

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY FEBRUARY 9, 2022
8:30 AM

Present: Evelyn O. Shaw, Chairwoman
Ronna Rowe Garrett, Vice Chairwoman
Donald L. Porter, Secretary
Wade R. Fowler, Jr., Treasurer

Others Present: Elaina L. Ball, CEO/General Manager
Media

Absent: Telly Whitfield, Assistant City Manager
Chris Davis, City Council Member/Liaison
Jimmy Keefe, Cumberland County Commissioner/Liaison
Scott Meszaros, Hope Mills Town Manager

REGULAR BUSINESS

Chairwoman Evelyn Shaw called the meeting of February 9, 2022, to order.

Approval of Agenda

Upon motion by Commissioner Wade Fowler, seconded by Commissioner Donald Porter, the agenda was unanimously approved.

CONSENT ITEMS

Upon motion by Commissioner Wade Fowler, seconded by Commissioner Ronna Garrett, the Consent Items were unanimously approved.

- A. Approve Minutes of meeting of January 26, 2022
- B. Adopt PWC Resolution - PWC2022.03 – Resolution Accepting State Loan Offer for PO Hoffer WTP/Glenville Lake WTP Reliability Improvements

In January 2022, the North Carolina Department of Environmental Quality (DEQ) offered PWC a \$10,719,300 State Loan for the P.O. Hoffer WTP/Glenville Lake WTP Reliability Improvements Project with the terms of 20 years, 1.02% interest and 2% closing fee (Project). To accept the loan offer, PWC and the City of Fayetteville (City) must adopt a resolution accepting the loan in the form provided by DEQ.

Comments: Staff recommends that the Commission adopt the attached resolution (Resolution No. PWC2022.03) to accept the State Revolving Loan Offer for the Project and requests the City to adopt the same.

- C. Adopt PWC Resolution - PWC2022.04 – Resolution Approving Agreement to Transfer Tangible Personal Property

PWC wishes to convey and ELECTRICITIES OF NORTH CAROLINA, INC. wishes to receive tangible personal property to be used for electric lineworker training programs. G.S. 160A-274 requires Commission approval of this conveyance. Staff recommends that the Commission approve the attached Agreement to Transfer Tangible Personal Property by and between the Fayetteville Public Works Commission and ELECTRICITIES OF NORTH CAROLINA, INC. because the Fayetteville Public Works Commission benefits from training programs of this nature.

Comments: Staff recommends approval of the Agreement to Transfer Tangible Personal Property by and between the Fayetteville Public Works Commission and ELECTRICITIES OF NORTH CAROLINA, INC. in order to allow PWC to convey specified tangible personal property to ELECTRICITIES OF NORTH CAROLINA, INC. to be used for electric lineworker training programs.

D. Adopt Capital Project Fund Budget Ordinance Amendments – PWCORD2022-05 thru PWCORD2022-08

- PWCORD2022-05 amends the Series 2021 Electric CPF. The amendment adds additional bond proceeds to the CPF as a result of the reallocation of unspent Costs of Issuance (COI) from the Series 2021 Bonds.
- PWCORD2022-06 amends the Annexation Phase V, Areas 22 & 23 CPF. The amendment adds additional bond proceeds to the CPF as a result of the reallocation of unspent COI from the Series 2021 Bonds.
- PWCORD2022-07 amends the Annexation Phase V, Areas 24 & 25 CPF. The amendment adds additional bond proceeds to the CPF as a result of the reallocation of unspent COI from the Series 2021 Bonds.
- PWCORD2022-08 amends the Series 2021 Water and Wastewater CPF. The amendment adds additional bond proceeds to the CPF as a result of the reallocation of unspent COI from the Series 2021 Bonds.

END OF CONSENT

UPDATE ON STRATEGIC PLAN CONSERVATION EFFORTS

Presented by: Mark Brown, Chief Customer Officer

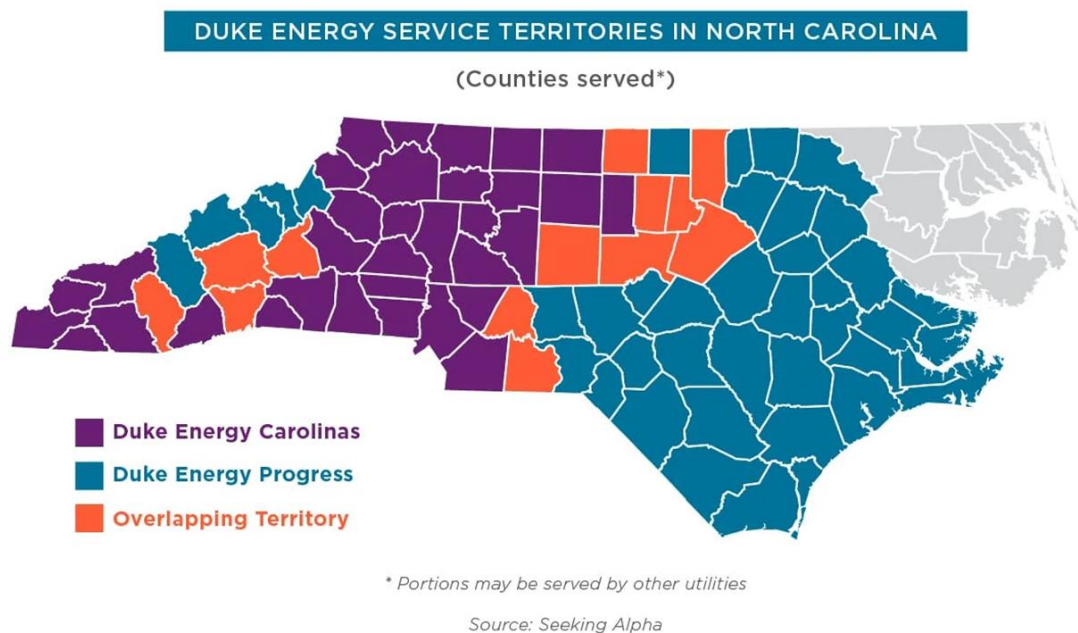
Ms. Elaina Ball, PWC/CEO stated this is a continuation of our briefing on different elements of our Strategic Plan and activities and projects we have put in place in order to achieve the outcomes set forth in our Strategic Plan. This item is tied to one of the seven areas specific to Conservation.

