17.25
Primary Demand Discount	(\$0.50)	(\$0.50)
Energy Charge per kWh	\$0.0515	\$0.0525

Large Power Service Owning Transmission Demand > 25MW

	Current	May 1, 2018
Fac. Charge	\$700.00	\$700.00
Demand Charge On Peak	\$17.50	\$18.00
Demand Charge Off Peak	\$2.00	\$2.00
Transmission Demand Discount	(\$0.50)	(\$0.50)
Usage Charge per kWh On Peak	\$0.0350	\$0.0350
Usage Charge per kWh Off Peak	\$0.0300	\$0.0300

Recommended May 1, 2019 Changes

- ▶ Recommending structural rate design changes
 - Residential, Small Power, Church Service, Traffic Signal & Sports Field Lighting Rates go to Time of Use.
 - Aligns rates more with how electricity is priced in the market
 - Change threshold for small/medium power from 10kW to 30kW (same as Duke)
 - Eliminate Large Power, Non-Residential Time of Use rates and move to Large Power Coincident Peak Rate Model
 - Will pass through coincident peak demand cost PWC is charged by Duke
 - Approves a formula that will allow for automatic demand cost updates

- Large Power Industrial (>25MW) eliminate time of use and go to coincident peak demand and formulaic energy charge based on Duke rates
- ▶ Recommended structural changes include 2.7% recommended revenue increase
- ▶ Several service regulation changes effective May 1, 2019 need to implement the structural rate changes

Residential

	May 1, 2018	May 1, 2019
Single Phase Fac. Charge	\$17.50	\$20.00
3-Phase Fac. Charge	\$22.50	\$25.00
Energy Charge per kWh	\$0.1010	N/A
On Peak Energy Charge per kWh	N/A	\$0.1340
Off Peak Energy Charge per kWh	N/A	\$0.0950

Small Power (Non-Residential) - Demand <=30kW

	May 1, 2018	May 1, 2019
Single Phase Fac. Charge	\$27.00	\$30.00
3-Phase Fac. Charge	\$42.00	\$45.00
Energy Charge per kWh	\$0.1050	N/A
On Peak energy Charge per kWh	N/A	\$0.1350
Off Peak energy Charge per kWh	N/A	\$0.1000

Note: Summer On-Peak hours 3:00pm – 7:00pm - April – October
 Winter On-Peak hours 6:00am – 10:00am November – March
 On Peak Hours excludes Saturday, Sunday and PWC Holidays

Medium Power Service – Demand > 30kW but < 1000kW

	May 1, 2018	May 1, 2019
Single Phase Fac. Charge	\$35.00	\$37.00
3-Phase Fac. Charge	\$50.00	\$52.00
Demand Charge per kW	\$14.00	\$15.25
Energy Charge per kWh	\$0.0520	\$0.0520

Large Power Coincident Peak Service – Demand > 1000kW

	May 1, 2018	May 1, 2019
Fac. Charge	\$290.00	\$290.00
Demand Charge	\$17.25	N/A
Coincident Peak Demand Charge* per kW	N/A	\$20.18
Customer Peak Demand Charge per kW	N/A	\$2.00
Primary Discount on Customer Peak Demand Only	(\$0.50)	(\$0.50)
Energy Charge per kWh	\$0.0525	\$0.0520

*Coincident Peak Demand Charge derived from recommended formula in the proposed rate schedule. Rates shown are calculated values based upon current Duke Energy estimates. Actual rates charged will be updated automatically when Duke Energy changes rates charged to PWC

Large Power Service Owning Transmission Demand > 25MW

	May 1, 2018	May 1, 2019
Fac. Charge	\$700.00	\$20,000
Demand Charge On Peak	\$18.00	N/A
Demand Charge Off Peak	\$2.00	N/A
Transmission Demand Discount	(\$0.50)	N/A
Usage Charge per kWh On Peak	\$0.0350	N/A
Usage Charge per kWh Off Peak	\$0.0300	N/A
Coincident Peak Demand Charge* per kW	N/A	\$20.18
Customer Peak Demand Charge per kW	N/A	\$6.65
Transmission Discount on Customer Peak Demand Only	N/A	(\$5.65)
Energy Charge per kWh*	N/A	\$0.0277

Transition to New Rate Structures

- ▶ **Changing the rate structures in 2019 gives PWC a year to educate customers and provide tools to manage their usage**
- ▶ **Will have a multifaceted communication/information approach**

- Group and individual meetings with Key Account customers to review new structures and impacts
- Communicate with customers who will be moving from Medium Power service to Small Power service due to threshold change to 30kW
- Provide educational materials on Time of Use Rates and simple things customers can do to lower energy bills
- Use the ElectriCities home energy audit tool to help customers
- Upgrade customer online portal to allow rate comparisons
- Look at PWC's various customer conservation programs and revamp consistent with Time of Use rates for residential and small commercial accounts

Staff responded to questions from Commission regarding placing large customers on Coincident Peak Pricing before May 2019 at the customers' request.