Mr. Brown stated our Conservation Strategic Priority has two main components. Mr. Brown will discuss Conservation of Dollars. It is how we save our customers money by managing our power supply costs. The second part, that will be discussed later is conservation related to looking out for our water supply, and meeting some of our environmental requirements.

Mr. Brown stated our power supply costs have two main billing components. One is based on the coincident peak, which is the hour in the month that Duke Energy Progress' system has its highest consumption in the month. That hour, all the kilowatt hours we buy will cost us about \$20.00, per kilowatt hour for consumption, and the other hours in the month, cost us less 3 cents. Everything we can do to reduce the consumption during that one hour drives the cost down for everyone.

Ms. Ball stated in any given month the Duke invoice can range from \$6M to \$9M per month for power cost for this community. The peak hour cost represents 60% of that cost. This is why it is so important for us to focus on this from a strategic perspective.

Mr. Brown stated we have a portfolio of solutions to help us manage this cost. Some, we do things on our system. Mr. Noland also does things at the plants to help us to reduce costs. We also do somethings with our customers behind their meeting to help reduce their costs.



Mr. Brown referred to the blue areas, which is Duke Energy Progress' system. Most of their system is in eastern and central NC, where PWC resides, and their system is also in the mountains. The orange squares are where systems overlap. The weather that happens in the mountains, left of us, affects the system peak. It may be cooling in the mountains, and we may have warmer weather here. Two things affect the system peak: weather; and the time of day.

In the winter the peak happens in the morning, when people are getting ready to go to work and businesses are getting ready for work. Residentials level off during the day when people are at work, and it picks up again in the evening when people return home and businesses are still running, using energy.

Historically, the coincident peak happens:

- Winter – 87% Hour Ending 8:00 AM
- Summer – May & June 75% Hours Ending 5:00 PM and 6:00 PM
July, August, & September 93% Hours Ending 4:00 PM and 5:00 PM
- April and October – Morning or Afternoon

Demand Side Management

Water and Wastewater Plants

The Water and Wastewater Plants are among are largest users. They have flexibility on what they do and when they do it:

- Plant Reactions:
 - Manage Flow Rates
 - Schedule Filter Backwashes Outside Expected Event
 - Turn Off Large Pumps
 - Fill Water Tanks Prior to Event
- Results (July – December 2021):
 - Approx. 5,500 CP KW Total Saved YTD
 - Nearly \$100,000 Capacity Savings YTD
 - 13% of Total CP KW Savings

Commissioner Garrett asked how does this savings compare to what we have accomplished before. Mr. Brown stated this is the first year we have completed this in a very conscionable way. Ms. Ball stated because we have not been as intentional as we need to be, we have a lot of other large customers in the region that are in the mix and a big part of what Mr. Brown and his team will be doing is partnering with those customers to help them save as well.

Ms. Ball stated 5,500 kilowatts is 5.5 MW, which is equivalent to a small gas turbine/small power plant, equivalent to power to 1,800 homes.

PWC Campus Buildings

- Administration and Operations Building:
 - Shift Morning Start
 - Limit VAV 2nd Stage Heat
 - AHU Optimization
 - Chiller Optimization
- Customer Service Center:
 - Opportunities for Optimization Through BAS
- Other Buildings to Include:
 - Apparatus Repair, Fleet Maintenance, Warehouse, Electric Meter Shop, Water Meter Shop, Water/Wastewater Vehicle Shop, Water/Wastewater Storage

Conservation Voltage Reduction

- Goal - Reduce Substation Voltage 2.5% During Events
- CVR Factor – Estimate 0.75% Reduction in Power for Every 1% Reduction in Voltage
- No Impact on Customers
 - VR Not Performed at Critical Substations
 - Voltage Reduction Aligns With NCUC and ANSI Standard
- Results (July – December 2021):
 - Average Approx. 6,500 CP KW/Month if Event Called During CP Hour
 - >\$1M Capacity Savings Per Year
 - 79% of Total CP KW Savings

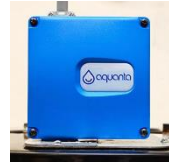
Battery Storage

- Battery is Charged from PWC Grid When Cost of Power is Less Than \$.03
- Charging and Discharging Managed by BWG Dispatch
- Dispatched Average 11 Times per Month

- Success Rate in 2021 92% (71% Year Prior)
- Battery Module Replacement Every 13 Years
- 500 kW/1000kWh NEC Battery
- Derating and Adding 1.75 MW/8.516 MWh Tesla Battery

Load Control Devices – Pilot Programs

- Ecobee Smart Thermostats
 - Events Controlled by D&M; Customer can Opt-out
 - \$3 Monthly Customer Credit per Thermostat
 - \$5000 Annual Fee Plus \$1 per Thermostat
 - Over 300 Currently Deployed
- Aquanta Residential Smart Water Heaters
 - Wi-Fi Connected Device
 - Pre-Set for PWC TOU Hours
 - 14 Currently Deployed
- Entek Load Control Devices
 - Installed on Commercial Water Heaters
 - 34 Currently Deployed
- Huge Potential for Growth



Goal: Increase the Deployment of Thermostats, Load Control Switches, and Water Heating Control Devices. Develop a Marketing Plan to Support the Deployment Plan

- Evaluation of RFIs for Device Aggregation, Installation, and Related Services from DR Aggregation and Services Vendors
- Consider the Financial, Logistical, Sustainable, and Customer Centric Variables and Constraints
- Evaluate Options:
 1. DR as Part of Default Services Program
 2. Geographical Deployment
 3. Marketing-Based Deployment
- Develop Roadmap for DR Projected Growth and Input for the Development of an RFP for Vendor Support

Staff responded to questions from Commissioners, and discussion ensued.

6 MONTH FINANCIAL RECAP (JULY THRU DECEMBER 2021)

Presented by: Rhonda Haskins, Chief Financial Officer

Events that Shaped the 2nd Quarter YTD (6 Months)

- **Rate Modification**
 - New Cost of Service Water and Sewer Rates effective August 2021
- **Purchased Power**
 - Additional \$5
- **Bond Issuance**
 - Series 2021 Bonds issued in November \$94.8 Par at 2.28% TIC
 - **COVID-19**

- Late Payment Fee and Interest
- Emergency Transfer to the City in FY21
- **Weather Impacts**
 - Average rainfall down from prior year
 - Heating degree days slightly up from prior year

2nd Quarter Ended December 31, 2021

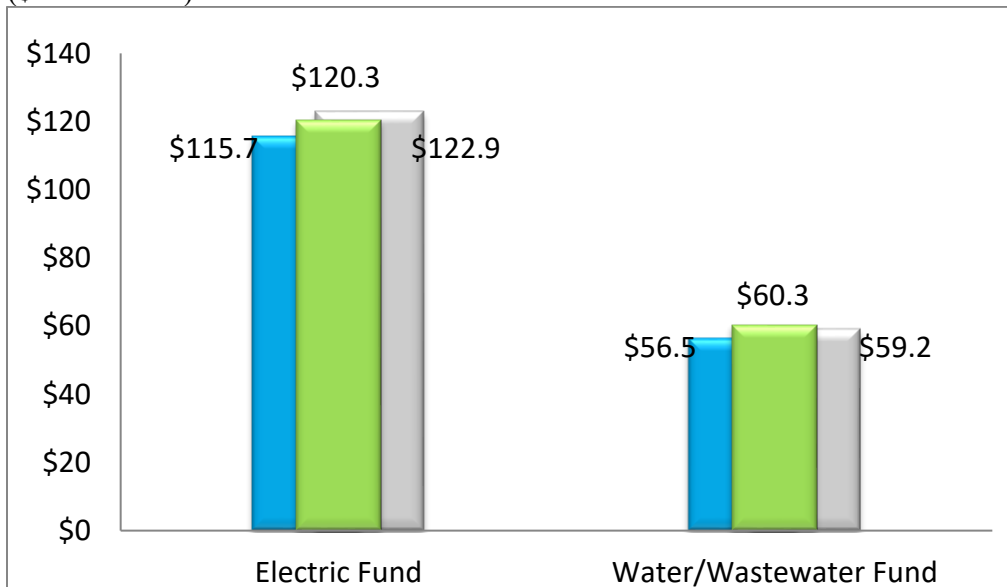
Summary of Major Changes over Prior Year (\$ in Thousands)

Electric Revenue	▲	3.9%	\$ 4,563
Electric Power Supply & Maintenance	▼	2.8%	\$ 2,089
Coal Ash	▼	46.9%	\$ 3,036
Electric G&A Expense	▲	6.6%	\$ 619
Electric Other Operating Expense	▲	23.5%	\$ 4,076
Electric Payment in Lieu of Taxes (PILOT)	▲	3.5%	\$ 201
Water Revenue	▲	5.6%	\$ 1,462
Wastewater Revenue	▲	6.7%	\$ 1,809
Water/Wastewater G&A Expense	▲	5.0%	\$ 474
Water/Wastewater Other Operating Expense	▲	14.3%	\$ 4,843
Water/WW Aid, Grants, FIF Transfers	▼	51.6%	\$ 4,164
Net Bad Debt		<1.0%	

Total Revenue

Revenue is below Budget and Higher than Prior Year in Electric Fund and Higher than Budget and Prior Year in Water/Wastewater Fund

(\$ in Millions)



Electric Sales

Revenue is up by 1.1% over Prior Year, \$102M in FY21 and \$103M in FY22. Volume Sales up 1.5% over Prior Year (1,105mWhs in FY21 and 1,030mWhs in FY22)

Electric Comparison

2nd Quarter Ended December 31, 2021

(\$ in Thousands)

	2018	2019	2020	2021	2022
Electric Sales Revenue	\$ 103,190	\$ 110,786	\$ 110,409	\$ 102,034	\$ 103,245
		7.4%	-0.3%	-7.6%	1.2%
Other Revenue	\$ 14,353	\$ 16,082	\$ 15,855	\$ 13,689	\$ 17,041
		12.0%	-1.4%	-13.7%	24.5%
Power Supply & Maintenance	\$ 72,569	\$ 77,666	\$ 73,553	\$ 75,359	\$ 73,270
		7.0%	-5.3%	2.5%	-2.8%
Coal Ash	\$ 1,233	\$ 8,054	\$ 10,874	\$ 6,478	\$ 3,442
			35.0%	-40.4%	-46.9%
G&A Expense	\$ 8,020	\$ 7,921	\$ 9,765	\$ 9,379	\$ 9,998
		-1.2%	23.3%	-4.0%	6.6%
Other Operating Expenses	\$ 16,064	\$ 18,830	\$ 18,793	\$ 17,381	\$ 21,457
		17.2%	-0.2%	-7.5%	23.5%