Typical Bill Impacts*

Residential

	Current	May 1, 2018	Difference
Using 1,000 kWh	\$115.40	\$118.50	\$3.10
Using 2,500 kWh	\$266.00	\$270.00	\$4.00

Small Power Non-Residential

	Current	May 1, 2018	Difference
Using 1,250 kWh	\$146.75	\$158.25	\$11.50
Using 3,000 kWh	\$320.00	\$342.00	\$22.00

Medium Power Non-Residential

	Current	May 1, 2018	Difference
Using 28,800 kWh w/ 80kW Demand	\$2,607.60	\$2,652.60	\$45.00
Using 28,800 kWh w/ 160 kW Demand	\$3,687.60	\$3,772.60	\$85.00

Assumes Single Phase Service and does not include taxes, coal ash surcharge, lighting charges or adjustments.

After completing the presentation on Recommended Changes to PWC's Electric Rates and Fees, Commissioner Fowler gave a synopsis of the need to increase rates and fees.

Staff requested approval of the recommendations made for Changes to PWC Electric Rates, PWC's Schedule of Deposits, Fees and Charges and the PWC Service Regulations as provided in our Public Notice and made available for public inspection.

Commissioner Rogers motioned to approve staff's recommendation as stated above and Commissioner Shaw seconded the motion. After discussion the motion was unanimously approved.

GENERAL MANAGER REPORT

Mr. Trego stated last year the Commission approved refunding \$5M to our electric customers over a twelve month period. Duke provided PWC a credit in our bill due to the decrease in natural gas prices and the Commission did not want to hold the money, but wanted to distribute it to the electric customers. Mr. Trego stated we will be completed in March in giving the \$5M to the electric customers.

Comments by Commissioners:

Commissioner Huff stated he has noted the increase in doing business over the last nine to ten months. He stated if people think prices are not going up, they are sadly mistaken.

Commissioner Rogers announced the Building Business Rally on May 22nd at FTCC from 3pm to 7pm. He stated we have received commitments to participate from the County, the City, the school district, Cape Fear Valley, Hoke County, FTCC, FSU, NCDOT and we are continuing to solicit from Methodist University and Fort Bragg. We are also expecting CEED and SBA to attend as well as others.

Commissioner Rogers believe that over a 5 year period there will be over \$10 billion dollars that these providers will be able to let in this general community in terms of activity. He also stated that we have been having conversations with a surety provider from VA that (under certain conditions) will be prepared to come to help individuals to be underwritten with a surety indication onsite.

Mr. Trego stated we are also planning to have educational breakout sessions for local businesses, such as: 'How Do You Deal with DOT'; 'How Do You Get Surety Bonds'; 'How Do You Become a Sub to a Prime', and more.

REPORTS AND INFORMATION

The Commission acknowledges receipt of the following reports and information.

- A. Personnel Report – February 2018
- B. Position Vacancies
- C. Approved N.C. Department of Transportation Encroachment Agreement(s):
 - Encr. # 18632 – 16” & 8” diameter pipe sewer main install. on SR3699 (Clifton Drive)
 - Encr. # 18631 – 6 geotechnical borings on SR3699 (Clifton Drive)
- D. Approved Utility Extension Agreement(s):
 - Albemarle Oil Company, water/sewer to serve Alco-Hilltop Drive (Gas Station) 5722 Rockfish Road, Hope Mills, NC

- Boone Trail Centre, LLC, electric/water/sewer to serve Boone Trail Centre, 3039 Boone Trail Ext.
- Venture Properties VI, LLC, water/sewer to serve Rockfish Commons @ 5523 Waldos Beach Road

ADJOURNMENT

There being no further business, upon motion by Commissioner Huff, seconded by Commissioner Rogers and unanimously approved the meeting was adjourned at 10:20 a.m.