Electric

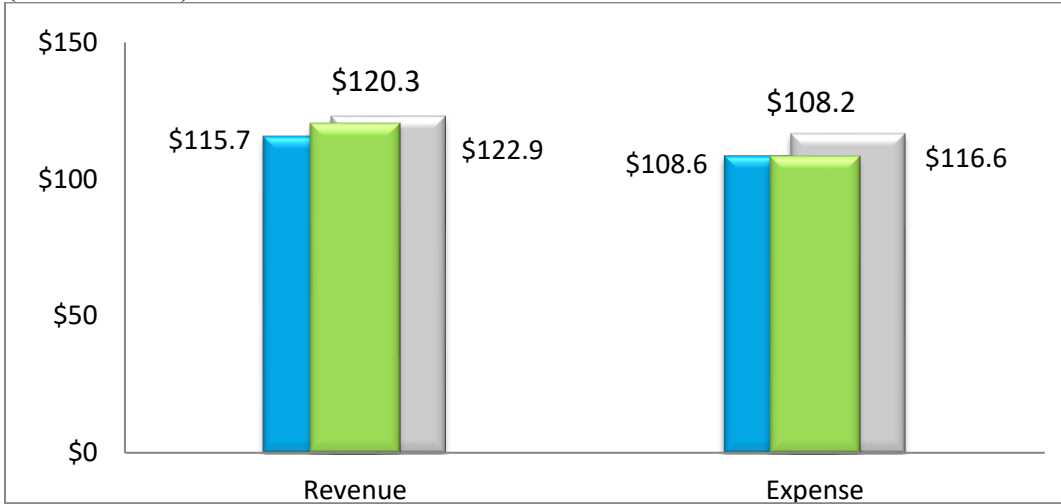
Budget-Actual-Previous

2nd Quarter FY 2022

(\$ in Thousands) of Revenues)	Year to Date						
	(Percent of Revenues)		Budget	Actual	Last Year		
Total Sales Revenue	\$	105,856	86%	\$ 103,245	86%	\$ 102,034	88%
Total Other Revenue	\$	17,054	14%	\$ 17,041	14%	\$ 13,689	12%
Power Supply and Maintenance		(75,162)	71%	(73,270)	71%	(75,359)	74%
Coal Ash		(3,447)	3%	(3,442)	3%	(6,478)	6%
Available Operating Revenues	\$	44,301	36%	\$ 43,574	36%	\$ 33,886	29%
Other Operating Expenses		(37,718)	36%	(31,455)	30%	(26,760)	26%
Operating Results	\$	6,583	5%	\$ 12,119	10%	\$ 7,126	6%
Aid to Construction & Grants		688	1%	411	0%	841	1%
City PILOT/Econ Dev		(5,927)	6%	(5,927)	6%	(7,825)	8%
Change in Net Position	\$	1,344	1%	\$ 6,603	5%	\$ 142	0%

Electric - Total Revenue Lower than Budget and Higher than Prior Year and Expense Lower than Budget

and Prior Year
(\$ in Millions)

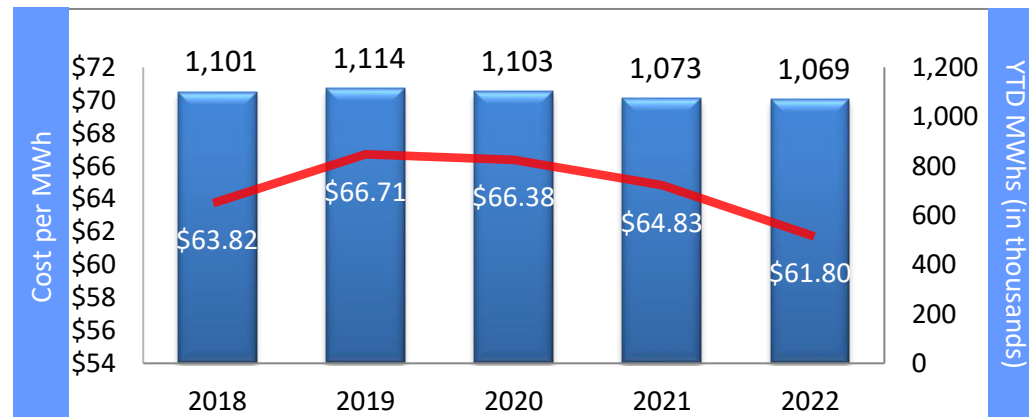


2021
2022
Budget

Power Supply - Budget-Actual-Previous - 2nd Quarter FY 2022

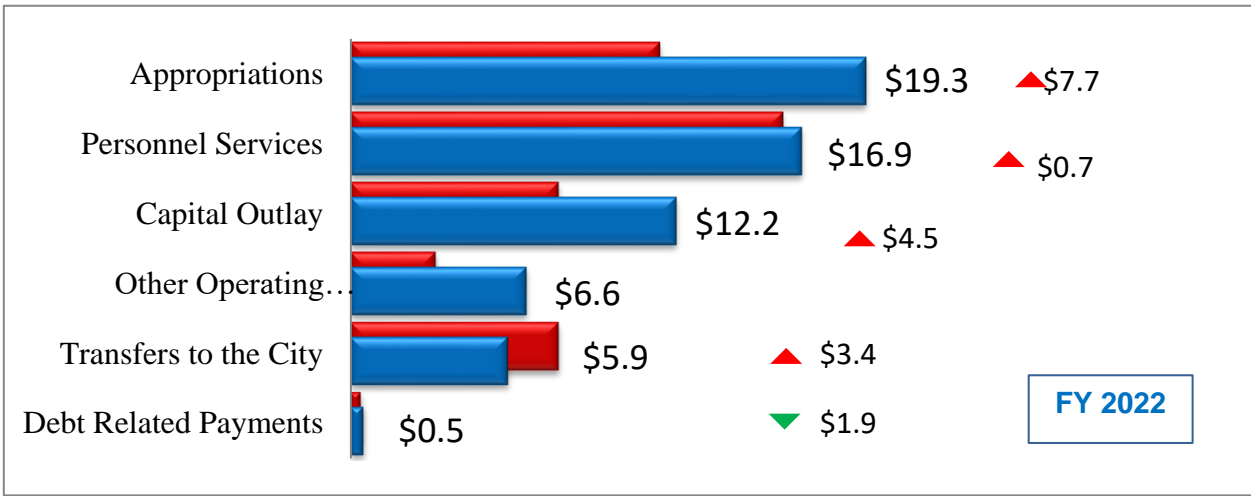
(\$ in Thousands) (Percent of Total Power & Maintenance)	Year to Date						
	Budget		Actual		Last Year		
Power Supply - DEP Capacity	\$ 38,524	49%	\$ 37,200	50%	\$ 39,857	49%	
Power Supply - DEP Energy	\$ 24,874	32%	24,501	33%	26,111	32%	
Power Supply - DEP True Up	-	0%	-	0%	-	0%	
Power Supply - DEP Adjustment	2,166	0%	2,000	0%	168	0%	
Power Supply - DEP SEPA	268	0%	269	0%	350	0%	
Transmission	3,642	5%	4,083	5%	3,266	4%	
Coal Ash	3,447	4%	3,442	5%	6,478	8%	
Other Gen. Plant Expense	5,444	7%	5,181	7%	5,562	7%	
Community Solar	35	0%	37	0%	45	0%	
Chiller Capacity/Energy Credit	210	0%	-	0%	-	0%	
Total Power & Maintenance	\$ 78,609	100%	\$ 76,712	100%	\$ 81,837	100%	
Lease Payments & Other Costs	(8,258)	11%	(8,468)	11%	(8,306)	10%	
Total Power Cost	\$ 70,351	89%	\$ 68,244	89%	\$ 73,531	90%	

Electric Purchased Power - MWhs Purchased and Cost per MWh
2nd Quarter FY 2022



Purchased Power excluding Coal Ash and Adjustments decreased 5.1% from 2021 to 2022

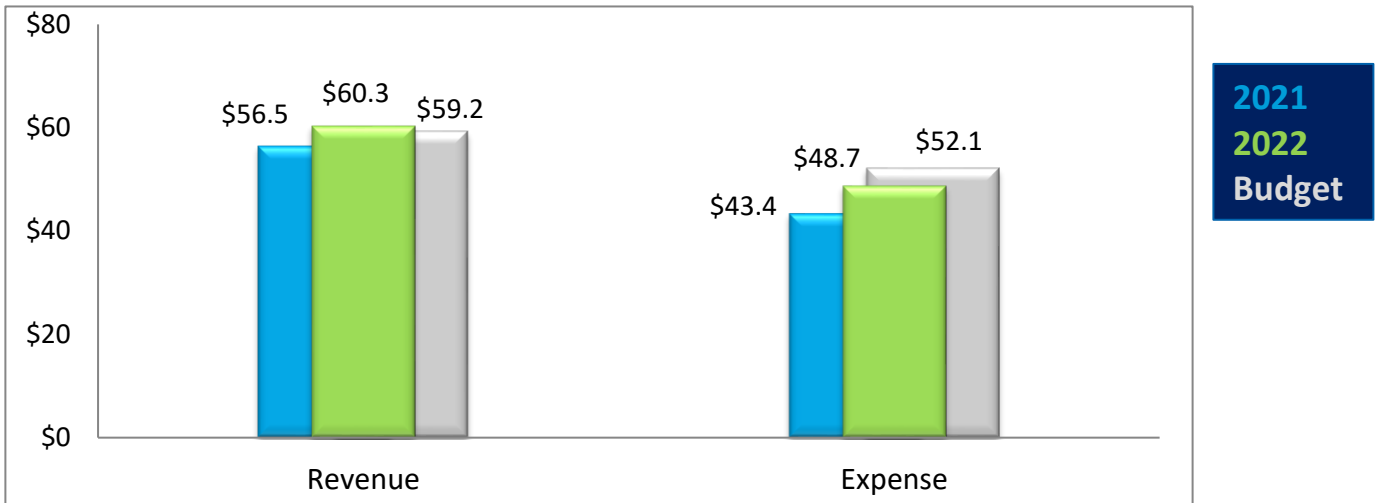
Largest Expenditure in the Electric Fund, excluding Power Supply, is Appropriations (\$ in Millions)



▲ \$0.1

Water/Wastewater

Revenue is Higher than Budget and Prior Year while Expense is below Budget and Higher than Prior Year (\$ in Millions)

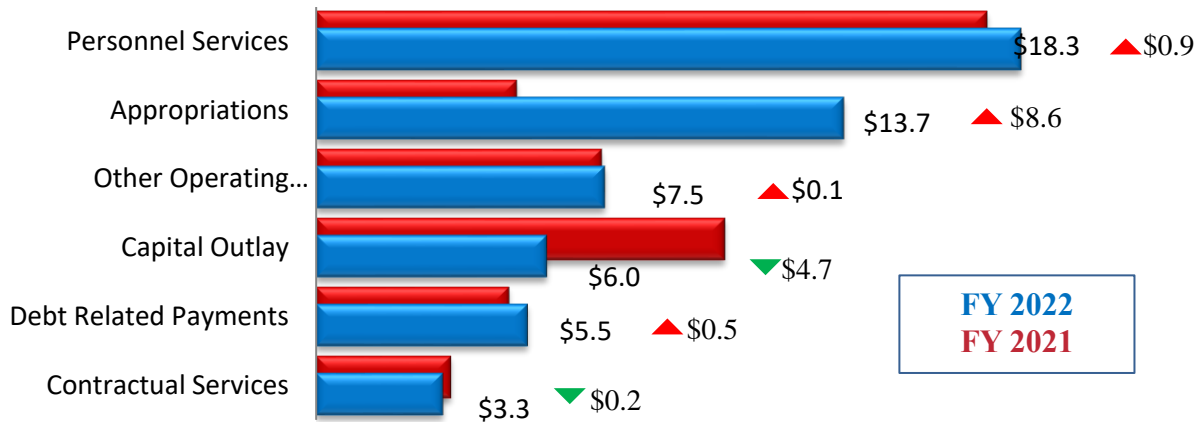


Water/Wastewater Sales

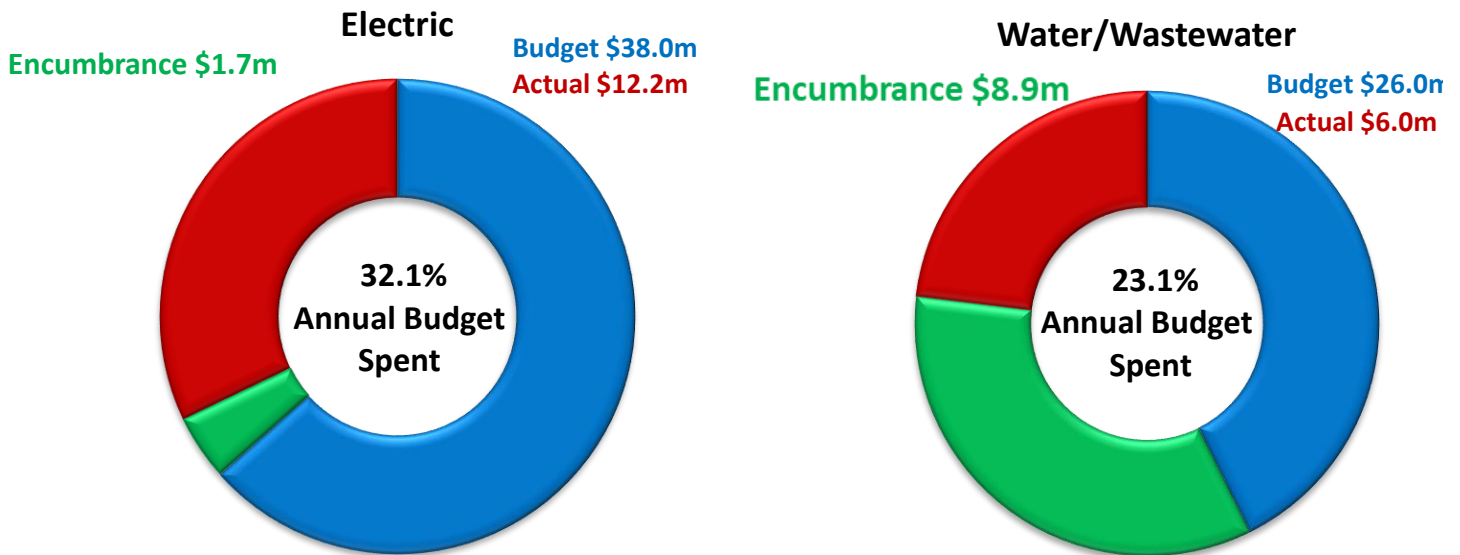
Revenue - Water is Up 6.8% over Prior Year, \$26M in FY21 and \$28M in FY22; and WW up 7.2% over Prior Year, \$27M in FY21 and \$29M in FY22.

Volume Sales - Water Up 2.7% and WW Up 0.3% from Prior Year

Water Fund - The Largest Expenditure in the Water Fund is Personnel Services.



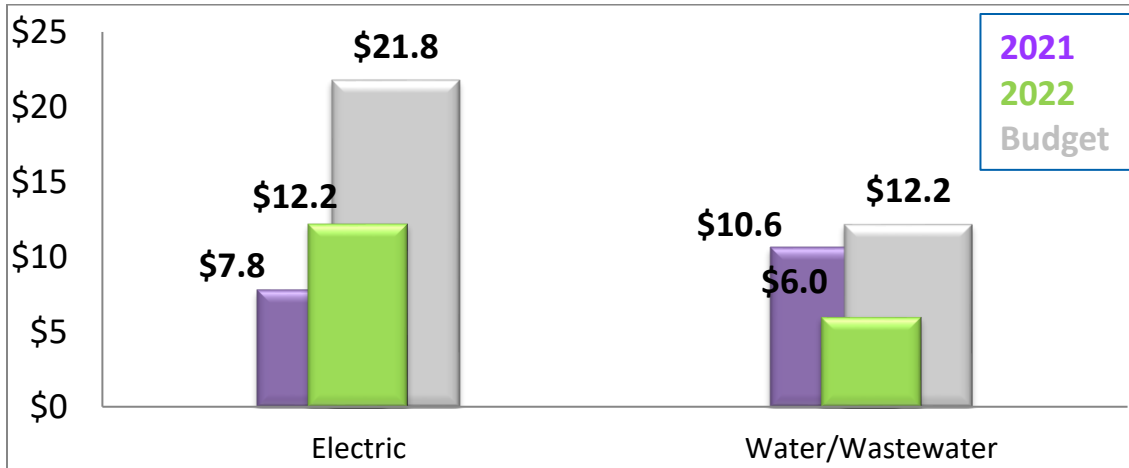
Capital Expenditures Compared to Annual Budget



Capital Expenditures and Debt Service

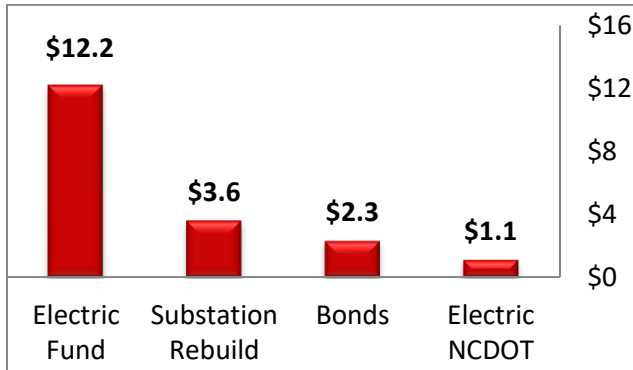
(\$ in Thousands)	Year to Date			
	2nd Quarter FY 2022	Budget	Actual	Last Year
Electric	\$ 19,222	\$ 10,936	\$ 5,909	
Water & Wastewater	9,761	4,995	9,003	
Administration Division	3,869	1,764	2,813	
Customer Division	1,186	495	654	
Total Capital Expenditures	\$ 34,038	\$ 18,190	\$ 18,379	
Electric Debt Service:				
Principal Payments	\$ -	\$ -	\$ -	
Interest and Other Finance Costs	477	468	427	
Water Debt Service:				
Principal Payments	-	-	-	
Interest and Other Finance Costs	5,757	5,472	5,002	
Total Debt Service	\$ 6,234	\$ 5,940	\$ 5,429	

Capital Expenditures are under budget, and Electric is higher than prior year.



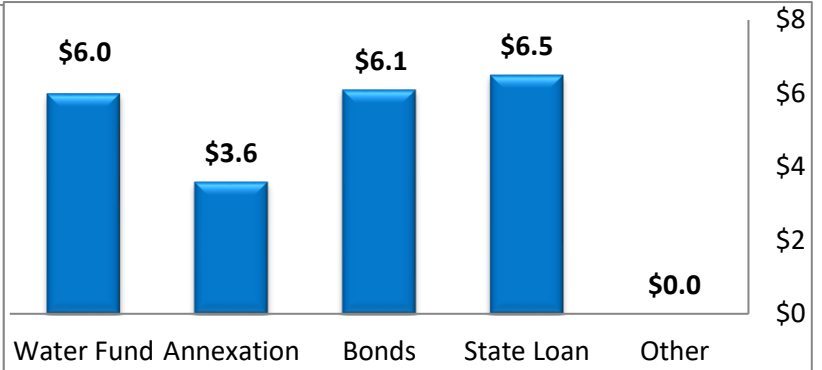
Capital Outlay - (\$ in Millions)

Electric Capital Outlay



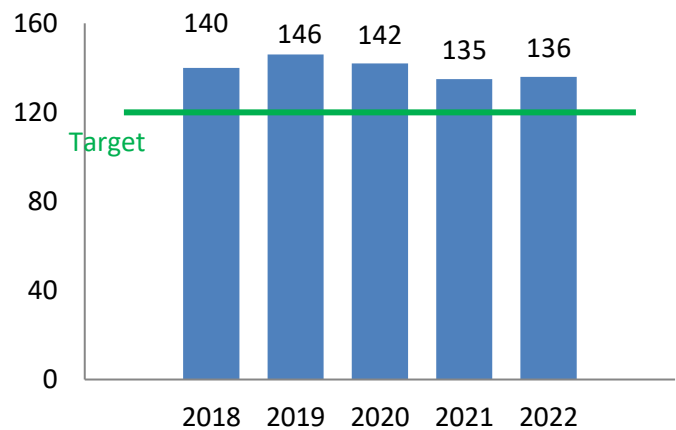
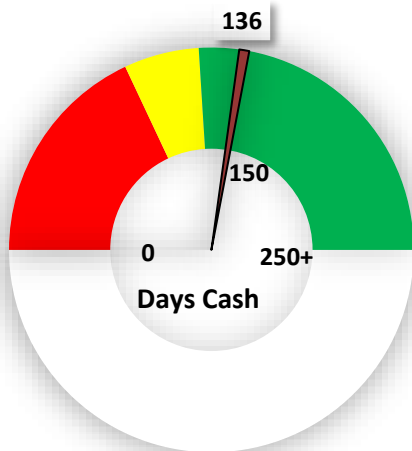
Total \$19.2m

Water Capital Outlay

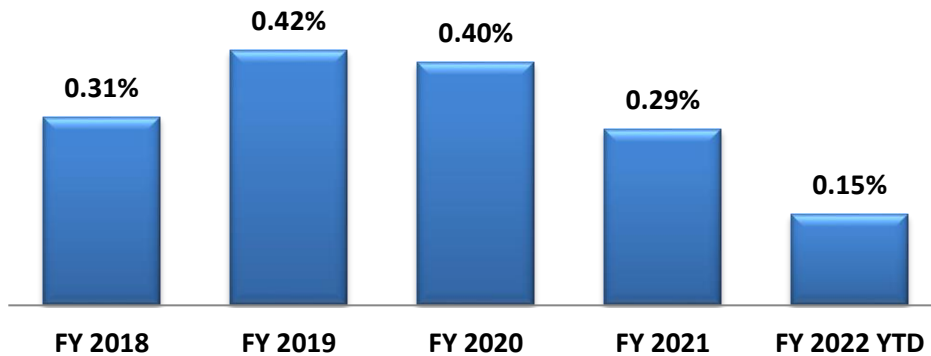


Total \$22.2m

Days Cash



Bad Debt - Electric & Water Bad Debt as a Percent of Sales remains under 1%



Staff responded to Commissioners' questions, and additional discussion ensued.

Commissioner Shaw thanked Ms. Haskins for the presentation.

GENERAL MANAGER REPORT

Safety Accident

Ms. Ball stated our team member is doing well and potentially will return to work in the very near future. Ms. Ball thanked Wyatt Wade and Tony Lucas for their immediate first aid. These two gentlemen and their quick actions made a significant impact on their teammate's life. She will have more details on the incident. They have conducted a full root-cause analysis; have actions in place to address any systematic issues that we learned about that accident.

Economic Front

Amazon is building a facility here in Cumberland County. It will bring between 500 to 1,000 jobs, and \$100M in investment. It is located in an electric provider choice. We were selected as the electric provider for the project. Ms. Ball thanked Mr. Rynne and his team for the assistance they provided.

There will be a new data mining company (Crypto-C) locating in Fayetteville. It will bring about 19 jobs at this time. It will represent up to 5Mw of demand for energy.

City Council Work Session

Ms. Ball briefed City Council at their Work Session. She discussed PWC's Strategic Plan, actions and initiatives. She fielded a number of questions, and appreciates the City Council giving us an opportunity to share what we are doing at PWC. Ms. Ball also thanked Chairwoman Shaw and Commissioner Porter for their presence.

Metronet

There has been media coverage regarding the utility strikes due to the fiber deployment by Metronet. Ms. Ball stated we convened a meeting with Metronet last week. We invited the City as well as Piedmont. She stated it was a helpful, and healthy conversation to address the blind boring that is being experienced in the field. Metronet has provided a mitigation plan and sent it to us yesterday. In the end of the day, we want to make sure that utility strikes are not occurring, and we want to ensure we do not have gas line strikes.

Eastover

On January 28, Eastover had a major line break. Water Resources jumped into action and initiated our emergency interconnection with the community. There were no boil notices, and we were able to keep them in water supply while their main line is being repaired.

Bulk Water Agreement

We received the Bulk Water Agreement from the County. We are beginning to review it. It is a complete rewrite. We will have internal discussions and will likely have engineering to engineering discussions because of the substantial changes that will be needed. We will move it forward with diligence and speed.

Projects

- GIS Upgrade occurred. Mark Lawler was the sponsor and it went very smoothly. Ms. Ball thanked all the teams for the technical upgrades.
- On Monday we went live on the HCM (Human Capital Management) System. Bobby Russell was the sponsor. Ms. Ball thanked him, the HR Department, IT, Corp. Development and the PMO offices. It is live and we have a lot of new functionality. We will have a briefing on HCM during the next Commission Meeting.

United Way

For the second year we were awarded the Spirit of North Carolina Award from United Way. We had the #1 Campaign in the County, though we are one of the smaller organizations.

Friday at 1pm, socially distanced Pies will fly. Council Member Davis and Commissioner Boose agreed to get a pie in the face.

Reusable Water Bottles

With schools being back open, we have donated over 6,000 reusable water bottles to 15 schools. Ms. Ball thanked Ms. Justice-Hinson for their assistance with that effort.

NCORR Funds

We have received over \$1.1M dollars, that have covered over 1,800 accounts. The CSRs are doing this manually, however it is helping out our customers during the pandemic.

Employee Handbook

Thanked HR, Communications and others for the new Employee Handbook.

TEXFI Assignment

We are trying to get a pilot project started with SynTerra. It is an in situ remediation technique for these chlorinated substances. The technology has been used at over 50 sites in the United States with similar types of pollution in 13 different states. We are optimistic this will work. Ms. Ball asked the City Council to approve the revised agreement first, and then Ms. Ball will bring it back to the Commission to approve a second time.

COMMISSIONER/LIAISON COMMENTS

Commissioner Ronna Garrett

Commissioner Garrett thanked Ms. Ball, Mick Noland and the other employees involved, for the quick safety stand down. She stated it is amazing the employee will report to work soon; it is a miracle.

Regrets she cannot attend the Pie in the Face or the Electric Briefing, she will be away on other business.

Commissioner Wade Fowler

Commissioner Fowler stated he was able to meet with Wyatt Wade and Tony Lucas. It was spectacular what they did. He also commended Ms. Ball for immediately going to the hospital. It builds a sense of confidence in the staff that we really care about our employees.

He stated PWC has always been good, and we are making steps to get better. He commended the staff on the initiatives PWC is embarking on.

He also discussed the mask mandates PWC has, and the protections some masks provide. Commissioner Fowler discussed the transmission rates of counties with mandates and those without, and put side by side, he stated they are the same. He stated he wants to be on record that it is time to get rid of the masks.

Commissioner Donald Porter

Commissioner Porter commended Ms. Ball on her presentation to the Council.

He asked if there is any kind of Commission award that is given?

Commissioner Shaw stated she will have some discussions with Ball regarding it, and hopefully both employees will be present at the next Commission Meeting.

Commissioner Evelyn Shaw

Commissioner Shaw stated the Commissioners continue to appreciate the presentations which are always user friendly and commended the staff on the discussions. She also stated the Commissioners appreciate how staff brings material. She asked everyone to keep the team member and his family in your thoughts and prayers.

REPORTS AND INFORMATION

The Commission acknowledges receipt of the following reports and information.

A. Personnel Report – January 2022

ADJOURNMENT

There being no further business, upon motion by Commissioner Porter, seconded by Commissioner Fowler, and unanimously approved the meeting adjourned at 10:09 am.